



QUARTERLY UPDATE — Fourth Quarter 2009

ISSUED 19 JANUARY 2010 — DILIGENT BOARD MEMBER SERVICES, INC.

Revenue — Fourth Quarters Compared

\$US (000s)	2008		2009		% Change	
	Qtr 4	YTD	Qtr 4	YTD	Qtrly	YTD
Net Sales	865	2,954	1,544	5,001	78%	69%

License Fees — Fourth Quarters Compared

\$US (000s)	2008		2009		% Change	
	Qtr 4	YTD	Qtr 4	YTD	Qtrly	YTD
Added Annualized License Fees (ALF) – Net	567	1,889	749	2,397	32%	27%
Foreign Exchange Adjustments	n/a	(103)	16	77	n/a	n/a
Cumulative ALF – Period End	n/a	3,846	n/a	6,321	n/a	64%
Upgrades/ (Downgrades) included in New ALF	59	161	92	353	56%	119%

Notes:

1. Upgrade/Downgrade numbers are included in Net ALFs calculation.
2. Foreign exchange adjustments for prior period sales are reported quarterly and included only in Cumulative ALF numbers.

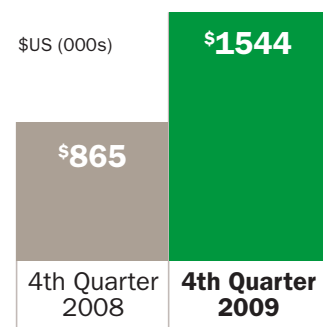
License Sales — Fourth Quarters Compared

	2008		2009		% Change	
	Qtr 4	YTD	Qtr 4	YTD	Qtrly	YTD
Added License Agreements – Net	30	100	41	110	37%	10%
Cumulative License Agreements – Period End	n/a	174	n/a	284	n/a	63%

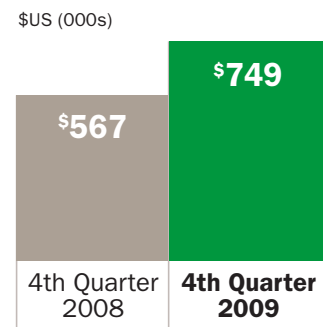
Notes:

1. Because license values constantly fluctuate, we consider License Sales to be a “growth indicator.” We place greater importance on Net Sales and Annualized License Fees, which we consider to be key “growth benchmarks.”
2. Net License Agreements definition: Signed License Agreements net of cancellations and reclassifications.

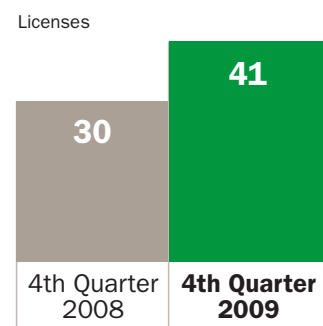
Net Sales 78% Growth



Added Annualized License Fees (Net) 32% Growth



Added License Agreements (Net) 37% Growth



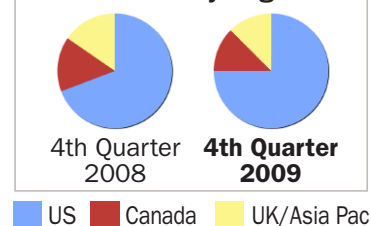
Other Metrics — Fourth Quarters Compared

Fully Trained Sales Personnel By Region	Region	2008 Qtr 4	2009 Qtr 4	% Change Qtr 4
Number of Fully Trained Sales Personnel By Sales Region (Quarterly Average)	US	9.0	6.0	-33%
	Canada	2.0	1.0	-50%
	UK/Asia Pac	2.0	1.0	-50%
	Q4 Total	13.0*	8.0*	-38%*

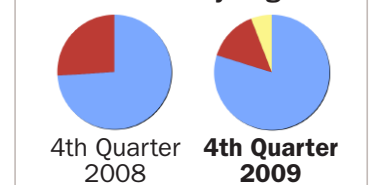
Total License Fees By Region	Region	2008 Qtr 4	2009 Qtr 4	% Change Qtr 4
Annualized License Fees By Sales Region at Period End	\$US (000s)	Qtr 4	Qtr 4	Qtr 4
	US	424	598	41%
	Canada	149	107	-28%
	UK/Asia Pac	(6)	44	n/a
Q4 Total	567	749	32%	

* This reflects the quarterly average, not the quarter-end number.

