MANAGEMENT'S DISCUSSION & ANALYSIS

For the Three Months and 12 Months Ended December 31, 2008

This Management's Discussion and Analysis (MD&A) for Divestco Inc. ("Divestco" or the "Company"), dated March 27, 2009, should be read in conjunction with the audited consolidated financial statements and notes for the years ended December 31, 2008 and 2007. All financial information in this section has been prepared in accordance with Canadian generally accepted accounting principles (GAAP) and is reported in Canadian dollars unless otherwise specified.

Divestco's Business

Divestco operates under five business segments: Software, Services, Data, Consulting and Corporate.

- Software – provides and is responsible for development, maintenance and support of over 20 geological, geophysical and land applications used by oil and gas professionals, including geologists, geophysicists, engineers, land agents and land administrators worldwide. The Company offers customized software and data bundles to clients depending on their needs.
- Services – offers geomatics (seismic survey audit and custom mapping), archiving, seismic processing, database, and seismic brokerage services to customers who require data quality assurance, processing and data management services for geophysical and geological information.
- Data – offers the market over 120 datasets including proprietary seismic data, drilling data and a full suite of exploration and production data (well, land, drilling, log and mapping). Data also provides ancillary document management services such as high-quality technical document digitizing and rasterizing and scanning services for customers' data management needs. Divestco has one of western Canada's largest premier seismic databases.
- Consulting – offers business solutions including business consulting services, enterprise resource planning (ERP) and customer relationship management (CRM) systems implementations, custom software development, hardware devices, network infrastructure and land management services.
- Corporate – responsible for setting Divestco's overall strategic plan which includes providing finance, accounting, sales, marketing, human resources (HR) and information technology (IT) services to the Company.

Business Strategy

Divestco is an exploration services company that provides a comprehensive and integrated portfolio of software, services, data and consulting to the oil and gas industry. Through continued commitment to align and bundle products and services to generate value for customers, Divestco is creating an unparalleled set of integrated solutions and unique benefits for the marketplace. Divestco's breadth of software, services, data and consulting solutions offers customers the ability to access and analyze the information required to make business decisions and to optimize their success in the upstream oil and gas industry.

Forward-Looking Information

Divestco's Annual Report contains forward-looking information related to the Company's capital expenditures, projected growth, view and outlook towards future oil and gas prices and market conditions, and demand for its products and services. Statements that contain words such as "could", "should", "can", "anticipate", "expect", "believe", "will", "may" and similar expressions and statements relating to matters that are not historical facts constitute "forward-looking information" within the meaning applicable by Canadian securities legislation. Although management of the Company believes that the expectations reflected in such forward-looking information are reasonable, there can be no assurance that such expectations will prove to be correct because, should one or more of the risks materialize, or should the assumptions underlying forward-looking statements or forward-looking information prove incorrect, actual results may vary materially from those described in this MD&A as intended, planned, anticipated, believed, estimated or expected. Except where required by law, the Company does not assume any obligation to update these forward-looking statements or forward-looking information if conditions or opinions should change. Readers should not place undue reliance on forward-looking statements or forward-looking information. All of the forward-looking statements and forward-looking information of the Company contained in this MD&A are expressly qualified, in their entirety, by this cautionary statement.

In particular, this MD&A contains forward-looking statements pertaining to the following*:

- Company's ability to reduce debt, improve liquidity, correct its working capital deficiency and maintain profitability in the current economy
- Availability of external and internal funding for future operations
- Relative future competitive position of the Company
- Nature and timing of growth
- Future sales of the Company's seismic data library
- Oil and natural gas production levels
- Planned capital expenditure programs
- Supply and demand for oil and natural gas
- Future demand for products/services
- Commodity prices
- Fluctuations in interest rates
- Impact of Canadian federal and provincial governmental regulation on the Company
- Expected levels of operating costs, general administrative costs, costs of services and other costs and expenses
- Future ability to execute dispositions of assets or businesses
- Expectations regarding the Company's ability to raise capital and to add to seismic data through new seismic shoots and acquisition of existing seismic data
- Treatment under tax laws

**These statements are included under the headings, "Overall Performance," "Outlook," "Results of Operations by Segment" and "Liquidity and Capital Resources" of this MD&A.*

These forward-looking statements are based upon assumptions including; that future prices for crude oil and natural gas, future interest rates and future availability of debt and equity financing will be at levels and costs that allow the Company to manage, operate and finance its business and develop its software products and various oil and gas datasets including its seismic data library, and meet its future obligations; that the regulatory framework in respect of royalties, taxes and environmental matters applicable to the Company and its customers will not become so onerous on both the Company and its customers as to preclude the Company and its customers from viably managing, operating and financing its business and the development of its software and data; and that the Company will continue to be able to identify, attract and employ qualified staff and obtain the outside expertise and specialized and other equipment it requires to manage, operate and finance its business and develop its properties.

These forward-looking statements are subject to numerous risks and uncertainties, certain of which are beyond the Company's control, including:

- General economic, market and business conditions
- Volatility in market prices for crude oil and natural gas
- Ability of Divestco's clients to explore, develop and produce oil and gas
- Availability of financing and capital
- Fluctuations in interest rates
- Demand for the Company's product and services
- Weather and climate conditions
- Competitive actions by other companies
- Availability of skilled labour

- Failure to obtain regulatory approvals in a timely manner
- Adverse conditions in the debt and equity markets
- Government actions including changes in environment and other regulations

These risks and uncertainties are discussed in greater detail in the Business Risks and Environment section of this MD&A and in the Company's 2009 Annual Information Form, incorporated here by reference.

Non-GAAP Measures

This MD&A uses the terms "EBITDA" (earnings before interest, income taxes, depreciation and amortization), "operating income", "funds from operations", and "funds from operations per share (basic and diluted)"; however, these terms are not measures that have any standardized meaning prescribed by Canadian GAAP and are considered non-GAAP measures. While these measures may not be comparable to similar measures presented by other issuers, they are 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.

EBITDA and Operating Income

Divestco uses EBITDA and operating income as key measures to evaluate the performance of its segments and divisions as well as the Company overall, with the closest GAAP measure being net income. EBITDA and operating income are measures commonly reported and widely used by investors as indicators of the Company's operating performance and ability to incur and service debt, and as a valuation metric. The Company believes EBITDA and operating income assists investors in comparing the Company's performance on a consistent basis without regard to financing decisions and depreciation and amortization, which are non-cash in nature and can vary significantly depending upon accounting methods or non-operating factors such as historical cost.

EBITDA and operating income are not calculations based on Canadian GAAP and should not be considered alternatives to net income in measuring the Company's performance. As well, EBITDA and operating income should not be used as exclusive measures of cash flow, because they do not consider the impact of working capital growth, capital expenditures, debt principal reductions and other sources and uses of cash, which are disclosed in the consolidated statements of cash flows. While EBITDA and operating income have been disclosed herein to permit a more complete comparative analysis of the Company's operating performance and debt servicing ability relative to other companies, investors should be cautioned that EBITDA and operating income as reported by Divestco may not be comparable in all instances to EBITDA and operating income as reported by other companies. Investors should also carefully consider the specific items included in Divestco's computation of EBITDA and operating income.

The following is a reconciliation of EBITDA and operating income with net income:

(Thousands)

	THREE MONTHS ENDED DECEMBER 31		YEAR ENDED DECEMBER 31	
	2008	2007	2008	2007
Net Income (Loss)	$(10,277)	$ 5,116	$ (9,263)	$17,541
Income Tax Expense (Reduction)	(1,932)	(209)	(1,339)	5,768
Other Income (Loss)(1)	(103)	(30)	(1,602)	(260)
Operating Income (Loss)	(12,106)	4,937	(9,000)	23,569
Interest	1,627	1,075	5,412	3,684
Depreciation and Amortization	12,746	15,743	41,209	34,424
Impairment of Goodwill and Intangible Assets	13,779	–	13,779	–
EBITDA	$ 16,046	$21,755	$51,400	$61,677

(1) Other income (loss) includes foreign exchange gains or losses, gains or losses on sales of property, plant and equipment/investments, and equity investment income or loss.

