



Q2

SECOND QUARTER 2004

CORPORATE PROFILE

Pulse Data Inc. ("Pulse" or "the Company") is a Calgary-based company specializing in acquiring, marketing and licensing non-exclusive seismic data in Western Canada. Pulse generates revenue primarily through licensing data from its seismic data library, and licensing non-exclusive multi-client seismic surveys. In addition, its wholly-owned subsidiary Trango Technologies Inc. ("Trango"), is a leading supplier of Geographical Information System ("GIS") data management software to the North American oil and gas industry. Through its recent acquisition of Mosaic Mapping Corporation ("Mosaic"), the Company will add a new dimension to its service offering in the form of airborne and ground-based LiDAR digital terrain modelling for engineering and GIS applications.

Pulse has experienced significant growth in its seismic data library, increasing its database from less than 1,900 net kilometres of 2D data in 1999 to almost 240,000 net kilometres of 2D data, and more than 6,000 net square kilometres of 3D data at the end of the second quarter of 2004. Importantly, this growth has taken place while the Company has maintained profitability and increased its financial strength.

The Company operates prudently using a disciplined approach that capitalizes on the expertise of its personnel, its strong financial base and the strength of long-term strategic alliances with contractors and clients. Pulse trades on the Toronto Stock Exchange under the symbol PSD.

FINANCIAL HIGHLIGHTS

(\$000s except per share data)	3 months ended June 30 (unaudited)		6 months ended June 30 (unaudited)		Year ended Dec 31(audited)
	2004	2003	2004	2003	2003
Revenue	\$ 9,078	\$ 13,379	\$ 25,743	\$ 20,662	\$ 35,538
Amortization of data libraries	\$ 3,513	\$ 7,579	\$ 12,741	\$ 10,497	\$ 17,377
Earnings before income taxes	\$ 1,579	\$ 3,518	\$ 7,106	\$ 6,093	\$ 9,842
Net earnings	\$ 1,053	\$ 2,101	\$ 4,004	\$ 3,891	\$ 5,999
Earnings per share:					
basic	\$ 0.03	\$ 0.05	\$ 0.10	\$ 0.10	\$ 0.15
diluted	\$ 0.03	\$ 0.05	\$ 0.10	\$ 0.10	\$ 0.15
Cash flow from operations	\$ 5,406	\$ 12,058	\$ 19,484	\$ 18,089	\$ 27,440
Cash flow per share:					
basic	\$ 0.13	\$ 0.30	\$ 0.47	\$ 0.45	\$ 0.68
diluted	\$ 0.13	\$ 0.30	\$ 0.46	\$ 0.44	\$ 0.68
Working capital (deficiency)	\$ (57)	\$ 4,933	\$ (57)	\$ 4,933	\$ (3,714)
Total assets	\$ 104,167	\$ 91,337	\$ 104,167	\$ 91,337	\$ 108,336
Capital expenditures	\$ 59	\$ 2,357	\$ 8,608	\$ 15,073	\$ 30,332
Long-term debt	\$ 14,088	\$ 18,429	\$ 14,088	\$ 18,429	\$ 16,269
Current portion of long-term debt	\$ 5,253	\$ 3,562	\$ 5,253	\$ 3,562	\$ 4,172
Shareholders' equity	\$ 74,381	\$ 61,860	\$ 74,381	\$ 61,860	\$ 63,125
Weighted average shares outstanding:					
basic	42,664,977	40,407,434	41,516,049	40,407,434	40,419,367
diluted	43,208,065	40,407,434	42,090,640	40,854,019	42,682,745
Shares outstanding at period end	45,568,724	40,407,434	45,568,724	40,407,434	40,534,068

OPERATIONAL HIGHLIGHTS

Seismic library:	2004	2003	2004	2003	2003
2D in net kilometres	239,013	239,006	239,013	239,006	239,013
3D in net square kilometres	6,080	4,766	6,080	4,766	5,342

TO THE SHAREHOLDERS:

We are pleased to present the financial and operating results of Pulse for the first half of 2004.

Continuing high commodity prices and robust exploration activity by oil and gas companies have contributed to strong activity levels in the energy services sector during the first half of 2004. These factors have contributed to the Company attaining record data library sales in the second quarter. Combined with the significant level of multi-client survey program sales achieved in the first quarter of 2004, the results reflect strong levels of revenue, cash flow from operations and net earnings for Pulse for the six-month period ended June 30, 2004.

On May 25, 2004 Pulse acquired all of the issued and outstanding shares of Mosaic, in exchange for 4,497,956 shares of Pulse, valued at \$7,646,525, and \$2,141,920 in cash (which includes transaction costs of \$388,278). Mosaic, with offices in Calgary, Ottawa and Houston, provides airborne and ground-based LiDAR technology solutions for GIS applications that include oil and gas exploration, infrastructure and land development in North American and international markets. With seven proprietary LiDAR systems available, Mosaic is the largest capacity LiDAR service provider in the world.

