

## CORPORATE PROFILE

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Pulse Data Inc. ("Pulse" or "the Company") is a Calgary-based, international company specializing in data ownership through acquisition, marketing and information management, with a 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, marketing and licensing in Western Canada. Pulse Seismic's library currently consists of approximately 240,000 net kilometres of 2D data and more than 9,200 net square kilometres of 3D data. Revenue is generated through licensing of the data library and through licensing of 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 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 its mix, the Company has positioned itself for continued expansion and diversification in market areas that require better information faster.

On November 8, 2005 Pulse announced its tenth consecutive quarterly dividend of \$0.025 per common share payable on December 20, 2005 to shareholders of record at the close of business on December 6, 2005.

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

## Financial Highlights

(\$000s except per share data)	3 months ended September 30,		9 months ended September 30,		Year ended Dec. 31,
	2005	2004	2005	2004	2004
	(unaudited)		(unaudited)		(audited)
Revenue					
Data library sales	\$ 8,614	\$ 4,721	\$ 22,466	\$ 17,154	\$ 25,611
Participation surveys	\$ 607	\$ (116)	\$ 5,638	\$ 12,259	\$ 19,979
LiDAR	\$ 2,453	\$ 1,321	\$ 6,489	\$ 1,827	\$ 3,886
Trango & other	\$ 158	\$ 213	\$ 893	\$ 642	\$ 1,792
Total revenue	\$ 11,832	\$ 6,139	\$ 35,486	\$ 31,882	\$ 51,268
Amortization of data libraries	\$ 4,627	\$ 3,698	\$ 14,757	\$ 16,439	\$ 22,862
Net earnings	\$ 1,061	\$ (1,590)	\$ 2,468	\$ 2,414	\$ 7,719
Net earnings per share:					
basic and diluted	\$ 0.02	\$ (0.04)	\$ 0.05	\$ 0.06	\$ 0.18
Funds from operations <sup>(1)</sup>	\$ 9,640	\$ 2,094	\$ 21,157	\$ 21,579	\$ 36,776
Funds from operations per share <sup>(1)</sup> :					
basic	\$ 0.21	\$ 0.05	\$ 0.46	\$ 0.50	\$ 0.84
diluted	\$ 0.20	\$ 0.05	\$ 0.45	\$ 0.50	\$ 0.84
Free cash flow <sup>(1)</sup>	\$ 10,261	\$ 2,393	\$ 15,676	\$ 4,940	\$ 11,988
Working capital (deficiency)	\$ 11,804	\$ (4,160)	\$ 11,804	\$ (4,160)	\$ 3,845
Total assets	\$ 123,328	\$ 107,133	\$ 123,328	\$ 107,133	\$ 108,426
Capital expenditures					
Seismic data purchases	\$ -	\$ -	\$ 15,225	\$ -	\$ 1,295
Participation surveys	\$ (621)	\$ (299)	\$ 5,481	\$ 16,939	\$ 24,788
Changes to work in progress	\$ 6	\$ 4,113	\$ 8	\$ (4,253)	\$ (8,436)
Property & equipment additions	\$ 246	\$ 313	\$ 1,371	\$ 349	\$ 574
Total capital expenditures	\$ (369)	\$ 4,127	\$ 22,085	\$ 12,735	\$ 18,221
Long-term debt	\$ 22,303	\$ 12,631	\$ 22,303	\$ 12,631	\$ 11,203
Shareholders' equity	\$ 79,167	\$ 72,402	\$ 79,167	\$ 72,402	\$ 77,507
Weighted average shares outstanding:					
basic	46,282,828	42,966,532	46,047,366	42,981,869	43,646,866
diluted	47,246,570	43,307,381	46,726,355	43,409,351	43,990,061
Shares outstanding at period end	46,460,354	45,585,424	46,460,354	45,585,424	45,774,816

<sup>(1)</sup>These non-GAAP financial measures are defined in the following Management's Discussion and Analysis .

## Seismic Data Library

	3 months ended September 30,		9 months ended September 30,		Year ended Dec. 31,
	2005	2004	2005	2004	2004
2D in net kilometres	239,820	239,013	239,820	239,013	239,288
3D in net square kilometres	9,256	6,080	9,256	6,080	6,522

## TO THE SHAREHOLDERS

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We are pleased to present the financial and operating results of Pulse for the three and nine months ended September 30, 2005.

During the third quarter of 2005, Pulse generated sales from its seismic library of \$8.6 million, bringing total seismic data library sales to a record first nine months of \$22.5 million, a 31% increase over the comparable period in 2004.

Pulse is committed to growing its seismic library and this is done through a combination of two methods: conducting participation surveys and purchasing quality assets when the opportunity arises. Pulse did not conduct any participation surveys during the third quarter of 2005, but the Company acquired a significant data base of approximately 2,500 net square kilometres of 3D seismic data and 500 net kilometres of 2D seismic data during the second quarter. This purchase of this complementary seismic data increased the Company's 3D seismic library by 40%. Pulse has two participation surveys underway in the fourth quarter, which are expected to add approximately 174 net square kilometres of 3D data to the data library.

It is important to highlight that the method selected in growing the seismic library will yield significant differences in the Company's financial statements.

When Pulse invests capital in a participation survey that is partially prefunded by a client, the prefunded amount is recognized as revenue, and is utilized by Pulse to pay for part of the survey acquisition costs. The result is a capitalized cost consisting of the client's contribution plus the Company's contribution. The recognition of the revenue significantly increases funds from operations and earnings in the period the survey is completed, with an amount capitalized which is equal to the total cost of the program. The capitalization of the total costs of the program results in higher amortization, which reduces earnings in future periods.

When Pulse grows its data library by purchasing seismic data, a different earnings outcome results due to the difference in accounting for the acquisition of the data. The purchase price of the data is similar to the portion of capital that the Company contributes to a participation survey (i.e. 20-30% of the capital cost of the initial survey). There is no revenue generated upon acquisition, and no corresponding amount to capitalize. Therefore, earnings and cash taxes are lower in the period that the data is added to the library, resulting in increased free cash flow. Going forward, the data acquired has a higher potential to generate net earnings compared to a participation survey due to the lower capitalized cost and corresponding lower amortization.

