pulse data

Interim Report

Q1, 2006 For the Three Months Ended March 31, 2006

Financial Highlights

($000s except per share data)	Three Months Ended March 31, 2006 (unaudited)	Three Months Ended March 31, 2005 (unaudited)	Year Ended December 31, 2005 (audited)
Revenue:			
Data library sales	$ 10,098	$ 5,793	$ 34,905
Participation surveys	$ -	$ 4,963	$ 10,006
LiDAR	$ 1,453	$ 1,480	$ 8,452
Trango & other	$ 238	$ 298	$ 1,229
Total revenue	$ 11,789	$ 12,534	$ 54,592
Amortization of data libraries	$ 4,723	$ 6,134	$ 21,536
Net earnings	$ 39	$ 724	$ 6,488
Net earnings per share:			
Basic and diluted	$ 0.00	$ 0.02	$ 0.14
Funds from operations [(1)]	$ 6,314	$ 6,350	$ 35,017
Funds from operations per share [(1)]:			
Basic	$ 0.14	$ 0.14	$ 0.76
Diluted	$ 0.13	$ 0.14	$ 0.75
Free cash flow [(1)]	$ 6,408	$ 253	$ 23,458
Working capital	$ 20,075	$ 1,672	$ 16,996
Total assets	$ 126,226	$ 108,476	$ 129,569
Capital expenditures:			
Seismic data purchases	$ -	$ -	$ 15,225
Participation surveys	$ (94)	$ 6,097	$ 11,559
Changes to work in progress	$ 932	$ (2)	$ 190
Property & equipment additions	$ 148	$ 431	$ 1,510
Total capital expenditures	$ 986	$ 6,526	$ 28,484
Long-term debt (net of current maturities)	$ 19,322	$ 9,558	$ 20,772
Shareholders' equity	$ 81,214	$ 77,816	$ 82,432
Weighted average shares outstanding:			
Basic	46,612,473	45,774,816	46,161,608
Diluted	47,687,104	46,560,743	46,842,744
Shares outstanding at period end	46,676,444	45,774,816	46,559,778
Dividends paid per share	$ 0.0375	$ 0.0125	$ 0.075

(1) These non-GAAP financial measures are defined in the MD&A below.

Operational Highlights

Seismic library:			
2D in net kilometres	239,822	239,288	239,822
3D in net square kilometres	9,442	6,763	9,442

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Corporate Profile

Pulse Data Inc. ("Pulse" or "the Company") is a Calgary-based international company specializing in information management, with current focus on the energy sector. Through its three operating segments, Seismic Data, LiDAR and Trango, the Company has evolved into an industry leader in providing better information faster.

The Seismic Data segment is at the forefront of seismic data acquisition, and marketing and licensing of seismic data in Western Canada. At March 31, 2006 Pulse Seismic's library consisted of approximately 240,000 net kilometres of 2D data and more than 9,400 net square kilometres of 3D data. Revenue is generated through licensing of the data library and through the licensing of non-exclusive participation surveys.

With offices in Calgary, Ottawa and Houston, the LiDAR segment, operated through Terrapoint, is the largest and most experienced LiDAR (Light Detection And Ranging) data provider in the world. LiDAR data is used to produce survey-quality 3D digital elevation models. The use of digital elevation data significantly reduces the cost of project planning and design in a broad array of industries including urban planning, transportation and industrial and resource planning and development. Since its inception in 1998, Terrapoint has worked in many countries around the world providing cost-effective solutions to its clients' needs.

Trango has developed an exceptional reputation for providing GIS data management products and services to the North American oil and gas industry. Trango provides the technology that allows clients to better exploit their seismic, well, geological and related data.

Pulse operates prudently using a disciplined approach that capitalizes on its strong financial base, which in turn has provided a solid foundation for growth. By incorporating synergistic products and services into the company mix, Pulse has positioned itself for continued expansion and diversification in market areas that require better information faster.

On May 10, 2006 Pulse announced its twelfth consecutive quarterly dividend of $0.0375 per common share payable on June 20, 2006 to shareholders of record at the close of business on June 6, 2006.

Pulse trades on the Toronto Stock Exchange under the symbol PSD.

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

Three months ended March 31, 2006

The following Management's Discussion and Analysis ("MD&A") for Pulse Data Inc. ("Pulse" or "the Company") has been prepared taking into consideration information available to May 9, 2006 and is supplemental to the consolidated financial statements and related notes for the three months ended March 31, 2006 and the audited consolidated financial statements for the year ended December 31, 2005. 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 industry, the LiDAR industry and the software and related services 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, industry activity levels, and the ability of oil and gas companies to raise capital. Additionally, other circumstances may or may not occur which could impact the licensing of seismic data and sales of the other services supplied by the Company.

The Company's continuous disclosure documents provide discussion and analysis of "free cash flow", "funds from operations" and "funds from operations per share". These financial measures do not have standard definitions prescribed by GAAP in Canada and therefore they may not be comparable to similar measures disclosed by other companies. The Company has included these non-GAAP financial measures because management, investors, analysts and others use them as measures of the Company's financial performance. The Company's definition of free cash flow is cash available for debt servicing, discretionary capital expenditures and the payment of dividends, and is calculated as funds from operations less total participation survey additions to the data library. The Company's definition of funds from operations is cash flow from operations as prescribed by Canadian 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 the MD&A in the Annual Report for 2005 for a discussion of risks that could affect the Company'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.