During the 2003-2004 winter seismic season, Pulse completed five 3D multi-client seismic surveys in northern Alberta, resulting in the addition of 758 square kilometres of 100%-owned seismic data to the data library. Three of these surveys commenced in the fourth quarter of 2003. The completion of this large volume of work contributed to the significant multi-client revenue recorded in the first quarter of 2004.

Pulse also completed six separate project management contracts during the first quarter of 2004. Project management agreements are undertaken to conduct exclusive seismic programs for clients who wish to retain proprietary ownership of the acquired data.

Late in the second quarter of 2004, Pulse initiated a 261-square kilometre 3D multi-client program in northwestern Alberta, with an expected completion date of October, 2004.

On June 16, 2004 Pulse appointed two new directors to the company, Peter Fuss of Boca Grande, Florida, and Daphne Corbett of Vancouver, British Columbia.

Mr. Fuss is a management consultant and executive vice-president, technology, of Batterson Venture Partners LLC. He is also currently a director of Mechatronic Laboratories Inc., Raindrop Geomagic Inc. and Cogenic Inc. Mr. Fuss received a Bachelor's degree in electrical engineering in 1956 from the University of Michigan and a Master's degree in electrical engineering in 1960 from New York University. He holds 10 patents, primarily in the area of digital signal processing.

Ms. Corbett is a financial executive with more than 20 years of diverse experience in corporate banking in both domestic and international settings. She holds a Bachelor of Arts in psychology with a minor in mathematics from University of Victoria, and she is also a past member of the British Columbia Chapter of the Certified Management Accountants.

During the second quarter, Pulse declared its fourth consecutive quarterly dividend of \$0.0125 per common share, paid on June 18, 2004 to shareholders of record on June 8, 2004. Pulse has also declared its fifth consecutive quarterly dividend of \$0.0125 per common share, payable on September 13, 2004 to shareholders of record on September 3, 2004. The Company intends to continue to pay quarterly dividends in the future, and is in the process of implementing a dividend reinvestment program.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS – THREE AND SIX MONTHS ENDED JUNE 30, 2004

The following Management's Discussion and Analysis for Pulse has been prepared taking into consideration information available to August 4, 2004, and is supplemental to the consolidated financial statements and related notes contained in this interim report for the quarter ended June 30, 2004 and in the Company's 2003 Annual Report. The interim consolidated financial statements for the three and six months ended June 30, 2004 were prepared in accordance with Canadian generally accepted accounting principles.

This discussion focuses on key statistics from the Consolidated Financial Statements, and pertains to known risks and uncertainties relating to the seismic data library component of the seismic sector. 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 supplied by the Company.

The Company's continuous disclosure documents may provide discussion and analysis of "cash flow from operations", "cash flow per share" and "free cash flow". These financial measures do not have standard definitions prescribed by generally accepted accounting principles in Canada and therefore may not be comparable to similar measures disclosed by other companies. The Company has included these non-GAAP financial measures because they are used by management, investors, analysts and others as measures of the Company's financial performance. The definitions of these non-GAAP financial measures are set forth below:

Cash flow from operations is defined as cash flow from operations as prescribed by Canadian generally accepted accounting principles, but excluding the impact of changes in non-cash working capital.

Cash flow per share is defined as cash flow from operations divided by the weighted average number of shares outstanding for the period.

Free cash flow is defined as cash available for debt servicing, discretionary capital expenditures and the payment of dividends, and is calculated as cash flow from operations less multi-client additions to the data library and monetary data purchases.

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 "Business Risks" section of the Management's Discussion and Analysis in the Company's Annual Report for 2003 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

Net earnings for the six months ended June 30, 2004 were \$4.0 million (\$0.10 per share basic and diluted), a 3% increase compared to \$3.9 million (\$0.10 per share basic and diluted) for the same period in 2003. Cash flow from operations was \$19.5 million (\$0.47 per share basic and \$0.46 per share diluted) for the 2004 six-month period, an 8% increase over the cash flow from operations of \$18.1 million (\$0.45 per share basic and \$0.44 per share diluted) reported for the six-month period in 2003.

Net earnings for the three months ended June 30, 2004 were \$1.1 million (\$0.03 per share basic and diluted) compared to \$2.1 million (\$0.05 per share basic and diluted) in the corresponding period in 2003. Cash flow from operations for the second quarter of 2004 was \$5.4 million (\$0.13 per share basic and diluted), compared to \$12.1 million (\$0.30 per share basic and diluted) for the second quarter of 2003.

