

For the three-month and six-month periods ended June 30, 2008

Q2

Financial Highlights

(\$000s except per share data and number of shares)

| | 3 months ended June 30 | | 6 months ended June 30 | | Year ended Dec. 31 |
|---|---------------------------|------------------------|---------------------------|--------------------------|--------------------------|
| | 2008 (unaudited) | 2007 | 2008 (unaudited) | 2007 | 2007 |
| Revenue from continuing operations: | | | | | |
| Data library sales | \$ 10,895 | \$ 10,527 | \$ 18,724 | \$ 21,150 | \$ 41,215 |
| Participation surveys | - | - | - | - | 3,010 |
| Total revenue from continuing operations | \$ 10,895 | \$ 10,527 | \$ 18,724 | \$ 21,150 | \$ 44,225 |
| Amortization of seismic data library | \$ 6,582 | \$ 6,288 | \$ 13,228 | \$ 12,576 | \$ 28,345 |
| Net earnings from continuing operations | \$ 1,030 | \$ 336 | \$ 21 | \$ 1,173 | \$ 2,511 |
| Net earnings from continuing operations per share: | | | | | |
| Basic and diluted | \$ 0.02 | \$ 0.01 | \$ 0.00 | \$ 0.02 | \$ 0.05 |
| Net earnings (loss) | \$ 1,168 | \$ (50) | \$ (273) | \$ (520) | \$ (4,982) |
| Net earnings (loss) per share: | | | | | |
| Basic and diluted | \$ 0.02 | \$ 0.00 ^(a) | \$ (0.01) ^(a) | \$ (0.01) ^(a) | \$ (0.10) ^(a) |
| Funds from continuing operations ^(b) | \$ 8,417 | \$ 6,481 | \$ 13,873 | \$ 14,331 | \$ 31,208 |
| Funds from continuing operations per share ^(b) : | | | | | |
| Basic | \$ 0.16 | \$ 0.13 | \$ 0.26 | \$ 0.30 | \$ 0.61 |
| Diluted | \$ 0.15 | \$ 0.13 | \$ 0.25 | \$ 0.29 | \$ 0.61 |
| Cash EBITDA ^(b) | \$ 8,847 | \$ 8,252 | \$ 14,740 | \$ 16,967 | \$ 33,038 |
| Working capital: | | | | | |
| Cash | \$ 11,287 | \$ 8,639 | \$ 11,287 | \$ 8,639 | \$ 6,528 |
| Non-cash working capital | 9,038 | 7,364 | 9,038 | 7,364 | 13,735 |
| Current portion of long term debt | (8,004) | (8,004) | (8,004) | (8,004) | (8,004) |
| Total working capital | \$ 12,321 | \$ 7,999 | \$ 12,321 | \$ 7,999 | \$ 12,259 |
| Total assets | \$ 109,178 | \$ 121,996 | \$ 109,178 | \$ 121,996 | \$ 124,473 |
| Capital expenditures: | | | | | |
| Seismic data purchases | \$ 2,033 | \$ - | \$ 2,033 | \$ - | \$ 11,738 |
| Participation surveys | - | - | - | - | 6,979 |
| Changes to work in progress | 823 | - | 823 | - | - |
| Property & equipment additions | 149 | 115 | 499 | 189 | 422 |
| Total capital expenditures | \$ 3,005 | \$ 115 | \$ 3,355 | \$ 189 | \$ 19,139 |
| Total long-term debt | \$ 27,309 | \$ 35,482 | \$ 27,309 | \$ 35,482 | \$ 31,547 |
| Shareholders' equity | \$ 71,376 | \$ 72,256 | \$ 71,376 | \$ 72,256 | \$ 79,174 |
| Weighted average shares outstanding: | | | | | |
| Basic | 53,966,092 | 48,016,084 | 54,185,449 | 47,973,196 | 50,828,071 |
| Diluted | 54,453,982 | 48,857,668 | 54,568,475 | 48,603,615 | 51,378,310 |
| Shares outstanding at period end | 53,822,950 | 48,070,787 | 53,822,950 | 48,070,787 | 54,481,601 |

^(a) Basic weighted average shares outstanding are used to calculate loss per share.

^(b) These non-GAAP financial measures are defined below.

Operational Highlights

SEISMIC LIBRARY:

| | | | | | |
|-----------------------------|---------|---------|---------|---------|---------|
| 2D in net kilometres | 257,281 | 257,216 | 257,281 | 257,216 | 257,281 |
| 3D in net square kilometres | 11,779 | 9,823 | 11,779 | 9,823 | 11,607 |

Management's Discussion and Analysis of Financial Condition and Results of Operations

THREE AND SIX MONTHS ENDED JUNE 30, 2008

The following Management's Discussion and Analysis (MD&A) for Pulse Data Inc. ("Pulse" or "the Corporation") has been prepared taking into consideration information available to August 7, 2008 and is supplemental to the unaudited consolidated financial statements and related notes for the three months and six months ended June 30, 2008 and the audited consolidated financial statements for the year ended December 31, 2007. The financial statements were prepared in accordance with Canadian generally accepted accounting principles (GAAP).

This MD&A focuses on key statistics from the consolidated financial statements, and pertains to known risks and uncertainties relating to the seismic data library industry. This discussion should not be considered all-inclusive, as it excludes changes that may occur in general economic, political and environmental conditions, as well as oil and natural gas prices, provincial royalty rates, taxation of oil and gas companies and income trusts, industry activity levels, and the ability of oil and natural gas companies to raise capital. Additionally, other circumstances may occur which could impact the licensing of seismic data.

The Corporation's continuous disclosure documents provide discussion and analysis of "cash EBITDA", "funds from operations" and "funds from operations per share". These financial measures do not have standard definitions prescribed by GAAP and, therefore, may not be comparable to similar measures disclosed by other companies. The Corporation has included these non-GAAP financial measures because management, investors, analysts and others use them as measures of the Corporation's financial performance. The Corporation's definition of cash EBITDA is cash available for interest payments, cash taxes if applicable, debt servicing, discretionary capital expenditures and the payment of dividends, and is calculated as earnings before interest, taxes, depreciation and amortization less participation survey revenue, plus non-cash and non-recurring G&A expenses. The Corporation's definition of funds from operations is cash flow from operations as prescribed by GAAP but excluding the impact of changes in non-cash working capital. Funds from operations per share is defined as funds from operations divided by the weighted average number of shares outstanding for the period.

Certain information contained herein may constitute forward-looking statements under applicable securities laws. Such statements are subject to known or unknown risks and uncertainties that may cause actual results to differ materially from those anticipated or implied in the forward-looking statements. Investors are encouraged to review the Risk Factors section of this MD&A for a discussion of risks that could affect the Corporation's operations and financial results. Forward-looking statements are based upon management's assumptions, expectations and estimates at the time that such statements are made. Pulse does not update forward-looking statements should circumstances change or management's assumptions, expectations or estimates change, except as required by securities laws.

OVERVIEW

Pulse is a market leader in the acquisition, marketing and licensing of 2D and 3D seismic data for the Western Canadian energy sector. Pulse owns the second-largest licensable seismic data library in Canada, currently consisting of approximately 257,300 net kilometres of 2D seismic and 11,800 net square kilometres of 3D seismic. The library extensively covers the Western Canada Sedimentary Basin where most of Canada's oil and natural gas exploration and development occurs.

