

REAL TIME MEASUREMENTS INC.
INTERIM FINANCIAL STATEMENTS, 3rd Quarter Fiscal 2006
October 31 2005



REAL TIME MEASUREMENTS INC.

Balance Sheets

As at October 31, 2005 (Unaudited) and January 31, 2005 (Audited)

	Note	October 31 2005	January 31 2005
		\$	\$
Assets			
Current Assets			
Cash		362,336	680,189
Accounts receivable		386,254	227,977
Inventory		2,110	2,110
Prepaid expenses and deposits		34,479	12,251
		785,179	922,527
Property and Equipment	3	1,058,422	909,259
		1,843,601	1,831,786
Liabilities			
Current Liabilities			
Accounts payable and accrued		141,903	111,777
Term loan payable, current portion		-	7,239
Obligations under capital leases, current portion	4	21,100	29,981
		163,003	148,997
Term Loans Payable, net of current portion		-	16,249
Obligations under Capital Leases, net of current portion	4	-	13,349
		163,003	178,595
Shareholders' Equity			
Share Capital	5	2,662,867	2,662,867
Contributed Surplus	6	143,600	143,600
Deficit		(1,125,869)	(1,153,276)
		1,680,598	1,653,191
		1,843,601	1,831,786

On Behalf of the Board

"signed"

Director

"signed"

Director

REAL TIME MEASUREMENTS INC.
Statements of Operations
For the Periods Ended October 31 (Unaudited)

	Note	3 Months Ended October 31		9 Months Ended October 31	
		2005	2004	2005	2004
		\$	\$	\$	\$
Revenue					
Services, rentals and sales		364,232	241,131	1,275,529	780,526
Cost of Goods Sold		6,395	7,500	27,782	19,420
		357,837	233,631	1,247,747	761,106
Expenses					
Operating		295,317	150,439	868,145	475,571
General and administrative		74,537	71,060	212,940	207,707
Amortization		27,926	24,615	80,526	77,461
Public Company costs		3,514	8,806	26,392	22,113
Business development		-	-	22,741	-
Interest on long term debt		610	1,899	2,316	6,608
Bad debt (recovered)		-	-	-	(8,410)
		401,904	256,819	1,213,060	781,050
Income (loss) before the undernoted		(44,067)	(23,188)	34,687	(19,944)
Interest Income		-	-	2,500	-
Loss on Disposal of Equipment		-	-	(9,780)	-
Income (loss) before income taxes		(44,067)	(23,188)	27,407	(19,944)
Income Taxes		-	-	-	-
Net Income (Loss) for Period		(44,067)	(23,188)	27,407	(19,944)
Deficit, beginning of period		(1,081,802)	(1,057,344)	(1,153,276)	(1,060,588)
Deficit, end of period		(1,125,869)	(1,080,532)	(1,125,869)	(1,080,532)
Net Income (Loss) per Share					
Basic and diluted	5	(0.002)	(0.002)	0.001	(0.002)

REAL TIME MEASUREMENTS INC.

Statements of Cash Flows

For the Periods Ended October 31

	3 Months Ended October 31		9 Months Ended October 31	
	2005	2004	2005	2004
	\$	\$	\$	\$
Operating				
Net income (loss)	(44,067)	(23,188)	27,407	(19,944)
Non-cash item				
Amortization	27,926	24,615	80,526	77,461
Loss on disposal of equipment	-	-	9,780	-
Cash flow from operations	(16,141)	1,427	117,713	57,517
Change in non-cash working capital	99,161	(45,009)	(150,395)	50,825
	83,020	(43,582)	(32,682)	108,342
Financing Activities				
Payments on term loan	-	(1,733)	(23,488)	(5,146)
Payments on obligations under capital leases	(7,572)	(15,377)	(22,230)	(45,275)
	(7,572)	(17,110)	(45,718)	(50,421)
Investing Activities				
Proceeds of disposal of equipment	-	-	23,488	-
Purchase of property and equipment	(80,948)	(2,337)	(262,957)	(67,216)
Change in non-cash working capital	74	468	16	(3,772)
	(80,874)	(1,869)	(239,453)	(70,988)
Increase (Decrease) in Cash for Period	(5,426)	(62,561)	(317,853)	(13,067)
Cash, beginning of period	367,762	70,051	680,189	20,557
Cash, end of period	362,336	7,490	362,336	7,490
Supplemental Cash Flow Information				
Interest paid	610	1,899	2,316	6,608
Income taxes paid	-	-	-	-

REAL TIME MEASUREMENTS INC.
Notes to Interim Financial Statements
October 31, 2005

1. NATURE OF OPERATIONS

Real Time Measurements Inc. ("the Company" or "RTM") was incorporated on December 7, 1995 under the Business Corporations Act (Alberta) and commenced operations February 1, 1996. The Company provides electronic measurement equipment and services to the oil and gas industry.

2. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies used in the preparation of these interim financial statements conform to those used in the Company's annual audited financial statements. These interim financial statements do not include all of the disclosures included in the annual financial statements and accordingly, these interim financial statements should be read in conjunction with the annual financial statements.

