Ready Mix, Inc.
Form 10-Q
November 12, 2008

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-Q

þ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended September 30, 2008

OR

o **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from __________ to __________

Commission File No 001-32440

READY MIX, INC.

(Exact name of registrant as specified in its charter)

Nevada	**86-0830443**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

4602 East Thomas Road
Phoenix, Arizona 85018
(602) 957-2722

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes þ No o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer, and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer o	Accelerated filer o	Non-accelerated filer þ (Do not check if a smaller reporting company)	Smaller reporting company o

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes o No þ

Number of shares outstanding of the registrant s common stock as of November 7, 2008:

3,809,500 shares of Common Stock, $.001 par value per share

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REPORT ON FORM 10-Q
FOR THE QUARTER ENDED SEPTEMBER 30, 2008

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PART I FINANCIAL INFORMATION

Item 1. Financial Statements

READY MIX, INC.
CONDENSED BALANCE SHEETS

	September 30, 2008 (Unaudited)	December 31, 2007
Assets:		
Current assets:		
Cash and cash equivalents	$ 5,632,788	$ 9,157,868
Accounts receivable, net	9,216,582	7,892,523
Inventory	1,687,299	1,151,926
Prepaid expenses	905,562	1,156,086
Due from affiliate		37,859
Income tax receivable	939,619	
Deferred tax asset	389,741	359,396
Total current assets	18,771,591	19,755,658
Property and equipment, net	24,708,480	26,347,234
Refundable deposits	144,416	176,188
Total assets	$ 43,624,487	$ 46,279,080
Liabilities and stockholders equity:		
Current liabilities:		
Accounts payable	$ 3,338,638	$ 3,888,856
Accrued liabilities	1,582,316	2,023,403
Notes payable	3,247,891	2,019,192
Obligations under capital leases		4,634
Due to affiliate	26,704	
Income tax payable		11,738
Total current liabilities	8,195,549	7,947,823
Notes payable, less current portion	6,500,670	7,821,295
Deferred tax liability	1,290,823	1,290,823
Total liabilities	15,987,042	17,059,941
Commitments and contingencies		
Stockholders equity:		
Preferred stock $.001 par value; 5,000,000 shares authorized, none issued and outstanding		
Common stock $.001 par value; 15,000,000 shares authorized, 3,809,500 issued and outstanding	3,810	3,810
Additional paid-in capital	18,334,807	18,190,971
Retained earnings	9,298,828	11,024,358

Total stockholders equity	27,637,445	29,219,139
Total liabilities and stockholders equity	$ 43,624,487	$ 46,279,080

The accompanying notes are an integral part of these condensed financial statements.

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READY MIX, INC.
CONDENSED STATEMENTS OF OPERATIONS AND CHANGES IN STOCKHOLDERS EQUITY
(Unaudited)

	Nine months ended September 30, 2008	Nine months ended September 30, 2007	Three months ended September 30, 2008	Three months ended September 30, 2007
Revenue:				
Revenue	$ 48,683,689	$ 60,520,249	$ 16,088,023	$ 18,705,892
Revenue related parties	529,674	1,438,142	264,632	387,221
Total revenue	49,213,363	61,958,391	16,352,655	19,093,113
Cost of revenue	48,909,838	56,385,409	16,329,953	17,978,564
Gross profit	303,525	5,572,982	22,702	1,114,549
General and administrative expenses	3,128,390	3,464,346	1,037,471	1,155,825
Income (loss) from operations	(2,824,865)	2,108,636	(1,014,769)	(41,276)
Other income (expense):				
Interest income	135,834	284,252	31,136	100,461
Interest expense	(81,983)	(109,596)	(27,094)	(28,638)
Other income	74,873	228,200	61,431	87,550
	128,724	402,856	65,473	159,373
Income (loss) before income taxes	(2,696,141)	2,511,492	(949,296)	118,097
Income tax benefit (expense)	970,611	(957,639)	341,747	(60,349)
Net income (loss)	$ (1,725,530)	$ 1,553,853	$ (607,549)	$ 57,748
Basic net income (loss) per common share	$ (0.45)	$ 0.41	$ (0.16)	$ 0.02
Diluted net income (loss) per common share	$ (0.45)	$ 0.41	$ (0.16)	$ 0.02
Basic weighted average common shares outstanding	3,809,500	3,807,949	3,809,500	3,808,848
Diluted weighted average common shares outstanding	3,809,500	3,827,344	3,809,500	3,832,343

	Common Stock Number of Shares Outstanding	Common Stock Amount	Additional Paid-in Capital	Retained Earnings

Balance at January 1, 2008	3,809,500	$ 3,810	$ 18,190,971	$ 11,024,358
Stock based compensation			143,836	
Net loss for the nine months ended September 30, 2008				(1,725,530)
Balance at September 30, 2008	3,809,500	$ 3,810	$ 18,334,807	$ 9,298,828

The accompanying notes are an integral part of these condensed financial statements.

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READY MIX, INC.
CONDENSED STATEMENTS OF CASH FLOWS
(Unaudited)

	Nine months ended September 30, 2008	2007
Increase (decrease) in cash and cash equivalents:		
Cash flows from operating activities:		
Cash received from customers	$ 47,959,943	$ 62,033,088
Cash paid to suppliers and employees	(49,478,620)	(55,820,354)
Taxes paid	(11,091)	(1,181,203)
Interest received	135,834	284,252
Interest paid	(81,983)	(109,596)
Net cash provided by (used in) operating activities	(1,475,917)	5,206,187
Cash flows from investing activities:		
Purchase of property and equipment	(748,442)	(3,353,966)
Cash received from sale of equipment	111,726	206,554
Net cash used in investing activities	(636,716)	(3,147,412)
Cash flows from financing activities:		
Proceeds from the issuance of common stock		22,000
Received from (paid to) due to affiliate	64,563	(63,951)
Proceeds from notes payable	990,676	2,956,120
Repayment of notes payable	(2,463,052)	(4,503,426)
Repayment of capital lease obligations	(4,634)	(245,746)
Net cash used in financing activities	(1,412,447)	(1,835,003)
Net increase (decrease) in cash and cash equivalents	(3,525,080)	223,772
Cash and cash equivalents at beginning of period	9,157,868	8,369,875
Cash and cash equivalents at end of period	$ 5,632,788	$ 8,593,647
Reconciliation of net income (loss) to net cash provided by (used in) operating activities:		
Net income (loss)	$ (1,725,530)	$ 1,553,853
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Depreciation and amortization	3,529,821	3,230,759
Loss (gain) on sale of equipment	126,099	(48,214)
Deferred taxes, net	(30,345)	(57,149)
Stock-based compensation expense	143,836	307,361
Provision for doubtful accounts	130,332	39,915

Changes in operating assets and liabilities:		
Accounts receivable	(1,454,391)	(105,289)
Prepaid expenses	250,524	174,618
Inventory	(535,373)	(15,811)
Refundable deposits	31,772	1,285,133
Accounts payable	(550,218)	(719,401)
Accrued liabilities	(441,087)	(273,173)
Income taxes, net	(951,357)	(166,415)
Net cash provided by (used in) operating activities	$ (1,475,917)	$ 5,206,187

The accompanying notes are an integral part of these condensed financial statements.

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READY MIX, INC.
NOTES TO CONDENSED FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies and Use of Estimates:

Presentation of Interim Information:

The condensed financial statements included herein have been prepared by Ready Mix, Inc. (a subsidiary of Meadow Valley Corporation (Parent)) (we, us, our or Company) without audit, pursuant to the rules and regulat the United States Securities and Exchange Commission (SEC) and should be read in conjunction with our December 31, 2007 annual report on Form 10-K. Certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America have been condensed or omitted, as permitted by the SEC, although we believe the disclosures, which are made are adequate to make the information presented not misleading. Further, the condensed financial statements reflect, in the opinion of management, all normal recurring adjustments necessary to present fairly our financial position at September 30, 2008, and the results of our operations and cash flows for the periods presented. The December 31, 2007 balance sheet data was derived from audited financial statements, but does not include all disclosures required by accounting principles generally accepted in the United States of America.

Seasonal Variations:

Interim results are subject to significant seasonal variations and the results of operations for the nine months ended September 30, 2008 are not necessarily indicative of the results to be expected for the full year.