Fully Trained Sales Personnel By Region



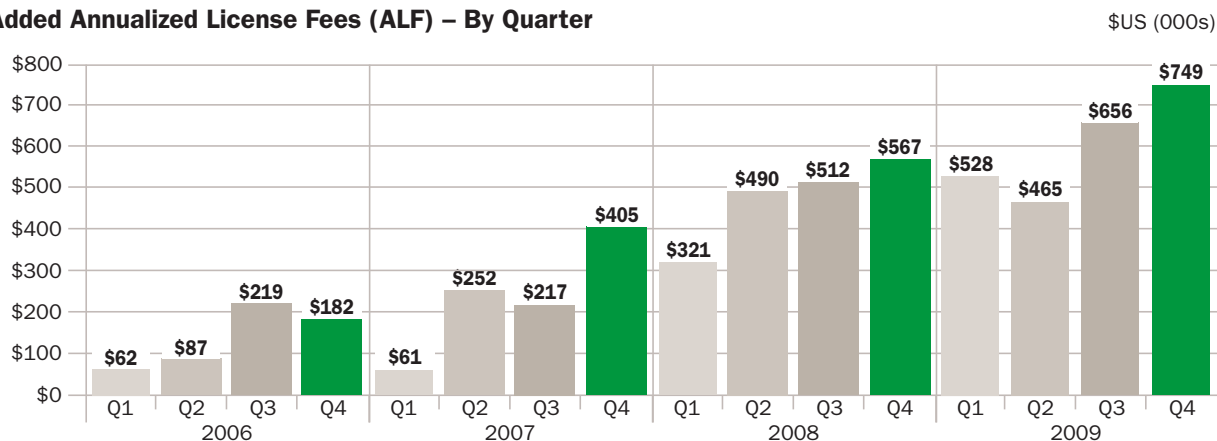
Total Sales By Region



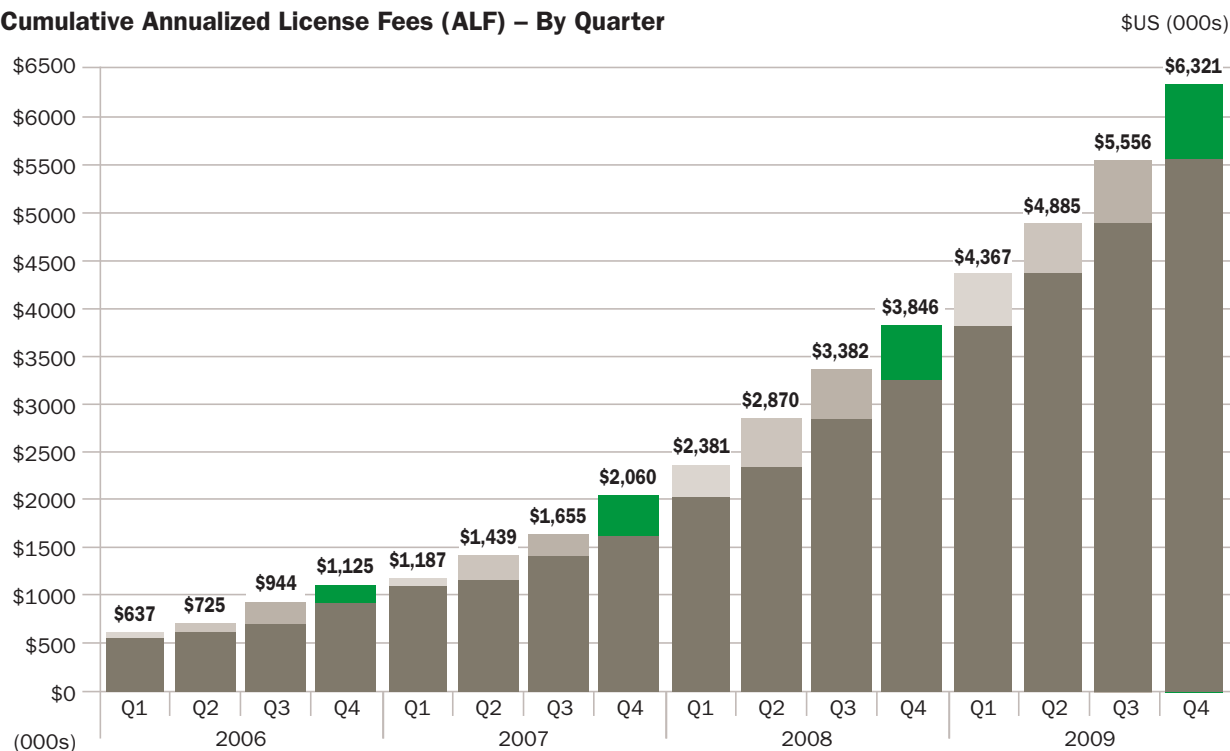
License Fee Growth

■ New Q1 ■ New Q2 ■ New Q3 ■ New Q4 ■ Recurring

Added Annualized License Fees (ALF) – By Quarter



Cumulative Annualized License Fees (ALF) – By Quarter



Note: Totals reflect Added Quarterly ALF and foreign exchange adjustments to prior periods' cumulative ALF.