3. PROPERTY AND EQUIPMENT

	July 31, 2005			January 31, 2005		
	Cost	Accumulated Amortization	Net Book Value	Cost	Accumulated Amortization	Net Book Value
	\$	\$	\$	\$	\$	\$
Field equipment	1,508,685	607,076	901,609	1,366,535	540,663	825,872
Office equipment	142,424	87,382	55,042	117,918	77,896	40,022
Shop equipment	37,759	8,182	29,577	16,640	6,543	10,097
Lab equipment	63,859	2,137	61,722	-	-	-
General vehicle	-	-	-	42,323	9,055	33,268
Leaseholds	11,323	851	10,472	-	-	-
	1,764,050	705,628	1,058,422	1,543,416	634,157	909,259

Field equipment includes equipment under capital lease (Note 4) which, at October 31, 2005 has a cost of \$186,832, accumulated amortization of \$83,852 and net book value of \$102,980.

At October 31, 2005, field equipment having a cost of \$116,138 was under development and therefore not available for use. This equipment was not subject to amortization.

4. OBLIGATION UNDER CAPITAL LEASE

At October 31, 2005, the Company was indebted under the terms of a capital lease for field equipment (Note 3). The obligation bears interest at 9.24% per annum, is repayable in blended monthly instalments of \$2,727 and matures on June 11, 2006.

REAL TIME MEASUREMENTS INC.
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5. SHARE CAPITAL

Authorized

- Unlimited number of common shares
- Unlimited number of preferred shares
- Unlimited number of common share purchase warrants

Issued	#	\$
Common shares		
Balance, January 31, 2004 and October 31, 2004	13,210,408	1,984,348
Issued for cash	6,664,000	996,268
Costs of issuance		(321,081)
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Balance, January 31, 2005 and October 31, 2005	19,874,408	2,659,535
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Common share purchase warrants		
Balance, January 31, 2004 and October 31, 2004	-	-
Issued for cash	333,200	3,332
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Balance, January 31, 2005 and October 31, 2005	333,200	3,332
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Common share purchase warrants

During the year ended January 31, 2005 the Company issued 6,664,000 "units" at a price of \$0.15 per unit. Units consisted of one common share and one-half of one common share purchase warrant. Each full common share purchase warrant entitles the holder to acquire one common share of the Company at a price of \$0.25 per share until July 28, 2006. The Company valued each full common share purchase warrant at \$0.002.

Stock Option Plan

The Company has established a Stock Option Plan for directors, officers, employees and consultants. The maximum number of common shares which may be reserved under the Plan may not exceed 20% of the outstanding common shares at that time. Options granted under the plan generally have a term of five years and vest on the date of grant. The exercise price of each option equals or exceeds the market price of the Company's common shares on the date of grant. A summary of the Plan is as follows:

	Shares	Weighted Average Price
Outstanding and exercisable, January 31, 2004 and to date	1,117,708	\$0.238

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5. SHARE CAPITAL, continued

Expiry	Exercise Price	Outstanding and Exerciseable	Weighted Average Remaining Life (years)
February 6, 2006	\$0.25	1,017,708	0.4
November 14, 2006	\$0.12	100,000	1.1
	\$0.12 to \$0.25	1,117,708	0.4

Escrow Agreements

Pursuant to an Escrow Agreement, 90% of the 3,503,450 common shares held by “principals”, prior to the initial public offering, were deposited with the Computershare Trust Company of Canada to be held in escrow. The Escrow Agreement provides that the escrowed shares will be released, in six equal tranches, at six month intervals from February 13, 2001, being the date of issuance of the Final Exchange Notice with respect to the listing of the Company’s shares on the TSX Venture Exchange. Accordingly, as July 31, 2005, all shares subject to this Agreement have been released from escrow.

Pursuant to second Escrow Agreement, 90% of the 160,920 common shares issued to “principals” of Destiny Hospitality Ltd., pursuant to the acquisition of the shares of that company on March 21, 2003, were deposited with the Computershare Trust Company of Canada to be held in escrow. The Escrow Agreement provides that the escrowed shares will be released, in six equal tranches, at six month intervals from May 15, 2003, being the date of issuance of the Final Exchange Notice with respect to the acquisition. Accordingly, as at July 31, 2005, 48,276 of these shares remain subject to escrow.

Agent’s Options

Under the terms of an Agency Agreement with the Octagon Capital Corporation, the agent was granted 50,000 compensation warrants and 666,400 options. Each compensation warrant and each option entitle the agent to acquire one unit of the Company, at \$0.15 per unit, until July 28, 2006. Units are described above.

Per Share Amounts

Per share amounts are calculated using the weighted number of shares outstanding, as follows:

	3 Months Ended October 31		9 Months Ended October 31	
	2005	2004	2005	2004
Basic	19,874,408	13,210,408	19,874,408	13,210,408
Diluted	19,361,289	13,210,408	20,044,029	13,210,408

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6. CONTRIBUTED SURPLUS

Contributed surplus represents compensation cost recorded with respect to agent's options described above. The fair value thereof was estimated on January 28, 2005, the date of grant, on the following basis:

The cost related to the share component of the units was estimated at \$0.149 per share, for a total of \$106,750.

The cost related to the acquisition of one additional common share (for one full common share purchase warrant and \$0.25 per share) was estimated using the Black-Scholes option pricing model with the following assumptions:

Risk free interest rate	2.88%
Dividend yield	-
Expected life	18 months
Volatility	187.58%
Fair value per share	0.1029
Compensation cost	\$ 36,850