Nature of Corporation:

Ready Mix, Inc. was organized under the laws of the State of Nevada on June 21, 1996. The principal business purpose of the Company is to manufacture and distribute ready-mix concrete. The Company targets prospective customers such as concrete subcontractors, prime contractors, homebuilders, commercial and industrial property developers and homeowners in the states of Nevada and Arizona. The Company began operations in March 1997 and is a subsidiary of Meadow Valley Corporation.

Accounting Estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could materially differ from those estimates.

Significant estimates are used when accounting for the allowance for doubtful accounts, depreciation and amortization, accruals, taxes, contingencies and the valuation of stock options, which are discussed in the respective notes to the financial statements.

Revenue Recognition:

We recognize revenue on the sale of our concrete and aggregate products at the time of delivery and acceptance. At the time of delivery, the following have occurred:

The contract has been evidenced by the customers signature on the delivery ticket;

A price per unit has been determined; and

Collectibility has been reasonably assured either by credit authorization of the customer or by COD terms.

Large orders requiring multiple deliveries and spanning more than one day are invoiced daily for the deliveries on that day.

Earnings per Share:

Statement of Financial Accounting Standards No. 128, Earnings per Share (SFAS 128) provides for the calculation of basic and diluted earnings per share. Basic earnings per share includes no dilution and is computed by dividing income available to common stockholders by the weighted average number of common shares outstanding for the period.

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READY MIX, INC.
NOTES TO CONDENSED FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies and Use of Estimates (Continued):

Earnings per Share (Continued):

Diluted earnings per share reflect the potential dilution of securities that could share in the earnings of an entity. Dilutive securities are not included in the weighted average number of shares when inclusion would be anti-dilutive.

Stock-Based Compensation:

The Company accounts for stock based compensation utilizing the fair value recognition provisions of SFAS 123R. The Company recognizes expected tax benefits related to employee stock-based compensation as awards are granted and the incremental tax benefit or liability when related awards are deductible. The Company recognizes these compensation costs on a straight-line basis over the requisite service period of the award, which is typically three years.

We estimate fair value using the Black-Scholes valuation model. Assumptions used to estimate compensation expense are determined as follows:

Expected term is determined using a weighted average of the contractual term and vesting period of the award;

Expected volatility is measured using the average of historical daily changes in the market price of the Company s common stock over the expected term of the award;

Risk-free interest rate is equivalent to the implied yield on zero-coupon U.S. Treasury bonds with a remaining maturity equal to the expected term of the awards; and

Forfeitures are based on the history of cancellations of similar awards granted by the Company and management s analysis of potential forfeitures.

Recent Accounting Pronouncements:

With the exception of those discussed below, there have been no recent accounting pronouncements or changes in accounting pronouncements during the nine months ended September 30, 2008, that are of significance, or potential significance, to us.

In March 2008, the Financial Accounting Standards Board issued FASB Statement No. 161 Disclosures about Derivative Instruments and Hedging Activities (SFAS 161). SFAS 161 requires companies with derivative instruments to disclose information that should enable financial-statement users to understand how and why a company uses derivative instruments, how derivative instruments and related hedged items are accounted for under FASB Statement No. 133, Accounting for Derivative Instruments and Hedging Activities, and how derivative instruments and related hedged items affect a company s financial position, financial performance and cash flows. SFAS 161 is effective for financial statements issued for fiscal years and interim periods beginning after November 15, 2008. We are currently evaluating the impact, if any, that SFAS 161 will have on our financial statements.

In April 2008, the FASB issued FSP 142-3, Determination of the Useful Life of Intangible Assets (FSP 142-3). FSP 142-3 amends the factors that should be considered in developing renewal or extension assumptions used to determine the useful life of a recognized intangible asset under SFAS No. 142, Goodwill and Other Intangible Assets. FSP 142-3 is effective for fiscal years beginning after December 15, 2008. The Company is currently assessing the impact of FSP 142-3 on its financial position and results of operations.

In May 2008, the FASB issued SFAS No. 162, The Hierarchy of Generally Accepted Accounting Principles (SFAS 162). SFAS 162 identifies the sources of accounting principles and the framework for selecting the principles used in the preparation of financial statements. SFAS 162 is effective 60 days following the SEC s approval of the Public Company Accounting Oversight Board amendments to AU Section 411, The Meaning of Present Fairly in Conformity with Generally Accepted Accounting Principles. The implementation of this standard will not have a material impact on our financial position and results of operations.

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READY MIX, INC.
NOTES TO CONDENSED FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies and Use of Estimates (Continued):

Recent Accounting Pronouncements (Continued):

In June 2008, the FASB ratified EITF Issue No. 08-3, Accounting for Lessees for Maintenance Deposits Under Lease Arrangements (EITF 08-3). EITF 08-3 provides guidance for accounting for nonrefundable maintenance deposits. It also provides revenue recognition accounting guidance for the lessor. EITF 08-3 is effective for fiscal years beginning after December 15, 2008. The implementation of this standard will not have a material impact on our financial position and results of operations.

In September 2008, the FASB issued FSP 133-1 and FIN 45-4, Disclosures about Credit Derivatives and Certain Guarantees: An Amendment of FASB Statement No. 133 and FASB Interpretation No. 45; and Clarification of the Effective Date of FASB Statement No. 161 (FSP 133-1 and FIN 45-4). FSP 133-1 and FIN 45-4 amends and enhances disclosure requirements for sellers of credit derivatives and financial guarantees. It also clarifies that the disclosure requirements of SFAS No. 161 are effective for quarterly periods beginning after November 15, 2008, and fiscal years that include those periods. FSP 133-1 and FIN 45-4 is effective for reporting periods (annual or interim) ending after November 15, 2008. The implementation of this standard will not have a material impact on our financial position and results of operations.

In September 2008, the FASB ratified EITF Issue No. 08-5, Issuer s Accounting for Liabilities Measured at Fair Value With a Third-Party Credit Enhancement (EITF 08-5). EITF 08-5 provides guidance for measuring liabilities issued with an attached third-party credit enhancement (such as a guarantee). It clarifies that the issuer of a liability with a third-party credit enhancement (such as a guarantee) should not include the effect of the credit enhancement in the fair value measurement of the liability. EITF 08-5 is effective for the first reporting period beginning after December 15, 2008. The Company is currently assessing the impact of EITF 08-5 on its financial position and results of operations.

In October 2008, the FASB issued FSP 157-3 Determining Fair Value of a Financial Asset in a Market That Is Not Active (FSP 157-3). FSP 157-3 clarified the application of SFAS No. 157 in an inactive market. It demonstrated how the fair value of a financial asset is determined when the market for that financial asset is inactive. FSP 157-3 was effective upon issuance, including prior periods for which financial statements had not been issued. The implementation of this standard did not have a material impact on our financial position and results of operations.

2. Stock-Based Compensation:

The Company accounts for stock based compensation utilizing the fair value recognition provisions of SFAS 123R. The Company recognizes expected tax benefits related to employee stock-based compensation as awards are granted and the incremental tax benefit or liability when related awards are deductible.

As of September 30, 2008, the Company has the following stock-based compensation plan:

Equity Incentive Plan:

In 2005, the Company adopted the 2005 Equity Incentive Plan (the 2005 Plan). The 2005 Plan permits the granting of any or all of the following types of awards: (1) incentive and nonqualified stock options, (2) stock appreciation rights, (3) stock awards, restricted stock and stock units, and (4) other stock or cash-based awards. In connection with any award or any deferred award, payments may also be made representing dividends or their equivalent.

As of September 30, 2008, the Company had reserved 673,000 shares of its common stock for issuance under the 2005 Plan. Shares of common stock covered by an award granted under the 2005 Plan will not be counted as used unless and until they are actually issued and delivered to a participant. As of September 30, 2008, 293,875 shares were available for future grant under the 2005 Plan. The term of the stock options granted under the 2005 Plan is five years and typically may be exercised after issuance as follows: 33.3% after one year of continuous

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READY MIX, INC.
NOTES TO CONDENSED FINANCIAL STATEMENTS

2. Stock-Based Compensation (Continued):

service, 66.6% after two years of continuous service and 100% after three years of continuous service. The exercise price of each option is equal to the closing market price of the Company s common stock on the date of grant. The board of directors has full discretion to modify these terms on a grant by grant basis.

