2007 Annual Report

Real Time Measurements Inc.
Calgary Alberta Canada

RTM INC

Corporate Profile

In business since 1995, Real Time Measurements is an emerging oil and gas technology development leader in the provision of oil and gas well pressure data retrieval solutions.

RTM is engaged in three general categories of activity;

About 70% of RTM's business involves the provision of services to oil and gas companies. The main service is called Smart Drop Off (SDO). SDO is a unique and innovative system that gives oil and gas companies instant access to high quality downhole and surface pressure and temperature information on oil and gas wells through a secure internet portal. RTM has provided SDO services on hundreds of wells in Canada and the US. In fiscal 2007 RTM started providing Production Logging Services to oil and gas companies in Tunisia North Africa on a sub-contractual basis.

RTM has recently completed designing, testing and started building a downhole electronic memory pressure gauge called KC1. RTM will rent and sell KC1 tools to slickline service companies. The innovative KC1 tool is receiving excellent customer acceptance as it is introduced to the Canadian, US and overseas markets. KC1 is the first product developed in-house by RTM's development team under the DataTrak technology platform. As production volume capacity increases, KC1 will be marketed worldwide. RTM also sells and installs Engineered Permanent Systems in the rapidly developing Fort McMurray area in North Eastern Alberta.

The Company is investing between 20 and 30 percent of total revenue into the development of a number of products that will collectively comprise the DataTrak technology platform. DataTrak is a brand new technology platform that when combined with domestic and overseas operations will form the solid foundation upon which RTM will build a great future.

Notice of Annual General Meeting

10:00 AM Friday July 6, 2007

730, 1015 – 4th Street S.W.
Calgary, Alberta

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Letter to Shareholders

I'm honoured to present you with RTM's annual report for the 12 months ending January 31 2007.

Notwithstanding the significant progress made by RTM in fiscal 2007 in terms of DataTrak product development and overseas business development, it was a tough year financially for the Company. Thanks to a sudden decrease in the price of Natural Gas followed by decreased spending on gas field development early in 2006, RTM revenues dipped year over year by about 39%. Expenses decreased over the same time period by about 7%. The result was a net loss for the year of $668K.

The key management indicator of EBITARS (earnings before interest, taxes, amortization, research, and stock based compensation) for fiscal 2007 decreased year over year from a $120K gain last year to $303K loss this year. Gross Operating Margin followed suit dropping from last years $420K to $17K this year.

DataTrak development is well under way. RTM invested about 33% of the company's revenue (about $320K) in fiscal 2007 to move the project ahead. The first DataTrak product, KC1, is an innovative downhole memory pressure gauge. The KC1 is now in limited commercial trial use on a rental basis. Feedback from customers and potential customers has been positive. More DataTrak products will follow.

Almost 10% of RTM's revenue this year was generated by operations in Tunisia North Africa. RTM is continuing to provide surface readout (SRO) pressure survey and production logging (PL) services in Tunisia to major oil and gas producers in the region. Tunisian operations are ongoing. Management anticipates expansion of the Tunisian operation within the next year or so.

RTM's unique Smart Drop Off (SDO) service continued to win more customer acceptance by improving their ability to test oil and gas wells. Thanks to the slowdown in gas field development, SDO activity and revenue turned around after a steady eight year climb to suffer a 45% annual revenue drop from $996K last year to $543K this year. Nine years ago nobody had seen anything like the SDO. Now, at least one company is trying to copy it. In this past year SDO was used to optimize 47 well tests as compared to 86 last year.

Revenue from RTM's two other main business lines, rentals and data processing followed suit with a 27% year over year revenue drop. Management expects this RTM revenue component to show strength in the future as increasing numbers of KC1 tools are built and sold or rented.

RTM closed fiscal 2007 with about $76K in positive working capital. The attached financial statements, management discussion and analysis and www.sedar.com should be referred to for the details of RTM's past financial year.

I sincerely appreciate your support as a shareholder as we continue to build this company. A warm note of gratitude is extended to our loyal customers, RTM staff, the Board of Directors, Legal Council and our Auditor. Let's continue working together so that we can share in the exciting times I see ahead for our Company.

for Real Time Measurements Inc.,

Terence James Matthews, P.Eng.
President and Chief Executive Officer
June 6 2007

Review of Operations

Fiscal 2007 was a year of contrasting developments for RTM. The new frontiers of RTM's business, DataTrak technology and overseas business development, both surged forward during fiscal 2007. On the other hand RTM's already existing business components, SDO, rentals and data processing were negatively impacted when the price of a thousand cubic feet of natural gas dropped from about $12 in December 2005 to about $7 in March 2006. Even though the rapid revenue drop imposed financial hardship on the Company, management pushed ahead with DataTrak development and overseas business development because these business components will form the foundation that will supply RTM with a supply of growth opportunities for years to come.

DataTrak

Since 1995, RTM's focus has been aimed at the development of a technology platform that connects electronic sensors placed in a well downhole at an oil or gas reservoir with the desktop computer of the reservoir engineer who makes important decisions based on the sensor readings. The first working system commercialized by RTM that employs such a configuration is Smart Drop Off (SDO). RTM has been providing SDO services to Canadian oil and gas companies for the best part of ten years. SDO now accounts for about 65% of RTM's total revenue. RTM has learned a lot in the successful completion of almost 400 SDO jobs. Several vendors have supplied the components required to make SDO work.

DataTrak represents an important step forward for RTM. DataTrak is a 100% RTM project that encompasses the development of all the key components required to measure things like pressure and temperature in hostile field locations while making the measurements instantly and securely available for processing through a secure internet site.

DataTrak will produce a range of stand-alone commercial products as the project proceeds. The first DataTrak product was introduced to customers in early 2007. This first product is called KC1. KC1 is an innovative downhole electronic memory pressure gauge. KC1 is being embraced by RTM customers and will provide growth opportunities for many years. The next up and coming stage of DataTrak product development will be the equipment required to fully support the next generation of SDO services.

In fiscal 2007 RTM's net spending on DataTrak development and preparation for production increased year over year from about $274K to about $320K this year. This represents about 33% of total revenue in fiscal 2007. This high level of investment in DataTrak is a strong indication of Management's dedication to the project.

Category	2006	2007
Research	$94K	-
Development	$176K	$239K
IRAP Funding	($27K)	($112K)
Production Preparation	$31K	$193K
NET	$274K (17% of net revenue)	$320K (33% of net revenue)

The $239K in development spending is money spent completing the first commercial design of the KC1 tool plus software and accessories. The result is a working commercial KC1 downhole pressure memory gauge system composed of several components that is being rented and sold now. The Government of Canada pitched-in and helped through the Industrial Research Assistance Program (IRAP) with a grant of $112K spanning fiscal 2007. The $193K spent on production preparations accounts for cost of getting set-up for production, inventory control, assembly, testing and calibration as required to produce DataTrak products like the KC1.

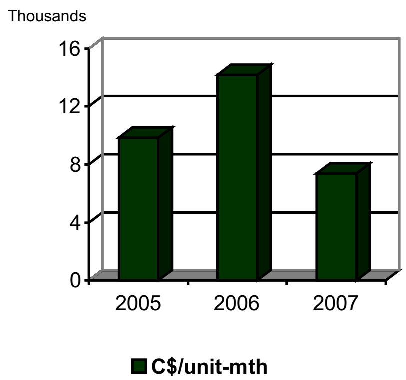
Overseas Business Development

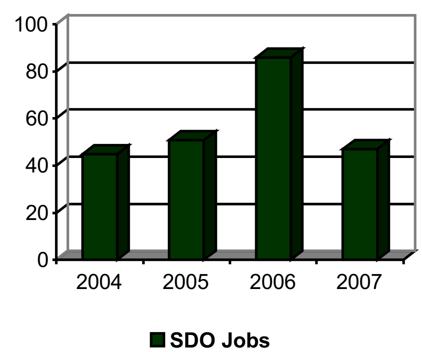
During fiscal 2007 RTM began providing surface readout (SRO) pressure survey and production logging (PL) services to major oil and gas companies in Tunisia, North Africa. Although this part of RTM's business only generated 10% of the Company's revenue for the year, this segment is expected to grow steadily for many years to come.

