



DILIGENT QUARTERLY UPDATE | Fourth Quarter 2011

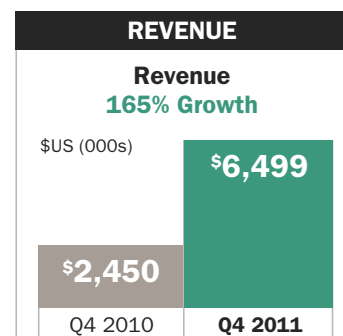
ISSUED 17 JANUARY 2012 — DILIGENT BOARD MEMBER SERVICES, INC.

Revenue — Fourth Quarters Compared

\$US (000s)	2010		2011		% Change	
	Qtr 4	YTD	Qtr 4	YTD	Qtrly	YTD
Revenue ¹	2,450	8,301	6,499	17,967	165%	116%

Notes:

1. Represents Revenue from Sales and Installation Fees recorded ratably over the contract period. The unearned portion of Sales and Installation Fees under existing agreements for services to be provided are recorded as Deferred Revenue. Sales are the amount of annual license and subscription fees due from clients under their agreements with Diligent.

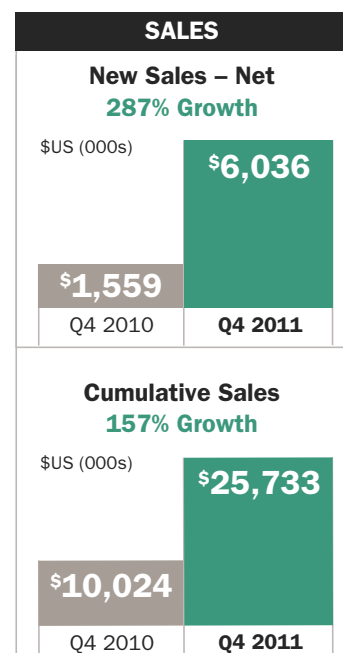


Sales — Fourth Quarters Compared

\$US (000s)	2010		2011		% Change	
	Qtr 4	YTD	Qtr 4	YTD	Qtrly	YTD
New Sales – Net ^{1,2}	1,559	3,704	6,036	15,851	287%	328%
Upgrades/(Downgrades) included in New Sales ³	290	654	922	2,167	218%	231%
Cumulative Sales – Period End ⁴	n/a	10,024	n/a	25,733	n/a	157%
Foreign Exchange Adjustments ⁵	7	(1)	(32)	(142)	n/a	n/a

Notes:

1. Formerly referred to as Additional Annualized License Fees.
2. Represents the annual license and subscription fees due from clients under their agreements with Diligent which were signed during the period. This also includes net additions/deductions to Sales under previously existing agreements — refer to note 3.
3. Represents the change during the Quarter in value of Sales under previously existing agreements. It is included in the New Sales – Net and the Cumulative Sales – Period End results above.
4. Represents the total amount of Sales under the existing agreements at the end of the Quarter. This figure is adjusted for foreign exchange fluctuations.
5. Records the change to existing Sales due to fluctuations in foreign exchange rates. This adjustment is only included in the Cumulative Sales numbers.

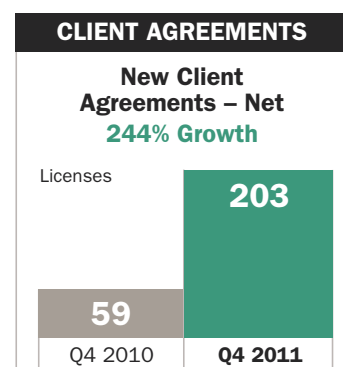


Client Agreements — Fourth Quarters Compared

	2010		2011		% Change	
	Qtr 4	YTD	Qtr 4	YTD	Qtrly	YTD
New Client Agreements – Net ^{1,2}	59	172	203	570	244%	231%
Cumulative Client Agreements – Period End ³	n/a	456	n/a	1,026	n/a	125%

Notes:

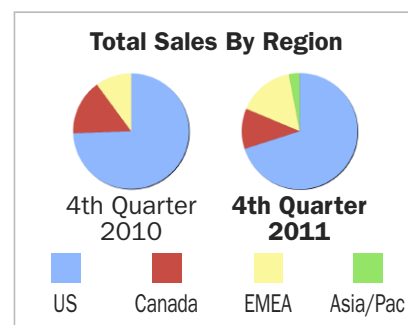
1. Formerly referred to as Additional License Agreements.
2. Represents new Client Agreements signed during the Quarter net of cancellations. Because the dollar value of agreements fluctuate, we consider the number of new Client Agreements to be a “growth indicator”. We place greater importance on Revenue and Sales, which we consider to be key “growth benchmarks”.
3. Represents the total number of signed Client Agreements net of cancellations at the end of the Quarter.