The Company uses the Black Scholes option pricing model to estimate fair value of stock-based awards with the following assumptions for the indicated periods:

	Awards granted during the nine months ended September 30, 2008	Awards granted prior to January 1, 2008
Dividend yield	0%	0%
Expected volatility	35.5%	21.4% - 39.1%
Weighted-average volatility	35.50%	27.18%
Risk-free interest rate	3.00%	5.00%
Expected life of options (in years)	5	3-5
Weighted-average grant-date fair value	$ 2.31	$ 2.40

During the nine months ended September 30, 2008, options to purchase an aggregate of 20,000 shares of our common stock were granted to our four outside directors. The options granted to the four outside directors were granted on January 2, 2008, were fully vested upon grant, are exercisable at $6.40 per share, and expire five years after the date of grant.

The following table summarizes the stock option activity during the first nine months of fiscal 2008:

	Shares	Weighted Average Exercise Price per Share	Weighted Average Remaining Contractual Term (1)	Aggregate Fair Value	Aggregate Intrinsic Value (2)
Outstanding January 1, 2008	366,125	$ 11.01	2.75	$ 935,166	
Granted	20,000	6.40		46,200	
Exercised					
Forfeited or expired	(7,000)	11.00		(13,650)	
Outstanding September 30, 2008	379,125	$ 10.76	2.13	$ 967,716	$
Exercisable September 30, 2008	305,708	$ 10.82	1.91	$ 726,545	$

(1) Remaining contractual term is presented in years.

(2) The aggregate intrinsic value is calculated as the difference between the exercise price of the underlying awards and the closing price of our common stock as of September 30, 2008, for those awards that have an exercise price currently below the closing price as of September 30, 2008. Awards with an exercise price above the closing price as of September 30, 2008 are considered to have no intrinsic value.

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READY MIX, INC.
NOTES TO CONDENSED FINANCIAL STATEMENTS

2. Stock-Based Compensation (Continued):

A summary of the status of the Company s nonvested shares as of September 30, 2008 and changes during the nine months ended September 30, 2008 is presented below:

	Shares	Weighted Average Grant-Date Fair Value
Nonvested stock options at January 1, 2008	149,375	$ 2.61
Granted	20,000	2.31
Vested	(91,458)	2.03
Forfeited	(4,500)	1.95
Nonvested stock options at September 30, 2008	73,417	$ 3.28

During the nine months ended September 30, 2008 and 2007, the Company recognized compensation expense of $143,836 and $307,361, respectively, and a tax benefit of $30,345 and $57,148, respectively, related thereto. As of September 30, 2008, there was $138,740 of total unrecognized compensation cost. That cost is expected to be recognized over the weighted average period of 1.25 years. The total fair value of options to purchase 91,458 and 95,126 shares of our common stock vested during the nine months ended September 30, 2008 and 2007 was $185,543 and $146,496, respectively. During the nine months ended September 30, 2008, options to purchase 7,000 shares of our common stock were forfeited, fair value per share of $1.95 at the date of grant, with a total fair value of $13,650.

3. Statement of Cash Flows:

Non-Cash Investing and Financing Activities:

The Company recognized investing and financing activities that affected assets and liabilities, but did not result in cash receipts or payments. These non-cash activities are as follows:

During the nine months ended September 30, 2008 and 2007, the Company financed the purchase of property and equipment in the amounts of $1,380,450 and $1,635,333, respectively.

During the nine months ended September 30, 2008 and 2007, the Company incurred $143,836 and $307,361, respectively, in stock-based compensation expense associated with stock option grants to employees, directors and consultants.

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READY MIX, INC.
NOTES TO CONDENSED FINANCIAL STATEMENTS

4. Notes Payable:

Notes payable consists of the following:

	September 30, 2008	December 31, 2007
5.99% note payable, with monthly payments of $471, due September 28, 2008, collateralized by a vehicle	$	$ 4,138
5.31% note payable, with monthly payments of $1,730, due March 22, 2009, collateralized by vehicles		4,858
5.31% note payable, with monthly payments of $788, due April 8, 2009, collateralized by a vehicle		11,408
6.21% note payable, with monthly payments of $4,921 and a principal payment of $443,902, due April 16, 2009, collateralized by land	456,682	479,043
6.34% note payable, with monthly payments of $3,450 and a principal payment of $309,412, due April 16, 2009, collateralized by land	318,194	333,652
5.22% note payable, with monthly payments of $10,398, due May 25, 2008, collateralized by equipment		51,346
7.05% note payable, with monthly payments of $2,930 and a principal payment of $254,742, due August 27, 2009, collateralized by land	266,745	278,601
5.90% note payable, with monthly payments of $593, due December 15, 2009, collateralized by a vehicle		13,398
5.90% notes payable, with combined monthly payments of $5,322, due dates ranging from January 31, 2010 to March 11, 2010, collateralized by vehicles		127,087
7.25% note payable, with monthly payments of $4,153, due May 4, 2009, collateralized by equipment		66,455
7.50% notes payable, with combined monthly principal payments of $11,212 plus interest, due September 1, 2008, collateralized by equipment		89,697
6.85% notes payable, with combined monthly payments of $1,098, due September 28, 2010, collateralized by vehicles		32,946
6.85% note payable, with a monthly payment of $522, due October 13, 2010, collateralized by a vehicle		16,086
	430,857	560,114

7.99% note payable, with monthly principal payments of $14,362 plus interest, due March 25, 2011, collateralized by equipment		
8.14% note payable, with monthly principal payments of $30,470 plus interest, due March 28, 2011, collateralized by equipment	914,112	1,188,346
	$ 2,386,590	$ 3,257,175

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READY MIX, INC.
NOTES TO CONDENSED FINANCIAL STATEMENTS

4. Notes Payable (Continued):

Notes payable consists of the following:

	September 30, 2008	December 31, 2007
Total from previous page	$ 2,386,590	$ 3,257,175
8.45% notes payable, with combined monthly principal payments of $26,182 plus interest, due June 28, 2011, collateralized by equipment	864,023	1,099,665
7.46% note payable, with a monthly payment of $13,867, due May 26, 2021, collateralized by a building and land	1,359,646	1,406,689
7.55% note payable, with a monthly payment of $550, due July 20, 2011, collateralized by a vehicle		20,654
7.90% note payable, with monthly principal payments of $10,774 plus interest, due November 30, 2011, collateralized by equipment	409,422	506,391
7.04% note payable, with monthly principal payments of $4,496 plus interest, due September 30, 2009, collateralized by equipment	53,956	94,423
7.13% note payable, with monthly principal payments of $34,966 plus interest, due February 28, 2013, collateralized by equipment	1,853,221	2,167,919
7.94% note payable, with a monthly payment of $2,654, due January 13, 2012, collateralized by vehicles		110,736
7.13% note payable, with monthly principal payments of $5,375 plus interest, due February 28, 2012, collateralized by equipment	220,389	268,767
7.35% note payable, with monthly principal payments of $2,793 plus interest, due September 28, 2012, collateralized by equipment	134,049	159,183
6.77% note payable, with a monthly payment of $1,745, due September 17, 2012, collateralized by vehicles		84,873
6.25% notes payable, with combined monthly principal payments of $5,705 plus interest, due January 28, 2012, collateralized by equipment	228,214	
5.39% note payable, with monthly principal payments of $2,695 plus interest, due March 21, 2012, collateralized by equipment	113,195	
5.65% note payable, with monthly principal payments of $11,440 plus interest, due April 18, 2013, collateralized by equipment	629,224	

	$ 8,251,929	$ 9,176,475

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READY MIX, INC.
NOTES TO CONDENSED FINANCIAL STATEMENTS

4. Notes Payable (Continued):

Notes payable consists of the following:

	September 30, 2008	December 31, 2007
Total from previous page	$ 8,251,929	$ 9,176,475
6.25% note payable, with monthly principal payments of $5,448 plus interest, due June 26, 2011, collateralized by equipment	179,773	
6.8% notes payable, with combined monthly principal payments of $9,782 plus interest, due June 26, 2013 and June 26, 2014, collateralized by equipment	656,015	
Line of credit, variable interest rate was 5.25% at September 30, 2008, interest only payments until December 31, 2008, 36 equal monthly principal payments plus interest therafter, collateralized by all of the Company s assets	660,844	664,012
	9,748,561	9,840,487
Less: current portion	(3,247,891)	(2,019,192)
	$ 6,500,670	$ 7,821,295