In Pulse's LiDAR business segment, encouraging improvements in sales revenue and funds from operations were generated by Terrapoint during the third quarter of 2005. With continued emphasis on improving operational efficiencies and reducing fixed costs, and a solid contract backlog position, it is expected to contribute improved financial results during the fourth quarter of 2005.

Trango has made steady progress penetrating the United States market place, and has added several new products to its offering which are expected to add positive financial results in the future.

On November 9, 2005 Pulse announced the declaration of its tenth consecutive quarterly dividend. Due to continued strength in data library sales and significant free cash flow, Pulse has maintained its quarterly dividend rate of \$0.025 per common share. The dividend will be paid on December 20, 2005 to shareholders of record at the close of business on December 6, 2005. Pulse's Dividend Reinvestment Plan will be available for eligible shareholders for this dividend.

Under Pulse's Dividend Reinvestment and Optional Share Purchase Plan, eligible shareholders may automatically reinvest their dividends in common shares of Pulse at 95% of the current market price. Eligible participants may also purchase additional common shares of Pulse at the current market price, with a minimum of \$200 per purchase, and a maximum of \$50,000 per calendar year. In order to participate in the Plan, eligible shareholders must complete and return the required forms to the Plan Agent, Computershare Trust Company of Canada, by two business days before the dividend record date.

## **MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

**NINE MONTHS ENDED SEPTEMBER 30, 2005**

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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 November 8, 2005 and is supplemental to the consolidated financial statements and related notes contained in this interim report for the nine months ended September 30, 2005 and in the Company's 2004 Annual Report. This MD&A for the nine months ended September 30, 2005 updates and supplements the MD&A for the year ended December 31, 2004. The unaudited interim consolidated financial statements for the nine months ended September 30, 2005 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 they are used by management, investors, analysts and others 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 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 Company's Annual Report for 2004 and Interim Reports 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

Data library sales increased 31.0% to \$22.5 million for the nine months ended September 30, 2005 compared to \$17.2 million for the first nine months of 2004.

LiDAR revenues for the third quarter of 2005 were \$2.5 million, an 85.7% increase over \$1.3 million recorded in the third quarter of 2004. (It is not relevant to make comparisons to the nine-month period ended September 30, 2004, as the acquisition of the LiDAR business occurred May 26, 2004).

Free cash flow for the first nine months of 2005 was \$15.7 million, compared to free cash flow of \$4.9 million reported in the first nine months of 2004. This significant increase in free cash flow in 2005 compared to 2004 is attributed to higher data library sales in 2005, and lower cash requirements for participation surveys in 2005.

Pulse had a working capital position of \$11.8 million at September 30, 2005 compared to a working capital deficiency at September 30, 2004 of \$4.2 million.

Pulse added 2,740 net square kilometres of 3D seismic to its data library during the first three quarters of 2005 through the purchase of a significant seismic data set in June 2005 (2,500 net square kilometres) and through two participation surveys (240 net square kilometres), compared to the addition of 780 net square kilometres of 3D data for the same period in 2004.

In addition, Pulse has repaid \$3.9 million of long-term debt during the nine-month period ended September 30, 2005, and restructured its long-term debt facility with its principal lender to include an additional \$15.4 million which was used to purchase a significant seismic database in June 2005.

Net earnings for the three-month period ended September 30, 2005 were \$1.1 million (\$0.02 per share diluted) compared to a loss of \$1.6 million (\$0.04 per share diluted) for the same period in 2004. Funds from operations for the third quarter of 2005 of \$9.6 million (\$0.20 per share diluted) were 360.4% higher than the \$2.1 million (\$0.05 per share diluted) generated in the third quarter of 2004. These per share figures are based on the weighted average diluted shares outstanding of 47,246,570 for the third quarter of 2005 compared to 43,307,381 for the third quarter of 2004.

Net earnings for the nine months ended September 30, 2005 were \$2.5 million (\$0.05 per share diluted), compared to \$2.4 million (\$0.06 per share diluted) for the same period in 2004. Funds from operations for the first nine months of 2005 were \$21.2 million (\$0.45 per share diluted), compared to \$21.6 million (\$0.50 per share diluted) generated for the same period in 2004. These per share figures are based on the weighted average diluted shares outstanding of 46,726,355 for the first nine months of 2005, compared to 43,409,351 for the comparative period in 2004.

## SEGMENT REVIEW

### Revenue

For the nine months ended September 30 (stated in thousands of dollars)

In 2004, the LiDAR segment includes results from May 26 to September 30.

Business Segment	2005		2004		% Change
	Revenue	% of Total Revenue	Revenue	% of Total Revenue	
Seismic Data:					
Data library sales	\$ 22,466	63.3	\$ 17,154	53.8	31.0
Participation surveys	5,638	15.9	12,259	38.5	(54.0)
LiDAR	6,489	18.3	1,827	5.7	255.2
Trango	1,065	3.0	617	1.9	72.6
Corporate and other	(172)	(0.5)	25	0.1	(788.0)
Total	\$ 35,486	100	\$ 31,882	100	11.3

### Earnings (loss) before income taxes

For the nine months ended September 30 (stated in thousands of dollars)

In 2004, the LiDAR segment includes results from May 26 to September 30.

Business Segment	2005	2004	% Change
Seismic Data	\$ 11,106	\$ 10,639	4.4
LiDAR	(2,293)	(1,715)	(33.7)
Trango	(380)	(556)	31.7
Corporate and other	(4,391)	(3,527)	(24.5)
Total	\$ 4,042	\$ 4,841	(16.5)

### Revenue

For the three months ended September 30 (stated in thousands of dollars)

Business Segment	2005		2004		% Change
	Revenue	% of Total Revenue	Revenue	% of Total Revenue	
Seismic Data:					
Data library sales	\$ 8,614	72.8	\$ 4,721	76.9	82.5
Participation surveys	607	5.1	(116)	(1.9)	623.3
LiDAR	2,453	20.7	1,321	21.5	85.7
Trango	203	1.7	266	4.3	(23.7)
Corporate and other	(45)	(0.3)	(53)	(0.8)	15.0
Total	\$ 11,832	100	\$ 6,139	100	92.7