Given that management believes the profitability in providing RTM services and technology in certain other parts of the world is considerably higher than in the crowded domestic Canadian market, RTM will be pursuing opportunities for expansion of the already existing operation as well as hunting for and acting on appropriate opportunities in other parts of the world.

SDO Operations

Fiscal 2007 marks the tenth year since the first experimental SDO unit did its first job in 1997. Fiscal 2007 is also the first year to see a year over year decrease in SDO revenue. SDO revenue decreased





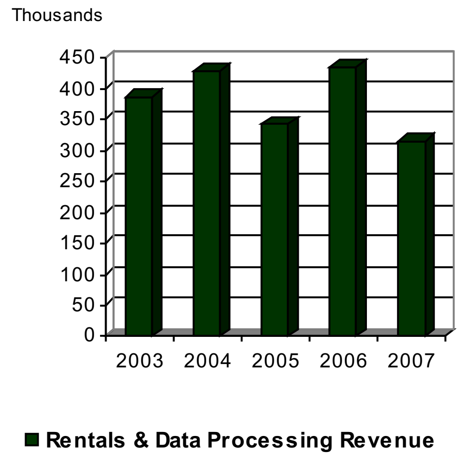
year over year by 45% from $995K in fiscal 2006 to $543K this year. SDO was used on 47 wells this past year compared to fiscal 2006 when SDO did 86 jobs. This represents a 44% decrease in SDO annual field activity. For most of the year RTM maintained five regular land based SDO units and one heli-portable unit in operational readiness which is the same capacity as last year.

RTM Fiscal Year	Wells Surveyed by SDO	SDO Revenue
2002	32	$314 K
2003	45	$468 K
2004	45	$675 K
2005	51	$689 K
2006	86	$995 K
2007	**47**	**$543K**

SDO revenue per unit-month also decreased in fiscal 2007. In the previous year each SDO unit generated an average of about $14,200 in revenue per month. This past year the average revenue figure decreased to almost half at $7,400 per unit-month.

Rentals and Data Processing

RTM rentals and data processing businesses experienced a 27% year over year decrease in revenue from $434K last year to $316K this year. This decrease is a reflection of the same decreased gas producing field development trend that inflicted the beating on SDO revenues.



The rentals component of this revenue slipped from $337K last year to $220K this year. Shareholders should expect to see this revenue component start to rise in fiscal 2008 as RTM builds up the size of its rental equipment inventory and base of rentals customers with KC1 and other DataTrak tools that are suitable for the rental market.

RTM management expects overall industry wide rental, sales and data processing revenue to be level for most of fiscal 2008 given the flat no-growth state of the industry at present. However RTM should experience some growth as the DataTrak tools are introduced to more customers in Canada and overseas.

Why Smart Drop Off (SDO)?

SDO is a unique commercially proven new process for measuring reservoir pressures during well test operations. Well operators using SDO services derive two primary benefits they don't get from other service companies; (1) high quality reservoir pressure data in real time, and (2) complete information driven control of the well testing process. These two benefits significantly reduce well testing risk. To understand the extent to which cost reductions are realized and to effectively quantify the size of the potential market for SDO services, it is necessary to understand the basics of the wireline/pressure survey services industry and then contrast traditional methods against the SDO.

Throughout the life of an oil and/or gas well, many different types of operations are performed, one of which involves reservoir pressure measurement. Within the context of a discussion regarding the benefits of using SDO, the two relevant categories of operations performed on wells are "wireline services" and "pressure survey services".

Wireline Services

Wireline services involve a wide variety of activities which require the insertion of diagnostic tools in and out of wells on the end of a special cable called a "wireline". Wireline is stored, deployed and retrieved from oil, gas and water wells using a winch. Traditional winches are mounted in the back of a truck or trailer for land operations and on a "skid' for offshore or remote operations to which vehicles don't have access. The wireline service industry is broken down into two broad categories, "logging", and "slickline". Logging involves the use of a type of wireline called a logging cable (typically 4.8mm to 11.9mm diameter) which contains one or more insulated electrical conductors. The logging cable facilitates the operation and realtime retrieval of data from a wide variety of electrically operated tools and measurement instruments suspended in the well by the logging cable. Slickline wireline services involve the use of a slickline which is smaller in diameter than a logging cable (typically 2.3 mm to 3.2mm diameter) and is composed of a solid steel wire without any electrical conductors. Slickline services involve operations which are strictly mechanical in nature.

Pressure Survey Services

Pressure survey services are generally provided by wireline companies. The term "pressure survey" represents a scientific process that specifically involves collecting and analyzing oil and gas reservoir pressure information required by well operators for prudent reservoir management. Reservoirs that require pressure surveys are at least several hundred, and often several thousand meters below the ground. Pressure survey services are most often employed under "well test" conditions. A well test is a temporary scientific procedure that can last from a few hours to several months long. In Canada most well tests last between about five and fourteen days. During a well test the reservoir (well) will flow under controlled conditions at different rates and then the well will be shut-in (flow is stopped). The response of the pressure in the reservoir to variable flow rates yields valuable and necessary information about the reservoir and its long term production prospects.

Many different methods are employed to determine oil and gas reservoir pressures. However, all survey methods can be classified as belonging to one of two groups, "surface measurements", or "downhole measurements". Surface measurements involve measuring various parameters on the well at ground level. Surface measurements, plus known and estimated well parameters, become inputs to mathematical functions which calculate the downhole reservoir pressure. Surface measurement survey methods are used mostly to save money. The drawback to surface measurement methods is the resulting low accuracy and quality of the final calculated reservoir pressures. Some regulatory authorities do not recognize the validity of reservoir pressures calculated from surface measurements. When data quality is important and credible reservoir information is required, the second method, downhole measurement, is preferred. Downhole measurement involves lowering very precise electronic instruments into the well on logging cable or slickline and positioning the instruments near the reservoir of interest. RTM's SDO was designed to compete in this second category of well testing procedures.

Traditional Methods and Comparison of Downhole Pressure Survey Methods

Since the 1950's there have been two methods used to measure downhole pressures utilizing wireline service technology. The first method is based on the use of a logging cable, and is referred to as surface read out ("SRO"). The second method which is more economical and more common uses slickline and is called memory read out ("MRO").

1. Surface Read Out (SRO)

Before the well test begins, high precision electronic pressure recorders are inserted into the well on the end of a logging cable and positioned close to the reservoir of interest. The pressure recorders send their pressure readings to surface using the insulated conductor in the logging cable. At surface, the readings are displayed and recorded. The logging unit operators and the well test operators continuously monitor the pressure readings for the duration of the test. Vigilant and constant monitoring of reservoir pressures during the test allow for test timing decisions to be made on the basis of reservoir pressure information. This method provides a degree of certainty that the well test will be of sufficient duration to secure the required reservoir information while not unnecessarily delaying commercial production of the well.

