

***REAL TIME MEASUREMENTS INC***

***INTERIM - MANAGEMENT DISCUSSION and ANALYSIS***

***2<sup>nd</sup> Quarter, Fiscal 2009***

***For the three month period ended July 31 2008***

SEPTEMBER 29 2008



# REAL TIME MEASUREMENTS INC.

## Second Quarter, Fiscal 2009

### Management Discussion and Analysis, September 29 2008

*for*

*the three month period ended July 31 2008*

This Management Discussion and Analysis of the operational results and financial condition of Real Time Measurements Inc. for the second quarter of fiscal 2009, which is the three month period ended July 31 2008, should be read in conjunction with the corresponding company's interim quarterly unaudited financial statements and accompanying notes thereto dated July 31 2008.

The company's unaudited financial statements were prepared in accordance with Canadian General Accepted Accounting Principles and the reporting currency is Canadian dollars, unless otherwise indicated. The date of this Management Discussion and Analysis is September 29 2008. Additional information is available about the company on SEDAR at [www.sedar.com](http://www.sedar.com).

#### ***Forward Looking Information and Statements***

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

#### ***Disclosure Controls and Procedures***

Disclosure controls and procedures are designed to provide reasonable assurances that all relevant information is gathered and reported to senior management, including the Chief Executive Officer ("CEO") and the Chief Financial Officer ("CFO"), and that management has evaluated the effectiveness of the Corporation's disclosure controls and procedures as defined in Multilateral Instrument 52-109 of the Canadian Securities Administrators and has concluded that such disclosure controls and procedures are effective. However, they do not expect that the disclosure controls and procedures or internal control over financial reporting will prevent all errors or fraud. An economically feasible control system, no matter how well conceived or operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met.



## ***Internal Controls over Financial Reporting***

The CEO and CFO of Real Time Measurements Inc. are responsible for designing internal controls over financial reporting or causing them to be designed under their supervision in order to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with Canadian GAAP. The company assessed the design of its internal control over financial reporting ended July 31, 2008.

Management and the board of the directors work to mitigate the risk of a material misstatement in financial reporting. However, there can be no assurance that this risk can be reduced to less than a remote likelihood of a material misstatement.

## ***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 and local increases and decreases in the level of spending by oil and gas companies in the past and this trend is expected to continue. No assurance can be given that any activity level will be maintained, increase or decrease or that the demand for the company's products and/or services will reflect the level of overall spending by oil and gas companies. As well, oil and gas company spending levels depend in large measure upon oil and gas prices which are affected by local and/or international factors or by Government regulations which cannot be accurately predicted. If oil and gas commodity prices decrease or fail to meet expectations, or increase and exceed expectations, oil and gas company spending and therefore oil and gas service company activity levels may increase or decrease or stay the same, any of which may have a material adverse effect on the company's operations and financial condition. At present, traditional 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 company's revenue 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, storm damage 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 or 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 some of the company's equipment and services have been operating successfully in the oil and gas industry for over ten years, the company has done so with limited equipment capacity with a relatively small number of customers in Canada and abroad. If and when additional equipment is built or purchased 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 RTM products or services.

RTM was named as the defendant in a civil lawsuit three years ago in July 2005. The lawsuit was filed against RTM by Spartek Systems of Sylvan Lake Alberta. Since the statement of claim was filed, 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 15 of the referenced unaudited 2<sup>nd</sup> Quarter Fiscal 2009 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.

### ***Critical Accounting Estimates***

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.

With regards to revenue recognition, revenue is recognized and invoiced as services are performed or when title to products is transferred to the customer.

Development costs are expensed in the period in which they are incurred except when a specific set of criteria are met as set out in Notes 2 and 6 of the accompanying unaudited Financial Statements. 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.

Accounting policies regarding Inventories, Equipment and Leaseholds, Impairment of Long-Lived Assets, Measurement Estimates, Research and Development, Income Taxes, Revenue Recognition, Per share Amounts, Stock Based Compensation and Foreign Currency are described in Note 2 of the accompanying Financial Statements.

### ***Changes in Accounting Policies***

Reference is made to Note 2 in the accompanying Financial Statements wherein New Policies are disclosed. The new policies which went into effect on February 1 2008 reflect the adoption by the company of CICA Handbook recommendations that are pertinent to the reporting of Capital Disclosures, Financial Instruments, General Standards of Financial Presentation and Inventories.