### Earnings (loss) before income taxes

For the three months ended September 30 (stated in thousands of dollars)

Business Segment	2005	2004	% Change
Seismic Data	\$ 3,940	\$ 64	6056.3
LiDAR	(606)	(976)	37.9
Trango	(195)	(149)	(30.9)
Corporate and other	(1,465)	(1,205)	(21.6)
Total	\$ 1,674	\$ (2,266)	173.9

## **SEISMIC DATA SEGMENT**

### **Revenue**

The seismic data segment, which includes data library sales and participation survey revenue, contributed 79.2% of total revenue for the Company in the first nine months of 2005, and 77.9% of total revenue for the third quarter of the current year. With the Terrapoint acquisition being effective May 26, 2004 the seismic data segment contributed 92.3% of total revenue for the nine-month period ended September 30, 2004 and 75.0% of total revenue for the third quarter. For the nine-month period ended September 30, 2005, Pulse recorded total seismic revenue of \$28.1 million compared to \$29.4 million for the same period in 2004.

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 licences of seismic data from Pulse's existing seismic data library, which can occur many times over without further costs being incurred.

Seismic data segment revenue for the nine months ended September 30, 2005 reflects an overall decrease of 4.4% from the comparable nine-month period in 2004, but includes a 31.0% increase in data library sales for the same period, and an 82.5% increase in data library sales for the third quarter of 2005 compared to the third quarter of 2004. The primary reason for the decrease in total seismic data segment revenue was that Pulse recorded \$5.6 million of participation survey revenue in the first three quarters of 2005, compared to \$12.3 million of participation survey revenue in the first three quarters of 2004. The 2004 period had a higher than normal level of participation surveys delivered.

### **Amortization**

The most significant expense to Pulse is the charge for data library amortization. Seismic amortization expense was \$14.6 million (52.0% of seismic data segment revenue) for the nine-month period ended September 30, 2005, compared to \$16.4 million (55.7% of seismic data segment revenue) for the same period in 2004. For the three months ended September 30, 2005, the seismic amortization expense was \$4.6 million (49.7% of seismic data segment revenue) compared to \$3.7 million (79.7% of seismic data segment revenue) for the same period in 2004. Amortization of seismic data is described further under "Critical Accounting Estimates".

### **Operating Expenses**

Operating expenses for the seismic data segment include items directly related to licensing data. Such items include sales commissions, salaries and drafting and mapping costs. For the nine months ended September 30, 2005 operating expenses were substantially the same as the nine months ended September 30, 2004. For the third quarter of 2005, operating expenses were 19.8% less than the third quarter of 2004.

### **Earnings Before Income Taxes ("EBT")**

In summary, EBT for the seismic data segment increased 4.4% for the nine months ended September 30, 2005 compared to the nine months ended September 30, 2004 due primarily to the increase in data library sales of 31.0%. Although participation survey revenue was down 54.0% from the comparable period in 2004, the significant increase in data library sales along with a reduced level of amortization for the period more than offset this decrease. EBT for the seismic segment for the third quarter of 2005 was \$3.9 million compared to \$64,000 for the same period in 2004. The increase is due primarily to higher data library sales for the third quarter of 2005 compared to 2004.

## **LiDAR SEGMENT**

### **Revenue**

LiDAR revenue for the third quarter of 2005 increased 85.7% to \$2.5 million over the third quarter of 2004 revenue of \$1.3 million, to reach a year-to-date total revenue of \$6.5 million. It is not relevant to make comparisons to the nine-month period ended September 30, 2004, as the acquisition of the LiDAR business occurred May 26, 2004. The increased third quarter sales were attributable to an increased marketing effort and improvements in operational efficiencies and processes since the acquisition of the LiDAR companies in 2004.

### **Amortization and Depreciation**

Included in amortization expense for the nine months ended September 30, 2005 is amortization of the LiDAR data library acquired on the acquisition of Terrapoint of \$132,000. Amortization of LiDAR data is calculated on a straight-line basis over five years. There have been no additional LiDAR costs capitalized since the acquisition of Terrapoint.

Pulse's consolidated depreciation expense has not historically been a large expense item, but with the addition of Terrapoint's capital equipment, this expense has increased significantly. The depreciation expense in the LiDAR segment for the nine months ended September 30, 2005 was \$1.7 million and for the third quarter of 2005 it was \$664,000, compared to \$865,000 from May 26, 2004 to September 30, 2004, and \$459,000 for the third quarter of 2004.

### **Operating Expenses**

Included in Terrapoint's operating expenses are all of the costs associated with generating their LiDAR project revenues. Operating expenses as a percentage of revenue for the third quarter of 2005 were 61.2% compared to 73.2% for the second quarter and 91.4% in the first quarter of 2005. This quarter-over-quarter reduction is indicative of the impact of increasing LiDAR revenue combined with improvements made to operational efficiencies and cost reductions.

### **General and Administrative Expenses ("G&A")**

For the nine months ended September 30, 2005 G&A expenses in the LiDAR segment were \$1.4 million or 20.8% of revenue. As a percentage of revenue, G&A expenses are virtually unchanged from the six-month period ending June 30, 2004 of 20.4%. Continued efforts are being made to reduce G&A expenses in this business segment.

### **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 between technical support, maintenance, repair and upgrade of the equipment deployed in day-to-day operations, and research and development directed towards improving performance, reliability, ease of use and technical advancement. The 17.9% increase in R&D in the third quarter of 2005 compared to the second quarter of 2005 and 35.1% increase compared to the first quarter of 2005 resulted from Terrapoint's engineering department spending less time supporting operations and more time on research and development.

### **Loss Before Income Taxes**

For the first nine months of 2005, the LiDAR segment incurred a loss before income taxes of \$2.3 million. This loss includes a \$606,000 loss for the third quarter, slightly more than the second quarter 2005 loss of \$539,000 and a significant improvement over the first quarter loss before income taxes of \$1.1 million. The third quarter 2005 loss was a 37.9% improvement over the \$976,000 loss generated in the third quarter of 2004. Increased sales, better weather, and gains in operational efficiencies, have generated improved results that should continue to improve the LiDAR financial results through the remainder of the year.

