REAL TIME MEASUREMENTS INC

INTERIM - MANAGEMENT DISCUSSION and ANALYSIS

2nd Quarter, Fiscal 2006

For the period ended July 31 2005

SEPTEMBER 26 2005

REAL TIME MEASUREMENTS INC.

Second Quarter, Fiscal 2006

Management Discussion and Analysis, September 26 2005

for

the three month period ended July 31 2005

General

This Management Discussion and Analysis of the operational results and financial condition of Real Time Measurements Inc. for the second quarter of fiscal 2006 which is the three month period ended July 31 2005, should be read in conjunction with the corresponding company's interim quarterly financial statements and accompanying notes thereto dated July 31 2005.

The company's financial statements are prepared in accordance with Canadian General Accepted Accounting Principles and the reporting currency is Canadian dollars, unless otherwise indicated. The date of this Management Discussion and Analysis is September 26 2005. Additional information is available about the company on SEDAR at www.sedar.com.

Risk and Uncertainty

Demand for the company's services and products, depends largely on the level of spending by oil and gas companies for exploration, development and production activities worldwide. There has been a significant industry wide increase in the level of oil and gas services provision over the past several years and this trend is expected to continue. However, no assurance can be given that current activity levels will be maintained or increase or that demand for the company's services will reflect the level of overall activity. As well, oil and gas industry activity levels depend in large measure upon oil and gas prices which may be affected by local or international factors or by Government regulation which cannot be accurately predicted. If oil and gas prices decrease or fail to meet expectations, service activities may be reduced significantly, which can have a material adverse effect on the company's operations and financial condition. At present, oil and gas services activity is at a seasonally adjusted high level relative to recent historical levels. No assurances can be given that this trend will continue.

The company's operations are subject to the seasonal nature of oil and gas service company activity in Western Canada and the rest of the world. Accordingly, the Corporation's revenues may be impacted by its inability to conduct operations due to seasonal weather conditions. Oil and natural gas operations are subject to extensive legislative and regulatory controls imposed by various levels of government which may be amended from time to time. The company's operations may also be subject to compliance with federal, provincial and local laws and regulations controlling the discharge of materials into the environment or otherwise relating to the protection of the environment.

Oil and gas well service and testing activities involve risk of loss from causes such as fires and accidental explosions, blow-outs, cratering, petrochemical spills and the like, any of which can cause personal injury and/or loss of life and/or damage to property and/or damage to the environment. The company carries available insurance against certain commercial risks that management considers prudent. The company may not, however, be able to obtain insurance against all possible losses. Interruptions and delays caused by adverse weather conditions, equipment failures and other events that can significantly adversely affect the company's future prospects.

The company does not have patents on any of its principal technology, services and products and in some instances relies primarily on trade secrets and unpatented know-how to maintain its competitive position. There can be no assurance that others may not become privy to such trade secrets and know-how or independently develop the same or similar technologies, services and products.

While the company's technologies and services have been operating successfully in the oil and gas industry for over eight years, it has done so with only six Smart Drop Off (SDO) units in productive capacity with a relatively small number of oil and gas companies. If and when additional SDO units are manufactured and utilized by various oil and gas clients of the company, and notwithstanding managements optimistic viewpoint, there is no way to express the level of certainty as to whether or not future clients will be satisfied with the quality of future SDO services.

RTM company was named as the defendant in two civil lawsuits during this second quarter. One of the lawsuits pertains to an alleged wrongful dismissal claim that has been filed by an ex-employee. The other lawsuit was filed against RTM by Spartek Systems. Management is taking all necessary prudent and diligent steps to ensure the company's best interests are looked after in these matters. RTM management believes the company will prevail in both legal actions. Management also believes that neither lawsuit will have a material impact on the future prospects of the company.

The company may require additional financing in order to grow and expand its operations. It is possible that required future financing will not be available or, if available, will not be available on favorable terms.

Any expansion of the company's business may place a significant strain on its financial, operational and managerial resources. There can be no assurance that the company will be able to implement and subsequently improve its operations and financial systems successfully and in a timely manner in order to manage any growth it experiences. There can be no assurance that the company will be able to manage growth successfully. Any inability of the company to manage growth successfully could have a material adverse effect on the company's future prospects.