2. Memory Recorders (MRO)

RTM's KC1 tool is one of these memory recorders. Prior to commencing the well test, battery powered downhole electronic memory pressure recorders are installed in the well using slickline. The recorders are usually run in pairs for redundancy protection against failure. The recorders are generally left in the well within about 30 meters of the reservoir of interest. Once the recorders are installed in the well, the slickline unit and crew leave the wellsite. Unlike SRO (and SDO), there is no connection between the recorders and surface. The battery powered downhole recorders measure and store time stamped pressure readings in electronic memory according to a pre-set program. When the well test is complete, the slickline unit returns to the well site to retrieve the recorders. Once retrieved from the well the pressure information stored in memory is downloaded to a computer and forwarded to reservoir engineers for analysis.

3. Smart Drop Off (SDO)

RTM's proprietary Smart Drop Off (SDO) system offers the benefits of SRO testing at a cost that is much closer to that of memory recorders. RTM's system provides the customer with a real time data link between the downhole pressure instrument and a secure internet data port. The use of the latest in materials, electronics and communications technologies has also eliminated the need to maintain personnel and expensive equipment at the well site to support the service. The SDO system consists of an electronic pressure gauge placed at the reservoir suspended on the end of a custom designed, conductive cable that transmits signals from the downhole tool to surface in real time at intervals as often as every three seconds. The data from the instruments is available to anyone who is enabled to access said data through RTM's secure website. SDO has the capacity to operate reliably under the well conditions encountered in most oil and gas wells.

In addition to the primary downhole pressure measurement, the SDO also measures downhole temperature and can measure surface production tubing pressure, surface casing annulus pressure and ambient temperature. All measured data are handled and made internet accessible in graphical and text formatted files.

The field equipment required to provide SDO services is packaged in a convenient, all-weather, self-sufficient, autonomously operating unit. The unit is mounted either on a trailer and towed to the jobsite or on skids mounted on a trailer and deployed by a hydraulic crane unit. A heli-portable unit is also in service. The SDO's design eliminates the need to maintain personnel at the well site beyond installation and removal and minimizes the amount of equipment required, reducing capital costs. The savings are passed on to the customer to create an economically effective package.

SDO is a new tool that offers oil and natural gas well operators a re-engineered well-testing process. The linking of a sub-surface pressure recorder to the reservoir engineer's computer in the customer's office creates a continuous feedback loop of information. It provides the reservoir engineer with immediate test results, allowing the engineer to adjust the well's flow rate in mid-test and select optimum timing for shutting the well in and terminating the test.

Precise test timing saves money. Although the memory-read-out method is less expensive than SDO, the savings are offset significantly when the cost of incorrect test timing is accounted for. SDO makes the traditional, expensive SRO method obsolete. Using SDO a well that was shut in for a test can be put back on production as soon as the test objectives are met. Usually this translates into an earlier resumption of cash flow for the well operator. The SDO system costs more per day than conventional testing, creating strong revenue potential for RTM, while offering the customer significant savings potential.

Management Discussion and Analysis

for the 12 month period ended January 31st, 2007

The following management discussion and analysis ("MD&A") is dated June 6th 2007 and should be read in conjunction with the companies consolidated financial statements and accompanying notes. RTM's consolidated financial statements for the year ended January 31, 2007 and this MD & A will be filed on SEDAR and copies can be obtained at www.sedar.com.

Forward Looking Information

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.

Risk and Uncertainty

Demand for the company's products and services, depends largely on the level of spending by oil and gas companies for exploration, development and production activities worldwide. There have been significant industry wide increases and decreases in the level of oil and gas services provision over the past several years and this trend is expected to continue. No assurance can be given that any activity level will be maintained, increase or decrease or that that demand for the company's products and/or 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, oil and gas service activities may change up or down significantly, which may have a material adverse effect on the company's operations and financial condition. At present, oil and gas service activity in Canada is in a no or slow growth trend, relative to recent historic levels. No assurance can be given that this trend will or will not 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 can also 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 in Canada. 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 was named as the defendant in a civil lawsuit almost two years ago during the second quarter of fiscal 2006. The lawsuit was filed against RTM by Spartek Systems. For the duration of fiscal 2007, management has taken all necessary prudent and diligent steps to ensure the company's best interests are looked after in this matter. RTM management believes the company will prevail in the legal action. Management also believes the lawsuit will not have a material impact on the future prospects of the company. Additional details regarding the lawsuit are disclosed in Note 12 of the referenced 2007 annual financial statements.

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 favourable 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.

Nature of Business

Real Time Measurements Inc. is an independent Canadian oil and gas product development and 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 selected oil and gas upstream measurement problems in more efficient ways. For most of its history, RTM's primary business activity has revolved around the commercial development of premium quality sensor-to-desktop data gathering systems which are used primarily, although not exclusively, in oil and gas wells. The current proven commercial version of the technology 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. RTM was the first company in the world to offer a service like SDO. Management is aware of at least one other Canadian oil and gas service company that is offering a service that appears to compete with RTM's SDO.

RTM is investing significant money and effort into the development of a new technology platform called DataTrak. DataTrak represents a range of future RTM products and services. One of the products will be the next generation version of SDO technology. The first DataTrak product has recently entered the initial commercial development phase of development. It is an innovative electronic memory pressure gauge for downhole use in oil and gas wells and is called KC1. The KC1 is currently enjoying good early success in commercial operations with a select group of clients in Canada, the US and Australia. Production of a second batch of KC1 units is presently underway.

The company also pursues growth opportunities in markets outside Canada. During fiscal 2007 RTM began offering surface readout (SRO) pressure surveying and production logging (PL) services on a sub-contract basis to major oil and gas operators in Tunisia North Africa. The Tunisian operation is ongoing and expansion opportunities are presenting themselves. RTM is also pursuing exciting business growth opportunities in other countries.

Financial and Operational Performance

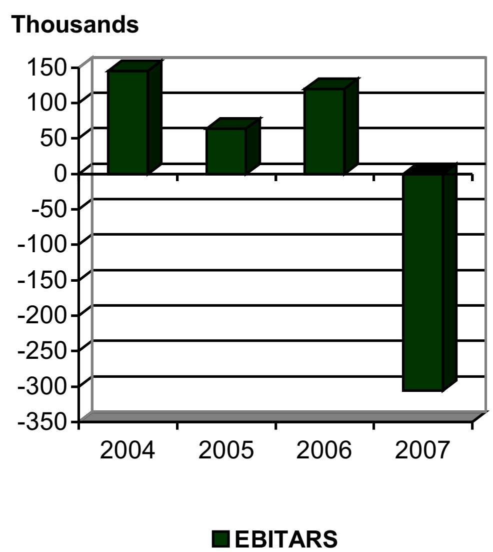
Overview

Real Time Measurements Inc. reported total revenues of $976,557 in fiscal 2007. This represents a 39% decrease from the previous years' revenue figure of $1,599,742. Total expenses for the period were $1,632,454 which is 6.7% lower than last years total expense figure of $1,749,620. After accounting for all expense items, the company recorded a net loss of $667,676 in fiscal 2007, compared to last year's net loss of $176,132. This year's net loss was $0.032 per share, as compared to last year's $0.009 loss per share.