OVERVIEW

Pulse is a Calgary-based company specializing in data ownership through acquisition, marketing and information management, with current focus on the energy sector. Through its three business segments, Seismic Data, LiDAR and Trango, the Company has evolved into an industry leader providing better information faster.

Data library sales increased 74 percent to $10.1 million for the three months ended March 31, 2006 compared to $5.8 million for the first quarter of 2005.

Free cash flow for the first quarter of 2006 was $6.4 million, compared to free cash flow of $253,000 reported in the first quarter of 2005. This significant increase in free cash flow in 2006 is attributable to higher data library sales and no completed participation surveys in the first quarter of 2006 compared to two participation surveys completed in the first quarter of 2005.

Pulse had a working capital position of $20.1 million at March 31, 2006 compared to $1.7 million at March 31, 2005.

LiDAR segment revenue for the first quarter of 2006 was $1.5 million, consistent with the level recorded for the same period in 2005. The LiDAR business segment loss before income taxes increased to $2.3 million for the first quarter of 2006 from $1.1 million in 2005 primarily due to an additional depreciation provision of $1.2 million related to one high-range LiDAR sensor system being retired from use at the end of the first quarter. Without this additional depreciation charge in the first quarter of 2006, the first quarter results for the two comparative three-month periods were not materially different.

Net earnings for the three months ended March 31, 2006 were $39,000 ($0.00 per share diluted), compared to $724,000 ($0.02 per share diluted) for the first quarter in 2005. Funds from operations for the first three months of 2006 were $6.3 million ($0.13 per share diluted), compared to $6.4 million ($0.14 per share diluted) generated for the three months ended March 31, 2005. These per share figures are based on the weighted average diluted shares outstanding of 47,687,104 for the first quarter of 2006, compared to 46,560,743 for the first quarter of 2005.

SEGMENT REVIEW

Revenue

For the three months ended March 31 (stated in thousands of dollars)

	2006		2005		
Business Segment	**Revenue**	**% of Total Revenue**	**Revenue**	**% of Total Revenue**	**Revenue % Change**
Seismic Data:					
Data library sales	**$ 10,098**	85.7	$ 5,793	46.2	74.3
Participation surveys	**-**	-	4,963	39.6	(100.0)
LiDAR	**1,453**	12.3	1,480	11.8	(1.8)
Trango	**287**	2.4	399	3.2	(28.1)
Corporate and other	**(49)**	(0.4)	(101)	(0.8)	51.5
Total	**$ 11,789**	100	$ 12,534	100	(5.9)

Earnings (loss) before income taxes

For the three months ended March 31 (stated in thousands of dollars)

Business Segment	2006	2005	% Change
Seismic Data	**$ 4,499**	$ 3,963	13.5
LiDAR	**(2,296)**	(1,148)	(100.0)
Trango	**(50)**	(118)	57.6
Corporate and other	**(2,033)**	(1,472)	(38.1)
Total	**$ 120**	$ 1,225	(90.2)

Seismic Data Segment

Revenue

The seismic data segment, which includes data library sales and participation survey revenues, contributed 85.7 percent of total revenue for the Company in the first quarter of 2006, which is consistent with the same period in 2005. For the three months ended March 31, 2006, Pulse recorded total seismic segment revenue of $10.1 million compared to $10.8 million for the same period in 2005.

Within the seismic data segment the Company generates two types of revenue: data library sales and participation survey revenue. While participation survey revenue increases revenue and earnings significantly in periods of high survey activity, participation surveys represent an investment in the seismic data library that initially draws down the capital resources of the Company. Data library sales generate immediate free cash flow through licenses of seismic data from the existing library of seismic data, which can occur many times without incurring further costs.

Seismic data library sales were $10.1 million for the first quarter of 2006, an increase of 74.3 percent over $5.8 million for the first quarter of 2005. This increase was due in part to a higher demand for seismic data for exploration from junior E&P companies, and in part to a higher proportion of 3D data sales at higher prices in the first quarter of 2006 compared to the same period in 2005.

There was no revenue recorded for participation surveys during the first quarter of 2006 as there was one participation survey in progress at March 31, 2006, and it is expected to be delivered in the second quarter of 2006. In the first quarter of 2005, two participation surveys were completed and delivered with revenue of $5.0 million being recorded.

Amortization

Pulse's most significant expense is the charge for data library amortization. Seismic amortization expense was $4.7 million (46.3 percent of seismic data segment revenue) for the first quarter of 2006, compared to $6.1 million (56.6 percent of seismic data segment revenue) for the first quarter of 2005. The decrease is due to the fact that there were no participation surveys to amortize in the first three months of 2006. Amortization of seismic data is described further under "Critical Accounting Estimates".

