

REAL TIME MEASUREMENTS INC.
INTERIM FINANCIAL STATEMENTS, 1st Quarter Fiscal 2006
April 30 2005



REAL TIME MEASUREMENTS INC.
Balance Sheets
As at April 30, 2005 (Unaudited) and January 31, 2005 (Audited)

	Note	April 30, 2005 \$	January 31, 2005 \$
Assets			
Current Assets			
Cash		529,002	680,189
Accounts receivable		382,271	227,977
Inventory		2,110	2,110
Prepaid expenses and deposits	6	67,328	12,251
		980,711	922,527
Equipment	3	923,414	909,259
		1,904,125	1,831,786
Liabilities			
Current Liabilities			
Accounts payable and accrued		158,152	111,777
Term loan payable, current portion		-	7,239
Obligations under capital leases, current portion	4	30,669	29,981
		188,821	148,997
Term Loans Payable, net of current portion		-	16,249
Obligations under Capital Leases, net of current portion	4	5,411	13,349
		194,232	178,595
Shareholders' Equity			
Share Capital	5	2,662,867	2,662,867
Contributed Surplus	6	143,600	143,600
Deficit		(1,096,574)	(1,153,276)
		1,709,893	1,653,191
		1,904,125	1,831,786

On Behalf of the Board

"signed"
Director

"signed"
Director

REAL TIME MEASUREMENTS INC.
Statements of Operations
For the Three Months Ended April 30 (Unaudited)

	<u>Note</u>	<u>2005</u>	<u>2004</u>
		\$	\$
Revenue			
Services, rentals and sales		472,898	337,090
Cost of Goods Sold		<u>7,450</u>	<u>9,423</u>
		465,448	327,667
Expenses			
Operating		246,851	188,215
General and administrative		91,821	64,453
Amortization		26,619	27,282
Business development		27,220	-
Public Company costs		7,610	1,708
Interest on long term debt		<u>932</u>	<u>2,551</u>
		401,053	284,209
Income before the undernoted		64,395	43,458
Interest Income		2,087	92
Loss on Disposal of Equipment		<u>(9,780)</u>	<u>-</u>
Income before income taxes		56,702	43,550
Income Taxes		<u>-</u>	<u>-</u>
Net Income for Period		56,702	43,550
Deficit, beginning of period		<u>(1,153,276)</u>	<u>(1,060,588)</u>
Deficit, end of period		<u>(1,096,574)</u>	<u>(1,017,038)</u>
Net Income per Share			
Basic and diluted	5	<u>0.003</u>	<u>0.003</u>

REAL TIME MEASUREMENTS INC.
Statements of Cash Flows
For the Three Months Ended April 30 (Unaudited)

	<u>2005</u>	<u>2004</u>
	\$	\$
Operating		
Net income	56,702	43,550
Non-cash items		
Amortization	26,619	27,282
Loss on disposal of equipment	9,780	-
Cash flow from operations	93,101	70,832
Change in non-cash working capital	(177,256)	38,266
	<u>(84,155)</u>	<u>109,098</u>
Financing Activities		
Payments on term loan	(23,488)	(1,700)
Payments on obligations under capital leases	(7,250)	(14,759)
	<u>(30,738)</u>	<u>(16,459)</u>
Investing Activities		
Proceeds of disposal of equipment	23,488	-
Purchase of equipment	(74,042)	(52,698)
Change in non-cash working capital	14,260	(8,555)
	<u>(36,294)</u>	<u>(61,253)</u>
Increase in cash for period	<u>(151,187)</u>	<u>31,386</u>
Cash, beginning of period	680,189	20,557
Cash, end of period	<u>529,002</u>	<u>51,943</u>
Supplemental Cash Flow Information		
Interest paid	932	2,551
Interest received	2,087	92
Income taxes paid	-	-