	Year Ended January 31		
	2007	2006	2005
Net Revenue	964,778	1,570,924	1,008,674
Operating + General and Administrative + Public Company	1,270,586	1,450,626	944,383
EBITARS*	-305,808	120,303	64,291
Net Loss after operating, amortization, G&A, R&D, stock based compensation, bad debt	-667,676	-176,132	-92,688
Loss per share (basic and diluted)	$0.032	$0.009	$0.007
Working Capital at Year end	74,271	416,003	773,997
Total Assets at Year end	1,666,537	1,826,530	1,831,786

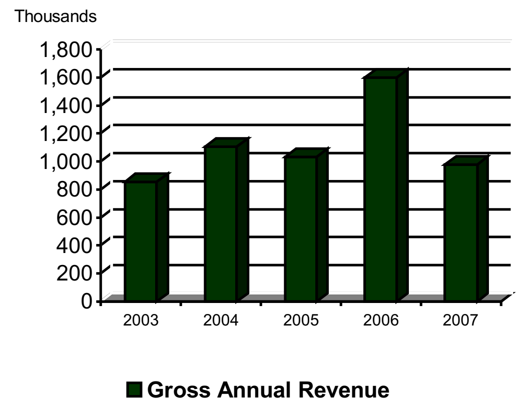
If the expenses associated with Amortization, Long Term Interest, Taxes, Amortization, Research and Development and Stock Based Compensation are removed from the earnings calculation, the company reported a negative EBITARS*(*see note below)* of $305,808 which is a drop from last years EBITARS result of $120,303.

The Gross Operating Margin (net revenue – operating expenses) for fiscal 2007 was recorded at $17,121, or 2% of sales compared to $445,889 or 28% of sales in the previous fiscal year.



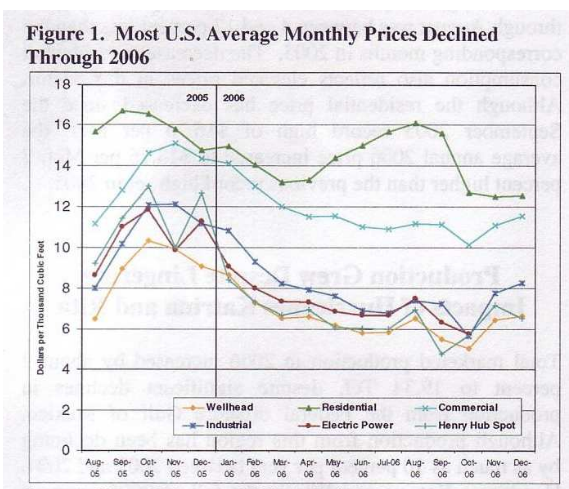
**EBITARS, or earnings before interest, taxes, amortization, research, and stock based compensation is calculated in the above table by adding these items back to reported net income. Management uses EBITARS as a measurement of the company's performance at the most basic operational level. EBITARS has no standardized meaning prescribed under any generally accepted accounting principles, and therefore should not be used as an indicator to compare the company with other companies. EBITARS is not intended to represent operating or net income for the period nor should it be viewed as an alternative to operating or net income or other measures of financial performance.*

Revenue



Total revenue for the year ended January 31 2007 was $976,557. This represents a year over year revenue decrease of about 39% when compared to last years $1,599,742. The revenue decrease was felt across all sectors of RTM's domestic business including SDO, rentals, sales and data processing. The only revenue component representing an increase was the new revenue from overseas operations. As shown in the figure below (Courtesy of US Energy Information Administration, Office of Oil and Gas, March 2007), beginning in early 2006, natural gas commodity prices suffered a significant decrease. Decreased gas prices resulted in Canadian producers hitting the brakes on spending on natural gas production development. At least half of RTM's revenue stems from work done on natural gas wells.

RTM's main service offering, the Smart Drop Off (SDO), accounted for roughly 55% of total sales. SDO service revenue decreased year over year by 48% from $1,036K to $543K. This revenue decrease was fuelled by RTM providing SDO and related services on 47 wells this year as compared to 86 last year. This marks the first year since commercial introduction almost eight years ago that SDO annual revenues have materially decreased year over year. Despite strong customer acceptance of the SDO service, management believes cutbacks in customer spending and the introduction of competition have taken a toll on RTM revenue numbers.



The overall 39% revenue decrease was helped along by a 27% decrease in revenue from RTM's other two main sources of business, rentals and data processing. Rentals and data processing revenue slipped from $434K last year to $316K this year.

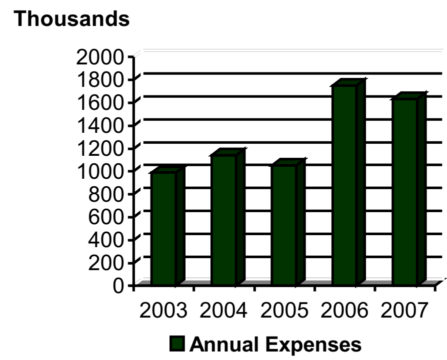
Given that it appears the bulk of the industry slowdown occurred during 2006, management believes the downward trend has ended, activity will remain level for a couple more quarters and then a slow activity recovery is expected.

Offsetting the across the board revenue drop was a new source of revenue from the start-up of surface readout (SRO) pressure surveying and production logging (PL) operations in Tunisia, North Africa. Tunisian operations supplied about $91,655 in revenue in the later part of fiscal 2007 which represents about 9.4% of total revenue.

Expenses

Total expenses of $1,632,454 for the 2007 fiscal year ($1,749,620 in fiscal 2005) represented a $117,166 (6.7%) year-over-year annual decrease in total expenses.

Operating expenses accounted for about 58% of total expenses. In the previous year operating expenses accounted for about 64% of total expenses. Total operating expenses of $947K in fiscal 2007 were 16% lower than the $1,125,035 equivalent figure last year in fiscal 2006.



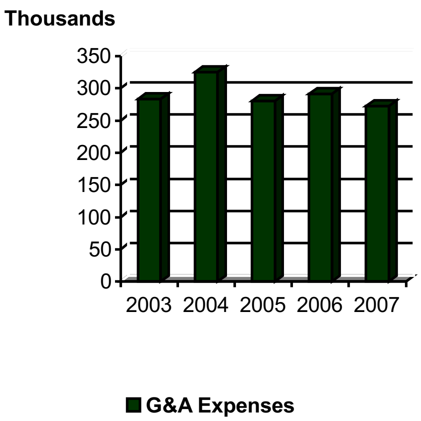
Account	Fiscal 2006	Percentage of Total	Fiscal 2007	Percentage of Total
Operating	1,125,035	64.3%	947,657	58.1%
General and Administrative	290,616	16.6%	271,688	16.6%
Amortization	120,372	6.9%	125,212	7.7%
Research	94,301	5.4%	-	-
Stock Based Compensation	81,600	4.7%	237,000	14.5%
Public Company Costs	31,448	1.8%	37,940	2.3%
Interest on Long term Debt	2,748	0.2%	2,970	0.2%
Bad Debt (recovered)	-	-	(3,314)	-0.2%
TOTAL	1,749,620	100%	1,632,454	100%

Operating Expenses dropped year over year by $425,534 from 1,057,186 to $631,652 which represented a significant 40% decrease. This stands to reason given that the Services expense category includes the spending required to support the provision of SDO service activity which dropped by 45% from 85 jobs in the previous year to 47 jobs this year.

	2006	2007	Increase $	Increase %
Operating Expenses, Services	1,057,186	631,652	(425,534)	(40%)
Operating Expenses, Products	30,926	192,707	161,781	523%
Operating Expenses, Marketing	36,923	57,009	20,086	54%
Operating Expenses, International	-	66,289	66,289	-
TOTAL	1,125,035	947,657	(117,378)	(16%)

The other three primary elements of the Operating expense category all increased year over year. Operating Expenses, Products increased five-fold from $30,926 in the previous year to $161,781 this past year. This increase arises from significantly increased activity involved in building the first commercial batch of KC1 tools, the first DataTrak product. Marketing Expenses increased year over year by about 54% from $36K to $57K. This is a reflection of more time being spent doing marketing as compared to the previous year. International Expenses appeared as a category for the first time. RTM started operating on a sub-contract basis in Tunisia and these expenses were accrued to support the work.