On May 31, 2008, Pulse completed the sale of its Terrapoint business unit to Ambercore Software Inc. ("Ambercore"). The purchase price of the transaction was \$6.5 million cash with an effective date of March 31, 2008. The base purchase price of \$6.5 million included \$3.0 million paid on closing and the remaining \$3.5 million to be paid within 13 months of closing. Payment of the remaining \$3.5 million has been guaranteed by SQFive Intelligent Oilfield Solutions Ltd., a subsidiary of Quorum Oil and Gas Technology Fund Ltd. Incremental future consideration, up to an additional \$1.5 million, may also be realized based upon results of the consolidated operations of Ambercore during the 12-month period following the closing date. See "Review of Discontinued Operations" below.

Accordingly, this MD&A focuses on the continuing operations of Pulse, the seismic data library business.

Seismic data library sales for the three months ended June 30, 2008 were \$10.9 million. This represents an increase of 3.5 percent from \$10.5 million of data library sales for the three months ended June 30, 2007, and is a new second-quarter seismic data library sales record for Pulse and represented the second-highest quarterly sales recorded in Pulse's history. Data library sales for the six months ending June 30, 2008 were \$18.7 million, an 11.5 percent decrease from \$21.2 million for the comparative period in 2007. The decrease for the first half of 2008 was due to reduced demand for seismic in the first quarter from oil and natural gas companies, partially offset by the record second-quarter data library sales. The total seismic revenue in both periods was comprised strictly of data library sales, with no participation surveys delivered during the first half of either year.

Net earnings from continuing operations for the three months ended June 30, 2008 were \$1.0 million (\$0.02 per share basic and diluted) compared to \$336,000 (\$0.01 per share basic and diluted) for the comparable period of 2007. This improvement reflects higher data library sales for the period and a decrease in interest and general and administrative expenses, including corporate transaction costs. This was partially offset by higher seismic data library amortization expense.

Net earnings from continuing operations for the six months ended June 30, 2008 were \$21,000 (\$0.00 per share basic and diluted), compared to \$1.2 million (\$0.02 per share basic and diluted) for the same period in 2007. The reduction was due to a combination of factors including a decrease in revenue from data library sales in the first quarter and an increase in the amortization of the seismic data library. Amortization of the seismic data library was \$13.2 million for the first half of 2008 compared to \$12.6 million for the first half of 2007. The decrease in revenue in the first quarter and increase in data library amortization expense were partially offset by a decrease in general and administrative expenses, corporate transaction costs and interest expense, resulting in an overall decrease of \$1.2 million in net earnings from continuing operations for the first half of 2008 from the comparable period of 2007.

Net earnings for the three months ended June 30, 2008 were \$1.2 million (\$0.02 per share basic and diluted) compared to a net loss of \$50,000 (\$0.00 per share basic and diluted) for the same period in 2007. The net loss for the six months ended June 30, 2008 was \$273,000 (\$0.01 per share basic and diluted) compared to a net loss of \$520,000 (\$0.01 per share basic and diluted) for the same period in 2007. When calculating the loss per share for the six months ended June 30, 2008 and 2007, and for the three months ended June 30, 2007 the basic number of shares outstanding was utilized, as using diluted shares would have the effect of inappropriately decreasing the net loss per share.

Funds from continuing operations for the three months ended June 30, 2008 were \$8.4 million (\$0.16 per share basic and \$0.15 per share diluted), compared to \$6.5 million (\$0.13 per share basic and diluted) for the second quarter of 2007. Funds from continuing operations per share for the second quarter of 2008 and 2007 are based on the weighted average shares outstanding of 53,966,092 (diluted - 54,453,982) for the second quarter of 2008, compared to 48,016,084 (diluted - 48,857,668) for the comparable period in 2007.

Funds from continuing operations for the first six months of 2008 totalled \$13.9 million (\$0.26 per share basic and \$0.25 per share diluted), compared to \$14.3 million (\$0.30 per share basic and \$0.29 per share diluted) for the first six months of 2007. Funds from continuing operations per share for the first six months of 2008 and 2007 are based on the weighted average shares outstanding of 54,185,449 (diluted - 54,568,475) for the first six months of 2008, compared to 47,973,196 (diluted - 48,603,615) for the comparable period of 2007.

A two-year reconciliation of funds from operations from cash provided by continuing operations follows:

| (in thousands of dollars) | Three months ended June 30, | | Six months ended June 30, | |
|---|-----------------------------|----------|---------------------------|-----------|
| | 2008 | 2007 | 2008 | 2007 |
| Cash provided by continuing operations | \$ 11,674 | \$ 5,554 | \$ 17,036 | \$ 17,639 |
| Exclude: | | | | |
| Net change in non-cash working capital items related to continuing operations | (3,257) | 927 | (3,163) | (3,308) |
| Funds from operations | \$ 8,417 | \$ 6,481 | \$ 13,873 | \$ 14,331 |

Cash EBITDA for the second quarter of 2008 was \$8.8 million compared to cash EBITDA of \$8.3 million for the same period in 2007, and cash EBITDA for the first half of 2008 was \$14.7 million, compared to cash EBITDA of \$17.0 million for the first half of 2007.

A two-year reconciliation of cash EBITDA to net earnings from continuing operations follows:

| (in thousands of dollars) | Three months ended June 30, | | Six months ended June 30, | |
|---|-----------------------------|----------|---------------------------|-----------|
| | 2008 | 2007 | 2008 | 2007 |
| Net earnings from continuing operations | \$ 1,030 | \$ 336 | \$ 21 | \$ 1,173 |
| Deduct: | | | | |
| Participation survey revenue | – | – | – | – |
| Add: | | | | |
| Interest | 402 | 595 | 839 | 1,259 |
| Taxes | 574 | 128 | 159 | 595 |
| Depreciation and amortization | 75 | 78 | 136 | 149 |
| Amortization of seismic data library | 6,582 | 6,288 | 13,228 | 12,576 |
| Non-cash G&A expenses | 184 | 222 | 357 | 515 |
| Non-recurring G&A expenses | – | 605 | – | 700 |
| Cash EBITDA | \$ 8,847 | \$ 8,252 | \$ 14,740 | \$ 16,967 |

Pulse had working capital of \$12.3 million (including cash of \$11.3 million) at June 30, 2008 compared to working capital of \$8.0 million (including cash of \$8.6 million) at June 30, 2007 and \$12.3 million (cash of \$6.5 million) at December 31, 2007. At each date working capital includes \$8.0 million of current portion of long-term debt.

During the quarter ended June 30, 2008, the Corporation repurchased and cancelled 1,280,900 common shares under the normal course issuer bid at an average price of \$2.74 per share, before brokerage fees, for a total cost of \$3.5 million. This brought common shares repurchased and cancelled for the six months ended June 30, 2008 to a total of 1,459,200 shares at an average purchase price of \$2.72 per share, before brokerage fees, for a total cost of approximately \$4.0 million.

During the second quarter of 2008 Pulse purchased 172 net square kilometres of 3D seismic data in three separate acquisitions. The largest of the three was a 117 net square kilometre 3D dataset located in southeast Saskatchewan.