Funds from Operations

Divestco reports funds from operations because it is a key measure used by management to evaluate its performance and to assess the ability of the Company to finance operating and investing activities. Funds from operations excludes certain working capital changes and other sources and uses of cash, which are disclosed in the consolidated statements of cash flows. It is not a calculation based on Canadian GAAP and should not be considered an alternative to the consolidated statements of cash flows. Funds from operations is a measure that can be used to gauge Divestco's capacity to generate discretionary cash flow. Investors should be cautioned that funds from operations as reported by Divestco may not be comparable in all instances to funds from operations as reported by other companies. While the closest GAAP measure is cash flows from operating activities, funds from operations is considered relevant because it provides an indication of how much cash generated by operations is available before proceeds from divested assets and changes in certain working capital items.

The following reconciles funds from operations with cash flows from operating activities:

(Thousands)

	THREE MONTHS ENDED DECEMBER 31		YEAR ENDED DECEMBER 31	
	2008	2007	2008	2007
Cash Flows from Operating Activities	$14,393	$13,869	$42,786	$22,571
Changes in Non-Cash Working Capital Balances	761	672	4,316	13,870
Increase (Decrease) in Non-Current Deferred Revenue	(249)	691	267	(270)
Decrease in Long-Term Accounts Receivable	–	(140)	–	(560)
Funds from Operations	$14,905	$15,092	$47,369	$35,611

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 and price for services and products offered by Divestco depends on the activity levels for oil and gas producers, which are determined by commodity prices, supply and demand for oil and natural gas, and to a lesser extent, government regulation (including regulation of environmental matters and material changes in taxation policies).

Divestco receives a significant portion of its revenue from the licensing of seismic data. Therefore the Company spends a considerable 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. In order to minimize capital risk, the Company routinely pre-sells data licenses in advance of committing to a capital outlay. For larger seismic programs, the Company may rely on third parties to share in the cost and these parties are also susceptible to the risks and uncertainties associated with the oil and gas industry.

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

Seasonality

Acquisition of seismic data is usually completed in the winter season when the ground is frozen. These conditions are imperative, especially in the northern areas of Alberta and British Columbia where seismic acquisition requires the use of heavy equipment. Unfavourable weather conditions may cause potential cost overruns and delays in the field data acquisition portion of the seismic data survey, delaying revenue recognition. Revenue is recognized on the date the data is delivered to the client.

Divestco depends on qualified contractors to complete the surveys on time and within budget. To help ensure this, Divestco obtains written cost estimates before a survey begins, and then regularly follows up with the contractor on the progress and costs incurred during the survey.

Other segments of the Company, such as Services, normally exhibit a noticeable reduction 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. Divestco tries to minimize these fluctuations by entering into certain long-term archiving contracts with customers and by performing specific types of contract work appropriate for lower-activity months. The Software segment typically experiences a slowdown during July and August, which is generally a slower period for the oil and gas industry in western Canada.

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 significant international presence. Divestco attempts to distinguish itself from its competitors by selling a wide range of oil and gas exploration products and services on either a stand-alone basis or as bundled solutions customized to the customer's needs.

Skilled Labour

Divestco's success depends on attracting and retaining highly skilled management, geophysical, geological, software development, sales, consulting, and other staff. The Company achieves this by offering an attractive compensation package and training. To protect its competitive advantage and intellectual property, Divestco has internal confidentiality policies and obtains non-compete agreements from certain employees.

Government Regulations and Safety

Divestco's seismic operations are 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. In its operations, the Company and its contractors are required to invest financial and managerial resources to comply with such laws and related permit requirements. However, because such laws and regulations are subject to change, it is not feasible for the Company to predict the cost or impact of such laws and regulations on its future operations. As well, the adoption or modification of laws and regulations could lead oil and gas companies to curtail exploration and development, reducing the demand for seismic surveys, which could also adversely affect the Company's seismic operations.

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)

	THREE MONTHS ENDED DECEMBER 31			YEAR ENDED DECEMBER 31		
	2008	2007	% Change	2008	2007	% Change
Revenue	$ 28,404	$35,528	-20	$102,967	$116,070	-11
Operating Expenses	12,358	13,773	-10	51,567	54,393	-5
EBITDA[1]	16,046	21,755	-26	51,400	61,677	-17
Interest	1,627	1,075	51	5,412	3,684	47
Depreciation and Amortization	12,746	15,743	-19	41,209	34,424	20
Impairment of Goodwill and Intangibles	13,779	–	N/A	13,779	–	N/A
Operating Income (Loss)[1]	(12,106)	4,937	N/A	(9,000)	23,569	N/A
Other Income (Loss)	(103)	(30)	N/A	(1,602)	(260)	N/A
Income Tax Expense (Reduction)	(1,932)	(209)	N/A	(1,339)	5,768	N/A
Net Income (Loss)	$(10,277)	$ 5,116	N/A	$ (9,263)	$ 17,541	N/A
Per Share – Basic	(0.25)	0.12	N/A	(0.22)	0.45	N/A
Per Share – Diluted	(0.25)	0.12	N/A	(0.22)	0.42	N/A
Funds from Operations[1]	$ 14,905	$15,092	-1	$ 47,369	$ 35,611	33
Per Share – Basic[1]	0.36	0.36	0	1.13	0.91	24
Per Share – Diluted[1]	0.36	0.34	6	1.13	0.85	33
Shares Outstanding	41,958	41,500	1	41,958	41,500	1
Weighted Average Shares Outstanding						
Basic	41,848	41,471	1	41,767	39,200	7
Diluted	41,848	43,778	-4	41,767	41,763	0

(1) See the Non-GAAP Measures section.

[FINANCIAL POSITION]

(Thousands)

	BALANCE AS AT		
	December 31, 2008	December 31, 2007	December 31, 2006
Total Assets	$209,735	$235,509	$132,942
Working Capital Deficit[(1)]	(20,943)	(32,429)	(10,955)
Long-Term Debt Obligations (Including Current Portion)	48,085	44,289	9,931

(1) Excluding the current portion of deferred revenue of $11 million, the Company's working capital deficit was $9.8 million at the end of 2008, compared to a $28.1 million deficit at the end of 2007, excluding deferred revenue of $4.4 million. The Company remains focused on strengthening its balance sheet and restoring a positive working capital balance.

Earnings Variance Analysis
Q4 2008 Versus Q4 2007

Divestco generated a net loss of $10.3 million (25 cents/share (diluted)) for the fourth quarter of 2008 compared with net income of $5.1 million (12 cents/share (diluted)) in 2007. Goodwill and intangible asset impairment charges of $12.2 million (net of tax of $1.6 million), $3.8 million (net of tax of $1.6 million) related to changes in the useful life of intangibles and severance costs of $0.4 million (net of tax of $0.1 million) resulted in a net loss in the fourth quarter of 2008. Excluding the impact of the impairment charges, changes in estimates and severance costs, the Company had net income of $6.1 million (14 cents/share (diluted)) for Q4 2008 compared with net income of $5.1 million (12 cents/share (diluted)) in 2007.

Operating highlights included:

- Sold $1.6 million in merge processing and archive services to a major oil and gas customer
- Generated $15 million in aggregate data library sales
- Closed a $0.4 million software sale as the result of a major software development project which commenced in Q4 2007 and was completed in Q4 2008 for a major oil and gas customer
- Commenced a 173 km^2 seismic participation survey, which is 100% funded, in the Upper Cutbank region of northeastern British Columbia (BC) extending into western Alberta

2008 Versus 2007

Divestco generated a net loss of $9.3 million (22 cents/share (diluted)) for 2008 compared with net income of $17.5 million (42 cents/share (diluted)) in 2007. Goodwill and intangible asset impairment charges of $12.2 million (net of tax of $1.6 million), $3.8 million (net of tax of $1.6 million) related to changes in the useful life of intangibles and severance costs of $0.4 million (net of tax of $0.1 million) resulted in a net loss in 2008. Excluding the net impact of the impairment charges and changes in estimates, the Company had net income of $7.1 million (17 cents/share (diluted)) for 2008 compared with net income of $17.5 million (42 cents/share (diluted)) in 2007.