Changes in Accounting Policies

The company did not make any changes to its accounting policies in this reported quarter.

Forward-looking Statements

This discussion and analysis contains forward-looking statements that involve risks and uncertainties. Actual results may differ materially from those contained in such forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which reflect management's analysis only as of the date hereof. Although new material developments will continue to be press-released as they are experienced, the company undertakes no obligation to publicly release any revision to these forward-looking statements, in order to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events. Readers are referred to the following Management's Discussion and Analysis, including discussions of potential risks and uncertainties affecting the company's business, financial condition and liquidity, and results of operations that could cause actual results to be materially different from such forward-looking statements.

Nature of Business

Real Time Measurements Inc. is an independent Canadian oil and gas service company with its head office in Calgary Alberta. The company was founded in December 1995 to exploit opportunities arising from the creative application of recent technological developments to solving oil and gas upstream measurement problems in more efficient ways. RTM's primary business activity revolves around the commercial development of a premium quality downhole pressure survey system which is used primarily, although not exclusively, in oil and gas wells. The service is called Smart Drop Off (SDO). SDO provides customers with a secure internet based data port that links them to a high precision electronic pressure gauge downhole in a well. The SDO sensor-to-desktop system dramatically improves well test operational efficiency and quality. To the best of management's knowledge, RTM is the only company in world that offers services using a system like the SDO.

Results of Operations - Overview

The three month period ended July 31 2005 produced the highest second quarter revenue in the company's history and the highest six month revenue in RTM history. Total Q2 revenue increased year over year by 117% from $202,304 to $438,399. Revenue for the first six months increased from $539,394 in fiscal 2005 to $911,297, a 69% year over year increase.

For the three month period ended July 31 2005, total expenses increased year over year by 70% from $240,136 to $410,103. Total expenses for the six month period increased year over year by 55% from $524,345 to $811,156.

RTM reported net earnings for the quarter of $14,772 ($0.001 earnings per share), as compared to a net loss of -$40,329 (-$0.003 earnings per share) for the same three month period last year. After six months in fiscal 2006, RTM reported net earnings of $71,474 ($0.004 per share) which is about 21 times the $3,244 in net earnings for the same period last year.

Cash flow from operations for the second quarter of fiscal 2006 was $40,753 which was $55,495 ahead of last years second quarter cash flow from operations deficit of -$14,742. When the change in non-cash working capital is taken into account, the company recorded a net negative Q2 2006 cash flow of -$31,547 (+$42,826 for Q2 last year). Fiscal 2006 six month, cash flow from operations increased by 138% from $56,090 last year to $133,854 this year. After the changes in non-cash working capital are accounted for the company has reported a negative net cash flow of -$115,702, as compared to last years net six month cash flow of $151,924.

First quarter 2006 closed with a much stronger balance sheet as compared to the same date last year. Working capital (current assets minus current liabilities) on July 31 2005 was $719,890, as compared to $46,680 on July 31 2004. Working capital surplus was $773,520 at the beginning of the fiscal year on January 31 2005.

As of July 31 2005 the company had no long term debt and a total of $28,672 in current liabilities reported on the balance sheet.

Revenue

Total revenue (ref. Table 1) in the second quarter of fiscal 2006 was $438,399 (Q2 fiscal 2005 - $202,304), a 117% year over year quarterly increase. About 2/3 (67%) of RTM's revenue for the quarter was composed of $294,449 from SDO operations ($130,239, or 64% of total revenue in Q2 fiscal 2005), a 126% year over year quarterly increase. Electronic instrument rentals revenue was $94,432 ($51,636 in Q2 fiscal 2005) an 84% year over year quarterly increase. Revenue was $31,517 from data processing ($20,795 in Q2 fiscal 2005), a 52% year over year quarterly increase and $17,650 from battery and equipment sales which is 37% less than the sales figure for Q2 2005.