Over the course of the next few years, Canadian listed issuers like RTM will be subjected to various new accounting standards requirements. Reference is made to Future Accounting Changes in Note 2 of the Financial Statements for details. The future changes to accounting and disclosure policies will be required in order for the company to remain compliant as the current GAPP standards are replaced with internationally recognized IFRS standards. The company is assessing the impact of these new standards and will implement the required changes as needed to maintain regulatory compliance while maintaining meaningful information disclosure to stakeholders.

### ***Off Balance Sheet Arrangements***

Real Time Measurements Inc. does not employ any off balance sheet arrangements.

### ***Related Party Transactions***

The Company is indebted pursuant to a term loan arrangement with Abbet International Ltd. (“Abbet”), as described in Note 14 of the accompanying unaudited Financial Statements. 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 \$3,627 was paid during the period ended July 31, 2008 (\$4,757 – July 31 2008) and is included in interest on long term debt on the statements of operations and loss and deficit.

Effective February 29, 2008, the Company entered into a License Agreement with a non-resident corporation of which an officer and director of the Company is a shareholder. The Agreement is perpetual and relates to technologies developed by the non-resident corporation (Note 5 of unaudited statements). Consideration for the Agreement is \$50,000 US. The Agreement provides

for the Company to pay a royalty of 4% of net revenues arising from the use of the licensed technology. No royalties are payable as of July 31 2008

### ***Financial Instruments***

As per Note 13 in the accompanying unaudited Financial Statements the Company's financial instruments consist of cash (operating overdraft), accounts receivable, accounts payable, 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 has exposure to credit risk, liquidity risk, market risk and foreign exchange risk as a result of its use of financial instruments. Note 13 in the accompanying unaudited Financial Statements present information about the Company's exposure to these risks and the Company's objectives, policies and procedures for measuring and managing the risks.

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

### ***Capital Management***

The Company's objective is to maintain a strong capital base and financial flexibility to maintain investor, creditor and market confidence while sustaining the future development of the business. As such, the Company's credit facilities are in compliance with all regulatory requirements as described and outlined in Notes 12 and 13 in the accompanying unaudited Financial Statements.

### ***Nature of Business***

Real Time Measurements Inc. is an independent Canadian company with its head office in Calgary Alberta. The company provides various services and products to the oil and gas industry in Canada and abroad. 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 specific applications of a sensor-to-desktop data platform called DataTrak which is used primarily in oil and gas wells.

The most proven commercial application of the DataTrak platform 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. Now that RTM has developed a market in Canada for the SDO, over the past couple of years RTM management has noted that at least three other Canadian oil and gas service companies have begun to offer a service that competes with RTM's SDO. It is possible that the competitors service is technically superior to RTM's SDO and this puts pressure on RTM management to develop a better SDO system. The better system will be part of DataTrak.



RTM is investing significant effort and capital in the continued development of the DataTrak technology platform. DataTrak represents a range of future RTM products and services that includes but is not limited to the future SDO. The first DataTrak product is the innovative KC range of downhole electronic memory pressure/temperature recorders. RTM's current domestic tool rental inventory is comprised of about 50 KC-1 tools. The KC-1 is the first iteration of the KC range of tools. The first KC-2 tools are now beginning to enter service. The KC-2 offers similar functionality as compared to the KC-1 except that important elements such as build cost, reliability, data quality and physical size have been significantly improved. RTM is now building-up an inventory of components and completed KC-2's in advance of stepped-up marketing efforts.

The company is pursuing growth opportunities outside Canada. Last year RTM offered surface readout (SRO) pressure surveying and production logging (PL) services on a sub-contract basis to major oil and gas operators in North Africa. This year the company has done similar work in Mexico. In addition to oil and gas services, RTM has also supplies some special order downhole measurements equipment to the Mexican oil and gas industry. RTM management believes the future of the company lies in the pursuit of exciting business growth opportunities outside Canada.

### ***Results of Operations – Overview***

The departure from conventional oil and gas development activities in Western Canada over the past couple of years due to legislated changes in the Alberta Royalty Program has significantly impacted RTM's domestic work load. This coupled with this year's unseasonal weather conditions has led to significantly less deployment of field work and, hence, diminished revenue so far in fiscal 2009 as compare to three years ago. This 2<sup>nd</sup> quarter has not escaped the trend. In response to the shifts in activity and focus away from Canada and conventional gas production, RTM management is working to capitalize on long term foreign market opportunities.