Following are maturities of long-term debt as of September 30, 2008 for each of the following years:

2009	$ 3,247,891
2010	2,212,569
2011	1,854,268
2012	934,219
2013	457,996
Subsequent to 2013	1,041,618
	$ 9,748,561

5. Line of Credit:

As of September 30, 2008, the Company had a $5,000,000 line of credit loan agreement, with an interest rate at Chase Manhattan Bank s prime, plus .25%. The interest rate as of September 30, 2008 was 5.25%. The balance outstanding on the line of credit as of September 30, 2008 was $660,844 and is reported in Note 4-Notes Payable of these notes to condensed financial statements. The loan agreement allows interest only payments until December 31, 2008. If the agreement is not renewed by December 31, 2008 and a balance is outstanding, then the line of credit converts into a term agreement requiring equal monthly principal plus interest payments through December 31, 2011 and is collateralized by all of the Company s and our Parent s assets. Under the terms of the loan agreement, the Company and/or its Parent are required to maintain a certain level of tangible net worth, a ratio of total debt to tangible net worth as well as a minimum cash flow to debt ratio. The Parent is also required to maintain a certain level of earnings before interest, tax, depreciation and amortization (EBITDA). The Company is also required to maintain a certain level of cash flow to current portion of long-term debt. As of September 30, 2008, the Company and its Parent were in compliance with these covenants.

In addition to the line of credit loan agreement, the Company has also established a capital expenditure commitment in the amount of $15,000,000. The purpose of this commitment is to fund certain acquisitions of capital equipment that the Company may need to improve capacity or productivity. As of September 30, 2008, the Company had approximately $6,700,000 of availability under the commitment.

READY MIX, INC.
NOTES TO CONDENSED FINANCIAL STATEMENTS

6. Commitments:

During the nine months ended September 30, 2008, the Company extended three material purchase agreements and entered into one new material purchase agreement with various expirations through April 5, 2015. Minimum future payments under the non-cancelable material purchase agreements entered into during the nine months ended September 30, 2008 for each of the following years are:

2009	$ 783,275
2010	1,134,375
2011	1,546,875
2012	1,650,000
2013	1,650,000
After 2013	2,612,500
	$ 9,377,025

The Company has agreed to indemnify its officers and directors for certain events or occurrences that may arise as a result of the officer or director serving in such capacity. The term of the indemnification period is for the officer s or director s lifetime. The maximum potential amount of future payments the Company could be required to make under these indemnification agreements is unlimited. However, the Company has a directors and officers liability insurance policy that enables it to recover a portion of any future amounts paid up to $10 million. As a result of its insurance policy coverage and no current or expected litigation against its officers and directors, the Company believes the estimated fair value of these indemnification agreements is minimal and has no liabilities recorded for these agreements as of September 30, 2008.

The Company enters into indemnification provisions under its agreements with other companies in its ordinary course of business, typically with business partners, customers, landlords, lenders and lessors. Under these provisions the Company generally indemnifies and holds harmless the indemnified party for losses suffered or incurred by the indemnified party as a result of the Company s activities or, in some cases, as a result of the indemnified party s activities under the agreement. The maximum potential amount of future payments the Company could be required to make under these indemnification provisions is unlimited. The Company has not incurred material costs to defend lawsuits or settle claims related to these indemnification agreements. As a result, the Company believes the estimated fair value of these agreements is minimal. Accordingly, the Company has no liabilities recorded for these agreements as of September 30, 2008.

The Company is, from time to time, involved in legal proceedings arising in the normal course of business. As of the date of this report, the Company is involved in one material legal proceeding. On November 8, 2007, Kitchell Contractors, Inc. of Arizona filed a complaint (CV2007-020708) in the Superior Court of the State of Arizona, against us for reimbursement of costs they incurred to remove and replace concrete totaling approximately $200,000. The total amount of Kitchell Contractors, Inc. s claim including costs, overhead, profit, interest, attorney and expert fees total approximately $400,000. The claim alleges that the materials supplied to a construction project did not meet the minimum standards as defined in the contract between the parties. We are disputing their claims and are vigorously defending against the complaint. As such, no liability has been accrued at September 30, 2008 related to this matter.

7. Earnings per Share:

Statement of Financial Accounting Standards No. 128, Earnings per Share, provides for the calculation of basic and diluted earnings per share. Basic earnings per share includes no dilution and is computed by dividing income available to common stockholders by the weighted average number of common shares outstanding for the period.

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READY MIX, INC.
NOTES TO CONDENSED FINANCIAL STATEMENTS

7. Earnings per Share (Continued):

Diluted earnings per share reflect the potential dilution of securities that could share in the earnings of an entity, as set forth below:

	Nine months ended September 30,		Three months ended September 30,	
	2008	2007	2008	2007
Weighted average common shares outstanding	3,809,500	3,807,949	3,809,500	3,808,848
Dilutive effect of:				
Stock options and warrants		19,395		23,495
Weighted average common shares outstanding assuming dilution	3,809,500	3,827,344	3,809,500	3,832,343

All dilutive common stock equivalents are reflected in our earnings per share calculations. Anti-dilutive common stock equivalents are not included in our earnings per share calculations. For the nine months and three months ended September 30, 2008, the Company had outstanding options to purchase 218,875 shares of common stock at a per share exercise price of $11.00, outstanding options to purchase 20,250 shares of common stock at a per share exercise price of $12.50, outstanding options to purchase 100,000 shares of common stock at a per share exercise price of $10.35, outstanding options to purchase 20,000 shares of common stock at a per share exercise price of $12.85 and outstanding options to purchase 20,000 shares of common stock at a per share exercise price of $6.40, which were not included in the earnings per share calculation as they were anti-dilutive. In addition, the Company did not include warrants to purchase 116,250 shares of common stock at a price of $13.20 per share in the earnings per share calculation as they were anti-dilutive.

The Company s diluted net income per common share for the nine months and three months ended September 30, 2007 was computed based on the weighted average number of shares of common stock outstanding during the period. For the nine months and three months ended September 30, 2007, the Company had outstanding options to purchase 225,875 shares of common stock at a per share exercise price of $11.00, included in the calculation of dilutive common stock. For the nine months and three months ended September 30, 2007, the Company had outstanding options to purchase 20,250 shares of common stock at a per share exercise price of $12.50, outstanding options to purchase 100,000 shares of common stock at a per share exercise price of $10.35 and outstanding options to purchase 20,000 shares of common stock at a per share exercise price of $12.85, which were not included in the earnings per share calculation as they were anti-dilutive. In addition, the Company did not include warrants to purchase 116,250 shares of common stock at a price of $13.20 per share in the earnings per share calculation as they were anti-dilutive.

8. Income Taxes:

The Company s effective tax rate is based on expected income, statutory tax rates and tax planning opportunities available in the various jurisdictions in which it operates. For interim financial reporting, in accordance with APB Opinion No. 28, the Company estimates the annual tax rate based on projected taxable income for the full year and records a quarterly income tax provision in accordance with the anticipated annual rate. As the year progresses, we refine the estimates of the year s taxable income as new information becomes available, including year-to-date financial results. This continual estimation process can result in a change to the expected effective tax rate for the year. When this occurs, the Company adjusts the income tax provision during the quarter in which the change in estimate occurs so that the year-to-date provision reflects the expected annual tax rate. Significant judgment is required in determining the Company s effective tax rate and in evaluating our tax positions.

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The effective income tax rate of approximately 36% for the nine months ended September 30, 2008 differed from the statutory rate, due primarily to state income taxes and non-deductible stock-based compensation expense associated with employee incentive stock options. The effective income tax rate of approximately 38% for the nine months ended September 30, 2007 differed from the statutory rate, due primarily to state income taxes and non-deductible stock-based compensation expense associated with employee incentive stock options.