Operating Expenses

Operating expenses for the seismic data segment include charges directly related to licensing data. These items include sales commissions, salaries for the Quality Inspection and Sales technicians, and drafting and mapping costs. For the first three months of 2006, operating expenses were 9.1 percent of seismic segment revenue, compared to 6.5 percent of seismic segment revenue for the same period in 2005. This increase was principally a result of a higher commission amount paid on a higher level of data library sales, and due to the fact that a higher proportion of the sales were made by outside brokers in the first quarter of 2006 compared to the same period in 2005.

Earnings Before Income Taxes ("EBT")

EBT for the seismic data segment for the first quarter of 2006 increased by 13.5 percent from the first quarter of 2005. This increase is due to the increase in seismic data sales as well as lower amortization expense in the first three months of 2006 compared to the same period in 2005. The lower amortization is a result of no participation surveys in the first quarter of 2006, which meant there was no significant amortization charge of 35 percent of the survey cost, which is the policy when a participation survey is completed.

LiDAR Segment

Revenue

LiDAR revenue for the first quarter of 2006 remained consistent with revenue for the first quarter of 2005.

Amortization and Depreciation

Included in amortization expense for the three months ended March 31, 2006 is amortization of the LiDAR data library acquired on the acquisition of Terrapoint of $44,000. Amortization of LiDAR data is calculated on a straight-line basis over five years. There have been no additional LiDAR data library costs capitalized since the acquisition of Terrapoint.

The depreciation expense in the LiDAR segment for the three months ended March 31, 2006 was $1.8 million compared to $544,000 for the same period in 2005. Included in the $1.8 million is $1.2 million related to one high-range LiDAR sensor system that has been retired and written down to its residual value. The residual value reflects the fair market value of the components that Terrapoint is able to continue using with the other high range systems.

Operating Expenses

Included in Terrapoint's operating expenses are all of the costs associated with generating its LiDAR project revenues. Operating expenses as a percentage of revenue for the first quarter of 2006 were 89.7 percent compared to 91.4 percent for the same period in 2005. Terrapoint's management is continuing to focus on reducing operating costs as a percentage of revenue and improving operational efficiencies.

General and Administrative ("G&A") Expenses

For the three months ended March 31, 2006, G&A expenses in the LiDAR segment were $354,000 or 24.4 percent of revenue. As a percentage of revenue, G&A expense decreased from 30.3 percent for the first quarter of 2005. The LiDAR segment is making strong efforts to control its G&A expenses.

Research and Development Expenses ("R&D")

The LiDAR segment is the only business segment of Pulse which incurs R&D. The Terrapoint engineering department activity is divided among new product development; technical support; maintenance; repair and upgrade of the equipment deployed in day-to-day operations; and research and development aimed at improving performance, reliability, ease of use and technical advancement. The 13.4 percent increase in R&D for the first quarter of 2006 compared to the same period in 2005 is due to the increased focus of R&D activity directed to new product development. In 2006, the Company expects to devote more engineering time to product research and development compared to supporting operations.

Loss Before Income Taxes

The LiDAR segment contributed a loss before income taxes of $2.3 million in the first quarter of 2006 compared to $1.1 million for the same period in 2005. The main reason for the increase in the loss is that the 2006 loss includes the $1.2 million additional depreciation provision of certain capital assets.

Trango Segment

Revenue

Revenue for the first quarter of 2006 decreased 28.1 percent to $287,000 from $399,000 for the same period in 2005. Pulse's initiative to monetize Trango in the first quarter has delayed implementation plans for its major clients.

Operating Expenses

For the three months ended March 31, 2006 operating expenses decreased 35.3 percent, from $498,000 in the first quarter of 2005 to $322,000 in the first quarter of 2006 due to lower consulting costs, staffing levels and related employment and travel costs.

Loss Before Income Taxes

For the three months ended March 31, 2006 the loss before income taxes for Trango was $50,000, a decrease of 57.6 percent compared to the loss of $118,000 for the same period in 2005. The cost of servicing contracts has not yet resulted in positive earnings before income taxes. However, sales of products such as Well Manager, Geo-Manager and Trango browser, which have been developed over the last year, are being well received by our clients.

Corporate and Other Segment

The corporate and other segment consists primarily of Pulse's corporate G&A costs, interest and items such as inter-company eliminations and foreign exchange gains and/or losses.

General and Administrative Expenses

For the three months ended March 31, 2006, G&A expenses were $1.6 million, a 29.3 percent increase from $1.2 million for the same period in 2005. The increased amount of corporate G&A expenses in 2006 is related to higher stock-based compensation expense, salaries, entertainment, public reporting costs and foreign exchange losses.

Depreciation Expense

Depreciation expense for the three months ended March 31, 2006 increased 165.7 percent to $93,000 from $35,000 for the same period in 2005. The increase is due primarily to capital expenditures of $1.6 million in 2005, mainly for technology-related equipment that was required to improve data security, data flow and software upgrades.

Interest Expense

Total interest expense for the three months ended March 31, 2006 increased to $341,000 from $188,000 for the same period in 2005. The increase is due to the additional debt undertaken on June 15, 2005 to finance a significant seismic data purchase.

Consolidated Pulse Data Inc.

