June 2, 2006
Research Analyst: Sreshtha Tewari
E-Mail: sreshthat@wisett.com
Tel: 625-WISE (9473) Ext. 2225

COMPANY UPDATE

Readymix WI Limited

	RML
RECOMMENDATION	SELL
Current Price	$3.80
Running EPS (cents)	-207
Projected EPS (cents)	15-20
Dividend Yield (FY 2005)	0.79%
Return on Assets	0.32%
Return on Equity	5.03%

Results for the Year Ended December 31, 2005 & First Quarter ended March 31, 2006

Readymix (RML) experienced a dismal year in which a thorough review had to be done on the accounting records of the Company as commissioned by the Board during the second quarter of 2005. The review found certain charges to the Profit and Loss of the Company which were unusual and not expected to recur. The main contributors were bad debt provisions, raw material losses and impairment charges for its subsidiary in St Maarten. Because of this, 2004's statements had to be restated for expenses previously unrecorded. The Company reported negative Earnings Per Share (EPS) of $2.10 for the year ended December 31, 2005 down 2433.33 per cent from 2004's EPS of 9 cents.

Though Revenue increased 20.97 per cent to $183.943 million, the Company's operations made a loss of $26.093 million compared to a profit of $4.344 million in 2004. Finance costs increased 55.63 per cent to $4.700 million while Profit Before Taxation fell 2425.76 per cent to a loss of $30.793 million and Profit After Tax fell to a lesser margin of 2249.83 per cent to a loss of $25.970 million for the year ended 2005. This was because the Company enjoyed a tax credit of $4.823 million in the year 2005 compared to a debit of $0.116 million in 2004.

The new year showed a positive start for Readymix as Revenue for the First Quarter ended March 31, 2006 was up 36.38 per cent to $51.448 million with its operations in Trinidad and Barbados performing as expected. The St Maarten subsidiary continued to face challenges due to the unavailability of raw materials though the Company implemented and strengthened controls and procedures to ensure reliable supplies in that market. Operating Profit increased 14.07 per cent from $2.004 million in 2005 to $2.286 million in 2006. The Group's Operating Profit Margin however moved from 5.31 per cent in 2005 to 4.44 per cent in 2006 suggesting that some attention should be paid to the operating efficiencies of the Company.

Finance Costs increased 55.38 per cent to $1.372 million mainly due to higher financing costs at the St Maarten subsidiary. Profit Before Tax however was down 18.47 per cent to $0.914 million while Profit After Tax fell 44.15 per cent to $0.420 million. The Company's effective tax rate increased from 32.92 per cent to 54.05 per cent. The first quarter EPS ultimately declined 50.00 per cent from 6 cents for 2005 to 3 cents in 2006.

Research Analyst: Sreshtha Tewari
E-Mail: sreshthat@wisett.com
Tel: 625-WISE (9473) Ext. 2225

In Trinidad, though demand for concrete is high, the Company continues to be challenged by the shortage of the aggregate supply. Readymix expects that this will improve in late 2006 due to the recent allocation of new lands. In the interim, the Company may import aggregate in order to satisfy customer requirements. Measures are also being put in place in order to meet the demand associated with the Cricket World Cup 2007.

Though the current buoyancy in the construction sector would suggest a good period for Readymix, given that the Company is operating in a very competitive environment together with challenges experienced at the operational level, we are forecasting year end earnings of 15 to 20 cents. At the current price of $3.80, this would mean that Readymix is trading at a price/earnings ratio above 19 times earnings and so, we recommend a SELL on this share.