On April 1, 2008 the Corporation announced the appointment of Mr. Neal Coleman to the position of Vice President Sales and Marketing. Mr. Coleman was promoted from the position of Manager of Sales and Marketing and has been with Pulse since 2004.

On June 20, 2008, Pulse paid its twentieth consecutive quarterly dividend. The dividend rate for the second quarter of 2008 was \$0.05 per common share.

REVIEW OF CONTINUING OPERATIONS

Revenue

Revenue from continuing operations was comprised entirely of seismic data library sales in both the first half of 2008 and 2007 as there were no participation surveys completed in either period.

For the three months ended June 30, 2008, seismic data library sales were \$10.9 million, compared to \$10.5 million for the same period in 2007. The 3.5 percent increase in revenue for the three months ended June 30, 2008 over the comparable period of 2007 resulted in a new second quarter seismic data library sales record, and represented the second-highest quarterly sales recorded in Pulse's history. The increase was due to a rebound in confidence and capital expenditures by oil and natural gas producers due to higher pricing for natural gas and the continued strength in crude oil.

For the six months ended June 30, 2008, seismic data library sales were \$18.7 million compared to \$21.2 million for the same period in 2007, a decrease of 11.5 percent. The decrease for the first half of 2008 was due to reduced demand in the first quarter from oil and natural gas companies, many of which were assessing the impact of the new Alberta royalty program on their operations and capital expenditures.

Amortization

For the three months ended June 30, 2008, seismic amortization expense (a non-cash expense) was \$6.6 million (60.4 percent of seismic revenue), compared to \$6.3 million (59.7 percent of seismic revenue) in the three months ended June 30, 2007. Seismic amortization expense was \$13.2 million (70.6 percent of seismic revenue) for the six months ended June 30, 2008, compared to \$12.6 million (59.5 percent of seismic revenue) for the six months ended June 30, 2007. The monthly amortization expense has increased due to Pulse's significant investment in new seismic data and participation surveys in 2006 and 2007. Amortization of seismic data is described further under "Critical Accounting Estimates".

Operating Expenses

Operating expenses for continuing operations include items directly related to licensing seismic data. These items include sales commissions, salaries for operations and sales personnel, and costs of data base management software, mapping, general office and data storage. For the three months ended June 30, 2008, operating expenses were 8.3 percent of seismic data library sales, compared to 8.6 percent of seismic data library sales in the same period of 2007. For the six months ended June 30, 2008, operating expenses were 9.1 percent of seismic data library sales, compared to 8.1 percent of seismic data library sales in the same period of 2007. Operating expenses were consistent period-over-period at \$1.7 million for the first half of the year and \$900,000 for the second quarter.

Depreciation Expense

Depreciation expense for the three months ended June 30, 2008 decreased by 3.8 percent to \$75,000 from \$78,000 in the same period of 2007. Depreciation expense for the six months ended June 30, 2008 decreased by 8.7 percent to \$136,000 from \$149,000 in the same period of 2007.

General and Administrative Expenses (G&A)

For the three months ended June 30, 2008, G&A was \$1.3 million, a 16.5 percent decrease from \$1.6 million for the same period of 2007. For the six months ended June 30, 2008, G&A was \$2.6 million, an 11.9 percent decrease from \$3.0 million for the same period of 2007. The decreases in each reporting period are attributable primarily to a reduction in stock-based compensation expense and consulting fees.

Corporate Transaction Costs

Corporate transactions costs incurred in the first half of 2007 were primarily related to advisory costs incurred by the Corporation in connection with unsolicited and non-completed merger and acquisition transactions. These advisory costs include legal fees, financial advisory fees, investor relations costs, and fees for the Board of Directors and Independent Special Committee.

Interest Expense

For the three months ended June 30, 2008, interest expense decreased to \$402,000 from \$595,000 for the comparable period of 2007. Interest expense for the six months ended June 30, 2008 decreased to \$839,000 from \$1.3 million for the same period in 2007. The decrease in each period was due primarily to the principal payments reducing the outstanding balance of the long-term debt and a decrease in the Corporation's principal lender's borrowing rate which was 6.1 percent at June 30, 2008.

Earnings From Continuing Operations Before Income Taxes (EBT)

For the second quarter of 2008, EBT increased to \$1.6 million from \$464,000 for the same period of 2007. For the second quarter of 2008, the increase of \$1.1 million in EBT over the second quarter of 2007 was mainly attributable to the increased data library revenue of \$368,000, the \$605,000 in corporate transaction costs in the 2007 period for which there was no similar expense in the 2008 period, as well as the decrease in general and administrative expenses of \$262,000 and a decrease in interest expense of \$193,000 in the three months ended June 30, 2008.

EBT decreased to \$180,000 for the six months ended June 30, 2008 from \$1.8 million for the same period of 2007. The reduction in EBT for the six-month period was due mainly to three factors. First, seismic data library sales for the six months ended June 30, 2008 was \$2.4 million lower than in the same period of 2007. Second, the seismic data library amortization provision was \$652,000 higher in the first half of 2008 compared to the first half of 2007. Third, partially offsetting the first two factors were corporate transaction costs of \$700,000 incurred in the six months ended June 30, 2007, for which there was no corresponding expense in the six months ended June 30, 2008.

Income Taxes

The total income tax provision for the six months ended June 30, 2008 was \$159,000, reflecting an effective tax rate of 88.3 percent, compared to a total provision of \$595,000 and an effective tax rate of 33.7 percent for the same period of 2007. The high effective rate for the six months ended June 30, 2008 results from non-deductible stock-based compensation expense, in a period with low earnings before taxes.

Data Library

Pulse acquires seismic data to grow its data library through two main methods. The Corporation purchases proprietary rights to complementary seismic data sets when the opportunity arises, and also conducts participation surveys. During the first six months of 2008, Pulse acquired seismic data but did not complete any participation survey programs. Pulse acquired 172 net square kilometres of 3D seismic data in three separate transactions. The largest of the three acquisitions was for 117 net square kilometres of 3D seismic data in Southeast Saskatchewan. Pulse commenced one participation survey in the first half of the year, in June 2008, then commenced a second participation survey subsequent to the end of the second quarter, July, and are about to embark on a significant extension of the first survey, later this month. Both 3D surveys are located in the Deep Basin area of west-central Alberta and represents a total capital cost of approximately \$16.0 million. The revenues, capital expenditures and amortization expense associated with the new participation surveys will be included in the third and fourth quarters of 2008. Timing of the delivery of the survey which began in June 2008 is expected to be early September 2008 which will result in third quarter participation revenue and amortization expense, while the second survey and extension of the first survey is scheduled for delivery in September or October and will result in either third or fourth quarter participation revenue and related amortization expense.

Future Tax Liability

The future income tax liability was \$3.4 million at June 30, 2008. The balance at December 31, 2007 was \$7.0 million, which did not include the future income tax asset of the discontinued operations of \$3.2 million. The net future income tax liability at December 31, 2007 for continuing and discontinued operations was \$3.7 million. The decrease in the future income tax liability of \$317,000 is mostly attributable to increased non-capital losses as a result of the loss from the Terrapoint business unit operations. This net future income tax liability consists mainly of deferred partnership income and the future tax liability associated with various seismic data, as well as property and equipment of the Corporation having a lower tax value than their corresponding accounting value. These future income tax liabilities are partially offset by future tax assets of the Corporation, including non-capital losses and resource deductions.