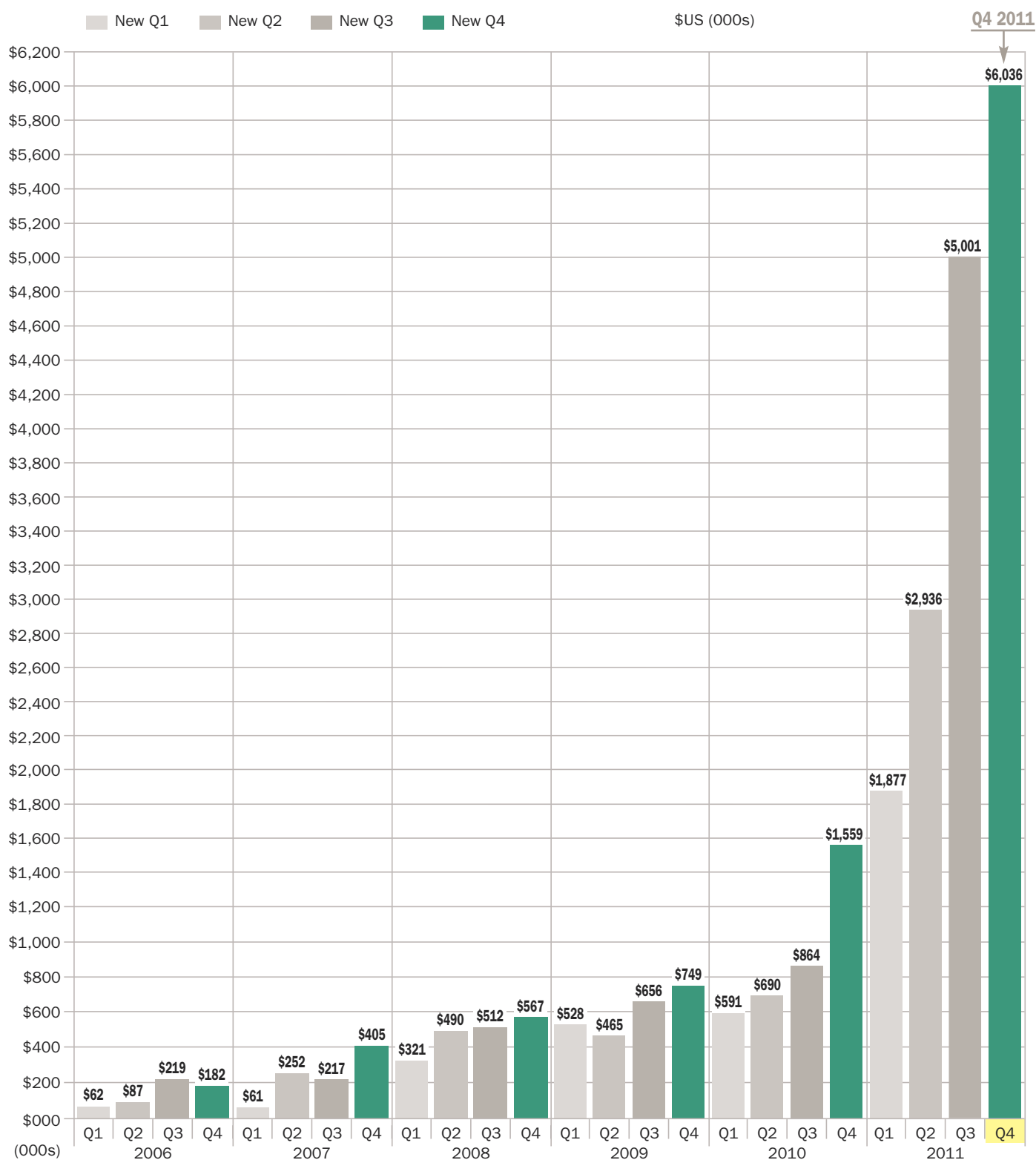
New Sales – Region — Fourth Quarters Compared

Total New Sales By Region	Region \$US (000s)	2010 Qtr 4	2011 Qtr 4	% Change Qtr 4
Sales By Region at Period End	US	1,161	4,206	262%
	Canada	241	673	179%
	EMEA*	157	976	522%
	Asia/Pacific	0	181	n/a
	Q4 Total	1,559	6,036	287%