Income Taxes

The total income tax provision for the three months ended March 31, 2006 was $81,000, reflecting an effective tax rate of 67.5 percent compared to a total provision of $501,000 and an effective tax rate of 40.9 percent for the same period in 2005. Pulse's effective tax rate in 2006 was significantly higher than the combined federal and provincial tax rate of approximately 34 percent due to the addition of the Large Corporations Tax and non-deductible expenses such as stock-based compensation. In 2005 the effective tax rate was increased to a lesser extent, by non-deductible stock-based compensation and the Large Corporations Tax; however, with a higher earnings before tax these items did not cause as significant an impact on the effective tax rate. The Company expects a more normal effective tax rate through the remainder of 2006.

Data Library

Pulse acquires seismic data to grow its data library through two primary methods. The Company conducts participation surveys each year, and also purchases complementary seismic data when the opportunity arises to acquire the proprietary rights. During the first quarter of 2006, Pulse initiated a 224 square kilometre 3D participation survey in west central Alberta, which is expected to be completed in the second quarter. In the first quarter of 2005 the Company invested $6.1 million to complete two 3D participation surveys in northern Alberta for a total addition to the data library of 241 square kilometres of seismic data. There were no data purchases in either the first quarter of 2005 or 2006.

The LiDAR data library acquired with Terrapoint includes approximately $805,000 of data acquired in 2003, of which $483,000 remains unamortized at March 31, 2006.

Future Tax Liability

The net future income tax liability has decreased from $9.5 million at December 31, 2005 to $8.9 million at March 31, 2006. The net future income tax liability of $8.9 million at March 31, 2006 consists principally of deferred partnership income, and the future tax liability associated with various property and equipment of the Company having a lower tax value than its corresponding accounting value. These liabilities are partially offset by future tax assets of the Company, including non-capital losses in Trango and Terrapoint, and resource deductions available in Pulse.

Liquidity, Capital Resources and Capital Requirements

At March 31, 2006 the working capital position of Pulse, including the current portion of long-term debt of $5.9 million, was $20.1 million, compared to $1.7 million at March 31, 2005. The year-over-year working capital position has improved by 1,082 percent as a result of increased accounts receivable and cash relating to the high level of seismic data library sales achieved during the past twelve months. Subsequent to the 2005 year-end, the Company collected $13.8 million of the December 31, 2005 accounts receivable. No cash was invested in participation surveys in the first quarter of 2006.

With the continued trend of very strong seismic data sales levels, Pulse management expects that its funds from operations will be sufficient to finance operations, service debt, and pay dividends and budgeted capital expenditures throughout the remainder of 2006. The seismic data library is continually growing through the acquisition of new seismic data – principally 3D. The ongoing growth in the Company’s seismic data library continues to position Pulse as 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. Combined with the technological advancements in reprocessing that have been made in recent years, the Company’s clients are able to enhance the quality of older data in the library. The business of Terrapoint is growing and significant market opportunities have been identified. Management is focusing on new ways to tap into a greater share of this growth industry.

Quarterly results can show significant swings in working capital because of the impact of participation surveys. The capital-intensive nature of the seismic business is such that working capital deficiency balances can accumulate during the busy participation survey season, only to be reversed upon delivery of the seismic data to survey participants. In order to limit risk in participation surveys, the Company does not proceed with a participation survey without obtaining minimum pre-funding commitments from clients. Because Pulse’s largest expense in any given period is non-cash amortization expense, funds from operations are usually much higher than net earnings.

Contractual Obligations

There have not been any significant changes in Pulse’s contractual obligations since the MD&A for the year ended December 31, 2005.

Free Cash Flow

Free cash flow for the three months ended March 31, 2006 was $6.4 million, compared to free cash flow of $253,000 for the three months ended March 31, 2005.

($000s)	Three Months Ended March 31, 2006	Three Months Ended March 31, 2005
Funds from operations	**$ 6,314**	$ 6,350
Less:		
Participation survey additions (recovery)	**(94)**	6,097
Free cash flow (1)	**$ 6,408**	$ 253

(1) Since January 1, 2005, monetary data exchanges are no longer included in the determination of free cash flow.

The significant increase in free cash flow for 2006 compared to 2005 is attributable to higher data library sales and lower cash requirements for participation surveys. There were no participation surveys completed in Q1 2006, in fact the recovery of a capital accrual for a 2005 participation survey resulted in an increase in free cash flow, while two participation surveys were completed in Q1 2005.

Related Party Transactions

The Company holds an approximate 50 percent undivided interest in certain 2D seismic data totaling 1,765 net kilometres (0.7 percent of the Company's 2D data library), in which two officers of the Company (the President and the Vice-President, Operations) also hold undivided interests. The related parties acquired this data jointly with others prior to Pulse becoming a public company and they have retained their ownership interests. The contract between the parties is for management and licensing of the seismic data to third parties for a success-based fee and only permits payment of revenues to the related parties upon receipt of licensing fees from the third parties. The amount due under these arrangements was $54,605 at March 31, 2006 ($50,547 at March 31, 2005).

Critical Accounting Estimates

The capital cost of the seismic data library is amortized on a fixed basis, determined by reference to the estimated timing of the economic return of the library. Additions to the library arise in two distinct ways: (i) participation surveys, and (ii) the purchase of other 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 six months after such delivery. The costs of purchased data are amortized on a straight-line basis over seven years.

