

NEWS FOR IMMEDIATE RELEASE:

OTCBB: DVNTF

24,316,691 shares issued and outstanding

Diversinet Corp. Announces Fiscal 2005 Annual Results

Company Positioned as Category Leader for Mobile and PC-based Authentication and Provisioning Services to Consumer/Enterprise Markets.

TORONTO, CANADA, February 22, 2006 -- Diversinet Corp. (OTCBB: DVNTF), a leading provider of mobile-enabled personal authentication and security solutions, today announced its fiscal 2005 results.

For the year ended December 31, 2005, Diversinet reported revenue of \$1,101,000 compared to revenue of \$2,603,000, for the year ended December 31, 2004. The Company reported a net loss of \$7,109,000 or \$(0.35) per share for the year ended December 31, 2005, compared to a net loss of \$7,517,000 or \$(0.62) per share for the year ended December 31, 2004. Included in the December 31, 2005 net loss are non-cash items of \$986,000 in stock-based compensation expense, depreciation and amortization of \$540,000 and \$2,225,000 in goodwill and customer asset impairment charges, totaling \$3,751,000 or 53% percent of the net loss.

The Company recorded revenues of \$159,000 in the three months ended December 31, 2005, compared to \$419,000, in the same period in the prior year. The net loss for the three months ended December 31, 2005 was \$1,030,000, compared to a net loss for the same quarter in fiscal 2004 of \$4,166,000. Included in the three months ended December 31, 2005 net loss are non-cash items of \$182,000 in stock-based compensation expense, \$48,000 for depreciation and amortization, totaling \$225,000 or 22% percent of the net loss.

The Company had \$1,356,000 in cash as of December 31, 2005. Cash used in continuing operations during the three months ended December 31, 2005 amounted to \$1,191,000 compared to \$747,000 for the fourth quarter of 2004. Included in the quarterly 2005 cash usage were one time payments of \$256,000. We believe that cash usage in the first half of 2006 will be reduced as a result of increased revenue directly related to the success of our new strategic focus, cost reduction measures and the elimination of one time charges. The Company also expects to receive approximately \$150,000 in the first half of 2006 related to its Scientific Research & Experimental Development claim from the Ontario government.

In January 2005 Diversinet re-launched its corporate strategy and began to focus on the evolving protection, trust and provisioning needs of mobile users. These financial results reflect this shift in focus and the time required to build up our distribution channel and corresponding customer base. Recently, the Company announced a licensing, development and support agreement with RSA Security Inc. that will result in minimum revenues of \$2.2 million to Diversinet over three years. We believe that this type of partnership confirms that our new strategic focus is being well received in the marketplace.

“2005 was a transition year as we changed our strategic focus, we believe 2006 should be a very exciting year for Diversinet as we expect to begin active pilot and customer activity in the second half of 2006 with many of our channel partners and customers. We will also continue our focus on building out our distribution

channels and adding new technology features.” said Nagy Moustafa, Diversinet’s CEO.

Outlined below are the key milestones the Company has achieved since its relaunch in January 2005:

- Divested non strategic assets in February to focus on our core strategy;
- Launched the industry’s first open mobile security platform in April to support open standards-based strong authentication for mass market deployments;
- Launched MobiSecure soft tokens for PC’s and laptops in June;
- Entered into an OEM relationship with Verisign in June to deliver an OATH compliant suite of mobile tokens and mobile authentication services;
- Entered into an agreement with SanDisk, the world’s largest supplier of flash data storage card products, in September to include MobiSecure on SanDisk’s TrustedFlash™ cards;
- Entered into an agreement with Gemplus, a world leading provider of smart card solutions, in September to integrate MobiSecure OATH-compliant mobile authentication solutions within Gemplus solutions for wireless carriers;
- Magna Entertainment Corp.(MEC), North America’s largest horse track operator, in October 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;
- Announced a multi-token “credential wallet” in October that allows users to access multiple credentials through a single token, eliminating the need for a hard token “necklace” of individual tokens for various services;
- Released in December an advanced provisioning server allowing end users to order a soft token, download it over the air, install it and test it, all without direct involvement of their service provider. MobiSecure Authentication Service Center (MASC) promises to revolutionize the strong authentication business by reducing deployment complexity and cost to the point where large-scale consumer deployments become economically feasible;
- Announced a partnership with Oberthur Card Systems, the third largest SIM manufacturer in the world, in February 2006 to develop SIM-based two factor authentication solutions for wireless operators and financial services providers; and,
- Entered into a license agreement in February 2006 to provide mobile device and PC based software tokens and integrated provisioning services to RSA Security Inc. The Company’s MobiSecure soft token suite and MobiSecure Authentication Service Center (MASC) will be integrated into RSA Security’s products and services, enabling the downloading, provisioning and management of RSA Security’s mobile and PC-based soft tokens.

