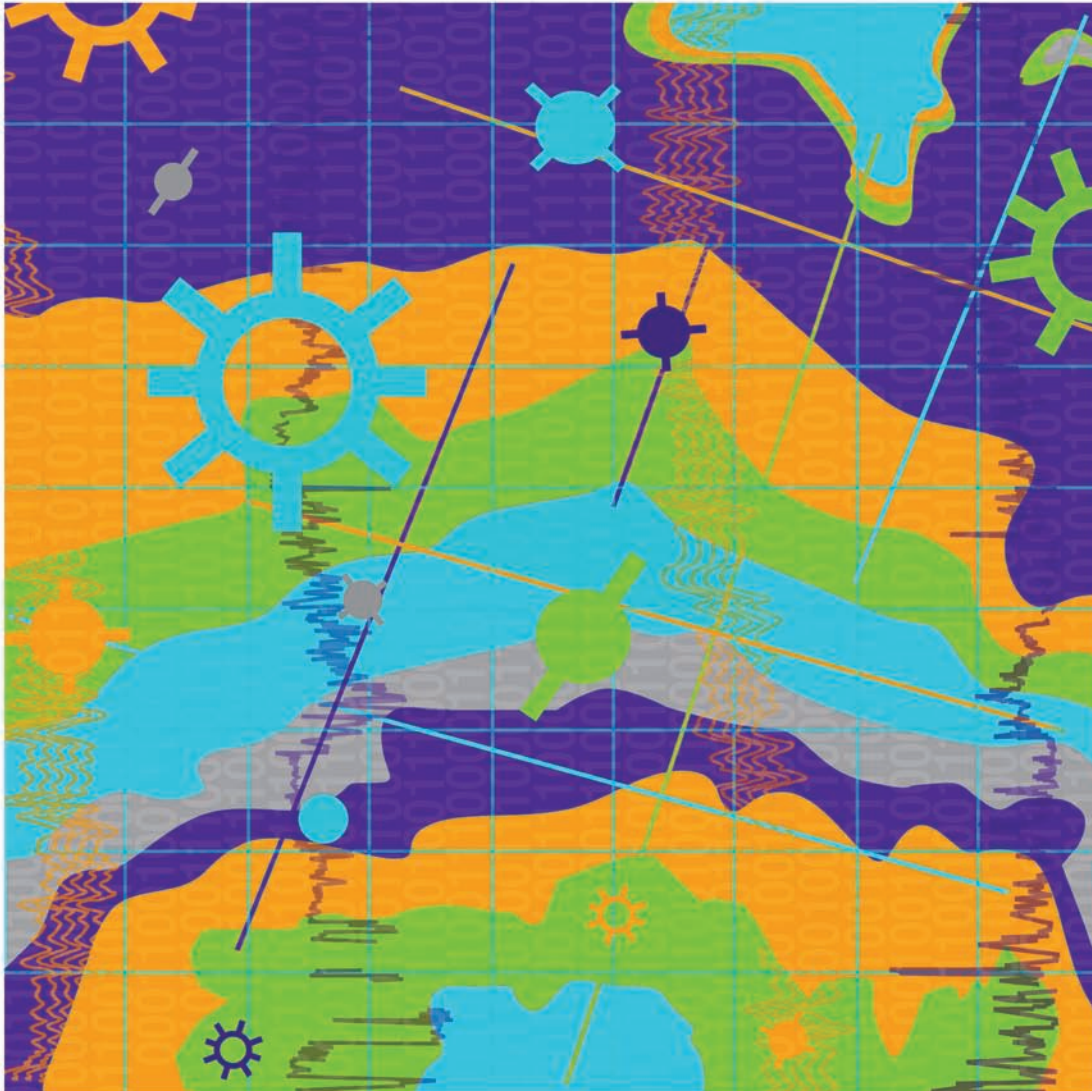


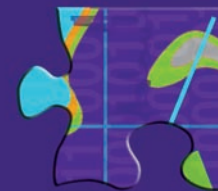
2005 Annual Report



Integrated Solutions = Innovative Exploration



Divestco

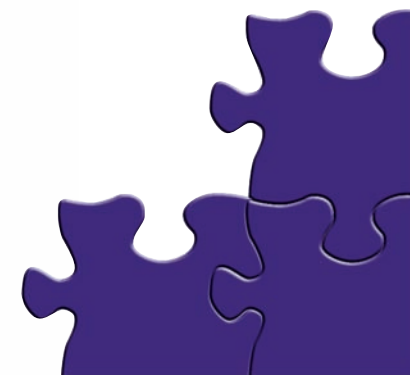


Contents

2	Financial Highlights
4	Letter to Shareholders
6	Integrated Solutions
11	Management's Discussion and Analysis
34	Management's Report
35	Auditors' Report
36	Consolidated Balance Sheets
37	Consolidated Statements of Income and Retained Earnings
38	Consolidated Statements of Cash Flows
39	Notes to Consolidated Financial Statements
60	Corporate Information

Corporate Profile

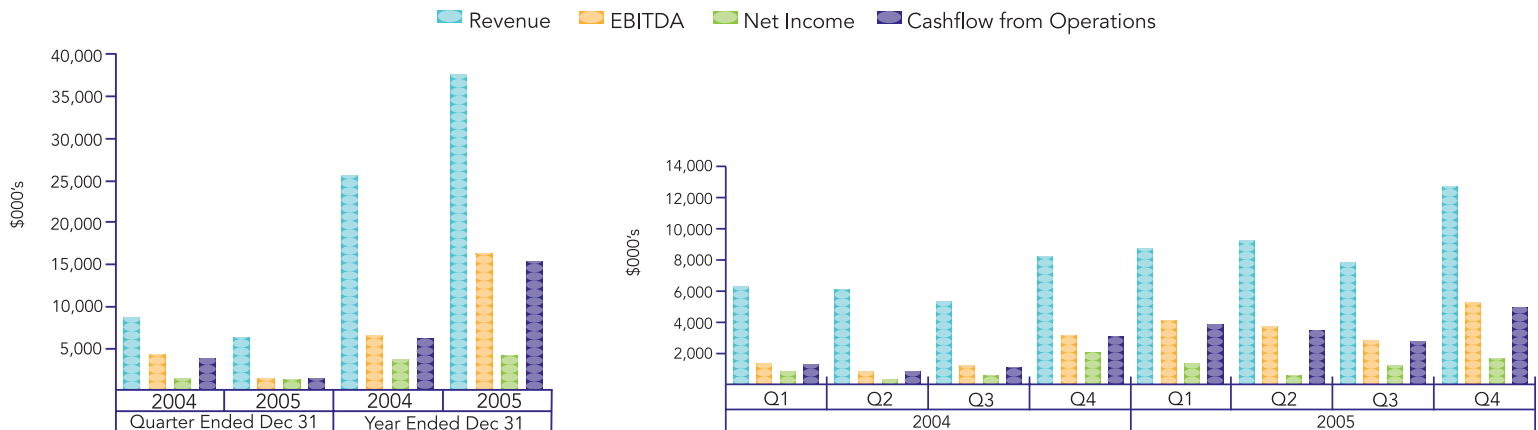
Divestco Inc. provides integrated solutions to the oil and gas industry. We supply software, data, and seismic, geophysical and consulting services to Geologists, Geophysicists, Geoscientists, Engineers, Technicians, Landmen and Land Administrators. Our offerings consist of a diverse range of innovative and complementary products and services with unique value-added bundling and integration options. Divestco has developed its business model based on a plan of strategic growth. Through a series of targeted mergers and acquisitions, we added the products, services, data and expertise of a number of highly respected companies whose businesses complement our own. Based in Calgary, Alberta, Divestco has more than 300 employees world wide, with additional offices in Edmonton, Vancouver, Denver and Houston.

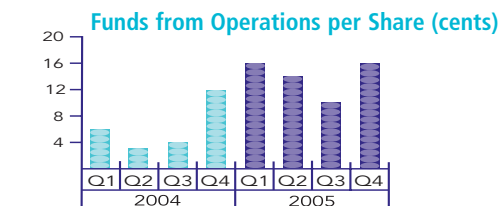
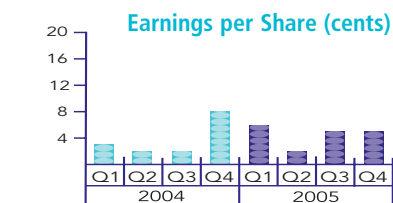
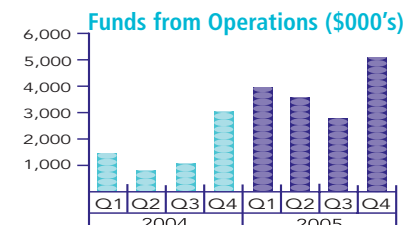
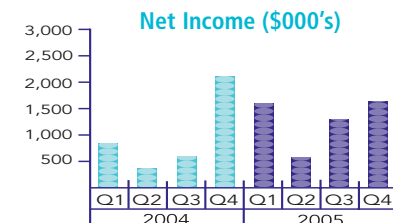
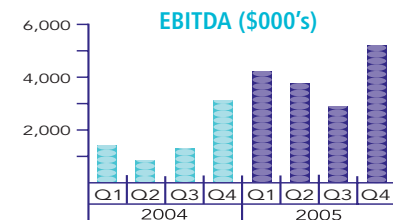
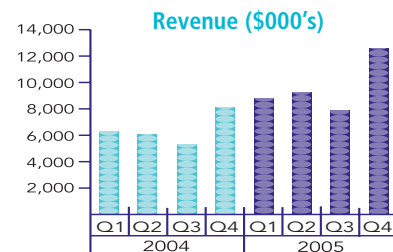
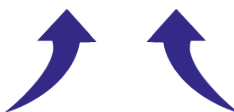
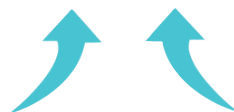
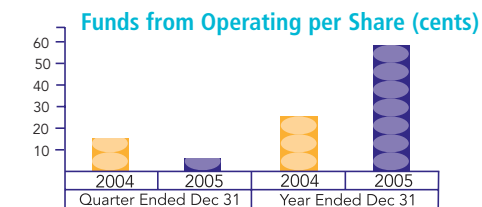
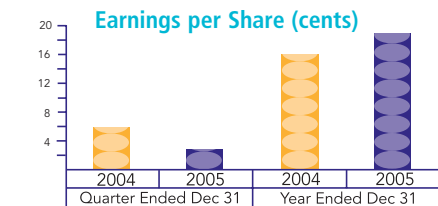
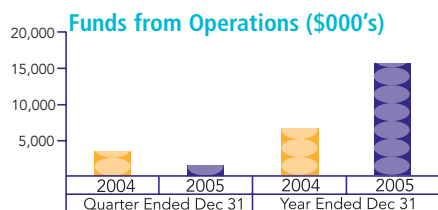
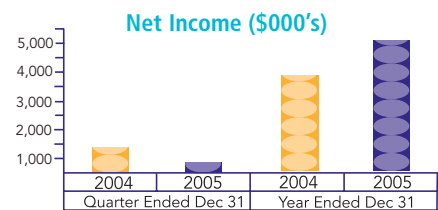
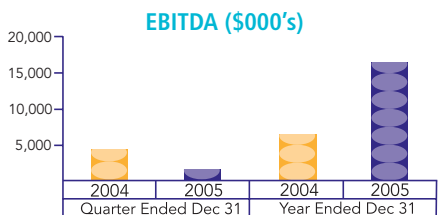
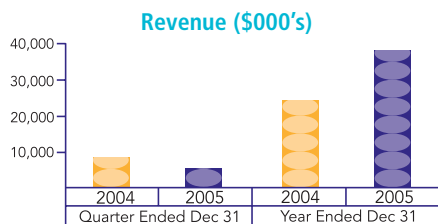
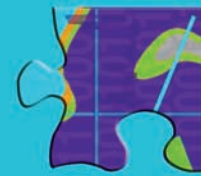




Financial Highlights

Financial Results (\$Thousands, Except Per Share Amounts)						
	Quarter Ended December 31			Year Ended December 31		
	2005	2004	% change	2005	2004	% change
Revenue	\$ 12,874	\$ 8,234	56%	\$ 38,754	\$ 25,912	50%
EBITDA	5,288	3,168	67%	16,117	6,746	139%
Operating income	2,826	2,042	38%	8,283	3,520	135%
Net income	1,666	2,135	(22)%	5,178	3,947	31%
Per share - basic	0.06	0.08	(25)%	0.20	0.16	25%
Per share - diluted	0.05	0.08	(38)%	0.19	0.16	19%
Funds from operations	5,083	3,070	66%	15,498	6,497	139%
Per share - basic	0.17	0.12	42%	0.58	0.26	123%
Per share - diluted	0.16	0.12	33%	0.57	0.26	119%
Shares outstanding (thousands)	29,874	24,985		29,874	24,985	
Weighted average shares outstanding (thousands)						
Basic	29,848	25,126		26,521	25,308	
Diluted	30,829	25,214		27,046	25,392	







Letter to Shareholders

It is my privilege to report to our shareholders in the wake of another record year for Divestco - and a record and vibrant year for the entire oil and gas industry. 2005 will be remembered as "the" critical year in the evolution of Divestco. Momentum in the industry enabled Divestco to continue its impressive growth. We also finally came of age as a public entity and began to demonstrate strength in the marketplace. This strength was successfully underpinned with our first equity financing since we became a public entity. With excellent growth in revenue, earnings and cash flow, our shareholders also achieved a resurgent stock price.

The Boom Market

With the continued instability in the oil and gas markets and dramatic weather related crisis, commodity prices continued their rise to record levels. As a result, our customers had healthy balance sheets and significant capital budgets to invest in our products and services. However, as with every positive in the economic world, there is always a negative. The corollary to high commodity prices was the unforeseen shortages and inflation in labour, as well as escalating operating costs and asking price of our acquisition targets.

How Do We Continue To Grow?

Our staff took many of these challenges to heart and looked for unconventional solutions. Divestco's Log and Archive divisions began moving labour intensive operations overseas to India (proving our participation in the global economy). Additionally, Divestco began aggressively recruiting in the eastern provinces of Canada to fill skilled labour positions. We were successful in adding many talented employees from outside Alberta and have been able to keep up with our customers' demands. We now see the recruiting process from other parts of the country as standard practice for Divestco. As the economic climate is not likely to change in the foreseeable future, we must change the way we approach problems. This manifested itself in one of our acquisitions - Focus Integrated Solutions. Besides the economic rationale behind the Focus acquisition, Divestco was motivated to close this purchase to gain access to their strong employee base. Recognizing the difficulties in recruiting a qualified and cohesive group this size in the current economic environment, Divestco opted to purchase a company with a proven base of talent already in place.

Looking Abroad For Acquisitions

As mentioned above, inflation began to impact the marketplace for corporate acquisition opportunities. In Alberta, private strategic entities and assets began to fetch prices far exceeding Divestco's comfort level and well beyond any reasonable financial measure. Our extensive portfolio of software and data allowed us to shift our capital to less competitive areas. When seismic assets became too expensive, we purchased well information data sets and when Alberta became too expensive, we shifted our capital to market areas that made more sense - the U.S. Ironic as it may seem, with a strong Canadian dollar and a less robust economy in the continental U.S., Divestco was able to deploy capital more efficiently by purchasing American companies. This fostered the opportunity to re-ignite our push into the U.S. marketplace - a market ten times the size of Canada. Divestco has widened its scope for 2006 and opportunities both domestic and abroad will likely continue to impact the strategic development of our Company.