REVENUE

For the three- and six-month periods ended June 30, 2004 Pulse recorded revenue of \$9.1 million and \$25.7 million respectively, compared to \$13.4 million and \$20.7 million respectively for the comparable periods in 2003 as detailed in the table below. The revenue levels for the second quarter of 2004 reflect an 84% increase in sales from the existing data library, and a reduction of \$1.0 million in revenue from other services compared to the second quarter of 2003. Revenue from other services is a combination of revenue earned from Pulse's wholly-owned subsidiary, Trango, and project management revenue, which is earned when Pulse conducts private seismic surveys for oil and gas clients for a turnkey fee, with the client retaining ownership of the data acquired. Multi-client revenue of \$12.1 million was generated by the delivery of multi-client data during the first quarter of the year. The \$500,000 revenue reported as LiDAR revenue reflects a new category of revenue generated from May 26, 2004 to June 30, 2004 by Mosaic.

Revenue for the six months ended June 30, 2004 of \$25.7 million represents a 25% increase over the same period in 2003. Year to date, multi-client revenue and data library revenue have increased 9% and 53% respectively over the comparative period in 2003.

Revenue Sources

	For the six months ended June 30			
	2004		2003	
	Revenue (\$000s)	% of Total Revenue	Revenue (\$000s)	% of Total Revenue
Multi-client surveys	12.1	47	11.1	54
Data library licence sales	12.4	48	8.1	39
LiDAR revenue	0.5	2	0.0	0
Revenue from other services	0.7	3	1.5	7
Total	25.7	100	20.7	100

	For the three months ended June 30			
	2004		2003	
	Revenue (\$000s)	% of Total Revenue	Revenue (\$000s)	% of Total Revenue
Multi-client surveys	0.0	0	7.6	57
Data library licence sales	8.4	92	4.6	34
LiDAR revenue	0.5	6	0.0	0
Revenue from other services	0.2	2	1.2	9
Total	9.1	100	13.4	100

The data library acquired in the ReQuest Income Trust ("ReQuest") acquisition included significant pre-paid data delivery obligations ("library cards"). An outstanding obligation to deliver approximately \$40.0 million of seismic data from the ReQuest library, as of the acquisition date of January 31, 2002, was reduced by 75% by the end of 2003 to approximately \$10.0 million, and was further reduced to \$8.4 million at June 30, 2004.

AMORTIZATION

The most significant expense to Pulse is the charge for data library amortization. Amortization expense was \$3.5 million (39% of revenue) for the three months ended June 30, 2004, compared to \$7.6 million (57% of revenue) for the same period in 2003. For the six months ended June 30, 2004 amortization expense was \$12.7 million, compared to \$10.5 million for the same period in 2003. Commencing in the third quarter of 2003 a change in the calculation of amortization expense was adopted. The Company now amortizes seismic data library costs using a fixed schedule based on the estimated timing of the economic returns of the data library. Amortization expense recorded for the three and six months ended June 30, 2004 would have been approximately \$761,000 higher and \$512,000 lower respectively under the previous method of calculating amortization expense. Included in amortization expense, beginning in the second quarter of 2004, is amortization of the LiDAR data library acquired with the acquisition of Mosaic. Amortization of LiDAR data is calculated on a straight-line basis over five years.

OPERATING EXPENSES

Operating expenses were \$1.7 million for the three months ended June 30, 2004, an increase of 52% compared to the \$1.1 million incurred during the same period of 2003. An increase of 21% to \$2.5 million from \$2.0 million in 2003 has been incurred for the six months ended June 30, 2004. The most significant reason for this increase is the addition of Mosaic operating costs for the May 26, 2004 to June 30, 2004 period.

GROSS MARGIN

Gross margin for the three months ended June 30, 2004 of \$3.5 million represents a decrease of 23% compared to the \$4.5 million gross margin for this period in 2003. However, the June 30, 2004 year-to-date gross margin increased 29% over the gross margin for the six months ended June 30, 2003. Gross margin has been between 38% and 39% for both six-month periods ended June 30, 2003 and 2004, and the three months ended June 30, 2004. For the three-month period ended June 30, 2003, the gross margin decreased to 34% due to a higher rate of seismic data amortization expense.

GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative expenses ("G & A") were \$1.4 million in the second quarter of 2004, an increase of 102% compared to \$666,000 in the same period in 2003. Year-to-date G & A expenses were \$2.2 million, an increase of 89% over the \$1.2 million incurred in the first half of 2003. This increase in G&A expense incorporates the G&A for the Mosaic offices in Calgary, Ottawa and Houston since May 26, 2004. Also, year to date in Pulse, there has been an increase in salaries, severance costs, consulting fees and insurance compared to last year.

INTEREST

Interest on the RoyNat long-term debt facility decreased by 29% in the second quarter of 2004 compared to the second quarter of 2003. The interest on long-term debt for the six-month period ended June 30, 2004 decreased 22% to \$555,000 from \$711,000 due to the reduction in principal owing on the RoyNat facility.

The most significant component of the other interest expense in both the three and six months ended June 30, 2004 was a one-time charge of \$303,000 resulting from an income tax audit reassessment dating back to 1999 for Request Seismic Surveys Ltd. The other interest expense in 2004 and 2003 is offset with interest income earned on cash deposits.

