

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 consolidated financial statements of Divestco Inc. Financial and operating information presented throughout this Annual Report is consistent with that shown in the consolidated 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 consolidated financial statements of the Company so as to express an opinion on the consolidated financial statements. KPMG LLP have audited the consolidated financial statements to provide a reasonable assurance that the consolidated 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 consolidated financial statements and recommend that the consolidated 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

Calgary, Canada
March 6, 2007



Roderick Chisholm
Chief Financial Officer

Auditor's Report

To the Shareholders of Divestco Inc.

We have audited the consolidated balance sheets of Divestco Inc. as at December 31, 2006 and 2005 and the consolidated statements of income and retained earnings and cash flows for the years 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 audits.

We conducted our audits 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, 2006 and 2005 and the results of its operations and its cash flows for the years then ended, in accordance with Canadian generally accepted accounting principles.

KPMG LLP

Chartered Accountants
Calgary, Canada
March 6, 2007

Consolidated Balance Sheets

As at December 31 (Thousands)	2006	2005
Assets		
Current Assets		
Cash and Cash Equivalents	\$1,437	\$1,382
Short-term Investments (Note 3)	-	5,512
Accounts Receivable (Note 11)	21,875	27,053
Prepaid Expenses, Supplies and Deposits	923	427
Investment and Tax Credits Recoverable	651	-
	24,886	34,374
Long-term Accounts Receivable	560	960
Investment in Affiliated Company (Note 4)	68	79
Data Libraries (Note 5)	71,201	28,740
Participation Surveys in Progress	2,721	2,719
Property and Equipment (Note 6)	6,069	3,495
Deferred Development Costs (Note 7)	2,877	1,863
Deferred Finance Costs (Note 8)	323	409
Intangible Assets (Note 9)	15,719	4,128
Goodwill (Note 2)	8,518	3,431
	\$132,942	\$80,198
Liabilities and Shareholders' Equity		
Current Liabilities		
Bank Indebtedness (Note 10)	\$6,451	\$-
Accounts Payable and Accrued Liabilities (Note 11)	14,492	17,624
Current Portion of Deferred Revenue	11,603	10,355
Current Portion of Long-term Debt Obligations (Note 12)	3,295	2,880
	35,841	30,859
Deferred Revenue	260	402
Long-term Debt Obligations (Note 12)	6,636	8,724
Future Income Taxes (Note 13)	12,968	2,989
	55,705	42,974
Shareholders' Equity		
Equity Instruments (Note 14(b))	46,854	27,195
Contributed Surplus (Note 14(g))	2,008	1,269
Retained Earnings	28,375	8,760
	77,237	37,224
	\$132,942	\$80,198
Commitments (Note 16)		
Subsequent Event (Note 20)		

See notes to the Consolidated Financial Statements

Approved by 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)	2006	2005
Revenue	\$106,463	\$38,754
Operating Expenses		
Salaries and Benefits	26,810	16,172
General and Administrative	14,914	5,740
Stock Compensation Expense (Note 14 (i))	1,076	365
	42,800	22,277
Interest Expense	1,235	324
Depreciation and Amortization	36,051	7,870
Other Income	2,105	32
Income Before Income Taxes	28,482	8,315
Income Taxes (Note 13)		
Current	312	1,304
Future	8,555	1,833
	8,867	3,137
Net Income for the Year	19,615	5,178
Retained Earnings, Beginning of Year	8,760	3,918
Purchase Price of Common Shares Repurchased in Excess of Book Value (Note 14(f))	-	(336)
Retained Earnings, End of Year	\$28,375	\$8,760
Earnings per Share		
Basic	\$0.60	\$0.20
Diluted	\$0.58	\$0.19
Weighted Average Number of Shares		
Basic	32,665	26,521