The capital cost of the LiDAR data library is amortized on a straight-line basis over five years. The capital cost of the camera systems, technical equipment, proprietary software and processes acquired in Terrapoint are amortized on a straight-line basis over a seven-year period.

Estimates are made concerning the expected useful lives, projected residual values and the potential for impairment of our LiDAR property and equipment. These estimates and any potential impairment are evaluated on a quarterly basis.

Share Capital Summary

The Company'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 Company's share capital for the periods ended March 31, 2006 and March 31, 2005.

	March 31, 2006	March 31, 2005
Weighted average shares outstanding:		
Basic	46,612,473	45,774,816
Diluted	47,687,104	46,560,743
Shares outstanding at period end	46,676,444	45,774,816
Shares outstanding at May 9, 2006	46,718,458	

At March 31, 2006 there were 4,247,172 stock options outstanding at exercise prices ranging from $0.96 to $2.85 per share.

At May 9, 2006 there were 4,234,172 options outstanding at exercise prices ranging from $0.96 to $2.85 per share.

Diluted Earnings per Share Reconciliation

	Income ($)	Shares and Options at March 31, 2006	Per Share Amount
Income available to common shareholders:	$ 38,829		
Basic earnings per share			
Income available to common shareholders	$ 38,829	46,612,473	0.00
Effect of dilutive securities:			
Stock options	-	1,074,631	
Dilutive earnings per share			
Income available to common shareholders	$ 38,829	47,687,104	0.00

Stock Appreciation Rights

Stock Appreciation Rights ("SARs") have been granted to employees in the United States with an exercise price equal to the fair market value of the Company's stock on the date of the 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 March 31, 2006, 155,502 SARs were outstanding at exercise prices ranging from $1.70 to $2.85. The weighted average price of SARs outstanding was $2.31. This SAR program involves the payment of cash compensation, and does not involve the issuance of any common shares of the Company.

Financial Summary of Quarterly Results

	2006	2005				2004		
($000s except per share data)	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Data library revenue	10,098	12,439	8,614	8,059	5,793	8,520	4,721	8,400
Participation survey revenue	-	4,368	607	68	4,963	7,657	(116)	-
LiDAR revenue	1,453	1,963	2,453	2,556	1,480	2,059	1,321	506
Trango revenue	287	390	203	463	399	820	266	193
Corporate & other revenue	(49)	(54)	(45)	(26)	(101)	54	(53)	(21)
Total revenue	11,789	19,106	11,832	11,120	12,534	19,110	6,139	9,078
Net earnings (loss)	39	4,020	1,061	683	724	5,305	(1,590)	1,053
Per share – basic	0.00	0.09	0.02	0.01	0.02	0.12	(0.04)	0.03
Per share – diluted	0.00	0.09	0.02	0.01	0.02	0.12	(0.04)	0.03
Dividends paid per share	0.0375	0.025	0.025	0.0125	0.0125	0.0125	0.0125	0.0125

Pulse's total revenue on a quarterly basis continues to fluctuate significantly. The significant contributing revenue streams are data library sales and participation survey sales. Generally, in quarters where participation surveys are completed, total revenue is much higher than in quarters without participation survey revenue. The continuation of escalating quarterly data library sales is beginning to change this trend. The first quarter of 2006 had 6 percent less total revenue than the first quarter of 2005, while the 2005 period included $5.0 million in participation revenue compared to no participation revenue in the first quarter of 2006. Pulse achieved record annual data library sales in 2005 and anticipates that 2006 revenue will be just as strong.

There is seasonality reflected in the total revenue numbers, particularly relating to participation survey revenues. The historic trend has been to deliver seismic data from the majority of the participation survey programs in the first two quarters of each year. In 2006, there was one survey in progress at the end of the second quarter, while in 2005 Pulse completed and delivered two programs during the first quarter and had no additional participation surveys commenced until the end of the third quarter. Two more surveys were completed and delivered in the fourth quarter of 2005. Terrapoint can also be affected by differences in seasons. The spring and fall present better opportunities than summer and winter, due to improved conditions during "leaf-off" periods and when the ground is free of snow.

During the past eight fiscal quarters, the fluctuations in earnings have largely been a function of revenue. The quarters with large participation survey revenues are easily identified. Also, the steadily increasing data library sales are having a very positive impact on earnings. The exception in the first quarter of 2006 is due to an additional depreciation charge on certain LiDAR segment capital assets of $1.2 million, which was included in the depreciation provision in the LiDAR business segment.

RISK FACTORS

In addition to the principal risk factors identified in the MD&A for the year ended December 31, 2005:

High Altitude LiDAR Systems

The four high-altitude LiDAR systems acquired as part of the United States operations of Mosaic have had high maintenance requirements and low reliability. One of these systems was retired during the first quarter of 2006, resulting in an additional depreciation charge of $1.2 million. No further significant maintenance or repairs is being done on the three remaining systems. The Company will continue to review the remaining economic useful life of the three remaining systems and as a result the depreciation of the three remaining systems may be accelerated. The acceleration of depreciation would have a negative effect on the Company's net earnings for the periods concerned.

