



>> EXPLORE FORWARD



Integrated, innovative solutions  
to enable our customers to  
**drive exploration  
and to deliver  
shareholder value.**

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.**



>> explore forward

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.



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# FINANCIAL HIGHLIGHTS



## [ FINANCIAL RESULTS ]

(Thousands, Except Per Share Amounts)

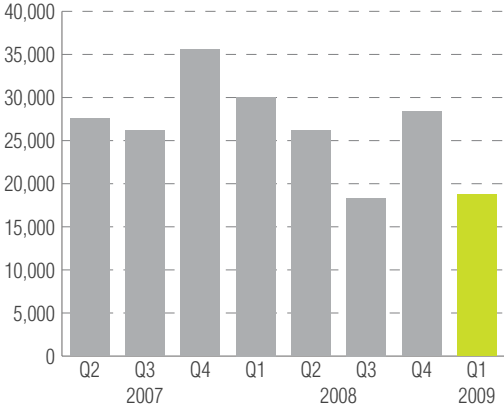
	THREE MONTHS ENDED MARCH 31		
	2009	2008	% Change
Revenue	\$18,765	\$30,054	-38%
EBITDA <sup>(1)</sup>	8,152	16,348	-50%
Operating Income (Loss) <sup>(1)</sup>	(4,250)	4,807	n/a
Net Income	781	3,114	-75%
Per Share – Basic	0.02	0.08	-75%
Per Share – Diluted	0.02	0.07	-71%
Funds from Operations <sup>(1)</sup>	7,427	14,065	-47%
Per Share – Basic <sup>(1)</sup>	0.18	0.34	-47%
Per Share – Diluted <sup>(1)</sup>	0.18	0.32	-44%
Shares Outstanding	41,958	41,766	0%
Weighted Average Shares Outstanding			
Basic	41,932	41,461	1%
Diluted	41,932	43,692	-4%

(1) See the Non-GAAP measures section

# Quarterly Comparison

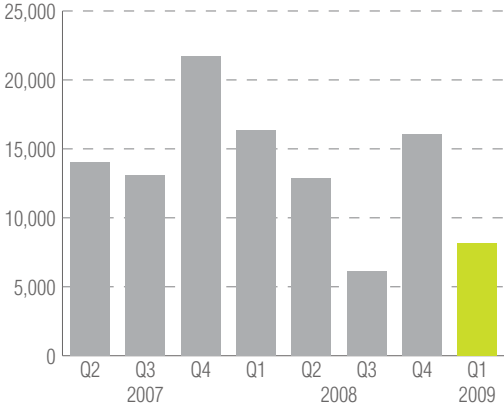
## [ REVENUE ]

(Thousands)



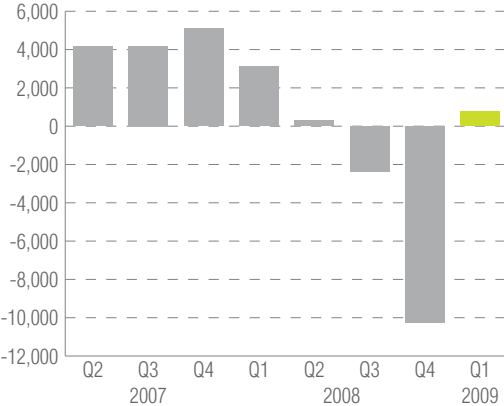
## [ EBITDA<sup>(1)</sup> ]

(Thousands)



## [ NET INCOME (LOSS) ]

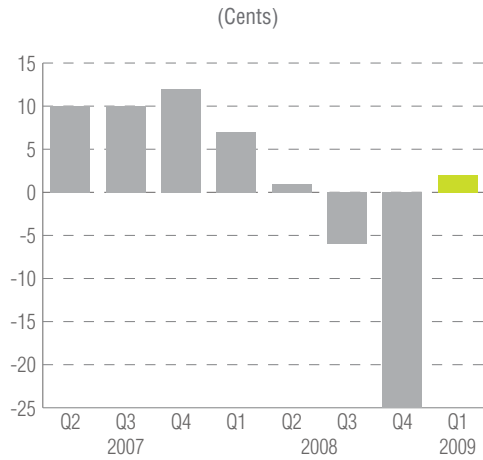
(Thousands)



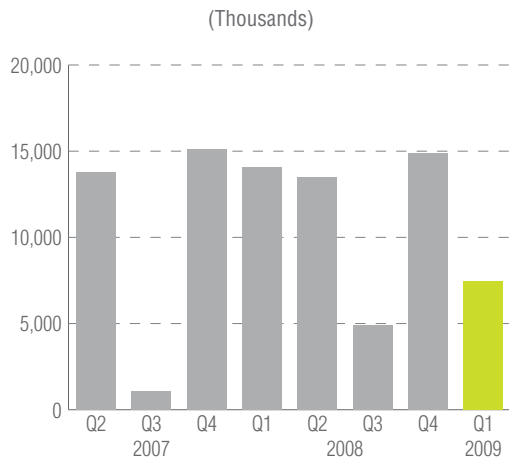
(1) See the Non-GAAP measures section

# Quarterly Comparison (continued)

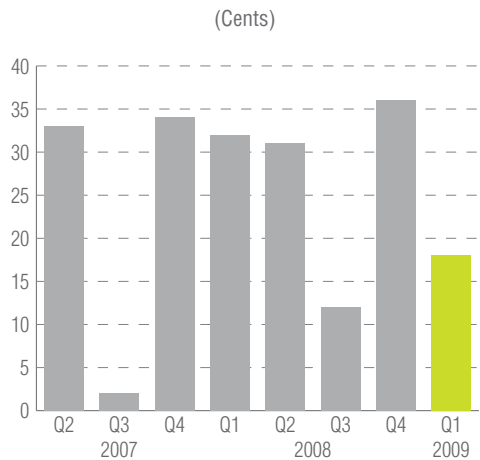
## [ EARNINGS (LOSS) PER SHARE (DILUTED) ]



## [ FUNDS FROM OPERATIONS<sup>(1)</sup> ]



## [ FUNDS FROM OPERATIONS PER SHARE (DILUTED)<sup>(1)</sup> ]



(1) See the Non-GAAP measures section

# MANAGEMENT'S DISCUSSION & ANALYSIS

For the Three Months Ended March 31, 2009

This Management's Discussion and Analysis (MD&A) for Divestco Inc. ("Divestco" or the "Company"), dated May 7, 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 quarterly 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 have been 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" under "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 data sets 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 as well as 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 for, 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 MAR 31	
	2009	2008
Net Income	\$ 781	\$ 3,114
Income Tax Expense (Reduction)	(581)	1,708
Other Income (Loss) <sup>(1)</sup>	4,450	15
Operating Income (Loss)	\$ (4,250)	\$ 4,807
Interest	901	1,284
Depreciation and Amortization	11,501	10,257
<b>EBITDA</b>	<b>\$ 8,152</b>	<b>\$16,348</b>

(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 MAR 31	
	2009	2008
Cash Flows from Operating Activities	\$3,835	\$ 7,293
Changes in Non-Cash Working Capital Balances	3,329	6,415
Decrease in Non-Current Deferred Revenue	263	357
Funds from Operations	\$7,427	\$14,065

## 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](http://www.sedar.com) or on the Company's website at [www.divestco.com](http://www.divestco.com).**

# Overall Performance

## [ FINANCIAL RESULTS ]

(Thousands, Except Per Share Amounts)

	THREE MONTHS ENDED MAR 31		
	2009	2008	% Change
Revenue	\$18,765	\$30,054	-38%
Operating Expenses	10,613	13,706	-23%
EBITDA <sup>(1)</sup>	8,152	16,348	-50%
Interest	901	1,284	-30%
Depreciation and Amortization	11,501	10,257	12%
Operating Income (Loss) <sup>(1)</sup>	(4,250)	4,807	N/A
Other Income	4,450	15	29567%
Income Tax Expense (Reduction)	(581)	1,708	N/A
Net Income	\$ 781	\$ 3,114	-75%
Per Share – Basic	0.02	0.08	-75%
Per Share – Diluted	0.02	0.07	-71%
Funds from Operations <sup>(1)</sup>	\$ 7,427	\$14,065	-47%
Per Share – Basic <sup>(1)</sup>	0.18	0.34	-47%
Per Share – Diluted <sup>(1)</sup>	0.18	0.32	-44%
Shares Outstanding	41,958	41,766	0%
Weighted Average Shares Outstanding			
Basic	41,932	41,461	1%
Diluted	41,932	43,692	-4%

## [ FINANCIAL POSITION ]

(Thousands)

	BALANCE AS AT		
	Mar 31, 2009	Dec 31, 2008	Dec 31, 2007
Total Assets	\$190,775	\$209,735	\$235,509
Working Capital Deficit <sup>(2)</sup>	(22,244)	(20,943)	(32,429)
Long-Term Debt Obligations (Including Current Portion)	41,697	48,085	44,289

<sup>(1)</sup> See the Non-GAAP Measures section.