Financial Strength and Reliability

I am pleased to report that Divestco achieved record revenue and earnings for the year concluding 2005. Total revenue for fiscal 2005 increased by 50% to \$38.8 million compared to \$25.9 million in 2004. The comparative EBITDA increased by 139% to \$16.1 million from \$6.7 million and earnings increased by 31% to \$5.2 million from \$3.9 million in 2004. Most importantly, Divestco has now achieved nine consecutive quarters of profitability and we have developed a reputation as a reliable producer of results. We have accomplished this reliability with our continuous focus on reoccurring revenue, long-term contracts and our absolute commitment to provide superior products and services to our clients.

Divestco successfully transitioned itself from a small technology startup in 2000 to a dominant market player. This could never have been achieved without the commitment and innovation of a highly skilled and dedicated workforce. With 350 people now under the Divestco umbrella it is an amazing accomplishment to have everyone working for one ultimate and common objective: creation of shareholder value. After all the discussions about our technology and superior products, we still need to provide a return for the owners of this Company. Divestco has always believed that it is imperative to align the interests of the employees with that of the shareholders, which is why almost every employee in this Company is also a shareholder. There is no employee more disciplined or committed than one who also owns shares.

Outlook for 2006

We expect to continue our forward and upwards trends in 2006. The forecast for continued high commodity prices means the marketplace will not likely change significantly. Our customers have large exploration budgets and we remain uniquely positioned to provide high impact software, services and data to meet demand. We will, however, honour our fundamental commitment to remain disciplined with our capital and to provide solid returns to our shareholders. We will not sacrifice short-term gains at the expense of our long-term goals and strategies for Divestco.

On behalf of the Board of Directors, I want to express my appreciation to our staff who have put Divestco on a trajectory of sustainable profitability and growth. The vision of an integrated supplier of software, services and data is well on its way. I also want to thank our shareholders for their continued commitment to Divestco. Nothing has made the employees more proud than to see their efforts recognized in the public marketplace. 2006 promises to be another exciting evolution in our journey and I look forward to the challenges and rewards in this coming year.

Stephen Popadynetz
Chief Executive Officer

Integrated Solutions = Innovative Exploration

Divestco's integrated solutions complete the exploration puzzle. Our tools help oil and gas companies discover new innovations to meet their exploration goals.



Software



GeoCarta Tools

One of Divestco's fastest growing products, this powerful ESRI based GIS provides browse, query and mapping capability giving access to proprietary & public data sets through one simple interface. This comprehensive tool captures complete functionality for Geophysicists, Geologists, Engineers and Land professionals.

Data Browsers

- EnerGISite
- GeoVista
- GeoCarta
- GeoCarta Tools

WinPICS

The industry's first integrated geophysical workstation, this versatile and technically sophisticated geophysical and geological interpretation system is one of Divestco's most popular software products.

Data Management

- DataStore
- OeX

EnvisionVSX

Unique for its ability to view and interpret in 3D, this dynamic product generates 3D views of WinPICS projects utilizing 2 revolutionary techniques exclusive to Divestco.

Geological

- CrossLog Suite
- EarthVision
- Envision3D
- GeoCAD
- The Rat

LandRite

Newly acquired through Laser software in 2005, LandRite is a comprehensive proprietary land management system built on client direction and standard land administration practices. LandRite is known in the industry for its unique ability to provide a visual arrangement of land rights using 3D technology and for its unmatched library of 200 customizable reports.

Geophysical

- WinPICS
- EnvisionVSX
- Synthetic Suite
- Outrider
- GeoWiz

Land

- LandRite
- MapQ



Services

Geophysical Survey Audit

Trade & Current Data
Conventional
GPS
Lidar
Well Locations

Geophysical Survey Audit

Ensures data integrity using proven quality assurance procedures and investigative processes to verify the location and accuracy of proprietary and trade seismic data. With 200+ years of industry experience to their credit, the survey audit team is a leader in new processes and technology and unmatched in their quality control tools and procedures.

Archive

Archive & Transcription
Technical Records &
Information Management
Imaging

Archive

Our innovative archive team offers best practices for data management and delivers the industry's most innovative and cost-effective archiving solution system for storing, accessing and managing seismic data. We offer a 100% on-line solution utilizing the latest in technology to produce industry leading turnaround times.

Database & Mapping

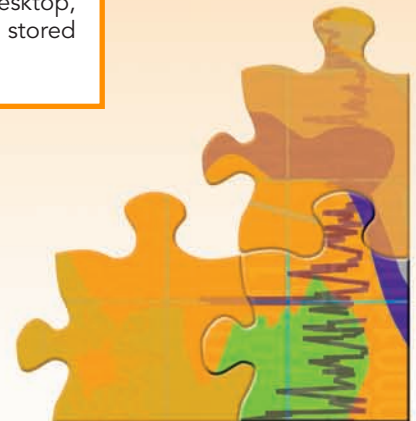
Geophysical Database Services
GIS Mapping Services
Seismic Data Loading & Conversion
Workstation Rental

DataStore

Launched in 2005, DataStore is a seismic data management and work order system that integrates our four key service offerings; Survey Audit, Archive, Database and Brokerage Data Management. From their desktop, clients can access, manage and transact their data stored at Divestco.

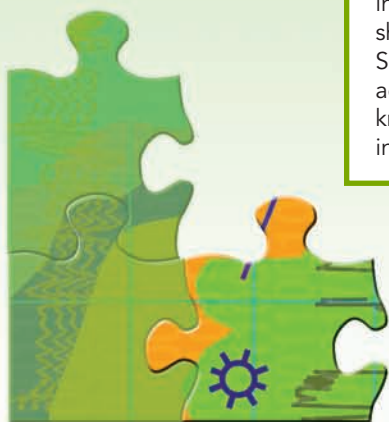
Brokerage

Seismic Brokerage
Seismic Data Management
eBroker
SDLS Trade Seismic





Data



Drilling Records

Newly acquired in 2005, Drilling Records is a historical oil & gas drilling database for Canada and the US, providing historical offset drilling data, rig activity maps and reports, and well permit & licensing data.

Custom Data
Divestco Well & Land Database
Freehold Data
Westcan Edge File & Well Tops

Drilling Records

Drilling Data
Rig Activity Maps & Reports
Well Permit & Licensing Data

Petro Data Source

Newly acquired in 2005, Petro Data Source provides well and production data for over 4.5 million wells in the US available online, viewed on screen as reports or maps, or downloaded directly into a wide variety of formats.

EnerGISite
Scanned Document Database
Digital Logs
Raster Logs
Log Digitizing
Log Management

Petro Data Source

U.S. Well & Production Data

3D Seismic Shoots

Divestco is a leader in the acquisition of seismic surveys shot in partnership with its customers. We approach each survey with a unique and innovative offering that provides the best seismic information on the most favourable economic terms. Calling on its breadth of products and services, Divestco is the vendor of choice for tailored proposals that provides customers with significant value in their exploration efforts while maximizing Divestco shareholder value. Over the last two years, Divestco's Survey division has been responsible for the unique acquisition of over 4000 sq. kms of 3D data and 50,000 kms of 2D data, and has been actively capturing seismic in the Cutbank and Gunnel regions.

Seismic Data Offerings

3D Seismic Shoots
Divestco Proprietary Seismic
Data Sets
Multi-Client & Joint
Venture Surveys
Seismic Data Library



Consulting

Newly acquired in 2005, the Divestco Consulting division provides strategic solutions to support organizational goals and objectives.

Business Solutions

Business Consulting

Application Development

Technical Services

- Strategic Technology Planning
- Technical Support
- Managed Services
- Procurement Services

Products

Business Products

Finance and Accounting

- Microsoft Dynamics Solomon*
- Microsoft Dynamics Great Plains*
- Microsoft Business Analytics*

Project Management

Customer Relationship Management

Portal Applications

Operational software

Laser Accounting Services

Technical Consulting

Corporate Records & Information Management

Interpretation Services/3D Modeling

NAD27/NAD83 Conversion

Business Solutions

The complete corporate information system solution is provided through the expertise of our business solutions division, with ten years of consulting experience in analysis, design, integration and support of corporate information systems. With sound consulting & project management methodologies and as a Microsoft Certified Gold Partner, we offer financial systems, field data capture systems, customer relationship management systems and IT infrastructure solutions.

Technical Consulting

Our technical consulting division brings together years of Divestco experience to provide NAD27/NAD83 Conversion Services, Interpretation Services/3D Modeling and Corporate Records Management. The same sound consulting and project management methodologies deliver consistent results for our technical consulting clients.





Management's Discussion and Analysis

This Management Discussion and Analysis (MD&A) for Divestco Inc. (Divestco or the Company) focuses on key statistics from the financial statements, and pertains to known risks and uncertainties relating to the oil and gas exploration and production industry. This discussion should not be considered all-inclusive, as it excludes changes that may occur in general economic, political and environmental conditions. This discussion and analysis of the financial condition and results of operations for the years ended December 31, 2005 and 2004 should be read in conjunction with the consolidated financial statements and related notes and material contained in other parts of the annual report. Unless otherwise disclosed, all financial information in this section has been prepared in accordance with Canadian generally accepted accounting principles (GAAP) and is reported in Canadian dollars.

This MD&A is dated April 4, 2006.

Forward Looking Statements

This MD&A contains forward-looking statements based upon current expectations that involve a number of business risks and uncertainties. The use of forward-looking words such as, "may," "will," "expect," or similar variations generally identify such statements. Although management believes that expectations reflected in forward-looking statements are reasonable, such statements involve risks and uncertainties including the factors discussed in the Business Risks and Environment section of this MD&A.

Non-GAAP Measures

Earnings before interest, taxes, depreciation and amortization (EBITDA); "Operating Income"; "funds from operations", and "funds from operations per share (basic and diluted)" are not measures that have any standardized meaning prescribed by Canadian GAAP and are considered non-GAAP measures. Therefore, these measures may not be comparable to similar measures presented by other issuers. Accordingly, these measures have been described and presented in this MD&A to provide shareholders and potential investors with additional information regarding the Company's results, liquidity, and its ability to generate funds to finance its operations.

Management believes that in addition to net income, EBITDA and operating income are useful supplemental measures for providing an indication of the results generated by the Company's principle business activities, even prior to the consideration of how those activities are financed or how the results are taxed. Management also uses funds from operations and funds from operations per share - basic and diluted as key measures to assess the ability of the Company to finance operating activities and capital expenditures.

These non-GAAP measures are calculated as follows: operating income (deduct interest and amortization from EBITDA), funds from operations (add or deduct non-cash items from net income [loss]), funds from operations per share - basic and diluted (divide funds from operations by the weighted average number of shares outstanding [basic and diluted] for the relevant period).

Business Risks and Environment

Demand for Products and Services

Divestco's business is tied primarily to the oil and gas exploration and production industry. The demand for, and price of services and products offered by Divestco depends on the activity levels for oil and gas producers. Commodity prices, supply and demand for oil and natural gas and, to a lesser extent, government regulation (including regulation of environmental matters), determine these activity levels. In addition, the Company's focus on the oil and gas industry, as its primary customer base, exposes it to all of the uncertainties associated with the demand for, and price of oil and natural gas.

A significant portion of Divestco's revenue is derived from the licensing of seismic data. To mitigate its demand risk, the Company spends a significant amount of time determining the optimal location to conduct a seismic survey, which includes using its contacts in the oil and gas exploration and production industry. For larger seismic programs, the Company may rely on third parties to share in the cost. These parties are also susceptible to the risks and uncertainties associated with the oil and gas industry.



Demand for Products and Services (continued)

Although Divestco does what it considers to be a thorough analysis of factors affecting the probability of future sales of its seismic surveys, and obtains pre-sale commitments for a majority of the estimated costs of its participation seismic surveys, there is no certainty of future demand for these surveys by the oil and gas industry.

Weather

Acquisition of seismic data is usually completed in the winter season when the ground is frozen. These conditions are imperative, as seismic acquisition requires the use of heavy equipment, especially in the Northern areas of Alberta and British Columbia. The Company depends on qualified contractors to complete the surveys on time and within budget. To help ensure this, Divestco obtains written cost estimates before the survey begins, and then regularly follows up with the contractor on the progress and costs incurred during the survey.

Services, Software, Consulting and Seismic Brokerage generate steady sales throughout the year. However, Services and Seismic Brokerage normally exhibit a noticeable dip in sales from mid-April through to the end of September and a noticeable increase in sales during the fall and winter months when significant drilling and exploration activities are underway in North America. To minimize these fluctuations, Divestco enters into certain long-term archiving contracts with customers as well as specific types of contract work appropriate for lower-activity months. Software experiences slower periods during July and August, which is generally a low volume period for the oil and gas industry.

Competition

The Company operates in a highly competitive, price-sensitive industry. In addition, Divestco competes with some senior companies that generally have access to a larger pool of capital resources and may have a significant international presence. Divestco attempts to distinguish itself from its competitors through the selling of a wide range of oil and gas exploration products and services on a stand-alone basis or as customized and bundled solutions.

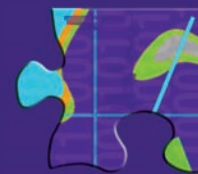
Skilled Personnel

Divestco's success also depends on attracting and retaining highly skilled management, geophysical, software development, sales, consulting and other personnel. The Company attempts to achieve this by offering an attractive compensation package and training. To protect its competitive advantage and intellectual property, Divestco obtains confidentiality agreements and in some cases, non-compete agreements, from these individuals.

Government Regulations and Safety

The Company's seismic operation is subject to a variety of Canadian federal and provincial laws and regulations, including laws and regulations relating to safety and the protection of the environment. Divestco and its contractors are required to invest financial and managerial resources to comply with such laws and related permit requirements in their operations. Such laws and regulations are subject to change and accordingly, it is unfeasible for the Company to predict the cost or impact of such laws and regulations on its future operations. The adoption or modification of laws and regulations, which could have the effect of curtailing exploration and development by oil and gas companies, could also adversely affect Divestco's seismic operations by reducing the demand for seismic surveys.

You can view copies of the Company's other continuous disclosure documents at www.sedar.com or on the Company's website at www.divestco.com.