## **TRANGO SEGMENT**

### **Revenue**

Revenue for the first nine months of 2005 increased 72.6% to \$1.1 million in 2005 from \$617,000 in 2004. For the third quarter of 2005, revenue decreased 23.7% to \$203,000 from the \$266,000 generated in the third quarter of 2004. These improved results in the year to date for 2005 are mainly the result of work completed on major contracts awarded to Trango by three oil and gas companies in the United States in late 2004.

### **Operating Expenses**

For the nine months ended September 30, 2005 operating expenses increased 16.2%, from \$1.1 million in 2004 to \$1.3 million in 2005 which related to the higher revenue level for Trango. For the three months ended September 30, 2005 operating expenses decreased 10.5% compared to the same period in 2004. Items contributing to the increases in the nine-month period are salaries, consulting costs and travel. Trango's primary operating expense is employment costs relating to the development work to complete contracts. The lower revenue in the third quarter of 2005 resulted in lower operating costs.

### **Loss Before Income Taxes**

For the nine-month period ended September 30, 2005 the loss before income taxes for Trango was \$380,000, an improvement of 31.7% compared to the loss of \$556,000 for the same period in 2004. The loss in the third quarter of 2005 was \$195,000 compared to a loss of \$149,000 for the same period in 2004. While revenue increases have resulted in higher margins in this segment, the cost of servicing the contracts has to date not yet resulted in positive earnings before income taxes. However, sales of new products such as Well Manager, Geo-Manager and Trango browser, which have been developed over the last nine months, are being well received by our clients and are expected to contribute to improved financial results in the future.

## **CORPORATE AND OTHER SEGMENT**

### **General and Administrative Expenses ("G&A")**

The corporate and other segment consists primarily of Pulse's Corporate G&A costs, interest and items such as intercompany eliminations and foreign exchange gains and/or losses. For the nine months ended September 2005 G&A expenses were \$3.2 million, a 30.0% increase compared to the \$2.5 million for the same period in 2004. The increased amount of corporate G&A expenses is related to higher stock-based compensation expense, salaries, travel, consulting, investor relations, rent, IT costs, accounting and legal costs. Many of these increases are related to Pulse's expansion into the United States through Terrapoint and Trango, and the changing regulatory environment for public companies.

### **Depreciation Expense**

Depreciation expense for the nine months ended September 30, 2005 increased 32.1% to \$210,000 from \$159,000 in the same period of 2004. The third quarter 2005 depreciation was \$81,000, a decrease of 61.6% over the same three-month period in 2004. The nine-month increase reflects the capital additions being made to the technology infrastructure of Pulse.

## **Interest Expense**

Total interest expense for the nine months ended September 30, 2005 decreased 24.0% from \$1.0 million in 2004 to \$794,000 for the same period in 2005. The 2004 interest included an amount of approximately \$303,000 resulting from an income tax audit reassessment dating back to 1999 for Request Seismic Surveys Ltd. This reduction in interest expense relates directly to the reduction in the outstanding long-term debt balance during the first five months of 2005. With the additional debt undertaken in June 15, 2005 to finance the significant seismic data purchase the interest expense will increase through the remainder of 2005.

## **CONSOLIDATED PULSE DATA INC.**

### **Income Taxes**

The total income tax provision for the first nine months of 2005 was \$1.6 million, reflecting an effective tax rate of 38.9% compared to a total provision of \$2.4 million and an effective tax rate of 50.1% for the same period in 2004. Pulse's effective tax rates in the first nine months of 2005 and 2004 were significantly higher than the federal and provincial tax rates of approximately 34% for both years due to the addition of the Large Corporation Tax, non-deductible expenses such as stock option expense and, in 2004, the payment of income taxes resulting from the reassessment of tax returns for Request Seismic Surveys Ltd. relating to taxation years prior to its acquisition by Pulse.

For the three-month period ended September 30, 2005 a total of \$2.5 million of current income taxes was reallocated to future income taxes to reflect a revision in the provision for income taxes calculated at June 30, 2005.

### **Data Library**

Pulse acquires seismic data to grow its data library through two primary methods. The Company conducts participation surveys each year, and also makes data purchases when the opportunity arises to acquire the proprietary rights to complementary seismic data. During the first nine months of 2005, Pulse invested \$20.7 million to acquire new seismic data. In the second quarter of 2005, the Company purchased for \$15.2 million, the proprietary rights to approximately 2,500 net square kilometres of 3D seismic data and 500 net kilometres of 2D seismic data located in the south-central area of Alberta. Additionally, in the first nine months of 2005 the Company invested \$5.5 million to acquire new data through participation surveys. In comparison, the Company spent \$8.2 million on participation surveys during the first nine months of 2004. This amount was in addition to \$8.4 million that was recorded at December 31, 2003 as work in progress, relating to the participation survey programs completed in the first quarter of 2004, which was converted to data library additions in 2004 with the delivery of the data in February and March 2004. The total capital expenditures for the participation programs in 2005 related to two 3D participation surveys that were conducted in northern Alberta. The Company acquired a total of 240 square kilometres of 3D data, all of which is 100% owned by Pulse.

In the first nine months of 2005, Pulse added 2,740 net square kilometres of 3D data to its library, compared to 780 net square kilometres of 3D data added during the comparable period in 2004.

### **Future Tax Liability**

The net future income tax liability has increased from \$6.0 million at December 31, 2004 to \$7.4 million at September 30, 2005. The net future income tax liability of \$7.4 million at September 30, 2005 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 which include non-capital loss carry forwards.

### **Liquidity, Capital Resources and Capital Requirements**

The working capital position of Pulse, including the current portion of long-term debt of \$6.1 million, at September 30, 2005 was \$11.8 million, compared to \$3.8 million at December 31, 2004 and a deficiency of \$4.2 million at September 30, 2004. The working capital position has improved by 210.5% compared to the December 31, 2004 position as a result of increased accounts receivable relating to the high level of seismic data library sales and LiDAR sales achieved in the third quarter, as well as the decrease in accounts payable. The accounts payable balance was low due to the fact that the upcoming fall/winter participation programs had just begun and a low level of costs had been incurred as of September 30, 2005. All working capital covenants with Pulse's lenders have been met throughout each of these periods.