Operating highlights:

- Divested of the U.S. division for gross proceeds of U.S. $3 million (C $3.1 million)
- Acquired approximately 3,519 km of 2D and 1,014 net km^2 of 3D seismic data valued at approximately $25 million, complementing Divestco's existing seismic datasets in northeastern BC
- Increased geomatics revenue by $1.7 million or 33% due to the acquisition of the geomatics business unit from CGGVeritas in 2007
- Increased seismic brokerage revenue by $0.8 million or 39%

Economic Impact on Earnings and Future Operations

The current worldwide economic recession, credit crisis and lower natural gas and oil prices have affected the demand for some of the Company's products and services. In light of a potential prolonged downturn in the service industry, and as previously announced, Divestco is committed to a strategy of debt reduction, non-core asset dispositions, restricted capital spending and expense reduction. Divestco has been proactive in addressing its largest expense which is labour. Divestco performed two tranches of staff reductions in fiscal 2008 and implemented a company-wide salary roll back and unpaid leaves of absence effective April 1, 2009. The Company believes this proactive approach will allow it the ability to reduce debt, improve liquidity and maintain profitability during these uncertain times, as well as provide increased upside when business levels return.

The Company has a history of profitable operations, positive funds from operations and has significantly improved its working capital deficit and reduced its funded debt load. Furthermore, the Company has a healthy sales pipeline, and evaluates all material capital expenditures before commencement to ensure they meet appropriate funding levels. Divestco continues to see a pent-up demand for data and a significant number of opportunities. Divestco has positioned many of its assets in areas where oil and gas investments must be made, thus providing a hedge to potential slowing in general oil and gas business levels. The Company is confident it will be able to continue as a going concern. The industry is forecasting a rebound in 2010; despite the aforementioned, management believes the proactive measures it has implemented will allow it to navigate any economic uncertainty that could extend past December 31, 2009.

Goodwill and Intangible Asset Impairment

As discussed in the earnings variance analysis, Divestco recognized a $13.8 million impairment of goodwill and intangible assets in Q4 2008. In accordance with the Company's accounting policy, goodwill and intangible assets are tested for impairment annually on December 31 of each year or whenever events or changes in circumstances indicate that impairment may exist. Divestco conducted its annual goodwill and intangible asset impairment tests on December 31, 2008. Since the carrying amounts of the Software, Services and Consulting segments exceeded their fair value amounts, goodwill of $10.1 million in these reporting units was written off. In addition, since the carrying amounts of certain classes of intangible assets exceeded their fair values, $3.7 million of intangibles were written off.

In performing the goodwill and intangible asset assessments on December 31, 2008, Divestco considered discounted cash flows, its market capitalization in comparison to the carrying value of its assets, and other factors including observable market data to determine fair value. The Company relied primarily on the discounted cash flow method, using internal projections for each reporting unit and risk adjusted discount rates. This method was considered to be most reflective of a market participant's view of fair value given the current market conditions.

The goodwill impairment charge was calculated as the difference between the carrying value of goodwill of the Software, Services and Consulting segments and the implied fair value of the segments at December 31, 2008. There is no goodwill in the Data segment. The implied fair value of the goodwill for each of these segments was determined in the same manner as the value of goodwill is determined in a business combination. The intangible impairment charge was calculated as the difference between the carrying value of $10.5 million and the implied fair value of $6.8 million at December 31, 2008. The impairment charges are included in depreciation and amortization in the consolidated statements of income (loss) and comprehensive income (loss) for the year ended December 31, 2008.

Change in Accounting Estimates

On October 1, 2008, the Company changed the useful life of its customer lists. As a result of this change, an additional depreciation and amortization expense of $5.3 million was recorded in 2008.

Management believes that these changes in estimates are warranted as they provide a basis of amortization that better reflects the economic lives of the respective assets, given the current and changing environment in which the Company operates.

Selected Quarterly Information

(Thousands, Except Per Share Amounts)

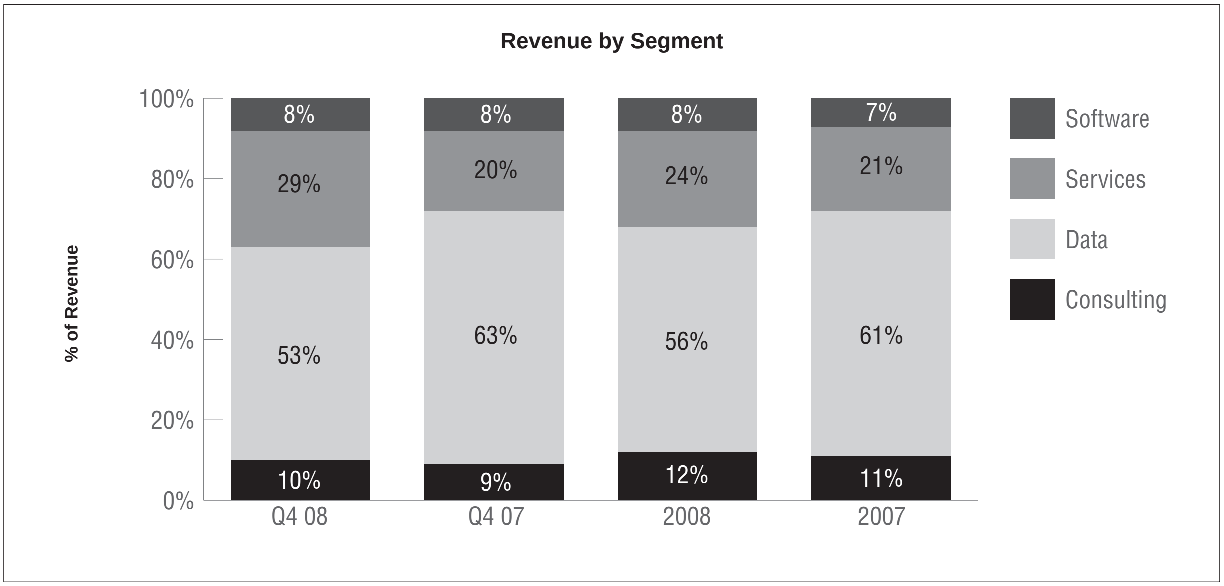
	2008				2007			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Revenue	$ 28,404	$18,334	$26,175	$30,054	$35,528	$26,220	$27,529	$26,793
EBITDA[(1)]	16,046	6,128	12,879	16,348	21,755	13,120	14,053	12,752
Operating Income (Loss)[(1)]	(12,106)	(2,016)	316	4,807	4,937	6,206	6,283	6,145
Net Income	(10,277)	(2,381)	281	3,114	5,116	4,188	4,166	4,071
Per Share – Basic	(0.25)	(0.06)	0.01	0.08	0.12	0.10	0.11	0.11
Per Share – Diluted	(0.25)	(0.06)	0.01	0.07	0.12	0.10	0.10	0.11
Funds from Operations[(1)]	14,905	4,894	13,505	14,065	15,092	1,083	13,776	5,662
Per Share – Basic	0.36	0.12	0.32	0.34	0.36	0.03	0.35	0.16
Per Share – Diluted	0.36	0.12	0.31	0.32	0.34	0.02	0.33	0.15

(1) See the Non-GAAP Measures section.

The trend illustrated in the table above is a result of recent unanticipated negative regional and global market conditions including a world-wide economic recession, depressed equity markets, low natural gas and crude oil prices, and impact of the Alberta Royalty Review. The Company's busiest quarters are the first and fourth, when significant drilling and exploration activities are normally underway in North America.

Results of Operations by Segment

Financial Summary by Segment



(Thousands)

FOR THE THREE MONTHS ENDED DECEMBER 31, 2008	Software	Services	Data	Consulting	Corporate & Other	Total
Revenue	$ 2,274	$ 8,194	$14,961	$ 2,975	$ –	$ 28,404
EBITDA(1)	981	3,840	13,615	293	(2,683)	16,046
Interest (Net of Interest Revenue)	22	–	429	1	1,175	1,627
Depreciation and Amortization	585	1,560	7,708	2,762	131	12,746
Impairment of Goodwill and Intangibles	1,930	6,355	218	5,276	–	13,779
Operating Income (Loss)(1)	(1,556)	(4,075)	5,260	(7,746)	(3,989)	(12,106)

(Thousands)

FOR THE THREE MONTHS ENDED DECEMBER 31, 2007	Software	Services	Data	Consulting	Corporate & Other	Total
Revenue	$ 2,691	$ 7,174	$22,364	$ 3,299	$ –	$ 35,528
EBITDA(1)	1,324	2,298	20,475	41	(2,383)	21,755
Interest (Net of Interest Revenue)	–	–	131	(9)	953	1,075
Depreciation and Amortization	404	677	14,214	399	49	15,743
Impairment of Goodwill and Intangibles	–	–	–	–	–	–
Operating Income (Loss)(1)	920	1,621	6,130	(349)	(3,385)	4,937

(1) See the Non-GAAP Measures section.