Despite the changes in revenue base and the corresponding dollar-stretching and tight spending restraints that have been implemented, management is persisting with the development of the DataTrak state-of-the-art products. This strong level of commitment on the development front along with marketing efforts in Canada, USA and abroad is setting the stage for renewed growth in the coming years.

For the three month period ended July 31 2008, RTM recorded Q2 revenues of \$187,113 which is 36% less than Q2 revenues of \$291,227 last year. For the first six months this fiscal year, revenue was \$292,543 (\$690,951 last year).

For the three month period ended July 31 2008, cash expenses increased over the year by \$105,228 from \$298,721 last year to \$403,949 this year. For the first six months of fiscal 2009 cash expenses increased by 14% from \$615,035 last year to \$699,660 this year.

Total expenses for Q2 increased year over year by 31% from \$332,919 last year to \$436,764 this year. For the first six months this year total expenses increased by a similar 34% from \$684,080 last year to \$929,701 this year. Non-cash expenses include amortization of equipment, development costs, debenture issuance costs and stock based compensation.

The Company reported a net loss for the quarter of \$249,651 (-\$0.008 loss per share) as compared to last year's Q2 loss of \$41,692 (\$0.002 loss per share). Net loss for the six month period was \$637,660 which is dramatically different from the \$6,871 in net earnings for the same period last year.

A cash flow deficit from operations for Q2 last year was \$92,535 as compared to a Q2 cash flow deficit from operations of \$216,836 this year. When the change in non-cash working capital is taken into account, the company recorded a net cash flow deficit in Q2 2009 of \$210,961 (\$51,916 net deficit in Q2 last year). For the first six months of last year the company reported a cash flow surplus from operations of \$89,591 whereas this year a cash flow deficit of \$407,119 was reported.

Second quarter fiscal 2009 closed with a working capital balance (current assets minus current liabilities) of \$282,735 on July 31 2008, as compared to a working capital balance of \$23,696 at the end of the previous fiscal year and \$169,581 at the end of Q2 last year. If the \$50,000 in restricted cash (see Note 3 in the accompanying unaudited statements) is added to the current assets, the working capital is increases to \$332,735. As of the date of this MD&A, this cash is no longer restricted. Working capital is being consumed as RTM management continues to push toward getting DataTrak products fully commercially deployed within a climate of low domestic oil and gas service activity.

As of July 31 2008, the company had substantially reduced a term loan to \$62,057 of which \$43,926 is the current portion. The proceeds from this debt were used to purchase the equipment utilized in North Africa and Mexico.

During the course of Q2 fiscal 2009 the company completed a private placement of \$830,000 in convertible debentures. The debenture is convertible into common shares of the corporation at a price of \$0.15 per share. The debenture holders are paid interest at a rate of 15% per year. Additional details are presented in Note 8 of the accompanying financial statements. The proceeds of the debenture financing program are being used for general working capital, international business expansion, manufacturing equipment and raw material inventory.

## ***Revenue***

Total revenue in the second quarter of fiscal 2008 was \$187,113 as compared to Q2 revenue of \$291,227 last year. Revenue for the first six months of fiscal 2009 was \$292,543 as compared to \$690,951 for the same period last year. Thanks to the depressed capital markets for conventional oil and gas in Alberta resulting from the proposed changes in the Alberta oil and gas Royalty scheme and the resulting substantial slow-down in the Western Canadian oil and gas activity and the unsettled weather, RTM's domestic service revenue is still being negatively impacted compared to previous years. Management anticipated this slowdown and placed the company's efforts on business opportunities outside Alberta and on development of the DataTrak products which will be sold globally. Management expects the new direction to rejuvenate and support growth of RTM's revenue base.



RTM's Gauge Rental business has been a steadfast revenue generator for the Company representing 26% of total revenue or \$49,185 in this quarter as compared to \$59,356 during Q2 of the previous year.

A more important indicator of what's happening in RTM with regard to gauge rentals is the contribution of gauges manufactured by RTM to total gauge rental revenue. In Q2 last year, \$11,350 (20%) of RTM's gauge revenue total was generated by the KC-1 that was designed and built by RTM. By contrast, in Q2 this year, 100% of the \$49,185 in quarterly gauge rental revenue was produced by the KC-1. This is a significant 350% increase in RTM built tool revenue and a very encouraging sign for RTM management.

A similar picture emerged during the first six months when it comes to revenue produced by the KC-1. Last year during the first six months total gauge rental revenue was \$116,885, of which only 9.4% was produced by the KC-1. This year the total 6 month revenue is down by 22% to \$91,578, but 100% of the revenue stems from KC-1 rentals. This is an even more significant year over year 730% increase in KC-1 rental revenue.