The company's second quarter year over year growth was evenly spread across growth in four of the five business segments. However, leading the way was significantly increased SDO revenue. RTM completed 24 SDO jobs to produce $294,449 (ref. Table 1) in Q2 fiscal 2006. In Q2 fiscal 2005, SDO revenue was $130,239 from 8 jobs. This means that SDO revenue was $12,268 per job in Q2 2006 as compared to $16,279 per job in Q2 2005. This is a 24% decrease in quarter over quarter per job SDO revenue. In the past couple of years, the revenue per SDO job has jumped around quite a bit. The main factors that affect the revenue per job are well depth, and test length. The volatile nature of the per job revenue number simply reflects the variability in the well pressure survey business. The heliportable unit was used on one long job with a relatively low day rate for about half the quarter. Management is very encouraged by the three-fold increase in jobs completed. This is a significant increase in demand for SDO services. What's really encouraging is that this increase in SDO business has happened during the time of year when pressure survey operation activity is normally at a low point in the annual cycle. Quarterly rental revenue grew by a healthy 84% from $51,636 in Q2 2005 to $94,432 in Q2 2006. This increase is due to higher activity levels of RTM rental customers, particularly in the south east Saskatchewan area. Data processing jumped quarter over quarter by 52% from $20,517 to $31,517. This is a reflection of increased instrument rentals. Often, the data being processing by RTM is produced by the instruments RTM rents out. More rentals, more data processing. Although equipment and battery sales slipped by 37% as compared to Q2 last year, this only represents a $10,201 annual quarter over quarter revenue difference which is not a material fluctuation.

Total revenue for the six month period was up by 69% as compared to the first six months last year. As was the case in the quarter, and although all five business segments grew nicely, the growth was lead by SDO operations. In fact, the $648,648 SDO six month revenue figure is 20% higher than the total revenue of $539,395 for the first six months of fiscal 2005. RTM completed a total of 51 jobs in the first six months of fiscal 2006 which is just about double the 26 jobs done in the first six months last year. The six month revenue per job figure was $12,719 for fiscal 2006 as compared to $13,693 per job for the same period last year. This only represents a 7% fluctuation which is not material enough to consider a significant change. In the first six months of fiscal 2006 Rental Revenue, Data Processing and Equipment Sales increased year over year by 39%, 61% and 44% respectively. These increases can all be attributed to higher levels of industry activity.

Table 1

	Total Revenue	SDO Revenue	Rental Revenue	Data Processing Revenue	Equipment & Battery Sales
1st six months fiscal 2006	$911,297 **(+69%)**	$648,648 **(+82%)**	$152,545 **(+39%)**	$65,327 **(+61%)**	$45,624 **(+44%)**
Q2 fiscal 2006	$438,399 **(+117%)**	$294,449 **(+126%)**	$94,432 **(+84%)**	$31,517 **(+52%)**	$17,650 **(-37%)**
1st six months fiscal 2005	$539,394	$356,036	$109,071	$40,601	$31,641
Q2 fiscal 2005	$202,304	$130,239	$51,636	$20,795	$27,851

Expenses

Total expenses of $410,103 in the second quarter of fiscal 2006 (Q2 fiscal 2005 -- $240,136) represented a $169,966 (70%) year-over-year quarterly increase in expenses. Quarterly operating expenses increased year over year by 92% from $157,678 to $302,209. This increase is primarily due to increased personnel and operating expenses to support the 126% increase in SDO business, increased fuel and insurance costs and an 8% general salary adjustment that was implemented on April 1 2005. General and Administrative expenses for the quarter increased by 37% from $51,547 last year to $70,350 this year. This $18,803 increase was attributed to the payroll costs of the CFO up to early June, and the April 1 general salary adjustment. Year over year quarterly combined amortization, public company, interest and business development expenses decreased by an insignificant $1,777 from $39,321 last year to $37,544 this year.