See notes to the Consolidated Financial Statements

Consolidated Statements of Cash Flows

For the Year Ended December 31 (Thousands)	2006	2005
Cash Flows from Operating Activities		
Net Income for the Year	\$19,615	\$5,178
Items Not Affecting Cash:		
Equity Investment Loss	11	6
Depreciation and Amortization of Data Libraries, Property and Equipment and Intangibles	35,448	7,510
Amortization of Deferred Development Costs	603	360
Amortization of Deferred Finance Costs	86	22
Future Income Taxes	8,555	1,833
Investment Tax Credits Utilized	-	631
Gain on Sale of Investment Securities	(2,132)	-
Gain on Sale of Property and Equipment	-	(26)
Unrealized Foreign Exchange Loss	1	-
Stock Compensation Expense	1,076	365
Funds from Operations	63,263	15,879
Changes in Non-cash Working Capital Balances (Note 15)	2,884	(4,218)
Decrease in Non-current Deferred Revenue	(142)	(334)
Increase (Decrease) in Long-term Accounts Receivable	400	(648)
	66,405	10,679
Cash Flows from Financing Activities		
Bank Indebtedness	6,451	(2,687)
Issue of Common Shares, Net of Related Expenses (Note 14 b))	16,085	9,584
Repayment of Long-term Debt Obligations	(2,923)	(1,540)
Repayment of Shareholder Loans	-	(213)
Deferred Financing Costs	-	(142)
Proceeds Received from Long-term Debt Obligations	-	10,783
Repurchase of Common Shares (Note 14 f))	-	(822)
	19,613	14,963
Cash Flows from Investing Activities		
Purchase of Data Libraries	(74,428)	(12,588)
Increase in Participation Surveys in Progress	(2)	(2,719)
Purchase of Property and Equipment	(1,405)	(1,132)
Purchase of Intangibles	(176)	-
Acquisitions (Note 2)	(15,001)	(6,641)
Purchase of Investment Securities	(109)	(5,512)
Proceeds on Sale of Investment Securities	7,753	-
Proceeds on Sale of Property and Equipment	-	44
Deferred Development Costs	(1,616)	(1,072)
Changes in Non-cash Working Capital Balances (Note 15)	(978)	5,376
	(85,962)	(24,244)
Foreign Exchange Loss on Cash Held in a Foreign Currency	(1)	(16)
Increase in Cash and Cash Equivalents	55	1,382
Cash and Cash Equivalents, Beginning of Year	1,382	-
Cash and Cash Equivalents, End of Year	\$1,437	\$1,382

See notes to the Consolidated Financial Statements

Notes to Consolidated Financial Statements

December 31, 2006 (Tabular amounts in 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 Toronto Stock Exchange (TSX) 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 within the framework of the following significant accounting policies:

- (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) **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.
- (c) **Comparative figures:** Certain figures with respect to the year ended December 31, 2005 have been reclassified to conform to the current year's presentation.
- (d) **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.
- (e) **Short-term investments:** Short-term investments represent portfolio investments in marketable securities that are accounted for using the cost method. The initial investment is 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.



(L to R) Lyndsey Nicholas: Group Leader, Divestco Processing
and Tom Morin: Senior Processor, Divestco Processing

1. Significant Accounting Policies Continued...

- (f) **Investment in affiliated company:** The Company uses the equity method to account for an affiliated entity in which the Company exercises significant influence, but does not control. Under the equity method of accounting, the investment is initially recorded at cost and the carrying value of the investment is adjusted to recognize the Company's proportionate share of the net earnings (losses) of the entity.
- (g) **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 commencing a year from the delivery date. 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.

Amortization is provided for as follows:

	Amortization Method	Rate
Seismic Data Library (Excluding Participation Surveys)	Straight-line	7 to 10 years
Datasets	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.

Notes to Consolidated Financial Statements

December 31, 2006 (Tabular amounts in thousands, unless otherwise stated)

1. Significant Accounting Policies Continued...

- (h) **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.

- (i) **Intangible assets:** Intangible assets are recorded at cost less accumulated amortization. Amortization is provided for as follows:

	Amortization Method	Rate
Non-competition Agreements	Straight-line	Term of agreement
Customer Related Intangibles	Straight-line	6 years
Proprietary Software	Declining balance	50%
Software Code	Straight-line	10 years
Office Leases Below Market Value	Straight-line	Term of lease
Well Logs License Agreement	Straight-line	10 years

- (j) **Deferred finance costs:** Deferred finance costs are amortized over the term of the related loans.
- (k) **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.
- (l) **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 and land management, custom mapping, archiving, imaging, geophysical/geological, database management and seismic processing services.

1. Significant Accounting Policies Continued...

Revenue for 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. Revenue from software licences, including maintenance and support, which are sold on a monthly, quarterly and annual basis, is recognized rateably over the term of the licence.
- (ii) Data sales are recognized when the customer receives the file containing the images. In the cases where the Company sells a copy of its entire log library, revenue is recognized 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 seismic 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 on the date the customer receives the data. This occurs when the seismic work, including data processing, is complete and delivery to the customer has occurred.
- (v) Consulting revenue is recorded as milestones are achieved whereby customers are billed as phases of a project are completed.



Brent Hornquist: Geophysical Technician

Notes to Consolidated Financial Statements

December 31, 2006 (Tabular amounts in thousands, unless otherwise stated)

1. Significant Accounting Policies 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.

- (m) **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.

- (n) **Stock-based compensation plan:** The Company applies the fair value method for valuing stock options, broker options and warrant grants. Under this method, compensation cost attributable to all stock options, broker options and warrants are measured at fair value at the grant date and expensed over the vesting period with a corresponding increase to contributed surplus. Upon the exercise of the stock options, broker options and warrants, consideration received together with the amount previously recognized in contributed surplus is recorded as an increase to share capital. The Corporation does not incorporate an estimated forfeiture rate for stock options that will not vest, rather actual forfeitures are accounted for as they occur.