Data Processing also proved to be a mainstream revenue generator for RTM, accounting for roughly 10% of total revenue or \$18,615 in Q2 2009 as compared to \$29,040 from Q2 of 2008. During the first six months of this Q2 data processing revenue was \$40,359 compared to \$53,065 for the same period last year. Gauge rental and Data Processing services reflect the consistent and valued relationships RTM have developed with its loyal client base.

RTM had foresaw (due to government policy) and subsequently witnessed a decline in its domestic SDO revenue from \$82,059 in Q2 2008 to zero in Q2 2009. During the first six months of fiscal 2009 SDO services produced an inconsequential \$14,584 in revenue as compared to \$186,660 for the same period last year. To put these numbers in true perspective and underline how significant the slowdown has been, SDO revenue three years ago during the first six months of fiscal 2006 was \$648,648 and accounted for 71% of RTM's total revenue for the six month period. Despite 8 solid years of steady growth and development of the SDO service up to 2006, the precipitous drop in SDO revenue forces RTM management to reconsider the viability of the SDO service business in Canada altogether and pursue re-deployment of the equipment in another market.

In Q2 fiscal 2009, equipment sales turned out to be the largest single revenue component. Equipment Sales revenue for the quarter was \$69,871 compared to one tenth of that in Q2 last year (\$6,466). Understanding the slow-down in local market demand, RTM is concentrating on concerted efforts in growing its market opportunities outside Canada. Indeed, 98% (\$66,730) of the equipment sales recorded for this Q2 were outside Canada.

Services revenue from International sources during Q2 fiscal 2009 were responsible for \$48,000 in revenue. This stems from PL (Production Logging) work done in Mexico. This is the same service that generated \$82,060 during Q2 last year in North Africa. Last year during Q2, International service operations accounted for 28% of total revenue. This year it accounted for a similar 26%. RTM's PL service package is quite easy to transport on short notice and can go to work as soon as it arrives at a new location. It can go anywhere in the world where it is needed.

Recognizing that RTM's two primary revenue generators came from Gauge Rental and International Operations, RTM has developed KC-2, the 2<sup>nd</sup> generation of the KC tool family and a replacement for the KC-1. Management is working diligently in opening up market opportunities in various parts of the planet.

Management intends to support current loyal domestic client base by maintaining current equipment and staffing levels. Overseas Operations expansion and continued development of the DataTrak product line will lead the way for RTM's growth prospects for the foreseeable future.

## ***Expenses***

Total expenses for Q2 increased year over year by 31% from \$332,919 last year to \$436,764 this year as RTM pushed forward enhancing its DataTrak product line and expanding market development overseas. More than half the increase stemmed from a \$61,139 increase in Cost of Goods Sold. Higher levels of spending on marketing, development, public company costs and interest more than accounts for the balance of the quarterly spending increase.

For the first six months this year total expenses increased by a similar 34% from \$684,080 last year to \$929,701 this year. Roughly 60% of the \$245,621 increase was chocked-up to \$159,750 in Stock-based Compensation. Other significant increases were recorded for cost of goods sold, marketing, development, public company costs and interest on long term debt.

Cash expenses were \$403,949 in Q2 2009. Cash expenses increased year over year by \$105,228 (35%) from \$298,721 to \$403,949. Non-Cash expenses of \$32,815 in equipment and debenture issuance costs were recorded.

Q2 Service Division expenses decreased year over year by 46% from \$110,068 to \$59,324. This large percentage decrease reflects the significantly decreased domestic SDO activity. Service Division expenses decreased similarly by 44% year over year for the first six months, decreasing from \$246,397 last year to \$137,254 this year for the same reason.

Second quarter Products Division expenses increased by 56% from \$23,706 last year to \$37,061 this year. Costs associated with the temporary measure of hiring an outside mechanical design consultant are responsible for the best part of this increase. Over the first six months of fiscal 2009 Products Division expenses decreased year over year by 18% from \$58,990 last year to \$48,532 this year. As the emphasis on DataTrak products becomes more on production and less on development, this trend is expected to continue. Management expects to be increasing Products division spending as product sales and product line diversity increase.