ADDITIONAL INFORMATION

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

OUTLOOK

Based on continued strong commodity prices and increased oil and gas exploration activity in western Canada, Pulse expects high demand for both existing seismic data and new data throughout 2006. We will continue to add high quality seismic data to our data library throughout 2006.

Terrapoint has not produced the financial results we anticipated. We have spent a tremendous amount of effort to revamp and restructure its entire operations. The weakest part of Terrapoint's operations has been the high-range data collection systems, which require high maintenance and offer low reliability. These systems were part of the purchase of assets from the United States operations of Mosaic Mapping and were developed outside of our existing R&D group. While the base technology and science incorporated into these systems was sound and held promise for future development, the operational design was not conducive to a high production environment.

In late March 2006, we purchased a new Optech 3100 high-range LiDAR system. This equipment was put into operation in mid-April and as a result of the operational efficiency presented by this new system we have made the decision to no longer maintain or repair four older high-range systems during 2006 and lay off the engineering staff associated with its development. One system was retired in the first quarter, resulting in an additional depreciation provision of $1.2 million. While the remaining three older high-range systems continue to operate or to be capable of operating, we will continue to review the useful economic life of these systems, and we anticipate that depreciation relating to these systems may be accelerated. While this strategy will hurt short-term net earnings, it will increase production, competitiveness and reliability of our high-range business and bring gross profit margins in line with the low-range sector of this business which has exceeded expectations.

The research and development effort during the last half of 2005 and early 2006 in Terrapoint has concentrated on developing a new mobile vehicle-mounted LiDAR system, TITAN, that we anticipate will be in production during the third quarter of this year. This system will target a large new market that, as yet, has not seen the benefits of LiDAR technology. TITAN is designed to be vehicle-mounted and to produce survey-grade digital elevation models of existing roadways, railways and shorelines. Specifications include the ability to survey at highway speeds, with a 360-degree field of view using a tightly coupled GPS/INS solution to provide accurate data in obstructed environments.

Our strategy in the last year has resulted in a very strong balance sheet with more than $20 million in cash and a strong working capital position. Our core seismic business has performed very well and we expect it to continue to generate very good levels of cash data sales. While we have suffered some setbacks with the Terrapoint older high-range systems, we have addressed the problem and are confident in the investment we have made in both internal R&D and new technology.

We would like to thank all employees and Board members for their dedication and resourcefulness.

May 9, 2006

(Signed) “Ken G. MacDonald”

Ken G. MacDonald
President & C.E.O.

(Signed) “Douglas A. Cutts”

Douglas A. Cutts
Vice President Finance & C.F.O

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 Management’s Discussion and Analysis for a discussion of risks that could affect the Company’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.

Interim Consolidated Balance Sheets

(In thousands of dollars)	March 31, 2006	December 31, 2005
	(unaudited)	(audited)
Assets		
Current assets:		
Cash and cash equivalents	**$ 20,221**	$ 11,909
Accounts receivable	**15,385**	20,594
Prepaid expenses	**718**	316
Work in progress	**576**	993
	36,900	33,812
Long-term receivable	**-**	800
Data libraries	**75,439**	80,256
Participation surveys in progress	**1,124**	192
Property and equipment	**12,132**	13,859
Investments	**432**	432
Deferred charges	**199**	218
	$ 126,226	$ 129,569
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable and accrued liabilities	**$ 6,199**	$ 6,748
Deferred revenue	**4,684**	4,000
Current portion of long-term debt (note 2)	**5,942**	6,068
	16,825	16,816
Long-term debt (note 2)	**19,322**	20,772
Future income taxes	**8,865**	9,549
Shareholders' equity:		
Share capital (note 3)	**52,081**	51,808
Contributed surplus (note 3)	**1,299**	1,079
Retained earnings	**27,834**	29,545
	81,214	82,432
	$ 126,226	$ 129,569

See accompanying notes to interim consolidated financial statements.

Interim Consolidated Statements of Earnings and Retained Earnings

Three months ended March 31, (In thousands of dollars, except per share data) (unaudited)	2006	2005
Revenue	$ 11,789	$ 12,534
Operating expenses:		
Amortization of data libraries	4,723	6,134
Operating	2,545	2,503
Depreciation and amortization (note 4)	1,875	598
	9,143	9,235
Gross margin	2,646	3,299
General and administrative expenses	1,905	1,647
Research and development expenses	271	239
Interest:		
Long-term debt	420	227
Other	(70)	(39)
	350	188
Earnings before income taxes	120	1,225
Income taxes:		
Current	765	1,778
Future (reduction)	(684)	(1,277)
	81	501
Net earnings	$ 39	$ 724
Retained earnings, beginning of period	$ 29,545	$ 26,527
Dividends declared	(1,750)	(573)
Retained earnings, end of period	$ 27,834	$ 26,678
Earnings per share, basic and diluted	$ 0.00	$ 0.02

See accompanying notes to consolidated financial statements.