<sup>(2)</sup> Excluding the current portion of deferred revenue of \$4.1 million, the Company's working capital deficit was \$18.1 million at the end of March 2009, compared to a \$9.7 million deficit at the end of 2008, excluding deferred revenue of \$11.2 million. Approximately \$5.9 million of the \$8.4 million increase in working capital deficit (net of deferred revenue) is directly attributed to Divestco and its lenders agreeing to an accelerated payment schedule to the Company's credit obligations and a requirement to commit the proceeds from the divestiture of Divestco's Archive and Technical Records divisions to term debt as apposed to revolving debt. The Company remains focused on strengthening its balance sheet and restoring a positive working capital balance.

## Earnings Variance Analysis Q1 2009 versus Q1 2008

Divestco generated net income of \$0.8 million (2 cents/share (diluted)) for the first quarter of 2009 compared with net income of \$3.1 million (07 cents/share (diluted)) in 2008. The decrease was mainly due to the economic slow down which has effected all areas of the Company. The hardest hit has been the Data segment which experienced a decrease of \$10.8 million in revenue from the prior year. This was partially offset by the \$4.4 million gain the Company realized on the sale of its Archive and Technical Records divisions.

Operating highlights included:

- Divested of the Company's Archive and Technical Records division for cash proceeds of \$3.5 million and \$1.5 million in prepaid archive services
- Sold \$1.5 million in merge processing and archive services to a major oil and gas customer
- Completed a \$8.5 million, 173 km<sup>2</sup> seismic participation survey (100% funded) in the Upper Cutbank region of north-eastern British Columbia (BC) extending into western Alberta
- Generated \$2.2 million in aggregate data library sales

## Economic Impact on Earnings and Future Operations

The current worldwide economic recession, credit crisis and lower natural gas and oil prices has 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 focus on reducing expenses. Divestco has been proactive in addressing its largest expense which is labour. Divestco performed two tranches of staff reductions in 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 over the past five quarters has made positive improvements to its working capital position and significantly 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 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.

# Selected Quarterly Information

(Thousands, Except Per Share Amounts)

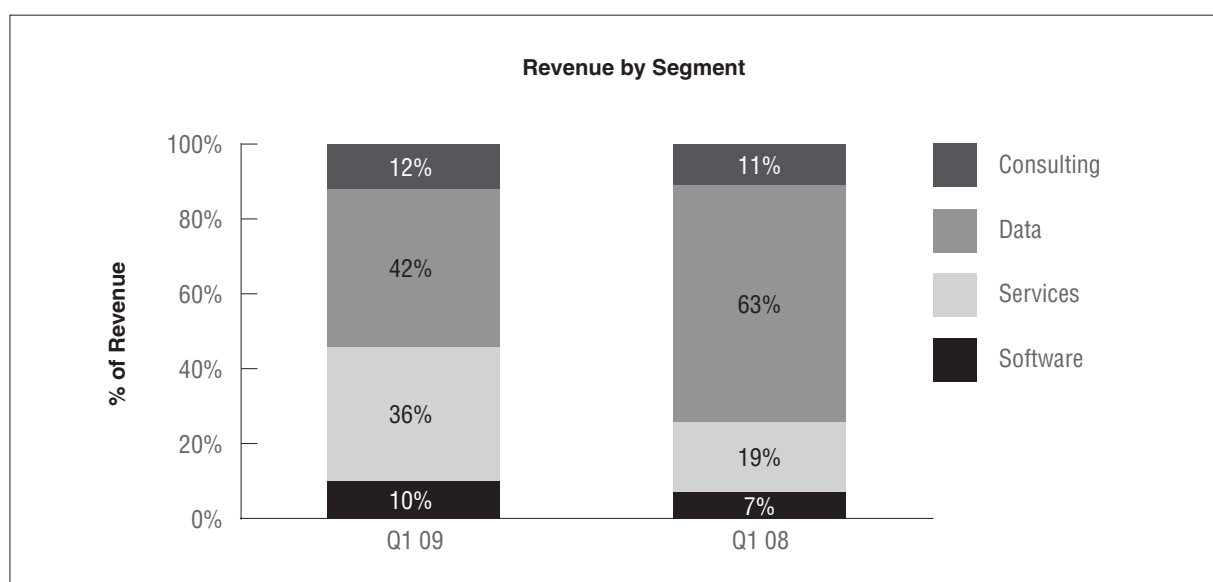
	2009				2008			2007
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Revenue	\$18,765	\$ 28,404	\$18,334	\$26,175	\$30,054	\$35,528	\$26,220	\$27,529
EBITDA <sup>(1)</sup>	8,152	16,046	6,128	12,879	16,348	21,755	13,120	14,053
Operating Income (Loss) <sup>(1)</sup>	(4,250)	(12,106)	(2,016)	316	4,807	4,937	6,206	6,283
Net Income	781	(10,277)	(2,381)	281	3,114	5,116	4,188	4,166
Per Share – Basic	0.02	(0.25)	(0.06)	0.01	0.08	0.12	0.10	0.11
Per Share – Diluted	0.02	(0.25)	(0.06)	0.01	0.07	0.12	0.10	0.10
Funds from Operations <sup>(1)</sup>	7,427	14,905	4,894	13,505	14,065	15,092	1,083	13,776
Per Share – Basic	0.18	0.36	0.12	0.32	0.34	0.36	0.03	0.35
Per Share – Diluted	0.18	0.36	0.12	0.31	0.32	0.34	0.02	0.33

(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 the impact of the Alberta Royalty Review. Generally 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 MARCH 31, 2009						
	Software	Services	Data	Consulting	Corporate & Other	Total
Revenue	\$1,884	\$6,714	\$ 7,953	\$2,214	\$ —	\$18,765
EBITDA <sup>(1)</sup>	836	2,730	6,575	85	(2,074)	8,152
Interest (Net of Interest Revenue)	—	—	38	(1)	864	901
Depreciation and Amortization	478	687	9,723	160	453	11,501
Operating Income (Loss) <sup>(1)</sup>	358	2,043	(3,186)	(74)	(3,391)	(4,250)

(Thousands)

FOR THE THREE MONTHS ENDED MARCH 31, 2008						
	Software	Services	Data	Consulting	Corporate & Other	Total
Revenue	\$2,229	\$5,624	\$18,748	\$3,453	\$ —	\$30,054
EBITDA <sup>(1)</sup>	809	727	16,574	186	(1,948)	16,348
Interest (Net of Interest Revenue)	—	—	(1)	(6)	1,291	1,284
Depreciation and Amortization	421	594	8,836	356	50	10,257
Operating Income (Loss) <sup>(1)</sup>	388	133	7,739	(164)	(3,289)	4,807

(1) See the Non-GAAP Measures section.

# Software

(Thousands)

	THREE MONTHS ENDED MAR 31		
	2009	2008	% Change
Revenue	\$1,885	\$2,229	-15%
EBITDA <sup>(1)</sup>	836	810	3%
Interest (Net of Interest Revenue)	—	—	N/A
Depreciation and Amortization	478	422	13%
Operating Income (Loss) <sup>(1)</sup>	358	388	-8%

(1) See the Non-GAAP Measures section.

## Q1 2009 Versus Q1 2008

In the first quarter of 2009, Software recorded operating income of \$358,000, compared with operating income of \$388,000 in the first quarter of 2008.

In large part Geophysical, Land and Geological software revenue was comparable to 2008 numbers. Offsetting new sales, Software is experiencing modest cancellation activity from some oil and gas companies in response to the market downturn.

The difference in revenue from 2008 is almost entirely due to funds generated from a large development project whose core billing took place in January and February 2008. These one time billings have not been replaced in 2009, therefore consulting development revenue is lagging behind 2008 numbers by approximately \$300,000.

Salaries and benefits decreased by \$300,000 as compared to Q1 2008 mainly due to decreased staff numbers. General and administrative (G&A) expenses were down by \$72,000 due to cost-cutting measures. The changes in amortization of property and equipment as well as an increase in amortization of deferred development costs led to the increase in amortization.

## Outlook

With the current recession new sales activity is down compared to 2008 levels. Much of Divestco's software suite targets new start ups and juniors, a segment of the industry that has been hit the hardest over the last six months. That being said, new leads continue to be pursued with many of our major oil and gas customers who require our software products to mitigate risk and expense with their drilling programs. Software is working on several opportunities which should close over the next quarter or two. Given the existence of these types of opportunities, Software remains positive about its ability to generate new revenue in 2009 in several core areas.

Several core software products are moving towards new releases over the next several months. This includes WinPICS 3D, LandRite & GeoVista. Work continues towards commercialization of the next generation GeoCarta Tools suite which is planned for initial release this summer.