Second quarter Marketing expenses doubled from \$21,848 last year to \$43,410 this year. Marketing expenses for the first six months also doubled year over year from \$41,654 last year to \$86,789 this year. Although increasing any expense during a climate of low revenue seems counterintuitive, RTM's path out of the low revenue slump is increased sales of the DataTrak products and that will only happen if marketing effort is stepped up, which management intends to continue to support. Marketing expenses will grow as revenue and geographic coverage grow.



Second quarter International Operating expenses increased by 12% from \$35,951 to \$40,410 this year. This slight jump is due to slightly higher than usual travel expenses in moving the PL service kit from North Africa to Mexico.

Information Technology expenses rose by \$4,886 in Q2 2009 from \$1,500 a year ago to \$6,386 in the second quarter this year. This amount, which represents 1% of total expenses for the quarter, is the current market cost of maintaining and updating web based information systems.

General and Administrative expenses for the second quarter increased year over year by 5% from \$74,781 last year to \$78,635 this year. For the first six months of fiscal 2009 G&A decreased year over year by 1% from \$148,899 to \$147,316. Most of the up and down ripples in General and Administrative expenses are caused by fluctuations in legal expenses. Generally RTM G&A expenses have accounted for between 15% and 17% of total expenses.

Year over year quarterly public company costs increased dramatically from \$9,161 last year to \$34,342 this year. This same increase was recorded for the six month year over year period. The increase arises from legal and regulatory expenses associated with completing the Private Placement of Convertible Debentures as described in detail in Note 9 of the accompanying financial statements. The Convertible debenture financing is also responsible for the dramatic increase in interest expense Interest expense jumped in Q2 from \$2,656 last year to \$23,024 this year.

As part of forging ahead with RTM's growth plans, the Company is developing the next generation of the KC part of the DataTrak product line. The company incurred a Development expense of \$12,069 which is without comparison from the previous year.

### ***Cash Flow and Net Earnings***

Cash flow deficit from operations for the second quarter of previous year was \$2,944 as compared to second quarter cash flow deficit from operations of \$216,863 this year. When the change in non-cash working capital is taken into account, the company recorded a net cash flow deficit in Q2 2009 of \$210,961 (\$51,916 net deficit in Q2 last year).

This cash flow and earnings pattern is representative of a growth company in its transitional stage of technological development while operating during the down part of an activity cycle in the cyclical oil and gas market. As domestic demand for the company's services diminish, growth is being redirected aboard.

## Summary of Quarterly Results

Table 2 below contains selected consolidated financial information, rounded to the nearest \$000's for Q2-2009 presented alongside the previous 17 quarters:

**Table 2**

C\$,000	Net Revenue	G & A Expenses	Amortiz'n	Operating and Other Expenses	Stock Based Comp	Net Earnings	Cash Flow from Operations
<b>Q2-2009</b>	187	79	29	329	0	-250	-216
<b>Q1-2009</b>	105	69	37	227	160	-388	-190
<b>Q4-2008</b>	173	79	32	293	0	-256	-188
<b>Q3-2008</b>	258	74	32	255	0	-102	-6
<b>Q2-2008</b>	291	75	39	219	0	-42	-3
<b>Q1-2008</b>	400	74	35	239	0	49	93
<b>Q4-2007</b>	240	78	33	201	0	-72	-38
<b>Q3-2007</b>	226	74	33	239	0	-120	-87
<b>Q2-2007</b>	220	62	29	257	34	-162	-99
<b>Q1-2007</b>	279	58	29	302	203	-313	-81
<b>Q4-2006</b>	323	43	40	361	-54	-68	-91
<b>Q3-2006</b>	357	75	28	299	-54	9	-16
<b>Q2-2006</b>	424	70	26	313	37	-22	41
<b>Q1-2006</b>	465	81	27	302	152	-95	93
<b>Q4-2005</b>	247	72	30	217	0	72	42
<b>Q3-2005</b>	234	71	24	161	0	23	1
<b>Q2-2005</b>	200	72	25	142	0	40	14
<b>Q1-2005</b>	328	64	27	192	0	43	70

Throughout its history, RTM has been like most Canadian oil and gas companies involved in the service sector where there has been dramatic oscillations experienced in quarterly revenues and earnings due to the availability of capital for field work. Over the past quarters since 2004, RTM's quarterly revenue has bounced between \$105K and \$465K. This is a 343% (465/105) swing in quarterly revenue. Corollary, combined G&A plus amortization plus operating and other

expenses (excluding stock based compensation) floated between a low of \$239K in Q2 2005 and a high of \$444K in Q4 2006 within a narrower band of about 186% (444/239) in variability. Although RTM has been significantly impacted by the current low revenue dip, the combined expenses of \$437K in Q2 2009 falls within the band which once again demonstrates management's prudent expenditure control with regards to proportional spending in G&A, amortization, operating and other expenses.