Total expenses increased by 55% from $524,345 to $811,156 for the first six months of fiscal 2006 as compare to the same six months last year. The bulk of the $286,811 increase in total expenses was attributed to a $208,054 increase in operating expenses. This 57% increase in operating expenses is mainly caused by the higher costs associated with the 82% increase in SDO business, but also significantly increased rates imposed by RTM's primary source of rental equipment, increased fuel prices and higher personnel costs arising from the April 1 general salary adjustment. A $41,284 (42%) increase in General and Administrative expenses makes up most of the rest of the total expense increase. G&A expenses over the six months increased due to higher personnel costs, in particular the cost of a CFO and increases caused by the 8% general salary adjustment. Year over year six month amortization expenses remained flat. Public company costs for the first six months increased by 71% from $13,308 last year to $22,878 this year. This increase was caused by higher regulatory fees and an increase in the number of shareholders thanks to the January 2005 financing. Interest expenses over the first six months dropped to $1,707 from $4,709 because a number of leases have matured and ended. Business development expenses were $22,741 in the first six months of fiscal 2006, compared to no Business Development expenses last year. Business development expenses include the travel and legal costs for developing an overseas RTM subsidiary in Cyprus. RTM (Cyprus) is being set-up in preparation for future overseas business development.

Cash Flow and Net Income

Total revenue of $438,399, a cost of goods sold of $13,937, total expenses of $410,103 and interest income of $413 resulted in RTM reporting net earnings of $14,772 ($0.001 earnings per share) and a positive cash flow from operations of $40,753 in the second quarter of fiscal 2006. This compares to a net loss of -$40,306 (-$0.003 loss per share) and a negative cash flow from operations of -$14,742 for the same quarter last year.

Net earnings for the first six months of fiscal 2006 were reported as $71,474 ($0.004 earnings per share) which is about 21 times the earnings of $3,244 for the first six months of fiscal 2005. Cash flow from operations for the first six months was $133,854, a 138% increase over the same period last year.

Summary of Quarterly Results

Table 2 contains selected consolidated financial information, rounded to the nearest $000's for Q2-2006 presented along side the previous nine quarters:

To make best use of this table, it is important to understand that the oil and gas service business in Western Canada, where RTM operations are currently focused, is highly cyclical. Historically, RTM's best quarter is usually either Q1 or Q4. In fiscal 2004, Q4 was the strongest quarter, while in fiscal 2005, Q1 was the strongest. These two quarters span the winter months when the ground is frozen and oil and gas activity is generally at its highest level. RTM's weakest quarters are usually Q2 and Q3, which span the spring and summer months when industry activity is generally lower. In both fiscal 2004 and 2005, the weakest quarter was Q2. However, in this most recent quarter, Q2 fiscal 2006, relatively strong revenue results were produced. In fact, Q2 2006 was the second best quarter in RTM history, and not far behind the best quarter in the company's history which was the quarter right in front of it, Q1 2006. It is impossible to predict from year to year exactly when the maximum and minimum levels of activity will occur. When looking for financial performance trends in a Canadian service company like RTM, it is critical that the comparison is made between quarters that correspond to each other on a yearly basis, that is, compare Q2 fiscal 2006 to Q2 fiscal 2005. Only confusion will result if trends are looked for by comparing quarters beside each other such as comparing Q3 to Q4.

Table 2

	Net Revenue	G & A Expenses	Operating and Other Expenses	Cash Flow from Operations	Amortization	Net Earnings
Q2-2006	438	70	314	40	26	$14
Q1-2006	465	92	290	83	27	$57
Q4-2005	247	72	217	(42)	30	($72)
Q3-2005	234	71	161	1	24	($23)
Q2-2005	202	51	142	(40)	26	($15)
Q1-2005	328	64	192	70	27	$43
Q4-2004	363	93	174	97	26	$71
Q3-2004	282	82	161	39	23	$15
Q2-2004	166	79	139	(52)	24	($77)
Q1-2004	294	72	245	(23)	24	($47)

A few moments spent scanning through the numbers presented in Table 2 yields some potentially meaningful patterns; For the eight quarters prior to fiscal 2006, RTM's net quarterly revenue has bounced between $166K and $363K. This is a 110% swing in quarterly revenue. Expenses on the other hand have remained within a much narrower band. The only notable upward spikes in expenses over the eight quarters spanning fiscal 2004 and 2005 occurred under Operating and Other Expenses in Q1 2004 and Q4 2005. The Q1 2004 upward spike was caused by an extraordinary bad debt expense while the Q4 2005 upward spike was caused by a $50K expense related to the failed BSR merger. Notwithstanding these two exceptions, during fiscal 2004 and 2005, generally speaking, when quarterly revenue climbed above about $250,000 the company showed positive earnings. RTM has broken out of this pattern in fiscal 2006. Both Q1 and Q2 in fiscal 2006 have yielded revenues and operating costs that are considerably higher than any previous quarter in the company's history. The January 2005 financing combined with a busy first six months has germinated several agendas that are expected to step-up development of the company. Management estimates that the previous $250,000 profitability baseline is probably more like $350,000 now, due to the ramp-up in spending that is taking place in anticipation of sustaining a more rapid future growth pattern.

