

REAL TIME MEASUREMENTS INC.
INTERIM FINANCIAL STATEMENTS, 3rd Quarter Fiscal 2008
October 31, 2007



REAL TIME MEASUREMENTS INC.

Balance Sheets

As at October 31, 2007 (Unaudited) and January 31, 2007 (Audited)

	Note	October 31 2007 \$	January 31 2007 \$
Assets			
Current Assets			
Accounts receivable		481,344	245,316
Inventory		46,980	72,792
Prepaid expenses and deposits		35,191	20,435
		563,515	338,543
Equipment and Leaseholds	3	1,033,253	1,052,910
Deferred Development Costs	4	415,430	275,084
		2,012,198	1,666,537
Liabilities			
Current Liabilities			
Operating overdraft	5	223,434	35,123
Accounts payable and accrued		239,550	191,243
Term loans payable - current portion	6	40,800	37,896
		503,784	264,262
Term Loans Payable, net of current portion	6	51,477	82,451
		555,261	346,713
Contingent Liabilities	9		
Shareholders' Equity			
Share Capital	7	3,104,929	2,854,708
Contributed Surplus	8	444,456	462,200
Deficit		(2,092,448)	(1,997,084)
		1,456,937	1,319,824
		2,012,198	1,666,537

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	
		2007	2006	2007	2006
		\$	\$	\$	\$
Revenue					
Services, rentals and sales		274,646	225,671	965,597	728,795
Cost of Goods Sold					
		16,292	147	18,680	4,139
		258,354	225,524	946,917	724,656
Expenses					
Operating - Services Division		109,285	144,960	355,682	510,355
General and administrative		73,806	73,605	222,705	194,101
Operating - Products Division	4	46,953	36,830	119,618	163,878
Amortization of equipment and leaseholds		32,439	33,189	101,484	91,624
International		31,357	34,489	97,459	39,805
Marketing		20,174	16,586	61,828	35,961
Public Company costs		44,377	3,331	56,164	35,086
Interest on long term debt		2,423	-	7,961	288
Information technology		378	2,854	4,614	12,190
Stock-based compensation	8	-	-	-	237,000
		361,192	345,844	1,027,515	1,320,288
Loss before the undernoted		(102,838)	(120,320)	(80,598)	(595,632)
Foreign Exchange		603	-	(14,766)	-
Loss before income taxes		(102,235)	(120,320)	(95,364)	(595,632)
Income Taxes		-	-	-	-
Net Loss for Period		(102,235)	(120,320)	(95,364)	(595,632)
Deficit, beginning of period		(1,990,213)	(1,804,720)	(1,997,084)	(1,329,408)
Deficit, end of period		(2,092,448)	(1,925,040)	(2,092,448)	(1,925,040)
Net Loss per Share					
Basic and diluted	7	(0.004)	(0.006)	(0.004)	(0.029)

REAL TIME MEASUREMENTS INC.

Statements of Cash Flows

For the Periods Ended October 31

	Note	3 Months Ended October 31		9 Months Ended October 31	
		2007	2006	2007	2006
		\$	\$	\$	\$
Operating					
Net loss		(102,235)	(120,320)	(95,364)	(595,632)
Non-cash items					
Amortization of					
Equipment and leaseholds		32,439	33,189	101,484	91,624
Deferred development costs	4	8,475	-	22,150	-
Stock-based compensation	8	-	-	-	237,000
Cash flow from operations		(61,321)	(87,131)	28,270	(267,008)
Change in non-cash working capital		(42,076)	(53,777)	(173,236)	(83,557)
		(103,397)	(140,908)	(144,966)	(350,565)
Financing Activities					
Payments on term loans		(9,588)	-	(28,070)	-
Payments on obligations under capital leases		-	-	-	(13,349)
Issuance of share capital		50,000	-	250,000	191,841
Share issuance costs		-	-	(27,523)	-
		40,412	-	194,407	178,492
Investing Activities					
Purchase of property and equipment		(39,069)	(1,758)	(81,827)	(129,208)
Deferred development costs incurred	4	(61,537)	(54,605)	(228,093)	(179,738)
Government funding earned	4	12,657	25,869	65,597	89,501
Change in non-cash working capital		(612)	(865)	(3,429)	53,918
		(88,561)	(31,359)	(247,752)	(165,527)
Decrease in Cash for Period		(151,546)	(172,267)	(198,311)	(337,600)
Cash (operating overdraft), beginning of period		(71,888)	193,449	(35,123)	358,782
Cash (operating overdraft), end of period		(223,434)	21,182	(233,434)	21,182
Supplemental Cash Flow Information					
Interest paid		2,423	-	7,961	288

REAL TIME MEASUREMENTS INC.
Notes to Interim Financial Statements
October 31, 2007

1. NATURE OF OPERATIONS

Real Time Measurements Inc. ("the Company" or "RTM") was incorporated on December 7, 1995 under the Business Corporations Act (Alberta). 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

	October 31, 2007			January 31, 2007		
	Cost	Accumulated Amortization	Net Book Value	Cost	Accumulated Amortization	Net Book Value
	\$	\$	\$	\$	\$	\$
Field equipment	1,682,659	802,944	879,715	1,606,294	724,716	881,578
Office equipment	173,314	120,026	53,288	169,569	108,999	60,570
Lab equipment	67,439	13,949	53,490	67,342	9,732	57,610
Shop equipment	43,199	15,810	27,389	41,578	13,029	28,549
Automotive equipment	17,308	4,123	13,185	17,308	649	16,659
Leaseholds	11,725	5,539	6,186	11,725	3,781	7,944
	1,995,644	962,391	1,033,253	1,913,816	860,906	1,052,910

At October 31, 2007, field equipment having a cost of \$21,837 was under development and therefore not available for use. This equipment was not subject to amortization.