INCOME TAXES

The total income tax provision for the first half of 2004 is \$3.1 million, reflecting an effective tax rate of 43.7% compared to a total provision of \$2.2 million and an effective tax rate of 36.1% for the same period in 2003. Pulse's effective tax rate in the first half of 2004 was significantly higher than the current federal and provincial tax rate for 2004 of 34%, due to the payment of income taxes resulting from the reassessment of prior years tax returns for Request Seismic Surveys Ltd.

DATA LIBRARY

Pulse invested \$8.6 million to acquire new data in the first half of 2004, all of which was incurred in the first quarter. An additional \$8.4 million that was recorded at December 31, 2003 as work in progress relating to these multi-client survey programs was converted to data library in 2004 with the delivery of the data in February and March 2004. The total capital expenditures for the multi-client programs in 2004 related to five 3D multi-client surveys that were conducted in northern Alberta. The Company acquired a total of 758 square kilometres of 3D data, all of which is 100% owned by Pulse. In the first half of 2003, Pulse invested \$15.0 million relating to data library acquisitions. Of this amount, \$3.7 million related to a 435-kilometre 2D program that was completed and delivered in the first quarter of 2003, with the remaining \$11.3 million relating to 495 net square kilometres on five 3D programs conducted with an industry joint venture partner and delivered in the second quarter of 2003.

FUTURE TAX LIABILITY

The net future tax liability of \$3.7 million consists principally of the future tax liability of \$3.5 million acquired with the Mosaic acquisition. At December 31, 2003 Pulse had a \$2.1 million future tax asset, which has been decreased due to the application of loss carry forwards to taxable income for the first six months of 2004.

LIQUIDITY, CAPITAL RESOURCES AND CAPITAL REQUIREMENTS

The working capital position of Pulse, including the current portion of long-term debt of \$5.3 million, at June 30, 2004 was a deficiency of \$57,000, compared to a deficiency of \$3.7 million at December 31, 2003, and a positive working capital position of \$4.9 million at June 30, 2003. Although the working capital position declined year over year, the working capital improved by 98% compared to the December 31, 2003 position. The improvement is due to the fact that the December balances included significant costs and accruals in current liabilities relating to the winter seismic activity in progress at year end. This situation reverses when the seismic programs are completed and the related data is delivered. The reversal in 2004 has not been as significant as usual due to the cash portion of \$2.1 million incurred on the acquisition of Mosaic, as well as subsequent working capital funding of Mosaic since the acquisition. All working capital covenants with Pulse's lenders have been met throughout each of these periods.

Accounts receivable at June 30, 2004 were \$8.3 million, down 30% from the prior year comparative and down 47% from the December 31, 2003 balance. The decrease is attributable to the completion of multi-client survey work during the first quarter of 2004, whereas at December 31, 2003 and June 30, 2003 there were significant multi-client receivables still outstanding. Accounts payable and accrued liabilities at June 30, 2004 were \$5.0 million compared to \$4.0 million at June 30, 2003 and \$14.8 million December 31, 2003. The 25% increase in 2004 compared to the same period ended June 30, 2003 reflects the addition of the Mosaic group of companies which had a \$1.3 million balance in accounts payable and accrued liabilities at June 30, 2004. The 66% decrease at June 30, 2004 compared to December 31, 2003 is attributable to the completion of multi-client survey work in the first quarter of 2004, whereas the December 31, 2003 balance included significant payables related to the seismic programs in progress at the time.

With year-to-date results meeting expectations, and with the continuation of a very strong trend in existing data sales levels, Pulse management expects that its cash flow from operations will be sufficient to finance operations, debt servicing, dividends and budgeted capital expenditures for the remainder of 2004. The seismic data library is continually growing through the acquisition of new data, principally 3D data. The ongoing growth in the Company's seismic data library continues to position Pulse to be able to provide valuable seismic data to industry participants into the future. Historical data sales analysis shows that most seismic data retains its value for many years, and 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. With the second quarter acquisition of Mosaic, Pulse has now added airborne and ground-based LiDAR services to the product offerings, and will access customers in new industries and markets.

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

The only significant changes to Pulse's contractual obligations since March 31, 2004, relate to the long-term debt acquired with the Mosaic acquisition. At June 30, 2004, long-term debt included \$905,000 in the form of promissory notes and \$70,000 due under various capital leases assumed with the Mosaic acquisition. Please refer to note 3 to the June 30, 2004 consolidated financial statements for details. In addition, there has been an increase in operating lease obligations relating to office space for Mosaic in Calgary and Ottawa. The total operating lease commitment relating to these two leases is \$873,000 and is due over six years. The amount due in less than one year is \$168,000, one to three years is \$336,000 and over three years is \$369,000.

At June 30, 2004 Pulse was in the preliminary start-up phase of a 261-square kilometre 3D multi-client survey in northwestern Alberta. The expected cash outlay by Pulse is 30% of the budgeted cost of the program, or approximately \$2.0 million. It is Pulse's intention to fund its share of capital expenditures through cash flow from operations. Pulse also has an additional \$3.0 million available through its long-term debt facility carried with RoyNat.

