

Diversinet Reports Third Quarter 2005 Financial Results

~ New Channel and Customer Wins Broaden Distribution for MobiSecure Product Suite ~

TORONTO, CANADA: November 10, 2005: Diversinet Corp. (OTCBB: DVNTF), a leading provider of personal authentication and security solutions for the wireless world, today announced its financial results for third quarter of 2005. During the third quarter of 2005 Diversinet continued its strategic focus on building a distribution network for the mass-market provisioning and management of its MobiSecure™ soft tokens, designed to protect individuals, companies and enterprises from online security threats.

Revenues for the third quarter of 2005 were \$258,000, compared to \$720,000 in the third quarter of 2004. Cash used in continuing operations for the third quarter was \$650,000, a decrease from the \$705,000 used in the third quarter of 2004 and \$661,000 in the second quarter of 2005. The net loss for the third quarter of 2005 was \$3,323,000, or \$0.17 per share, compared to a net loss of \$660,000 or \$0.05 per share in the third quarter of 2004. Included in the third quarter net loss are stock-based compensation, depreciation and amortization, goodwill impairment charges and customer asset impairment charges of \$2,589,000 (\$358,000 in Q3 2004). In early 2005, Diversinet deemphasized its professional service efforts to focus primarily on its MobiSecure suite of products. In February 2005 Diversinet sold the assets of DSS, its systems integration provider, and during the third quarter Diversinet wrote off all the remaining goodwill and customer assets for Caradas, its smart card solution division. With the completion of a \$2 million private placement in September, cash and cash equivalents at September 30, 2005 were \$2,570,000.

“We are very focused and strategically well positioned to deliver mass-market provisioning of our MobiSecure soft token authenticators onto any mobile phone, PDA or PC and through any network to combat phishing, identity theft, online fraud and identity misrepresentation worldwide.” states Nagy Moustafa, CEO of Diversinet.

Current market and industry trends indicate the need for consumer-based strong authentication adoption is rapidly evolving. Governments globally are mandating strong authentication for online banking to combat fraud such as phishing and identity theft. According to a recent article in the Washington Post, 2.4 million consumers reported losing money directly because of phishing attacks. The U.S. Federal Trade Commission logged 635,000 consumer complaints for fraud and identity theft last year, with 61% for fraud and 39% for identity theft.

Additionally, as a result of the recent Federal Financial Institutions Examination Council (FFIEC) report “Authentication in an Internet Banking Environment”, jointly released with the Federal Deposit Insurance Corporation (FDIC), banks and other financial institutions offering consumers the ability to conduct transactions over the Internet are expected to deploy some form of two-factor authentication to meet these new federal security requirements by the end of 2006. Diversinet’s low-cost, highly scaleable mass-market MobiSecure product offerings will be an attractive solution for broad-based consumer strong authentication deployments.

Diversinet’s unique combination of client software and wireless provisioning services enables the issuance and management of mobile device authentication tokens and also create a technology platform from which Diversinet can provide an entirely new and powerful set of capabilities in the mobile e-commerce environment in the form of digital identities, digital permissions and wireless wallets. Based on channel partner and customer feedback, a variety of wireless wallet types could be provisioned by Diversinet including: authentication wallets for soft tokens; credential wallets for age verification and identity cards; payment wallets for stored value, credit, and debit card permissions; and loyalty wallets for

advertising, rewards and coupon permissions. Diversinet is well positioned to benefit from these emerging opportunities.

Third quarter 2005 channel and customer highlights include:

- The Company entered into an agreement with SanDisk® Corporation, the world's largest supplier of flash data storage card products, to include MobiSecure on SanDisk's TrustedFlash(TM) Cards. The solution is part of SanDisk's initiative to add to the capabilities of its flash cards beyond storage.
- The Company entered into an agreement with Gemplus, a world-leading provider of smart card solutions, to integrate Diversinet's MobiSecure OATH-compliant mobile authentication solutions within Gemplus solutions for wireless carriers. The product is slated to launch in early 2006.
- Magna Entertainment Corp. (MEC), North America's number one owner and operator of horse racetracks, selected MobiSecure to secure MEC customers' mobile betting transactions. MobiSecure will allow MEC to strongly authenticate bettors whether they use cellular, WiFi, Internet or on-track devices. Diversinet's product will also support geo-fencing and age verification, two important issues in the regulation of mobile betting.