General and Administrative expenses which represented about 16% of total annual expenses this year and last year, decreased marginally year over year by $18,928 or about 6.5%. RTM G&A expenses are continuing to remain within the fairly narrow band where they have been for the past five years.

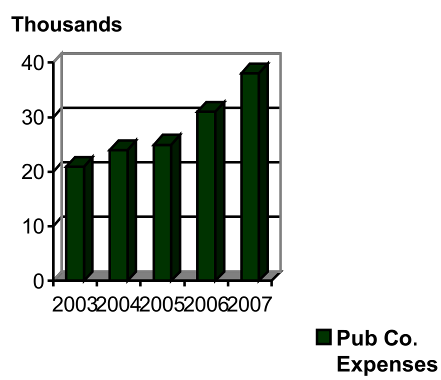


Amortization in fiscal 2007 (ref. Note 3, Financial Statements) was composed of $125,212 for field, office, lab, shop and automotive equipment plus leasehold improvements. This is a 4% increase over the $120,372 amortization expense recorded for the previous year. The increased amortization is caused by the addition of equipment to support the Tunisia project as well as additional office and lab equipment to support the Products division as it develops DataTrak.

No research expenses were recorded for fiscal 2007. Given that all the DataTrak work done in fiscal 2007 was aimed at producing a marketable product with ready customers and a high degree of success is expected for the KC1, all the $239,066 in costs associated with development of DataTrak/KC1 were capitalized in fiscal 2007. These costs, recorded in the Statement of Cash Flows, will be amortized as part of the cost of goods sold as production KC1 tools are built, rented and sold.

Almost 15% of RTM's fiscal 2007 expenses are accounted for by the $237,000 expense charged to Stock Based Compensation. This expense is in recognition of the compensation cost related to the granting of options to RTM Employees, Consultants, Directors and Officers. This expense is "equity neutral" and does not represent any monies actually paid out. For a more comprehensive explanation of this expense, please refer to Note 8 in the accompanying Financial Statements.

Public company costs increased this year by 20% from $31,448 to $37,940. RTM's Public Company costs climb a little each year as fees rise faster than inflation, the complexity of being a public company increases and as the number of shareholders increases. RTM's spending on Public Company expenses has slowly climbed back to what it was in the company's first year as a public company.



Cash Flow

A net negative Cash Flow of $343,191 was recorded for the year ended January 31, 2007, a significant decrease compared to the net cash flow surplus of $61,616 recorded at the end of the previous fiscal year.

Cash Flow from operations for fiscal 2007 was recorded as being a $305,464 deficit compared to the $25,840 Cash Flow surplus from operations last year.

In the past year the Company borrowed $128,306 to buy equipment for the Tunisia operation and issued stock in exchange for $195,000. Payments on term loans, capital leases and share issuance costs resulted in a net increase in cash from financing activities of $298,839 in fiscal 2007. This compares to a net decrease of $55,509 from financing activities in the previous year.

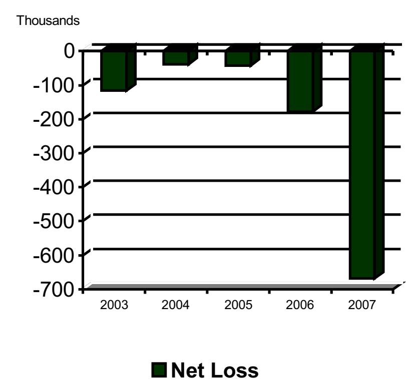
In fiscal 2007, RTM invested $239,066 in DataTrak development work. This figure will be added to the $175,723 invested in DataTrak development last year and depreciated on a cost per-unit basis when KC1 tools start being sold. Offsetting this cash investment in development, the company applied for and received $112,305 in grant money from the Canadian Federal Government under the Industrial Research Assistance Program (IRAP) this year. Last year RTM got $27,400 under the same program. In fiscal 2007 RTM invested $183,789 in field equipment purchases, equipment refurbishment, production equipment and leaseholds required to continue the development of the DataTrak product line. When all the purchases, sales, grants and non-cash changes are taken into account, cash flow from investing activities in the year ending January 31st, 2007 was recorded at -$349,553. This is similar to the -$326,514 invested in fiscal 2006 when investment were made for roughly the same reasons related to DataTrak development.

Overall net decrease in the cash position from all cash flow activities recorded was $393,905 for the year ending January 31st, 2007. This is quite similar to the $321,407 cash decrease recorded in the previous year.

At the end of fiscal year end 2007, the Company's cash on hand was in a negative balance at -$35,123, as compared to a cash surplus last year of $358,782.

Net Loss

A net loss of $667,676 was recorded for the fiscal year ending January 2007. This is significantly larger than the $178,696 loss recorded as of January 31 2006.



Fiscal 2007 saw year over year revenues plummet by 39% while the company maintained its DataTrak development efforts and recorded a significant stock based compensation expense. These are the primary driving factors that resulted in the significant net loss for fiscal 2007.

On a loss per share basis, fiscal 2007 recorded a $0.032 loss per share as compared to a per share loss as of January 31 2006 of $0.009.

Early in 2005, Management felt that Canadian oil and gas activity had reached a peak and a downturn was imminent. In the face of the pending slow down, management initiated two agendas, DataTrak and overseas business developments.

The first commercial product arising from the DataTrak project is the KC1 downhole electronic memory pressure recorder. The KC1 has now entered commercial service and customers are beginning to show a great deal of interest in the innovative tool.

Overseas business development got started when during the third quarter of this past fiscal year, RTM began providing services on a sub-contract basis to two major oil producers operating in Tunisia, North Africa. This operation will be on-going. Expansion is possible and expected before the end of the current fiscal year.

The sale and rental of DataTrak products plus overseas business development will supply the business activity RTM needs to get back on the growth path in the face of a sluggish Canadian oil and gas services industry.

Liquidity and Capital Resources

Working capital is defined by management to be current assets less current liabilities. Under this management definition, at the close of fiscal 2007 the Company had a working capital surplus of $74,281, as compared to $416,003 at the close of fiscal 2006.

The working capital surplus of $74,281 as at January 31 2007 is below the $100,000 minimum threshold management believes is required to continue on the present course of normal operations and DataTrak development. In response to this shortfall, the company raised an additional $200,000 in working capital through the private placement described in Subsequent Events. Management now believes the Company has sufficient working capital reserves to continue the normal course of business and maintain DataTrak development.

Subsequent Event

As of May 31 2007 the company completed a non-brokered private placement sale of 4,000,000 common shares at a price of 5 cents each for gross proceeds of $200,000. Each share is subject to a four month hold. The proceeds will be used for general working capital.

Summary of Quarterly Results

Selected Quarterly Data ($000's)

	Fiscal 2007				Fiscal 2006			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Gross Revenue	248	226	222	281	324	364	438	473
Cost of Good Sold	8	0	2	2	1	6	14	7
Net Revenue	240	226	220	279	323	358	424	466
Operating Expenses	198	233	226	291	306	295	302	247
Gross Margin	42	(7)	(6)	(12)	17	63	122	219
General & Admin	78	73	62	58	32	75	70	92
Other Expenses	37	39	93	244	189	32	37	70
Net Income (loss)	(72)	(120)	(161)	(314)	(203)	(44)	15	56
Earnings (loss) / share	(0.002)	(0.006)	(0.008)	(0.016)	(0.011)	(0.002)	0.001	0.003
Net Cash Flow	(38)	(87)	(98)	(81)	94	83	(31)	(84)
Working Capital	74	121	239	293	416	622	719	791

Certain figures in the above table have been rounded accordingly to conform to the financial statements.