Overall Performance

Financial Results (\$Thousands, Except Per Share Amounts)						
	Quarter Ended December 31			Year Ended December 31		
	2005	2004	% change	2005	2004	% change
Revenue	\$ 12,874	\$ 8,234	56%	\$ 38,754	\$ 25,912	50%
EBITDA	5,288	3,168	67%	16,117	6,746	139%
Operating income	2,826	2,042	38%	8,283	3,520	135%
Income tax expense (reduction)	1,163	(83)	N/A	3,137	(283)	N/A
Net income	1,666	2,135	(22)%	5,178	3,947	31%
Per share - basic	0.06	0.08	(25)%	0.20	0.16	25%
Per share - diluted	0.05	0.08	(38)%	0.19	0.16	19%
Funds from operations	5,083	3,070	66%	15,498	6,497	139%
Per share - basic	0.17	0.12	42%	0.58	0.26	123%
Per share - diluted	0.16	0.12	33%	0.57	0.26	119%
Shares outstanding (thousands)	29,874	24,985		29,874	24,985	
Weighted average shares outstanding (thousands)						
Basic	29,848	25,126		26,521	25,308	
Diluted	30,829	25,214		27,046	25,392	
Financial Position (\$Thousands)						
As at December 31				2005	2004	
Total assets				\$ 80,198	\$ 41,554	
Working capital (deficiency)				3,515	(2,992)	
Long-term debt (including current portion)				11,604	1,375	
Seismic Library (Thousands)						
2D in gross kilometres				52,244	51,544	
2D in net kilometres				40,244	39,544	
3D in gross square kilometres				4,359	2,875	
3D in net square kilometres				2,849	2,190	



Overall Performance (Continued)

Consolidated Annual Financial Results - 2005

Divestco generated a record \$38.8 million in revenue, \$5.2 million in net earnings (19 cents per share - diluted) and \$15.5 million in funds from operations for the year ended December 31, 2005. This was a 50% increase in revenue, a 31% increase in net earnings and a 139% increase in funds from operations from fiscal 2004. The increases were driven by:

- Five share acquisitions: Petro Data Source, Inc. (PDS), Canamera Equities Ltd. and Canamera Corporation (together referred to as Drilling Records), Focus Holdings and Investments Ltd. (Focus) and Laser Software Ltd. (Laser) adding \$2.6 million in revenue
- \$13.0 million increase in 2D and 3D seismic data licence sales. An additional 700 gross kilometres of 2D and close to 1,500 gross square kilometres of 3D seismic was acquired in 2005
- \$1.4 million log data licence sales (including Divestco's drill stem test and grid/culture data files)

This was offset by:

- One-time data sales in 2004 totalling \$2.7 million which did not reoccur in 2005
- \$4.7 million increase in amortization related mainly to the acquisition of seismic data in 2005
- \$1.3 million current tax provision (the Company utilized its SR&ED investment tax credits to reduce taxes payable to a nominal amount)
- \$2.1 million increase in the Company's future tax provision from 2004. Divestco utilized a majority of its tax pools it carried forward from 2004 to reduce taxable income in 2005

Divestco ended its 2005 fiscal year with \$3.5 million in working capital compared to a \$3.0 million deficiency as at the end of 2004, an improvement of \$6.5 million. The Company utilized the proceeds it received from a brokered private placement and new long-term debt, to acquire \$5.5 million in short-term investments, finance its 2005 capital expenditures and exit 2005 with \$1.4 million in cash on its balance sheet. In the past Divestco relied mainly on its operating line and internal generated cash flow to finance these significant capital purchases, creating a working capital deficiency. In addition to the new funds, the increase in working capital was primarily due to:

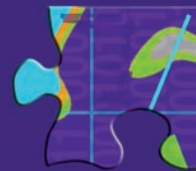
- \$13.1 million increase in accounts receivable primarily related to numerous 3D seismic surveys that were underway at the end of 2005 (Divestco obtained a number of pre-sale commitments from participants to assist with the financing of the seismic surveys)
- \$0.7 million in funds received from sale-lease back transactions

This was offset by:

- \$7.4 million increase in accounts payable related to the costs accrued for the seismic surveys in progress at the end of 2005
- \$2.2 million increase in the current portion of long-term debt obligations

All debt covenants were met as at December 31, 2005.

“Five share acquisitions: Petro Data Source, Inc. (PDS), Canamera Equities Ltd. and Canamera Corporation (together referred to as Drilling Records), Focus Holdings and Investments Ltd. (Focus) and Laser Software Ltd. (Laser) adding \$2.6 million in revenue”



Consolidated Fourth Quarter Financial Results - 2005

Divestco generated a record \$12.9 million in revenue and \$5.1 million in funds from operations (16 cents per share - diluted) as well as posting its ninth consecutive profitable quarter since becoming a publicly traded company late in 2003. Net income totalled \$1.7 million (5 cents per share - diluted) compared to \$2.1 million (8 cents per share - diluted) in 2004, a 22% decrease. The decrease in net income is mostly due to a \$1.2 million increase in amortization related to seismic acquisitions, and a \$1.2 million tax expense recorded during the fourth quarter of 2005 versus a \$0.1 million reduction in the same period in 2004. The Company utilized a majority of its tax pools in 2005 to reduce current taxes payable to a nominal amount.

The increase in revenue and funds from operations in the fourth quarter of 2005 was driven by:

- \$2.1 million in revenue from the previously discussed corporate acquisitions
- \$2.7 million increase in 2D and 3D seismic data licence sales
- \$0.2 million increase in software revenue

With the acquisition of Focus in October 2005, Divestco added Consulting as a fifth operating segment. Focus offers end-to-end solutions, ranging from business consulting services, Enterprise Resource Planning (ERP) and Customer Relationship Management (CRM) systems implementations, to custom software development, hardware devices, and network infrastructure. Divestco is currently utilizing Focus' consulting and CRM experience in other areas of its business to improve customer delivery and service.

Through the acquisition of Laser, Divestco expanded its software offerings in 2005 through the addition of LandRite, a comprehensive land management software system. LandRite is well regarded in the oil and gas industry as an innovative land administration tool. In addition, Laser has a financial accounting package that enables its smaller oil and gas clients to connect remotely via the Internet to access and maintain their data.

Outlook

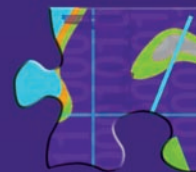
In addition to expanding its seismic data library, Divestco plans to grow the rest of its businesses through organic means, such as bringing on new customers, increasing the number of products being purchased by current customers and through additional acquisitions.



Selected Quarterly Information (\$Thousands, Except Per Share Amounts)

	2005				2004			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Revenue	\$ 12,874	\$ 7,944	\$ 9,221	\$ 8,715	\$ 8,234	\$ 5,407	\$ 6,073	\$ 6,198
EBITDA	5,288	2,901	3,814	4,115	3,168	1,210	891	1,476
Operating income	2,826	1,985	1,019	2,453	2,042	548	151	779
Net income	1,666	1,312	599	1,601	2,135	622	388	802
Per share - basic	0.06	0.05	0.02	0.06	0.08	0.02	0.02	0.03
Per share - diluted	0.05	0.05	0.02	0.06	0.08	0.02	0.02	0.03
Funds from operations	5,083	2,871	3,584	3,960	3,070	1,134	831	1,462
Per share - basic	0.17	0.11	0.15	0.16	0.12	0.04	0.03	0.06
Per share - diluted	0.16	0.10	0.14	0.16	0.12	0.04	0.03	0.06

The upward trend in the above table is due to Divestco's growth over the past two years, both through organic means and through acquisitions. Generally, the Company's busiest quarters are the first and fourth quarters, when significant drilling and exploration activities are underway in North America.



Segment Review

For the quarter ended December 31, 2005 (\$Thousands)							
	Services	Data	Software	Consulting and Other	Brokerage	Corporate	Total
Revenue	\$ 1,785	\$ 7,150	\$ 1,531	\$ 1,289	\$ 1,054	\$ 65	\$ 12,874
EBITDA	564	5,655	15	(46)	211	(1,111)	5,288
Interest	-	-	-	-	-	201	201
Amortization	135	1,846	156	25	36	63	2,261
Operating income (loss)	429	3,809	(141)	(71)	175	(1,375)	2,826

For the quarter ended December 31, 2004 (\$Thousands)							
	Services	Data	Software	Consulting and Other	Brokerage	Corporate	Total
Revenue	\$ 1,908	\$ 3,930	\$ 1,334	\$ -	\$ 1,062	\$ -	\$ 8,234
EBITDA	465	2,675	677	-	143	(792)	3,168
Interest	-	-	-	-	-	47	47
Amortization	103	659	245	-	40	32	1,079
Operating income (loss)	362	2,016	432	-	103	(871)	2,042

For the year ended December 31, 2005 (\$Thousands)							
	Services	Data	Software	Consulting and Other	Brokerage	Corporate	Total
Revenue	\$ 6,956	\$ 21,751	\$ 5,195	\$ 1,289	\$ 3,498	\$ 65	\$ 38,754
EBITDA	1,897	17,212	1,015	(46)	564	(4,525)	16,117
Interest	-	-	-	-	-	324	324
Amortization	501	6,187	435	25	135	227	7,510
Operating income (loss)	1,396	11,025	580	(71)	429	(5,076)	8,283

For the year ended December 31, 2004 (\$Thousands)							
	Services	Data	Software	Consulting and Other	Brokerage	Corporate	Total
Revenue	\$ 7,245	\$ 10,159	\$ 4,948	\$ -	\$ 3,560	\$ -	\$ 25,912
EBITDA	1,298	6,861	2,094	-	464	(3,972)	6,745
Interest	-	-	-	-	-	371	371
Amortization	439	1,430	675	-	166	145	2,855
Operating income (loss)	859	5,432	1,419	-	298	(4,488)	3,520



Segment Review (Continued)

Services

The Services segment provides seismic survey audit; information and database management, custom mapping, archiving, imaging, and geophysical/geological services, which provide quality assurance as well as transactional and data management services for geophysical and geological related information.

Fourth Quarter Financial Results - 2005

Services revenue decreased by \$0.1 million (6%) in the fourth quarter of 2005 to \$1.8 million from \$1.9 million for the same quarter in 2004, contributing 14% (2004 - 23%) of the Company's revenue. The decrease in Services' contribution is a direct result of Data's increased growth towards Divestco's total revenue for the quarter. The decrease in revenue was as a result of absent one-time sales which occurred in 2004. Despite the decrease in revenue, Survey Audit sales continued to be strong, achieving all-time record levels for September and December. Work on the re-audit of 32,000 kilometres of 2D seismic data (owned by Divestco) continued through the fourth quarter. Services also realized record levels in Mapping and Database Management for October and December. Divisional sales in Geological/Geophysical and Document Scanning remained strong.

EBITDA for the fourth quarter was \$564,000 compared to \$465,000 in 2004. The increase of \$99,000 was primarily due to a decline in operating costs due to the integration of the Archive division into the Company's NE Calgary location, and labour cost reductions in Archive, Scanning, and Information Management Services (IMS). Amortization increased by 31% from 2004 related to purchases of computer equipment and software. Operating income was \$429,000 compared to \$361,000 in 2004, an increase of \$67,000 (19%).

Annual Financial Results - 2005

Although Services revenue fell by \$289,000 for the year ended December 31, 2005 compared to 2004, EBITDA increased by 46% and operating income increased by 62%. The segment contributed 18% (2004 - 28%) of Divestco's fiscal 2005 revenue. The decrease in contribution from this segment is a direct result of the increase in Data's contribution to total Company revenue related mainly to seismic survey and log data revenue. The decrease in

revenue was mainly due to the absence of \$700,000 in one-time copying revenue earned in 2004 from the sale of 2D seismic data licences. This was offset by \$230,000 in new processing revenue related to 3D seismic data acquisitions. As previously discussed, work continued on the re-audit of a majority of Divestco's 2D seismic data library. At the end of 2005, roughly 60% of the data had been re-audited. In addition to the re-audit being done by Divestco, a third party is reprocessing the data to improve its quality and marketability. The Company expects to have the project completed by the end of 2006.

EBITDA was \$1.9 million compared to \$1.3 million in 2004 with an improvement of \$0.6 million (46%). This was primarily due to a decrease in salaries in IMS, Document Scanning and Archive due to general reductions in staff levels as a result of efficiencies achieved over the past year. Amortization increased by 14% in 2005 due to purchases of computer equipment and software for the Archive division. Services had an operating income of \$1.4 million compared to \$0.9 million in 2004, an improvement of \$0.5 million (62%).

Outlook

With the integration of the Consulting Division (formerly known as Focus Integrated Solutions) now complete, the Company is taking advantage of the consulting expertise in this division to further prepare and position the Company for growth both organically and with the expected NAD83 conversion opportunity. With Consulting providing project management expertise, Services will still realize project work revenue as clients move into implementations of the new datum. The Company continues to offer a unique solution in that Divestco supplies software, data, services and now consulting, as a full solution to assist its customers through the migration.

Divestco plans to merge IMS personnel, revenue, and costs into the Archive division, thereby completing the transition commenced a year ago, to more closely integrate these two groups. The internal rollout of DataStore's Archive module will further facilitate the integration of the Archive, Survey Audit, Database, and Brokerage divisions. This should further reduce Archive's costs and improve internal efficiencies in all three divisions. With the rollout of Divestco's DataStore product, combined with a simplified pricing model, the Company expects to attract new clients in 2006.



Initial client reactions to the new archiving and survey database system have been very positive, and management believes that DataStore will enable the Archive division to increase its client base significantly in the future as clients realize the advantage of using a single application to manage all their seismic data information. Divestco will achieve further advantages for Survey Audit and Database as customers set up full service account management.

Effective January 1, 2006, the Company engaged in several divisional realignments to simplify and streamline the operations of Services that included:

- Rolling the Document Scanning division into the Log division to better align costs with revenues
- Merging the Mapping and Geological/Geophysical divisions and renaming it Database & Mapping
- Splitting out the Technical Consulting component of the Geophysical/Geological division and including those operations in the Consulting services segment
- Rolling Brokerage under Services in an effort to further align Brokerage transactions with Archive and to streamline communication between the two groups

Data

The Data segment acquires and licenses Divestco's proprietary seismic data and also provides log digitizing and rasterizing services, and a full suite of support data layers. Data is also responsible for building and maintaining the Company's drilling, production and well log libraries.

Fourth Quarter Financial Results - 2005

Data revenue increased by \$3.2 million (82%) for the fourth quarter of 2005 to \$7.1 million from \$3.9 million in 2004, contributing 56% (2004 - 48%) towards the Company's total revenue. The increase was primarily driven by a \$2.7 million increase in 3D seismic licence sales, a \$1.4 million log data licence sale, and

\$1.1 million in revenue as a result of the PDS and Drilling Records acquisitions. This was offset by a slight reduction in 2D seismic licence data sales from 2004.

EBITDA was \$5.7 million compared to \$2.7 million in 2004, an increase of \$3.0 million (111%). The increase in revenue was offset by increases in salaries due to corporate acquisitions. Well production data costs also rose as Divestco continued to add new technical and sales staff to develop a bundled data and

***“Data Revenue increased by 82%
for the fourth quarter of 2005”***

software offering for the U.S. market. Client interest in a bundled data and software product continues to be high, and the Company anticipates an increase in U.S. sales of this new bundled product in the second quarter of 2006. Amortization was \$1.8 million in 2005 compared to \$0.7 million in 2004, with the \$1.1 increase primarily related to the addition of 3D seismic data. Operating earnings were \$3.8 million compared to \$2.0 million in 2004, an increase of \$1.8 million (89%).

Annual Financial Results - 2005

Data generated \$21.8 million in revenue for 2005, contributing 56% (2004 - 39%) of the Company's total revenue. The increase of \$11.6 million (114%) from \$10.2 million for 2004 related mainly to a \$13.0 million increase in 3D seismic data licence sales, a \$1.3 million log data licence sale, and \$1.1 million in revenue which came by way of the PDS and Drilling Records acquisitions. This was offset by a \$3.8 million in one time sales in 2004.

EBITDA was \$17.2 million, an increase of \$10.4 million (151%) from 2004. Increases in salaries and operating costs as discussed above offset the increase in revenues. However, labour cost for the Log Data division continued to drop from approximately \$200,000 per month in January 2005 to approximately \$100,000 per month in September 2005, as a major portion of digitizing was outsourced offshore. Amortization was \$6.2 million versus \$1.4 million in 2004, an increase of \$4.8 million (333%) primarily due to the acquisition of 3D seismic data in 2005. Operating income was \$11.0 million compared to \$5.4 million in 2004, a \$5.6 million (103%) increase.



Segment Review (Continued)

Outlook

Divestco ended 2005 with a number of 3D seismic surveys in progress. By the end of March 2006, two surveys had been completed at a cost of \$14 million. The remaining surveys are expected to be complete by the end of 2006 at a total estimated cost of \$42 million. Together, this new data will cover an aggregate area of approximately 1,400 square kilometres, of which Divestco will own 100%. The Company has also secured sales of this data totalling in excess of \$50 million with additional contracts pending.

Divestco purchased approximately 6,000 kilometres of 2D seismic data in March 2006 for \$570,000 with the greater part of the data located in Manitoba and the remainder in British Columbia.

In addition, Divestco expects to have the reprocessing of approximately 32,000 kilometres of its 2D data library completed by December 2006. At the end of 2005, roughly 50% of the data had been reprocessed.