(Thousands)

	FOR THE YEAR ENDED DECEMBER 31, 2008					
	Software	Services	Data	Consulting	Corporate & Other	Total
Revenue	$8,356	$24,493	$57,773	$12,345	$ –	$102,967
EBITDA[1]	3,195	6,272	50,647	319	(9,033)	51,400
Interest (Net of Interest Revenue)	22	–	418	(16)	4,988	5,412
Depreciation and Amortization	1,874	3,383	31,679	3,786	487	41,209
Impairment of Goodwill and Intangibles	1,930	6,355	218	5,276	–	13,779
Operating Income (Loss)[1]	(631)	(3,466)	18,332	(8,727)	(14,508)	(9,000)

(Thousands)

	FOR THE YEAR ENDED DECEMBER 31, 2007					
	Software	Services	Data	Consulting	Corporate & Other	Total
Revenue	$8,494	$24,731	$69,690	$13,155	$ –	$116,070
EBITDA[1]	3,673	4,706	61,507	1,102	(9,311)	61,677
Interest (Net of Interest Revenue)	3	–	604	(47)	3,124	3,684
Depreciation and Amortization	1,467	2,466	28,963	1,350	178	34,424
Impairment of Goodwill and Intangibles	–	–	–	–	–	–
Operating Income (Loss)[1]	2,203	2,240	31,940	(201)	(12,613)	23,569

(1) See the Non-GAAP Measures section.

Software

(Thousands)

	THREE MONTHS ENDED DECEMBER 31			YEAR ENDED DECEMBER 31		
	2008	2007	% Change	2008	2007	% Change
Revenue	$ 2,274	$2,691	-15	$8,356	$8,494	-2
EBITDA[1]	981	1,324	-26	3,195	3,673	-13
Interest (Net of Interest Revenue)	22	–	N/A	22	3	633
Depreciation and Amortization	585	404	45	1,874	1,467	28
Impairment of Goodwill and Intangibles	1,930	–	N/A	1,930	–	N/A
Operating Income (Loss)[1]	(1,556)	920	N/A	(631)	2,203	N/A

(1) See the Non-GAAP Measures section.

Q4 2008 Versus Q4 2007

In the fourth quarter of 2008, Software recorded an operating loss of $1.6 million, compared with operating income of $0.9 million in the fourth quarter of 2007. Goodwill and intangible asset impairment charges of $2 million, $0.1 million related to the change in amortization of intangibles and severance costs primarily resulted in the operating loss for Q4 2008. Excluding the impact of the impairment charges and amortization adjustment, the segment had an operating income of $0.5 million for Q4 2008.

Software closed a significant sale in December 2008 as a result of large development project completed for a major oil and gas client in late 2008. This was offset by modest decreases in software application sales. In general, Q4 2008 did not compare favourably to Q4 2007 due to one-time consulting revenue that was booked in 2007 for both LandRite and GeoCarta Tools. In November and December 2007, approximately $600,000 of consulting revenue was booked with no offsetting revenue of this type in 2008.

Salaries and benefits increased marginally due to having a full year of salaries from the acquisition of iLand and severance costs related to staff reductions, partially offset by higher deferrals of development salaries. General and administrative (G&A) expenses were down marginally due to cost-cutting measures. The changes in amortization of intangibles led to the increase in amortization.

2008 Versus 2007

In 2008, Software recorded an operating loss of $0.6 million, compared with operating income of $2.2 million in 2007. Goodwill and intangible asset impairment charges of $2 million and $0.1 million related to the change in amortization of intangibles resulted in the operating loss. Excluding the impact of the impairment charges, the segment had an operating income of $1.5 million for 2008.

A Software custom development project that commenced in 2007 was completed in October 2008 which resulted in a significant software sale during the year. This was offset by an overall reduction in application revenues as customers tightened their expenditure activities. In addition, the acquisition of iLand did not produce the results expected due to a significant drop in revenue from a major client. During the integration process it was determined that the iLand model is better suited to a consulting approach than that of a commercial software product. Accordingly, iLand was moved to the business consulting division at the start of 2009.

Salaries and benefits increased $0.3 million due to having a full year's worth of costs from the iLand acquisition, the addition of product management staff, salary increases and severance costs related to staff reductions. This was partially offset by increased salary deferrals of $0.5 million for development-related work. G&A expenses increased $0.2 million mainly due to additional consultants required to complete a large development project and having iLand for a full year which were partially offset by cost-cutting measures. Changes in amortization of intangibles and having a full year's worth of amortization related to the acquisition of iLand led to the increase in amortization.

Outlook

A customized version of the next generation of GeoCarta Tools was shipped to a major Divestco client in October 2008. Divestco is excited to introduce this new platform to a production environment and over the next several quarters the Company will work to bring a fully commercialized version of this product to the wider oil and gas marketplace. In addition, LandRite v10 and synerGISite v1.2 were released in Q1 2009. Releases for EarthTools, GeoVista, and WinPICS, among others are slated for Q2 2009.

Software expects to be operating at slightly reduced revenue levels in 2009 due to the softening of demand in direct correlation to the industry slowdown. Although current market conditions may continue to negatively affect some core product lines, others (such as GeoVista) are poised for accelerated growth through this period.

Services

(Thousands)

	THREE MONTHS ENDED DECEMBER 31			YEAR ENDED DECEMBER 31		
	2008	2007	% Change	2008	2007	% Change
Revenue	$ 8,194	$7,174	14	$24,493	$24,731	-1
EBITDA(1)	3,840	2,298	67	6,272	4,706	33
Interest (Net of Interest Revenue)	–	–	N/A	–	–	N/A
Depreciation and Amortization	1,560	677	130	3,383	2,466	37
Impairment of Goodwill and Intangibles	6,355	–	N/A	6,355	–	N/A
Operating Income (Loss)(1)	(4,075)	1,621	N/A	(3,466)	2,240	N/A

(1) See the Non-GAAP Measures section.

Q4 2008 Versus Q4 2007

In the fourth quarter of 2008, Services recorded an operating loss of $4.1 million, compared with operating income of $1.6 million in the fourth quarter of 2007. Goodwill and intangible asset impairment charges of $6.4 million and $1 million related to the change in amortization of intangibles resulted in the operating loss for Q4 2008. Excluding the impact of the impairment charges and amortization adjustment, the segment had an operating income of $3.3 million for Q4 2008.

Survey integrity services completed a number of DLS upgrade projects as well as an increase in NAD83 consulting for a major oil and gas client. Spatial data services had two significant projects it completed for a large client. Processing completed two large merge projects and sold $1.4 million in merge processing to a major oil and gas company. Brokerage revenue increased by 32% as customers opted to purchase existing data as a lower-cost alternative to acquiring newly shot data. The aforementioned assisted in achieving the overall increases in quarterly revenue but was offset by a decrease in archive revenue. Archive revenue was down due to a large sale recognized in Q4 2007 and the technical records group being moved to the Consulting segment.

Salaries and benefits decreased $0.4 million due to staff reductions, partially offset by severance costs and salary increases. G&A expenses decreased marginally due to specific efforts to reduce expenditures. Changes in amortization of intangibles led to the increase in amortization.

2008 Versus 2007

In 2008, Services recorded an operating loss of $3.5 million, compared with operating income of $2.2 million in 2007. The downturn in the economy, which has more significantly impacted the service-oriented areas of Divestco, led to write-downs of goodwill and intangible assets of $6.4 million in Services. In addition, changes to the amortization of intangibles increased the loss by a further $1 million. Excluding the impact of the impairment charges and amortization adjustment, the segment had an operating income of $3.9 million for 2008.

Survey integrity and spatial data benefited from a full year's worth of revenue from the CGGVeritas Geomatics acquisition in May 2007. Survey Integrity services also completed several DLS upgrade projects. Processing and archive were fully impacted by the global economic crisis which forced clients to cut back on exploration expenditures including acquiring new seismic data. Brokerage had its best year ever as the economic downturn increased the demand for existing seismic data. Additionally, brokerage increased its data management sales in 2008 by ramping up marketing efforts, managing considerably more data for customers than it did in 2007.

Salaries and benefits decreased significantly due to staff reductions made in response to the industry slowdown, partially offset by a full year's worth of salaries from the CGGVeritas Geomatics and Spectrum Seismic Processing acquisitions, severance costs and annual salary increases. G&A expenses increased slightly by having a full year's worth of costs from the Geomatics acquisition from CGGVeritas, offset by cost-cutting measures. Goodwill and intangible asset impairment charges of $6.4 million led to the increase in amortization.