- (o) **Employee share ownership plan:** The Company has an employee share ownership plan (ESOP) whereby each employee may elect to contribute up to 25% of their regular salary towards the savings plan. The Company matches 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. The Company's contributions under the ESOP for 2006 were \$376,000 (2005 - \$165,000).



Josh Coles: Technical Support Analyst

1. Significant Accounting Policies Continued...

- (p) **Goodwill:** Goodwill is the residual amount that results when the purchase price of an acquired business exceeds the sum of the amounts allocated to the assets acquired, less liabilities assumed, based on their fair values. Goodwill is allocated as of the date of the business combination to the Company's reporting units that are expected to benefit from the synergies of the business combination.

Goodwill is not amortized and is tested for impairment annually or more frequently if events or changes in circumstances indicate that the asset might be impaired. The impairment test is carried out in two steps. In the first step, the carrying amount of the reporting unit is compared with its fair value. When the fair value of a reporting unit exceeds its carrying amount, goodwill of the reporting unit is considered not to be impaired and the second step of the impairment test is unnecessary. The second step is carried out when the carrying amount of a reporting unit exceeds its fair value, in which case the implied fair value of the reporting unit's goodwill is compared with its carrying amount to measure the amount of the impairment loss, if any. The implied fair value of goodwill is determined in the same manner as the value of goodwill is determined in a business combination described in the preceding paragraph, using the fair value of the reporting unit as if it was the purchase price. When the carrying amount of the reporting unit goodwill exceeds the implied fair value of the goodwill, an impairment loss is recognized in an amount equal to the excess and is recorded in the statement of income before extraordinary items and discontinued operations.

- (q) **Earnings per share:** The Company utilizes the treasury stock method of reporting earnings per share amounts which assumes that any proceeds obtained on the exercise of options would be used to purchase common shares at the average market price during the year. Basic earnings per share amounts are calculated 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.



Emergency Medical Services on Call in the Field

Notes to Consolidated Financial Statements

December 31, 2006 (Tabular amounts in thousands, unless otherwise stated)

1. Significant Accounting Policies *Continued...*

- (r) **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 and amortized to income on the same basis as the 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 in the period in which the determination is made.

- (s) **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.

- (t) **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

Gains and losses on translation of current monetary assets and liabilities are included in income.



(L to R) Neil Thompson: Manager, Mapping and Database Services and Zubeda Ramji: Audit Data Administrator

2. Acquisitions

During the year ended December 31, 2006, the Company completed the following transactions and has included earnings of the acquiree in income for the current year since the date of acquisition:

- (a) On May 1, 2006, the Company acquired the seismic data processing division of Geo-X Systems Ltd. (Geo-X Processing). The division provides onshore seismic data processing services.
- (b) On July 18, 2006, the Company acquired all of the issued and outstanding shares of Cavalier Land Ltd. (Cavalier) and Agadir Resources Inc. (Agadir). Cavalier's primary business is the acquisition of surface and mineral rights on behalf of its clients. Agadir acquires crown mineral rights on behalf of its clients.

The allocations of the purchase price for the acquisitions have not been finalized. The preliminary allocation of the purchase price, based on management's estimates, is as follows:

	Geo-X Processing	Cavalier and Agadir	Total
Allocation of Purchase Price:			
Cash	\$-	\$638	\$638
Working Capital (deficiency)	679	(919)	(240)
Property and Equipment	2,461	281	2,742
Non-competition Agreements	1,000	1,638	2,638
Customer Lists and Trade Name	1,325	3,910	5,235
Proprietary Software and Code	2,750	-	2,750
Under Market Lease	2,677	23	2,700
Goodwill	1,794	3,293	5,087
Future Income Tax Liability	-	(1,790)	(1,790)
	\$12,686	\$7,074	\$19,760
Consideration:			
Cash (Including Acquisition Costs)	\$11,487	\$4,152	\$15,639
Promissory Notes	-	1,250	1,250
368,370 Common Shares	1,199	-	1,199
213,220 Common Shares	-	1,672	1,672
	\$12,686	\$7,074	\$19,760

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.

Notes to Consolidated Financial Statements

December 31, 2006 (Tabular amounts in thousands, unless otherwise stated)

2. Acquisitions Continued..

During the year ended December 31, 2005, the Company acquired 100% of the issued and outstanding shares of the following companies and have included earnings of the acquiree in the Company's income for 2005 since the date of acquisition:

- (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, a U.S. based company. Canamera Corporation 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 the 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.