The Company's corporate developments highlights include:

- The Company completed a \$2 million oversubscribed private placement funding, which included new institutional investors. In total, Company insiders purchased 45% of the shares offered. Net proceeds will be used for working capital purposes, commercialization activities and enhanced product development with channel partners and direct customers.
- The Company introduced a two-factor authentication multi-token wallet for Symbian OS phones. Diversinet's MobiSecure Multi-Token Wallet allows consumers to load as many strong authentication credentials as they need into their Symbian OS mobile phones.
- The Company announced Over-The-Air (OTA) provisioning and lifecycle management services for OATH-compliant soft tokens. MASC offers secure OTA provisioning of multiple credentials with the MobiSecure Multi-Token Wallet; efficient OTA provisioning auto-detect features that determines the user's device type without requiring any input from the user; enhancements for automated OTA provisioning and end-user life-cycle management; and capabilities to embed specific user information into any MobiSecure soft token at the time of provisioning to significantly enhance its value in consumer applications for age verification, loyalty programs and mobile payments.

Diversinet's MobiSecure products and services leverage more than two billion mobile devices and PCs as strong authentication tokens. Diversinet's MobiSecure soft tokens and Mobile Authentication Service Center (MASC) offerings are available on the leading intelligent mobile device platforms, including Symbian, Microsoft, RIM, Palm and Java-based phones as well as on personal computers running Microsoft Windows operating system. Additionally, the Company is extending its reach into innovative consumer appliances by supporting SanDisk flash-memory cards and Gemplus SIM card mobile enabled devices.

About Diversinet (OTCBB: DVNTF)

Diversinet is a leading provider of personal authentication and security solutions for the wireless world. The Company's software and services protect user identity and provide secure access for new, innovative consumer and business applications using a variety of mobile phones, Personal Digital Assistants (PDAs) and personal computers. Diversinet's highly scaleable, open mobile security platform enables enterprises and service providers to rapidly develop, deploy and manage next-generation wireless security services. Diversinet's technology effectively simplifies what had previously been a very complex set of technical problems in both information security and wireless data communications. MobiSecure is the industry's

first open mobile security platform to support OATH-compliant strong authentication on mobile devices and personal computers. 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.

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Diversinet Corp.
CONSOLIDATED BALANCE SHEETS
[in United States dollars]
(Unaudited)

| | September, 30 2005 | December 31, 2004 (restated note 3) |
|---|-----------------------|---|
| | \$ | \$ |
| ASSETS | | |
| Current | | |
| Cash and cash equivalents | 2,569,891 | 723,498 |
| Short-term investments | - | 2,000,000 |
| Accounts receivable | 115,630 | 290,239 |
| Other receivables | 50,000 | 35,700 |
| Prepaid expenses | 84,191 | 187,653 |
| Current assets of discontinued operations (note 3) | - | 512,992 |
| Total current assets | 2,819,712 | 3,750,082 |
| Capital assets, net | 514,934 | 593,673 |
| Purchased technology, net | - | 125,667 |
| Customer assets, net | - | 551,280 |
| Goodwill | - | 2,286,932 |
| Total assets | 3,334,646 | 7,307,634 |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | |
| Current | | |
| Accounts payable | 220,604 | 147,084 |
| Accrued liabilities | 495,323 | 478,781 |
| Notes payable | - | 4,611 |
| Deferred revenue | 151,500 | 165,343 |
| Current liabilities of discontinued operations (note 3) | 41,746 | 676,414 |
| Total current liabilities | 909,173 | 1,472,233 |
| Shareholders' equity | | |
| Share capital | 54,346,152 | 52,445,135 |
| Cumulative translation adjustment | (1,520,721) | (1,520,721) |
| Share purchase warrants | 2,986,543 | 2,830,929 |
| Contributed surplus | 1,878,889 | 1,265,549 |
| Deficit | (55,265,390) | (49,185,491) |
| Total shareholders' equity | 2,425,473 | 5,835,401 |
| Total liabilities and shareholders' equity | 3,334,646 | 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 September 30 | | Nine months ended September 30 | |
|--|---------------------------------|-------------------|--------------------------------|-------------------|
| | 2005 | 2004 | 2005 | 2004 |
| | | (restated note 3) | | (restated note 3) |
| | \$ | \$ | \$ | \$ |
| REVENUE | 258,148 | 719,578 | 942,073 | 2,183,925 |
| Cost of sales | 88,722 | 333,207 | 550,460 | 1,159,890 |
| Gross margin | 169,426 | 386,371 | 391,613 | 1,024,035 |
| EXPENSES | | | | |
| Research and development | 350,782 | 302,035 | 931,936 | 943,986 |
| Sales and marketing | 267,406 | 279,223 | 936,368 | 1,057,818 |
| General and administrative | 535,784 | 500,964 | 1,797,807 | 1,844,280 |
| Depreciation and amortization | 140,214 | 188,070 | 491,909 | 587,940 |
| Goodwill impairment charge (note 2) | 1,894,690 | - | 1,894,690 | - |
| Customer asset impairment charge (note 2) | 330,768 | - | 330,768 | - |
| | 3,519,644 | 1,270,292 | 6,383,478 | 4,434,024 |
| Loss before the following | (3,350,218) | (883,921) | (5,991,865) | (3,409,989) |
| Foreign exchange loss | (27,477) | (25,348) | (8,950) | (1,390) |
| Interest income | 6,804 | 1,350 | 19,469 | 10,580 |
| Loss from continuing operations | (3,370,891) | (907,919) | (5,981,346) | (3,400,799) |
| Income (loss) from discontinued operations (note 3) | 48,216 | 247,444 | (98,553) | 50,205 |
| Loss for the period | (3,322,675) | (660,475) | (6,079,899) | (3,350,594) |
| Deficit, beginning of period | (51,942,715) | (44,358,768) | (49,185,491) | (41,481,762) |
| Adjustment for change in accounting for stock-based compensation | - | - | - | (186,887) |
| Loss for the period | (3,322,675) | (660,475) | (6,079,899) | (3,350,594) |
| Deficit, end of period | (55,265,390) | (45,019,243) | (55,265,390) | (45,019,243) |
| Loss per share | | | | |
| Basic and diluted loss per share from continuing operations | (0.17) | (0.07) | (0.31) | (0.28) |
| Basic and diluted loss per share | (0.17) | (0.05) | (0.31) | (0.28) |
| Weighted average common shares outstanding | 19,525,767 | 12,232,941 | 19,318,729 | 12,114,891 |