The Company also has a \$10 million operating line of credit facility with Scotiabank. Any drawdowns on this facility are repayable on demand and bear interest at the bank's prime lending rate plus 0.25%. This facility was not utilized throughout 2002, 2003, and to date in 2004.

RELATED PARTY TRANSACTIONS

The Company holds an approximate 50% undivided interest in certain 2D seismic data totalling 1,765 net kilometres (0.7% 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 \$171,327 at June 30, 2004 (\$110,968 at December 31, 2003).

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) multi-client participation surveys and (ii) the purchase of other data. The costs associated with multi-client surveys are amortized at 35% 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 foregoing reflects a change in estimate from the method employed by Pulse for 2002 and the first six months of 2003. See note 1(e) to the December 31, 2003 Consolidated Financial Statements for further information relating to the previous methodology in estimating amortization expense.

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 and technical equipment, and proprietary software and processes acquired in Mosaic are amortized on a straight-line basis over a seven-year period.

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 June 30, 2004, June 30, 2003 and December 31, 2003.

	06/30/04	06/30/03	12/31/03
Weighted average shares outstanding:			
basic	41,516,049	40,407,434	40,419,367
diluted	42,090,640	40,854,019	40,682,745
Shares outstanding at period end	45,568,724	40,407,434	40,534,068

At June 30, 2004 there were 2,879,999 stock options outstanding at exercise prices ranging from \$0.96 to \$1.94.

FINANCIAL SUMMARY OF QUARTERLY RESULTS (\$000s EXCEPT PER SHARE DATA)

	2004		2003				2002	
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
Data Library Revenue	8,400	4,033	6,861	5,445	4,576	3,548	7,285	3,413
Multi-Client Revenue	–	12,126	–	1,962	7,645	3,424	65	1,071
LiDAR Revenue	506	–	–	–	–	–	–	–
Other Revenue	172	506	250	358	1,158	311	1,160	203
Total Revenue	9,078	16,665	7,111	7,765	13,379	7,283	8,510	4,687
Net Earnings	1,053	2,951	1,242	866	2,101	1,790	2,135	931
per share-basic	0.03	0.07	0.04	0.02	0.05	0.04	0.05	0.03
per share-diluted	0.03	0.07	0.04	0.02	0.05	0.04	0.05	0.03

Total revenue on a quarterly basis for Pulse over the past eight quarters has fluctuated significantly. The trend has been one of increasing data library revenues quarter over quarter within each fiscal year, with the fourth quarter of the year typically achieving the highest sales volumes for the year.

There is seasonality reflected in the total revenue numbers, particularly relating to multi-client sales. The historic trend has been to deliver seismic data from the majority of the multi-client survey programs in the first two quarters of each year. Shooting seismic in many areas of Western Canada requires frozen ground conditions. Pulse does conduct additional acquisition programs throughout the remainder of the year, but usually on a smaller scale than the winter work.

During the past eight fiscal quarters, the fluctuations in earnings have largely been a function of revenue. The quarters with large multi-client revenues are easily identified. There has not been a large increase in the weighted average number of shares outstanding over this eight-quarter period, because until the 4,497,956 shares were issued upon the acquisition of Mosaic on May 25, 2004 a relatively small number of shares were issued upon exercise of stock options in the latter part of 2003 and early 2004. Going forward, the weighted average number of shares outstanding will increase and cause a dilutive impact on earnings per share. Historically, the dilutive impact of stock options has not been material, as the majority of the outstanding stock options have only recently been in the money.

Please refer to the Company's 2003 Annual Report for a summary of the business risks relating to Pulse's business and operations.

Additional information relating to Pulse, including the Company's Annual Information Form, can be found on SEDAR at www.sedar.com.

OUTLOOK

Commodity prices are expected to remain strong through 2004 and beyond, which should result in continuing high levels of exploration and development drilling activity in the Western Canadian Sedimentary Basin and a continuing strong demand for seismic data.

With the strong exploration cycle, combined with the increasing sales from the Company's data library and the diminishing library card obligation balance, Pulse provided annualized financial guidance in March 2004, indicating that the Company expected to achieve a free cash flow level in excess of \$10.0 million in 2004. With the strong results achieved in the first half of 2004, the Company remains confident that this level of free cash flow will be attained.

Pulse intends to continue to increase the value of its seismic assets through professional, innovative marketing and disciplined growth. The Company will continue to evaluate strategic acquisition opportunities utilizing its strong financial base and management expertise. In this regard, the Company acquired Mosaic in May of 2004. Market research states that Mosaic is engaged in an industry that is growing rapidly. We feel Mosaic has the potential to become a profitable industry leader. This acquisition will add to Pulse's diversity of data products and geographical markets and we anticipate that it will provide a significant area of growth to Pulse. Pulse management wishes to extend a warm welcome to all of the employees of Mosaic.