The Log Data division has a number of projects planned for 2006 that include:

- Continuing to outsource digitizing services offshore leading to further cost reductions
- Moving log header entry and depth registration offshore to further realize labour savings
- Evaluating new data sets
- Adding core analysis data for Saskatchewan and British Columbia to complement the Alberta core analysis data with expected completion by December 2006

Divestco will continue to upgrade and refine its well file by leveraging new survey information derived from Survey Audit. The well file, as well as all other general datasets, will be available in both NAD27 and NAD83 in preparation for the industry migration.

Divestco anticipates additional overhead costs for its U.S. operations, as new downtown office space will be leased in the second quarter of 2006 to accommodate the consolidation of Drilling Records' Denver staff in Petro Data Source's offices. Divestco has also contracted a U.S. based mapping company to

"This new data will cover an aggregate area of approximately 1,400 square kilometres, of which Divestco will own 100%. The Company has also secured sales of this data totalling in excess of \$50 million with additional contracts pending."

create a 1:24000 scale U.S. grid and culture file for use with its U.S. data and GIS software applications. The creation of a new integrated web-based mapping and query tool for all of Divestco's U.S. data will be completed in 2006 and will result in improved functionality and additional sales of U.S. data products. The first release of a bundled GeoCarta Tools and U.S. data application will occur in the second quarter of 2006 and be marketed to U.S. based E&P, as well as oilfield and financial services companies.

Software

The Software segment sells software licences and is responsible for development, maintenance and support of its products.

Fourth Quarter Financial Results - 2005

Revenue for the fourth quarter of 2005 was \$1.5 million compared to \$1.3 million in 2004, an increase of \$0.2 million (15%). Software contributed 12% (2004 - 16%) of Divestco's total revenue. The decrease in Software's contribution is a direct result of Data's increased growth towards the Company's total revenue for the quarter. An increase in GeoCarta Tools revenue, and additional revenue related to the Laser acquisition in October 2005, was offset by an overall decline in contract sales.

EBITDA decreased by \$663,000 (98%) primarily due to a significant undertaking of internal software development which was entirely absorbed by Software. The segment was also allocated a greater portion of selling expenses than in 2004 as there was a realignment



of costs in 2005 (these costs will be allocated differently in 2006 to appropriately reflect changes of the overall business). Amortization was \$154,000 compared to \$245,000 in 2004, a decrease of \$91,000 (37%) as the Company reduced a portion of its intangible assets (acquired from International Datashare Corporation [IDC]) through the recognition of a previously unrecognized future tax asset. Operating earnings decreased by \$572,000 (133%) to a loss of \$140,000 from income of \$432,000 in 2004.

Annual Financial Results - 2005

Revenue for the year was \$5.2 million compared to \$4.9 million in 2004, an increase of \$0.3 million (5%). Software contributed 13% (2004 - 19%) of Divestco's total revenue. The decrease in contribution from Software is a direct result of the increase in Data's contribution towards the Company's total revenue related mainly to growth in 3D seismic data sales. While there was growth in GeoCarta, GeoVista, and WinPICS sales, there was a large one-time consulting project completed in 2004 that offset gains made in product sales in 2005.

EBITDA was \$1.0 million compared to a \$2.1 million in 2004, a decrease of \$1.1 million (52%). The decrease was primarily due again to the decline in revenue and addition of new staff. Amortization was \$435,000 compared to \$676,000 in 2004, a decrease of \$241,000 (36%) reduction in intangible assets. Operating earnings fell by \$0.8 million (59%) to \$0.6 million from \$1.4 million in 2004.

Outlook

Divestco has a number of software releases planned throughout the months ahead:

- WinPICS 5.4 and EnvisionVSX 2.0. The new versions will provide tighter integration, as well as improved usability and stability. EnvisionVSX features improved horizon management, inclusion of "classic" display modes, and a host of enhancements that will provide even more tools to assist with 3-D visualization and interpretation tasks
- GeoVista 4.5 that will provide usability improvements and several enhancements to the supplied data sets

- GeoCarta Tools 1.8 was released in the first quarter of 2006 and included an initial commercial version supporting the PDS and Drilling Record data set acquisitions (specifically focused on the U.S. market). Version 1.9 will follow a few months later, providing a variety of functional improvements, including DGI gridding and contouring support, integration with Divestco's geophysical tops file, and NAD83 support
- MapQ 3.1.1 will deliver secure, remote access through the internet to Divestco-hosted seismic data sets
- OeX 3.0 was released in the first quarter of 2006 providing enhanced mixed grid/datum support. Development continues on the major release of OeX slated for early 2007
- DataStore 1.2.2 will focus on user experience improvements and the streamlining of the update delivery process
- LandRite 8.0.3 was recently released. Development of version 9.0 is underway. This release will provide improved royalty management as well as support for automated generation of rental payment history
- Divestco released NAD83 compliant version of the EarthTools suite of Geologic Tools (CrossLog, LogEdit, et al.) in the first quarter of 2006. Following this, the next release will feature improved user tops support

Due to the Company's growth, direct marketing costs will be allocated differently going forward to more accurately allocate expenses and to clearly depict the profitability of each segment. In fiscal 2005 as in previous years, Software absorbed almost all of these marketing expenses.



Segment Review (Continued)

Consulting

The Consulting segment offers end-to-end solutions, ranging from business consulting services, ERP systems implementations and CRM systems implementations, to custom software development, hardware devices, and network infrastructure. This segment is new to Divestco with the acquisition of Focus in October 2005.

Fourth Quarter and Annual Financial Results - 2005

Revenue to the end of fiscal 2005 was \$1.3 million. This represented 3% of the Company's revenue. EBITDA was a negative \$46,000. Amortization was \$25,000. This amounted to an operating loss of \$71,000.

Outlook

- There are several existing large software implementation and development projects in progress through June of 2006
- Strong Alberta and British Columbia economies are providing large opportunities for software sales and consulting services with significant strength in the oil & gas service sector
- Current industry demands on human resources present the biggest challenge to delivering consulting services. Strategic acquisitions will be key to growing the consulting division and achieving 2006 targets, as the human resource capital that comes with such acquisitions is critical
- NAD83 consulting opportunities will increase toward the end of the year as the CAPP deadline for datum conversion draws nearer in 2008

Seismic Brokerage

Fourth Quarter Financial Results - 2005

Revenue for the fourth quarter was \$1.1 million in 2005 and the same for 2004. This represented 8% (2004 - 13%) of the Company's revenue. The decrease in Seismic Brokerage's contribution is a direct result of the increase in Data's contribution towards the Company's total revenue for the quarter. The decrease in library card revenue was offset by increases in data sales.

EBITDA was \$211,000, up from \$143,000 in 2004, an increase of \$68,000. Increases in salaries and wages due to a large data sale in November and the addition of a new manager in the second quarter were offset by a decrease in general and administrative expenses in 2005. Amortization decreased slightly in 2005 to \$36,000 compared to \$40,000 in 2004. Operating income of \$175,000 was reported for 2005 compared to \$103,000 in 2004, a \$72,000 increase.

Annual Financial Results - 2005

Revenue for fiscal 2005 was \$3.5 million compared to \$3.6 million in 2004, a decrease of \$0.1 million (2%) representing 9% (2004 - 14%) of the Company's revenue. The decrease in contribution from Seismic Brokerage is a direct result of the increase in Data's contribution towards the Company's total revenue related mainly to growth in 3D seismic data sales. The decrease was due to the previously discussed decline in brokered data sales.

“ Another growth area within this segment is Seismic Data Sales Management, which manages seismic data-related transactions within the industry on behalf of data owners.”

EBITDA increased in 2005 to \$564,000 from \$464,000 in 2004. Salaries and wages increased by \$0.2 million (8%), from \$2.4 million in 2004 to \$2.6 million in 2005. An increase in commissions paid, due to a greater portion of revenue coming from data sales when compared to library card sales, as well as hiring new support and management personnel, attributed to this upward swing. This was offset by a decrease in general and administrative costs from 2004. Amortization decreased in 2005 to \$135,000 from \$166,000 in 2004. This amounted to operating income of \$429,000 in 2005 versus \$298,000 in 2004, a \$131,000 increase (44%).

Outlook

Seismic Brokerage continues to be instrumental in the marketing of Divestco's seismic data library. There are a number of new seismic surveys underway and Divestco has already obtained data sales commitments with several large E&P companies for several of these programs. The Company is now using its in-house tool DataStore,



which integrates the Archive, Seismic Brokerage, and Database divisions, for more efficient processing of seismic brokerage transactions.

Another growth area within this segment is Seismic Data Sales Management, which manages seismic data-related transactions within the industry on behalf of data owners. To manage and foster growth within this division, Divestco has committed additional staffing resources at both a junior and senior level, and enhanced the Company's in-house software suite to better manage and track data transactions. This service enables customers to outsource their seismic data sales management and marketing to Divestco, thereby reducing their administrative costs and increasing sales revenue.

As previously discussed, effective January 1, 2006, Brokerage is being included under Services to further align Brokerage transactions with Archive and to streamline communication between the two groups.

Corporate and Other

The Corporate segment contains costs associated with corporate general and administrative functions associated primarily with setting the overall strategic plan of the Company including operations, finance, accounting and information technology (IT) functions. Salaries, legal, travel, investor relations, stock compensation and interest expenses are also included as part of the Corporate segment.

Fourth Quarter Financial Results - 2005

Revenue related to income earned from the Company's short-term investments. Salaries and wages increased by \$139,000 (37%) from \$377,000 in 2004 to \$516,000 in 2005. The rise was primarily due to new hires and salary increases.

General and administrative costs also increased by \$244,000 (59%) to \$659,000 in 2005 from \$415,000 in 2004. The rise in expenses is related to an increase in stock compensation expense (there were a greater number of stock options granted in 2005 compared to 2004), additional travel costs related to investor relation presentations, and additional legal, accounting and recruiting fees due to overall growth of the Company.

Interest costs were \$201,000 in 2005 compared to \$47,000 in 2004, an increase of \$154,000 (327%). This was primarily due to new long-term debt obtained by Divestco late in September 2005. This was offset by a decrease in interest from short-term debt as the Company was not into its operating line during a majority of the fourth quarter. Amortization increased in 2005 to \$64,000 from \$32,000 in 2004 as a result of computer hardware purchases and leasehold improvements.

Annual Financial Results - 2005

As previously discussed, revenue related to income earned from the Company's short-term investments.

Salaries and benefits decreased marginally in 2005 from 2004. Additional salary costs, related to new hires and raises, was offset by the reallocation of senior management costs (directly related to the operating divisions in 2005 compared to 2004).

General and administrative costs increased by \$0.6 million (33%) to \$2.5 million in 2005 from \$1.9 million in 2004. General management costs account for \$193,000 of the increase associated with a higher stock compensation expense, higher investor relation costs associated with promoting the Company to outside investors, and increases in general business insurance costs. IT services contributed \$151,000 towards the increase due to increased outside consulting costs and software licensing costs.

Interest costs were \$324,000 in 2005 compared to \$371,000 in 2004, a decrease of \$47,000 (12%). While the Company obtained new long-term debt in 2005, it was not until the end of third quarter. In addition Divestco was close to being fully drawn on its operating line for most of 2004. In 2005, the operating line was cleared in the third quarter with the new-long term debt. Amortization increased in 2005 to \$227,000 from \$145,000 in 2004, an increase of \$82,000 (57%) due to purchases of computer hardware and leasehold improvements.

Outlook

As Divestco continues to grow organically and through acquisitions, corporate costs will likely increase in 2006 but will decrease as a percentage of revenue. Additional staff will be required to effectively and efficiently carry out the corporate functions of the Company.



Depreciation and Amortization & Income Taxes

Depreciation and Amortization

Fourth Quarter Financial Results - 2005

Amortization for the fourth quarter of 2005 was \$2.3 million compared to \$1.1 million in 2004, an increase of \$1.2 million (109%). The increase was primarily due to:

- \$2.9 million incurred to complete a 3D seismic survey
- \$363,000 in computer equipment and software purchases
- Amortization of excess purchase price allocated to tangible and intangible assets related to the share acquisitions completed in 2005

Annual Financial Results - 2005

Amortization for fiscal 2005 was \$7.5 million compared to \$2.9 million in 2004, an increase of \$4.7 million (163%). The increase was primarily due to:

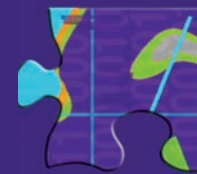
- \$12.1 million incurred to complete a number of 3D seismic surveys during the year
- \$0.2 million incurred to acquire a freehold land file
- \$1.1 million in computer equipment and software purchases related to upgrading within the Archive division
- Amortization of tangible and intangible assets related to the four acquisitions completed in 2005

Income Taxes

Divestco recorded a current tax provision of \$1.3 million for 2005. The Company claimed Scientific Research and Experimental Development (SR&ED) Investment Tax Credits (ITC) to reduce its actual taxes payable to \$65,000. A future tax provision of \$1.8 million was also recorded in 2005 compared to a reduction of \$283,000 in 2004.

The Company utilized \$5.3 million of \$7.3 million in non-capital losses it carried forward from 2004 leaving approximately \$2.0 million to carry-forward to reduce taxable income in future years. The losses initially became available to the Company as a result of the amalgamation with IDC in 2003. In addition, the Company had approximately \$5.2 million in undepreciated capital cost pools in Canada at December 31, 2005 (December 31, 2004 - \$6.3 million). If not utilized, the losses will begin to expire in 2009. Divestco also had a nominal amount of U.S. tax pools available to reduce future taxable income in the Company's wholly owned U.S. subsidiary. The full benefit of the Company's tax pools has been recognized in the 2005 consolidated financial statements.

Divestco files SR&ED claims on an annual basis. At December 31, 2005, the Company had approximately \$4.1 million of Federal SR&ED expenses available in Canada to reduce taxable income in future years (December 31, 2004 - \$2.6 million). The Company had no unclaimed ITC at December 31, 2005 available to reduce income taxes payable in future years (December 31, 2004 - \$743,000). The full benefit of the SR&ED tax pools has been recognized in the Company's 2005 consolidated financial statements.



Major Transactions

Seismic Related

During its 2005 fiscal year, Divestco completed five 3D seismic surveys covering an approximate area of 1,484 square kilometres. The Company's portion of the acquisition costs amounted to \$11.3 million. The remaining \$2.8 million was spent on seismic data acquisitions related to a number of seismic surveys that were in progress at the end of 2005. This amount has been included in data libraries on the Company's 2005 consolidated balance sheet. Divestco also purchased two small existing 2D seismic data libraries for \$70,000 containing 700 kilometres of data.

Corporate

In April 2005, Divestco acquired all of the issued and outstanding shares of PDS for U.S. \$650,000 (C\$842,000) and the assumption of U.S. \$150,000 (C\$187,000) of debt. U.S. \$250,000 (C\$343,000) of the consideration was paid on the date of closing with the remaining U.S. \$400,000 (C\$499,000) to be paid in quarterly installments of U.S. \$50,000 (C\$60,000), plus 7% interest per annum, which commenced on June 30, 2005.

On August 18, 2005, the Company closed a brokered private placement with Blackmont Capital Inc. (formerly First Associates Investments Inc.) and Northern Securities Inc. (collectively, the Underwriters), whereby the Company sold 5,000,000 Units at a price of \$2.00 per Unit, for aggregate gross proceeds to the Company of \$10 million. Each Unit consists of one common share and one-half of one share purchase warrant. Each whole purchase warrant entitles the holder to acquire a common share at a price of \$2.50 at anytime on or before August 18, 2007. The shares are subject to a hold period which expired December 19, 2005. The Underwriters were paid a commission equal to 7% of the gross proceeds plus out of pocket expenses and were granted 350,000 options to acquire common shares of the Company at an exercise price of \$2.00 per share. Each option entitles the holder to acquire one common share of the Company and expires on August 18, 2007. The Company received aggregate net proceeds of \$9.3 million.