2. Acquisitions Continued...

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

	PDS	Canamera Equities	Canamera Corporation	Focus	Laser	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
Customer Lists	125	410	563	100	200	1,398
Proprietary Software and Code	-	-	-	-	751	751
Goodwill	-	-	-	879	603	1,482
Due to Former Shareholders	-	-	-	(213)	-	(213)
Long-term Debt Obligations	(125)	-	(25)	(11)	-	(161)
Future Income 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

3. Short-Term Investments

In 2006, the Company disposed of its short-term investments which consisted of shares in a publicly listed company at a gain of \$2,132,000. 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. The investment has been accounted for using the equity basis. The Company's pro-rata share of the net loss of SDLS for the year ended December 31, 2006 was \$11,000 (2005 — net loss of \$6,000). The fair value of the balances due from SDLS and the investment in SDLS approximate the carrying value as at December 31, 2006.

Notes to Consolidated Financial Statements

December 31, 2006 (Tabular amounts in thousands, unless otherwise stated)

5. Data Libraries

Balance as at December 31	2006		2005	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Seismic Data Library	\$96,982	\$37,130	\$22,918	\$5,863
Data Sets	632	339	632	275
Log and Drilling Library	12,018	1,346	11,670	788
Reference Library	445	260	445	214
Map Library	239	40	239	24
	\$110,316	\$39,115	\$35,904	\$7,164
Net Book Value		\$71,201		\$28,740

6. Property and Equipment

Balance as at December 31	2006		2005	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Computer Hardware and Software	\$6,707	\$2,825	\$2,980	\$1,570
Office Furniture and Equipment	1,517	475	1,512	608
Leasehold Improvements	706	290	309	171
Assets Under Capital Lease	1,746	1,047	1,746	703
Land	30	-	-	-
	\$10,706	\$4,637	\$6,547	\$3,052
Net Book Value		\$6,069		\$3,495

7. Deferred Development Costs

Balance as at December 31	2006	2005
Balance, Beginning of Year	\$1,863	\$1,151
Salaries and Benefits (Net of Investment Tax Credits)	1,321	875
General and Administrative	296	197
Total Additions	\$1,617	\$ 1,072
Amortization ⁽¹⁾	(603)	(360)
Balance, End of Year	\$2,877	\$1,863

(1) Included in depreciation and amortization on the Statements of Income and Retained Earnings.

8. Deferred Finance Costs

Balance as at December 31	2006	2005
Balance, Beginning of Year	\$409	\$-
Additions ⁽¹⁾	-	431
Amortization ⁽²⁾	(86)	(22)
Balance, End of Year	\$323	\$409

(1) Includes 100,000 shares of the Company issued in 2005 at value of \$289,000.

(2) Included in interest expense on the Statements of Income and Retained Earnings.

9. Intangibles

Balance as at December 31	2006		2005	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Non-competition Agreements	\$2,638	\$264	\$-	\$-
Customer Related Intangibles	7,695	1,640	2,456	731
Proprietary Software and Code	5,865	1,418	2,943	1,033
Office Leases Below Market Value	2,700	225	-	-
Well Logs License Agreement	750	382	750	257
	\$19,648	\$3,929	\$6,149	\$2,021
Net Book Value		\$15,719		\$4,128

Notes to Consolidated Financial Statements

December 31, 2006 (Tabular amounts in thousands, unless otherwise stated)

10. Bank Indebtedness

The Company has a revolving demand loan bearing interest at bank prime rate plus 0.75%, with a maximum credit available of \$7.0 million. There was \$3.7 million drawn on this facility as at December 31, 2006 (December 31, 2005 - \$3.0 million). The line is used for daily operating requirements.

The Company also has a \$15 million short-term revolving demand loan to assist it with the completion of its seismic data surveys. The loan is due on demand, bears interest at bank prime rate plus 1.00% (increased from 0.75%) and is secured with certain seismic data sales contracts. At no time can this loan exceed 50% of the remaining payments under these seismic data sale contracts which have been assigned to the bank. There was \$2.8 million drawn on this facility as at December 31, 2006.

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 \$7.5 million. The facilities are subject to the Company meeting certain debt covenants. As at December 31, 2006, the Company was in violation of its working capital covenant. At the request of the Company, the Bank has agreed to provide forbearance over the covenant breach as at December 31, 2006.

11. Accounts Receivable and Accounts Payable and Accrued Liabilities

Included in accounts receivable at December 31, 2006 is \$3.5 million (December 31, 2005 - \$7.4 million) in brokerage receivables. Included in accounts payable and accrued liabilities at December 31, 2006 is \$3.5 million (December 31, 2005 - \$6.4 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.



(L to R) Randa Bakir: Scan Technician and Joanne Daniel: Log Data Technician

12. Long-Term Debt Obligations

Balance as at December 31	2006	2005
Capital Lease Obligations (a)	\$659	\$1,181
Promissory Notes (b)	1,423	643
Term Loan (c)	7,849	9,780
Total Balance Outstanding	9,931	11,604
Current Portion	(3,295)	(2,880)
Long-term Portion	\$6,636	\$8,724

- (a) **Capital lease obligations:** The Company has capital lease obligations, which have a term of three years and bear interest at 5.8% per annum. Minimum annual lease payments are as follows:

2007	\$511
2008	148
	\$659

Capital leases relate to equipment with a net book value of \$701,000 (2005 - \$1,043,000) as at December 31, 2006.



