

OTCBB: DVNTF

FOR IMMEDIATE RELEASE:

DIVERSINET CORP. ANNOUNCES SECOND QUARTER 2005 FINANCIAL RESULTS

Company Focuses on Execution as it Launches its MobiSecure Strong Authentication Solution and Significantly Expands Distribution Through OEM Agreement with VeriSign

TORONTO, Canada, August 11, 2005 – Diversinet Corp. (OTCBB: DVNTF), a leading provider of mobile device security and authentication solutions for the mobile data and on-line ecosystems, today announced its second quarter 2005 results. Revenues for the quarter were \$330,000, compared to \$611,000 in the second quarter of 2004. In January 2005 Diversinet began to focus on the evolving protection and trust needs of mobile users. These financial results reflect this shift in focus and time is now required to rebuild the sales and marketing efforts of the company as well as the customer base. The net loss for the quarter was \$1,458,000, or \$0.08 per share, compared to the 2004 second quarter loss of \$1,347,000 or \$0.11 per share. Included in the Q2 net loss are stock-based compensation, depreciation and amortization expenses of \$522,000 (\$349,000 in Q2 2004). Cash used in continuing operations for the second quarter was \$661,000, a decrease from the \$884,000 used in the second quarter of 2004 and \$789,000 in the first quarter of 2005.

In the second quarter of 2005, Diversinet entered into an OEM licensing agreement with VeriSign, Inc. to deliver its OATH-compliant suite of mobile tokens and mobile authentication services for distribution by VeriSign with the VeriSign® Unified Authentication solution. By licensing Diversinet's MobiSecure soft token product suite for the VeriSign Unified Authentication solution, VeriSign will provide enterprises, banks, online service providers and retailers with a cost-effective means to provide strong authentication protection to their customers, business partners and employees.

“Since we refocused the company in January of 2005, there has been an enthusiastic industry response to the opportunity to use our MobiSecure products and services to protect corporate profits, brand equity, and consumer confidence in on-line services,” said Nagy Moustafa, CEO of Diversinet. “MobiSecure is proving to be an effective and low-cost strong authentication solution upon which businesses can develop innovative solutions to address the threat of identity theft.”

“Diversinet is delivering the business infrastructure and product solutions that customers need to address the challenges of identity theft, phishing and on-line fraud,” said Kashif Hassan, President of Diversinet. “The licensing agreement with VeriSign provides distribution channels and validation services that complement our growing line of MobiSecure soft token products and associated provisioning and management services. We believe that we are still on schedule to deliver pilot activity in the second half of 2005.”

Diversinet's second quarter 2005 highlights also include:

- The Company launched the industry's first open mobile security platform to support standards-based strong authentication for mass-market deployments. Diversinet MobiSecure Tokens and MobiSecure Authentication Service Center (MASC) are designed to protect individuals, companies and enterprises from security threats such as identity theft and online fraud. MobiSecure Tokens eliminate the need for consumer and enterprise users to carry additional hard tokens, USB toggles or smart cards with smart card readers for two-factor authentication. The MobiSecure suite of soft tokens are available on all intelligent

mobile device platforms, including Microsoft, RIM, Symbian, Palm and Java-based phones, as well as personal computers running Microsoft Windows 98, 2000 and XP operating systems.

- The Company appointed international telecommunications veteran Brian Barry to its Board of Director and security expert Steve Sigmond of BlueStream Ventures to its Advisory Board.
- The Company continued its strong support of the Open AuTHentication (OATH) industry alliance for mobile-optimized strong authentication solution delivery, successfully showing its own MobiSecure soft token products interoperating with services from other OATH members at Digital ID World in San Francisco and InfoSecurity Canada in Toronto.

As a leading mobile and on-line authentication service provider, Diversinet provides enterprises, banks, online service providers and retailers with cost effective, mobile-optimized strong authentication products and services that reduce identity theft and improve brand trust. Diversinet MobiSecure solutions leverage more than 2 billion consumer and enterprise mobile devices and PCs as strong authentication tokens.

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About Diversinet (OTCBB: DVNTF)

Diversinet is a leading provider of mobile device security and authentication solutions for the mobile data ecosystem. Diversinet products and services allow users to protect their identity, data and device for personal communications and commercial transactions. The Diversinet MobiSecure suite of mobile tokens and MobiSecure Authentication Service Center enable application providers, mobile network operators and security service providers to rapidly develop, deploy and manage secure mobile data services for the over 2 billion mobile device and PC users worldwide. MobiSecure is the industry's first open mobile security platform to support OATH-compliant strong authentication on mobile devices and networks. For more information about the initiative for Open AuTHentication (OATH) visit www.openauthentication.org. Connect with Diversinet Corp. at www.diversinet.com.

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The Private Securities Litigation Reform Act of 1995 provides a “safe harbor” for forward-looking statements. Certain information included in this press release (as well as information included in oral statements or other written statements made or to be made by the company) contains statements that are forward-looking, such as statements relating to anticipated future revenues of the company and success of current product offerings. Such forward-looking information involves important risks and uncertainties that could significantly affect anticipated results in the future and, accordingly, such results may differ materially from those expressed in any forward-looking statements made by or on behalf of the company. For a description of additional risks and uncertainties, please refer to the company’s filings with the Securities and Exchange Commission.