Outlook

Activity levels in the Services segment over the fourth quarter decreased from last year as the volatility and associated uncertainty in the marketplace affected customer activity and decision making. Although these same uncertainties are still present, seasonal activity level increases are anticipated to generate slightly stronger Q1 2009 results.

The processing division is experiencing relatively good work levels in Q1 2009, helped by Montney Basin and potash activity. Seismic processing activity is expected to drop off after spring breakup.

Currently geomatics is recognizing a significant reduction in "new acquisition" survey audit revenue due to the slowdown in field activities and is also seeing a decline in "trade data" audit revenue. Partially offsetting this decline are several committed projects for DLS assessments and upgrades for 2009 and the division is continuing to focus on these and other project opportunities. In addition, strategic reductions in salaries and G&A over the past quarters will assist geomatics in maintaining positive margins, while a strong emphasis on protecting existing market share will help ensure satisfied customers continue to send all available, related work to Divestco.

Archive continues to focus on driving revenues while increasing profitability. Fourth quarter performance over last year was strong in two key areas: archiving and data management/storage. The first of these is due to continued project activity among some of Divestco's existing clients. The second is due to the reoccurring revenue generated from the annuity model of storage which contributes to the long-term financial health of the division. Internally, further development is occurring in terms of archive systems which should allow Divestco to increase the amount of data that can be archived without large increases in overhead.

Despite deteriorating general market conditions, seismic brokerage had a solid quarter to finish out 2008. Results were significantly stronger than in 2007, a trend reflected through 2008. Strong sales of managed data in Q4 2008 contributed largely to strong results. Brokerage added a major oil company to Divestco's managed data portfolio in Q4 2008.

Data

(Thousands)

	THREE MONTHS ENDED DECEMBER 31			YEAR ENDED DECEMBER 31		
	2008	2007	% Change	2008	2007	% Change
Revenue	$14,961	$22,364	-33	$57,773	$69,690	-17
EBITDA(1)	13,615	20,475	-34	50,647	61,507	-18
Interest (Net of Interest Revenue)	429	131	227	418	604	-31
Depreciation and Amortization	7,708	14,214	-46	31,679	28,963	9
Impairment of Goodwill and Intangibles	218	–	N/A	218	–	N/A
Operating Income (Loss)(1)	5,260	6,130	14	18,332	31,940	43

(1) See the Non-GAAP Measures section.

[SEISMIC DATA LIBRARY]

	BALANCE AS AT		
	December 31, 2008	December 31, 2007	December 31, 2006
2D in Gross km	103,848	99,463	58,273
2D in Net km	82,802	79,283	46,273
3D in Gross km^2	16,786	15,087	7,279
3D in Net km^2	14,764	13,139	5,770

Q4 2008 Versus Q4 2007

In the fourth quarter of 2008, Data recorded operating income of $5.3 million, compared with operating income of $6.1 million in the fourth quarter of 2007. Excluding the impact of the intangible impairment charges of $0.2 million and $1.8 million related to the change in amortization of intangibles, the segment had an operating income of $7.3 million for Q4 2008.

Seismic data library revenue increased by $4.8 million ($14.9 million in Q4 2008 versus $10.1 million in Q4 2007) that included data sales to three major oil and gas clients in the Cutbank region of northeastern BC in which interest has been growing throughout the year. Seismic participation revenue decreased by $11.9 million ($0.3 million in Q4 2008 versus $12.2 million in Q4 2007) as there was only a small 2D seismic participation survey completed in Q4 2008 compared to four large 3D surveys completed in Q4 2007. This was primarily due to the significant downtown in the industry forcing many of Divestco's clients to reduce their capital expenditures. Annual revenue in the U.S. was down by $0.4 million due to the disposition of the U.S. division in September 2008.

Salaries and benefits decreased by $0.3 million due to staff reductions and the sale of the U.S. division, partially offset by annual salary increases. G&A expenses were down nominally due to the sale of the U.S. division in September 2008. Intangible asset impairment charges of $0.2 million led to the increase in amortization, offset by having no participation surveys completed in Q4 2008.

2008 versus 2007

In 2008, Data recorded an operating income of $18.3 million, compared with operating income of $31.9 million in 2007. Excluding the impact of the intangible impairment charges of $0.2 million and $1.8 million related to the change in amortization of intangibles, the segment had an operating income of $20.3 million for 2008.

Seismic data library revenue decreased by $2.6 million ($45 million in 2008 versus $47.6 million in 2007) while seismic participation revenue decreased by $9 million ($13.1 million in 2008 versus $22.1 million in 2007) as there were approximately 474 km^2 of 3D seismic data acquired through participation surveys in 2008 compared to approximately 1,084 km^2 in 2007. The overall drop in seismic data revenue was primarily due to the significant downtown in the industry forcing many of Divestco's clients to cut their capital budgets. Revenue in the U.S. was down by $0.7 million due to the sale of the U.S. division in September 2008. This was partially offset by a $0.5 million increase in log data revenue. Log data added a new major oil and gas client and another client which was more active in drilling, sending additional digitizing work to the division.

Salaries and benefits decreased marginally mainly due to staff reductions and the sale of the U.S. division, offset partially by retention bonuses that were paid out in May 2008, and severance expenses. G&A expenses decreased $0.4 million due to the sale of the U.S. division. Intangible asset impairment charges of $0.2 million led to the increase in amortization.

Outlook

Despite the overall global market condition we are expecting to return to the field for the 2008-2009 winter season. The seismic data division continues to be most affected by the recent global credit crisis and the Alberta Royalty Review. Divestco expects that field acquisition activities will be at lower than normal levels for the 2008-2009 season, however more importantly, the Company's inventory pipeline remains healthy. The Company exited the field having completed a 170 km^2 3D seismic survey in February 2009 and is contemplating a number of seismic participation surveys that could commence as early as Q2 2009. Despite these surveys, Divestco is currently pursuing a more conservative acquisition strategy in regards to seismic field acquisition activities as it continues to focus on aggregate data library sales and strengthening its balance sheet.

Support data launched a marketing initiative and completed the introduction of its WCSB Strat Map Data product to its clients. The division continues to develop its reference well library of formation tops across the Western Canadian Sedimentary Basin (WCSB) with a planned completion date of April 2009. Work continues on the consolidation of the division's GIS data into a central-enterprise repository and migration of databases to the Oracle RAC™ is nearing completion.

Consulting

(Thousands)

	THREE MONTHS ENDED DECEMBER 31			YEAR ENDED DECEMBER 31		
	2008	2007	% Change	2008	2007	% Change
Revenue	$ 2,975	$3,299	-10	$12,345	$13,155	-6
EBITDA(1)	293	41	615	319	1,102	-71
Interest (Net of Interest Revenue)	1	(9)	N/A	(16)	(47)	N/A
Depreciation and Amortization	2,762	399	592	3,786	1,350	180
Impairment of Goodwill and Intangibles	5,276	–	N/A	5,276	–	N/A
Operating Income (Loss)(1)	(7,746)	(349)	N/A	(8,727)	(201)	N/A

(1) See the Non-GAAP Measures section.

Q4 2008 Versus Q4 2007

In the fourth quarter of 2008, Consulting recorded an operating loss of $7.7 million, compared with operating loss of $0.3 million in the fourth quarter of 2007. Goodwill and intangible asset impairment charges of $5.3 million and $2.4 million related to the change in amortization of intangibles resulted in the operating loss for Q4 2008. Excluding the impact of the impairment charges and amortization adjustment, the segment had an operating loss of $47,000 for Q4 2008.

Business Consulting revenue was down $0.3 million as the ERP practice area experienced staff turnover forcing certain departments to close and three major projects were completed and not renewed as clients postponed projects to cut costs. This was partially offset by moving the technical records group from archive to business consulting which added $0.3 million in revenue. Land management services revenue was down slightly due to a decrease in land acquisition activity in the oil and gas industry related to low commodity prices and clients' inability to raise capital to fund projects.

Salaries and benefits increased $0.1 million due to having a full year's worth of salaries from the acquisition of Canadian Landmasters Resource Services Ltd. (Landmasters) in November 2007, annual salary increases and severance costs. This was partially offset by staff reductions. G&A expenses decreased considerably due to the drop in sales as both divisions have expenses that are directly tied to revenue. Changes in amortization of intangibles led to the increase in amortization.