# Services

(Thousands)

	THREE MONTHS ENDED MAR 31		
	2009	2008	% Change
Revenue	\$6,714	\$5,624	19%
EBITDA <sup>(1)</sup>	2,730	727	276%
Interest (Net of Interest Revenue)	—	—	N/A
Depreciation and Amortization	687	594	16%
Operating Income (Loss) <sup>(1)</sup>	2,043	133	1436%

(1) See the Non-GAAP Measures section.

## Q1 2009 Versus Q1 2008

In the first quarter of 2009, Services recorded operating income of \$2 million, compared with operating income of \$0.1 million in the first quarter of 2008.

Geomatics revenue decreased \$277,000 in Q1 2009 over Q1 2008 partially due to Geowiz software revenue being moved to the Software Segment in 2009 as well as the impact from overall market conditions. Market share however, continues to be maintained. Processing revenue increased by \$1.7 million mainly due to some large 3D merge projects connected to data sales and higher levels of related work from key customers. The Brokerage Division was moved under the Data Segment which accounted for a decrease of \$619,000 in revenue and \$155,000 in operating income. Archive revenue was down \$139,000 from the prior year due to decreased transactional activity reflecting the overall lower amount of industry activity.

Salaries and benefits decreased \$616,000 due to staff reductions and Brokerage being moved to the Data Segment. G&A expenses decreased by \$314,000 mainly due to Brokerage being moved to Data. The changes in amortization of property and equipment as well as an increase in amortization of deferred development costs led to the increase in amortization.

## Outlook

After a relatively strong first quarter, the Processing division is forecasting a larger than usual drop in work levels over the spring and summer months. This is partly due to seasonal activity levels; however, it is expected to be further intensified by current industry conditions. With reduced expenses and a productive summer sales campaign in place, the division is prepared to navigate the current economic uncertainty and positioned to take advantage of the eventual upturn.

Currently, Geomatics is experiencing a modest reduction in “new acquisition” survey integrity revenue due to the slowdown in field activities. The division is also seeing a decline in “trade data” revenue. Partially offsetting this decline are several committed projects for DLS assessments and upgrades for 2009 as well as additional international opportunities. In addition, strategic reductions in salaries and G&A over the past quarters should help Geomatics maintain positive margins, while a strong emphasis on protecting existing market share will help ensure satisfied customers continue to send all available work to Divestco.

# Data

(Thousands)

	THREE MONTHS ENDED MAR 31		
	2009	2008	% Change
Revenue	\$ 7,952	\$18,748	-58%
EBITDA <sup>(1)</sup>	6,575	16,574	-60%
Interest (Net of Interest Revenue)	38	—	N/A
Depreciation and Amortization	9,723	8,835	10%
Operating Income (Loss) <sup>(1)</sup>	(3,186)	7,739	N/A

<sup>(1)</sup> See the Non-GAAP Measures section.

## [ SEISMIC DATA LIBRARY ]

	BALANCE AS AT		
	Mar 31, 2009	Dec 31, 2008	Dec 31, 2007
2D in Gross KM	103,848	103,848	99,463
2D in Net KM	82,802	82,802	79,283
3D in Gross KM <sup>2</sup>	16,978	16,786	15,772
3D in Net KM <sup>2</sup>	14,956	14,764	13,750

## Q1 2009 Versus Q1 2008

In the first quarter of 2009, Data recorded an operating loss of \$3.2 million, compared with operating income of \$7.7 million in the first quarter of 2008.

Seismic data library revenue decreased by \$9.9 million (\$2 million in Q1 2009 versus \$11.9 million in Q1 2008). Seismic participation revenue decreased by \$1.2 million (\$5.7 million in Q1 2009 versus \$6.9 million in Q1 2008) as there was only one 3D seismic participation survey completed in Q1 2009 compared to three 3D surveys completed in Q1 2008. This was primarily due to the significant downturn in the industry forcing many of Divestco's clients to reduce their capital expenditures. Due to the sale of the Company's U.S. division in Q3 2008, revenue was down a further \$0.4 million. Partially offsetting the decrease in seismic library and participation revenue was the addition of the Brokerage division which was moved to Data from Services segment. This added \$0.3 million in revenue to Data but Brokerage revenue was down \$0.3 million in sales from Q1 2008.

Salaries and benefits decreased by \$0.5 million due to staff reductions and the sale of the U.S. division in Q3 2008, partially offset by the addition of Brokerage. G&A expenses increased by \$0.1 million due the addition of Brokerage offset by the sale of the U.S. division.

## Outlook

The seismic data division continues to be most affected by the recent global recession, credit crisis, dramatic reduction in commodity prices and the Alberta Royalty Review. Divestco expects that field acquisition activities will be at lower than normal levels for the 2008-2009 season. Despite a slow first quarter and market paralysis, the Company's data inventory pipeline remains healthy with more interest commencing in the second quarter. The Company exited the field having completed a 170 km<sup>2</sup> 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 is launching a marketing initiative around the Reference Wells program which has been in development over the last two years. This library will include detailed well formation top picks for over 9,000 wells across the WCSB (Western Canadian Sedimentary Basin) or at least one well per township. Support Data completed the migration of all of its production databases to a centralized Oracle RAC appliance in the last quarter. Work continues on the migration of databases to a PPDM 3.8 model, as well as the consolidation of GIS data.

The economic downturn effected Brokerage through significantly reduced 3rd party data purchases in Q1 2009. In particular, sales of 3D surveys dropped sharply compared to the comparable period in 2008. However, sales of managed data outpaced sales during Q1 2008, as the Company has broadened its management portfolio since that time.

## Consulting

(Thousands)

	THREE MONTHS ENDED MAR 31		
	2009	2008	% Change
Revenue	\$2,214	\$3,453	-36%
EBITDA <sup>(1)</sup>	85	186	-54%
Interest (Net of Interest Revenue)	(1)	(6)	N/A
Depreciation and Amortization	160	356	-55%
Operating Income (Loss) <sup>(1)</sup>	(74)	(164)	N/A

<sup>(1)</sup> See the Non-GAAP Measures section.

### Q1 2009 Versus Q1 2008

In the first quarter of 2009, Consulting recorded an operating loss of \$74,000, compared with operating loss of \$164,000 in the first quarter of 2008.

Business Consulting revenue was down \$771,000 as the ERP practice area experienced no software sales in Q1 and some practice area closures. Technical services and business intelligence revenue increased due to new customers and more managed service contract work, offset by reduced financial services revenue due to no new customers and some practice areas being closed. Land management services revenue was down \$466,000 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 decreased \$609,000 due to staff reductions and some practice areas being closed. G&A expenses decreased by \$504,000 due to the drop in sales as both divisions have expenses that are directly tied to revenue. Changes to the amortization of intangibles in 2008 led to the decrease in amortization expense as there were fewer assets to amortize in 2009, offset by the change in amortization of property and equipment in 2009.

## Outlook

Business Consulting's marketing efforts will continue to be concentrated 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 includes innovative offering for data back-up, application redundancy and recovery services and 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 project began in early Q2. During Q1, the division completed restructuring efforts in an attempt to reduce labour costs through increased efficiencies and clarified roles. The division also completed a marketing assessment to understand future growth areas and to begin preparations to expand their product and service offering. For Q2, the division will ensure they remain focussed on their clients as well as on further process analysis designed to streamline their operations.

## Corporate and Other

(Thousands)

	THREE MONTHS ENDED MAR 31		
	2009	2008	% Change
Revenue	\$ —	\$ —	N/A
EBITDA <sup>(1)</sup>	(2,074)	(1,949)	6%
Interest (Net of Interest Revenue)	864	1,290	-33%
Depreciation and Amortization	453	50	806%
Operating Income (Loss) <sup>(1)</sup>	(3,391)	(3,289)	N/A

<sup>(1)</sup> See the Non-GAAP Measures section.

## Q1 2009 Versus Q1 2008

In the first quarter of 2009, the Corporate segment recorded an operating loss of \$3.4 million, compared with an operating loss of \$3.3 million in the first quarter of 2008.

Salaries and benefits increased \$88,000 due to annual salary increases offset by staff reductions. G&A expenses increased by \$38,000 due to the increase in legal fees. Interest expense was down by \$426,000 due to pay down of debt and lower interest rates. Amortization increased by \$0.4 million due to the change in amortization of property and equipment.

## Outlook

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

# Depreciation and Amortization

(Thousands)

	THREE MONTHS ENDED MAR 31		
	2009	2008	% Change
Depreciation and Amortization	\$11,501	\$10,257	12%

In the first quarter of 2009, depreciation and amortization was \$11.5 million, compared with \$10.3 million in the first quarter of 2008. The change to the useful life of property and equipment (mainly computer hardware and software) in 2009 and intangibles in 2008 as well as an \$8.5 million seismic participation survey <sup>(1)</sup> completed during Q1 2009 led to the increase.