Liquidity, Capital Resources and Capital Requirements

At June 30, 2008 the working capital position of Pulse, including the current portion of long-term debt of \$8.0 million, was \$12.3 million, unchanged from December 31, 2007. For the six months ended June 30, 2008 Pulse generated \$13.9 million in funds from continuing operations, had a positive net change of \$3.6 million in non-cash working capital items relating to continuing operations and investing, generated \$1.3 million from the exercise of stock options and had net cash flow from discontinued operations of \$2.8 million. Pulse utilized working capital for long-term debt repayment of \$4.0 million and for payment of dividends (net of DRIP receipts) of \$5.1 million. Additionally, the Corporation purchased \$2.0 million of seismic data, incurred \$823,000 of participation survey costs which are reflected in work in process, acquired \$499,000 of property and equipment, incurred \$302,000 in deferred charges and purchased \$4.0 million of its common shares through the Corporation's normal course issuer bid. All of these items resulted in an increase in cash from December 31, 2007 of \$4.8 million to \$11.3 million at June 30, 2008.

With the continued trend of strong seismic data library sales, Pulse's management expects that the Corporation's funds from operations will be sufficient to finance future operations, service debt, pay dividends and carry out the budgeted capital expenditures through 2008. The ongoing growth in the Corporation's seismic data library continues to position Pulse to be a leading provider of valuable seismic data to industry participants well into the future. Historical data sales analysis shows that most seismic data retains its value for many years. Utilizing the ongoing technological advancements in data reprocessing, the Corporation's clients are able to enhance the quality of older data in the library.

Because Pulse's largest expense in any given period is non-cash amortization expense, funds from operations are usually significantly higher than net earnings.

Retained Earnings (Deficit)

At June 30, 2008 the Corporation had a deficit position of \$2.5 million. Contributing to this deficit is a \$2.0 million reduction to retained earnings resulting from a required accounting adjustment related to the shares repurchased under the normal course issuer bid.

Contractual Obligations

There have not been any significant changes in Pulse's contractual obligations since the Corporation's Annual Report for the year ended December 31, 2007.

Cash EBITDA

Pulse's cash EBITDA for the six months ended June 30, 2008 was \$14.7 million, compared to cash EBITDA of \$17.0 million for the six-month period ended June 30, 2007. This decrease of 13.1 percent was driven by the industry-wide slowdown in field activities and capital expenditures that occurred in the first quarter of 2008, partially offset by the rebound in the second quarter, which led to a Company record in second quarter seismic data library sales.

The table below summarizes Pulse's cash EBITDA for the respective six-month periods:

| Six months ended June 30, (in thousands of dollars) | 2008 | 2007 |
|---|-----------|-----------|
| Data library sales | \$ 18,724 | \$ 21,150 |
| Participation survey revenue | – | – |
| Less: | | |
| Operating expenses | 1,707 | 1,709 |
| G&A | 2,634 | 3,689 |
| EBITDA | 14,383 | 15,752 |
| Less: | | |
| Participation survey revenue | – | – |
| Plus: | | |
| Non-cash expenses | 357 | 515 |
| Non-recurring expenses | – | 700 |
| Cash EBITDA | \$ 14,740 | \$ 16,967 |

Related-Party Transactions

The Corporation holds an approximate 50 percent undivided interest in certain 2D seismic data totalling 1,765 net kilometres (approximately 0.7 percent of the Corporation's 2D data library) in which one officer of the Corporation (the Vice-President, Operations & COO) also holds an undivided interest. The related party acquired this data jointly with others prior to Pulse becoming a public corporation and has retained a portion of his ownership interests. The Corporation manages and licenses the seismic data to third parties and earned a sales commission from the related party of \$42,300 for the second quarter of 2008 (second quarter of 2007 – \$20,400).

Critical Accounting Estimates

The capital cost of the seismic data library is amortized by reference to the estimated timing of the economic return of the seismic library. Additions to the seismic library arise in two distinct ways: (i) participation surveys, and (ii) the purchase of other seismic data. The costs associated with participation surveys are amortized at 35 percent immediately upon completion of the program, with the remaining costs being amortized on a straight-line basis over a seven-year period commencing at the end of the period of exclusivity, generally up to six months after such delivery. The costs of purchased data are amortized on a straight-line basis over seven years.

Share Capital Summary

The Corporation's authorized share capital consists of an unlimited number of common shares and an unlimited number of preferred shares, issuable in series.

The following table provides details of the Corporation's share capital as at June 30, 2008 and June 30, 2007:

| | Three months ended June 30, | | Six months ended June 30, | |
|--------------------------------------|-----------------------------|------------|---------------------------|------------|
| | 2008 | 2007 | 2008 | 2007 |
| Weighted average shares outstanding: | | | | |
| Basic | 53,966,092 | 48,016,084 | 54,185,449 | 47,973,196 |
| Diluted | 54,453,982 | 48,857,668 | 54,568,475 | 48,603,615 |
| Shares outstanding at period-end | 53,822,950 | 48,070,787 | 53,822,950 | 48,070,787 |
| Shares outstanding at August 7, 2008 | | | 53,827,617 | |

At June 30, 2008 there were 3,804,969 stock options outstanding (1,462,822 exercisable) at exercise prices ranging from \$1.45 to \$3.05 per share.

At August 7, 2008 there were 3,785,300 stock options outstanding (1,433,153 exercisable) at exercise prices ranging from \$1.45 to \$3.05 per share,

Diluted Earnings (loss) per Share Reconciliation

Diluted earnings per share are computed using the treasury stock method whereby outstanding stock options are only dilutive if, and to the extent that, they are in the money and if there are net earnings for the period. In computing diluted earnings (loss) per share for the six months ended June 30, 2008 and three and six months ended June 30, 2007, no shares were added to the weighted average number of common shares outstanding for dilution from stock options because the Corporation incurred a net loss. The addition of shares from stock options to the diluted weighted average number of shares outstanding for this period would have had the effect of decreasing the net loss per share. The diluted number of shares outstanding was used to compute diluted earnings per share for the three months ended June 30, 2008 and for diluted earnings per share from continuing operations for the three and six months ended June 30, 2008 and 2007.

Stock Appreciation Rights

Stock Appreciation Rights (SARs) have been granted to employees and certain directors resident in the United States. They have an exercise price equal to the fair market value of the Corporation's shares on the date of grant and have an expiration date five years after the grant date. Vesting is over a three-year period with portions of any grant becoming exercisable at one, two and three years after the grant date.

At June 30, 2008, 87,002 SARs were outstanding at exercise prices ranging from \$2.59 to \$3.05 per SAR and having a weighted average remaining life of 4.23 years. The SARs program involves the payment of cash compensation and does not involve the issuance of any common shares of the Corporation.

REVIEW OF DISCONTINUED OPERATIONS

Discontinued operations relates to the Terrapoint business unit. During the first half of 2008 Terrapoint's operations had an immaterial impact on Pulse's financial results. The business unit incurred no capital expenditures, and an after tax loss of \$294,000, or approximately \$0.005 per Pulse common share.