Figure 1

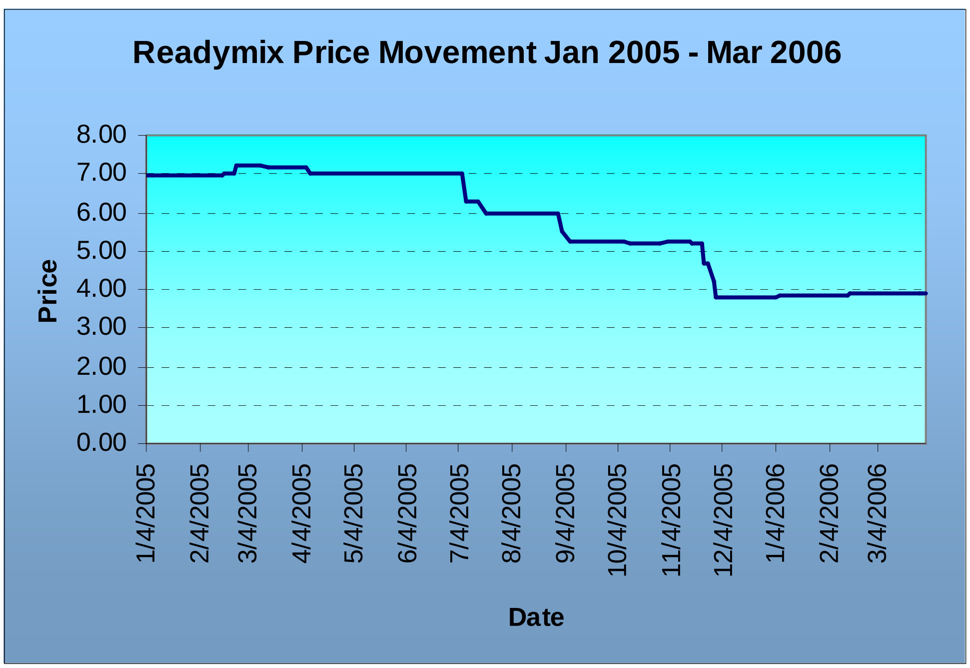
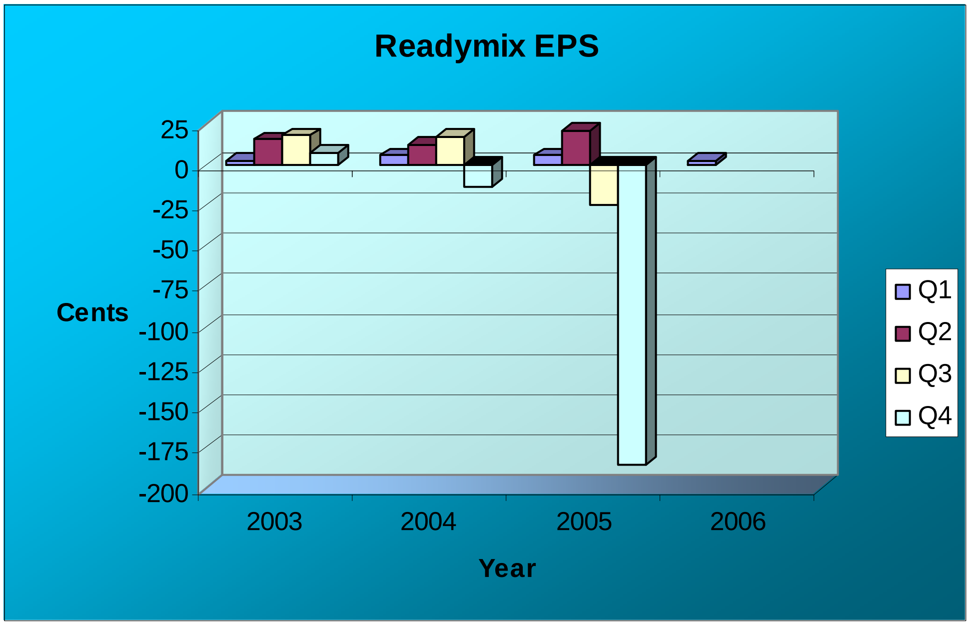


Figure 2



West Indies Stockbrokers Limited, 1st Floor Albion Plaza, 22-24 Victoria Avenue, Port of Spain, Trinidad (868) 623-4861 Fax (868)-627-5002 e-mail: info@wisett.com
Member of the Trinidad and Tobago Stock Exchange Ltd.