(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 MAR 31		
	2009	2008	% Change
Current	142	1,550	N/A
Future (Reduction)	(723)	158	N/A
Income Taxes (Reduction)	\$(581)	\$1,708	N/A

In the first quarter of 2009, the Company recorded a current income tax expense of \$0.1 million. A future tax reduction of \$0.7 million was recorded as a result of additional loss carry-forwards offset by the sale of the Archive and Technical Records divisions.

As at March 31, 2009, Divestco and its Canadian subsidiaries had \$2.8 million in undepreciated capital cost pools, \$19.9 million in non-capital loss carryforwards in Canada (assumed through various acquisitions in 2007) which begin to expire in 2027 and \$0.2 million in Scientific Research and Experimental Development investment tax credits which expire in 2019.

# Major Transactions

## Seismic Related

In the first quarter of 2009, Divestco completed a 3D seismic participation survey for \$8.5 million covering an approximate area of 170 km<sup>2</sup> and acquired a 22 km<sup>2</sup> existing 3D survey for \$0.3 million.

# Liquidity and Capital Resources

## [SUMMARY OF FINANCIAL POSITION]

(Thousands, except as otherwise indicated)

	BALANCE AS AT		
	Mar 31, 2009	Dec 31, 2008	Dec 31, 2007
Current Assets	\$ 18,985	\$ 32,120	\$ 32,021
Current Liabilities <sup>(1)</sup>	37,124	41,857	60,099
Working Capital (Deficiency)	(18,139)	(9,737)	(28,078)
Funded Debt <sup>(2)</sup>	41,697	48,085	51,822
Shareholders' Equity	112,982	111,973	118,723
Funded Debt to Equity <sup>(3)</sup> – %	37%	43%	44%

(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 March 2009, excluding deferred revenue of \$4.1 million was \$18.1 million, compared to a deficit of \$9.7 million at the end of 2008, excluding deferred revenue of \$11.2 million. Approximately \$5.9 million of the \$8.4 million increase in working capital deficit (net of deferred revenue) is directly attributed to Divestco and its lenders agreeing to an accelerated payment schedule to the Company's credit obligations and a requirement to commit the proceeds from the divestiture of Divestco's Archive and Technical Records divisions to term debt as opposed to revolving debt. Total debt was reduced by \$6.4 million (current and long-term portions) in the quarter. To mitigate further economic pressure on Divestco, the Company remains committed to limiting capital expenditures unless they are well funded (mainly seismic participation surveys) and implemented further cost-cutting measures to reduce salaries effective April 1, 2009. In addition to funds from operations and its current pipeline of opportunities, the Company will continue to explore the possibility of disposing of non-core assets. Divestco expects that current austerity measures in addition to existing and future opportunities will generate the cash flows required to rectify its working capital shortfall.

A significant factor contributing to the working capital deficit at the end of March is the Company's current debt repayment schedule. As depicted in the summary below, the Company is scheduled to reduce its funded debt by \$17.8 million in fiscal 2009 (net of Q1 2009 advances). Components of Divestco's working capital deficit related to funded debt included:

- \$4.7 million of agreed upon step-downs to its committed revolver facility (on July 1, 2009, the Company's committed revolver will be reduced from \$23.5 to \$20 million of availability (extended from April 1, 2009) and on January 1, 2010, from \$20 to \$17.5 million of availability). As at March 31, 2009, \$22.2 was outstanding on the revolver therefore \$4.7 million was classified as a current liability; \$2.2 million for the July 2009 step-down and \$2.5 million for January 2010 step-down.
- \$5.6 million of scheduled committed term loan payments (effective May 1, 2009, the term loan amortization schedules were reduced from six to five years, mirroring the maturity date of the entire credit facilities and resulting in a \$1.4 million increase to the current portion of long-term debt)
- \$4.6 million in payments associated with the unsecured convertible debentures that matured in 2008.

Divestco's debt summary for fiscal 2009:

	BALANCE AS AT JANUARY 1, 2009	PAYMENTS (NET OF ADVANCES)	BALANCE AS AT MARCH 31, 2009	PAYMENTS	BALANCE AS AT DECEMBER 31, 2009
Term Loans	18,472	(4,042)	14,430	(4,139)	10,291
Committed Revolver	22,730	(515)	22,215	(2,215)	20,000
Promissory Notes	6,091	(1,402)	4,689	(4,622)	67
Capital Leases	1,491	(507)	984	(359)	625
	48,784	(6,466)	42,318	(11,335)	30,983

## Selected Cash Flow Items

(Thousands)

	THREE MONTHS ENDED MAR 31	
	2009	2008
Operating Activities		
Funds from operations <sup>(1)</sup>	\$ 7,427	\$ 14,065
Non-Cash Working Capital Change (Current and Long-Term Portions)	(3,592)	(6,772)
Cash Flows From Operating Activities	3,835	7,293
Financing Activities		
Long-Term Debt Obligations	(6,469)	873
Issue of Common Shares, Net of Repurchases	—	233
Cash Flows From (Used in) Financing Activities	(6,469)	1,106
Investing Activities		
Acquisition of Data Libraries	(8,863)	(10,966)
Surveys in Progress	4,499	(6,347)
Additions to Property, Plant and Equipment	(62)	(123)
Other – Net	5,740	9,260
Cash Flows From (Used in) Investing Activities	1,314	(8,176)
Foreign Exchange (Gain) Loss on Cash Held in a Foreign Currency	1	—
Change in Cash	\$(1,319)	\$ 223

(1) See the Non-GAAP Measures section.

## Operating Activities

In the first quarter of 2009, funds from operations were \$7.4 million (18 cents/share (diluted)), compared with \$14.1 million (32 cents/share (diluted)) in the first quarter of 2008. Revenues were down by \$11.3 million primarily due to the drop in seismic data revenue as fewer participation surveys were completed and less off the shelf data was sold in 2009. There was a decline in demand for new seismic data as clients cut their capital budget programs.

## Financing Activities

At the end of the first quarter of 2009, the Company's term and committed revolving credit facilities totalled \$36.7 million. \$11.4 million and \$3 million were outstanding on term loans A and B, respectively, while \$22.2 million was outstanding on the committed revolver.

In March 2009, the Company negotiated an amendment to its debt covenants and agreed to a further step-down on the committed revolver availability to \$17.5 million of availability by January 1, 2010 and \$15 million of availability by April 30, 2010. The step-down to \$20 million on the committed revolver was extended from April 1, 2009 to July 1, 2009. The revised term loan amortization schedules became effective May 1, 2009. The Company's interest rates remain on a formula grid structure of LIBOR and base-rate options of plus 4.00% to 5.00%.

The Company's minimum EBITDA covenant of \$50 million on a trailing 12-month basis was amended to minimum cash EBITDA<sup>(1)</sup> of at least:

- \$5 million as at March 31, 2009 (measured on a trailing 3 month basis) – waiver of the covenant provided as at March 31, 2009
- \$12 million as at June 30, 2009 (measured on a trailing 6 month basis)
- \$17.5 million as at September 30, 2009 (measured on a trailing 9 month basis)
- \$25 million as at December 31, 2009 (measured on a trailing 12 month basis)
- \$25 million thereafter

(1) Cash EBITDA is EBITDA less participation revenue.

The Company's fixed charge coverage covenant was amended whereby the ratio must be least:

- 0.60:1 as at March 31, 2009 (measured on a trailing 3 month basis)
- 1.25:1 as at June 30, 2009 (measured on a trailing 6 month basis)
- 1.25:1 as at September 30, 2009 (measured on a trailing 9 month basis)
- 1.25:1 as at December 31, 2009 (measured on a trailing 12 month basis)
- 1.25:1 thereafter

The remaining terms remained substantially unchanged.

As at March 31, 2009, the Company was in violation of its cash EBITDA covenant. The lender has acknowledged the breach and has provided the Company with a waiver of the covenant as at March 31, 2009. The Company does not expect to violate its covenants over the next 12 months ending March 31, 2010.

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 in addition to the Company's pipeline of opportunities, it 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 completed an \$8.5 million seismic participation program, acquired \$0.3 million in seismic data, \$62,000 in property, plant and equipment (excluding \$65,000 in computer equipment acquired under capital lease).

# 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		
	May 7, 2009	Mar 31, 2009	Dec 31, 2008
Common Shares			
Outstanding	41,960,355	41,960,355	41,960,355
Weighted Average Outstanding			
Basic		41,932,370	41,767,388
Diluted <sup>(1)</sup>		41,932,370	41,767,388
Stock Options			
Outstanding	2,193,025	2,202,102	2,486,863
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 the period ended March 31, 2009, options to purchase 2,202,102 common shares have been excluded from the calculation of diluted weighted average outstanding shares as they were out of the money for the entire period.

## 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 no shares purchased during 2009 under the NCIB.

## Stock Options

As at March 31, 2009, there were 4,196,009 common shares reserved for grants of stock options.