The seasonal nature of the Western Canadian oil and gas service sector is readily apparent in the above table. Typically, 2nd quarter performance is not as strong as the other 3 quarters. Weather and road surface conditions during the second quarter restrict access to a large number of well sites normally accessible throughout the rest of the year. Although on a year over year basis RTM fiscal 2007 revenues were down across the board, fiscal 2007 complied with the usual pattern wherein Q2 generated the lowest quarterly revenue.

Useful quarter by quarter analysis makes it imperative that this seasonality is taken into account. Comparisons need to be made with the comparable prior period results when developing the overall picture of operational and financial results. Thus, for example, Q2 2007 should be referenced and compared to Q2 2006 to provide meaningful analysis.

Outlook

The outlook for RTM in the next fiscal year and beyond needs to be looked at from three perspectives;

The domestic services segment, which includes the provision of SDO and data processing services to Canadian oil and gas producers, rises and falls with the spending by Canadian conventional oil and gas producers. The near term outlook over the next six to eighteen months is difficult to predict, but a return to pre 2006 activity levels is unlikely for a least a few quarters. According to Mr. David Yegar in Oilweek Magazine's April 2007 edition;

"The biggest factor that has clobbered the service industry is its own spectacular success. Relentless demand for manpower and equipment has driven services prices so high and field efficiency so low that when combined with softer commodity prices, the economics of continued exploration and development are unattractive. Major operators that have paid the rent for years, like Canadian Natural Resources and Devon Energy, have vastly scaled back spending in 2007. The royalty trusts that control 20 percent of the basin's production are being very cautious as they try to figure out what to do next. Many of the new junior players that had to drill to exist a year ago are broke, for sale, or both. Falling service prices, increased drilling efficiency, and firmer gas prices will hopefully draw a few of the operators with strong balance sheets and positive cash flow that have curtailed spending back into the field this year."

RTM maintained a good relationship with its customers through the so called "boob" period and the company has kept debt to a minimum. For now, management will hold the course and be prepared for the increased activity which we hope will arrive sooner than later.

The DataTrak product development strategy began over two years ago at the beginning of 2005. DataTrak development is the next logical step in RTM's development. The products DataTrak will produce will be marketable anywhere where there is an oil and gas business. Expressions of sincere interest have been received by RTM from operators right here in Canada, but also Indonesia, Kuwait, Australia and Mexico. As it gains strength the DataTrak agenda will supply RTM with growth opportunities for many years to come and transcend the short term ups and downs of any individual local oil and gas industry.

RTM's third business frontier is the supply of services outside Canada. Current RTM overseas activity, although modest, is growing, has long term survivability and offers exceptional future growth potential. Tunisia, North Africa where RTM presently operates, is looking at several years of sustained double-digit growth in the oil and gas business as governments become more comfortable doing business with the west and large highly productive high quality oil and gas fields are developed. No matter what happens domestically, RTM's growth potential in North Africa is very good. Although noting material has happened yet, RTM is vigorously pursuing exciting business opportunities in other jurisdictions.

Management believes these three business fronts are working in harmony to ensure a bright future for RTM.

Auditors' Report

To the Shareholders of
REAL TIME MEASUREMENTS INC.

We have audited the balance sheets of REAL TIME MEASUREMENTS INC. as at January 31, 2007 and 2006 and the statements of operations and deficit and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Company at January 31, 2007 and 2006 and the results of its operations and its cash flows for the years then ended, in accordance with Canadian generally accepted accounting principles.

(signed) ***"MPG"***

Calgary, Alberta
May 14, 2007

Chartered Accountants

REAL TIME MEASUREMENTS INC.

Balance Sheet

As at January 31

	Note	2007	2006
		$	$
Assets			
Current Assets			
Cash		**-**	358,782
Accounts receivable	**15**	**245,316**	277,764
Inventories		**72,792**	26,842
Prepaid expenses and deposits		**20,435**	20,486
		338,543	683,874
Equipment and Leaseholds	**3, 15**	**1,052,910**	994,333
Deferred Development Costs	**4**	**275,084**	148,323
		1,666,537	1,826,530
Liabilities			
Current Liabilities			
Operating overdraft	**5**	**35,123**	-
Accounts payable and accrued liabilities	**15**	**191,243**	254,522
Term loans, current portion	**6**	**37,896**	-
Obligation under capital leases, current portion		**-**	13,349
		264,262	267,871
Term Loans Payable, net of current portion	**6**	**82,451**	-
		346,713	267,871
Contingent Liability	**12**		
Shareholders' Equity			
Equity Instruments	**7**	**2,854,708**	2,662,867
Contributed Surplus	**8**	**462,200**	225,200
Deficit		**(1,997,084)**	(1,329,408)
		1,319,824	1,558,659
		1,666,537	1,826,530

On Behalf of the Board

*(signed) "**William Grbavac**"*

Director

*(signed) "**Terry Matthews**"*

Director

REAL TIME MEASUREMENTS INC.

Statement of Operations and Deficit

For the Years Ended January 31

	Note	2007	2006 (Note 15)
		$	$
Revenue			
Services, rentals and sales	15	**976,557**	1,599,742
Cost of Goods Sold		**11,779**	28,818
		964,778	1,570,924
Expenses			
Operations - services division	15	**697,941**	1,057,186
General and administrative	14	**271,688**	290,616
Stock based compensation	8	**237,000**	81,600
Operations - products division		**192,707**	30,926
Amortization	15	**125,212**	120,372
Marketing		**57,009**	36,923
Public Company costs		**37,940**	31,448
Information technology		**13,301**	3,500
Interest on long term debt	14	**2,970**	2,748
Bad debt (recovered)		**(3,314)**	-
Research		**-**	94,301
		1,632,454	1,749,620
		(667,676)	(178,696)
Interest Income		**-**	2,564
Loss before the following		**(667,676)**	(176,132)
Income Taxes	9	**-**	-
Loss for Year		**(667,676)**	**(176,132)**
Deficit, beginning of year		**(1,329,408)**	(1,153,276)
Deficit, end of year		**(1,997,084)**	(1,329,408)
Loss per Share (Basic and Diluted)	7	**(0.032)**	(0.009)

REAL TIME MEASUREMENTS INC.

Statement of Cash Flows

For the Years Ended January 31

	Note	2007	2006
		$	$
Operating Activities			
Net loss		**(667,676)**	(176,132)
Non-cash items			
Amortization		**125,212**	120,372
Stock based compensation	8	**237,000**	81,600
Cash flow from operations		**(305,464)**	25,840
Change in non-cash working capital	13	**(37,727)**	35,776
		(343,191)	61,616
Financing Activities			
Advances on term loans		**128,306**	-
Payments on term loans		**(7,959)**	(23,488)
Payments on obligations under capital leases		**(13,349)**	(29,981)
Issuance of equity instruments		**195,000**	-
Share issuance costs		**(3,159)**	-
Change in non-cash working capital	13	**-**	(3,040)
		298,839	(56,509)
Investing Activities			
Purchase of equipment and leaseholds		**(183,789)**	(228,934)
Proceeds of disposal of equipment		**-**	23,488
Deferred development costs incurred	4	**(239,066)**	(175,723)
Government funding earned	4	**112,305**	27,400
Change in non-cash working capital	13	**(39,003)**	27,255
		(349,553)	(326,514)
Decrease in cash for year		**(393,905)**	(321,407)
Cash, beginning of year		**358,782**	680,189
Cash (operating overdraft), end of year		**(35,123)**	358,782

Supplementary Information 13

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 preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities as at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates. The statements have, in management's opinion, been properly prepared using careful judgement within reasonable limits of materiality and within the framework of the significant accounting policies summarized below:

Inventories

Inventories are carried at the lower of cost and net realizable value determined on an item-by-item basis.