2008 Versus 2007

In 2008, Consulting recorded an operating loss of $8.7 million, compared with operating loss of $201,000 in 2007. Goodwill and intangible asset impairment charges of $5.3 million and $2.4 million related to the change in amortization of intangibles resulted in the operating loss for 2008. Excluding the impact of the impairment charges and amortization adjustment, the segment had an operating loss of $1 million for Q4 2008.

Business consulting revenues decreased by $0.9 million due to a reduction in demand as clients decided to postpone some planned projects and unprofitable service offerings were discontinued. This was offset by $1.1 million in technical records revenue which was transferred from the Services segment. Land Management Services revenue was down due to the decrease in land acquisition activity in the oil and gas industry related to low commodity prices and clients' inability to raise capital to fund projects.

Salaries and benefits increased $0.6 million due to having a full year's worth of salaries from the acquisition of Landmasters, annual salary increases and severance costs. G&A expenses decreased $0.5 million due to the drop in sales as both divisions within the segment have costs directly tied to revenue. Changes in amortization of intangibles led to the increase in amortization.

Outlook

Business consulting marketing efforts will continue to be aligned and concentrate on specific high-level business process optimization and "dashboard" KPI (key process indicators) that offer immediate cost savings and a high rate of return for both business owners and their key operational managers. By automating a company's reporting processes and providing both timely and accurate information that supports decision making, operational costs can be significantly decreased, which in turn results in higher profits. Business consulting will continue to evolve its technical services offerings to a more agile, predictable practice that provides customers with optimal uptime for their email, critical applications and web services. The division has recently engaged in significant records information management, business intelligence and technical infrastructure projects with a local municipality, an energy services company and a local commercial flooring company, all of which point to future success in these emerging practice areas.

Land management services was awarded a large linear project on the utility side which will generate approximately three-plus years of work. The volume and timing of this work is still being determined, but it is likely to begin in Q2 2009. In addition, the division is focussing on restructuring its business in terms of clarifying roles and responsibilities, analyzing key processes to better streamline operations and increase efficiencies. It is also conducting thorough sales and marketing analyses to determine other potential markets for new business.

Corporate and Other

(Thousands)

	THREE MONTHS ENDED DECEMBER 31			YEAR ENDED DECEMBER 31		
	2008	2007	% Change	2008	2007	% Change
Revenue	$ –	$ –	N/A	$ –	$ –	N/A
EBITDA(1)	(2,683)	(2,383)	13	(9,033)	(9,311)	-3
Interest (Net of Interest Revenue)	1,175	953	23	4,988	3,124	60
Depreciation and Amortization	131	49	167	487	178	174
Impairment of Goodwill and Intangibles	–	–	N/A	–	–	N/A
Operating Income (Loss)(1)	(3,989)	(3,385)	N/A	(14,508)	(12,613)	N/A

(1) See the Non-GAAP Measures section.

Q4 2008 Versus Q4 2007

In the fourth quarter of 2008, the Corporate segment recorded an operating loss of $4 million, compared with an operating loss of $3.4 million in the fourth quarter of 2007.

Salaries and benefits increased $0.6 million due to annual salary increases and severance costs. G&A expenses decreased $0.3 million due to cost reduction strategies that were implemented in Q4 2008 in addition to reductions in professional fees (no corporate acquisitions) and stock compensation expense (less options were granted and options granted were at lower exercise prices). Interest expense was up due to the increase in Divestco's long-term debt facilities and the accretion expense on the Company's convertible debentures. Amortization increased by $82,000 due to a higher allocation to Corporate in 2008 versus 2007.

2008 Versus 2007

In 2008, the Corporate segment recorded an operating loss of $14.5 million, compared with operating loss of $12.6 million in 2007.

Salaries and benefits increased by $0.7 million due to annual salary increases and severance costs, partially offset by the cancellation of management bonuses in 2008. G&A expenses decreased by $1.0 million as improved collection efforts led to a reduction in bad debt expense. In addition, stock compensation expense was down due to less options being granted and options granted at lower exercise prices. This was offset by higher occupancy costs to due to rising operating expenses. Interest expense increased by $1.9 million due to having a year's worth of interest and accretion charges on the convertible debentures assumed on the acquisition of BlueGrouse in May 2007. Amortization increased by $0.3 million due to a higher allocation to Corporate in 2008 versus 2007.

Outlook

Divestco's new ERP system went live in January 2009 and the Company will continue to implement new modules during the year, relying more heavily on internal resources versus external consultants in order to minimize expenses.

Depreciation and Amortization

(Thousands)

	THREE MONTHS ENDED DECEMBER 31			YEAR ENDED DECEMBER 31		
	2008	2007	% Change	2008	2007	% Change
Depreciation and Amortization	$12,746	$15,743	-19	$41,209	$34,424	20

In the fourth quarter of 2008, depreciation and amortization was $12.7 million, compared with $15.7 million in the fourth quarter of 2007. The change to the useful life of customer-related intangibles caused amortization to increase by $5.3 million, offset by a decrease in the amount of seismic participation surveys completed during Q4 2008 compared to Q4 2007 [1].

In 2008, depreciation and amortization was $41.2 million, compared with $34.4 million in 2007. The change to the useful life of customer-related intangibles caused amortization to increase by $5.3 million in addition to having a full year's worth of amortization related to the various acquisitions completed in 2007. This was partially offset by a decrease in the amount of seismic participation surveys completed during 2008 compared to 2007[1].

(1) Participation surveys are amortized at a rate of 40% on the date of delivery and 10% each year thereafter, commencing a year after the date of delivery.

Income Taxes

(Thousands)

	THREE MONTHS ENDED DECEMBER 31			YEAR ENDED DECEMBER 31		
	2008	2007	% Change	2008	2007	% Change
Current (Recovery)	$ (158)	$ 366	N/A	$ 1,094	$ 8,723	-87
Future (Reduction)	(1,774)	(575)	N/A	(2,433)	(2,955)	N/A
Income Taxes (Reduction)	$(1,932)	$(209)	N/A	$(1,339)	$ 5,768	N/A

In the fourth quarter of 2008, the Company recorded a current income tax recovery of $0.1 million due to the carry back of non-capital losses to prior years. A future tax reduction of $1.8 million was recorded as a result of the intangible asset impairment charges recorded in Q4 2008, partially offset by the non-capital loss carried back.

In 2008, the Company recorded a current tax expense of $1.1 million primarily related to the sale of its U.S. division in September 2008, partially offset by a non-capital loss carry-back. A future tax reduction of $2.4 million was recorded primarily related to the sale of the Company's U.S. division and the intangible impairment charges recorded in Q4 2008, partially offset by the carry back of non-capital losses to prior years.

As at December 31, 2008, Divestco and its Canadian subsidiaries had $3.5 million in undepreciated capital cost pools, $2.9 million in non-capital loss carryforwards in Canada (assumed through various acquisitions in 2007) which begin to expire in 2027 and $1.1 million in Scientific Research and Experimental Development investment tax credits which expire in 2019.

Major Transactions

Seismic Related

In the fourth quarter of 2008, Divestco completed a small 2D seismic participation survey for $294,000 covering an approximate area of 58 km.

In 2008, Divestco completed five 3D seismic surveys covering an approximate area of 474 km^2 and a 2D seismic survey covering an approximate area of 58 km at a cost of $21.1 million (excluding $0.5 million in costs related to services provided by Divestco's survey audit, seismic processing and archive departments which are eliminated on consolidation). The Company also acquired three existing datasets totalling approximately 3,461 net km of 2D and 540 net km^2 of 3D seismic for approximately $4.6 million.