During the period ended March 31, 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 former officer and 30,000 held by a director.

From April 1, 2009 to May 7, 2009:

- 9,077 options were forfeited with exercise prices ranging from \$1.25 to \$6.00.

## Related Party Transactions

Divestco had the following related party transactions for the period ended March 31, 2009:

- \$46,000 (2008 – \$48,000) was paid in consulting fees and brokerage commissions to a company controlled by a Director for providing seismic data consulting and seismic brokerage services
- \$153,000 (2008 – \$60,000) 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

## 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

No stock options were granted for the period ended March 31, 2009.

# New Accounting Pronouncements

## Goodwill and Intangible Assets

The Company adopted the new Canadian accounting standards for goodwill and intangible assets 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 did not 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 period ended March 31, 2009, 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 period ended March 31, 2009 that have materially affected, or are reasonably likely to materially affect, Divestco's internal control over financial reporting.

# Consolidated Balance Sheets

(Thousands – Unaudited)

	AS AT	
	Mar 31, 2009	Dec 31, 2008
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 492	\$ 1,811
Funds held in trust	35	31
Accounts receivable	14,989	27,858
Prepaid expenses, supplies and deposits	3,042	2,361
Income taxes receivable	427	59
	18,985	32,120
<b>Long-term prepaid expense (Note 4)</b>	1,200	–
<b>Investment in affiliated company</b>	83	80
<b>Data libraries (Note 5)</b>	154,506	154,897
<b>Participation surveys in progress</b>	209	4,708
<b>Property and equipment (Note 6)</b>	3,529	4,942
<b>Deferred development costs (Note 7)</b>	6,299	6,201
<b>Intangible assets (Note 8)</b>	5,964	6,787
	\$190,775	\$209,735
<b>Liabilities and Shareholders' Equity</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued liabilities	\$ 21,741	\$ 27,235
Current portion of deferred revenue	4,105	11,206
Current portion of long-term debt obligations (Note 9)	15,383	14,622
	41,229	53,063
<b>Deferred revenue</b>	–	263
<b>Long-term debt obligations (Note 9)</b>	26,314	33,463
<b>Future income taxes</b>	10,250	10,973
	77,793	97,762
<b>Shareholders' Equity</b>		
Equity instruments (Note 10(b))	70,518	70,518
Contributed surplus (Note 10(c))	5,183	4,955
Retained earnings	37,281	36,500
	112,982	111,973
<b>Future operations (Note 1)</b>	\$190,775	\$209,735

See notes to consolidated financial statements.

# Consolidated Statements of Income, Comprehensive Income and Retained Earnings

(Thousands, Except Per Share Amounts – Unaudited)

	FOR THE THREE MONTHS ENDED MARCH 31	
	2009	2008
<b>Revenue</b>	\$18,765	\$30,054
<b>Operating expenses</b>		
Salaries and benefits	7,069	9,320
General and administrative	3,316	4,128
Stock compensation expense (Note 10(c))	228	258
	10,613	13,706
<b>Interest expense</b>	901	1,284
<b>Depreciation and amortization</b>	11,501	10,257
<b>Other income (Note 4)</b>	4,450	15
<b>Income before income taxes</b>	200	4,822
<b>Income taxes</b>		
Current	142	1,550
Future (reduction)	(723)	158
	(581)	1,708
<b>Net income and comprehensive income for the period</b>	781	3,114
Retained earnings, beginning of period	36,500	45,763
<b>Retained earnings, end of period</b>	\$37,281	\$48,877
<b>Net income per share (Note 10(e))</b>		
Basic	\$ 0.02	\$ 0.08
Diluted	\$ 0.02	\$ 0.07
<b>Weighted average number of shares</b>		
Basic	41,932	41,461
Diluted	41,932	43,692

See notes to consolidated financial statements.

# Consolidated Statements of Cash Flows

(Thousands – Unaudited)

	FOR THE THREE MONTHS ENDED MARCH 31	
	2009	2008
<b>Cash flows from operating activities</b>		
Net income for the period	\$ 781	\$ 3,114
Items not affecting cash:		
Equity investment gain	(3)	(2)
Depreciation and amortization of data libraries, property and equipment and intangible assets	11,052	10,012
Amortization of deferred development costs	449	245
Amortization of deferred finance costs	78	97
Accretion of liability portion of convertible debentures	–	166
Future income taxes (reduction)	(723)	158
Gain on sale of property and equipment (Note 4)	(4,435)	–
Non-cash retention bonus	–	17
Stock compensation expense (Note 10(c))	228	258
	7,427	14,065
Changes in non-cash working capital balances (Note 12)	(3,329)	(6,415)
Decrease in non-current deferred revenue	(263)	(357)
	3,835	7,293
<b>Cash flows from (used in) financing activities</b>		
Issue of common shares, net of related expenses	–	233
Repayment of long-term debt obligations	(2,954)	(1,198)
Proceeds received from long-term debt obligations (net of committed revolver repayments)	(3,515)	2,071
	(6,469)	1,106
<b>Cash flows from (used in) investing activities</b>		
Purchase of data libraries	(8,863)	(10,966)
Decrease (increase) in participation surveys in progress	4,499	(6,347)
Purchase of property and equipment	(62)	(123)
Proceeds on sale of property and equipment	3,340	5
Deferred development costs	(547)	(421)
Changes in non-cash working capital balances (Note 12)	2,947	9,676
	1,314	(8,176)
<b>Foreign exchange gain on cash held in a foreign currency</b>	1	–
<b>Increase (decrease) in cash and cash equivalents</b>	(1,319)	223
Cash and cash equivalents, beginning of period	1,811	2,466
<b>Cash and cash equivalents, end of period</b>	\$ 492	\$ 2,689

See notes to consolidated financial statements.

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2009

(Tabular amounts in thousands, unless otherwise stated)

Divestco Inc. (Divestco or 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. The Company offers its customers the ability to access and analyze information and make business decisions to optimize their success in the upstream oil and gas industry through four operating segments which include Software, Services, Data and Consulting. The Corporate and Other segment provides support services to the operating segments.

## 1. Basis of Presentation and Future Operations

These consolidated financial statements have been prepared on the basis that the Company will be able to discharge its obligations and realize its assets in the normal course of business at the values at which they are carried in these consolidated financial statements. The Company had a working capital deficit of \$22.2 million as at March 31, 2009, including deferred revenue of \$4.1 million. The working capital deficit includes amounts related to the restructured payment of matured unsecured convertible debentures of \$4.2 million, amounts owing over \$17.5 million on the Company's committed revolver (\$22.2 million was drawn on the committed revolver as at March 31, 2009 and the maximum availability will be reduced to \$17.5 million by January 1, 2010) and \$5.6 million owing on the Company's term loans, which are due before March 31, 2010. These matters cast doubt on the ability of the Company to continue to meet its obligations. Management is reviewing additional sources of capital and debt financing to continue its activities and discharge its commitments as they become due. Management believes that the going concern assumption is appropriate for these consolidated financial statements. Adjustments to the carrying amounts of the balance sheet classifications used, assets and liabilities, and revenues and expenses, may be necessary should the going concern assumption be inappropriate. The Company has a history of profitable operations, positive funds from operations and has reduced its funded debt load. Furthermore, the Company has a healthy sales pipeline, has implemented cost cutting measures, and evaluates all material capital expenditures before commencement to ensure they meet appropriate funding levels. As at March 31, 2009, the Company was in violation of its cash EBITDA covenant. The lender has acknowledged the breach and has provided the Company with a waiver of the covenant as at March 31, 2009. The Company does not expect to violate its covenants over the next 12 months ending March 31, 2010.

These interim consolidated financial statements of the Company have been prepared by management in accordance with generally accepted accounting principles (GAAP) in Canada. The preparation of financial statements in conformity with GAAP in Canada requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ materially from those estimates. These interim consolidated financial statements have, in management's opinion, been properly prepared using careful judgment within reasonable limits of materiality.

These interim consolidated financial statements do not include the entire note disclosures required for the annual consolidated financial statements, and therefore, should be read in conjunction with audited consolidated financial statements as at and for the year ended December 31, 2008. These interim consolidated financial statements have been prepared following the same significant accounting policies as the most recently issued annual consolidated financial statements except as disclosed in Note 2.

The results of operations for the three months ended March 31, 2009 are not necessarily indicative of results to be expected for the entire year ending December 31, 2009. The Company records seismic data revenue related to its shot seismic programs, which are carried out primarily during the winter months. Revenue is recognized upon completion of a program after the related data has been delivered. Therefore, a significant portion of the Company's revenue for its shot seismic data is recognized in the winter and spring seasons.

## 2. Changes in Accounting Policies and Future Accounting Pronouncements

The Company adopted the new Canadian accounting standards for goodwill and intangible assets 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 did not have a material impact on the Company's consolidated financial statements.