Brad McDonald: Account Manager, Software and Data

Notes to Consolidated Financial Statements

December 31, 2006 (Tabular amounts in thousands, unless otherwise stated)

12. Long-Term Debt Obligations *Continued...*

(b) Promissory Notes:

Balance as at December 31	2006	2005
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, 2006 - US \$50,000.)	\$56	\$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).	117	272
Unsecured promissory notes issued on the acquisition of Cavalier Land, non-interest bearing, repayable in two installments of \$625, 000 on July 18, 2007 and July 18, 2008 (Note 2).	1,250	-
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. The notes were fully repaid in November 2006.	-	79
Total Balance Outstanding	1,423	643
Less Current Portion	(798)	(434)
Long-term Portion	\$625	\$209

Principal payments are as follows:

2007	\$798
2008	625
	\$1,423

- (c) **Term loan:** 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.

12. Long-Term Debt Obligations Continued...

Principal payments are as follows:

2007	\$1,986
2008	1,986
2009	1,986
2010	1,891
	\$7,849

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 \$7.5 million (Note 10). The facilities are subject to the Company meeting certain debt covenants. As at December 31, 2006, the Company was in violation of its debt service ratio covenant. The lender has acknowledged the covenant violation as at December 31, 2006 and granted a waiver on the aforementioned covenant breach. Additionally, for a period of 366 days from the December 31, 2006 violation date, the lender will not, as a specific result of the December 31, 2006 covenant violation, request repayment of their facility (other than the scheduled monthly repayment).

13. 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	2006	2005
Income Before Income Taxes	\$28,482	\$8,315
Statutory Rate	32.5%	33.6%
Computed Tax Provision:	\$9,257	\$2,794
Effects of Differences:		
Non-deductible Expenses	411	161
Non-taxable Income	(501)	-
Adjustments for Enacted Changes in Income Tax Rates	(216)	-
Other	(84)	182
	\$8,867	\$3,137

Notes to Consolidated Financial Statements

December 31, 2006 (Tabular amounts in thousands, unless otherwise stated)

13. Income Taxes Continued...

- (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	2006	2005
Databases, Property and Equipment and Intangibles	\$463	(\$3,701)
Non-capital Loss Carry-forwards	2,121	535
SR&ED Expenditures	(71)	(132)
Share Issue and Financing Costs	470	309
Deferred Partnership Income	(15,951)	-
Future Tax Liability	(\$12,968)	(\$2,989)

- (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. As at December 31, 2006, the Company had approximately \$4.8 million (December 31, 2005 - \$4.1 million) of SR&ED expenses available to reduce future taxable income. In addition, the Company had approximately \$651,000 of unclaimed investment tax credits available as at December 31, 2006 to reduce income taxes payable in future years (December 31, 2005 - \$NIL). 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 in 2016.
- (d) As at December 31, 2006, the Company had non-capital loss carry-forwards in Canada of approximately \$6.5 million (December 31, 2005 - \$2.0 million), which are available to reduce taxable income in future periods and begin to expire in 2009. The Company's U.S. subsidiary also had \$352,000 in net operating losses in the U.S. which begin to expire in 2025.

14. Equity Instruments

(a) Authorized: An unlimited number of voting common shares

(b) Issued:

Balance as at December 31		2006		2005	
Common Shares	Number of Shares	Amount	Number of Shares	Amount	
Balance, Beginning of Year	29,874	\$25,631	24,985	\$17,779	
Issued on Private Placement	-	-	5,000	8,162	
Issued on Public Offering (Note 14 (d))	2,300	12,075			
Issued on Long-term Debt	-	-	100	289	
Issued as Retention Bonuses on Acquisition for Loans Receivable	581	2,871			
Exercise of Share Purchase Warrants - Cash Consideration	160	750			
Exercise of Share Purchase Warrants - Reclassification of Fair Value	1,962	4,904	-	-	
Exercise of Broker Compensation Options - Cash Consideration	-	1,227	-	-	
Exercise of Broker Compensation Options - Reclassification from Contributed Surplus	129	258	1	1	
Exercise of Stock Options - Cash Consideration	-	101	-	1	
Exercise of Stock Options - Reclassification of Contributed Surplus	393	488	462	405	
Repurchased For Cancellation	-	236	-	30	
Share Issue Costs (Net of Future Taxes of \$365,888 (2005 - \$272,000))	-	(789)	(674)	(486)	
	35,399	47,752	29,874	25,631	
Less Share Purchase Loans (Note 14 (c))	-	(1,235)	-	-	
Balance, End of Year	35,399	\$46,517	29,874	\$25,631	
Share Purchase Warrants	Number of Warrants	Amount	Number of Warrants	Amount	
Balance, Beginning of Year	2,500	\$1,564	-	-	
Issued On Private Placement	-	-	2,500	\$1,564	
Exercised	(1,962)	(1,227)	-	-	
Balance, End of Year	538	\$337	2,500	\$1,564	
Total Equity Instruments		\$46,854		\$27,195	