See accompanying notes to interim consolidated financial statements.

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

(In United States dollars)

(Unaudited)

| | Three months ended September 30 | | Nine months ended September 30 | |
|---|------------------------------------|------------------|-----------------------------------|--------------------|
| | 2005 | 2004 | 2005 | 2004 |
| | \$ | \$ | \$ | \$ |
| OPERATING ACTIVITIES | | | | |
| Loss from continuing operations | (3,370,891) | (907,919) | (5,981,346) | (3,400,799) |
| Add (deduct) items not requiring an outlay of cash: | | | | |
| Depreciation and amortization | 140,214 | 188,070 | 491,909 | 587,940 |
| Goodwill impairment charge (note 2) | 1,894,690 | - | 1,894,690 | - |
| Customer asset impairment charge (note 2) | 330,768 | - | 330,768 | - |
| Stock-based compensation expense | 223,355 | 170,265 | 804,188 | 504,805 |
| Changes in non-cash working capital items related to operations: | | | | |
| Accounts receivable and other receivables | 75,496 | 202,690 | 160,309 | 93,442 |
| Prepaid expenses | 86,860 | 5,010 | 123,562 | 256,934 |
| Accounts payable and accrued liabilities | 14,991 | (32,790) | 90,062 | (576,043) |
| Deferred revenue | (45,000) | (330,656) | (13,843) | (356,349) |
| Cash used in continuing operations | (649,517) | (705,330) | (2,099,701) | (2,890,070) |
| Cash provided by (used in) discontinued operations | (2,023) | 44,564 | 177,013 | 69,948 |
| Cash used in operations | (651,540) | (660,766) | (1,922,688) | (2,820,122) |
| FINANCING ACTIVITIES | | | | |
| Issue of common shares, common purchase options, warrants for cash | 1,896,374 | - | 1,840,683 | 1,887,740 |
| Notes payable | - | (8,143) | (4,611) | (14,393) |
| Cash provided by (used in) financing activities | 1,896,374 | (8,143) | 1,836,072 | 1,873,347 |
| INVESTING ACTIVITIES | | | | |
| Decrease (increase) in short-term investments | 905,932 | 499,173 | 2,000,000 | 793,290 |
| Net addition of capital assets | (27,171) | (15,684) | (66,991) | (22,361) |
| Cash provided by investing activities | 878,761 | 483,489 | 1,933,009 | 770,929 |
| Net increase (decrease) in cash and cash equivalents during the period | 2,123,595 | (185,420) | 1,846,393 | (175,846) |
| Cash and cash equivalents, beginning of the period | 446,296 | 557,108 | 723,498 | 547,534 |
| Cash and cash equivalents, end of the period | 2,569,891 | 371,688 | 2,569,891 | 371,688 |

See accompanying notes to interim consolidated financial statements.