Very recently, the world has witnessed remarkable high prices for oil and gas commodities and therefore, there will likely result a significant increase in worldwide capital expenditures in exploration activity. On the other hand oil and gas capital spending in Alberta is in a recession due to Alberta Royalty scheme changes. This changing market space from a general domestic decline to international growth in the gas and oil sector has greatly hampered RTM's revenue base. However, the Company is resilient and armed with its SDO service and emerging DataTrak product line the Company expending effort to grow its technology and broaden its client base internationally, where vast opportunity resides.

### ***Research and Development***

During Q2 2009, development expenses of \$12,069 plus deferred development costs totaling \$46,769 were incurred while the company focused on the development of the KC-2 component of the DataTrak product range. Cumulative deferred development costs now total \$480,915 of which \$205,302 has been IRAP grant money from the Canadian National Research Council representing 43% contribution. This significant investment in DataTrak development is evidence of RTM management's determination and the Canadian government's endorsement to successfully develop and further commercialize DataTrak.

### ***Liquidity and Capital Resources***

RTM's working capital surplus is being used to purchase production equipment, refurbish some old equipment, support DataTrak development, promote new business development and make-up for the cash flow deficit triggered by decreased revenues. Working capital has been shored-up by \$830,000 in gross proceeds from a Private Placement of Convertible Debentures. Management is also holding the line on spending at current levels with the expectation that revenue will continue to grow this year thanks to the commercialization of the KC tools and business developments outside Canada. Given the current state of the company's balance sheet, and the prospects for growth, management believes the Company presently has sufficient working capital to continue on the present course.

As at July 31 2008, the company had two term loans outstanding. One of the loans was supplied to RTM by a non-arms length party. The proceeds from the loan was used to purchase the equipment required to support International PL operations. The current portion of the loan is \$43,926 ( Q2 2008: \$41,816). The long term portion of the loan is \$18,131 a reduction from \$40,635 at the end of fiscal 2008.

## ***Private Placement of Convertible Debentures***

On June 19 2008, the Company completed a non-brokered Private Placement of unsecured Convertible Debentures, to raise gross proceeds of \$830,000. The Debentures bear interest at 15% per annum and mature five years from the date of issue. They are convertible at the option of the holder, into common shares of the Company at a price of \$0.15 per share. The holder has the right to convert all or any portion of outstanding indebtedness into common shares at any time after 6 months from the date of the debenture. The Company may, at its option, anytime after three years have elapsed from the date of the debenture, convert all or part of the outstanding or remaining indebtedness owed to the debenture holder into common shares at the \$0.15 per common share provided the 20 day weighted average price of the common shares trade at \$0.30 or higher. The Company paid a finders fee of 10% of the proceeds raised to finders who assist with placing some of the offering.

## ***Outlook***

On the domestic front, RTM will maintain a loyal client base for its KC gauge rental and data processing services which are rendering a consistent revenue base.

The success of the KC-1 downhole electronic memory pressure and temperature recorder has lead to the development of the KC-2 which RTM has begun to market. The company is building-up an inventory of KC-2 tools to minimize customer wait time when orders are placed for KC-2 tools. Development will continue on additional DataTrak products.

To ensure the success of the Company, management is investing heavily in product development and the pursuit of new contractual opportunities worldwide to fuel growth.

Dated : September 29 2008

Signed Glenn Boyd, Director, VP Operations, CFO

Signed Terry Matthews, Director, President, CEO





Real Time Measurements Inc. *as at September 29 2008:*

**STOCK EXCHANGE**      TSX Venture Exchange

**SYMBOL**                      RTY

**MANAGEMENT TEAM**      Terry Matthews, P.Eng. : Director, President, Chief Executive Officer  
Glenn Boyd, P.Eng. : Director, V.P Operations, Chief Financial Officer

**INDEPENDENT DIRECTORS**      Kaan Camlioglu, CFA : Director, Audit Committee  
William Grbavac : Director, Audit Committee

**AUDITOR**                      MacKay Chartered Accountants, Calgary, Alberta

**LEGAL COUNSEL**              Heighington Law Firm, Barristers & Solicitors, Calgary, Alberta

**TRANSFER AGENT**              Alliance Trust Company, Calgary, Alberta

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