August 13, 2004



Ken MacDonald
President & C.E.O.



Douglas A. Cutts
Vice President, Finance and C.F.O.

CONSOLIDATED BALANCE SHEETS

(In thousands of dollars)

	June 30, 2004	December 31, 2003
	(unaudited)	(audited)
Assets		
Current assets:		
Cash and cash equivalents	\$ 1,549	\$ 9,018
Accounts receivable	8,300	15,652
Income taxes receivable	1,458	–
Prepaid expenses	373	234
	11,680	24,904
Seismic data library	75,195	70,981
Seismic participation surveys in progress	72	8,438
LiDAR data library	788	–
Property and equipment	15,744	968
Investments	598	883
Deferred financing costs	90	103
Future income tax asset	–	2,059
	\$ 104,167	\$ 108,336
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 5,008	\$ 14,841
Income taxes payable	–	54
Deferred revenue	1,476	9,551
Current portion of long-term debt (note 3)	5,253	4,172
	11,737	28,618
Long-term debt (note 3)	14,088	16,269
Deferred revenue	269	324
Future income tax liability	3,692	–
Shareholders' equity:		
Share capital (note 4)	50,303	42,064
Contributed surplus	126	34
Retained earnings	23,952	21,027
	74,381	63,125
	\$ 104,167	\$ 108,336

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF EARNINGS

(In thousands of dollars, except per share data)

	Three months ended		Six months ended	
	June 30		June 30	
	2004	2003	2004	2003
	(unaudited)		(unaudited)	
Revenue (note 5)	\$ 9,078	\$ 13,379	\$ 25,743	\$ 20,662
Operating expenses:				
Amortization of data libraries	3,513	7,579	12,741	10,497
Operating	1,744	1,146	2,474	2,037
Depreciation of property and equipment	328	132	405	254
	5,585	8,857	15,620	12,788
Gross margin	3,493	4,522	10,123	7,874
General and administrative expenses	1,350	666	2,187	1,155
Interest:				
Long-term debt	263	363	555	711
Other	301	(25)	275	(85)
	564	338	830	626
Earnings before income taxes	1,579	3,518	7,106	6,093
Income taxes:				
Current (recovery)	89	(817)	873	(1,232)
Future	437	2,234	2,229	3,434
	526	1,417	3,102	2,202
Net earnings	\$ 1,053	\$ 2,101	\$ 4,004	\$ 3,891
Earnings per share, basic and diluted	\$ 0.03	\$ 0.05	\$ 0.10	\$ 0.10

CONSOLIDATED STATEMENTS OF RETAINED EARNINGS

(In thousands of dollars)

	Six months ended	Year ended
	June 30	December 31
	2004	2003
	(unaudited)	(audited)
Balance, beginning of the period	\$ 21,027	\$ 16,039
Net earnings	4,004	5,999
Dividends paid	(1,079)	(1,011)
Balance, end of the period	\$ 23,952	\$ 21,027

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands of dollars)

	Three months ended		Six months ended	
	June 30		June 30	
	2004	2003	2004	2003
	(unaudited)		(unaudited)	
Cash provided by (used in):				
Operations:				
Net earnings	\$ 1,053	\$ 2,101	\$ 4,004	\$ 3,891
Items not involving cash:				
Amortization of data libraries	3,513	7,579	12,741	10,497
Future income taxes	437	2,234	2,229	3,434
Depreciation of property and equipment	328	132	405	254
Other	75	12	105	13
Cash flow from operations	5,406	12,058	19,484	18,089
Net change in non-cash working capital items related to operations	(3,987)	(8,057)	(6,646)	(3,633)
Decrease in non-current deferred revenue	(14)	(309)	(55)	(727)
	1,405	3,692	12,783	13,729
Financing:				
Repayment of long-term debt	(1,094)	(750)	(2,134)	(1,500)
Decrease in long-term accounts payable	–	(564)	–	(1)
Issue of share capital	397	1	592	1
	(697)	(1,313)	(1,542)	(1,500)
Investing:				
Additions to seismic data library and participation surveys in progress	(52)	(2,345)	(8,572)	(15,033)
Dividends paid	(570)		(1,079)	–
Additions to property and equipment	(7)	(12)	(36)	(40)
Decrease in investments	498	–	285	133
Business acquisition (note 2)	(2,142)		(2,142)	–
Net change in non-cash working capital items related to investing	670	(7,005)	(7,166)	(839)
	(1,603)	(9,362)	(18,710)	(15,779)
Decrease in cash position	(895)	(6,983)	(7,469)	(3,550)
Cash and cash equivalents, beginning of period	2,444	9,556	9,018	6,123
Cash and cash equivalents, end of period	\$ 1,549	\$ 2,573	\$ 1,549	\$ 2,573

During the three and six month periods ended June 30, 2004 the Corporation paid interest of \$563,000 (2003 – \$285,945) and \$746,000 (2003 – \$625,674), respectively. During the three and six month periods ended June 30, 2004 the Corporation paid income taxes of \$611,542 (2003 – nil) and \$2,393,181 (2003 – \$25,477), respectively.