On September 2, 2005, Divestco acquired all of the issued and outstanding shares of U.S. based Canamera Corporation and Canadian based Canamera Equities Ltd. (known together in the oil and gas industry as Drilling Records) for a cash consideration of C\$4.2 million.

On September 26, 2005, the Company closed an Offer of Finance from Roynat Capital Inc. (Roynat) for \$10.0 million in long-term debt. The debt is non-revolving with two \$5.0 million tranches, each having five-year terms of repayment. Both tranches were fully drawn in 2005. The aggregate facility bears interest at Roynat's floating base rate plus 3% per annum. As part of the arrangement, the Company paid Roynat a \$100,000 commitment fee and issued to Roynat 100,000 common shares of Divestco.

On October 4, 2005, Divestco acquired all of the issued and outstanding shares of Focus Holdings and Investments Ltd, operating as Focus Integrated Solutions for cash consideration of C\$947,000. \$625,000 was paid on the date of closing with the remaining \$322,000 to be paid in quarterly installments of \$50,000, plus 6% interest per annum, which commenced on December 31, 2005.

On October 31, 2005, Divestco acquired all of the issued and outstanding shares of Laser Software Limited for cash consideration of C\$1.6 million. \$1.3 was paid on the date of closing and the remaining \$0.3 million was paid on January 31, 2006.



Liquidity and Capital Resources

Working Capital

As previously discussed, the Company substantially improved its working capital position during 2005. Divestco ended the year with \$3.5 million in working capital, an improvement of \$6.0 million from a working capital deficiency of \$3.0 million at the end of 2004. To summarize, the improvement came primarily by way of the private placement, new long-term debt, and seismic data licence sales related to the surveys in progress at the end of 2005 (note this is shown as deferred revenue and will be recognized as revenue in 2006 when the data is delivered to the various participants).

Operating Activities

Funds from operations in the fourth quarter of 2005 were \$5.4 million (17 cents per share - diluted) compared to \$3.1 million (12 cents per share - diluted) in 2004. The increase of \$2.3 million (75%) was primarily due to a \$4.6 million (56%) rise in Company-wide revenues. This was offset by a \$2.2 million (44%) increase in operating costs directly related to organic growth and acquisitions.

Funds from operations for fiscal 2005 were \$15.5 million compared to \$6.5 million in 2004, an increase of \$9.0 million (139%) related to a \$12.8 million (50%) rise in Company-wide revenues, offset by a \$3.2 million (17%) increase in operating costs directly related to organic growth and acquisitions.

Financing Activities

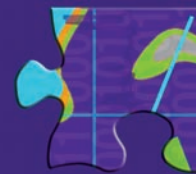
The Company's financing activities for the fourth quarter are highlighted as follows:

- \$5.0 million from the second tranche of the long-term debt from Roynat
- \$496,000 repayment of capital lease obligations and promissory notes
- \$304,000 repayment of bank indebtedness acquired from Focus

- \$213,000 repayment of shareholder loans assumed from the acquisition of Focus
- \$84,000 in proceeds received from the exercise of stock options

The Company's financing activities for fiscal 2005 are highlighted as follows:

- \$10 million in long-term debt from Roynat
- \$9.3 million in net proceeds received from a brokered private placement (gross \$10 million)
- \$2.1 million repayment of bank indebtedness (including \$0.3 million acquired from Focus) and \$0.3 million repayment of the non-revolving demand loan. Funds received from the private placement and debt financing were used to repay the bank indebtedness
- \$1.5 million repayment of capital lease obligations and promissory notes
- \$783,000 in proceeds received from a sale-leaseback transaction
- \$822,000 incurred to repurchase the Company's shares through a first normal course issuer bid
- \$405,000 in proceeds received from the exercise of stock options



Investing Activities

In addition to the acquisition of Focus and Laser, Divestco purchased \$5.5 million in short-term investments and had capital expenditures of \$6.9 million in the fourth quarter with \$6.6 million related to 3D seismic data acquisitions (both complete surveys and surveys in progress). The remaining expenditures related to computer hardware and software purchases as well as leasehold improvements.

In addition to the five corporate acquisitions, capital expenditures for 2005 totalled \$15.4 million with seismic accounting for \$14.1 million. Again the remaining expenditures related to computer hardware and software purchases as well as leasehold improvements.

Debt Instruments

Divestco has the following credit facilities in place:

- \$3.0 million operating line, bearing interest at bank prime plus 0.75%. The aggregate borrowing under this facility cannot exceed 75% of the Company's accounts receivable balance. As at December 31, 2005, no amount was drawn on this facility (December 31, 2004 - \$2.1 million)
- \$150,000 corporate credit card facility reserved for senior management and officers. A nominal amount was drawn on this facility as at December 31, 2005

These facilities are secured by a general security agreement creating a first-priority security interest in all present and after acquired personal property of the Company, and a floating charge over all of the Company's present and after-acquired real property of up to \$5.0 million. In addition, the facilities are subject to the Company meeting certain covenants. As at December 31, 2005, the Company was not in violation of any of its covenants.

The Company also secured \$10 million in new long-term debt with Roynat, bearing interest at their floating base rate plus 3.00%. The loan is payable in monthly installments of \$165,500 plus interest with a final installment of \$235,500. At December 31, 2005, \$9.8 million of the loan was outstanding.

This facility is secured by a first charge on all fixed assets now owned and hereafter acquired by the Company and a floating charge on all other assets, subject to a prior charge (both fixed and floating) to the operating lender of approximately \$5.0 million. In addition, the facilities are subject to the Company meeting certain covenants. As at December 31, 2005, the Company was not in violation of any of its covenants.

Expectations are that the credit facilities and funds from operations are sufficient in the short and long-term to maintain the Company's current requirements, to meet planned growth, and to fund future capital expenditures.

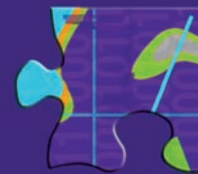


Outstanding Share Data

Divestco's common shares trade on the TSX Venture Exchange under the symbol "DVT". The Company is authorized to issue an unlimited number of voting common shares.

The following table provides details of the Company's equity instruments:

	Balance as at		
	Apr 4, 2006	Dec 31, 2005	Dec 31, 2004
Common Shares			
Outstanding	30,982,209	29,874,400	24,985,000
Weighted Average Outstanding			
Basic		26,520,656	25,308,266
Diluted		27,045,527	25,392,265
Stock Options			
Outstanding	2,161,703	2,219,403	1,845,494
Exercise price range	\$ 1.00 - 3.23	\$ 0.83 - 3.00	\$ 0.54 - 1.40
Warrants			
Outstanding	1,698,750	2,500,000	-
Exercise price	\$ 2.50	\$ 2.50	-
Broker Compensation Options			
Outstanding	260,747	349,342	-
Exercise Price	\$ 2.00	\$ 2.00	-



Common Shares

On June 2, 2004, the Company received approval from the TSX Venture Exchange to repurchase up to 1,278,000 of its common shares at prevailing market prices during the twelve-month period ending June 9, 2005. During 2005, the Company repurchased 673,000 shares at a purchase cost of \$822,206 (\$1.22 average price per share) resulting in a \$336,120 reduction to retained earnings. During 2004, 450,100 shares were repurchased for a total cost of \$418,000 (\$0.93 average price per share), resulting in a \$91,000 reduction to retained earnings.

On June 10, 2005, the Company received approval to renew its normal course issuer bid to repurchase up to 1,425,000 of its common shares at prevailing market prices during the twelve-month period ending June 14, 2006. No repurchases were made under the new bid during 2005.

As previously discussed, in August 2005 the Company closed a brokered private placement of 5,000,000 Units at a price of \$2.00 per Unit, which resulted in aggregate gross proceeds to the Company of \$10,000,000. Each Unit consisted of one common share and one-half of one share purchase warrant. Each whole purchase warrant entitles the holder to acquire a common share at a price of \$2.50 at any time on or before August 18, 2007. The underwriters were granted 350,000 broker compensation options to acquire common shares of the Company at an exercise price of \$2.00 per share. Each option entitles the holder to acquire one common share of the Company and expires on August 18, 2007. The shares were subject to a hold period which expired on December 19, 2005. During 2005, no warrants were exercised and 658 broker options were exercised. Subsequent to December 31, 2005, 651,250 warrants and 88,595 broker compensation options were exercised.

Stock Options

At December 31, 2005 there were 2,650,000 common shares authorized for grants of stock options.

During the year ended December 31, 2005:

- 1,061,822 stock options were granted, including 516,478 to officers and directors, at exercise prices ranging from \$1.25 to \$3.00
- 461,742 stock options were exercised, including 147,137 by officers and directors, at exercise prices ranging from \$0.54 to \$1.69
- 226,471 stock options were forfeited with exercise prices ranging from \$1.00 to \$3.00

Subsequent to December 31, 2005:

- 168,000 stock options were granted at an exercise price \$3.23
- 217,700 stock options were exercised at exercise prices ranging from \$0.83 to \$1.25
- 8,000 stock options were forfeited with exercise prices ranging from \$1.25 to \$3.23



Commitments and Contingencies

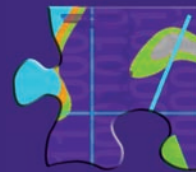
Commitments

Except as discussed elsewhere, the Company has entered into various commitments primarily related to debt, building and equipment leases and multi-year data licences. The following table is a summary of the Company's contractual obligations as at December 31, 2005:

	Payments Due by Fiscal Year					
	2006	2007	2008	2009	2010	Total
Long-term debt obligations	\$ 1,931	\$ 1,986	\$ 1,986	\$ 1,986	\$ 1,891	\$ 9,780
Promissory notes	434	209	-	-	-	643
Capital leases	515	519	147	-	-	1,181
Operating leases ⁽¹⁾	1,717	1,355	1,094	1,078	914	6,158
Total contractual obligations	\$ 4,597	\$ 4,069	\$ 3,227	\$ 3,064	\$ 2,805	\$ 17,762

⁽¹⁾ Includes amounts paid for occupancy costs (net of subleases), data licences and office equipment leases

Under the terms of the agreement to reprocess a portion of Divestco's seismic library, the Company is required to pay royalties on future sales of the reprocessed seismic data library to the third party that shared in the cost of the project. The royalties will be recorded as incurred when the data is sold and delivered. The maximum royalty on sales of the entire database is limited to \$600,000. Royalties of individual line sales are limited to a period of five years from the date reprocessing was completed for each segment of the seismic data.



Related Party Transactions

Divestco had the following related party transactions:

- In 2005, the Company earned \$38,000 (2004 - \$191,000) in revenue related to data loading, workstation rentals and leasing of office space from companies with common directors. Included in accounts receivable at December 31, 2005 was \$13,268 (December 31, 2004 - \$NIL) related to this revenue
- In 2005, the Company paid \$205,000 (2004 - \$153,000) in brokerage commissions to a company controlled by a director. The commissions related to sales of seismic data and seismic data licences to the Company's seismic data library. Included in accounts payable at December 31, 2005 was \$4,000 (December 31, 2004 - \$7,000) related to these commissions
- In 2005, the Company paid \$185,000 (2003 - \$204,000) in legal fees to the law firm at which the Company's Corporate Secretary is employed. The law firm is the Company's general counsel. Included in accounts payable at December 31, 2005 was \$38,000 (December 31, 2004 - \$58,000) related to these legal fees
- At December 30, 2005, there was a promissory note due from an officer of the Company in the amount of \$22,000, bearing interest at 4% per annum, and payable upon demand on or before June 6, 2006
- At December 31, 2004, \$181,000 was payable to a law firm at which a director is a partner. The liability was paid in 2005. A predecessor company, International Datashare Corporation, incurred these legal fees
- In 2004, \$4.0 million of \$4.3 million in debentures were issued to certain directors of the Company, bearing interest at 12%. \$100,000 of the set-up fee to arrange the financing and \$111,801 of the interest was paid to the directors. The debentures were fully repaid in 2004



Accounting Policies

Critical Accounting Estimates

The costs associated with purchasing or creating the seismic data library are capitalized. Purchases of existing seismic data are capitalized and amortized on a straight-line basis over 10 years. The Company also creates seismic data and capitalizes the costs paid to third parties for the acquisition of data, permitting, surveying, and other related costs. Created seismic may be acquired without pre-sale commitments or with pre-sale commitments that include an exclusive data use period. Created seismic, without pre-sale commitments, is amortized on a straight-line basis over a seven year period. Created seismic with pre-sale commitments is initially amortized at 40% on delivery of the data to the customer with the remaining balance on a straight-line basis over the next six-year period. Some of the created seismic is acquired jointly with others. These financial statements reflect only the Company's proportionate share of the costs of the jointly created seismic data library.

The fair value of share options, broker compensation options and warrants were estimated using the Black-Scholes option-pricing model with the following assumptions: an expected volatility of 60% (2004 - 20% to 60%), a risk-free interest rate of 5.0%, and an expected life of 5 years for the stock options and 2 years for the broker compensation options and warrants. The value of the stock options is recorded in contributed surplus at the date of grant and recognized as a compensation expense over the 2-year vesting period. In October 2005, the Company changed the vesting period of stock options granted going forward to three years. The value for the broker compensation options is recorded in contributed surplus and is reduced as the broker options are exercised. The value of the warrants has been recorded as a separate line item under equity instruments and is reduced as the warrants are exercised.

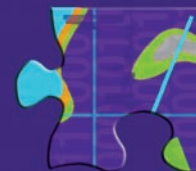
New Accounting Pronouncements

Non-Monetary Transactions

In June 2005, the Accounting Standards Board (AcSB) issued Section 3831, Non-Monetary Transactions, which replaces Section 3830 and requires all non-monetary transactions to be measured at fair value unless:

- The transaction lacks commercial substance
- The transaction is an exchange of a product or property held for sale in the ordinary course of business for a product or property to be sold in the same line of business to facilitate sales to customers other than the parties to the exchange
- Neither the fair value of the assets or services received, nor the fair value of the assets or services given up, is reliably measurable
- The transaction is a non-monetary, non-reciprocal transfer to owners that represent a spin-off or other form of restructuring or liquidation

The new requirements apply to non-monetary transactions initiated in periods beginning on or after January 1, 2006. Earlier adoption is permitted beginning on or after July 1, 2005. The Company does not expect that the adoption of this standard will have any material impact on its results of operations or financial position.



Financial Instruments

The AcSB has issued three sections on financial instruments; Section 1530, Comprehensive Income, Section 3855, Financial Instruments - Recognition and Measurement, and Section 3865, Hedges. These three sections will apply to interim and annual financial statements relating to fiscal years beginning on or after October 1, 2006. They will require the following:

- All trading financial instruments will be recognized on the balance sheet and will be fair valued through the income statement
- All remaining financial assets will be recorded at cost and amortized through the financial statements
- A new statement for comprehensive income that will include certain gains and losses on translation of assets and liabilities
- An update to Accounting Guideline 13 to incorporate the fair value changes currently recorded in the income statement to be recorded through the comprehensive income statement

Management has not assessed the future impact on the financial statements of the Company at this time.