Item 2. Management s Discussion and Analysis of Financial Condition and Results of Operations

Forward-Looking Statement Disclosure

This Quarterly Report on Form 10-Q (Form 10-Q) and the documents we incorporate by reference herein include forward-looking statements. All statements other than statements of historical facts contained in this Form 10-Q and the documents we incorporate by reference, including statements regarding our future financial position, business strategy and plans and objectives of management for future operations, are forward-looking statements. The words believe, may, estimate, continue, anticipate, intend, should, plan, could, target, potential, and similar expressions, as they relate to us, are intended to identify forward-looking statements within the meaning of the safe harbor provisions of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. We have based these forward-looking statements largely on our current expectations and projections about future events and financial trends that we believe may affect our financial condition, results of operations, business strategy and financial needs.

These forward-looking statements are subject to a number of risks, uncertainties and assumptions described in Risk Factors in our Annual Report on Form 10-K for the fiscal year ended December 31, 2007, and any changes thereto in Part II. Item 1A. Risk Factors of this Form 10-Q. In addition, our past results of operations do not necessarily indicate our future results. Moreover, the ready-mix concrete business is very competitive and rapidly changing. New risk factors emerge from time to time and it is not possible for us to predict all such risk factors, nor can we assess the impact of all such risk factors on our business or the extent to which any risk factor, or combination of risk factors, may cause actual results to differ materially from those contained in any forward-looking statements.

Except as otherwise required by applicable laws, we undertake no obligation to publicly update or revise any forward-looking statements or the risk factors described in this Form 10-Q or in the documents we incorporate by reference, whether as a result of new information, future events, changed circumstances or any other reason after the date of this Form 10-Q. You should not rely upon forward-looking statements as predictions of future events or performance. We cannot assure you that the events and circumstances reflected in the forward-looking statements will be achieved or occur. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance or achievements.

General

The following is management s discussion and analysis of certain significant factors affecting the Company s financial position and operating results during the periods included in the accompanying condensed financial statements. Except for the historical information contained herein, the matters set forth in this discussion are forward-looking statements.

We concentrate on serving the ready-mix concrete needs of the Las Vegas, Nevada and the Phoenix, Arizona metropolitan areas. From our rock quarry, located approximately 50 miles northwest of Las Vegas in Moapa, Nevada, and our Lee Canyon pit located about 20 miles west of Las Vegas, we supply rock and sand for our Las Vegas area ready-mix plants. The coarse aggregate and sand produced at the Moapa Quarry and the Lee Canyon Pit supply substantially all of the rock and sand needs for our Nevada operations. In the Phoenix metropolitan area, all of our ready-mix plants are currently supplied rock and sand from third parties.

Overview

Demand for our product, ready-mix concrete, depends entirely on the amount and location of construction activity. Ready-mix concrete is used in every sector of the construction industry, but since our product is perishable, the ability to compete for the supply of concrete to any given construction project is greatly dependent upon the haul distance to the jobsite from the closest concrete batch plant. The locations of our batch plants best position us to serve residential (single and multi-family housing) and residential-related commercial construction (shopping facilities, schools, churches, etc.). The Company s residential-related market orientation has been the primary contributor to our recent poor financial performance. What seemed to start as a slowdown in the housing sector has now erupted into a full-blown global financial crisis. Since the beginning of the housing decline, the ready-mix concrete industry has benefited from the extraordinarily strong and enduring non-residential construction sector. But, it now appears possible that scarce credit may exacerbate the normal cyclical downturn as non-residential construction lags residential construction. Residential-related construction has historically represented 45% to 50% of our ready-mix concrete sales. For the nine months ended September 30, 2008, year-to-date new home permits in our market were down 57% compared to last year. This follows on the heels of a 30.3% drop in new home permits during 2007 compared to 2006. When comparing our operating results of the third quarter of 2008 with the same period last year, units of ready-mix concrete sold in cubic yards decreased 8.9%, revenue decreased 14.4%, gross profit decreased 98.0% and net income dropped 1,152%. The results were equally disappointing when comparing 2008 year-to-date performance compared to the first nine months of 2007 when units sold decreased 15.4%, revenue decreased 20.6%, gross profit decreased 94.6% and net income decreased 211%.

During the third quarter of 2008, we took several steps to reduce costs and preserve cash. Actions taken included, but were not limited to: 1) not filling the vacancy created by the promotion of Robert DeRuiter from Vice President to President upon Robert Morris retirement, 2) reducing administrative personnel, 3) implementing a fuel surcharge and 4) mandating a reduction in operational overtime. Subsequent to the third quarter ended September 30, 2008, we imposed a 5% reduction in pay for all salaried employees. We continue to analyze our operations for other opportunities to further reduce costs and preserve cash.

Critical Accounting Policies, Estimates and Judgments

Significant accounting policies are described in the audited financial statements and notes thereto included in our Annual Report on
Form 10-K for the year ended December 31, 2007. We believe our most critical accounting policies are the collectability of accounts receivable, the valuation of property and equipment, estimating income taxes and the valuation of stock-based compensation.

We are required to estimate the collectability of our accounts receivable. A considerable amount of judgment is required in assessing the realization of these receivables, including the current credit worthiness of each customer and the related aging of the past due balances. Our provision for bad debts at September 30, 2008 and December 31, 2007 amounted to $509,967 and $379,635, respectively. We determine our reserve by using percentages, derived from our collection history, applied to certain types of revenue generated, as well as a review of the individual accounts outstanding. The increase in the provision for bad debt for the nine months ended September 30, 2008 represented an increase in the specific account balances identified as potentially uncollectible during the nine months ended September 30, 2008. Should our estimate for the provision of bad debt not be sufficient to allow for the write-off of future bad debts we will incur additional bad debt expense, thereby reducing net income in a future period. If, on the other hand, we determine in the future that we have over estimated our provision for bad debt we will reduce bad debt expense, thereby increasing net income in a future period.

We are required to provide property and equipment, net of depreciation and amortization expense. We expense depreciation and amortization utilizing the straight-line method over what we believe to be the estimated useful lives of the assets. Leasehold improvements are amortized over their estimated useful lives or the lease term, whichever is shorter. The life of any piece of equipment can vary, even within the same category of equipment, due to the quality of the maintenance, care provided by the operator and the general environmental conditions, such as temperature, weather severity and the terrain in which the equipment operates. We maintain, service and repair a majority of our equipment through the use of our mechanics. If we inaccurately estimate the life of any given piece of equipment or category of equipment we may be overstating or understating earnings in any given period.

We also review our property and equipment, including land and water rights, for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. The impairments are recognized in the period during which they are identified. Assets to be disposed of, if any, are reported at the lower of the carrying amount or fair value less costs to sell.

We are required to estimate our income taxes in each jurisdiction in which we operate. This process requires us to estimate the actual current tax exposure together with assessing temporary differences resulting from differing treatment of items for tax and financial reporting purposes. These temporary differences result in deferred tax assets and liabilities on our balance sheets. We must calculate the blended tax rate, combining all applicable tax jurisdictions, which can vary over time as a result of the allocation of taxable income between the tax jurisdictions and the changes in tax rates. We must also assess the likelihood that the deferred tax assets, if any, will be recovered from future taxable income and, to the extent recovery is not likely, must establish a valuation allowance. As of September 30, 2008, the Company had total deferred tax assets of $.4 million with no valuation allowance and total deferred tax liabilities of $1.3 million. The deferred tax asset does not contain a valuation allowance as we believe we will be able to utilize the deferred tax asset through future taxable income.

Furthermore, we are subject to periodic review by domestic tax authorities for audit of our income tax returns. These audits generally include questions regarding our tax filing positions, including the amount and timing of deductions and the allocation of income among various tax jurisdictions. In evaluating the exposures associated with our various tax filing positions, including federal and state taxes, we believe we have complied with the rules of the service codes and therefore have not recorded reserves for any possible exposure. Typically, the taxing authorities can audit the previous three years of tax returns and in certain situations audit additional years, therefore a significant amount of time may pass before an audit is conducted and fully resolved. Although no audits are currently being conducted, if a taxing authority would require us to amend a prior years tax return we would record the increase or decrease in our tax obligation in the period in which it is more likely than not to be realized.