Notes to Consolidated Financial Statements

December 31, 2006 (Tabular amounts in thousands, unless otherwise stated)

14. Equity Instruments Continued...

(c) **Share purchase loans:** In conjunction with the acquisition of Geo-X Processing, certain key employees were granted \$750,000 in retention bonuses in the form of an interest free loan to purchase 159,914 shares from treasury of the Company at deemed price of \$4.69 (Geo-X share purchase loans). The shares are being held in escrow and are secured by the underlying securities and all proceeds therefrom. The shares will be released from escrow over a two-year period and the loans forgiven based on fulfilment of employment milestones. The share purchase loan receivable was presented as a deduction from shareholders' equity and as such has not been treated as outstanding for purposes on calculating basic earnings per share. The fair value of \$272,000 was calculated based on the same variables used for stock options and is being expensed over the period of the loan. The charge is included in stock compensation expense.

In conjunction with the acquisition of Cavalier, certain key employees were granted \$500,000 in retention bonuses in the form of an interest free loan to purchase 102,494 shares of the Company at deemed price of \$4.88. An arm's-length broker purchased the shares on the open market on behalf of the employees. The shares are being held in escrow and are secured by the underlying securities and all proceeds therefrom. The shares will be released from escrow over a two-year period and the loans forgiven based on fulfilment of employment milestones. The share purchase loan receivable was presented as a deduction from shareholders' equity. The fair value of \$181,000 was calculated based on the same variables used for stock options and is being expensed over the period of the loan. The charge is included in stock compensation expense.

As at December 31, 2006, outstanding share purchase loans were as follows:

Balance as at December 31	2006	2005
Balance, Beginning of Year	\$-	\$-
Issued on Acquisitions	1,250	-
Forfeited	(15)	-
Balance, End of Year	\$1,235	\$-

(d) **Broker compensation options:** As at December 31, 2006, outstanding broker compensation options to purchase common shares were as follows:

Balance as at December 31	2006	2005
Balance, Beginning of Year	\$349	\$-
Issued on Private Placement	-	350
Exercised	(129)	(1)
Balance, End of Year	\$220	\$349

14. Equity Instruments *Continued...*

The broker compensation options entitle the option holder to acquire one common share of the Company at an exercise price of \$2.00 per share until August 18, 2007.

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 two years.

- (e) **Equity offerings:** On June 22, 2006, the Company closed an offering of 2.3 million shares at a price of \$5.25 per share. Certain insiders of Divestco and their spouses participated in the offering and acquired an aggregate of 160,000 shares. Gross proceeds to the company were \$12.1 million. The underwriters were paid a commission equal to 6% of the gross proceeds.

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.

- (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 commencing on June 10, 2004 and terminating on the earlier of June 9, 2005 and the date on which the maximum number of common shares are purchased pursuant to the Issuer Bid. During 2005, the Company 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 for year ended December 31, 2005.

On January 9, 2007 the Company received approval from the TSX to repurchase up to 1,770,000 of its common shares at prevailing market prices commencing on January 15, 2007 and terminating on the earlier of the January 14, 2008 and the date on which the maximum number of common shares are purchased pursuant to the Issuer Bid.



Margie Bontogon: Junior Computer Operator, Divestco Processing

Notes to Consolidated Financial Statements

December 31, 2006 (Tabular amounts in thousands, unless otherwise stated)

14. Equity Instruments Continued...

(g) Contributed surplus:

Balance as at December 31	2006	2005
Balance, Beginning of Year	\$1,269	\$662
Stock compensation Expense	1,076	365
Reclassification to Common Shares on Exercise of Options	(236)	(30)
Broker Compensation Options Issued	-	273
Reclassification to Common Shares on Exercise of Broker Compensation Options	(101)	(1)
Balance, End of Year	\$2,008	\$1,269

(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 following the first anniversary of the grant date, one-third following the second anniversary of the grant date, and the remaining one-third following the third anniversary of the grant date. 3,147,035 Common Shares of the Company have been reserved under the Plan.