Disclosure Controls and Procedures

Disclosure Controls and Procedures are controls and procedures designed and implemented by, or under the supervision of the issuer's Chief Executive Officer (CEO) and Chief Financial Officer (CFO) to ensure that material information relating to the issuer is communicated to them by others in the organization as it becomes known and is appropriately disclosed as required under the continuous disclosure requirements of securities legislation. In essence, these types of controls are related to the quality and timeliness of financial and non-financial information in securities filings. An evaluation of the effectiveness of the design and operation of the Company's disclosure controls and procedures was conducted as at December 31, 2005, by and under the supervision of Divestco's management, including the CEO and CFO. Based on this evaluation, the CEO and CFO have concluded that the Company's disclosure controls and procedures, as defined in the Canadian Securities Administrators' Multilateral Instrument 52-109, "Certification of Disclosure in Issuers' Annual and Interim Filings", are effective to ensure that information required to be disclosed in reports that the Company files or submits under Canadian securities legislation is recorded, processed, summarized and reported within the time periods specified in those rules and forms.

Management's Responsibility for the Financial Statements


To the Shareholders of Divestco Inc.

Management, in accordance with Canadian generally accepted accounting principles, has prepared the accompanying financial statements of Divestco Inc. Financial and operating information presented throughout this Annual Report is consistent with that shown in the financial statements.

Management is responsible for the integrity of the financial information. Internal control systems are designed and maintained to provide reasonable assurance that assets are safeguarded from loss or unauthorized use and to produce reliable accounting records for financial reporting purposes.

KPMG LLP were appointed by the Company's Board of Directors to conduct an audit of the financial statements of the Company so as to express an opinion on the financial statements. KPMG LLP have audited the financial statements to provide a reasonable assurance that the financial statements are presented fairly in accordance with Canadian generally accepted accounting principles.

The Board of Directors is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control. The Board exercises this responsibility through the Audit Committee. The Audit Committee meets regularly with management and the independent auditors to ensure that management's responsibilities are properly discharged, to review the financial statements and recommend that the financial statements be presented to the Board of Directors for approval. The Audit Committee also considers the independence of the external auditors and reviews their fees. The external auditors have access to the Audit Committee without the presence of management.



Stephen Popadynetz
Chief Executive Officer



Roderick Chisholm
Chief Financial Officer

April 4, 2006
Calgary, Canada

Auditors' Report

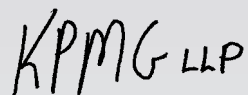
To the Shareholders of Divestco Inc.

We have audited the consolidated balance sheet of Divestco Inc. as at December 31, 2005 and the consolidated statement of income and retained earnings and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2005 and the results of its operations and its cash flows for the year then ended, in accordance with Canadian generally accepted accounting principles.

The consolidated financial statements as at December 31, 2004 and for the year then ended were audited by other auditors, who expressed an opinion without reservation on those statements in their report, dated March 4, 2005.

The image shows the handwritten signature of KPMG LLP in black ink. The letters are bold and slightly slanted, with the 'LLP' part being smaller and positioned to the right of 'KPMG'.

Chartered Accountants
Calgary, Canada

April 4, 2006

Consolidated Balance Sheets

As at December 31 (\$Thousands)	2005	2004
Current Assets		
Cash	\$ 1,382	\$ -
Short-term investments (Note 3)	5,512	-
Accounts receivable (Note 10)	27,053	13,981
Prepaid expenses, supplies and deposits	427	337
Investment tax credits recoverable (Note 12(c))	-	500
	34,374	14,818
Long-term accounts receivable	960	312
Future income taxes (Note 12(b))	-	2,317
Investment in affiliated company (Note 4)	79	85
Data libraries (Note 5)	31,459	15,337
Property and equipment (Note 6)	3,495	2,933
Deferred development costs (Note 7)	1,863	1,151
Deferred finance costs	409	-
Intangibles (Note 8)	4,128	2,652
Goodwill	3,431	1,949
	\$ 80,198	\$ 41,554
Liabilities and Shareholders' Equity		
Current Liabilities		
Bank indebtedness (Note 9)	\$ -	\$ 2,321
Accounts payable and accrued liabilities (Note 10)	17,624	10,197
Current portion of deferred revenue	10,355	4,565
Current portion of long-term debt obligations (Note 11)	2,880	727
	30,859	17,810
Deferred revenue	402	737
Long-term debt obligations (Note 11)	8,724	648
Future income taxes (Note 12(b))	2,989	-
	42,974	19,195
Shareholders' Equity		
Equity instruments (Note 13(b))	27,195	17,779
Contributed surplus (Note 13(g))	1,269	662
Retained earnings	8,760	3,918
	37,224	22,359
Commitments (Note 15)		
	\$ 80,198	\$ 41,554

The accompanying notes are an integral part of these consolidated financial statements.

On behalf of the Board:



John Brussa, Chairman of the Board



Stephen Popadynetz, Director

Consolidated Statements of Income and Retained Earnings

For the Year Ended December 31 (\$Thousands, except per share amounts)	2005	2004
Revenue	\$ 38,754	\$ 25,912
Operating expenses		
Salaries and benefits	16,172	13,103
General and administrative	5,740	5,643
Research and development	360	203
Stock compensation expense (Note 13(g))	365	217
	22,637	19,166
Earnings before interest, taxes, depreciation and amortization	16,117	6,746
Interest expense	324	371
Depreciation and amortization	7,510	2,855
Operating income	8,283	3,520
Other income (loss)		
Foreign exchange gain	12	126
Gain on Sale of Capital assets	26	-
Equity investment income (loss)	(6)	18
	32	144
Income before income taxes	8,315	3,664
Income taxes (reduction)		
Current	1,304	-
Future	1,833	(283)
	3,137	(283)
Net income for the year	5,178	3,947
Retained earnings, beginning of year	3,918	62
Purchase price of common shares repurchased in excess of book value (Note 13(f))	(336)	(91)
Retained earnings, end of year	\$ 8,760	\$ 3,918
Earnings per share		
Basic	\$ 0.20	\$ 0.16
Diluted	\$ 0.19	\$ 0.16
Weighted average number of shares (thousands)		
Basic	26,521	25,308
Diluted	27,046	25,392

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statements of Cashflows

For the Year Ended December 31 (\$Thousands)	2005	2004
Cash flows from operating activities		
Net income	\$ 5,178	\$ 3,947
Items not affecting cash:		
Equity investment loss (income)	6	(18)
Gain on sale of property and equipment	(26)	-
Depreciation and amortization	7,510	2,855
Future income taxes (reduction)	1,833	(283)
Investment tax credits utilized	631	-
Unrealized foreign exchange loss (gain)	1	(221)
Stock compensation expense	365	217
Funds from operations	15,498	6,497
Changes in non-cash working capital balances (Note 14)	(2,431)	17
Increase in long-term accounts receivable	(648)	(312)
Increase (decrease) in non-current deferred revenue	(335)	737
	12,084	6,939
Cash flows from financing activities		
Bank indebtedness	(2,687)	(653)
Repayment of long-term debt obligations	(1,539)	(250)
Proceeds received from long-term debt obligations	10,783	1,197
Repayment of Focus shareholder loans (Note 2)	(213)	-
Issue of common shares, net of related expenses	9,584	(22)
Repurchase of common shares (Note 13(f))	(822)	(418)
Deferred financing costs	(120)	-
Advance to affiliated company	-	(13)
Repayment of debentures	-	(4,250)
Proceeds received from issuance of debentures	-	4,250
Proceeds received from non-revolving demand loan	-	3,055
	14,986	2,896
Cash flows from investing activities		
Purchase of investment securities	(5,512)	-
Purchase of data libraries	(15,307)	(9,271)
Purchase of property and equipment	(1,132)	(1,453)
Proceeds on sale of property and equipment	44	-
Acquisitions (Note 2)	(6,641)	(84)
Deferred development costs	(712)	(1,151)
Changes in non-cash working capital balances (Note 14)	3,588	-
	(25,672)	(11,959)
Foreign exchange loss on cash held in a foreign currency	(16)	-
Increase (decrease) in cash and cash equivalents	1,382	(2,124)
Cash and cash equivalents, beginning of year	-	2,124
Cash and cash equivalents, end of year	\$ 1,382	\$ -

The accompanying notes are an integral part of these consolidated financial statements.

Notes to Consolidated Financial Statements

December 31, 2005 (\$Thousands, unless otherwise stated)

Divestco Inc. (the Company), is incorporated under the Business Corporations Act of Alberta and is a publicly traded company on the TSX Venture Exchange under the symbol DVT.

1 Significant Accounting Policies

The consolidated financial statements of the Company have been prepared by management in accordance with Canadian generally accepted accounting principles. The preparation of consolidated financial statements requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Actual results could differ from those estimates. The consolidated financial statements have, in management's opinion, been properly prepared using careful judgement with reasonable limits of materiality and within the framework of the significant accounting policies summarized below:

A Principles of consolidation

The consolidated financial statements include the accounts of the Company and its subsidiaries, all of which are wholly-owned from the date of acquisition. All significant intercompany accounts and transactions have been eliminated upon consolidation.

B Cash and cash equivalents

Cash and cash equivalents consists of cash on hand, bank balances (including temporary bank overdrafts), term deposits and investments with maturities of three months or less.

C Short-term investments

Short-term investments represent a portfolio investment in a marketable security that is accounted for using the cost method. The initial investment was recorded at cost and any earnings from the investment are recognized only to the extent received or receivable. When there is a loss in value of the investment that is other than a temporary decline, the investment is written down to recognize the loss. The Company's management reviews the underlying value of the investment on a regular basis by reference to estimated fair value based on established criteria including trading value, anticipated cash flows and profitability of the investee.

D Investment in affiliated company

The Company owns 36.11% of the common shares of SDLS Inc. (SDLS), which is a private company. The Company uses the equity method of accounting to account for the investment in SDLS. The carrying value of the investment is periodically reviewed to ensure that there is no permanent impairment.

E Data libraries

The cost associated with purchasing or creating the seismic data library is capitalized. Purchases of existing seismic data are capitalized and amortized on a straight-line basis over 10 years. The Company also creates seismic data and capitalizes the costs paid to third parties for the acquisition of data, permitting, surveying and other related costs. Created seismic may be acquired without pre-sale commitments or with pre-sale commitments that include an exclusive data use period. Created seismic, without pre-sale commitments, is amortized on straight-line basis over a seven year period. Created seismic with pre-sale commitments is initially amortized at 40% on delivery of the data to the customer with the remaining balance on a straight-line basis over the next six-year period. Certain of the created seismic is acquired jointly with others. These financial statements reflect only the Company's proportionate share of the costs of the jointly created seismic data library. The costs associated with purchasing or creating the log library, reference library, data sets and map library are recorded at cost less accumulated amortization.

Notes to Consolidated Financial Statements

December 31, 2005 (\$Thousands, unless otherwise stated)

1 Significant Accounting Policies (Continued)

E Data libraries (continued)

Amortization is provided for as follows:

	Amortization Method	Rate
Seismic data library	Straight-line	6 to 10 years
Data sets	Straight-line	10 years
Log and drilling library	Straight-line	20 years
Reference library	Declining balance	20%
Map library	Straight-line	15 years

The Company records only one half year's worth of amortization in the year of acquisition with the exception of the seismic data library. The carrying value of the data libraries is reviewed by the Company, at least annually, to assess if there has been an impairment in value. Additional amortization is recorded if it is determined that estimated future sales will not be sufficient to cover the carrying value of the asset.

F Property and equipment

Property and equipment are recorded at cost less accumulated amortization. Amortization is provided for as follows:

	Amortization Method	Rate
Computer hardware and software	Declining balance	30%
Office furniture and equipment	Declining balance	20-30%
Leasehold improvements	Straight-line	Term of lease

The Company records one half year's worth of amortization in the year of acquisition. Periodically, the Company reviews the appropriateness of its amortization policies. Changes in management's estimates are recognized in the current and future periods.

G Intangible assets

Intangible assets are recorded at cost less accumulated amortization. Amortization is provided for as follows:

	Amortization Method	Rate
Customer lists	Straight-line	6 years
Proprietary software	Declining balance	50%
Software code	Straight-line	10 years
Well log license agreement	Straight-line	10 years

Notes to Consolidated Financial Statements

December 31, 2005 (\$Thousands, unless otherwise stated)

H Deferred finance costs

Deferred finance costs are amortized over the term of the related loans.

I Participation in joint ventures

Certain of the Company's seismic data acquisition activities are conducted jointly with others. These consolidated financial statements reflect only the Company's proportionate interest in such activities.

J Revenue recognition and deferred revenue

The Company's revenue is generated from the following sources:

- (i) Software and software licences, including maintenance and support
- (ii) Data libraries
- (iii) Seismic brokerage (recorded on a net basis)
- (iv) Seismic data licence sales
- (v) Consulting
- (vi) Other services including: seismic survey audit, information management, custom mapping, archiving, imaging, and geophysical/geological services

Revenue from contracts with multiple obligations (delivered and undelivered products, support obligations and product and data updates) is allocated by the Company to each element of the contract based on objective evidence, specific to the Company, of the fair value of the element. Should it not be possible to measure an individual component, revenue is deferred until delivery of the entire contractual obligation(s).

- (i) Revenue earned from the sale of perpetual software licences is recognized upon delivery. Maintenance and support, included with the product, is recognized rateably over the term defined in the purchase agreement. Revenue earned from the renewal of maintenance and support contracts is recognized rateably over the term of the agreement. Software licences, including maintenance and support, are sold on a monthly, quarterly and annual basis. Revenue from this source is recognized rateably over the term of the licence.
- (ii) Data sales are recognized when the file containing the images is delivered to the customer. The Company also sells copies of its entire log library. In these cases, the Company recognizes revenues on the sale as milestones are achieved. The revenue recognized is determined based on the total contract value and the milestones achieved to the end of the reporting period. If a loss on contract is probable, the loss will be recognized at the date of determination.
- (iii) Revenue with respect to the brokerage division represents brokerage commissions earned from selling goods on behalf of others and is recognized on a net basis upon the closing of the transaction. As a matter of practice, the Company generally settles brokerage payables after the related receivables are collected.
- (iv) Seismic data licence revenue is recognized at the date the customer receives the data.
- (v) Consulting revenue is recorded as milestones are achieved whereby customers are billed as phases of a project are completed.

Notes to Consolidated Financial Statements

December 31, 2005 (\$Thousands, unless otherwise stated)

1 Significant Accounting Policies (Continued)

J Revenue recognition and deferred revenue (continued)

(vi) Revenue with respect to providing all other products and services is recognized under the completed contract method such that revenue is recognized only when the rendering of services and/or provision of the product under a contract is completed or substantially completed as performance does not consist of the execution of more than one act.

Fees that have been prepaid but do not yet qualify for revenue recognition under the Company's policies are reflected as deferred revenues on the Company's balance sheet.

K Future income taxes

The asset and liability method of tax allocation is used in accounting for income taxes. Under this method, future tax assets and liabilities are determined based on differences between financial reporting and the tax bases of assets and liabilities, which are measured using substantially enacted tax rates and laws that will be in effect when the differences are expected to reverse. Future income tax assets are recognized to the extent that they are more likely than not to be realized.

L Stock-based compensation plan

The Company applies the fair value method for valuing stock option grants. Under this method, compensation cost attributable to all stock options and issued are measured at fair value at the grant and issuance date and expensed over the vesting period with a corresponding increase to contributed surplus. Upon the exercise of the stock options and warrants, consideration received together with the amount previously recognized in contributed surplus is recorded as an increase to share capital.

M Employee share ownership plan

On February 1, 2004 the Company initiated an employee share ownership plan whereby each employee may elect to contribute up to 25% of their regular salary towards the savings plan. The Company will match the employee's contribution up to 3% of their monthly regular salary to a maximum of \$300 per month. The common shares are purchased through the facilities of the TSX Venture Exchange. Included in general and administrative expenses is \$165,000 (2004 - \$96,000) related to this plan.