See accompanying notes to consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Three and six months ended June 30, 2004 and 2003

(Tabular amounts in thousands of dollars)

(Unaudited)

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, 2003. These interim financial statements follow the same accounting policies and methods as the most recent annual financial statements unless otherwise disclosed (see note 2). The figures for the six months ended June 30, 2003 reflect certain reclassifications to conform with the presentation adopted in 2004.

The results of operations for the six months ended June 30, 2004 are not necessarily indicative of results to be expected for the entire year ending December 31, 2004. The Corporation records multi-client participation revenue related to its seismic programs, which are carried out primarily during the winter months. Revenue is recognized upon completion of a program after the related data has been delivered. Therefore, a significant portion of the Corporation's multi-client revenue is recognized in the winter and spring seasons.

The Corporation's policy with respect to revenue recognition on seismic data sales is to record revenue as and when the seismic data has been delivered. In the case of multi-client surveys, this occurs when the seismic work, including data processing, is complete and delivery to the customer has occurred. In the case of commitment cards (requiring the subsequent delivery of seismic data), revenue is only recognized when the client has chosen and taken delivery of the data; until then the sales value is recorded as deferred revenue. In the case of LiDAR mapping surveys and services, revenue is recognized on a percentage of completion basis over the term of the agreement as milestones are achieved and delivered. Amounts received in advance of qualifying for recognition are recorded as deferred revenue.

The most recent annual financial statements describe a change in estimate, applied prospectively, effective from July 1, 2003, related to amortization of the seismic data library. Amortization recorded for the three and six month periods ended June 30, 2004 would have been \$761,000 higher and \$512,000 lower, respectively, using the previous estimates.

2. BUSINESS COMBINATION:

On May 25, 2004 the Corporation issued 4,497,956 common shares for all of the issued and outstanding shares of Mosaic Mapping Corporation, a company with offices in Calgary, Ottawa and Houston, which provides technology solutions in the fields of airborne and ground-based LiDAR technology solutions for geographic information system ("GIS") applications that include oil and gas exploration, infrastructure and land development in North American and international markets. The acquisition was accounted for using the purchase method of accounting with the results of operations included from the date of acquisition. The cost of the net assets acquired, at their estimated fair values, and the consideration paid were as follows:

Net assets acquired:

Current assets	\$	1,261
LiDAR data library		805
Property and equipment		15,089
Current liabilities		(3,329)
Long-term debt		(516)
Future income tax liability		(3,522)
	\$	9,788

Consideration:

Common shares	\$	7,646
Cash (including transaction costs of \$388,000)		2,142
	\$	9,788

The LiDAR data library is amortized on a straight-line basis over five years. Included in property and equipment are cameras and proprietary software and processes at a cost of \$14,106 which are amortized on a straight-line basis over seven years.

3. LONG-TERM DEBT:

	June 30, 2004	December 31, 2003
Bank term loan, repayable in set monthly installments which vary over the term of the loan, plus interest at the lender's base rate plus 2.75%	\$ 18,238	\$ 20,300
Promissory note payable in US funds (\$503,000 US), non-interest bearing, due semi-monthly based on 5% of LiDAR sales cash receipts, from the sale or licence of assets purchased from the holder, secured by the purchased assets.	677	-
Promissory note payable in US funds (\$170,000 US), bearing interest at 7%, due in monthly installments of \$28,046 US, secured by assets purchased from the holder.	228	-
Capital lease obligations	198	141
	19,341	20,441
Less current portion	5,253	4,172
	\$ 14,088	\$ 16,269

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

	2004 (July 1, 2004 – December 31, 2004)	2005	2006	2007
		\$ 2,504	5,614	6,898
			4,325	
				\$ 19,341

Capital lease obligations in the amount of \$81,000 were acquired with the acquisition of Mosaic Mapping Corporation (note 2).

4. SHARE CAPITAL:

(a) Common shares issued:

	Number of Shares	Amount
Balance, December 31, 2003	40,534,068	\$ 42,064
Issued on business combination (note 2)	4,497,956	7,647
Issued for cash on exercise of stock options	536,700	592
Balance, June 30, 2004	45,568,724	\$ 50,303

(b) Stock options:

At June 30, 2004 there were 2,879,999 stock options outstanding at exercise prices ranging from \$0.96 to \$1.94 with a weighted average remaining life of 4.1 years. During the six months ended June 30, 2004, 1,535,000 options were granted with exercise prices ranging from \$1.64 to \$1.94. Compensation expense of \$23,000 and \$92,000 has been recorded for the three- and six-month periods ended June 30, 2004, respectively, with the corresponding increase in contributed surplus relating to both the options issued in the current period and those issued in the prior year which vested during this period. The per share weighted-average fair value of stock options granted during the current period was \$0.83, using the Black-Scholes pricing model, with the following assumptions: risk-free rate of 5.5%, expected life of five years and a weighted-average expected volatility of 53%.