With the continuation of the trend of very strong seismic data sales levels, and significantly improved operational procedures and cost structures combined with a solid contract backlog position in Terrapoint and Trango, Pulse management expects that its funds from operations will be sufficient to finance operations, debt servicing, dividends and budgeted capital expenditures for the remainder of 2005. The seismic data library is continually growing with the acquisition of new, principally 3D data through participation surveys, and with the purchase of high-quality data. The ongoing growth in the Company's seismic data library continues to enable Pulse 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 acquisition of Terrapoint, Pulse has added airborne and ground-based LiDAR services to its product offerings, and has begun accessing customers in new industries and markets. As well Trango has demonstrated an ability to develop new products and penetrate new markets in the United States.

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 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 substantial pre-funding commitments from clients. Because Pulse's largest expense in any given period is the non-cash amortization expense, funds from operations is usually much higher than net earnings.

Pulse 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, 2004 and Pulse does not anticipate using it in 2005.

### **Contractual Obligations**

There has been one significant change to Pulse's contractual obligations since the 2004 Annual Report. Restructuring of the long-term debt facility with RoyNat Capital Inc., as a result of the purchase of a significant seismic database in June of 2005, has changed the Company's long-term debt repayment schedule. At September 30, 2005 the long-term debt obligations were estimated at \$6.1 million due in less than one year, \$11.7 million due in 1 to 3 years and \$10.6 million due in 4 to 5 years.

## Free Cash Flow

Free cash flow for the nine months ended September 30, 2005 was \$15.7 million, compared to free cash flow of \$4.9 million for the nine months ended September 30, 2004.

(\$000s)

	Nine months ended September 30	
	2005	2004
Funds from operations	\$ 21,157	\$ 21,579
Less:		
Participation survey additions	5,481	16,639
Free cash flow	\$ 15,676	\$ 4,940

This significant increase in free cash flow for the first three quarters of 2005 compared to the same period in 2004 is attributed to higher data library sales year to date in 2005 and lower cash requirements for the participation surveys in the first nine months of 2005. Seismic data purchases are deemed to be discretionary expenditures of capital and as a result do not decrease free cash flow.

## 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 \$153,647 at September 30, 2005 (\$41,626 at September 30, 2004).

## 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 seismic data. The costs associated with participation 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 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 in Terrapoint 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 nine months ended September 30, 2005, September 30, 2004 and the year ended December 31, 2004.

	September 30, 2005	September 30, 2004	December 31, 2004
Weighted average shares outstanding:			
basic	<b>46,047,366</b>	42,981,869	43,646,866
diluted	<b>46,726,355</b>	43,409,351	43,990,061
Shares outstanding at period end	<b>46,460,354</b>	45,585,424	45,774,816
Shares outstanding at October 31, 2005	<b>46,473,323</b>		

At September 30, 2005 there were 2,925,702 stock options outstanding at exercise prices ranging from \$0.96 to \$2.20.

At October 31, 2005 there were 2,917,668 stock options outstanding at exercise prices ranging from \$0.96 to \$2.20.

## Financial Summary of Quarterly Results

(\$000s except per share data)

	2005			2004			2003	
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Data library sales	<b>8,614</b>	<b>8,059</b>	<b>5,793</b>	8,457	4,721	8,400	4,033	6,861
Participation survey revenue	<b>607</b>	<b>68</b>	<b>4,963</b>	7,720	(116)	-	12,375	-
LiDAR revenue	<b>2,453</b>	<b>2,556</b>	<b>1,480</b>	2,208	1,321	506	-	-
Trango revenue	<b>203</b>	<b>463</b>	<b>399</b>	820	266	193	158	201
Corporate & other revenue	<b>(45)</b>	<b>(26)</b>	<b>(101)</b>	181	(53)	(21)	99	49
Total revenue	<b>11,832</b>	<b>11,120</b>	<b>12,534</b>	19,386	6,139	9,078	16,665	7,111
Net earnings (loss)	<b>1,061</b>	<b>683</b>	<b>724</b>	5,305	(1,590)	1,053	2,951	1,242
Per share-basic	<b>0.02</b>	<b>0.01</b>	<b>0.02</b>	0.12	(0.04)	0.03	0.07	0.04
Per share-diluted	<b>0.02</b>	<b>0.01</b>	<b>0.02</b>	0.12	(0.04)	0.03	0.07	0.04

Total revenue on a quarterly basis for Pulse over the past eight quarters has fluctuated significantly. The trend for 2005 has been more stable than in prior years. Consistent strong data library sales are contributing to this trend. Pulse has achieved record data library sales for the first nine months of 2005. Terrapoint has also achieved good revenue levels for the year, with two strong quarters in the second and third quarters of 2005.

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 2005, two programs were completed and delivered during the first quarter, with no additional participation surveys begun until the end of the third quarter. However, Pulse has substantially increased the size of its 3D data library by purchasing 2500 net square kilometres of 3D seismic data in the second quarter of 2005. Terrapoint also operates at a higher level in the spring and fall compared to the winter and summer, due to the improvement in conditions during "leaf off" periods and when there is a lack of snow cover.

During the past eight fiscal quarters, the fluctuations in earnings have largely been a function of revenue attributable to participation surveys. The quarters with large participation survey revenues are easily identified. There was not a large increase in the weighted average number of shares outstanding over this eight-quarter period, until this year when the full effect of the 4,497,956 shares issued upon the acquisition of Terrapoint on May 25, 2004 was incorporated. Approximately 1.2 million shares have been issued during 2004 and 2005 upon exercise of stock options. The increased weighted average number of shares outstanding has caused a small dilutive impact on earnings per share in 2005.

## Risk Factors

Please refer to the Company's 2004 Annual Report for a summary of the business risks relating to Pulse's business and operations.

## Additional Information

You may find additional information relating to Pulse, including the Company's Annual Information Form, on SEDAR at [www.sedar.com](http://www.sedar.com).

## OUTLOOK

Management and employees are committed and focused on continuing to implement operational efficiencies in Terrapoint. By leveraging off the initial improvements achieved during the second and third quarters, combined with a solid contract backlog position and the execution of further operational initiatives, the LiDAR segment is expected to contribute improved financial results during the fourth quarter of 2005.