The loss from discontinued operations for the three and six months ended June 30, 2008 includes a \$403,000 gain reported on the sale of the Terrapoint business unit, which represents the loss from ongoing operations after March 31, 2008 (the effective date of the sale) until May 31, 2008 (the closing date) for which the purchaser is required to pay the Corporation.

On May 31, 2008, Pulse completed the sale of its Terrapoint business unit to Ambercore Software Inc. ("Ambercore"). The purchase price of the transaction was \$6.5 million cash with an effective date of March 31, 2008. The base purchase price of \$6.5 million included \$3.0 million paid on closing and the remaining \$3.5 million to be paid within 13 months of closing. Payment of the remaining \$3.5 million has been guaranteed by SQFive Intelligent Oilfield Solutions Ltd., a subsidiary of Quorum Oil and Gas Technology Fund Ltd. Incremental future consideration, up to an additional \$1.5 million, may also be realized based upon results of the consolidated operations of Ambercore during the 12-month period following the closing date.

The transaction represents a sale of the majority of Terrapoint's net assets, including certain working capital items totalling \$4.5 million. Ambercore has hired the entire Terrapoint management team and essentially all its employees in Canada and the United States. Pulse retains the Canadian tax pools, having an estimated value to the Corporation of approximately \$3.7 million.

FINANCIAL SUMMARY OF QUARTERLY RESULTS

| (in thousands of dollars except per share data) | 2008 | | 2007 | | | | 2006 | |
|---|--------|---------|--------|---------|--------|--------|--------|--------|
| | Q2 | Q1 | Q4 | Q3 | Q2 | Q1 | Q4 | Q3 |
| Seismic data library sales | 10,895 | 7,829 | 10,995 | 9,070 | 10,527 | 10,623 | 10,506 | 6,976 |
| Participation survey revenue | – | – | 1,310 | 1,700 | – | – | – | – |
| Total revenue from continuing operations | 10,895 | 7,829 | 12,305 | 10,770 | 10,527 | 10,623 | 10,506 | 6,976 |
| Seismic data library amortization | 6,582 | 6,646 | 8,478 | 7,291 | 6,288 | 6,288 | 5,587 | 5,024 |
| Net earnings (loss) from continuing operations | 1,030 | (1,009) | 1,617 | (279) | 336 | 837 | 1,996 | (288) |
| Per share – basic and diluted (from continuing operations) (\$) | 0.02 | (0.02) | 0.03 | (0.01) | 0.01 | 0.02 | 0.04 | (0.01) |
| Net earnings (loss) | 1,168 | (1,441) | 305 | (4,767) | (50) | (470) | 1,339 | 446 |
| Per share – basic and diluted (\$) | 0.02 | (0.03) | 0.00 | (0.09) | 0.00 | (0.01) | 0.03 | 0.01 |
| Dividends declared per share (\$) | 0.05 | 0.05 | 0.05 | 0.0375 | 0.0375 | 0.0375 | 0.0375 | 0.0375 |

The contributing revenue streams to Pulse's continuing operations are seismic data library sales and participation survey revenue. In the second quarter of 2008 Pulse was pleased once again to set a record for Q2 seismic data library sales. Following five straight quarters with over \$10.5 million in total seismic revenue, the first quarter of 2008 was somewhat lower as a result of a decrease in capital spending levels by oil and natural gas companies. In 2007 Pulse set internal records for seismic data library sales for the year as well as for each of the first three quarters. In the fourth quarter of 2007 Pulse experienced near-record fourth quarter seismic data library sales, lower only than its record set in the fourth quarter of 2005. Historically, fourth quarter revenue is often higher than revenue in the other quarters.

While the fourth quarter was the highest revenue quarter in both 2007 and 2006, sales were negatively impacted by government announcements in each period. In 2007 the new Alberta royalty program and the related uncertainty led many Pulse clients to re-evaluate their spending strategies, while in 2006 the federal government's announcement of the future taxation of income trusts beginning in 2011 caused a similar environment of concern.

Nonetheless the Corporation achieved more stable quarterly revenue throughout 2007, indicative of the benefits of its approach of growth through acquisition of high-quality seismic data, as well as its active sales and marketing. The achievement of three quarterly data library sales records and the annual data library sales record in 2007 during a time when much of the oil and natural gas service industry was experiencing a downturn is evidence of the strength of Pulse's business model, which is built around its valuable seismic data library and strong sales team. Although the Corporation experienced a relatively slow first quarter in 2008, seismic data library sales have rebounded in the second quarter resulting in a new second-quarter seismic data library sales record for Pulse and represented the second-highest quarterly sales recorded in Pulse's history.

In 2007 and 2006 Pulse concentrated on acquiring data by purchasing pre-owned datasets rather than committing its capital to participation surveys, partially because field acquisition costs were significantly elevated during this time. In 2008, given a more favourable industry cost structure, the Corporation has resumed a higher level of participation surveys. The effects of seasonality on the timing of participation surveys are changing slightly, and the Corporation expects to conduct participation surveys throughout the year as opportunities arise.

During the past eight fiscal quarters, the fluctuations in net earnings have largely been a function of revenue, amortization and write-downs of LiDAR assets. The quarters with significant participation survey revenue are easily identified. Also, seismic data library sales have a positive impact on earnings. In the third quarter of 2007 the Terrapoint business unit incurred a net loss of \$6.1 million. This included a write-down attributable to an impairment in the value of certain LiDAR assets.

The net earnings (loss) from continuing operations reflect the seismic business only. In the second quarter of 2008 Pulse's \$1.0 million in net earnings was a result of the record data library sales achieved during the quarter, even though seismic amortization expense was high. In the first quarter of 2008, high seismic data library amortization expense was a major factor contributing to the loss. In each quarter of 2007 the increase in revenues over the same period in 2006 was offset by unplanned corporate transaction costs and increases in amortization expense and interest expense. As amortization expense is a non-cash expense, the Corporation continues to generate strong cash EBITDA.

DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

There were no changes in the internal controls over financial reporting that occurred during the Corporation's most recent interim period that materially affected, or are reasonably likely to materially affect, the Corporation's internal control over financial reporting.

IFRS

In February 2008, the CICA Accounting Standards Board (AcSB) confirmed that the changeover from Canadian GAAP to International Financial Reporting Standards (IFRS) will be required for publicly accountable enterprises effective for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The AcSB issued the “omnibus” exposure draft of IFRS with comments due by July 31, 2008, wherein early adoption by Canadian entities is also permitted. The Canadian Securities Administrators (CSA) has also issued Concept Paper 52-402, which requested feedback on the early adoption of IFRS as well as the (continued) use of United States GAAP by domestic issuers. The eventual changeover to IFRS represents changes due to new accounting standards. The transition from current Canadian GAAP to IFRS is a significant undertaking that may materially affect the Company’s reported financial position and results of operations.

The Company has not completed development of its IFRS changeover plan, which will include project structure and governance, resourcing and training, analysis of key GAAP differences and a phased plan to assess accounting policies under IFRS as well as potential IFRS 1 exemptions. The Company hopes to complete its project scoping, which will include a timetable for assessing the impact on data systems, internal controls over financial reporting, and business activities, such as financing and compensation arrangements, by the end of the third quarter of 2008.