The Corporation continues to disclose the pro-forma earnings impact of stock options granted in 2002 which have vested subsequently. If the fair value method had been used, net earnings for the three and six months periods ended June 30, 2004 would have been reduced by \$37,500 and \$76,000, respectively, and earnings per share would have remained unchanged.

(c) Per share amounts:

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

	Three months ended June 30,		Six months ended June 30,	
	2004	2003	2004	2003
Weighted shares outstanding:				
Basic	42,664,997	40,407,434	41,516,049	40,407,434
Diluted	43,208,065	40,407,434	42,090,640	40,854,019

The reconciling item between basic and diluted average common shares outstanding is stock options.

5. REVENUE:

The Corporation specializes in acquiring and licensing non-exclusive seismic data. The inventory of seismic data is acquired by either shooting multi-client seismic surveys or by purchasing existing quality seismic data libraries. While the Corporation maintains a proprietary interest in the seismic data from all such surveys, the initial participants may be granted exclusive rights for an initial period during which the Corporation cannot license the data to others. Multi-client survey revenue includes all revenues for licences sold prior to the delivery of the seismic data or the expiry of the exclusive periods, whichever ever occurs later. Thereafter the data forms part of the Corporation's seismic data library. The Corporation's activities also include other services related to the seismic industry, including software development carried out for the seismic industry by the Corporation's wholly-owned subsidiary, Trango Technologies Inc. The Corporation also generates LiDAR revenue through its wholly-owned subsidiary, Mosaic Mapping Corporation. LiDAR revenue is generated by conducting custom development 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.

	Three months ended June 30,		Six months ended June 30,	
	2004	2003	2004	2003
Multi-client survey revenue	\$ -	\$ 7,645	\$ 12,126	\$ 11,069
Seismic data library revenue	8,400	4,576	12,433	8,124
LiDAR revenue	506	-	506	-
Revenue from other services	172	1,158	678	1,469
	\$ 9,078	\$ 13,379	\$ 25,743	\$ 20,662

DIRECTORS

Clark Zentner ⁽¹⁾⁽³⁾

Chairman of the Board
Independent Businessperson
Calgary, Alberta

Daphne Corbett ⁽¹⁾⁽³⁾

Independent Businessperson
Vancouver, British Columbia

Arthur Dumont ⁽²⁾⁽³⁾⁽⁴⁾

Chairman and Chief Executive Officer
Technicoil Corporation
Calgary, Alberta

Peter Fuss ⁽²⁾⁽³⁾

Management Consultant
Boca Grande, Florida

Ken MacDonald ⁽⁴⁾

President and Chief Executive Officer
Pulse Data Inc.
Calgary, Alberta

Graham Weir ⁽¹⁾⁽³⁾

Independent Businessperson
Calgary, Alberta

Don West ⁽²⁾⁽³⁾⁽⁴⁾

Independent Businessperson
Calgary, Alberta

Notes

(1) Member of Audit Committee

(2) Member of the Compensation Committee

(3) Member of the Corporate Governance Committee

(4) Member of the Environmental, Health & Safety Committee

OFFICERS

Ken MacDonald

President and Chief Executive Officer

Douglas Cutts

Vice President, Finance and
Chief Financial Officer

Brent Gale

Vice President, Operations and
Chief Operating Officer

Deryl Williams

President, Trango Technologies Inc.

Norman Hall

Corporate Secretary

HEAD OFFICE

Pulse Data Inc.
Suite 428, 540 – 5th Avenue S.W.
Calgary, Alberta T2P 0M2
Phone: (403) 237-5559
Toll-Free (877) 460-5559
Fax: (403) 263-2251
Email: info@pulsedatainc.com
www.pulsedatainc.com

AUDITORS

KPMG LLP
1200, 205 – 5th Avenue S.W.
Calgary, Alberta T2P 4B9

BANKERS

Bank of Nova Scotia
240 – 8th Avenue S.W.
Calgary, Alberta T2P 2N7

RoyNat Capital Inc.
4500, 400 – 3rd Avenue S.W.
Calgary, Alberta T2P 4H2

SOLICITORS

Gowling Lafleur Henderson LLP
1400, 700 – 2nd Street S.W.
Calgary, Alberta T2P 4V5

REGISTRAR AND TRANSFER AGENT

Computershare Trust Company of Canada
600, 530 – 8th Avenue S.W.
Calgary, Alberta T2P 2V5

STOCK EXCHANGE LISTING

The Toronto Stock Exchange (TSX)
Trading Symbol: PSD

NEW HEAD OFFICE ADDRESS

Effective September 7, 2004

Suite 2400 Standard Life Building
639 – 5th Avenue S.W.
Calgary, Alberta T2P 0M9