N Goodwill

Goodwill, which represents the excess of purchase price over fair value of net assets received, is assessed at least annually for impairment. To assess impairment, the fair value of the reporting unit is determined and compared to the book value of the reporting unit. If the fair value is less than the book value, then a second test is performed to determine the amount of the impairment. The amount of the impairment is first determined by deducting the fair value of the reporting unit's assets and liabilities from the fair value of the reporting unit to determine the implied fair value of goodwill and then comparing that amount to the book value of the reporting unit's goodwill. Any excess of the book value of goodwill over the implied fair value of goodwill is the impaired amount. Goodwill is not amortized.

O Per share amounts

The Company adopted the treasury stock method of reporting earnings per share amounts. Basic earnings per share are computed by dividing net income by the weighted average number of common shares outstanding for the year. Diluted earnings per share amounts reflect the potential dilution that could occur if securities or other contracts to issue common shares were exercised or converted to common shares. The treasury stock method is used to determine the dilutive effect of stock options and other dilutive instruments.

Notes to Consolidated Financial Statements

December 31, 2005 (\$Thousands, unless otherwise stated)

P Investment tax credits

The Company records investment tax credits on the cost reduction basis whereby investment tax credits related to current expenditures are included in the determination of net income in the year the tax credits are earned. Investment tax credits earned on deferred development salaries are deducted from deferred development costs. In addition, investment tax credits related to the acquisition of property and equipment are deducted from the related asset values. These claims are subject to audit by the science advisors from the Canada Revenue Agency. As a result, the amounts recorded as investment tax credits recoverable are subject to specific measurement uncertainty. When the estimate is known to be materially different from the actual recovery, an adjustment is made to net income in the period in which the determination is made.

Q Research and development

Research costs are charged to net income in the period in which they are incurred. Development costs are charged to earnings in the period they are incurred unless they meet the criteria for deferral under the accounting standard for research and development costs. Amortization of development costs deferred to future periods commences with the commercial production of the product and is charged to earnings based on anticipated sales or use of the product over a period not exceeding three years. Deferred development costs are presented net of amortization. The Company periodically reviews these costs for possible impairment and recognizes changes in estimates in the period of the change.

R Foreign currency

The Company translates amounts of foreign currency into Canadian dollars on the following basis:

- (i) monetary assets and liabilities - at the rate of exchange prevailing at the period end;
- (ii) non-monetary items - at the rate of exchange prevailing at the dates of the transactions;
- (iii) revenues and expenses - at the monthly average rate of exchange; and
- (iv) gains and losses on translation of current monetary assets and liabilities are included in income.

S Use of estimates

The preparation of financial statements requires management to make estimates based on currently available information. In particular, management makes estimates for the amounts recorded for the amortization of data libraries, property and equipment as well as the valuation of intangible assets. By their very nature, these estimates are subject to measurement uncertainty and the effect on the consolidated financial statements of future periods could be material. The effect on the financial statements resulting from a revision in estimates, if any, will be accounted for prospectively.

T Comparative figures

Certain figures with respect to the year ended December 31, 2004 have been reclassified to conform to the current year's presentation.

Notes to Consolidated Financial Statements

December 31, 2005 (\$Thousands, unless otherwise stated)

2 Acquisitions

During the year ended December 31, 2005, the Company acquired 100% of the issued and outstanding shares of the following companies:

- A** On April 27, 2005, the Company acquired Petro Data Source, Inc. (PDS), a U.S. based company. PDS provides database well header and production data for oil and gas wells located in the U.S.
- B** On September 2, 2005, the Company acquired Canamera Equities Ltd. (Canamera Equities). Canamera Equities provides historical offset drilling data, rig activity maps and reports, and well permit and licence data for oil and gas wells located in Canada.
- C** On September 2, 2005, the Company acquired Canamera Corporation (Canamera Corp), a U.S. based company. Canamera Corp provides historical offset drilling data, rig activity maps and reports, and well permit and licence data for oil and gas wells located in the U.S.
- D** On October 5, 2005, the Company acquired Focus Holdings and Investments Ltd. (Focus). Focus provides business consulting services, ERP and CRM systems implementations, custom software development, hardware devices and network infrastructure.
- E** On October 31, 2005, the Company acquired Laser Software Ltd. (Laser). Laser offers a land management system (LandRite) to oil and gas industry. Laser also offers a financial accounting package that enables its smaller oil and gas clients to connect remotely via the Internet to access and maintain their data.

The following reflects the final purchase price allocation for the acquisitions:

	PDS	Canamera Equities	Canamera Corp	Focus	Laser ⁽¹⁾	Total
Allocation of purchase price						
Cash	\$ -	\$ 22	\$ 17	\$ -	\$ 100	\$ 139
Bank indebtedness	(67)	-	-	(304)	-	(371)
Other working capital items	(48)	4	(54)	414	274	590
Data libraries	1,447	1,936	3,102	-	-	6,485
Property and equipment	-	102	513	-	-	615
Intangibles	125	410	563	100	951	2,149
Goodwill	-	-	-	879	603	1,482
Due to former shareholders	-	-	-	(213)	-	(213)
Long-term debt obligations	(125)	-	(25)	(11)	-	(161)
Future tax asset (liability)	(490)	(797)	(1,605)	82	(304)	(3,114)
	\$ 842	\$ 1,677	\$ 2,511	\$ 947	\$ 1,624	\$ 7,601
Consideration						
Cash (including acquisition costs)	\$ 343	\$ 1,677	\$ 2,511	\$ 625	\$ 1,624	\$ 6,780
Promissory notes	499	-	-	322	-	821
	\$ 842	\$ 1,677	\$ 2,511	\$ 947	\$ 1,624	\$ 7,601

⁽¹⁾ \$295,000 of the purchase price was paid in January 2006

Notes to Consolidated Financial Statements

December 31, 2005 (\$Thousands, unless otherwise stated)

On September 20, 2004 the Company acquired 100% of the issued and outstanding common shares of Westcan Oilmaps Ltd (Westcan). Westcan provides a proprietary geological tops file to the oil and gas industry through Divestco's various software products. The following reflects the final purchase price allocation for the acquisition:

Allocation of purchase price		
Cash	\$	80
Working capital		43
Map library		239
Property and equipment		16
	\$	378
Consideration		
Cash ⁽¹⁾	\$	263
Promissory note		115
	\$	378

⁽¹⁾ \$100,000 of the purchase price was paid in July 2005

The acquisitions were accounted for using the purchase method of accounting whereby identifiable assets acquired and liabilities assumed were recorded at their fair market values as at the date of acquisition. The excess of the purchase price over such fair value was recorded as goodwill.

The above amounts are estimates made by management based on currently available information. Amendments may be made to the purchase equation as the cost estimates and tax balances are finalized.

3 Short-Term Investments

Short-term investments consist of shares in a publicly listed company. The market value of the shares as at December 31, 2005 was \$5,825,000.

4 Investment in Affiliated Company

The Company owns 36.11% of the common shares of SDLS Inc. (SDLS), a private company. In 2005 the Company did not make any advances to SDLS (2004 - \$13,000). The investment has been accounted for using the equity basis. The Company's pro-rata share of the net loss of SDLS for 2005 was \$6,000 (2004 - net income of \$18,000). The fair value of the balances due from SDLS and the investment in SDLS approximates the carrying value as at December 31, 2005.

Notes to Consolidated Financial Statements

December 31, 2005 (\$Thousands, unless otherwise stated)

5 Data Libraries

	2005		2004	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Seismic data library	\$ 25,637	\$ 5,863	\$ 10,538	\$ 648
Data sets	632	275	438	231
Log and drilling library	11,670	788	5,171	450
Reference library	445	214	445	157
Map library	239	24	239	8
	38,623	7,164	16,831	1,494
Net book value		\$ 31,459		\$ 15,337

6 Property and Equipment

	2005		2004	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Computer hardware and software	\$ 2,980	\$ 1,570	\$ 2,528	\$ 1,204
Office furniture and equipment	1,512	608	1,113	430
Leasehold improvements	309	171	219	104
Assets under capital lease	1,746	703	964	153
	6,547	3,052	4,824	1,891
Net book value		\$ 3,495		\$ 2,933

7 Deferred Development Costs

	Balance as at December 31	
	2005	2004
Balance, beginning of year	\$ 1,151	\$ -
Salaries and benefits (net of investment tax credits)	875	1,058
General and administrative	197	159
	1,072	1,217
Amortization (included in research and development expense)	(360)	(66)
Balance, end of year	\$ 1,863	\$ 1,151

Notes to Consolidated Financial Statements

December 31, 2005 (\$Thousands, unless otherwise stated)

8 Intangibles

	Cost	2005 Accumulated Amortization	Cost	2004 Accumulated Amortization
Customer lists	\$ 2,456	\$ 731	\$ 1,065	\$ 438
Proprietary software and code	2,943	1,033	2,185	778
Well logs licence agreement	750	257	750	132
	6,149	2,021	4,000	1,348
Net book value		\$ 4,128		\$ 2,652

9 Bank Indebtedness

The Company has a revolving demand loan bearing interest at bank prime rate plus 0.75%, with a maximum credit available of \$3 million. There was no amount drawn on this facility as at December 31, 2005 (December 31, 2004 - \$2.1 million). The line is used for daily operating requirements.

The facilities are secured by a general security agreement creating a first priority security interest in all present and after acquired personal property of the Company and a floating charge over all of the Company's present and after acquired real property of approximately \$5.0 million. The facilities are subject to the Company meeting certain debt covenants. As at December 31, 2005, the Company was not in violation of any of its debt covenants.

10 Accounts Receivable, Accounts Payable and Accrued Liabilities

Included in accounts receivable is \$7.4 million (2004 - \$5.7 million) in brokerage receivables. Included in accounts payable and accrued liabilities is \$6.4 million (2004 - \$8.0 million) in brokerage payables. The brokerage division records commissions earned on brokerage sales on a net basis upon the closing of the transaction. As part of the service, the Company collects the gross proceeds of the brokerage sales on behalf of the vendor and makes the net payment to the vendor in accordance with the terms of their contract. The Company acts as an agent on behalf of the brokers.

Notes to Consolidated Financial Statements

December 31, 2005 (\$Thousands, unless otherwise stated)

11 Long-Term Debt Obligations

	Balance as at December 31	
	2005	2004
Capital lease obligation (a)	\$ 1,181	\$ 801
Promissory notes (b)	643	574
Term loan (c)	9,780	-
	11,604	1,375
Current portion	(2,880)	(727)
	\$ 8,724	\$ 648

A Capital lease obligations

The Company has capital lease obligations, which have a term of three years and bear interest 5.8% to 8.56% per annum. Minimum annual lease payments are as follows:

2006	\$ 515
2007	519
2008	147
	\$ 1,181

Capital leases relate to equipment with a net book value of \$1,043,000 (2004 - \$810,000) as follows: computer hardware and software of \$822,000 (2004 - \$416,000), office equipment of \$43,000 (2004 - \$53,000), and leasehold improvements of \$178,000 (2004 - \$341,000).

Notes to Consolidated Financial Statements

December 31, 2005 (\$Thousands, unless otherwise stated)

B Promissory notes

	Balance as at December 31	
	2005	2004
Unsecured promissory notes issued on the acquisition of PDS, bearing interest of 7% per annum, repayable in quarterly installments of U.S. \$50,000 until March 31, 2007 (Note 2). (Balance as at December 31, 2005 - U.S \$250,000)	\$ 292	\$ -
Unsecured promissory notes issued on the acquisition of Focus, bearing interest of 6% per annum, repayable in quarterly installments of \$50,000 plus interest until September 30, 2007 (Note 2).	272	\$ -
Unsecured promissory notes issued on the acquisition of The Excalibur-Gemini Group Ltd., bearing interest of 8% per annum, repayable in blended quarterly installments of \$22,000 until May 31, 2007.	79	181
Unsecured promissory notes issued on the acquisition of Westcan, bearing interest of 8% per annum, repayable in blended quarterly installments of \$24,000 until November 30, 2005 (Note 2).	-	93
Unsecured promissory note, bearing interest of 12% per annum issued to a company with common directors issued on October 14, 2004 and fully repaid on February 2, 2005.	-	300
Total balance outstanding	643	574
Current portion	(434)	(468)
Long-term portion	\$ 209	\$ 106

Principal payments are as follows:

2006	\$ 434
2007	209
	\$ 643

Notes to Consolidated Financial Statements

December 31, 2005 (\$Thousands, unless otherwise stated)

11 Long-Term Debt Obligations (Continued)

C Term loan

On September 26, 2005 (the Closing Date) the Company obtained \$10 million in long-term debt pursuant to an Offer of Finance from Roynat Capital Inc. (Roynat) dated July 26, 2005. As part of the arrangement, the Company paid Roynat a \$100,000 commitment fee and issued Roynat 100,000 common shares of the Company at no cost. The deemed price of the shares was \$2.89. The commitment fee, deemed value of the shares and other legal costs are included in deferred financing costs, which is being amortized over the debt period. The debt is non-revolving and bears interest at Roynat's floating base rate plus 3% per annum.

Principal payments are as follows:

2006	\$	1,931
2007		1,986
2008		1,986
2009		1,986
2010		1,891
	\$	9,780

Roynat is secured by a first charge on all fixed assets now owned and hereafter acquired by the Company and a floating charge on all other assets, subject to a prior charge (both fixed and floating) to the operating lender of approximately \$5 million (Note 9).

12 Income Taxes

A The Company has an effective tax rate, which differs from the expected Canadian income tax rate. The differences are as follows:

For the year ended December 31	2005	2004
Income from income taxes	\$ 8,315	\$ 3,664
Statutory rate	33.6%	33.6%
Computed tax provision	\$ 2,794	\$ 1,231
Effects of differences:		
Non-deductible equity loss (income)	2	(6)
Non-deductible expenses	161	134
Adjustments for enacted changes in income tax rates	-	220
Previously unrecognized future income tax assets	-	(1,862)
Other	180	-
Actual income tax expense (reduction)	\$ 3,137	\$ (283)

Notes to Consolidated Financial Statements

December 31, 2005 (\$Thousands, unless otherwise stated)

- B** Future income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts for income tax purposes. The components of the Company's future income tax assets and liabilities are as follows:

	Balance as at December 31	
	2005	2004
Databases, property and equipment, and intangibles	\$ (3,857)	\$ (1,675)
Non-capital loss carry forwards	535	2,291
Cumulative eligible capital	156	147
SR&ED expenditures	(132)	1,361
Share issue and financing costs	309	193
Future income tax asset (liability)	\$ (2,989)	\$ 2,317

- C** The Company files Scientific Research and Experimental Development (SR&ED) claims with the Canada Revenue Agency in respect of certain research and development expenditures. Although the claims were filed on the basis of the regulations, the recoverability of the amounts recorded in these financial statements is subject to confirmation by the Canada Revenue Agency.

The Company has approximately \$4.1 million (2004 - \$2.2 million) of SR&ED expenses available to reduce future taxable income. In addition, the Company had approximately \$743,000 of unclaimed investment tax credits available as at December 31, 2004 to reduce income taxes payable in future years. The investment tax credits carried forward from 2004 and the \$496,000 earned in 2005 were claimed in 2005 to reduce current taxes payable.

The future tax benefits of the SR&ED expenses and investment tax credits have been recognized in these consolidated financial statements as the Company expects to utilize the investment tax credits before they expire.

- D** As at December 31, 2005, the Company had non-capital loss carry-forwards in Canada of approximately \$2.0 million (December 31, 2004 - \$7.3 million), which are available to reduce taxable income in future periods. The non-capital losses were transferred to the Company as a result of the amalgamation with International Datashare Corporation and begin to expire in 2009. The Company also had a nominal amount of net operating losses in the U.S.