	Number of Options	Option Price	Weighted Average Price
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
Cancelled	(226)	\$1.00 - \$3.00	\$1.32
Options Outstanding, December 31, 2005	2,219	\$0.83 - \$3.00	\$1.55
Options Granted ⁽¹⁾	1,079	\$3.23 - \$6.10	\$5.05
Exercised	(393)	\$0.83 - \$3.00	\$1.24
Cancelled	(139)	\$1.25 - \$6.10	\$3.39
Options Outstanding, December 31, 2006	2,766	\$0.83 - \$6.10	\$2.87

(1) Includes 141,000 options granted to officers with exercise prices ranging from \$4.70 to \$6.00.

14. Equity Instruments Continued...

Stock Options which were outstanding and vested as at December 31, 2006, are summarized as follows:

Options Outstanding	Option Price	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life	Number of Options Currently Exercisable Currently	Weighted Average Exercise Price of Options Exercisable
591	\$0.83 - \$1.20	\$1.10	1.53	591	\$1.10
675	\$1.21 - \$ 1.40	\$1.28	2.48	536	\$1.28
1,021	\$1.41 - \$4.70	\$3.46	3.99	211	\$2.40
479	\$4.71 - \$6.10	\$6.01	4.33	-	-
2,766	\$0.83 - \$6.10	\$2.87	3.16	1,338	\$1.38

The per share weighted average fair value of the stock options granted in the year ended December 31, 2006, was \$2.83 (2005 – \$1.12). This was estimated using the Black Scholes option pricing model with the following assumptions: an expected volatility of 60% (2005 – 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.

- (i) **Earnings per share:** Basic earnings per share is computed using the weighted-average number of common shares outstanding during the year, being 32,665,000 for 2006 (2005 – 26,521,000). Diluted earnings per share is computed using the “treasury stock” method whereby outstanding stock options, broker compensation options and share purchase warrants are only dilutive if, and to the extent, that they are “in the money”. In computing diluted earnings per share, 1,039,000 shares (2005 – 525,000) were added to the weighted average number of common shares outstanding for the dilution from the stock options, broker compensation options, share purchase warrants, and the Geo-X share purchase loans. Options to purchase 1,354,000 (2005 – 195,000) common shares have been excluded from the calculations of diluted earnings per share due to their anti-dilutive effect.

For shares issued with respect to the Geo-X share purchase loans, the common shares of the Company securing these loans were not being treated as outstanding for purposes of calculating basic earnings per share. The common shares securing the Geo-X share purchase loans are considered to be contingently returnable for purposes of calculating diluted earnings per share. Since all necessary conditions were not satisfied as at December 31, 2006, the number of contingently issuable shares included in diluted earnings per share should be based on the number of shares, if any, that would be issuable if the end of the reporting period were the end of the contingency period (for example, the number of shares that would be issuable based on current period earnings or period-end market price) and if the result would be dilutive.

Notes to Consolidated Financial Statements

December 31, 2006 (Tabular amounts in thousands, unless otherwise stated)

15. Statement of Cash Flows

Balance as at December 31	2006	2005
Interest and Income Taxes Paid		
Income Taxes Paid	\$-	\$124
Interest Paid (Net of Interest Revenue)	\$1,112	\$292
Changes In Non-cash Working Capital Balances		
Accounts Receivable	\$9,042	(\$2,627)
Investment Tax Credits Recoverable	(651)	500
Prepaid Expenses, Supplies and Deposits	499	4
Accounts Payable and Accrued Liabilities	(8,232)	2,673
Deferred Revenue	1,248	608
	\$1,906	\$1,158
Changes In Non-cash Working Capital Balances Related to Operating Activities	\$2,884	(\$4,218)
Changes In Non-cash Working Capital Balances Related to Investing Activities	(978)	5,376
	\$1,906	\$1,158

As at December 31, 2006 the Company held \$131,000 (December 31, 2005 - \$190,000) of cash and cash equivalents denominated in a foreign currency.

16. Commitments

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

2007	\$3,382
2008	3,223
2009	3,021
2010	2,642
2011	1,749

17. Related Party Transactions

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

- (a) In 2006, the Company earned \$66,000 (2005 - \$38,000) in revenue related to data loading, workstation rentals and leasing of office space from companies with common directors. Included in accounts receivable as at December 31, 2006 was \$12,308 (December 31, 2005 - \$13,268) related to this revenue.
- (b) In 2006, the Company paid \$337,000 (2005 - \$205,000) in brokerage commissions to a company controlled by a director. Included in accounts payable as at December 31, 2006 was \$NIL (December 31, 2005 - \$4,000) related to these commissions.
- (c) In 2006, the Company paid \$467,000 (2005 - \$185,000) in legal fees to the law firm at which the Company's Corporate Secretary is employed. Included in accounts payable as at December 31, 2006 was \$31,000 (December 31, 2005 - \$38,000) related to these legal fees.
- (d) As at December 31, 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, which was paid in 2006.
- (e) In 2006, the Company paid \$59,000 (2005 - \$NIL) in legal fees to the law firm at which a Director is a Partner. Included in accounts payable at December 31, 2006 was \$55,000 (December 31, 2005 - \$NIL) related to these legal fees.