Liquidity and Capital Resources

[SUMMARY OF FINANCIAL POSITION]

(Thousands, except as otherwise indicated)

	BALANCE AS AT		
	December 31, 2008	December 31, 2007	December 31, 2006
Current Assets	$ 32,120	$ 32,021	$24,886
Current Liabilities(1)	41,857	60,099	24,238
Working Capital (Deficiency)	(9,737)	(28,078)	648
Funded Debt(2)	48,085	51,822	9,931
Shareholders' Equity	111,973	118,723	77,237
Funded Debt to Equity(3) – %	43%	44%	13%

(1) Excludes deferred revenue
(2) Current and long-term portion of debt obligations and convertible debentures
(3) Funded debt divided by shareholders' equity

Working Capital

Divestco's working capital deficit at the end of 2008, excluding deferred revenue of $11.2 million was $9.7 million, compared to a deficit of $28.1 million at the end of 2007, excluding deferred revenue of $4.4 million. The improvement of $18.2 million was due to ramped up collection efforts and a reduction in capital spending as the Company focused on strengthening its balance sheet. To mitigate further economic pressure on Divestco, the Company is not committing to any significant capital expenditures unless they are well funded (mainly seismic participation surveys) and has implemented further cost-cutting measures to reduce salary and G&A costs. In addition to funds from operations, the Company will continue to explore the possibility of disposing of non-core assets and there is still a healthy pipeline of business opportunities the Company is focused on closing. Divestco expects that these will generate the cash flows required to rectify its working capital shortfall.

The deficit is mainly related to the Company's past significant investment in its seismic data library assets as well as corporate acquisitions combined with the deterioration of market conditions in 2008. In 2008 and 2007, Divestco acquired $21.1 and $41.5 million of seismic through participation surveys, respectively, totalling $62.6 million. The Company received $14.6 and $25.9 million in 2008 and 2007, respectively, in pre-sale commitments to partially offset the costs of the surveys, totalling $40.5 million. In the process of adding existing seismic data to its portfolio, Divestco acquired BlueGrouse in 2007 with the Company assuming $8.1 million in convertible debentures and a $15.2 million working capital deficit. In addition, the Company purchased a total of approximately $23 million in existing seismic data in 2007 and 2008. This was offset by significant data library sales, however operating income from the seismic data division was used to finance the Company's other operating segments that were affected by lower demand for their products and services from the slowdown in the industry.

The remaining components of Divestco's working capital deficit included the current portion of its debt facilities; $2.7 million on its committed revolver, $5.2 on its committed term loans and $5.6 million in notes that resulted from the maturity of its convertible debentures. On April 1, 2009, Divestco's committed revolver will be reduced from $25 to $20 million of availability; however this is currently being renegotiated with its lending syndicate in conjunction with other items. At the end of 2008, $22.7 was outstanding on the revolver so $2.7 million was classified as a current liability. In addition, the amortization schedules of the committed term loans will be reduced from six to five years increasing the current portion of the loans by $0.9 million. On November 21, 2008, the Company's convertible debentures matured and $0.7 million converted into shares. Subsequently, Divestco entered into note payable arrangements with the former debenture holders. A principal payment $1.9 million was made in December 2008 and the remaining $5.6 million will be repaid through 12 equal monthly payments which commenced on January 2009, plus 10% interest.

Selected Cash Flow Items

(Thousands)

	THREE MONTHS ENDED DECEMBER 31		YEAR ENDED DECEMBER 31	
	2008	2007	2008	2007
Operating Activities				
Funds from operations[1]	$14,905	$ 15,092	$ 47,369	$ 35,611
Non-Cash Working Capital Change (Current and Long-Term Portions)	(512)	(1,223)	(4,583)	(13,040)
Cash Flows From Operating Activities	14,393	13,869	42,786	22,571
Financing Activities				
Bank Indebtedness	–	–	–	(6,451)
Long-Term Debt Obligations	(8,613)	(83)	(4,710)	29,761
Issue of Common Shares, Net of Repurchases	–	(552)	290	1,997
Other – Net	–	–	–	(1,346)
Cash Flows From (Used in) Financing Activities	(8,613)	(635)	(4,420)	23,961
Investing Activities				
Acquisition of Data Libraries	(2,715)	(25,548)	(26,571)	(61,360)
Surveys in Progress	(3,712)	364	(3,661)	1,722
Additions to Property, Plant and Equipment	(36)	(191)	(398)	(1,374)
Acquisitions	–	(80)	–	(3,948)
Other – Net	(98)	10,429	(8,391)	19,456
Cash Flows From (Used in) Investing Activities	(6,561)	(15,026)	(39,021)	(45,504)
Foreign Exchange (Gain) Loss on Cash Held in a Foreign Currency	(2)	1	–	1
Change in Cash	$ (783)	$ (1,791)	$ (655)	$ 1,029

(1) See the Non-GAAP Measures section.

Operating Activities

In the fourth quarter of 2008, funds from operations were $14.9 million (36 cents/share (diluted)), compared with $15.1 million (34 cents/share (diluted)) in the fourth quarter of 2007. The decrease in EBITDA of $5.8 million was offset by $5.6 million in non-cash data exchanges in Q4 2007 (which are excluded from funds from operations). Revenues were down by $7.1 million primarily due to the drop in seismic data revenue as less participation surveys were completed in 2008. There was less demand for new seismic data as clients cut their capital budget programs.

In 2008, funds from operations were $47.4 million ($1.13/share (diluted)), compared with $35.6 million (85 cents/share (diluted)) in 2007. The increase of $11.8 million was due to $16.3 million in non-cash data exchanges in 2007 (which are excluded from funds from operations) partially offset by a decrease in EBITDA of $10 million. Revenue decreased by $13.1 million due to a reduction in seismic data revenue and a general slowdown in the industry. This was coupled with a $1.7 million increase in interest expense related to the increase in long-term debt.

Financing Activities

At the end of fourth quarter of 2008, the Company's term and committed revolving credit facilities totalled $41.2 million. $14.7 million and $3.7 million were outstanding on term loans A and B, respectively, while $22.7 million was outstanding on the committed revolver.

During the fourth quarter of 2008, the Company negotiated a further amendment on its committed revolver where all amounts in excess of $25 million were repaid in January 2009 and all amounts in excess of $20 million are to be repaid in April 2009. In addition, further availability on term loan B (approximately $5 million) immediately expired and the lender agreed to entertain future credit requests as required. Effective May 2009, the term loan amortization schedules will reduce from six to five years, which will mirror the maturity date of the entire credit facilities. The Company's fixed charge coverage covenant was amended whereby the ratio must be least:

- 1.7:1 as at December 31, 2008 (measured on a trailing 3-month basis)
- 2.0:1 as at March 31, 2009 (measured on a trailing 6-month basis)
- 1.7:1 as at June 30, 2009 (measured on a trailing 9-month basis)
- 1.6:1 as at September 30, 2009 (measured on a trailing 12-month basis)
- 1.7:1 as at December 31, 2009 (measured on a trailing 12-month basis)

The Company's interest rates were also amended to a formula grid structure of LIBOR and base rate options of plus 4.00% to 5.00%. The remaining terms remained substantially unchanged.

The facilities are subject to Divestco meeting certain debt covenants, including a minimum trailing 12-month EBITDA of $50 million and a fixed charge coverage ratio of at least 1.7:1 as at December 31, 2008 (measured on a trailing 3 month basis). At the end of 2008, the Company was not in violation of its debt covenants. Divestco does not expect to violate any of its debt covenants over the next 12 months ending December 31, 2009.

In March 2009 the Company's lender has agreed to amend its debt covenants going forward based on the committed revolver being reduced to $15 million of availability by April 30, 2010. The step-down to $20 million on the committed revolver and the revised loan amortization schedules were extended from April 1, 2009 to July 1, 2009.

On November 21, 2008, the Company's $8.1 million in convertible debentures matured. On the maturity date, $0.7 million of the debentures converted into shares. The maturity terms of the remaining $7.4 million were revised which included a $1.9 million payment of the outstanding principal on December 15, 2008. The remaining balance of $5.6 million will be repaid in equal monthly principal payments at a 10% annual interest which commenced January 15, 2009. The obligation will be fully retired by December 15, 2009.

Divestco is in continuous negotiations with its lender to ensure that the Company's credit facilities combined with its funds from operations will be sufficient in the short-term and long-term to meet planned growth and to fund future capital expenditures. Furthermore the Company has a healthy sales pipeline, has implemented significant cost-cutting measures, is committed to the disposition of non-core assets and evaluates all material capital expenditures before commencement to ensure they meet appropriate funding levels.

Investing Activities

During the fourth quarter of 2008, the Company acquired $294,000 in seismic data, $36,000 in property, plant and equipment (excluding $233,000 in computer equipment acquired under capital lease).

During 2008, the Company acquired $26.7 million in seismic data (excluding $0.6 million of inter-company charges), $0.4 million in property, plant and equipment (excluding $0.7 million in computer equipment acquired under capital lease). This was partially offset by $3.1 million in proceeds received from the sale of the Company's U.S. division in September 2008.