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 in 2011 for profit-oriented publicly-accountable enterprises in Canada.

### 3. Changes in Accounting Estimates

On January 1, 2009, the Company changed the useful life of its data libraries and property and equipment as follows:

	AMORTIZATION METHOD		RATE	
	Previous	New	Previous	New
Reference library	Declining balance	Straight-line	20%	5 years
Computer hardware and software	Declining balance	Straight-line	30%	3 years
Office furniture and equipment	Declining balance	Straight-line	20-30%	5 years

As a result of this change, additional depreciation and amortization of \$0.3 million will be recorded in fiscal 2009.

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.

### 4. Disposition

On March 30, 2009, the Company sold its Archive and Technical Records divisions. The disposition is summarized below:

ASSETS DISPOSED OF:	
Computer hardware and software	\$ 175
Assets under lease	328
Deferred revenue	(98)
	\$ 405
CONSIDERATION:	
Cash (including disposition costs)	\$3,340
Prepaid archive services	1,500
	\$4,840
<b>GAIN ON SALE</b>	<b>\$4,435</b>

The gain has been reflected in other income in the consolidated statements of income and comprehensive income. A future income tax expense of \$0.9 million has been recorded.

The Company has guaranteed a minimum revenue obligation to the purchaser of \$400,000 per year over five years for a total of \$2 million. Any annual short-fall will be paid in cash by the Company to the purchaser. The Company can discharge its obligation in advance without penalty.

## 5. Data Libraries

	BALANCE AS AT			
		March 31, 2009 Accumulated Amortization		December 31, 2008 Accumulated Amortization
	Cost		Cost	
Seismic data library	\$250,559	\$101,866	\$241,707	\$ 92,748
Data sets	632	460	632	451
Log and drilling library	7,209	1,827	7,209	1,737
Reference library	445	349	445	327
Map library	239	76	239	72
	\$259,084	\$104,578	\$250,232	\$ 95,335
Net book value		\$154,506		\$154,897

## 6. Property and Equipment

	BALANCE AS AT			
		March 31, 2009 Accumulated Amortization		December 31, 2008 Accumulated Amortization
	Cost		Cost	
Computer hardware and software	\$ 6,102	\$4,864	\$ 6,814	\$4,862
Office furniture and equipment	1,305	837	1,247	755
Leasehold improvements	1,334	810	1,297	729
Assets under capital lease	3,436	2,167	3,964	2,064
Land	30	–	30	–
	\$12,207	\$8,678	\$13,352	\$8,410
Net book value		\$3,529		\$4,942

## 7. Deferred Development Costs

	BALANCE AS AT	
	March 31, 2009	December 31, 2008
Balance, beginning of period	\$6,201	\$4,736
Additions	546	2,453
Amortization <sup>(1)</sup>	(448)	(988)
Balance, end of period	\$6,299	\$6,201

(1) Included in depreciation and amortization in the consolidated statements of income and comprehensive income

## 8. Intangible Assets

	BALANCE AS AT			
	Cost	March 31, 2009 Accumulated Amortization	Cost	December 31, 2008 Accumulated Amortization
Non-competition agreements	\$ 3,938	\$ 3,938	\$ 3,938	\$ 3,938
Customer related intangibles	11,389	10,878	11,389	10,336
Proprietary software and code	8,256	4,253	8,256	4,084
Office leases below market value	2,700	1,250	2,700	1,138
Well logs licence agreement	750	750	750	750
	\$27,033	\$21,069	\$27,033	\$20,246
Net book value		\$ 5,964		\$ 6,787

## 9. Long-Term Debt Obligations

	BALANCE AS AT	
	March 31, 2009	December 31, 2008
Term loans and committed revolver (a)	\$ 36,645	\$ 41,202
Promissory notes (b)	4,689	6,091
Capital lease obligations (c)	984	1,491
	42,318	48,784
Current portion	(15,383)	(14,622)
Deferred finance charges (d)	(621)	(699)
Long-term portion	\$ 26,314	\$ 33,463

### (a) Term loans and committed revolver

On March 27, 2009, the Company's credit facility was amended. The Company's committed revolver will be reduced to \$20 million of availability on July 1, 2009, \$17.5 million by January 1, 2010 and \$15 million by April 30, 2010. The term loan amortization schedules were reduced from six to five years on May 1, 2009 to mirror the maturity date of the entire credit facilities. The Company's fixed charge coverage covenant was further amended going forward and the EBITDA covenant was changed to a cash EBITDA covenant (cash EBITDA is EBITDA less participation revenue). The Company's interest rates remain on a formula grid structure of LIBOR and Canadian base-rate options plus 4.00% to 5.00%. The remaining terms remained substantially unchanged.

The facilities were subject to the Company meeting certain debt covenants. The Company must have a minimum of \$5 million in cash EBITDA for the period ended March 31, 2009 (on a trailing three-month basis) and a fixed charge coverage ratio of at least 0.6:1 as at March 31, 2009 (on a trailing three-month basis). As at March 31, 2009, the Company was in violation of its cash EBITDA covenant. The lender has acknowledged the breach and has provided the Company with a waiver of the covenant as at March 31, 2009. The Company does not expect to violate its covenants over the next 12 months ending March 31, 2010.

As at March 31, 2009, \$22.2 million was drawn on the committed revolver, \$11.4 million was drawn on term loan A, and \$3 million was drawn on term loan B. The bank facilities are secured by a first floating charge on all the Company's assets.

**PRINCIPAL PAYMENTS ON THE TERM LOANS ARE AS FOLLOWS:**

Apr 2009 to Mar 2010	\$ 5,567
Apr 2010 to Mar 2011	5,695
Apr 2011 to Mar 2012	3,168
	\$14,430

**COMMITTED REVOLVER:**

Current portion	\$ 4,715
Long-term portion	17,500
	22,215
Total	\$36,645

(b) Promissory notes

	BALANCE AS AT	
	March 31, 2009	December 31, 2008
Unsecured promissory notes issued to replace the convertible debentures on the date of maturity (Note 14), bearing interest of 10%, repayable in 12 equal monthly blended payments commencing January 15, 2009.	\$ 4,206	\$ 5,608
Unsecured promissory notes issued on the acquisition of Spectrum, bearing interest of 6%, repayable on June 19, 2009.	350	350
Unsecured promissory notes issued on the acquisition of Landmasters, bearing interest at 2% above the Company's prime lending rate, repayable in three equal installments of \$66,667 on each of December 31, 2008, 2009, and 2010.	133	133
	\$ 4,689	\$ 6,091
Current portion	(4,622)	(6,024)
Long-term portion	\$ 67	\$ 67

Principal payments are as follows:

Apr 2009 to Mar 2010	\$4,622
Apr 2010 to Mar 2011	67
	\$4,689

(c) Capital lease obligations

The Company has capital lease obligations, which have terms of two to four years and bear interest at 1.4% to 7.2% per annum. Minimum annual lease payments are as follows:

Apr 2009 to Mar 2010	\$479
Apr 2010 to Mar 2011	361
Apr 2011 to Mar 2012	134
Apr 2012 to Mar 2013	10
	\$984

(d) Deferred finance charges

	BALANCE AS AT	
	March 31, 2009	December 31, 2008
Balance, beginning of period	\$699	\$1,059
Amortization <sup>(1)</sup>	(78)	(360)
<b>Balance, end of period</b>	<b>\$621</b>	<b>\$ 699</b>

(1) Included in interest expense in the consolidated statements of income and comprehensive income

## 10. Equity Instruments

- (a) Authorized  
An unlimited number of voting common shares.
- (b) Issued

	BALANCE AS AT			
	March 31, 2009		December 31, 2008	
	Number of Shares	Amount	Number of Shares	Amount
Common shares				
Balance, beginning of period	41,958	\$70,518	41,579	\$69,180
Cancellation of shares issued as retention bonuses	–	–	(1)	(5)
Reclassification to common shares on share purchase loan forgiveness and bonus shares release from escrow	–	–	–	252
Exercise of stock options – cash consideration	–	–	268	349
Exercise of stock options – reclassification of contributed surplus	–	–	–	136
Repurchase for cancellation	–	–	(36)	(59)
Conversion of convertible debentures	–	–	148	665
<b>Balance, end of period</b>	<b>41,958</b>	<b>\$70,518</b>	<b>41,958</b>	<b>\$70,518</b>

- (c) Contributed surplus

	BALANCE AS AT	
	March 31, 2009	December 31, 2008
Balance, beginning of year	\$4,955	\$3,661
Stock compensation expense	228	1,073
Reclassification to common shares on exercise of options	–	(136)
Reclassification to common shares on share purchase loan forgiveness and bonus shares released from escrow	–	(252)
Equity component of convertible debentures	–	609
<b>Balance, end of year</b>	<b>\$5,183</b>	<b>\$4,955</b>

- (d) Stock options

The Company has established a stock option 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. 4,196,009 common shares of the Company have been reserved under the Plan.