Interim Consolidated Statements of Cash Flows

Three months ended March 31, (In thousands of dollars) (unaudited)	2006	2005
Cash provided by (used in):		
Operations:		
Net earnings	$ 39	$ 724
Items not involving cash:		
Amortization of data libraries	4,723	6,134
Depreciation and amortization	1,875	598
Unrealized loss on foreign exchange	38	13
Future income taxes (reduction)	(684)	(1,277)
Stock-based compensation	304	158
Other	19	-
Funds from operations	6,314	6,350
Net change in non-cash working capital items related to operations	4,862	4,701
	11,176	11,051
Financing:		
Repayment of long-term debt	(1,576)	(1,440)
Issue of share capital	189	-
	(1,387)	(1,440)
Investing:		
Additions to data libraries through participation surveys	94	(6,097)
(Increase) decrease in participation surveys in progress	(932)	2
Increase in investments	-	235
Additions to property and equipment	(148)	(431)
Net change in non-cash working capital items related to investing	(491)	(2,139)
	(1,477)	(8,430)
Increase in cash position	8,312	1,181
Cash and cash equivalents, beginning of period	11,909	3,827
Cash and cash equivalents, end of period	$ 20,221	$ 5,008

During the first quarter of the year the Corporation paid interest of $ 350,000 (2005 - $232,000) and received interest of $ 82,000 (2005-$26,000). During the first quarter of the year the Corporation paid income taxes of $ 225,000 (2005-$51,000).

See accompanying notes to interim consolidated financial statements.

Notes to Interim Consolidated Financial Statements

Information as of March 31, 2006 and the three months ended March 31, 2006 and 2005 is unaudited
(Tabular amounts in thousands of dollars, except per share data)

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

1. Basis of presentation:

These interim consolidated financial statements should be read in conjunction with the Corporation's most recent annual financial statements and notes included in the annual report for the year ended December 31, 2005. These interim financial statements follow the same accounting policies and methods as the most recent annual financial statements. The figures for the three months ended March 31, 2005 reflect certain reclassifications to conform with the presentation adopted in 2006.

The results of operations for the three months ended March 31, 2006 are not necessarily indicative of results to be expected for the entire year ending December 31, 2006. 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. Long-term debt:

	March 31, 2006	**December 31, 2005**
Bank term loan, repayable in set monthly installments of $483,350 per month over five years, plus interest at the lender's base rate plus 2.75 percent, secured by assets of the Corporation	**$ 25,123**	$ 26,572
Promissory note payable in US funds ($76,000 US), non-interest bearing, due semi-monthly based on 5 percent of cash receipts for sale or license of assets purchased from the holder, secured by the purchased assets.	**89**	205
Capital lease obligations	**52**	63
	25,264	26,840
Less current portion	**5,942**	6,068
	$ 19,322	$ 20,772

Future repayments due within each of the next five years are estimated as follows:

2006 (April to December)	$ 4,491
2007	5,800
2008	5,800
2009	5,800
2010	3,373
	$ 25,264

3. Share capital:

(a) Common shares issued:

	Number of Shares	Amount
Balance, December 31, 2005	46,559,778	$ 51,808
Issued for cash on exercise of stock options	116,666	189
Transferred from contributed surplus on exercise of stock options		84
Balance, March 31, 2006	**46,676,444**	**$ 52,081**

(b) Contributed surplus:

	2005
Balance, December 31, 2005	$ 1,079
Stock-based compensation	304
Transfer to share capital on exercise of stock options	(84)
Balance, March 31, 2006	$ 1,299

(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. The options granted prior to 2003 are fully vested. At March 31, 2006 options to purchase 4,247,172 shares were outstanding at exercise prices ranging from $ 0.96 to $ 2.85 and having a weighted average remaining life of 3.67 years.

During the three months ended March 31, 2006, 192,500 options were granted at a weighted average price of $2.53. The per share weighted-average fair value of stock options granted during this period was $1.37 (2005 – $1.04) using the Black-Scholes model with the following assumptions: risk-free interest rate of 4.25 percent (2005 – 4.25 percent), expected life of 5 years and a weighted-average expected volatility of 64 percent (2005 – 54 percent) and assumed dividend rate of $0.10 per year.

Stock appreciation rights (“SARs”) have been granted to employees in the United States with an exercise price equal to the fair market value of the Company’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 March 31, 2006, 155,502 SARs were outstanding at exercise prices ranging from $1.70 to $2.85. The weighted average price of SARs outstanding was $2.31. This involves the payment of cash compensation, and does not involve the issuance of any common shares of the Corporation.

Compensation expense related to stock options and SARs was $304,000 and $66,000 respectively.

(d) Per share amounts:

Basic earnings per share is computed using the weighted-average number of common shares outstanding during the period, being 46,612,473 for 2006 and 45,774,816 for 2005.

Diluted earnings per share is computed using the “treasury stock” method whereby outstanding stock options are only dilutive if, and to the extent, that they are “in the money”. In computing diluted earnings per share, 1,074,631 shares (2005 – 785,927) were added to the weighted average number of common shares outstanding for the dilution from the stock options.