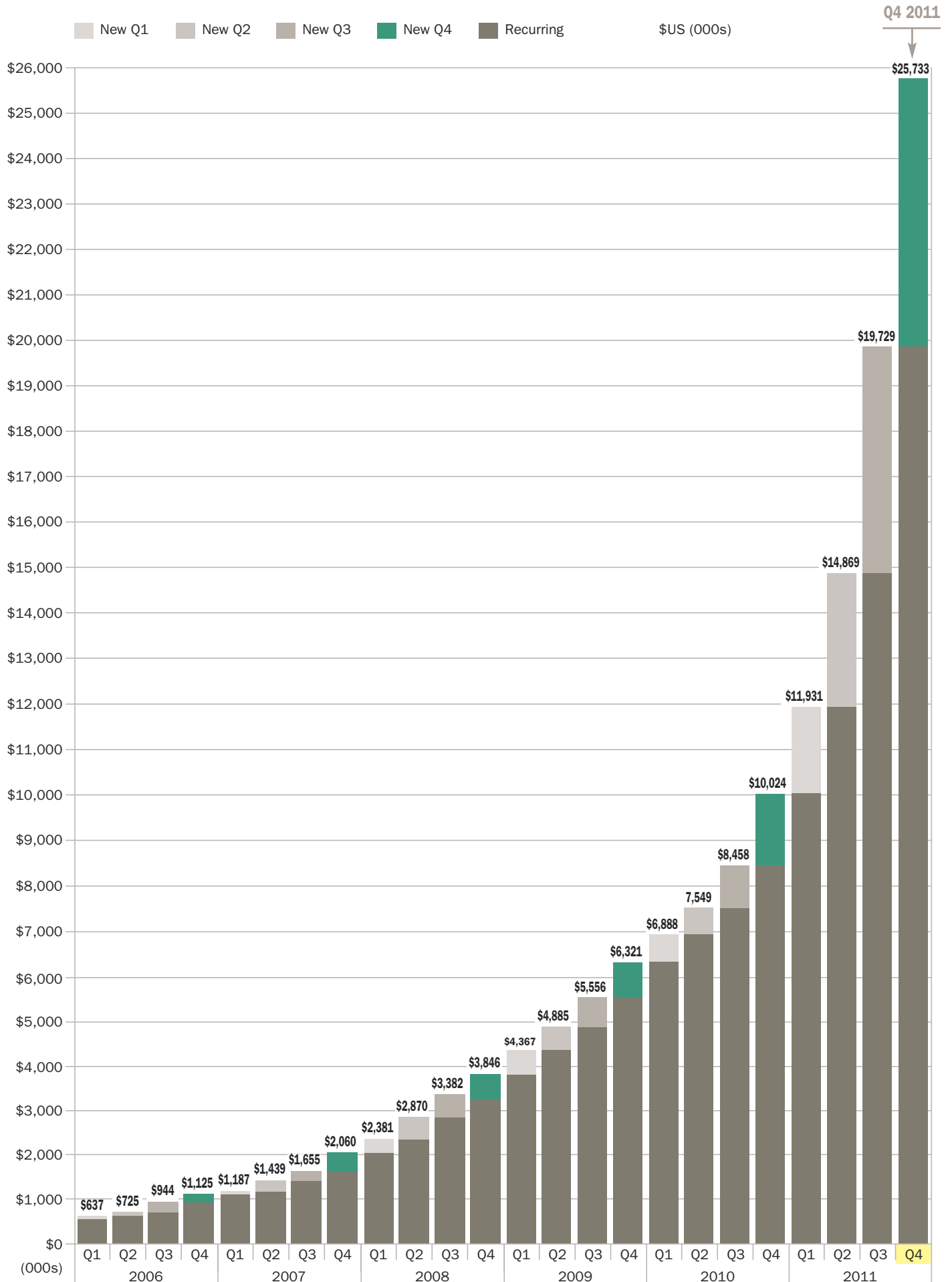
* Europe/Middle East/Africa



New Sales Growth — Additional Sales – By Quarter



Sales Growth — Cumulative Sales – By Quarter



Note: Totals reflect New Sales and foreign exchange adjustments to prior periods' Cumulative Sales.

Fourth Quarter Management Commentary

Performance Review

We are pleased to report that Diligent has continued its exceptional revenue growth with another record-breaking Quarterly Sales result. For the Fourth Quarter of 2011, Diligent recorded New Sales of \$US 6.0 million (\$NZ 7.6 million), which is \$US 1.0 million higher than New Sales in the Third Quarter 2011 and an extraordinary 287% increase over the Fourth Quarter of 2010.