Trango has made steady progress penetrating the United States market place and has added several new products to its offering which are expected to add positive financial results in the future.

Continuing strong commodity prices have sustained a continuing high level of oil and gas exploration activity by Canadian energy companies leading to a strong demand for seismic data. The fourth quarter has historically been a strong quarter for data sales from the seismic library. Because of this and two participation surveys that are planned to be completed before the end of the year, the Company is expecting to achieve its financial targets in the fourth quarter of 2005.

By continuing to focus on its core business, Pulse remains focused on increasing its quality seismic data library and generating a solid level of free cash flow in the years ahead.

November 8, 2005



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



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 the Management's Discussion and Analysis in the Company's Annual Report for 2004 and 2005 Interim Reports 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 expectations change.*

## INTERIM CONSOLIDATED BALANCE SHEETS

(In thousands of dollars)

	September 30, 2005	December 31, 2004
	(unaudited)	(audited)
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 7,473	\$ 3,827
Accounts receivable	16,067	12,832
Prepaid expenses	1,138	234
Work in progress	1,554	693
	<b>26,232</b>	17,586
Data libraries	80,967	75,010
Property and equipment	14,410	15,042
Long-term receivable	1,100	-
Investments	432	667
Deferred charges	187	121
	<b>\$ 123,328</b>	\$ 108,426
<b>Liabilities and Shareholders' Equity</b>		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 2,432	\$ 4,466
Deferred revenue	5,905	3,613
Current portion of long-term debt (note 3)	6,091	5,662
	<b>14,428</b>	13,741
Long-term debt (note 3)	22,303	11,203
Future income taxes	7,430	5,975
Shareholders' equity:		
Share capital (note 4)	51,615	50,531
Contributed surplus (note 4)	865	449
Retained earnings	26,687	26,527
	<b>79,167</b>	77,507
	<b>\$ 123,328</b>	\$ 108,426

See accompanying notes to interim consolidated financial statements.

## INTERIM CONSOLIDATED STATEMENTS OF EARNINGS AND RETAINED EARNINGS

(In thousands of dollars, except per share data)

	Three months ended September 30,		Nine months ended September 30,	
	2005	2004	2005	2004
	(unaudited)		(unaudited)	
Revenue	\$ 11,832	\$ 6,139	\$ 35,486	\$ 31,882
Operating expenses:				
Amortization of data libraries	4,627	3,698	14,757	16,439
Operating	2,606	3,096	8,327	5,570
Depreciation and amortization	765	696	2,003	1,101
	7,998	7,490	25,087	23,110
Gross margin	3,834	(1,351)	10,399	8,772
General and administrative expenses	1,447	687	4,724	2,873
Research and development expenses	323	–	836	–
Interest:				
Long-term debt	408	236	878	791
Other	(18)	(8)	(81)	267
	390	228	797	1,058
Earnings (loss) before income taxes	1,674	(2,266)	4,042	4,841
Income taxes:				
Current (recovery)	(2,511)	53	119	926
Future (reduction)	3,124	(729)	1,455	1,501
	613	(676)	1,574	2,427
Net earnings (loss)	\$ 1,061	\$ (1,590)	\$ 2,468	\$ 2,414
Retained earnings, beginning of the period	26,784	23,952	26,527	21,027
Dividend paid	(1,158)	(568)	(2,308)	(1,647)
Retained earnings, end of the period	\$ 26,687	\$ 21,794	\$ 26,687	\$ 21,794
Earnings (loss) per share, basic and diluted	\$ 0.02	\$ (0.04)	\$ 0.05	\$ 0.06

See accompanying notes to interim consolidated financial statements.

## Interim Consolidated Statements of Cash Flows

(In thousands of dollars)

	Three months ended September 30,		Nine months September September 30,	
	2005	2004	2005	2004
	(unaudited)		(unaudited)	
Cash provided by (used in):				
Operations:				
Net earnings	\$ 1,061	\$ (1,590)	\$ 2,468	\$ 2,414
Items not involving cash:				
Amortization of data libraries	4,627	3,698	14,757	16,439
Depreciation and amortization	765	696	2,003	1,101
Unrealized loss (gain) on foreign exchange	(151)	(149)	(87)	(149)
Future income taxes (reduction)	3,124	(729)	1,455	1,501
Stock-based compensation	204	161	561	253
Other	10	7	-	20
Funds from operations	9,640	2,094	21,157	21,579
Net change in non-cash working capital items related to operations				
	(4,983)	5,059	(4,982)	(1,588)
Increase (decrease) in non-current deferred revenue				
	(250)	(269)	-	(324)
	4,407	6,884	16,175	19,667
Financing:				
Long-term debt	-	-	15,439	-
Repayment of long-term debt	(1,081)	(1,267)	(3,910)	(3,401)
Issue of share capital	381	18	939	610
Dividends paid	(1,158)	(568)	(2,308)	(1,647)
	(1,858)	(1,817)	10,160	(4,438)
Investing:				
Additions to data libraries through participation surveys	621	299	(5,481)	(16,639)
Seismic data purchases	-	-	(15,225)	-
(Increase) decrease in participation surveys in progress	(6)	(4,113)	(8)	4,253
Decrease in investments	-	-	235	285
Additions to property and equipment	(246)	(313)	(1,371)	(349)
Business acquisition (note 2)	-	-	-	(2,142)
Net change in non-cash working capital items related to investing	572	1,685	(839)	(5,481)
	941	(2,442)	(22,689)	(20,073)
Increase (decrease) in cash position	3,490	2,625	3,646	(4,844)
Cash and cash equivalents,				
beginning of period	3,983	1,549	3,827	9,018
Cash and cash equivalents,				
end of period	\$ 7,473	\$ 4,174	\$ 7,473	\$ 4,174

During the three-and nine-month periods ended September 30, 2005 the Corporation paid interest of \$ 384,000 (2004-\$241,000) and \$ 774,000 (2004-\$987,000), respectively. During the three-and nine-month periods ended September 30, 2005 the Corporation paid income taxes of \$ 44,700 (2004-(\$1,324,000)) and \$ 140,400 (2004-\$1,069,000), respectively.

See accompanying notes to consolidated financial statements.