4. **LiDAR asset writedown:**

A high-range LiDAR system has been retired during the first quarter of 2006 due to a history of unreliability. The carrying value of that asset has been reduced by an additional depreciation provision of $1.2 million to a residual value that is equal to the fair market value of the individual salvageable components of the system. The amount of the additional depreciation charge is included in depreciation expense in the statement of earnings and in the LiDAR segment in note 5.

5. **Segmented information:**

The Corporation reports in four segments: seismic data, LiDAR, Trango, and corporate and other. Under the first segment, the Corporation specializes in acquiring, marketing and licensing non-exclusive seismic data through its general partnership, Pulse Seismic. The inventory of seismic data is acquired either by shooting participation surveys or by purchasing existing seismic data libraries. While Pulse Seismic maintains a proprietary interest in the seismic data from all such participation surveys, the initial participants may be granted exclusive licenses for an initial period during which Pulse Seismic cannot license the data to others. Participation survey revenue includes all revenues for licenses sold prior to the delivery of the seismic data to the initial participants or the expiry of the exclusive periods, whichever occurs later. Thereafter the data forms part of Pulse Seismic's seismic data library, with subsequent sales categorized as data library revenue. Additionally, the Corporation conducts exclusive seismic programs for clients, for which it earns a project management fee. Pulse does not hold an ownership position in the data shot for these programs and the revenue earned is included in participation survey revenue. All of the foregoing types of revenue are included in the seismic data segment. The second segment the Corporation reports is LiDAR, generating revenue through its wholly owned subsidiaries, Terrapoint Canada Inc. and Terrapoint USA Inc. LiDAR revenue is generated by conducting custom projects for clients using the process of airborne laser mapping, a method of obtaining three-dimensional data required for the creation of digital terrain models, as well as selling licensed copies of LiDAR data from the proprietary LiDAR data library. The third segment includes the operations of Trango, which incorporates the software licensing revenues and software development carried out for the oil and gas industry by Trango Technologies Inc. The Corporate and Other segment includes a foreign exchange loss of $43,000 for the three months ended March 31, 2006 (2005 – $13,000).

Three Months Ended March 31, 2006	Seismic Data	LiDAR	Trango	Corporate and Other	Total
Revenue					
Data library sales	$ 10,098	$ -	$ -	$ -	$ 10,098
Participation surveys	-	-	-	-	-
LiDAR	-	1,453	-	-	1,453
Trango	-	-	287	-	287
Corporate and other	-	-	-	(49)	(49)
Total revenue	10,098	1,453	287	(49)	11,789
Amortization	4,679	44	-	-	4,723
Segment profit (loss), before undernoted	5,419	1,409	287	(49)	7,066
Operating expenses	920	1,303	322	-	2,545
General and administrative	-	354	1	1,550	1,905
Depreciation	-	1,768	14	93	1,875
Research and development	-	271	-	-	271
Interest expense	-	9	-	341	350
Earnings (loss) before income taxes	$ 4,499	$ (2,296)	$ (50)	$ (2,033)	$ 120
Total assets	$ 107,542	$ 14,630	$ 1,660	$ 2,394	$ 126,226
Capital expenditures	$ 838	$ 97	$ -	$ 51	$ 986

Three Months Ended March 31, 2005	Seismic Data	LiDAR	Trango	Corporate and Other	Total
Revenue					
Data library sales	$ 5,793	$ -	$ -	$ -	$ 5,793
Participation surveys	4,963	-	-	-	4,963
LiDAR	-	1,480	-	-	1,480
Trango	-	-	399	-	399
Corporate and other	-	-	-	(101)	(101)
Total revenue	10,756	1,480	399	(101)	12,534
Amortization	6,089	45	-	-	6,134
Segment profit (loss), before undernoted	4,667	1,435	399	(101)	6,400
Operating expenses	704	1,352	498	(51)	2,503
General and administrative	-	448	-	1,199	1,647
Depreciation	-	544	19	35	598
Research and development	-	239	-	-	239
Interest expense	-	-	-	188	188
Earnings (loss) before income taxes	$ 3,963	$ (1,148)	$ (118)	$ (1,472)	$ 1,225
Total assets	$ 89,899	$ 16,033	$ 1,303	$ 1,241	$ 108,476
Capital expenditures	$ 6,095	$ 290	$ 6	$ 135	$ 6,526

Corporate Information

Board of Directors

Clark Zentner (1) (3)
Chairman of the Board
Independent Businessperson

Daphne Corbett (1) (3)
Independent Businessperson

Arthur Dumont (2) (3) (4)
Chairman & CEO
Technicoil Corporation

Peter Fuss (2) (3)
Management Consultant

Ken MacDonald (4)
President & CEO
Pulse Data Inc.

Graham Weir (1) (3)
Independent Businessperson

Donald West (2) (3) (4)
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

Officers

Ken MacDonald
President & CEO

Douglas Cutts
Vice President, Finance & CFO

Brent Gale
Vice President, Operations & COO

Richard Earle
Vice President, Sales & Marketing

Norman Hall
Corporate Secretary

Deryl Williams
President,
Trango Technologies Inc.

Bruce Nelson
President,
Terrapoint USA Inc.

James Ferguson
President,
Terrapoint Canada Inc.

Paul Mrstik
Vice President, Engineering
Terrapoint Canada Inc.

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

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