Notes to Consolidated Financial Statements

December 31, 2005 (\$Thousands, unless otherwise stated)

13 Equity Instruments

A Authorized

An unlimited number of voting common shares

B Issued

	Balance as at December 31			
	2005		2004	
	Number of Shares	Amount	Number of Shares	Amount
Common Shares				
Balance, beginning of year	24,985	\$ 17,779	25,423	\$ 18,128
Issued on private placement	5,000	8,162	-	-
Issued on long-term debt	100	289	-	-
Exercise of broker compensation options - cash consideration	1	1	-	-
Exercise of broker compensation options - reclassification from contributed surplus	-	1	-	-
Exercise of stock options - cash consideration	462	405	12	7
Exercise of stock options - reclassification of contributed surplus	-	30	-	-
Repurchased for cancellation	(674)	(486)	(450)	(327)
Share issue costs (net of future taxes of \$272, 2004 - \$NIL)	-	(550)	-	(29)
Balance, end of year	29,874	\$ 25,631	24,985	\$ 17,779
Share Purchase Warrants	Number of Warrants	Amount	Number of Warrants	Amount
Balance, beginning of year	-	\$ -	1,598	\$ 348
Issued on private placement	2,500	1,564	-	-
Expired	-	-	(1,598)	(348)
Balance, end of year	2,500	\$ 1,564	-	\$ -
Total equity instruments		\$ 27,195		\$ 17,779

C Escrowed Shares

As at December 31, 2005, the Company has no shares subject to an escrow agreement.

Notes to Consolidated Financial Statements

December 31, 2005 (\$Thousands, unless otherwise stated)

D Broker compensation options

As at December 31, 2005, outstanding broker compensation options to purchase common shares were as follows:

	Number Outstanding	Amount	Exercise Price	Expiry Date
Issued on placement	350	\$ 273	\$ 2.00	Aug 18-07
Exercised	(1)	(1)		
Balance, end of year	349	\$ 272		

The fair value of the share purchase warrants and broker compensation options were estimated using the Black-Scholes option-pricing model with the following assumptions: an expected volatility of 60%, a risk-free interest rate of 5.0%, no dividend rate and an expected life of 2 years.

Subsequent to December 31, 2005, 88,595 broker compensation options were exercised.

E Private placement

On August 18, 2005, the Company closed a brokered private placement whereby the Company sold 5 million Units at a price of \$2.00 per Unit, for aggregate gross proceeds to the Company of \$10 million.

Each Unit consisted of one common share and one half of one share purchase warrant. Each whole purchase warrant entitles the holder to acquire a common share at a price of \$2.50 at any time on or before August 18, 2007. The Underwriters were paid a commission equal to 7% of the gross proceeds and were granted 350,000 broker compensation options to acquire common shares of the Company at an exercise price of \$2.00 per share. Each option entitles the holder to acquire one common share of the Company and expires on August 18, 2007.

Subsequent to December 31, 2005, 651,250 warrants were exercised.

F Normal course issuer bid

On June 2, 2004, the Company received approval from the TSX Venture Exchange to repurchase up to 1,278,000 of its common shares at prevailing market prices during the twelve-month period ending June 9, 2005. During 2005, the Company has repurchased 674,000 shares at a purchase cost of \$822,000 (\$1.22 average price per share) resulting in a \$336,000 reduction to retained earnings. During 2004, 450,000 shares were repurchased for a total cost of \$418,000 (\$0.93 average price per share), resulting in a \$91,000 reduction to retained earnings.

On June 10, 2005, the Company received approval to renew its normal course issuer bid to repurchase up to 1,425,000 of its common shares at prevailing market prices during the twelve-month period ending June 14, 2006. No repurchases were made under the new bid during the 2005 year.

Notes to Consolidated Financial Statements

December 31, 2005 (\$Thousands, unless otherwise stated)

13 Equity Instruments (Continued)

G Contributed Surplus

	Balance as at December 31	
	2005	2004
Balance, beginning of year	\$ 662	\$ 445
Stock compensation expense	365	217
Reclassification to common shares on exercise of options	(30)	-
Broker compensation options issued	273	-
Reclassification to common shares on exercise of broker compensation options	(1)	-
Balance, end of year	\$ 1,269	\$ 662

H Stock options

The Company has established a stock option plan (the Plan) whereby the Company may grant options to purchase common shares to directors, officers, employees, and consultants. The options have a five year term and are exercisable pursuant to a vesting schedule of one-third upon the date of grant (the grant date), one-third following the first anniversary of the grant date and the remaining one-third following the second anniversary of the grant date. 2,650,000 Common Shares of the Company have been reserved under the Plan.

The following is a continuity of stock options outstanding for which shares have been reserved:

	Number of Options	Option Price	Weighted Average Exercise Price'
Options outstanding, December 31, 2003	1,435	\$ 0.54 - 3.19	\$1.20
Options granted	705	\$ 1.00 - 1.20	\$1.16
Exercised	(12)	\$ 0.54	\$0.54
Cancelled	(87)	\$ 3.19	\$3.19
Forfeited	(196)	\$ 0.83 - 1.40	\$1.20
Options outstanding, December 31, 2004	1,845	\$ 0.54 - 1.40	\$1.10
Options granted	1,062	\$ 1.25 - 3.00	\$2.00
Exercised	(462)	\$ 0.54 - 1.69	\$0.87
Forfeited	(226)	\$ 1.00 - 3.00	\$1.32
Options outstanding, December 31, 2005	2,219	\$ 0.83 - 3.00	\$1.55

Subsequent to the year ended December 31, 2005, 168,000 options were granted at an exercise price of \$3.23, 217,000 options were exercised with exercise prices ranging from of \$0.83 to \$1.25, and 8,000 options were forfeited with exercise prices between \$1.25 and \$3.23.

Notes to Consolidated Financial Statements

December 31, 2005 (\$Thousands, unless otherwise stated)

H Stock options (continued)

The options that were vested at December 31, 2005, are summarized as follows:

Options Outstanding	Option Price	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life	Number of Options Currently Exercisable	Weighted Average Exercise Price of Options Currently Exercisable
747	\$ 0.83 - 1.20	\$ 1.11	2.53	558	\$ 1.10
936	\$ 1.25 - 1.40	\$ 1.28	3.24	608	\$ 1.27
536	\$ 1.69 - 3.00	\$ 2.64	4.70	179	\$ 2.64
2,219	\$ 0.83 - 3.00	\$ 1.55	3.35	1,345	\$ 1.38

The fair value of the stock options was estimated using the Black-Scholes option-pricing model with the following assumptions: an expected volatility of 60% (2004 - 20% to 60%), a risk-free interest rate of 5.0%, no dividend rate and an expected life of five years. The compensation expense is recognized over the three-year vesting period of the stock options.

The Company continues to disclose the pro-forma earnings impact of stock options granted in 2002. If the fair value method had been used for options granted in 2002, there would have been no impact on net income or earnings per share for the year ended December 31, 2005, as all of the options granted in 2002 and prior were fully vested by December 31, 2004. Net earnings for the year ended December 31, 2004 would have been reduced by \$31,000. Basic and diluted earnings per share would have been reduced by \$0.01.

14 Statement of Cash Flows

For the year ended December 31	2005	2004
Interest and income taxes paid (recovered)		
Interest paid (net of interest revenue)	\$ 292	\$ 334
Income taxes paid (recovered)	\$ 124	\$ (659)
Changes in non-working capital balances:		
Funds held in trust	\$ -	\$ 788
Accounts receivable	(2,627)	(4,904)
Investment tax credits recoverable	500	519
Prepaid expenses	4	(3)
Accounts payable and accrued liabilities	(916)	1,981
Deferred revenue	608	1,636
	\$ (2,431)	\$ 17
Changes in non-working capital balances (related to investing activities):		
Accounts receivable	\$ (8,658)	\$ -
Accounts payable and accrued liabilities	7,425	-
Deferred revenue	4,821	-
	\$ 3,588	\$ -

Notes to Consolidated Financial Statements

December 31, 2005 (\$Thousands, unless otherwise stated)

15 Commitments

The Company rents its current premises from a third party under a lease agreement. In addition the Company maintains contractual agreements for office equipment and data licences. The minimum annual payments due under the long-term operating leases including estimated operating costs, net of sub-leases, are as follows:

2006	\$ 4,269
2007	3,816
2008	3,169
2009	3,064
2010	2,569

16 Related Party Transactions

Except as disclosed elsewhere, the Company had the following related party transactions:

- A** In 2005, the Company earned \$38,000 (2004 - \$191,000) in revenue related to data loading, workstation rentals and leasing of office space from companies with common directors. Included in accounts receivable at December 31, 2005 was \$13,268 (December 31, 2004 - \$NIL) related to this revenue.
- B** In 2005, the Company paid \$205,000 (2004 - \$153,000) in brokerage commissions to a company controlled by a director. Included in accounts payable at December 31, 2005 was \$4,000 (December 31, 2004 - \$7,000) related to these commissions.
- C** In 2005, the Company paid \$185,000 (2003 - \$204,000) in legal fees to the law firm at which the Company's Corporate Secretary is employed. Included in accounts payable at December 31, 2005 was \$38,000 (December 31, 2004 - \$58,000) related to these legal fees.
- D** At December 31, 2005, there was promissory note due from an officer of the Company in the amount of \$22,000, bearing interest at 4% per annum, and payable upon demand on or before June 6, 2006.
- E** As at December 31, 2004, \$181,000 was payable to a law firm at which a Director is a partner. The liability was paid in 2005. A predecessor company, International Datashare Corporation, incurred these legal fees.
- F** In 2004, \$4.0 million of \$4.3 million in debentures were issued to certain directors of the Company, bearing interest at 12%. \$100,000 of the set-up fee to arrange the financing and \$111,801 of the interest was paid to the directors. The debentures were fully repaid in 2004.

All related party transactions are in the normal course of operations and have been measured at the agreed to exchange amounts, which is the amount of consideration established and agreed to by the related parties and which is similar to those negotiated with third parties.

Notes to Consolidated Financial Statements

December 31, 2005 (\$Thousands, unless otherwise stated)

17 Financial Instruments

The Company holds various forms of financial instruments. The nature of these instruments and the Company's operations expose the Company to industry credit, interest rate, and foreign currency risks. The Company manages its exposure to these risks by operating in a manner that minimizes its exposure to the extent practical. The carrying amounts of the Company's monetary assets and liabilities approximate their fair values.

A Credit risk management

A significant portion of the Company's trade accounts receivable are from companies in the oil and gas industry and, as such, the Company is exposed to all the risks associated with that industry. As at December 31, 2005, two companies accounted for 34% of the total accounts receivable.

B Interest rate risk management

The Company's short-term borrowings are based on floating rates and subject to interest rate cash flow risk as the required cash flows to service the debt will fluctuate as a result of changes in market rates. Interest on fixed rate debt varies between 5.76% and 8.56%. If these transactions were entered into today, the interest expense would not be materially different.

C Foreign currency rate risk management

A portion of the Company's sales are made to customers in the United States. Accordingly, the related financial assets and liabilities are subject to fluctuations in exchange rates. The Company does not have any exposure to highly inflationary foreign currencies.

The Company manages its exposure to foreign currency fluctuations by maintaining foreign currency bank accounts and trade accounts receivable to offset foreign currency payables.

18 Segmented Information

The Company reports in five segments within the oil and gas industry: Services, Data, Software, Consulting and Seismic Brokerage, as well as Corporate and Other. Services provides seismic survey audit, information management, mapping, archiving services, imaging and geophysical/geological services. Data provides log services and a full suite of support data layers. This segment also develops and maintains the Company's log library and seismic data libraries. Software sells software licences and provides maintenance and support. Consulting offers end-to-end solutions, ranging from business consulting services, ERP systems implementations and CRM systems implementations, to custom software development, hardware devices, and network infrastructure. Seismic Brokerage offers full service seismic brokerage. Corporate and Other includes accounting, finance, investor relations, and other corporate expenses including interest. The accounting policies of the segments are the same as those described in the summary of significant accounting policies in the annual financial statements. The Company eliminates inter-segment sales and transfers. Operating income (loss) is measured as profit before consideration of foreign exchange gains, equity investment income (loss) and income taxes.

Notes to Consolidated Financial Statements

December 31, 2005 (\$Thousands, unless otherwise stated)

18 Segmented Information (Continued)

As at and for the year ended December 31, 2005							
	Services	Data	Software	Consulting	Seismic Brokerage	Corporate & Other	Total
Revenue	\$ 6,956	\$ 21,751	\$ 5,195	\$ 1,289	\$ 3,498	\$ 65	\$ 38,754
Operating income (loss)	1,396	11,025	580	(71)	429	(5,076)	8,283
Amortization	501	6,187	435	25	135	227	7,510
R&D	-	-	360	-	-	-	360
Total assets	6,648	46,410	8,676	1,669	10,038	6,757	80,198
Capital expenditures ⁽²⁾	321	15,635	161	19	78	225	16,439
Deferred development	-	-	712	-	-	-	712

As at and for the year ended December 31, 2004							
	Services	Data	Software	Consulting	Seismic Brokerage	Corporate & Other	Total
Revenue	\$ 7,245	\$ 10,159	\$ 4,948	\$ -	\$ 3,560	\$ -	\$ 25,912
Operating income (loss)	859	5,432	1,419	-	298	(4,488)	3,520
Amortization	438	1,430	676	-	166	145	2,855
R&D	-	-	203	-	-	-	203
Total assets ⁽¹⁾	5,515	20,136	5,901	-	7,108	577	39,237
Capital expenditures ⁽²⁾	183	10,323	76	-	37	105	10,724
Deferred development	-	-	1,151	-	-	-	1,151

As at and for the year ended December 31, 2005			
	Canada	U.S.	Total
Revenue	\$ 37,261	\$ 1,493	\$ 38,754
Data libraries, property and equipment, intangibles and goodwill	36,955	5,558	42,513

As at and for the year ended December 31, 2004			
	Canada	U.S.	Total
Revenue	\$ 23,225	\$ 2,687	\$ 25,912
Data libraries, property and equipment, intangibles and goodwill	24,022	-	24,022

⁽¹⁾ Excludes future income tax assets of \$2,317,000

⁽²⁾ Excludes business acquisitions

Notes to Consolidated Financial Statements

December 31, 2005 (\$Thousands, unless otherwise stated)

19 Subsequent Event

Subsequent to the year ended December 31, 2005 the Company entered into a Letter of Intent to acquire a division of a service company (the "Seller") for consideration of C\$11.5 million plus assumption of certain liabilities (C\$10.5 million in cash at closing and C\$1 million in common shares of the Company to the Seller or its nominees) on the terms and subject to the conditions set out in an acquisition agreement to be entered into between the Company and the Seller. The Company will fund the acquisition through the sale of its short-term investment that was held for investment purposes and bank debt.

Corporate Information

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Board of Directors

Stephen Popadynetz
John A. Brussa^{1,2,3}
Wade Brillon
M. Scott Ratushny^{2,4}
Edward L. Molnar³
Brent Gough^{2,3,4}

¹ Chairman of the Board

² Member of the Audit Committee

³ Member of the Compensation Committee

⁴ Member of the Corporate Governance Committee

Officers

Stephen Popadynetz - Chief Executive Officer
Terry Barnhart - President
Roderick Chisholm - Chief Financial Officer
Steve Sinclair-Smith - VP Operations
Mathew Hepton - VP Software Development
Shannon Niemi - VP Sales & Marketing
Cary Sabraw - VP U.S. Operations and Logs & Archiving
Kevin Ludbrook - VP Consulting

Corporate Secretary

Faralee A. Chanin

Manager, Financial Reporting

Danny Chiarastella

Stock Exchange Listing

TSX Venture Exchange: DVT

Lending Institutions

HSBC Bank Canada
Roynat Capital Inc.

Registrar and Transfer Agent

CIBC Mellon Trust Company

Auditors

KPMG LLP

Legal Counsel

Field LLP



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