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

	NUMBER OF OPTIONS	OPTION PRICE	WEIGHTED AVERAGE PRICE
Options outstanding, December 31, 2007	2,743	\$1.00-\$6.10	\$3.19
Granted	516	\$1.30-\$2.39	\$1.34
Exercised	(268)	\$1.20-\$1.69	\$1.30
Forfeited	(504)	\$1.00-\$6.10	\$3.74
Options outstanding, December 31, 2008	2,487	\$1.00-\$6.10	\$2.90
Forfeited <sup>(1)</sup>	(285)	\$1.20-\$6.10	\$1.91
Options outstanding, March 31, 2009	2,202	\$1.00-\$6.10	\$3.03

(1) Includes 40,000 options held by an officer and a former officer and a 30,000 held by a director

Stocks options which were outstanding and vested as at March 31, 2009, are summarized as follows:

OPTIONS OUTSTANDING	OPTION PRICE	WEIGHTED AVERAGE EXERCISE PRICE	WEIGHTED AVERAGE REMAINING CONTRACTUAL LIFE	NUMBER OF OPTIONS CURRENTLY EXERCISABLE	WEIGHTED AVERAGE EXERCISE PRICE OF OPTIONS CURRENTLY EXERCISABLE
971	\$1.00-\$2.39	\$1.32	1.03	500	\$1.32
607	\$2.40-\$4.29	\$3.25	2.13	447	\$3.21
624	\$4.30-\$6.10	\$5.47	2.21	417	\$5.46
2,202	\$1.00-\$6.10	\$3.03	1.75	1,364	\$3.21

(e) Net income per share

The following table summarizes the computation of net income per share:

	FOR THE THREE MONTHS ENDED MAR 31	
	2009	2008
<b>Numerator</b>		
Net income	\$ 781	\$ 3,114
Interest on convertible debentures (after-tax and if dilutive)	—	138
Net income for diluted earnings per share	\$ 781	\$ 3,252
<b>Denominator</b>		
Weighted average number of shares outstanding for basic earnings per share	41,932	41,461
Dilutive instruments <sup>(1)</sup>		
Stock options	—	352
Retention bonus shares	—	62
Convertible debentures	—	1,817
Weighted average number of shares outstanding for diluted earnings per share	41,932	43,692
Basic net income per share	\$ 0.02	\$ 0.08
Diluted net income per share	\$ 0.02	\$ 0.07

(1) For diluted earnings per share, conversion or exercise is assumed only if the effect is dilutive. For the period ending March 31, 2009, options to purchase 2,202,000 (2008 – 1,977,000) common shares have been excluded from the calculations of diluted earnings per share as they were out of the money for the entire period.

## 11. Management of Capital

The Company's objectives when managing capital are to maintain a flexible capital structure which optimizes the cost of capital at acceptable risk levels and to manage capital in a manner which balances the interests of equity and debt holders.

In the management of capital, the Company includes the following in the definition of capital:

- shareholders' equity
- long-term debt obligations, including the current portion
- convertible debentures

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may purchase shares for cancellation pursuant to normal course issuer bids, issue new shares, issue new debt, and/or issue new debt to replace existing debt with different characteristics.

Managing its capital, the Company monitors its funded debt to equity ratio. Funded debt to equity is a non-GAAP measure and therefore is unlikely to be comparable to similar measures of other companies. The ratio is calculated by taking the sum of interest-bearing long-term debt obligations and long-term debt obligations maturing within one year divided by shareholders' equity as presented on the Company's consolidated balance sheets.

During 2008, the Company's strategy was to maintain the targets set out in the following table. The Company has determined that in reaction to the current economic environment it will target its funded debt to equity at the lower end of the range to ensure adequate

financial flexibility to meet the financial obligations, both current and long term. The Company believes that these ratios remain in a range that will continue provide access to capital at a reasonable cost.

Total funded debt to equity ratio at March 31, 2009 is within the Company's target.

		BALANCE AS AT MAR 31, 2009	BALANCE AS AT DEC 31, 2008
Components of Funded Debt and Equity Ratios			
Current portion of long-term funded debt obligations		\$ 15,383	\$ 14,622
Long-term funded debt obligations		26,314	33,463
Total funded debt		41,697	48,085
Shareholders' equity		\$112,982	\$111,973
	Company Target		
Total funded debt to equity	35% to 55%	37%	43%

## 12. Statement of Cash Flows

	FOR THE THREE MONTHS ENDED MAR 31	
	2009	2008
Interest and income taxes paid		
Income taxes paid (net of refunds)	\$ 292	\$ 1,500
Interest paid (net of interest revenue)	\$ 887	\$ 1,156
Changes in non-cash working capital balances		
Funds held in trust	\$ (4)	\$ 189
Accounts receivable	12,869	(7,742)
Income taxes receivable	(368)	—
Prepaid expenses, supplies and deposits	(381)	(127)
Accounts payable and accrued liabilities	(5,494)	6,164
Income taxes payable	—	(505)
Deferred revenue	(7,004)	5,282
	\$ (382)	\$ 3,261
Changes in non-cash working capital balances related to operating activities	\$ (3,329)	\$(6,415)
Changes in non-cash working capital balances related to investing activities	2,947	9,676
	\$ (382)	\$ 3,261

During the period ended March 31, 2009, the Company recorded capital lease additions of \$4,000 (2008 – \$293,000). At March 31, 2009, the Company held \$34,000 (2008 – \$130,000) of cash and cash equivalents which were denominated in a foreign currency.

## 13. Related Party Transactions

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

- (a) During the period ended March 31, 2009, the Company paid \$46,000 (2008– \$48,000) in brokerage commissions to a company controlled by a director. Included in accounts payable as at March 31, 2009 was \$nil (December 31, 2008 – \$nil) related to these commissions.
- (b) During the period ended March 31, 2009, the Company paid \$153,000 (2008 – \$60,000) in legal fees to the law firm at which the Company's Corporate Secretary is employed. Included in accounts payable as at March 31, 2009 was \$118,000 (December 31, 2008 – \$22,000) 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.

## 14. Financial Instruments and Risk Management

The Company holds various forms of financial instruments. The nature of these instruments and the Company's operations expose the Company to industry credit and interest rate. 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. The Company's risk exposures and the impact on the financial instruments are as follows:

### (a) Credit risk

Credit risk is the risk that the counterparty to a financial asset will default resulting in the Company incurring a financial loss. The Company is exposed to credit risk through its accounts receivable and unbilled revenue. To mitigate this risk, the Company routinely monitors the activities and balances in these accounts.

A significant portion of the Company's trade accounts receivable are from companies in the oil and gas industry and are exposed to normal industry credit risks. The concentration risk is mitigated primarily by the customers being large investment grade organizations. The credit worthiness of new customers is subject to review by management through consideration of the type of customer and the size of the contract. For the period ended March 31, 2009, 44% of the Company's revenue was derived from one customer with sales related to contracts for seismic data and processing. As at March 31, 2009, this customer accounted for 9% of the Company's total accounts receivable.

The Company reviews its accounts receivable amounts regularly and amounts are written down to their expected realizable value when outstanding amounts are determined not to be fully collectible. This generally occurs when the customer has indicated an inability to pay, the Company is unable to communicate with the customer over an extended period of time, and other methods to obtain payment have been considered and have not been successful. Bad debt expense is charged to net income in the period that the account is determined to be doubtful. Estimates of the allowance for doubtful accounts are determined on a customer-by-customer evaluation of collectability at each reporting date taking into consideration the following factors: the length of time the receivable has been outstanding, specific knowledge of each customer's financial condition and historical experience. The carrying amount of accounts receivable represents the maximum credit exposure.

The aging of trade receivables is illustrated below:

	BALANCE AS AT			
	Gross	March 31, 2009 Allowance	Gross	December 31, 2008 Allowance
Not past due	\$ 5,844	\$ –	\$11,329	\$ –
Past due 0-30 days	2,390	–	2,731	–
Past due 31-120 days	2,630	–	2,547	–
More than 121 days	4,302	302	4,346	517
<b>Total trade receivables</b>	<b>\$15,166</b>	<b>\$302</b>	<b>\$20,953</b>	<b>\$517</b>
Accrued receivables	130	–	7,422	–
Allowance for doubtful accounts	(307)	–	(517)	–
<b>Total accounts receivable</b>	<b>\$14,989</b>	<b>\$302</b>	<b>\$27,858</b>	<b>\$517</b>

(b) Interest rate risk

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 ranges from 1.4% to 7.2%. If these transactions were entered into today, the interest expense would not be materially different.

The sensitivity analysis includes items bearing interest at variable rates and indicates that a 100 basis points fluctuation in interest rates would have approximately a \$96,000 impact on net income for the three months ended March 31, 2009 (on a pre-tax basis). The Company does not use derivative financial instruments to reduce its interest risk exposure. The carrying amounts of the Company's term debt approximate its fair values.