Diversinet Corp.**CONSOLIDATED BALANCE SHEETS**

[in United States dollars]

(Unaudited)

	June 30, 2005	December 31, 2004 (restated note 3)
	\$	\$
ASSETS		
Current		
Cash and cash equivalents	446,296	723,498
Short-term investments	905,932	2,000,000
Accounts receivable	176,667	290,239
Other receivables	64,459	35,700
Prepaid expenses	191,151	187,653
Current assets of discontinued operations (note 3)	-	512,992
Total current assets	1,784,505	3,750,082
Capital assets, net	541,432	593,673
Purchase technology, net	31,416	125,667
Customer assets, net	385,896	551,280
Goodwill	1,894,692	2,286,932
Total assets	4,637,941	7,307,634

LIABILITIES AND SHAREHOLDERS'**EQUITY****Current**

Accounts payable	232,905	147,084
Accrued liabilities	468,031	478,781
Notes payable	-	4,611
Deferred revenue	196,500	165,343
Current liabilities of discontinued operations (note 3)	96,986	676,414
Total current liabilities	994,422	1,472,233

Shareholders' equity

Share capital	52,469,844	52,445,135
Cumulative translation adjustment	(1,520,721)	(1,520,721)
Share purchase warrants	2,927,399	2,830,929
Contributed surplus	1,709,712	1,265,549
Deficit	(51,942,715)	(49,185,491)
Total shareholders' equity	3,643,519	5,835,401
Total liabilities and shareholders' equity	4,637,941	7,307,634

See accompanying notes to interim consolidated financial statements.

Diversinet Corp.**CONSOLIDATED STATEMENTS OF LOSS AND DEFICIT**

[in United States dollars]

(Unaudited)

	Three months ended June 30		Six months ended June 30	
	2005	2004	2005	2004
	(restated note 3)		(restated note 3)	
	\$	\$	\$	\$
REVENUE	329,514	611,147	683,925	1,464,347
Cost of sales	216,270	390,362	461,738	826,683
Gross margin	113,244	220,785	222,187	637,664
EXPENSES				
Research and development	303,607	310,862	581,154	641,951
Sales and marketing	352,227	390,591	668,962	778,595
General and administrative	747,963	601,351	1,262,023	1,343,316
Depreciation and amortization	177,408	200,019	351,695	399,870
	1,581,205	1,502,823	2,863,834	3,163,732
Loss before the following	(1,467,961)	(1,282,038)	(2,641,647)	(2,526,068)
Foreign exchange gain	(11,441)	(14,160)	(18,527)	(23,958)
Interest income	(3,716)	(2,901)	(12,665)	(9,230)
Loss from continuing operations	(1,452,804)	(1,264,977)	(2,610,455)	(2,492,880)
Loss from discontinued operations (note 3)	(5,195)	(82,233)	(146,769)	(197,239)
Loss for the period	(1,457,999)	(1,347,210)	(2,757,224)	(2,690,119)
Deficit, beginning of period	(50,484,716)	(43,011,558)	(49,185,491)	(41,481,762)
Adjustment for change in accounting for stock-based compensation	-	-	-	(186,887)
Loss for the period	(1,457,999)	(1,347,210)	(2,757,224)	(2,690,119)
Deficit, end of period	(51,942,715)	(44,358,768)	(51,942,715)	(44,358,768)
Loss per share				
Basic and diluted loss per share from continuing operations	(0.08)	(0.11)	(0.14)	(0.21)
Basic and diluted loss per share	(0.08)	(0.11)	(0.14)	(0.22)
Weighted average common shares outstanding	19,247,556	11,881,901	19,213,493	12,055,217

See accompanying notes to interim consolidated financial statements.

Diversinet Corp.**CONSOLIDATED STATEMENTS OF CASH FLOWS**

(In United States dollars)

(Unaudited)

	Three months ended		Six months ended June	
	June 30		30	
	2005	2004	2005	2004
	\$	\$	\$	\$
OPERATING ACTIVITIES				
Loss from continuing operations	(1,452,804)	(1,264,977)	(2,610,455)	(2,492,880)
Add (deduct) items not requiring an outlay of cash:				
Depreciation and amortization	177,408	200,019	351,695	399,870
Stock-based compensation expense	344,681	149,257	580,833	334,541
Changes in non-cash working capital items related to operations:				
Accounts receivable and other receivables	99,958	(85,438)	84,813	(109,248)
Prepaid expenses	18,883	34,586	36,702	251,924
Accounts payable and accrued liabilities	115,834	(34,322)	75,071	(543,252)
Deferred revenue	35,000	116,645	31,157	(25,695)
Cash used in continuing operations	(661,040)	(884,230)	(1,450,184)	(2,184,740)
Cash provided by (used in) discontinued operations	(30,179)	19,337	179,036	25,384
Cash used in operations	(691,219)	(864,893)	(1,271,148)	(2,159,356)
FINANCING ACTIVITIES				
Issue of common shares, common purchase options, warrants for cash	(71,191)	3,026	(55,691)	1,887,740
Notes payable	-	(4,353)	(4,611)	(6,250)
Cash provided by (used in) financing activities	(71,191)	(1,327)	(60,302)	1,881,490
INVESTING ACTIVITIES				
Decrease (increase) in short-term investments	594,273	298,641	1,094,068	294,117
Net addition of capital assets	(37,571)	(2,215)	(39,820)	(6,677)
Cash provided by investing activities	556,702	296,426	1,054,248	287,440
Net increase (decrease) in cash and cash equivalents during the period	(205,708)	(569,794)	(277,202)	9,574
Cash and cash equivalents, beginning of the period	652,004	1,126,902	723,498	547,534
Cash and cash equivalents, end of the period	446,296	557,108	446,296	557,108

See accompanying notes to interim consolidated financial statements.