4. DEFERRED DEVELOPMENT COSTS

The Company is developing electronic equipment which is intended to be used in the provision of services to the Company's customers and is also intended to be sold to other users. Management anticipates that the equipment will be in commercial production and use during the forthcoming year. Costs to date total \$642,882.

A portion of the Company's costs for this project are being funded by contributions from the National Research Council Industrial Research Assistance Program. At October 31, 2007, \$205,302 of such assistance has been applied to the cost of the project.

Effective with the current year, the deferred development costs are being amortized over the first 1,000 units placed into service. The amortization expense is included in Operating Expenses – Products Division.

5. BANK CREDIT FACILITIES

The Company has the following credit facilities with HSBC Bank Canada:

- An operating loan to a maximum of \$225,000. The loan bears interest at prime plus 1.25% (7.50% at October 31, 2007) and also carries a monthly administration fee of \$75. This facility has a sublimit of \$70,000 available for the Company's use in processing payroll runs using the bank's electronic funds transfer system.

The Company's operating overdraft is an advance against this facility.

- A \$100,000 letter of credit facility.
- A \$30,000 SEDAR filing facility available for the Company's use in its filings with securities regulatory agencies.

As security for these facilities the Company has provided a general security agreement by way of a fixed and floating first charge over all of its assets, assignments and postponements of claim by shareholders and directors and assignment of insurance.

6. TERM LOANS PAYABLE

The Company is indebted pursuant to term loan arrangements as follows:

	October 31 2007	January 31 2007
	\$	\$
Abbet International Ltd., a related party. The loan was arranged to finance the purchase of equipment. This loan bears interest at 10% per annum, is repayable in blended monthly installments of \$3,547 and matures October 31, 2009. As security, the lender holds title to the equipment, which has a carrying value of \$84,599 at October 31, 2007.	76,866	101,966
Chrysler Finance, vehicle loan. This loan bears interest at 8.89% per annum, is repayable in blended monthly installments of \$456 and matures January 23, 2011. As security, the lender holds title to the vehicle, which has a carrying value of \$13,185 at October 31, 2007.	15,411	18,381
	92,277	120,347
Less current portion	40,800	37,896
	51,477	82,451

7. EQUITY INSTRUMENTS

Authorized

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

Issued	#	\$
Common shares		
Balance, January 31, 2006	19,874,406	2,659,535
Issued for cash pursuant to private placement	1,500,000	193,500
Transfer upon expiry of warrants		3,332
Costs of issuance		(3,159)
<hr/>		
Balance, October 31, 2006 and January 31, 2007	21,374,406	2,853,208
Issued for cash pursuant to private placement	4,000,000	200,000
Issued for cash on exercise of finders' warrants	260,000	26,000
Issued for cash on exercise of options	200,000	24,000
Transferred on expiry of common share purchase warrants		1,500
Transferred from contributed surplus on exercise of options		24,844
Costs of issuance		(24,623)
<hr/>		
Balance, October 31, 2007	25,834,406	3,104,929
<hr/>		
Common share purchase warrants		
Balance, January 31, 2006	3,332,000	3,332
Issued for cash pursuant to private placement	750,000	1,500
Expired	(3,332,000)	(3,332)
<hr/>		
Balance, October 31, 2006 and January 31, 2007	750,000	1,500
Expired	(750,000)	(1,500)
<hr/>		
Balance, October 31, 2007	-	-
<hr/>		
		3,104,929

Common share purchase warrants

During the year ended January 31, 2007, the Company issued 1,500,000 "units" at a price of \$0.13 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 May 31, 2007. The Company valued each full common share purchase warrant at \$0.002. The warrants have now expired.

On April 27, 2007, the Company issued 340,000 finders' warrants in connection with the private placement referred to above. Each warrant entitles the holder to acquire one common share of the Company at a price of \$0.10 per share until April 26, 2008. The value of these warrants was determined as described in Note 8 and has been charged to share issuance costs.