(c) Liquidity risk

Liquidity risk is the risk that the Company will not have sufficient funds to meet its financial obligations when they are due. As at March 31, 2009, the Company had a cash and cash equivalents balance of \$0.5 million, \$15 million in accounts receivable and \$2.2 million in unused committed bank credit facilities until July 1, 2009 (term facilities cannot be redrawn upon) totalling \$17.7 million to settle current liabilities of \$37.1 million (excluding deferred revenue of \$4.1 million). To manage liquidity risk, the Company utilizes long and short-term cash forecasts to ensure it has necessary funds to fulfill its obligations. Management is reviewing additional sources of capital and alternative replacement debt structures to continue its activities and discharge its commitments as they become due. The Company is also focused on disposing of non-core assets and has implemented considerable expense reductions. Management believes that the liquidity risk is acceptable given historical operating results, value of the underlying assets as well as the existing and future pipeline of business opportunities. The Company has reduced its total debt by \$6.4 million since the end of 2008 and it will remain committed to not undertaking any significant capital expenditure unless the project is fully funded with sales contracts or until its working capital position has further improved.

The following table summarizes the maturities of financial liabilities and associated interest payments as at March 31, 2009:

	< 1 YEAR	1-2 YEARS	2-5 YEARS	TOTAL
Accounts payable and accrued liabilities	\$21,741	\$ –	\$ –	\$21,741
Long-term debt obligations <sup>(1)</sup>	15,383	6,123	20,812	42,318
<b>Total</b>	<b>\$37,124</b>	<b>\$6,123</b>	<b>\$20,812</b>	<b>\$64,059</b>

(1) Excludes deferred finance charges of \$621,000.

## 15. Segmented Information

The Company is an 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. Before the disposition of the assets of its wholly-owned subsidiary, the Company operated 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 develops and maintains 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 costs for finance, accounting, marketing, human resources, investor relations and information technology.

The accounting policies of the segments are the same as those described in significant accounting policies in the Company's audited consolidated financial statements as at and for the year ended December 31, 2008. 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 statements of income and comprehensive income are not allocated to the reportable segments.

AS AT AND FOR THE THREE MONTHS ENDED MARCH 31, 2009						
	Software	Services	Data	Consulting	Corporate & Other	Total
Revenue from external customers	\$ 1,884	\$ 6,714	\$ 7,953	\$ 2,214	\$ –	\$ 18,765
Inter-segment revenue	–	609	–	–	–	609
Operating income (loss) <sup>(1)</sup>	358	2,043	(3,186)	(74)	(3,391)	(4,250)
Interest expense (net of interest revenue)	–	–	38	(1)	864	901
Depreciation and amortization	478	687	9,723	160	453	11,501
Total assets	10,207	14,092	163,452	1,581	1,443	190,775
Goodwill	–	–	–	–	–	–
Capital expenditures	10	19	4,384	–	13	4,426
Deferred development costs	301	136	110	–	–	547

AS AT AND FOR THE YEAR ENDED DECEMBER 31, 2008						
	Software	Services	Data	Consulting	Corporate & Other	Total
Revenue from external customers	\$ 2,229	\$ 5,624	\$ 18,748	\$ 3,453	\$ –	\$ 30,054
Inter-segment revenue	–	–	582	–	–	582
Operating income (loss) <sup>(1)</sup>	388	133	7,739	(164)	(3,289)	4,807
Interest expense (net of interest revenue)	–	–	(1)	(6)	1,291	1,284
Depreciation and amortization	421	594	8,836	356	50	10,257
Total assets	11,538	24,942	200,005	13,085	1,732	251,302
Goodwill	1,266	4,652	–	4,172	–	10,090
Capital expenditures	19	39	17,351	–	27	17,436
Deferred development costs	162	254	5	–	–	421

AS AT AND FOR THE THREE MONTHS ENDED  
MARCH 31, 2009

	Canada	U.S.	Total
<b>Revenue</b>	18,765	–	18,765
Data libraries, participation surveys in progress, property and equipment, intangible assets and goodwill	164,208	–	164,208

AS AT AND FOR THE THREE MONTHS ENDED  
MARCH 31, 2008

	Canada	U.S.	Total
Revenue	29,602	452	30,054
Data libraries, participation surveys in progress, property and equipment, intangible assets and goodwill	201,581	4,811	206,392

(1) Operating income (loss) is revenue less operating expenses, interest, and depreciation and amortization

# CORPORATE INFORMATION

## Head Office

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Phone: (403) 237-9170  
Toll free: 1-888-294-0081  
Fax: (403) 229-4853

**Website:** [www.divestco.com](http://www.divestco.com)

**Investor Relations:** [investor.relations@divestco.com](mailto:investor.relations@divestco.com)

**For more information:** [info@divestco.com](mailto:info@divestco.com)

**Sales:** [sales@divestco.com](mailto:sales@divestco.com)

## Seismic Processing

500, 440 – 2nd Avenue SW  
Calgary, Alberta, Canada T2P 5E9  
Phone: (403) 298-5600  
Fax: (403) 264-1057

## Cavalier Land and Landmasters

300, 1324 – 11th Avenue SW  
Calgary, Alberta, Canada T3C 0M6  
Phone: (403) 264-5188  
Fax: (403) 264-5185

## Software Development, Consulting, Logs & Archive

1223, 31st Avenue NE  
Calgary, Alberta, Canada T2E 7W1  
Phone: (403) 248-7755  
Fax: (403) 250-1853

## Board of Directors

John A. Brussa <sup>1,3</sup>  
Stephen Popadynetz  
M. Scott Ratushny <sup>2,4</sup>  
Edward L. Molnar <sup>2,3</sup>  
Brent Gough <sup>2,3,4</sup>  
Wade Brillon

<sup>1</sup> Chairman of the Board

<sup>2</sup> Member of the Audit Committee

<sup>3</sup> Member of the Compensation Committee

<sup>4</sup> Member of the Corporate Governance  
Committee

## Officers

Stephen Popadynetz  
Chief Executive Officer and President

Roderick Chisholm  
Chief Financial Officer

Steve Sinclair-Smith  
Chief Operating Officer

Lonn Hornsby  
Senior VP Operations – Divestco Seismic  
Limited Partnership

Danny Chiarastella  
VP Finance

Mathew Hepton  
VP Software Development

Oliver Kuhn  
VP Processing

Peter Zyla  
VP Consulting & Strategy

## Corporate Secretary

Faralee A. Chanin

## Stock Exchange Listing

TSX: DVT

## Lending Institutions

Wells Fargo Financial Corporation Canada

## Registrar and Transfer Agent

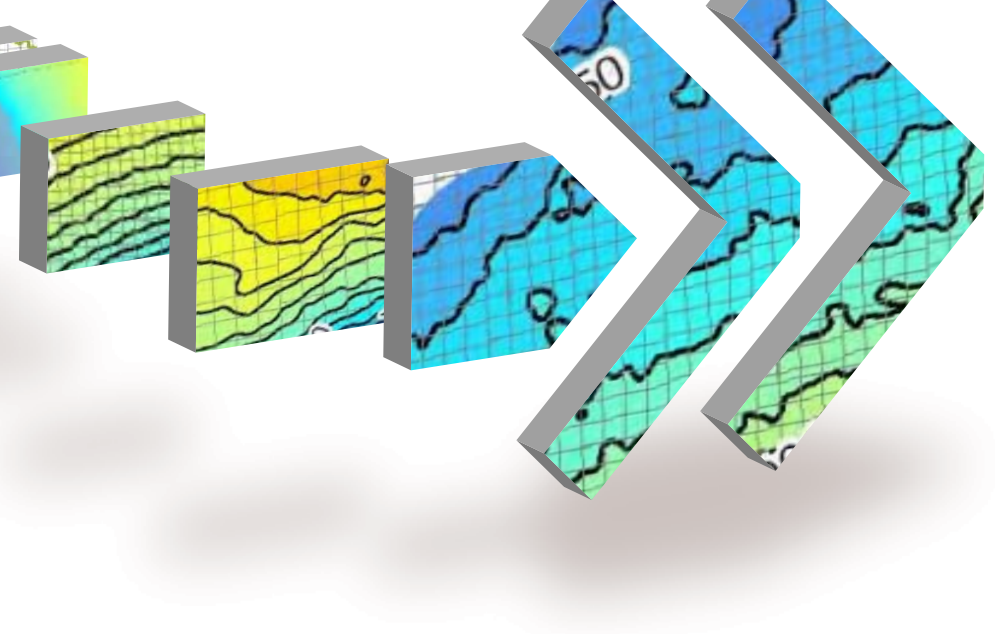
CIBC Mellon Company

## Auditors

KPMG LLP

## Legal Counsel

Field LLP



700, 707 – 7 Avenue SW  
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Fax: 403.229.4853

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**Divestco**