We use the fair value recognition provisions of SFAS 123R, to value share-based payment awards. Under this method we recognize compensation expense for all share-based payments granted. In accordance with SFAS 123R we use the Black-Scholes option valuation model to value the share-based payment awards. Under the fair value recognition provisions of SFAS 123R, we recognize stock-based compensation net of an estimated forfeiture rate and only recognize compensation cost for those shares expected to vest on a straight-line basis over the requisite service period of the award.

Determining the appropriate fair value model and calculating the fair value of share-based payment awards requires the input of highly subjective assumptions, including the expected life of the share-based payment awards and stock price volatility. The assumptions used in calculating the fair value of share-based payment awards represent management s best estimates, but these estimates involve inherent uncertainties and the application of management s judgment. As a result, if factors change and we use different assumptions, our stock-based compensation expense could be materially different in the future. In addition, we are required to estimate the expected forfeiture rate and only recognize expense for those shares expected to vest. If our actual forfeiture rate is materially different from our estimate, the stock-based compensation expense could be significantly different from what we have recorded in the current period. See Note 2 Stock-Based Compensation in the accompanying Notes to the Condensed Financial Statements for a further discussion on stock-based compensation.

New Accounting Pronouncements

In March 2008, the FASB issued FASB Statement No. 161 Disclosures about Derivative Instruments and Hedging Activities (SFAS 161). SFAS 161 requires companies with derivative instruments to disclose information that should enable financial-statement users to understand how and why a company uses derivative instruments, how derivative instruments and related hedged items are accounted for under FASB Statement No. 133, Accounting for Derivative Instruments and Hedging Activities, and how derivative instruments and related hedged items affect a company s financial position, financial performance and cash flows. SFAS 161 is effective for financial statements issued for fiscal years and interim periods beginning after November 15, 2008. We are currently evaluating the impact, if any, that SFAS 161 will have on our financial statements.

In April 2008, the FASB issued FSP 142-3, Determination of the Useful Life of Intangible Assets (FSP 142-3). FSP 142-3 amends the factors that should be considered in developing renewal or extension assumptions used to determine the useful life of a recognized intangible asset under SFAS No. 142, Goodwill and Other Intangible Assets. FSP 142-3 is effective for fiscal years beginning after December 15, 2008. The Company is currently assessing the impact of FSP 142-3 on its financial position and results of operations.

In May 2008, the FASB issued SFAS No. 162, The Hierarchy of Generally Accepted Accounting Principles (SFAS 162). SFAS 162 identifies the sources of accounting principles and the framework for selecting the principles used in the preparation of financial statements. SFAS 162 is effective 60 days following the SEC s approval of the Public Company Accounting Oversight Board amendments to AU Section 411, The Meaning of Present Fairly in Conformity with Generally Accepted Accounting Principles. The implementation of this standard will not have a material impact on our financial position and results of operations.

In June 2008, the FASB ratified EITF Issue No. 08-3, Accounting for Lessees for Maintenance Deposits Under Lease Arrangements (EITF 08-3). EITF 08-3 provides guidance for accounting for nonrefundable maintenance deposits. It also provides revenue recognition accounting guidance for the lessor. EITF 08-3 is effective for fiscal years beginning after December 15, 2008. The implementation of this standard will not have a material impact on our financial position and results of operations.

In September 2008, the FASB issued FSP 133-1 and FIN 45-4, Disclosures about Credit Derivatives and Certain Guarantees: An Amendment of FASB Statement No. 133 and FASB Interpretation No. 45; and Clarification of the Effective Date of FASB Statement No. 161 (FSP 133-1 and FIN 45-4). FSP 133-1 and FIN 45-4 amends and enhances disclosure requirements for sellers of credit derivatives and financial guarantees. It also clarifies that the disclosure requirements of SFAS No. 161 are effective for quarterly periods beginning after November 15, 2008, and fiscal years that include those periods. FSP 133-1 and FIN 45-4 is effective for reporting periods (annual or interim) ending after November 15, 2008. The implementation of this standard will not have a material impact on our financial position and results of operations.

In September 2008, the FASB ratified EITF Issue No. 08-5, Issuer s Accounting for Liabilities Measured at Fair Value With a Third-Party Credit Enhancement (EITF 08-5). EITF 08-5 provides guidance for measuring liabilities issued with an attached third-party credit enhancement (such as a guarantee). It clarifies that the issuer of a liability with a third-party credit enhancement (such as a guarantee) should not include the effect of the credit enhancement in the fair value measurement of the liability. EITF 08-5 is effective for the first reporting period beginning after December 15, 2008. The Company is currently assessing the impact of EITF 08-5 on its financial position and results of operations.

In October 2008, the FASB issued FSP 157-3 Determining Fair Value of a Financial Asset in a Market That Is Not Active (FSP 157-3). FSP 157-3 clarified the application of SFAS No. 157 in an inactive market. It demonstrated how the fair value of a financial asset is determined when the market for that financial asset is inactive. FSP 157-3 was effective upon issuance, including prior periods for which financial statements had not been issued. The implementation of this standard did not have a material impact on our financial position and results of operations.

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Results of Operations

The following table sets forth certain items derived from our Condensed Statements of Operations for the periods indicated and the corresponding percentage of total revenue for each item:

	Nine months ended September 30,				Three months ended September 30,			
	2008		2007		2008		2007	
(dollars in thousands)	(Unaudited)				(Unaudited)			
Revenue	$ 48,684	98.9%	$ 60,520	97.7%	$ 16,088	98.4%	$ 18,706	98.0%
Related party revenue	529	1.1%	1,438	2.3%	265	1.6%	387	2.0%
Total revenue	49,213	100.0%	61,958	100.0%	16,353	100.0%	19,093	100.0%
Gross profit	304	0.6%	5,573	9.0%	23	0.1%	1,115	5.8%
General and administrative expenses	3,128	6.4%	3,464	5.6%	1,037	6.3%	1,156	6.0%
Income (loss) from operations	(2,825)	-5.7%	2,109	3.4%	(1,015)	-6.2%	(41)	-0.2%
Interest income	136	0.3%	284	0.5%	31	0.2%	100	0.5%
Interest expense	(82)	-0.2%	(110)	-0.2%	(27)	-0.2%	(29)	-0.2%
Income tax benefit (expense)	971	2.0%	(958)	-1.5%	342	2.1%	(60)	-0.3%
Net income (loss)	$ (1,726)	-3.5%	$ 1,554	2.5%	$ (608)	-3.7%	$ 58	0.3%
Depreciation and amortization	$ 3,530	7.2%	$ 3,231	5.2%	$ 1,191	7.3%	$ 1,125	5.9%

Nine months ended September 30, 2008 compared to nine months ended September 30, 2007

Revenue. Revenue decreased 20.6% to $49.2 million for the nine months ended September 30, 2008, which we refer to as interim 2008, from $62.0 million for the nine months ended September 30, 2007, which we refer to as interim 2007. The decreased revenue resulted primarily from a 15.4% decrease in the sale of cubic yards of concrete, which we refer to as units, aggravated by a 5.9% decrease in the average unit sales price. The decreased volume in interim 2008 was due to the decline in the housing market, which has negatively affected our residential concrete customers and has created an overall slowdown in the construction sector of our market. The overall demand for ready mix concrete has decreased and the average number of ready mix concrete providers has remained relatively the same in our market. The result of this intense market competition has been a decreased average unit sales price. We provide ready-mix concrete to related parties. Revenue from related parties for interim 2008 was $.5 million, representing 1.1% of total revenue compared to $1.4 million of total revenue in interim 2007. Location of the project, type of product needed and the availability of product and personnel are factors that we consider when quoting prices to our customers, including related parties. Based on that criteria, future sales to related parties could increase or decrease in any given year, but are not currently anticipated to be material. We expect the intense level of competition in our market to continue until the market recovers from the current economic downturn or there is a decrease in the number of ready mix providers in our market.

Gross Profit. Gross profit decreased to $.3 million in interim 2008 from $5.6 million in interim 2007 and the gross profit margin decreased to .6% from 9.0% in the respective periods. The decrease in the gross profit margin during interim 2008 when compared to interim 2007 was primarily due to reduced sales volume, reduced average selling price, and higher fixed costs associated with the increased capacity completed during 2007 and early 2008. The fixed costs will continue to impact our gross profit and margin until our volume reaches an adequate and consistent level. We believe that the capacity expansion completed in 2007 and interim 2008 have positioned us to reap the benefits of our market expansion when demand in our market returns.