Commitments

Divestco has entered into various commitments primarily related to its debt facilities (term loans and committed revolver, promissory notes and capital leases) as well as building and equipment leases. The following table is a summary of the Company's contractual obligations as at December 31, 2008:

(Thousands)

	2009	2010	2011	2012	2013 AND BEYOND	TOTAL
Long-Term Obligations	$ 7,916	$ 5,694	$ 5,694	$21,898	$ –	$ 14,202
Promissory Notes	6,024	67	–	–	–	$ 6,091
Capital Leases	682	507	239	63	–	$ 1,491
Operating Leases(1)	3,905	7,510	9,032	6,788	88,727	$115,962
Total Contractual Obligations	$18,527	$13,778	$14,965	$28,749	$88,727	$164,746

(1) Includes amounts paid for occupancy costs (net of subleases) and office equipment leases. On May 31, 2007, Divestco entered into a new 15-year office space lease that is scheduled to commence in May 2010.

Outstanding Share Data

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

The following table summarizes the Company's outstanding equity instruments:

			BALANCE AS AT
	March 27, 2009	December 31, 2008	December 31, 2007
Common Shares			
Outstanding	41,960,088	41,960,355	41,579,904
Weighted Average Outstanding			
Basic		41,767,388	39,200,314
Diluted(1)		41,767,388	41,673,015
Stock Options			
Outstanding	2,202,102	2,486,863	2,743,248
Exercise Price Range	\$1.00 to \$6.10	\$1.00 to \$6.10	\$1.00 to \$6.10

(1) In calculating diluted weighted average outstanding shares, conversion or exercise of equity instruments is assumed only if the effect is dilutive. For 2008, options to purchase 2,486,863 common shares have been excluded from the calculation of diluted weighted average outstanding shares due to their anti-dilutive effect.

Normal Course Issuer Bid

On January 24, 2008, the TSX accepted the Company's Notice of Intention to make a Normal Course Issuer Bid (NCIB) to purchase up to 2,092,853 (a maximum of 5%) of its issued and outstanding common shares (41,857,070 common shares as at January 14, 2008) in a twelve-month period. The NCIB commenced January 28, 2008, and terminated on January 27, 2009. There were 35,600 shares repurchased under the NCIB during 2008 for \$59,000 (\$1.66 per share average).

Stock Options

As at December 31, 2008, there were 4,196,036 common shares reserved for grants of stock options.

During the year ended December 31, 2008:

- 516,425 stock options were granted with an exercise price ranging from \$1.30 to \$2.39.
- 268,413 stock options were exercised at exercise prices ranging from \$1.20 to \$1.69, including 114,089 exercised by officers.
- 504,397 stock options were forfeited with exercise prices ranging from \$1.00 to \$6.10, including 150,000 options held by a former officer that was also a director.

From January 1, 2009 to March 27, 2009:

- 284,765 options were forfeited with exercise prices ranging from \$1.20 to \$6.10, including 40,000 options held by an officer and a former officer.

Related Party Transactions

Divestco had the following related party transactions for 2008:

- $199,000 (2007 – $217,000) was paid in consulting fees and brokerage commissions to a company controlled by a Director for providing seismic data consulting and seismic brokerage services
- $233,000 (2007 – $396,000) was paid in legal fees to the law firm that provides the Company general legal counsel and employs the Company's Corporate Secretary

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.

Critical Accounting Estimates

Goodwill and Intangible Asset Impairment

Impairment is tested at the reporting unit level by comparing the reporting unit's carrying amount to its fair value. The process of determining fair value is subjective and requires Divestco to exercise judgment in making assumptions about future results, including revenue and cash flow projections at the reporting unit level and discount rates. The Company tests goodwill and intangibles for impairment annually on December 31. Divestco completed its most recent annual goodwill and intangible impairment testing on December 31, 2008. The Company concluded that the fair value of Software, Services and Consulting segments had fallen below their carrying values as a result of the testing and all of the related goodwill was written off. The Company also concluded that the fair value of certain intangible assets had fallen below their carrying values as a result of the testing and were written off.

Seismic Data Libraries

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. The Company's financial statements reflect only its proportionate share of the costs of the jointly-created seismic data library.

Stock-Based Compensation

The fair value of share options were estimated using the Black-Scholes option pricing model, with the following assumptions: an average expected volatility of 67% (2007 – 69%), an average risk-free interest rate of 3% (2007 – 3.9%), and an expected life of five years. The value of the stock options is recognized as a compensation expense over the three-year vesting period.

New Accounting Pronouncements

Financial Instruments

On January 1, 2008, the Company adopted new accounting standards for financial instruments disclosures and presentation, which require the Company to increase disclosure on the nature, extent and risk arising from the financial instruments and how the entity manages those risks.

Capital Disclosures

On January 1, 2008, the Company adopted the new Canadian standard for capital management, which specifies the disclosure of an entity's objectives, policies and procedures for managing capital, quantitative data about what it manages as capital, any externally imposed capital requirements, and the consequences of non-compliance.

Future Accounting Pronouncements

Canadian accounting standards for goodwill and intangible assets became effective on January 1, 2009. These new standards apply to goodwill subsequent to initial recognition and establish standards for the recognition, measurement, presentation and disclosure of goodwill and intangible assets. This new standard is not expected to have a material impact on the Company's consolidated financial statements.

International Financial Reporting Standards

In January 2006, the Canadian Accounting Standards Board (AcSB) adopted a strategic plan for the direction of accounting standards in Canada. As part of that plan, the AcSB confirmed in February 2008 that International Financial Reporting Standards (IFRS) will replace Canadian GAAP for years beginning on or after January 1, 2011 for profit-oriented publicly-accountable enterprises in Canada. An omnibus exposure draft was issued by the AcSB in the second quarter of 2008, which incorporates IFRS into the Canadian Institute of Chartered Accountants Handbook and prescribes the transitional provisions for adopting IFRS.

The Company has commenced the process to transition from current Canadian GAAP to IFRS. It has established a project plan and a project team. The project team is led by finance and includes representatives from operations to plan for and achieve an efficient transition to IFRS.

The project plan consists of three phases: initiation, detailed assessment, and design and implementation. The Company has completed the first phase, which involved the development of a detailed timeline for assessing resources and training and the completion of a high level review of the major differences between current Canadian GAAP and IFRS. Education and training sessions for employees throughout the organization and discussions with the Company's external auditors have commenced and will continue throughout the subsequent phases. Regular reporting is provided to the Company's senior executive management and to the Audit Committee.

The Company will be engaging in the detailed assessment and design phase of the project during the second quarter of 2009. The detailed assessment and design phase involves establishing work teams to complete a comprehensive analysis of the impact of the IFRS differences identified in the initial scoping assessment. In addition, an initial evaluation of IFRS 1 transition exemptions and an analysis of financial systems will be performed.

During the implementation phase, the Company will execute the required changes to business processes, financial systems, accounting policies, disclosure controls and internal controls over financial reporting. At this time, the impact on financial statements is not reasonably determinable.

Securities Regulations Update

Disclosure Controls and Procedures

Disclosure Controls and Procedures are controls and procedures designed and implemented by, or under, the supervision of Divestco's Chief Executive Officer (CEO) and Chief Financial Officer (CFO). These controls and procedures ensure that material information relating to the Company is communicated to them by others in the organization as it becomes known, and that the information 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, 2008, 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' National 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.

There were no changes in Divestco's disclosure controls and procedures that occurred during 2008, that have materially affected, or are reasonably likely to materially affect, Divestco's internal control over financial reporting.

Internal Control Over Financial Reporting

Divestco maintains a set of internal controls and procedures over financial reporting which have been designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with Canadian GAAP. The Company used the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") framework to evaluate the effectiveness of its internal control over financial reporting. Divestco evaluated the effectiveness of its controls and procedures over financial reporting (as defined under National Instrument 52-109) for the year ended December 31, 2008. This evaluation was performed under the supervision of the CEO and the CFO, with the assistance of other Divestco employees. Based on this evaluation, the CEO and the CFO concluded that the effectiveness of these internal controls and procedures provided reasonable assurance regarding the reliability of financial reporting and that there are no material weaknesses in Divestco's internal control over financial reporting that have been identified by management for the year ended December 31, 2008.

There were no changes in Divestco's internal control over financial reporting that occurred during the year ended December 31, 2008, that have materially affected, or are reasonably likely to materially affect, Divestco's internal control over financial reporting.