Equipment and Leaseholds

Equipment and leaseholds are recorded at cost. Amortization thereof is recorded using the following methods and annual rates:

Declining balance method	
Field equipment	20% in the first year; 10% thereafter
Lab equipment	10%
Office equipment	20% to 30%
Shop equipment	20%
Automotive equipment	30%
Straight line method	
Leasehold improvements	over the term of the lease

Impairment of Long-Lived Assets

The Company evaluates the carrying value of its equipment on an ongoing basis. In order to determine whether impairment exists, management considers factors such as expected future asset utilization, business climate and future undiscounted cash flows expected to result from the use of the equipment. Any permanent impairment in the carrying value of the equipment is charged against earnings in the period the impairment is determined.

Measurement Estimates

Amounts recorded for amortization of equipment are based on estimates. By their nature, these estimates are subject to measurement uncertainty.

2. SIGNIFICANT ACCOUNTING POLICIES, continued

Research and Development

The Company expenses research costs in the period in which they are incurred.

Development costs are expensed in the period in which they are incurred except where all of the following criteria are met:

- the product or process is clearly defined and the costs attributable thereto can be identified;
- the technical feasibility of the product or process has been established;
- the management of the enterprise has indicated its intention to produce and market, or use, the product or process;
- the future market for the product or process is clearly defined or, if it is to be used internally rather than sold, its usefulness to the enterprise has been established; and
- adequate resources exist, or are expected to be available, to complete the project.

When a development project meets the criteria for deferment, the development costs are deferred to the extent that their recovery can reasonably be regarded as assured.

Amortization of development costs deferred to future periods commences with commercial production or use of the product or process and is charged as an expense on a systematic and rational basis by reference, where possible, to the sale or use of the product or process.

Income Taxes

The Company records income taxes using the liability method of accounting for income taxes. Under this method, future income taxes are based on the differences between assets and liabilities reported for financial reporting purposes and those reported for income tax purposes. The future income taxes are measured using substantially enacted rates and laws that will be in effect when the differences are expected to reverse. The effect on future income taxes of a change in tax rates is recognized in net income in the period in which the change occurs.

Revenue Recognition

Revenue is recognized and invoiced as services are performed or when title to products is transferred to the customer.

Per Share Amounts

Basic earnings per share are computed by dividing earnings by the weighted average number of common shares outstanding during the period. Diluted per share amounts reflect the potential dilution that could occur if options or other contracts to purchase common shares were exercised.

Options and warrants have a dilutive effect only when the average market price of the common shares during the period exceeds the exercise price of the options or warrants. The Company uses the treasury stock method of computing diluted earnings per share. It assumes that any proceeds from the exercise of options and warrants would be used to repurchase the Company's common shares at the average market price during the period.

2. SIGNIFICANT ACCOUNTING POLICIES, continued

Stock Based Compensation

Compensation expense is determined when stock options are issued and is recognized over the vesting period of the option along with a corresponding increase in contributed surplus. The compensation expense is determined using the Black-Scholes option pricing model. Under this method, compensation cost attributed to the stock options is measured at fair value at the grant date. Upon the exercise of stock options consideration paid together with the amount previously recognized in contributed surplus is recorded as an increase to share capital. The Company does not incorporate an estimated forfeiture rate for stock options that will not vest, but accounts for forfeitures as they occur.

Foreign Currency

The Company uses the temporal method of translating financial statement amounts that are denominated in a foreign currency. Under this method, monetary balance sheet items are translated at the rate of exchange in effect at the balance sheet date; non-monetary balance sheet items are translated at historical exchange rates (unless they are carried at market, in which case they are translated at the rate of exchange in effect at the balance sheet date); and, revenue and expense items are translated at the rate of exchange in effect on the dates they occur.

3. EQUIPMENT

		2007	
	Cost	Accumulated Amortization	Net Book Value
	$	$	$
Field equipment (Notes 6 and 15)	**1,606,294**	**724,716**	**881,578**
Office equipment	**169,569**	**108,999**	**60,570**
Lab equipment	**67,342**	**9,732**	**57,610**
Shop equipment	**41,578**	**13,029**	**28,549**
Automotive equipment (Note 6)	**17,308**	**649**	**16,659**
Leasehold improvements	**11,725**	**3,781**	**7,944**
	1,913,816	**860,906**	**1,052,910**

		2006	
	Cost	Accumulated Amortization	Net Book Value
	$	$	$
Field equipment	1,268,704	543,492	725,212
Office equipment	158,730	91,420	67,310
Lab equipment	65,036	3,695	61,341
Shop equipment	39,001	9,224	29,777
Leasehold improvements	11,725	1,437	10,288
	1,543,196	649,268	893,928
Field equipment under capital lease	186,832	86,427	100,405
	1,730,028	735,695	994,333

3. EQUIPMENT, continued

Field equipment under capital lease was combined with other field equipment at the time the lease obligation was met in full.

Field equipment at January 31, 2007 includes equipment, having a cost of $21,837 (January 31, 2006 - $21,837, which was under construction and therefore not available for use. Accordingly, this equipment has not been 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 $414,789 (January 31, 2006 - $175,723).

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 January 31, 2007, $139,705 (2006 - $27,400) of such assistance has been applied to the cost of the project.

5. BANK CREDIT FACILITIES

The Company has a 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% (7.25% at January 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:

	2007	2006
	$	$
Abbet International Ltd., a related party as described in Note 14. The loan was arranged to finance the purchase of equipment to be utilized in Tunisia (Note 15). 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 $98,603 at January 31, 2007.	**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 $16,659 at January 31, 2007.	**18,381**	-
	120,347	-
Less current portion	**37,896**	-
	82,451	-

Loan principal is scheduled to be repaid as follows:

	Equipment Loan	Vehicle Loan	Total
	$	$	$
Year ended January 31,			
2008	33,892	4,004	37,896
2009	37,442	4,375	41,817
2010	30,632	4,779	35,411
2011	-	5,223	5,223
	101,966	18,381	120,347

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, 2005 and 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)**
Balance, January 31, 2007	**21,374,406**	**2,853,208**
Common share purchase warrants		
Balance, January 31, 2005 and 2006	3,333,200	3,332
Issued for cash pursuant to private placement	**750,000**	**1,500**
Expired	**(3,333,200)**	**(3,332)**
Balance, January 31, 2007	**750,000**	**1,500**
		2,854,708

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 entitled 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. These warrants have expired.

During the current year, 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 has valued each full common share purchase warrant at $0.002.

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:

	Shares	Weighted Average Price
Outstanding and exercisable, January 31, 2005	1,117,708	$0.238
Granted	1,016,292	$0.150
Exercised	-	-
Forfeited	(470,000)	($0.150)
Balance, January 31, 2006	1,664,000	$0.209
Granted	**2,223,708**	**$0.120**
Expired	**(1,117,708)**	**($0.238)**
Forfeited	**(240,000)**	**($0.150)**
Balance, January 31, 2007	**2,530,000**	**$0.124**

Outstanding options under the Plan are as follows:

Expiry	Exercise Price	Outstanding and Exerciseable	Weighted Average Remaining Life (years)
February 16, 2010	**$0.15**	**306,292**	**3.04**
February 13, 2011	**$0.12**	**1,623,708**	**4.03**
March 14, 2011	**$0.12**	**300,000**	**4.11**
May 15, 2011	**$0.12**	**300,000**	**4.28**
	$0.12 to $0.15	**2,530,000**	**3.95**

Escrow Agreement

Pursuant to an 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, were deposited with the Computershare Trust Company of Canada to be held in escrow. The Escrow Agreement provided that the escrowed shares would 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 January 31, 2007, all shares subject to this Agreement had been released from escrow.