Fourth Quarter Management Commentary

Diligent Board Member Services, Inc. (Diligent) announces the following sales results for the quarter ended 31 December 2009.

Fourth Quarter Results

- Net Sales Revenue was \$US 1.54 million for the Fourth Quarter of 2009, compared to \$US 0.87 million for the Fourth Quarter of 2008—a growth of 78%.
- Annualized License Fees increased \$US 0.75 million for the Fourth Quarter of 2009, compared to \$US 0.57 million for the Fourth Quarter of 2008—an improvement of 32%.
- Total Annualized License Fees were \$US 6.32 million at the end of the Fourth Quarter of 2009, compared to \$US 3.85 million at the end of the Fourth Quarter of 2008—a growth of 64% annual recurring revenue.
- A net of 41 New Licenses were added during the Fourth Quarter of 2009 which compares to 30 for the Fourth Quarter of 2008—an improvement of 37% and represents a substantial new high in New Licenses per quarter.

Performance Review

Diligent has produced another record-breaking quarterly performance with new Annualized License Fees soaring to \$US 0.75 million (\$NZ 1.01 million) in the Fourth Quarter of 2009—surpassing the previous record of \$0.66 million in the Third Quarter of 2009. To have back-to-back record-breaking quarters in the current worldwide economic environment demonstrates the strength and appeal to our potential clients of the Diligent Boardbooks offering.

This exceptional performance over two quarters caps off Diligent's best ever year since it began offering Boardbooks licenses eight years ago. This result is consistent with Diligent's position as the market leader in providing company directors, executives and administrators with an easy-to-use system of compiling, viewing, monitoring and archiving board materials within a Software-as-a-Service (SaaS) model.

Diligent, with its reputation for the highest quality product, service and support, now has more than \$US 6.32 million of Annualized License Fees. This is recurring income that is generated each year and which increases with each new license. Many of our clients pay annually, in advance, for their Boardbooks services in lieu of quarterly, which positively impacts our cash flow, thereby immediately benefiting our efforts to continue to expand our business.

Diligent is also pleased to announce it has reached an agreement in principle for a \$US 1.00 million line of credit from Spring Street Partners which gives Diligent the

opportunity, among other things, to implement new strategic directions—including the possibility of adding new sales personnel and initiating new marketing efforts. While such decisions have not been made, this credit line gives Diligent the flexibility to do so. Consummation of the agreement is subject to the parties executing the definitive agreements governing the extension of credit.

With the addition of 41 new license agreements (the previous best quarterly result was 30), Diligent now has 284 worldwide clients and 7,300 users of its Boardbooks products. It continues to introduce new SaaS features to cater to an increasingly diverse base of industry groups.

The drivers behind Diligent's significant sales growth include:

- Greater brand recognition of the Diligent Boardbooks product.
- A highly skilled and focused sales force.
- Faster sales turnaround driven, in part, by a general return of business confidence.
- High customer confidence in, and satisfaction with, the product; supporting a trend where existing clients continue to upgrade services, add new users and provide new client referrals.

An important factor to also note is that this growth has been achieved even though the number of trained sales staff has remained relatively consistent throughout 2009 and significantly down from sales staffing levels of 2008.

As confidence appears to be returning to US companies and the Diligent sales pipeline continues to grow, the company is considering expanding its sales force to take advantage of the real growth opportunities. Given the sales performance to date, management has now achieved a proven model when it comes to driving results from its sales force.

Summary

The record Fourth Quarter sales performance enabled Diligent to achieve sales revenue of \$US 5 million for 2009, a year-to-year increase of 69%. This result underpins its standing as the global market leader in providing an outstanding product and exceptional support and service in the board portal arena.

The company's ability to continue to significantly grow its recurring income each quarter confirms that its SaaS business model is strongly positioned for the future.

Diligent remains focused on ensuring the entire organisation is performing to its fullest potential.

Note: In addition to historical information, this quarterly update contains "forward-looking statements." The words "forecast," "estimate," "project," "intend," "expect," "should," "believe" and similar expressions are intended to identify forward-looking statements. These forward-looking statements involve known and unknown risks, uncertainties, assumptions and other factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. The forward-looking statements included herein are made only as of the date of this quarterly update, and we do not undertake any obligation, other than as required by law and the NZX Listing Rules, to release publicly any revisions to such forward-looking statements to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events.