Depreciation and Amortization. Depreciation and amortization expense increased $.3 million, or 9.3%, to $3.5 million for interim 2008 from $3.2 million in interim 2007. This increase resulted from the additional plant and equipment we placed in service in interim 2008.

General and Administrative Expenses. General and administrative expenses decreased to $3.1 million for interim 2008 from $3.5 million for interim 2007. The decrease resulted primarily from a $.4 million decrease in administrative salaries, wages, accrued bonuses, related payroll taxes and benefits, offset by an increase in bad debt expense of $.1 million and an increase in legal expense in the amount of $.1 million associated with the Kitchell Contractors, Inc. of Arizona litigation as discussed in Part II Other Information Item 1 Legal Proceedings.

Interest Income and Expense. Interest income decreased to $.1 million for interim 2008 from $.3 million for interim 2007. The decrease in interest income was primarily due to the declining interest rate earned and the decrease in the amount of our invested cash reserves. Interest expense decreased in interim 2008 to $.08 million compared to $.1 million for interim 2007. The decrease in interest expense was related to the reduction of debt associated with our office building purchased in June 2006. Interest expense associated with assets used to generate revenue is included in cost of revenue. The interest included in the cost of revenue during interim 2008 was $.5 million compared to $.6 million for interim 2007.

Income Taxes. The decrease in the income tax provision for interim 2008 to an income tax benefit of $1.0 million compared to an income tax provision of $1.0 million for interim 2007 was due to a decrease in pre-tax income in interim 2008 when compared to interim 2007. The difference between the effective tax rate and the statutory rate was due primarily to state income taxes and non-deductible stock-based compensation expense associated with employee incentive stock options.

Net Income (loss). The net loss was ($1.7) million for interim 2008 as compared to net income of $1.6 million for interim 2007. The decrease in net income resulted from a decrease in our sales of cubic yards of concrete and the decrease in the average unit sales price as discussed above.

Three months ended September 30, 2008 compared to three months ended September 30, 2007

Revenue. Revenue decreased 14.4% to $16.4 million for the three months ended September 30, 2008, which we refer to as 3rd quarter 2008, from $19.1 million for the three months ended September 30, 2007, which we refer to as 3rd quarter 2007. The decreased revenue resulted primarily from a 8.9% decrease in the sale of cubic yards of concrete, which we refer to as units, compounded by a 6.5% decrease in the average unit sales price. The decreased average unit sales price reflects the continued decline in the overall demand for ready mix concrete and increased competition due to the number of providers of ready mix concrete remaining relatively consistent. The decreased volume in 3rd quarter 2008 was primarily due to the decline in the housing sector as mentioned above and the general slowdown in the overall construction sector within our market. Revenue from related parties for 3rd quarter 2008 was $.3 million, representing 1.6% of total revenue in the 3rd quarter 2008 compared to $.4 million representing 2.0% of total revenue in the 3rd quarter 2007. Location of the project, type of product needed and the availability of product and personnel are factors that we consider when quoting prices to our customers, including related parties. Based on this criteria, future sales to our related party could increase or decrease in any given quarter, but are not anticipated to be material.

Gross Profit. Gross profit decreased to $.02 million in the 3rd quarter 2008 from $1.1 million in the 3rd quarter 2007 and the gross profit margin decreased to .1% from 5.8% in the respective periods. The decrease in the gross profit margin during the 3rd quarter 2008 was primarily due to reduced sales volume, reduced average selling price and higher fixed costs associated with the increased capacity completed during 2007 and interim 2008. The fixed costs will continue to adversely impact our gross profit and margin until our volume increases.

Depreciation and Amortization. Depreciation and amortization expense increased $.1 million, or 5.8%, to $1.2 million for the 3rd quarter 2008 from $1.1 million in the 3rd quarter 2007. This increase resulted from the additional plant and equipment we placed into service in interim 2008.

General and Administrative Expenses. General and administrative expenses decreased to $1.0 million for the 3rd quarter 2008 from $1.2 million for the 3rd quarter 2007. The decrease resulted primarily from a $.1 million decrease in administrative salaries, wages, accrued bonuses, related payroll taxes and benefits and a decrease of $.1 million in public company expense, offset by an increase in bad debt expense of $.1 million.

Interest Income and Expense. Interest income decreased to $.03 million for 3rd quarter 2008 from $.1 million for 3rd quarter 2007. The decrease in interest income was primarily due to the declining rate of return earned and the decrease in the amount of our invested cash reserves. Interest expense remained relatively flat at $.03 million when comparing 3rd quarter 2008 to 3rd quarter 2007. Interest expense associated with assets used to

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generate revenue is included in cost of revenue. The interest included in the cost of revenue during 3rd quarter 2008 was $.16 million compared to $.19 million for 3rd quarter 2007.

Income Taxes. The decrease in the income tax provision for 3rd quarter 2008 to an income tax benefit of $.3 million, compared to an income tax provision of $.1 million for 3rd quarter 2007 was due to a decrease in pre-tax income in 3rd quarter 2008 when compared to 3rd quarter 2007. The difference between the effective tax rate and the statutory rate was due primarily to state income taxes and non-deductible stock-based compensation expense associated with employee incentive stock options.

Net income (loss). Net loss was $.6 million for 3rd quarter 2008 as compared to a net income of $.1 million for 3rd quarter 2007. The decrease in net income to a net loss resulted from a decrease in the sale of cubic yards of concrete and the average selling price per cubic yard of concrete as discussed above.

Liquidity and Capital Resources

Our primary need for capital in the past has been to increase the number of mixer trucks in our fleet, to increase the number of concrete batch plant locations, to purchase support equipment at each location, to secure and equip aggregate sources to ensure a long-term source and quality of the aggregate products used to produce our concrete and to provide working capital to support our operations. As we expand our business, we will continue to utilize the availability of capital offered by financial institutions, in turn increasing our total debt and debt service obligations. Historically, our largest provider of financing has been Wells Fargo Equipment Financing, Inc., who we refer to as WFE. We believe our working capital, including our cash reserves and our historical sources of capital will be satisfactory to meet our needs for at least one year from the date of this Quarterly Report on Form 10-Q.

We have a credit facility with WFE which provides a $5.0 million revolving credit facility, as well as a $15.0 million capital expenditure commitment. As of September 30, 2008, we had approximately $4.3 million available on our revolving credit facility and we also had approximately $6.7 million available on the capital expenditure commitment. The WFE revolving credit facility is collateralized by all of our assets as well as all of the assets of our Parent. Listed below are the covenants which are required to be maintained by the Company and our Parent as of September 30, 2008 and December 31, 2007:

Meadow Valley:

	September 30, 2008		December 31, 2007	
(amounts in thousands)	Minimum / Maximum	Actual	Minimum / Maximum	Actual
Minimum Net Worth (1)	21,156	39,700	21,156	34,527
Maximum Leverage (2)	n/a	n/a	3.0 to 1.0	1.58 to 1.0
Maximun Funded Debt to EBITDA (3)	3.0 to 1.0	.92 to 1.0	3.0 to 1.0	1.19 to 1.0
Minimum CF/CPLTD (4)	n/a	n/a	1.25 to 1.0	2.58 to 1.0

Ready Mix, Inc.:

	September 30, 2008		December 31, 2007	
	Minimum	Actual	Minimum	Actual
Minimum CF/CPLTD (4)	n/a	n/a	1.25 to 1.0	2.84 to 1.0

(1) Minimum Net Worth is defined as the sum of common stock, additional paid in capital, retained earnings minus

goodwill and other intangible assets, all determined in accordance with United States Generally Accepted Accounting Principles. Base net worth of $14,000,000 as of September 15, 2005 plus 75% of net profit for every fiscal year thereafter, beginning December 31, 2005. Measured quarterly.

(2) Leverage is defined as total liabilities to Net Worth. Measured at fiscal year end.

(3) Funded Debt to EBITDA is defined as all interest bearing notes, loans and capital leases divided by the sum of net profit, interest expense, taxes, depreciation and amortization less interest income, dividends, plus or minus extraordinary expenses or gains, to be determined at WFE s sole

discretion, for the previous four fiscal quarterly periods. Measured quarterly.