7. EQUITY INSTRUMENTS, continued

Stock Option Plan

The Company has established an Incentive 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:

Outstanding and exercisable	Shares	Weighted Average Price
Balance, January 31, 2006	1,664,000	\$0.209
Granted	2,223,708	\$0.120
Expired	(1,017,708)	(\$0.250)
Forfeited	(240,000)	(\$0.150)
Balance, October 31, 2006	2,630,000	\$0.123
Expired	(100,000)	(\$0.120)
Balance, January 31, 2007	2,530,000	\$0.124
Exercised	(200,000)	(\$0.120)
Balance, October 31, 2007	2,330,000	\$0.124

Expiry	Exercise Price	Outstanding and Exercisable	Weighted Average Remaining Life (years)
February 16, 2010	\$0.15	306,292	2.29
February 13, 2011	\$0.12	1,423,708	3.29
March 14, 2011	\$0.12	300,000	3.36
May 15, 2011	\$0.12	300,000	3.54
	\$0.12 to \$0.15	2,330,000	3.20

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	
	2007	2006	2007	2006
Basic	25,488,971	21,374,408	24,167,593	20,723,859
Diluted	26,268,264	21,374,408	24,576,402	20,723,589

8. STOCK-BASED COMPENSATION

The fair value of the compensation cost recorded with respect to options granted was estimated, on the date of grant, on the following basis:

	2007	2006		
	April 27	February 13	March 14	May 15
Number of options or warrants	340,000	1,623,708	300,000	300,000
Risk free interest rate	4.16%	4.11%	4.11%	4.24%
Dividend yield	-	-	-	-
Expected life	1 year	5 years	5 years	5 years
Volatility	73.73%	174.22%	174.22%	164.04%
Fair value per share	\$0.0209	\$0.1242	\$0.1242	\$0.1128
Compensation cost	\$ 7,100	\$ 201,700	\$ 37,250	\$ 33,850

Contributed surplus comprises the following:

	\$
Balance, January 31, 2006	225,200
Compensation cost (recovery) related to Issuance of options under incentive stock option plan	272,800
Options forfeited	(35,800)
Balance, October 31, 2006 and January 31, 2007	462,200
Compensation cost related to Issuance of warrants as finders' fees re private placement	7,100
Transferred to common shares on exercise of options	(24,844)
Balance, October 31, 2007	444,456

9. CONTINGENT LIABILITIES

The Company is party to a Statement of Claim and Amended Statement of Claim, by one of its suppliers. In the claim, the plaintiff alleges that the Company, its President, Mr. Terry Matthews, and others conspired to utilize the plaintiff's confidential information in unlawful competition against it. There are also allegations that the defendants engaged in conduct that amounted to unlawful interference in the plaintiff's economic relations, improper solicitation of the plaintiff's employees and customers and usurping of the plaintiff's corporate opportunities. The Statements of Claim make certain allegations against all the defendants jointly and severally, and it also makes other allegations that are specific to individual defendants or groups of defendants.

The claims for joint and several liability against all defendants include, but are not limited to, \$1 million in general damages, \$1 million for interference with economic conditions, \$1 million for punitive or exemplary damages, \$1 million for usurping corporate opportunities, \$1 million in special damages and costs plus prejudgment interest. The additional claims against the Company and Mr. Matthews include a further \$1 million for general damages plus the disgorgement of any profits arising from the alleged conduct, plus costs, plus interest.

A statement of defense has been filed which denies the allegations made by the plaintiff and denies that the plaintiff suffered any damages arising from any alleged conduct by the defendants. Management believes that the Claim is frivolous and groundless and that the potential exposure to the Company is limited to legal costs which may exceed \$100,000. It is expected that resolution of this Claim may require a lengthy period of time.

10. SUBSEQUENT EVENTS

Rights Offering

On September 6, 2007, the Company filed a Rights Offering Circular, wherein it is issuing, to holders of the outstanding common shares of the Company of record at the close of business on September 18, 2007, Rights to subscribe for units ("Units") on or before December 5, 2007. Each holder of common shares on the record date will receive one (1) Right for each one (1) common share held. Each Unit consists of one common share and one-half (1/2) common share purchase warrant ("Warrant"). Six (6) Rights (the "Subscription Price") plus an additional \$0.28 are required to subscribe for one (1) additional Unit (the "Basic Subscription Privilege").

Each full Warrant entitles the holder to acquire one additional common share for \$0.43 within 12 months of the closing of the Offering.

Holders who have exercised all of their Rights may subscribe for additional Units not taken up under the initial subscription

Maximum gross proceeds of the offering are \$1,184,139 and estimated expenses are \$50,000.

Granting of Options

On November 8, 2007, the Company announced that it had granted options, to its directors, officers, and employees, to purchase an aggregate of 2,544,800 common shares of the Company pursuant to its Stock Option Plan. The options are for a five year term expiring on November 8, 2013, and are exercisable at a price of \$0.22 per share. The options are subject to a four month hold period from date of grant.

Loan Financing

On November 8, 2007, the Company also announced the issuance of 111,111 Bonus Shares, at an issue price of \$0.18 per share, to Branson Management Corporation, a privately held investment company, as consideration for a loan in the amount of \$100,000. Based on TSX Venture Exchange policies, an issuer can grant Bonus Shares in an amount equal to 20% of the value of the loan.

The Options and Bonus Shares are both subject to customary TSX Venture Exchange approval and the Bonus Shares will be subject to a four month hold period.