## Notes to Interim Consolidated Financial Statements

Information as of September 30, 2005 and for the three and nine months ended September 30, 2005 and 2004 is unaudited (Tabular amounts in thousands of dollars, except per share data)

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

### 1. Basis of presentation and significant accounting policies:

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, 2004. These interim financial statements follow the same accounting policies and methods as the most recent annual financial statements. The figures for the nine months ended September 30, 2004 reflect certain reclassifications to conform with the presentation adopted in 2005.

The results of operations for the nine months ended September 30, 2005 are not necessarily indicative of results to be expected for the entire year ending December 31, 2005. The Corporation records participation survey 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 participation 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 participation 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.

### 2. Acquisitions:

(a) On June 15, 2005 the Corporation acquired 2,500 square kilometers of 3D seismic data and 530 kilometers of 2D seismic data from an unrelated third party for \$15,225,000. The purchase was funded by drawing an additional \$15,439,000 of long-term debt.

(b) On May 25, 2004 the Corporation issued 4,497,956 common shares for all of the issued and outstanding shares of Mosaic Mapping Corporation, now known as Terrapoint, a company with offices in Calgary, Ottawa and Houston. Terrapoint provides technology solutions in the fields of airborne and ground-based LiDAR 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		(3,328)
Long-term debt		(516)
Future income tax liability		(3,522)
		\$ 9,789
Consideration:		
Common shares		\$ 7,647
Cash (including transaction costs of \$388,000)		2,142
		\$ 9,789

### 3. Long-term debt:

	September 30, 2005	December 31, 2004
Bank term loan, repayable in set monthly installments of \$483,350 per month over 5 years, plus interest at the lender's base rate plus 2.5%, secured by the assets of the Corporation.	\$ 28,022	\$ 16,175
Promissory note payable in US funds (\$388,000 US), non-interest bearing, due semi-monthly based on 5% of cash receipts for sale or license of assets purchased from the holder, secured by the purchased assets.	296	500
Promissory note payable in US funds bearing interest at 7%, due in monthly installments of \$28,046 US, secured by assets purchased from the holder.	-	52
Capital lease obligations	76	138
	<b>28,394</b>	16,865
Less current portion	<b>6,091</b>	5,662
	<b>\$ 22,303</b>	\$ 11,203

Future repayments are estimated as follows:

2005 (October 1 to December 31, 2005)	\$ 1,481
2006	6,093
2007	5,849
2008	5,800
2009	5,800
2010	3,371
	<b>\$ 28,394</b>

#### 4. Share capital:

##### (a) Common shares issued:

	Number of Shares	Amount
Balance, December 31, 2004	45,774,816	\$ 50,531
Issued for cash on exercise of stock options, net of cancellations	611,853	784
Issued under dividend reinvestment plan	73,685	155
Transferred from contributed surplus on exercise of stock options	-	145
Balance, September 30, 2005	46,460,354	\$ 51,615

##### (b) Contributed Surplus:

Balance, December 31, 2004	\$ 449
Stock-based compensation	561
Transferred to share capital on exercise of stock options	(145)
Balance, September 30, 2005	\$ 865

##### (c) Stock options:

At September 30, 2005 there were 2,925,702 stock options outstanding at exercise prices ranging from \$0.96 to \$2.20 with a weighted average remaining life of 3.5 years. During the nine months ended September 30, 2005, 270,500 options were granted with exercise prices ranging from \$1.96 to \$2.20. Compensation expense of \$204,000 and \$561,000 has been recorded for the three- and nine-month periods ended September 30, 2005, 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 \$1.18, (2004-\$0.84) using the Black-Scholes pricing model, with the following assumptions: risk-free rate of 4.25%, (2004-5.5%) expected life of five years and a weighted-average expected volatility of 61% (2004-55%) and assumed dividend rate of \$0.04 per share per year.

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 nine-month periods ended September 30, 2005 would have been reduced by \$34,000 and \$102,000, respectively, (2004-\$38,300 and \$114,300 respectively) and earnings per share for the three months and nine months ended September 30, 2005 would have been unchanged.

##### (d) Per share amounts:

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

	Three months ended September 30,		Nine months ended September 30,	
	2005	2004	2005	2004
Weighted average shares outstanding:				
Basic	<b>46,282,828</b>	42,966,532	<b>46,047,366</b>	42,981,869
Diluted	<b>47,246,570</b>	43,307,381	<b>46,726,355</b>	43,409,351

The reconciling items between basic and diluted average common shares outstanding are stock options.

### 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 surveys, the initial participants may be granted exclusive rights for an initial period during which Pulse Seismic cannot license the data to others. Participation survey revenue includes all revenues for licences sold prior to the delivery of the seismic data or the expiry of the exclusive periods, whichever occurs later. Thereafter the data forms part of the 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 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. The third segment included the operations of Trango, which incorporates the 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 \$101,947 and \$59,555 for the nine and three months ended September 30, 2005, respectively.

<b>Nine months ended September 30, 2005</b>	Seismic Data	LiDAR	Trango	Corporate and Other	Total
Revenue					
Data library sales	\$ 22,466	\$ –	\$ –	\$ –	\$ 22,466
Participation surveys	5,638	–	–	–	5,638
LiDAR	–	6,489	–	–	6,489
Trango	–	–	1,065	–	1,065
Corporate and other	–	–	–	(172)	(172)
Total revenue	28,104	6,489	1,065	(172)	35,486
Amortization	14,625	132	–	–	14,757
Segment profit (loss), before undernoted	13,479	6,357	1,065	(172)	20,729
Operating expenses	2,373	4,726	1,253	(25)	8,327
General and administrative	–	1,350	134	3,240	4,724
Depreciation	–	1,735	58	210	2,003
Research and development	–	836	–	–	836
Interest expense	–	3	–	794	797
Earnings (loss) before income taxes	\$ 11,106	\$ (2,293)	\$ (380)	\$ (4,391)	\$ 4,042
Total assets	\$ 105,004	\$ 16,868	\$ 1,222	\$ 234	\$ 123,328
Capital expenditures	\$ 20,714	\$ 469	\$ 15	\$ 887	\$ 22,085