(4) Minimum CF to CPLTD is defined as cash flow (the sum of net profit, depreciation and amortization, less dividends, plus or minus extraordinary expenses or gains, to be determined at WFE s sole discretion) divided by the current portion of long term debt. Measured at fiscal year end.

n/a Not required to be calculated at the interim period.

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During July 2008, we completed the expansion of our operations by adding one additional ready-mix production plant, including related production plant equipment and site improvements, with an aggregate cost of approximately $.75 million, the majority of which we financed through the capital expenditure commitment of our WFE credit facility. The new plant will expand our service area and allow us to better utilize our existing equipment.

As a result of the expansion efforts over the past two and a half years, we have entered into additional debt and operating lease obligations which, in turn, have increased our total fixed minimum monthly payment obligations. As a result of the downturn in the economy, operations did not provide the cash flow needed to meet the monthly obligations and cash reserves were utilized. We do not expect this trend to continue, but cannot assure that cash flow from operations will be adequate to provide for the cash outflow needed to service all of our obligations, however we do anticipate that our cash reserves and our revolving credit facility are sufficient to meet our needs over the next twelve months.

The following table sets forth for the nine months ended September 30, 2008 and 2007, certain items from the condensed statements of cash flows.

	Nine months ended September 30,	
	2008	2007
(dollars in thousands)	(Unaudited)	
Cash flows provided by (used in) operating activities	$(1,476)	$ 5,206
Cash flows used in investing activities	(637)	(3,147)
Cash flows used in financing activities	(1,412)	(1,835)

Cash used in operating activities during interim 2008 of $1.5 million represents a $6.7 million decrease from the amount provided by operating activities during interim 2007. The decrease was primarily due to the net loss of $1.7 million incurred in interim 2008 compared to net income of $1.6 million in interim 2007. The decrease was also the result of an increase in accounts receivable as a result of the additional time required to collect our outstanding receivables. The average days sales were outstanding as of September 30, 2008 were approximately 52 days compared to approximately 41 days as of September 30, 2007.

Cash used in investing activities during interim 2008 of $.6 million represents a $2.5 million decrease from the amount used in investing activities during interim 2007. Investing activities during interim 2008 were due to capital expenditures of $.7 million, partially offset by proceeds from the disposal of equipment in the amount of $.1 million. Investing activities during interim 2007 were due to capital expenditures of $3.4 million, partially offset by proceeds from the disposal of equipment in the amount of $.2 million.

Cash used in financing activities during interim 2008 of $1.4 million represents a $.4 million decrease from the amount used in financing activities during interim 2007. Financing activities during interim 2008 included the receipt of proceeds from notes payable in the amount of $1.0 million and proceeds from Meadow Valley of $.1 million, offset by the repayment of notes payable and capital leases of $2.5 million. Financing activities during interim 2007 included the receipt of proceeds from notes payable in the amount of $3.0 million, offset by the repayment to Meadow Valley of $.1 million and the repayment of notes payable and capital leases of $4.7 million.

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Summary of Contractual Obligations and Commercial Commitments

Contractual obligations at September 30, 2008, and the effects such obligations are expected to have on our liquidity and cash flow in future periods, are summarized as follows:

	Payments Due by Period				
	Total	Less than 1 Year	1 - 3 Years	4 - 5 Years	After 5 Years
	(dollars in thousands)				
Contractual Obligations					
Long-term debt obligations	$ 9,749	$ 3,248	$ 4,067	$ 1,392	$ 1,042
Interest payments on long-term debt (1)	1,643	654	624	230	135
Operating lease obligations	4,914	2,290	2,596	28	
Purchase obligations	30,363	4,313	8,090	8,040	9,920
Other long term liabilities (2)	66	66			
Total contractual obligations	$ 46,735	$ 10,571	$ 15,377	$ 9,690	$ 11,097

(1) Interest payments are based on the individual interest rates of each obligation, which range from 5.25% to 8.45% per annum. We do not assume an increase in the variable interest rate. See Note 4 Notes payable in the accompanying condensed financial statements.

(2) Other long-term liabilities include an administrative services agreement with Meadow Valley in the amount of $22,000 per

month expiring
December 31,
2008.

Website Access

Our website address is www.readymixinc.com. On our website we make available, free of charge, our Annual Report on Form 10-K, our most recent quarterly reports on Form 10-Q, current reports on Form 8-K, Forms 3, 4, and 5 related to beneficial ownership of securities, our code of ethics and all amendments to those reports as soon as reasonably practicable after such material is electronically filed with or furnished to the United States Securities and Exchange Commission. The information on our website is not incorporated into, and is not part of, this report.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Market risk generally represents the risk that losses may occur in the values of financial instruments as a result of movements in interest rates, foreign currency exchange rates and commodity prices. We do not have foreign currency exchange rate and commodity price market risk.

Interest Rate Risk From time to time we temporarily invest our excess cash in interest-bearing securities issued by high-quality issuers. We monitor risk exposure to monies invested in securities in our financial institutions. Due to the short time the investments are outstanding and their general liquidity, these instruments are classified as cash equivalents in the condensed balance sheet and do not represent a material interest rate risk. Our primary market risk exposure for changes in interest rates relates to our long-term debt obligations. We manage our exposure to changing interest rates principally through the use of a combination of fixed and floating rate debt.

We evaluated the potential effect that near term changes in interest rates would have had on the fair value of our interest rate risk sensitive financial instruments at September 30, 2008. Assuming a 100 basis point increase in the prime interest rate at September 30, 2008, the potential increase in the fair value of our debt obligations would have been approximately $.01 million at September 30, 2008. See Note 4 Notes payable in the accompanying September 30, 2008 condensed financial statements.

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Item 4T. Controls and Procedures

(a) Evaluation of Disclosure Controls and Procedures

Our principal executive officer and principal financial officer, based on their evaluation of our disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) as of the end of the period covered by this Quarterly Report on Form 10-Q, have concluded that (i) our disclosure controls and procedures are effective for ensuring that information required to be disclosed by us in the reports that we file or submit under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission s rules and forms and (ii) our disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by us under the Securities Exchange Act of 1934 is accumulated and communicated to our management, including our principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure.

(b) Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting that occurred during our last fiscal quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II OTHER INFORMATION

Item 1. Legal Proceedings

The Company is, from time to time, involved in legal proceedings arising in the normal course of business. As of the date of this report, the Company is involved in one material legal proceeding. On November 8, 2007, Kitchell Contractors, Inc. of Arizona filed a complaint (CV2007-020708) in the Superior Court of the State of Arizona, against us for reimbursement of costs they incurred to remove and replace concrete totaling approximately $200,000. The total amount of Kitchell Contractors, Inc. s claim including costs, overhead, profit, interest, attorney and expert fees total approximately $400,000. The claim alleges that the materials supplied to a construction project did not meet the minimum standards as defined in the contract between the parties. We are disputing their claims and are vigorously defending against the complaint. As such, no liability has been accrued at September 30, 2008 related to this matter.

Item 1A. Risk Factors

In addition to the other information set forth in this Form 10-Q, you should carefully consider the factors discussed in Part I, Item 1A. Risk Factors in our Annual Report on Form 10-K for the year ended December 31, 2007, which could materially affect our business, financial condition or future results. The risks described in our Annual Report on Form 10-K are not the only risks we face. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially adversely affect our business, financial condition and/or operating results. There are no material changes to the risk factors included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2007 during the nine months ended September 30, 2008.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

None.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Submission of Matters to a Vote of Security Holders

None.

Item 5. Other Information

None.

Item 6. Exhibits

Exhibits:

31.1 Certification of Chief Executive Officer Pursuant to Rules 13a-14 and 15d-14 of the Securities Exchange Act of 1934

31.2 Certification of Chief Financial Officer Pursuant to Rules 13a-14 and 15d-14 of the Securities Exchange Act of 1934

32 Certification of Chief Executive Officer and Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

SIGNATURE

Pursuant to the requirements of the Securities and Exchange Act as of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

By /s/ Bradley E. Larson

Bradley E. Larson
Chief Executive Officer
November 11, 2008

By /s/ Clint Tryon

Clint Tryon
Chief Financial Officer, Secretary and Treasurer
(Principal Accounting Officer)
November 11, 2008