RISK FACTORS

Please refer to the Corporation’s Annual Report for the year ended December 31, 2007 for a summary of the business risks relating to Pulse’s business and operations.

ADDITIONAL INFORMATION

You may find additional information relating to Pulse, including the Corporation’s Annual Information Form, on SEDAR at www.sedar.com.

OUTLOOK

Pulse has entered the second half of 2008 positioned as a pure-play seismic data library company providing 2D and 3D seismic to the oil and natural gas industry in western Canada. The benefits of divesting its non-core assets include enabling Pulse’s management team and directors to focus their time and effort, as well as the Corporation’s capital, on optimizing and growing the Corporation’s core business.

The Corporation’s success in generating the third-highest first-quarter data library sales revenue in its history amidst the energy industry’s downturn, followed by a record-setting second quarter, indicates that Pulse’s business model is working. The Corporation’s revenue levels over the past seven quarters have reflected less volatility than that of the overall energy services sector, and generally confirms the Corporation’s view that Pulse occupies a somewhat counter-cyclical niche within the capital spending dynamic of the oil and natural gas sector. By providing high-quality 2D and 3D seismic data in a form that is fast, convenient and cost-competitive, Pulse is able to continue attracting a significant share of the industry’s capital spending even during times of tightened expenditures.

At present, oil and natural gas industry capital spending appears to have rebounded, extending an upward swing first detected late in the first quarter of 2008. Current field activities in western Canada include several large unconventional natural gas and crude oil plays, including areas in which Pulse provides seismic coverage. These areas have experienced strong exploratory results and are generating industry excitement and motivating new exploration. In May, the Canadian Association of Oilwell Drilling Contractors (CAODC) revised its 2008 drilling forecast from 13,735 wells to 18,000 wells with improved average utilization for the Canadian rig fleet. On July 25 the Petroleum Services Association of Canada (PSAC) sustained its previous upward revision of 16,500 wells for 2008, up from its initial forecast of 14,500 wells (though still below the more than 18,500 wells drilled in 2007). Oilfield drilling levels are generally indicative of overall industry capital spending and suggestive of exploration expenditures including seismic. The question of sustainability of these higher commodity price levels remains an important factor in the budgeting of exploration capital expenditures with many oil and natural gas companies.

Pulse's decision to seize the opportunity provided by moderating field costs and re-emphasize 3D seismic participation surveys has met with a strong positive response from the energy industry. Two new 3D participation surveys are currently underway and have a projected capital cost of approximately \$16 million. Data delivery is expected in September and October of 2008. Pulse's participation survey program is being driven by a reorganized and expanded surveys department headed by an experienced manager hired in early 2008. The positive results to date create a strong possibility to conduct additional new participation surveys through the balance of 2008 and in 2009.

Concurrently, Pulse continues to actively seek opportunities to acquire existing high-quality seismic datasets which will result in increasing the Corporation's data library size and drive seismic data library sales which form Pulse's core business. This should enable Pulse to generate growing levels of revenue and cash EBITDA through the remainder of 2008. Financially, Pulse is well-positioned for the second half of 2008, with a strong working capital position and ready access to additional outside capital, if needed, to support its planned growth strategy. The Corporation remains committed to maintaining a strong balance sheet, in support of its efforts to continually seek opportunities to grow its seismic data library through strategic data acquisitions and additional participation surveys.

Interim Consolidated Financial Statements

INTERIM CONSOLIDATED BALANCE SHEETS

| (In thousands of dollars) (unaudited) | June 30, 2008 | December 31, 2007 |
|---|-------------------|----------------------|
| Assets | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 11,287 | \$ 6,528 |
| Accounts receivable | 12,274 | 14,686 |
| Other receivable (note 2) | 3,500 | – |
| Prepaid expenses | 347 | 425 |
| Assets held for sale (note 2) | – | 5,426 |
| | 27,408 | 27,065 |
| Seismic data library | 79,865 | 91,060 |
| Participation surveys in progress | 823 | – |
| Assets held for sale (note 2) | – | 5,629 |
| Property and equipment | 1,026 | 663 |
| Other | 56 | 56 |
| | \$ 109,178 | \$ 124,473 |
| Liabilities and Shareholders' Equity | | |
| Current liabilities: | | |
| Accounts payable and accrued liabilities | \$ 3,139 | \$ 2,178 |
| Deferred revenue | 3,944 | 2,897 |
| Current portion of long-term debt (note 3) | 8,004 | 8,004 |
| Liabilities held for sale (note 2) | – | 1,727 |
| | 15,087 | 14,806 |
| Long-term debt (note 3) | 19,305 | 23,543 |
| Future income taxes | 3,410 | 6,950 |
| Shareholders' equity: | | |
| Share capital (note 4) | 72,422 | 72,463 |
| Contributed surplus (note 4) | 1,471 | 1,508 |
| Retained earnings (deficit) | (2,517) | 5,203 |
| | 71,376 | 79,174 |
| | \$ 109,178 | \$ 124,473 |

See accompanying notes to interim consolidated financial statements.

INTERIM CONSOLIDATED STATEMENTS OF EARNINGS (LOSS) AND RETAINED EARNINGS

| (In thousands of dollars, except per share data) (unaudited) | Three months ended June 30, | | Six months ended June 30, | |
|--|-----------------------------|-----------|---------------------------|-----------|
| | 2008 | 2007 | 2008 | 2007 |
| Revenue | \$ 10,895 | \$ 10,527 | \$ 18,724 | \$ 21,150 |
| Expenses: | | | | |
| Amortization of seismic data library | 6,582 | 6,288 | 13,228 | 12,576 |
| Operating | 904 | 907 | 1,707 | 1,709 |
| Depreciation and amortization | 75 | 78 | 136 | 149 |
| General and administrative expenses | 1,328 | 1,590 | 2,634 | 2,989 |
| Corporate transaction costs | - | 605 | - | 700 |
| Interest: | | | | |
| Long-term debt | 459 | 682 | 1,008 | 1,424 |
| Other | (57) | (87) | (169) | (165) |
| | 402 | 595 | 839 | 1,259 |
| Earnings from continuing operations before income taxes | 1,604 | 464 | 180 | 1,768 |
| Income taxes: | | | | |
| Current | 28 | 608 | 28 | 677 |
| Future (reduction) | 546 | (480) | 131 | (82) |
| | 574 | 128 | 159 | 595 |
| Net earnings from continuing operations | \$ 1,030 | \$ 336 | \$ 21 | \$ 1,173 |
| Earnings (loss) from discontinued operations, net of income taxes (note 2) | 138 | (386) | (294) | (1,693) |
| Net earnings (loss) and comprehensive income (loss) | \$ 1,168 | \$ (50) | \$ (273) | \$ (520) |
| Retained earnings, beginning of period | 816 | 17,219 | 5,203 | 19,165 |
| Change in accounting policy | - | - | - | 322 |
| Normal course issuer bid | (1,824) | - | (2,048) | - |
| Dividends declared | (2,677) | (1,801) | (5,399) | (3,599) |
| Retained earnings (deficit), end of period | \$ (2,517) | \$ 15,368 | \$ (2,517) | \$ 15,368 |
| Earnings per share from continuing operations, basic and diluted | \$ 0.02 | \$ 0.01 | \$ 0.00 | \$ 0.02 |
| Earnings (loss) per share, basic and diluted | \$ 0.02 | \$ 0.00 | \$ (0.01) | \$ (0.01) |

See accompanying notes to interim consolidated financial statements.

INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

| (In thousands of dollars, except per share data) (unaudited) | Three months ended June 30, | | Six months ended June 30, | |
|---|-----------------------------|-----------------|---------------------------|-----------------|
| | 2008 | 2007 | 2008 | 2007 |
| Cash provided by (used in): | | | | |
| Continuing operations: | | | | |
| Net earnings | \$ 1,030 | \$ 336 | \$ 21 | \$ 1,173 |
| Items not involving cash: | | | | |
| Amortization of seismic data library | 6,582 | 6,288 | 13,228 | 12,576 |
| Depreciation and amortization | 75 | 78 | 136 | 149 |
| Unrealized loss on foreign exchange | – | 37 | – | – |
| (Gain) loss on assets held for trading | – | (42) | – | 6 |
| Future income taxes (reduction) | 546 | (480) | 131 | (82) |
| Stock-based compensation | 150 | 226 | 290 | 434 |
| Other | 34 | 38 | 69 | 75 |
| | 8,417 | 6,481 | 13,873 | 14,331 |
| Net change in non-cash working capital items related to continuing operations | 3,257 | (927) | 3,163 | 3,308 |
| Cash provided by continuing operations | 11,674 | 5,554 | 17,036 | 17,639 |
| Discontinued operations: | | | | |
| Funds used in discontinued operations | (314) | (534) | (830) | (2,221) |
| Additions to property and equipment | – | (141) | – | (2,526) |
| Proceeds from sale of Terrapoint | 6,903 | – | 6,903 | – |
| Net change in non-cash working capital | (3,596) | (711) | (3,271) | 362 |
| Cash provided by (used in) discontinued operations | 2,993 | (1,386) | 2,802 | (4,385) |
| Financing: | | | | |
| Repayment of long-term debt | (2,001) | (2,001) | (4,002) | (4,002) |
| Financing charges | (302) | 3 | (302) | 3 |
| Issue of share capital | 1,079 | 108 | 1,305 | 129 |
| Dividends paid | (5,110) | (3,377) | (5,110) | (3,377) |
| | (6,334) | (5,267) | (8,109) | (7,247) |
| Investing: | | | | |
| Normal course issuer bid | (3,549) | (89) | (4,011) | (89) |
| Seismic data purchases | (2,033) | – | (2,033) | – |
| Participation surveys in progress | (823) | – | (823) | – |
| Additions to property and equipment | (149) | (115) | (499) | (189) |
| Cash sales of investments | – | 729 | – | 729 |
| Net change in non-cash working capital items related to investing | 544 | – | 396 | – |
| | (6,010) | 525 | (6,970) | 451 |
| Increase (decrease) in cash position | 2,323 | (574) | 4,759 | 6,458 |
| Cash and cash equivalents, beginning of period | 8,964 | 9,213 | 6,528 | 2,181 |
| Cash and cash equivalents, end of period | \$ 11,287 | \$ 8,639 | \$ 11,287 | \$ 8,639 |

During the three and six months ended June 30, 2008 the Corporation paid interest of \$474,000 (three months ended June 30, 2007 – \$651,000) and \$1,039,000 (six months ended June 30, 2007 – \$1,340,000), respectively. During the three and six months ended June 30, 2008 the Corporation paid income taxes of \$nil (three months ended June 30, 2007 – \$470,000) and \$nil (six months ended June 30, 2007 – \$1,911,000), respectively.

See accompanying notes to interim consolidated financial statements.

Notes to Interim Consolidated Financial Statements

Information as of June 30, 2008 and for the three and six months ended June 30, 2008 and 2007 is unaudited.

(Tabular amounts in thousands of dollars, except per share data and numbers of shares)

Pulse Data Inc. (the "Corporation") is incorporated under the Canada Business Corporations Act and is a publicly-traded company listed on the Toronto Stock Exchange (TSX) under the symbol PSD.

1. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PRESENTATION

These interim consolidated financial statements should be read in conjunction with the Corporation's most recent annual financial statements and notes thereto included in the annual report for the year ended December 31, 2007. These interim financial statements follow the same accounting policies and methods as the most recent annual financial statements. The figures for the six months ended June 30, 2007 reflect certain reclassifications to conform with the presentation adopted in 2008.

The results of operations for the six months ended June 30, 2008 are not necessarily indicative of results to be expected for the entire year ending December 31, 2008. The Corporation records participation survey revenue related to its seismic programs. Revenue is recognized upon completion of a program at the time the related data is delivered. These surveys can be conducted at any time during the year.

2. DISCONTINUED OPERATIONS

On May 31, 2008 ("the Closing Date") the Corporation sold the majority of the net assets of the Terrapoint business unit ("Terrapoint") to AmberCore Software Inc. (the "Purchaser") for a base purchase price of \$6.5 million with an effective date of March 31, 2008. Additionally, the Purchaser is required to pay the Corporation for the \$0.4 million operational loss incurred by Terrapoint between the effective date of March 31 and the closing date of May 31, 2008.

Cash proceeds of \$3 million were received upon closing. The remaining \$3.5 million of the base purchase price is receivable within 13 months after the Closing Date. Payment of the remaining \$3.5 million has been guaranteed by a third party.

Incremental future consideration, up to an additional \$1.5 million, may also be realized based upon results of consolidated operations of the Purchaser during the twelve-month period following the closing date.

For comparative purposes the operations of Terrapoint have been classified as discontinued operations until the date of sale.

Assets and liabilities held for sale as at June 30, 2008 and December 31, 2007 are as follows:

Assets held for sale

| | June 30, 2008 | December 31, 2007 |
|---------------------------|------------------|----------------------|
| Current assets: | | |
| Cash and cash equivalents | \$ — | \$ 832 |
| Accounts receivable | — | 3,546 |
| Prepaid expenses | — | 59 |
| Work in progress | — | 989 |
| | — | 5,426 |
| Property and equipment | — | 2,406 |
| Future income taxes | — | 3,223 |
| | — | 5,629 |
| | \$ — | \$ 11,055 |
| Liabilities held for sale | | |
| Current liabilities: | | |
| Accounts payable | \$ — | \$ 1,321 |
| Deferred revenue | — | 406 |
| | \$ — | \$ 1,727 |

The results of discontinued operations of Terrapoint for the three and six month periods ended June 30, 2008 and 2007 are as follows:

| | Three months ended June 30, | | Six months ended June 30, | |
|---|-----------------------------|----------|---------------------------|------------|
| | 2008 | 2007 | 2008 | 2007 |
| Revenue | \$ 928 | \$ 2,008 | \$ 2,999 | \$ 2,809 |
| Operating expenses: | | | | |
| Operating | 840 | 2,007 | 2,597 | 3,832 |
| Depreciation and amortization | — | — | — | 279 |
| Impairment of LiDAR assets | — | — | 207 | — |
| Amortization of LiDAR data library | — | — | — | 44 |
| General and administrative expenses | 332 | 331 | 991 | 668 |
| Research and development expenses | 75 | 281 | 324 | 579 |
| Interest expense | (5) | 36 | 25 | 62 |
| | 1,242 | 2,655 | 4,144 | 5,464 |
| Loss from discontinued operations, before income taxes | \$ (314) | \$ (647) | \$ (1,145) | \$ (2,655) |
| Current taxes | — | 1 | — | 3 |
| Future income taxes (reduction) | (49) | (262) | (448) | (965) |
| | (49) | (261) | (448) | (962) |
| Gain on sale of discontinued operations | 403 | — | 403 | — |
| Earnings (loss) from discontinued operations, net of income taxes | \$ 138 | \$ (386) | \$ (294) | \$ (1,693) |