Liquidity and Capital Resources

On July 31 2005 the company ended Q2 fiscal 2006 with a working capital surplus of $719,265, which is $72,626 less than the $791,890 working capital figure at the beginning of the quarter and $54,255 less than the $773,520 surplus recorded six months previous at year end on January 31 2005. The July 31 2005 working capital surplus is $675,585 higher than the $43,680 working capital surplus a year ago at the end of Q2 2005. The significant year over year increase in working capital is comprised of the proceeds from the January 2005 financing and positive cash flow from operations. Management believes the company has sufficient working capital to proceed with the current business plan.

As at July 31 2005, the company had a total of $28,672 in current obligations under capital leases and zero debt net of the current portion. The company's management believes this debt is very manageable within the context of the company's current financial condition and future prospects.

Outlook

The company's current business plan encompasses two general areas of activity:

First: Continuation of present business activities. All the revenue growth for the first six months of this fiscal 2006 stems from significant growth in RTM's unique SDO business and to a lesser extent from growth in the provision of electronic equipment rentals and data processing services. Over the next few months, about 1/3 of the current working capital surplus will be invested in upgrading and increasing the capacity of RTM's current fleet of six SDO units, improving the rental equipment inventory, and enhancing the company's data processing capabilities. Management is looking forward to continued steady growth of all three of these already existing business lines.
SDO revenue will likely be impacted negatively by about 20% to 40% during the course of Q3 fiscal 2006 due to a planned equipment shut-down. RTM's main SDO deployment unit (DU-2) will be taken offline for a major overhaul that is now due after five years of continuous service. When DU-2 is offline, SDO services will be suspended.

Second: RTM is developing DataTrak. The DataTrak trade name refers to a new technology platform that rests on a modular combination of downhole and surface sensors, a proprietary data logging system, wireless communications technology and proprietary secure internet data retrieval software. The first DataTrak platform will be designed so that it is commercially adaptable to RTM's current lines of business. Once all the bugs are worked out, DataTrak will be used to support a wide variety of applications beyond what RTM currently offers. Management estimates that the initial stage of the DataTrak development program will consume about half of the current working capital surplus over the next six to twelve months. Management also believes the commercialized DataTrak platform coupled to an aggressive marketing plan will place RTM in a more competitive position and provide business prospects that will help fuel future corporate development. Management expects to see the first commercial applications for DataTrak technology being rolled-out in the third or fourth quarter of fiscal 2007.

Management believes RTM has the resources and capacity to successfully pursue the current intended business plan. In general, RTM management is dedicated to growing the business through the provision of first class oil and gas well evaluation niche market services and technological developments.

Dated : September 26 2005

Signed Glenn Boyd ______________________ Glenn Boyd, Director, VP Operations, CFO

Signed ___________ Terry Matthews, Director, President, CEO

Real Time Measurements Inc. ***as at September 26 2005 :***

STOCK EXCHANGE	TSX Venture Exchange
SYMBOL	RTY
MANAGEMENT TEAM	Terry Matthews, P.Eng. : Director, President, CEO Glenn Boyd, P.Eng. : Director, V.P Operations, CFO
INDEPENDENT DIRECTORS	Tom Adams: Director, Audit Committee Richard Velhat: P.Geol : Director, Audit and Compensation Committee
AUDITOR	Stan Peloski, MPG Chartered Accounts, Calgary, Alberta
LEGAL COUNSEL	Heighington Law Firm, Barristers & Solicitors, Calgary, Alberta
TRANSFER AGENT	Computershare Trust Company of Canada, Calgary, Alberta
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