New Sales for the Fiscal Year 2011 of \$US 15.9 million are more than four times New Sales for 2010 (\$US 3.7 million). This remarkable increase in sales growth has been achieved with only nominal growth in sales force and marketing expense and is resounding evidence of both dramatically heightened demand for the Diligent Boardbooks® product and improved efficiency in our client acquisition cost ratios.

Diligent generated record Quarterly Revenue of \$US 6.5 million (\$NZ 8.2 million) for the Fourth Quarter of 2011, which brings Full Year 2011 Revenue to \$US 18.0 million, more than double 2010 Revenue.

Also of note at the end of the Fourth Quarter of 2011, Diligent's Cumulative Sales income reached \$US 25.7 million (\$NZ 32.4 million), and the company now serves 1,026 public and private companies with over 1,500 boards and 27,500 users in the US, Canada, EMEA and the Asia Pacific region. Sales momentum in the UK in particular was gratifying as Diligent Boardbooks now serves 20% of the FTSE 100. To put our growth in international markets in perspective, Diligent's New Sales for the Fourth Quarter of 2011 outside the United States alone (\$US 1.83 million) were higher than the overall total of New Sales for all regions during the Fourth Quarter in 2010 (\$US 1.56 million).

During the Fourth Quarter, Diligent signed a total of 203 net new Client Agreements versus 59 in the same quarter last year—an increase of 244%. Included among the new clients are 53 NYSE and 23 NASDAQ companies. Diligent now services 163 Fortune 1000 companies, of which 29 were added in the Fourth Quarter. These outstanding new business milestones serve to highlight Diligent's position as the world's leading provider of board portals.

Client Upgrades are an important indicator of customer satisfaction for Diligent. In the Fourth Quarter of 2011 Client Upgrades totaled \$US 0.92 million which is a new record and more than three times the Client Upgrades in the Fourth Quarter of 2010 (\$US 0.29 million) and represents an increase of 218% over the Fourth Quarter of 2010. For all of 2011, Client Upgrades totaled over \$US 2.17 million, which is a significant number in and of itself.

Given Diligent's growth and continued sales lead momentum, senior management has seen fit to recruit additional high

quality professionals in order to handle the influx of new clients and to maintain the superior service and support standards that our clients have come to expect. As a result, during the Fourth Quarter of 2011 Diligent recruited and trained one additional account manager, two additional customer support persons and one additional person for IT Services.

Financial Highlights

In the Third Quarter of 2011, Diligent was profitable on an operating basis for the first time in its history as a public company. With the achievement of an even stronger operational performance in the Fourth Quarter of 2011, we are proud to announce another historic financial milestone for the company: Diligent will be profitable for the entire 2011 Fiscal Year on an operational basis for the first time in its history. This highlights the financial leverage of Diligent's "Software-as-a-Service" business model as the company continues to scale its operations and revenues.

Further evidence of the company's financial strength and also of great significance, Diligent's cash-flow position increased by over \$US 4.0 million in the Fourth Quarter of 2011 versus an increase of \$US 0.9 million in the Third Quarter of 2011, resulting in Diligent having \$US 9.0 million (\$NZ 11.3 million) in cash balances on hand as of December 31, 2011.

Summary

The achievement of \$US 6.0 million of New Sales in the Fourth Quarter is remarkable when one considers that this result is \$US 4.5 million greater than New Sales in the Fourth Quarter of 2010 and \$US 1.0 million more than the record set for New Sales in the Third Quarter of this year. Also of note is the fact that the \$US 25.7 million Cumulative Sales achieved at Fiscal Year 2011 represents an increase of more than two and one-half times the Cumulative Sales at the end of Fiscal Year 2010. Superlatives seem to lose their meaning as we search for ways to describe the truly transformational growth that has occurred at Diligent in 2011.

Most importantly, Diligent has not sacrificed profitability for growth. The company achieved operating profitability in Fiscal Year 2011 for the first time in its history. Senior management expects Diligent's operating margins and cash position to continue to improve as was the case in the Fourth Quarter where our cash position increased by over \$US 4.0 million.

In summary, Diligent experienced explosive growth and significantly strengthened its balance sheet and its cash flow position in Fiscal Year 2011. We expect these positive trends in cash flow and improved balance sheet flexibility to continue in 2012 and feel we are well-positioned to deliver another year of exceptional performance and outstanding value to our clients and shareholders.