REAL TIME MEASUREMENTS INC.
Notes to Interim Financial Statements
April 30, 2005

1. NATURE OF OPERATIONS

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

2. SIGNIFICANT ACCOUNTING POLICIES

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

3. EQUIPMENT

	April 30, 2005			January 31, 2005		
	Cost	Accumulated Amortization	Net Book Value	Cost	Accumulated Amortization	Net Book Value
	\$	\$	\$	\$	\$	\$
Field equipment	1,402,244	563,790	838,454	1,366,535	540,663	825,872
Office equipment	128,002	80,783	47,219	117,918	77,896	40,022
Shop equipment	21,830	6,861	14,969	16,640	6,543	10,097
Lab equipment	23,060	288	22,772	-	-	-
General vehicle	-	-	-	42,323	9,055	33,268
	<u>1,575,136</u>	<u>651,722</u>	<u>923,414</u>	<u>1,543,416</u>	<u>634,157</u>	<u>909,259</u>

Field equipment includes equipment under capital lease (Note 4) which, at April 30, 2005 has a cost of \$186,832, accumulated amortization of \$78,503 and net book value of \$108,329.

At April 30, 2005, field equipment having a cost of \$32,282 was under development and therefore not available for use. This equipment was not subject to amortization.

4. OBLIGATION UNDER CAPITAL LEASE

At April 30, 2005, the Company was indebted under the terms of a capital lease for field equipment (Note 3). The obligation bears interest at 9.24% per annum, is repayable in blended monthly installments of \$2,727 and matures on June 11, 2006.

REAL TIME MEASUREMENTS INC.
Notes to Interim Financial Statements
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5. SHARE CAPITAL

Authorized

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

Issued	#	\$
Common shares		
Balance, January 31, 2004 and April 30, 2004	13,210,408	1,984,348
Issued for cash	6,664,000	996,268
Costs of issuance		(321,081)
	<hr/>	<hr/>
Balance, January 31, 2005 and April 30, 2005	19,874,408	2,659,535
	<hr/>	<hr/>
Common share purchase warrants		
Balance, January 31, 2004 and April 30, 2004	-	-
Issued for cash	333,200	3,332
	<hr/>	<hr/>
Balance, January 31, 2005 and April 30, 2005	333,200	3,332
	<hr/>	<hr/>

Common Share Purchase Warrants

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

Stock Option Plan

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

	Shares	Weighted Average Price
	<hr/>	<hr/>
Outstanding and exercisable, January 31, 2004 and to date	1,117,708	\$0.238
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5. SHARE CAPITAL, continued

Expiry	Exercise Price	Outstanding and Exerciseable	Weighted Average Remaining Life (years)
February 6, 2006	\$0.25	1,017,708	0.9
November 14, 2006	\$0.12	100,000	1.6
	\$0.12 to \$0.25	1,117,708	0.9

Escrow Agreements

Pursuant to an Escrow Agreement, 90% of the 3,503,450 common shares held by “principals”, prior to the initial public offering, were deposited with the Computershare Trust Company of Canada to be held in escrow. The Escrow Agreement provides that the escrowed shares will be released, in six equal tranches, at six month intervals from February 13, 2001, being the date of issuance of the Final Exchange Notice with respect to the listing of the Company’s shares on the TSX Venture Exchange. Accordingly, as April 30, 2005, all shares subject to this Agreement have been released from escrow.

Pursuant to second Escrow Agreement, 90% of the 160,920 common shares issued to “principals” of Destiny Hospitality Ltd., pursuant to the acquisition of the shares of that company on March 21, 2003, were deposited with the Computershare Trust Company of Canada to be held in escrow. The Escrow Agreement provides that the escrowed shares will be released, in six equal tranches, at six month intervals from May 15, 2003, being the date of issuance of the Final Exchange Notice with respect to the acquisition. Accordingly, as at April 30, 2005, 72,414 of these shares remain subject to escrow.

Agent’s Options

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

Per Share Amounts

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

	2005	2004
Basic	19,874,408	13,110,408
Diluted	20,117,858	13,110,408

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6. CONTRIBUTED SURPLUS

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

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

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

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