3. LONG-TERM DEBT

| | June 30, 2008 | December 31, 2007 |
|--|------------------|----------------------|
| Bank term loan, repayable in set monthly installments of \$667,000 over five years, plus interest at lender's floating base rate (3.1% at June 30, 2008) plus 3.0%, secured by assets of the Corporation | \$ 27,994 | \$ 31,996 |
| Less current portion of long-term debt | 8,004 | 8,004 |
| | 19,990 | 23,992 |
| Less debt financing costs | 685 | 449 |
| | \$ 19,305 | \$ 23,543 |

4. SHARE CAPITAL**(a) Common shares issued**

| | Number of Shares | Amount |
|---|------------------|-----------|
| Balance, December 31, 2007 | 54,481,601 | \$ 72,463 |
| Issued for cash on exercise of stock options | 683,259 | 1,281 |
| Transferred from contributed surplus on exercise of stock options | - | 327 |
| Dividend reinvestment plan | 117,290 | 289 |
| Optional cash purchase plan | 8,627 | 25 |
| Normal Course Issuer Bid | (1,459,200) | (1,963) |
| Balance, June 30, 2008 | 53,822,950 | \$ 72,422 |

(b) Contributed surplus

| | |
|---|----------|
| Balance, December 31, 2007 | \$ 1,508 |
| Stock-based compensation | 290 |
| Transferred to share capital on exercise of stock options | (327) |
| Balance, June 30, 2008 | \$ 1,471 |

c) Stock-based plans

The Corporation has a stock option plan under which directors, officers, employees and certain consultants are eligible to receive options to purchase common shares of the Corporation. The options granted vest one-third on each of the first, second and third anniversaries of the date of grant and expire on the fifth anniversary. At June 30, 2008 options to purchase 3,804,969 shares were outstanding (1,462,822 exercisable) at exercise prices ranging from \$1.45 to \$3.05 per share and having a weighted average remaining life of 3.45 years.

During the six months ended June 30, 2008, 1,088,000 new options were granted (2007 - 1,406,000).

Stock appreciation rights (“SARs”) have been granted to employees and certain directors in the United States with an exercise price equal to the fair market value of the Corporation’s stock on the date of grant and expire five years after the grant date. Vesting is over a three-year period with portions of a grant becoming exercisable at one, two and three years after the grant date. At June 30, 2008, 87,002 SARs were outstanding at exercise prices ranging from \$2.59 to \$3.05 per SAR, and having a weighted average remaining life of 4.23 years. These rights involve the payment of cash compensation, and do not involve the issuance of any common shares of the Corporation. During the six months ended June 30, 2008, 50,000 new SARs were granted (2007 – 25,000).

Compensation expense related to stock options and SARs for the six months ended June 30, 2008 was \$290,000 and \$9,000, respectively (2007 – \$434,000 and \$101,000).

(d) Per amounts

The following table summarizes the weighted average common shares used in calculating per share amounts:

| | Three months ended June 30, | | Six months ended June 30, | |
|--------------------------------------|-----------------------------|------------|---------------------------|------------|
| | 2008 | 2007 | 2008 | 2007 |
| Weighted average shares outstanding: | | | | |
| Basic | 53,966,092 | 48,016,084 | 54,185,449 | 47,973,196 |
| Diluted | 54,453,982 | 48,857,668 | 54,568,475 | 48,603,615 |

Diluted earnings per share are computed using the treasury stock method whereby outstanding stock options are only dilutive if, and to the extent that, they are in the money and if there are net earnings for the period. In computing diluted earnings (loss) per share for the six months ended June 30, 2008 and three and six months ended June 30, 2007, no shares were added to the weighted average number of common shares outstanding for dilution from stock options because the Corporation incurred a net loss. The addition of shares from stock options to the diluted weighted average number of shares outstanding for this period would have had the effect of decreasing the net loss per share. The diluted number of shares outstanding was used to compute diluted earnings per share for the three months ended June 30, 2008 and the diluted earnings per share from continuing operations for the three and six months ended June 30, 2008 and 2007.

Corporate Information

Pulse is a market leader in the acquisition, marketing and licensing of 2D and 3D seismic data for the western Canadian energy sector. Pulse owns the second-largest licensable seismic data library in Canada, currently consisting of approximately 257,300 net kilometres of 2D seismic and 11,800 net square kilometres of 3D seismic. The library extensively covers the Western Canada Sedimentary Basin where most of Canada's oil and natural gas exploration and development occurs.

Pulse has declared its 21st consecutive quarterly dividend. This dividend is \$0.05 per common share and is payable on September 19, 2008 to shareholders of record at the close of business on September 5, 2008.

Pulse has publicly traded on the TSX since 2001. The Company has paid its shareholders a quarterly dividend since 2003 and at Pulse's current share price provides one of the highest dividend yields on the TSX.

OFFICERS

DOUGLAS CUTTS

President & CEO

BRENT GALE

Vice President Operations & COO

PAMELA WICKS

Vice President Finance

NEAL COLEMAN

Vice President Sales and Marketing

NORMAN HALL

Corporate Secretary

BOARD OF DIRECTORS

GRAHAM WEIR ^{(1) (3)}

Chairman of the Board
Independent Businessperson

DAPHNE CORBETT ^{(1) (3)}

Independent Businessperson

DOUGLAS CUTTS ⁽⁴⁾

President & CEO
Pulse Data Inc.

ARTHUR DUMONT ^{(2) (3) (4)}

Independent Businessperson

PETER FUSS ^{(2) (3)}

Independent Businessperson

ROBERT ROBOTTI ^{(1) (3)}

President & Managing Director
Robotti & Company Incorporated

DONALD WEST ^{(2) (3) (4)}

Independent Businessperson

CLARK ZENTNER ^{(1) (3)}

Independent Businessperson

⁽¹⁾ Member of the Audit Committee
⁽²⁾ Member of the Compensation Committee
⁽³⁾ Member of the Corporate Governance Committee
⁽⁴⁾ Member of the Environmental, Health and Safety Committee

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BANKERS

BANK OF NOVA SCOTIA

Calgary, Alberta

ROYNAT CAPITAL INC.

Calgary, Alberta

REGISTRAR &

TRANSFER AGENT

COMPUTERSHARE TRUST COMPANY OF CANADA

Calgary, Alberta

SOLICITORS

GOWLING LAFLEUR HENDERSON LLP

Calgary, Alberta

AUDITORS

KPMG LLP

Calgary, Alberta

STOCK EXCHANGE LISTING

THE TORONTO STOCK EXCHANGE

Symbol: PSD