<b>Three months ended</b>	Seismic			Corporate		
<b>September 30, 2005</b>	Data	LiDAR	Trango	and Other	Total	
Revenue						
Data library sales	\$ 8,614	\$ –	\$ –	\$ –	\$ 8,614	
Participation survey	\$ 607	–	–	–	607	
LiDAR	–	2,453	–	–	2,453	
Trango	–	–	203	–	203	
Corporate and other	–	–	–	(45)	(45)	
Total revenue	\$ 9,221	\$ 2,453	\$ 203	\$ (45)	\$ 11,832	
Amortization	4,583	44	–	–	4,627	
Segment profit (loss), before undernoted	4,638	2,409	203	(45)	7,205	
Operating expenses	698	1,502	332	74	2,606	
General and administrative	–	525	46	876	1,447	
Depreciation	–	664	20	81	765	
Research and development	–	323	–	–	323	
Interest expense	–	1	–	389	390	
Earnings (loss) before income taxes	\$ 3,940	\$ (606)	\$ (195)	\$ (1,465)	\$ 1,674	
Total assets	\$ 105,004	\$ 16,868	\$ 1,222	\$ 234	\$ 123,328	
Capital expenditures	\$ (613)	\$ 139	\$ 3	\$ 102	\$ (369)	
<b>Nine months ended</b>	Seismic			Corporate		
<b>September 30, 2004</b>	Data	LiDAR	Trango	and Other	Total	
Revenue						
Data library sales	\$ 17,154	\$ –	\$ –	\$ –	\$ 17,154	
Participation surveys	12,259	–	–	–	12,259	
LiDAR	–	1,827	–	–	1,827	
Trango	–	–	617	–	617	
Corporate and other	–	–	–	25	25	
Total revenue	29,413	1,827	617	25	31,882	
Amortization	16,395	44	–	–	16,439	
Segment profit (loss), before undernoted	13,018	1,783	617	25	15,443	
Operating expenses	2,379	2,264	1,078	(151)	5,570	
General and administrative	–	356	18	2,499	2,873	
Depreciation	–	865	77	159	1,101	
Research and development	–	–	–	–	–	
Interest expense	–	13	–	1,045	1,058	
Earnings (loss) before income taxes	\$ 10,639	\$ (1,715)	\$ (556)	\$ (3,527)	\$ 4,841	
Total assets	\$ 90,131	\$ 15,850	\$ 606	\$ 546	\$ 107,133	
Capital expenditures	\$ 12,386	\$ 255	\$ 17	\$ 77	\$ 12,735	

<b>Three months ended</b>						
<b>September 30, 2004</b>	Seismic Data	LiDAR	Trango	Corporate and Other	Total	
Revenue						
Data library sales	\$ 4,721	\$ –	\$ –	\$ –	\$ 4,721	
Participation surveys	(116)	–	–	–	(116)	
LiDAR	–	1,321	–	–	1,321	
Trango	–	–	266	–	266	
Corporate and other	–	–	–	(53)	(53)	
<b>Total revenue</b>	<b>\$ 4,605</b>	<b>\$ 1,321</b>	<b>\$ 266</b>	<b>\$ (53)</b>	<b>\$ 6,139</b>	
Amortization	3,671	27	–	–	3,698	
Segment profit (loss), before undernoted	934	1,294	266	(53)	2,441	
Operating expenses	870	1,906	371	(51)	3,096	
General and administrative	–	(104)	18	773	687	
Depreciation	–	459	26	211	696	
Research and development	–	–	–	–	–	
Interest expense	–	9	–	219	228	
Earnings (loss) before income taxes	\$ 64	\$ (976)	\$ (149)	\$ (1,205)	\$ (2,266)	
<b>Total assets</b>	<b>\$ 90,131</b>	<b>\$ 15,850</b>	<b>\$ 606</b>	<b>\$ 546</b>	<b>\$ 107,133</b>	
Capital expenditures	\$ 3,814	\$ 255	\$ –	\$ 58	\$ 4,127	

## CORPORATE INFORMATION

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### BOARD OF DIRECTORS

**Clark Zentner** <sup>(1) (3)</sup>  
Chairman of the Board  
Independent Businessperson  
Calgary, Alberta

**Daphne Corbett** <sup>(1) (3)</sup>  
Independent Businessperson  
Vancouver, British Columbia

**Arthur Dumont** <sup>(2) (3) (4)</sup>  
Chairman and Chief Executive  
Officer  
Technicoil Corporation  
Calgary, Alberta

**Peter Fuss** <sup>(2)(3)</sup>  
Management Consultant  
Boca Grande, Florida

**Ken MacDonald** <sup>(4)</sup>  
President and Chief Executive  
Officer  
Pulse Data Inc.  
Calgary, Alberta

**Graham Weir** <sup>(1) (3)</sup>  
Independent Businessperson  
Calgary, Alberta

**Don West** <sup>(2) (3) (4)</sup>  
Independent Businessperson  
Calgary, Alberta

#### Notes

(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 & Safety Committee

### OFFICERS

**Ken MacDonald**  
President and Chief Executive  
Officer  
Pulse Data Inc.

**Douglas Cutts**  
Vice President, Finance and  
Chief Financial Officer, Pulse Data  
Inc.

**Brent Gale**  
Vice President, Operations and  
Chief Operating Officer, Pulse Data  
Inc.

**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.

**Roger Shreenan**  
Vice President, Operations  
Terrapoint Canada Inc.

**Norman Hall**  
Corporate Secretary  
Pulse Data Inc.

### HEAD OFFICE

Pulse Data Inc.  
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Calgary, Alberta T2P 0M9  
Phone: (403) 237-5559  
Toll-free: (877) 460-5559  
Fax: (403) 531-0688  
Email: info@pulsedatainc.com  
Internet: www.pulsedatainc.com

### EXTERNAL SERVICES

**Auditors**  
KPMG LLP  
Calgary, Alberta

**Bankers**  
Bank of Nova Scotia  
Calgary, Alberta

RoyNat Capital Inc.  
Calgary, Alberta

**Solicitors**  
Gowling Lafleur Henderson LLP  
Calgary, Alberta

**Registrar and Transfer Agent**  
Computershare Trust Company of  
Canada  
Calgary, Alberta

**Stock Exchange Listing**  
The Toronto Stock Exchange  
Trading Symbol: PSD