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.

18. 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.



Bob Macht: Group Leader, Divestco Processing

Notes to Consolidated Financial Statements

December 31, 2006 (Tabular amounts in thousands, unless otherwise stated)

18. Financial Instruments Continued...

- (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, 2006, three companies accounted for 22% of the total accounts receivable. For the year ended December 31, 2006, three companies accounted for 41% of the Company's total revenue.
- (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 is 5.8%. 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.

19. Segmented Information

The Company is a technology driven oil and gas services company offering products and services to customers in the oil and gas exploration and production industry. The Company's products and services are offered through four segments: Software, Services, Data, and Consulting. In addition, the Company reports its overhead activities through its Corporate and Other segment. The Company operates in two geographic locations — Canada and the United States.

Software sells, maintains, and supports licensed software exploration products. Services provides seismic survey audit, processing and brokerage services as well as mapping, archiving and geophysical/geological services. Data provides a full suite of support data layers as well as developing and maintaining the Company's seismic data libraries. Consulting offers business solutions ranging from business consulting services, ERP systems implementations and CRM systems implementations, to custom software development, hardware devices, network infrastructure and land management services. Corporate and Other includes finance, accounting, human resources, investor relations, and information technology.



(L to R) Peter Zyla: VP of Strategy, Logs, Archive and Consulting and Bob Saunders: Manager, Archive

19. Segmented Information Continued....

The accounting policies of the segments are the same as those described in significant accounting policies (Note 1). Inter-segment sales and transfers, which are accounted for at market value, are eliminated on consolidation. Operating income (loss) is measured as revenue less operating expenses, interest and depreciation and amortization. Other income (loss) items and income taxes reported on the Company's Consolidated Statement of Income and Retained Earnings are not allocated to the reportable segments.

As at and for the Year Ended December 31, 2006						
	Software	Services	Data	Consulting	Corporate and Other	Total
Revenue From External Customers	\$7,054	\$17,083	\$73,384	\$8,847	\$95	\$106,463
Inter-segment Revenue	-	1,613	-	-	-	1,613
Operating Income (Loss) ⁽¹⁾	1,908	1,748	32,106	(1,140)	(8,245)	26,377
Interest Expense (Net of Interest Revenue)	-	-	317	(22)	940	1,235
Depreciation and Amortization	1,180	1,529	32,610	586	146	36,051
Total Assets	9,189	19,801	91,101	10,975	1,876	132,942
Goodwill	1,266	3,081	-	4,171	-	8,518
Capital Expenditures ⁽³⁾	397	440	74,861	-	313	76,011
Deferred Development Costs	1,271	345	-	-	-	1,616

As at and for the Year Ended December 31, 2005						
	Software	Services	Data	Consulting	Corporate and Other	Total
Revenue from External Customers	\$5,195	\$10,453	\$21,752	\$1,289	\$65	\$38,754
Inter-segment Revenue	-	-	-	-	-	-
Operating Income (Loss) ⁽¹⁾	580	1,825	11,025	(71)	(5,076)	8,283
Interest Expense (Net of Interest Revenue)	-	-	-	-	324	324
Depreciation and Amortization	794	637	6,187	25	227	7,870
Total Assets ⁽²⁾	8,676	16,686	46,410	1,669	6,757	80,198
Goodwill	1,266	1,286	-	879	-	3,431
Capital Expenditures ⁽³⁾	161	399	15,635	19	225	16,439
Deferred Development Costs	1,072	-	-	-	-	1,072

(1) Calculated as revenue less operating expenses, interest expense, depreciation and amortization.

(2) Excludes future income tax asset of \$2,317,000.

(3) Excludes acquisitions (Note 2).

As at and for the Year Ended December 31, 2006			
	Canada	U.S.	Total
Revenue	\$103,786	\$2,677	\$106,463
Data Libraries, Participation Surveys in Progress, Property and Equipment, Intangible Assets and Goodwill	98,578	5,650	104,227
As at and for the Year Ended December 31, 2005			
	Canada	U.S.	Total
Revenue	\$37,261	\$1,493	\$38,754
Data Libraries, Participation Surveys in Progress, Property and Equipment, Intangible Assets and Goodwill	36,955	5,558	42,513

20. Subsequent Event

On March 1, 2007, the Company announced that they have entered into an agreement contemplating the acquisition of BlueGrouse Seismic Solutions Ltd. (BlueGrouse) pursuant to a plan of arrangement (the Arrangement). Under the Arrangement, each 3.2 common shares of BlueGrouse will entitle the holder to receive one common share of the Company. The Arrangement is subject to the satisfaction of certain conditions, including court, shareholder and regulatory approvals. A meeting of holders of BlueGrouse shares will be called in due course to consider the Arrangement.