7. EQUITY INSTRUMENTS, continued

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. All warrants expired without exercise.

Per Share Amounts

The weighted average basic and diluted number of shares used in calculating net loss per share is 20,887,831 (2006 – 19,874,406).

8. CONTRIBUTED SURPLUS

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			
	February 13	**March 14**	**May 15**	**2006**
Number of options	**1,623,708**	**300,000**	**300,000**	1,016,292
Risk free interest rate	**4.11%**	**4.11%**	**4.24%**	3.57%
Dividend yield	**-**	**-**	**-**	-
Expected life	**5 years**	**5 years**	**5 years**	5 years
Volatility	**174.22%**	**174.22%**	**164.04%**	183.63%
Fair value per share	**0.1242**	**0.1242**	**0.1128**	0.1494
Compensation cost	**$ 201,700**	**$ 37,250**	**$ 33,850**	$ 151,800

Contributed surplus comprises the following:

	2007	**2006**
	$	**$**
Balance, beginning of year	**225,200**	143,600
Compensation cost (recovery) related to:		
Issuance of options under incentive stock option plan	**272,800**	151,800
Options forfeited	**(35,800)**	(70,200)
	462,200	225,200

9. INCOME TAXES

Provision

The provision for income taxes varies from the amount which would have been computed by applying the combined federal and provincial tax rates to the Company's income before income taxes. This difference results from the following items:

	2007	2006
Combined federal and provincial tax rates	**32.36%**	33.62%
	$	$
Loss before income taxes	**(667,676)**	(176,132)
Expected income tax recovery	**(216,000)**	(59,000)
Amounts not deductible for income tax purposes	**77,000**	29,000
Capitalized development costs deductible for income tax purposes	**(41,000)**	(50,000)
Benefit of non-capital losses forfeited	**27,000**	7,000
Effect of decrease in statutory tax rate	**17,000**	2,000
Change in valuation allowance	**136,000**	71,000
	-	-

Future Income Tax

	2007	2006
	$	$
Future Tax Liabilities	**-**	-
Future Tax Assets		
Excess of tax values of equipment over carrying values	**10,000**	76,000
Excess of tax value of costs of failed acquisition over carrying value	**10,000**	12,000
Share issuance costs	**52,000**	71,000
Scientific Research and Experimental Development Expenditures	**50,000**	52,000
Losses for income tax purposes	**463,000**	238,000
	585,000	449,000
Less valuation allowance	**(585,000)**	(449,000)
Net future income tax	**-**	-

9. INCOME TAXES, continued

Losses and Other Tax Pools

The Company has losses of approximately $1,431,500, which can be utilized to reduce taxable income in future years. These losses expire as follows:

	$
Year ended January 31	
2016	807,200
2027	624,300

The Company also has tax pools of approximately $1,253,400 and Scientific Research and Experimental Development Expenditures of $153,700 available to reduce taxable income in future years.

10. COMMITMENTS

The Company is obligated under the terms of leases for premises, which expire May 31, 2010 and September 30, 2011, a vehicle lease which expires January 12, 2009 and leases for equipment which expire October 31, 2008 and January 31, 2009. Minimum annual payments required under the terms of the leases are:

	Premises	Vehicles and Equipment	Total
	$	$	$
2008	78,057	24,009	102,066
2009	78,780	21,020	99,800
2010	79,021		79,021
2011	63,120		63,120
2012	36,780		36,780

11. FINANCIAL INSTRUMENTS

The Company's financial instruments consist of cash (operating overdraft), accounts receivable, accounts payable and accrued liabilities and term loans payable. Management has utilized valuation methodologies available as at the year-end and has determined that the carrying amounts of such financial instruments approximate their fair value in all cases.

The Company is exposed to credit risk on the accounts receivable from its customers. In order to reduce its credit risk, the Company conducts regular reviews of its existing customers' credit performance. An allowance for doubtful accounts is established based upon factors surrounding the credit risk of specific customers, historical trends and other information.

The Company is not exposed to interest rate risk as interest on its term loan obligations is calculated using fixed rates.

12. CONTINGENT LIABILITY

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.

13. CASH FLOW INFORMATION

Details of changes in non-cash working capital balances, supplemental cash flow information and non-cash transactions excluded from the statements of cash flows are:

	2007	2006
	$	$
Changes in Non-cash Working Capital		
Operating Activities		
Accounts receivable	**49,782**	(39,399)
Inventories	**(45,950)**	(24,732)
Prepaid expenses and deposits	**51**	(8,235)
Accounts payable and accrued liabilities	**(41,610)**	108,142
	(37,727)	35,776
Financing Activities		
Accounts payable and accrued liabilities	**-**	(3,040)
Investing Activities		
Accounts receivable	**(17,334)**	(10,388)
Accounts payable and accrued liabilities	**(21,669)**	37,643
	(39,003)	27,255
Supplemental Cash Flow Information		
Interest paid	**3,052**	2,748
Income taxes paid	**-**	-

14. RELATED PARTY TRANSACTIONS

The Company is indebted pursuant to a term loan arrangement with Abbet International Ltd. ("Abbet"), as described in Note 6. Abbet is controlled by an individual who is a director and officer of the Company, and his spouse, who is an employee of the Company. Management believes that the terms of the loan are consistent with third party arrangements involving similar risk.

Interest of $2,682 was paid during the year ended January 31, 2007 and is included in interest on long term debt on the statement of operations and deficit.

For a portion of the year the Company paid consulting fees, totaling $37,597, to Abbet. These fees were paid for services provided by the aforementioned officer of the Company and are included in general and administrative expenses. During the remainder of the year, the officer was remunerated by way of salary.

15. BUSINESS SEGMENTS

During the year ended January 31, 2007, the Company commenced carrying on business activities in Tunisia, using its own equipment, as a subcontractor to other entities. The Company does not maintain an office in Tunisia.

The Company's activities do not meet quantitative thresholds set out by the Canadian Institute of Chartered Accountants and, accordingly, disclosure of segmented information is not required. Management has elected, however, to present the following information with respect to these activities:

	$
Revenue	
Services	**91,655**
Expenses	
Operations - services division	**66,289**
Amortization	**12,408**
	78,697
Net income before allocation of corporate overhead	**12,958**
Net Investment	
Accounts receivable	**78,643**
Net book value of equipment utilized	**130,505**
Accounts payable related to equipment	**(18,949)**
Term loan related to equipment (Note 6)	**(101,966)**
	88,233

16. SUBSEQUENT EVENT

Subsequent to the year end, the Company closed a non-brokered private placement of 4,000,000 common shares at $0.05 per share, for total proceeds of $200,000. Each share is subject to a 4 month hold period. The Company has paid finder's fees of $12,750 plus 127,500 finders warrants which are exercisable at $0.10 per common share for a period of twelve months from the date of issue.

17. Comparative Information

Comparative information on the statement of operations and deficit has been restated to conform to the classifications adopted for the current year.

Corporate Information

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Calgary, Alberta

Terry Matthews, P.Eng. (1)
President and Chief Executive Officer
Real Time Measurements Inc. (RTY-TSX.V)
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William Grbavac (1)
Information Systems & Services
Calgary, Alberta

(1) Audit committee member

OFFICERS
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Vice-President of Operations
Terry Matthews, P. Eng.
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Heighington Law Firm
Calgary, Alberta

TRANSFER AGENT AND REGISTRAR
Computershare Trust Company of Canada
Calgary, Alberta

STOCK EXCHANGE LISTING
TSX Venture Exchange
Trading Symbol : RTY

RTM INC