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 scalable, open mobile security platform enables enterprises and service providers to rapidly develop, deploy and manage next-generation wireless security services. MobiSecure is the industry’s first open mobile security platform to support OATH-compliant strong authentication on mobile devices and personal computers. 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)

As at December 31	2005	2004
Assets		
Current assets:		
Cash and cash equivalents	\$ 1,355,562	\$ 723,498
Short-term investments	–	2,000,000
Accounts receivable	66,039	290,239
Other receivables	1,266	35,700
Prepaid expenses	117,245	187,653
Current assets of discontinued operations (note 3)	–	512,992
Total current assets	1,540,112	3,750,082
Capital assets, net (note 4)	473,010	593,673
Purchased technology, net of accumulated amortization of \$nil, (2004-\$251,333)	–	125,667
Customer assets net of accumulated amortization of \$nil, (2004-\$441,024)	–	551,280
Goodwill (notes 2b)	–	2,286,932
Total assets	\$ 2,013,122	\$ 7,307,634
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable	\$ 153,100	\$ 147,084
Accrued liabilities (note 5)	226,679	478,781
Notes payable	–	4,611
Deferred revenue	79,000	165,343
Current liabilities of discontinued operations (note 3)	–	676,414
Total current liabilities	458,779	1,472,233
Shareholders' equity:		
Share capital (note 6):		
Authorized:		
Unlimited common shares		
Issued and outstanding:		
24,316,691 (19,157,941 – 2004)		
common shares	54,347,652	52,445,135
Contributed surplus	2,521,422	1,265,549
Cumulative translation adjustment	(1,520,721)	(1,520,721)
Share purchase warrants (note 6)	2,500,977	2,830,929
Deficit	(56,294,987)	(49,185,491)
Total shareholders' equity	1,554,343	5,835,401
Future operations (note 1)		
Commitments and contingencies (note 10)		
Total liabilities and shareholders' equity	\$ 2,013,122	\$ 7,307,634

DIVERSINET CORP.

Consolidated Statements of Earnings and Deficit
(In United States dollars)

Year ended December 31	2005	2004	2003
Revenue	\$ 1,101,104	\$ 2,602,894	\$ 1,394,630
Cost of sales	562,987	1,426,922	416,776
Gross margin	538,117	1,175,972	977,854
Expenses:			
Research and development	1,241,599	1,153,758	1,275,598
Sales and marketing	1,289,940	1,195,434	1,720,459
General and administrative	2,301,032	2,369,025	1,731,345
Depreciation and amortization	539,770	920,323	662,762
Goodwill impairment charge (note 2b)	1,894,690	2,500,000	—
Customer asset impairment charge	330,768	—	—
	7,597,799	8,138,540	5,390,164
Loss before the following	(7,059,682)	(6,962,568)	(4,412,310)
Foreign exchange loss	10,586	28,386	324,365
Interest income and other income	(31,632)	(15,598)	(23,493)
Loss from continuing operations	(7,038,636)	(6,975,356)	(4,713,182)
Loss from discontinued operations (note 3)	(70,860)	(541,486)	(245,569)
Loss for the year	(7,109,496)	(7,516,842)	(4,958,751)
Deficit, beginning of year	(49,185,491)	(41,481,762)	(36,523,011)
Adjustment for cumulative effect of change in accounting for stock based compensation (note 2o)	—	(186,887)	—
Deficit, end of year	\$(56,294,987)	\$(49,185,491)	\$(41,481,762)
Basic and diluted loss per share from continuing operations	\$ (0.34)	\$ (0.57)	\$ (0.67)
Basic and diluted loss per share	\$ (0.35)	\$ (0.62)	\$ (0.71)
Weighted average number of common shares	20,578,427	12,144,565	7,022,447

DIVERSINET CORP.

Consolidated Statements of Cash Flows
(In United States dollars)

For the year ended December 31	2005	2004	2003
Cash provided by (used in):			
Operating activities:			
Loss for the year from continuing operations	\$ (7,038,636)	\$ (6,975,356)	\$ (4,713,182)
Items not involving cash:			
Depreciation and amortization	539,770	920,323	662,762
Goodwill impairment charge (note 2b)	1,894,690	2,500,000	—
Customer asset impairment charge	330,768	—	—
Stock-based compensation expense	986,257	760,916	825,010
Unrealized foreign exchange loss	—	—	477,210
Change in non-cash operating working capital:			
Accounts receivable	224,200	15,615	1,645,298
Other receivables	34,434	23,777	(82,028)
Prepaid expenses	70,408	184,554	10,655
Accounts payable	6,016	(182,896)	(1,766,591)
Accrued liabilities	(252,102)	(571,658)	829,068
Deferred revenue	(86,343)	(312,106)	(152,162)
Cash used in continuing operations	(3,290,538)	(3,636,831)	(2,263,960)
Cash provided by discontinued operations	(92,042)	94,858	1,280,081
Cash used in operations	(3,382,580)	(3,541,973)	(983,879)
Financing activities:			
Issue of common shares, common share purchase options and warrants for cash	1,842,183	4,565,503	2,920,746
Notes payable	(4,611)	(17,456)	(879,448)
Proceeds from sale of discontinued operations	250,000	—	—
Repayment of promissory notes payable	—	(50,000)	—
Bank indebtedness	—	—	(240,979)
Cash provided by financing activities	2,087,572	4,498,047	1,800,319
Investing activities:			
Proceeds of disposition of short-term investments	2,000,000	(756,040)	(269,777)
Acquisitions, net of cash received	—	—	(541,084)
Net (addition) disposal of capital assets	(72,928)	(24,070)	42,085
Cash provided by (used in) investing activities	1,927,072	(780,110)	(768,776)
Increase in cash and cash equivalents	632,064	175,964	47,664
Cash and cash equivalents, beginning of year	723,498	547,534	499,869
Cash and cash equivalents, end of year	\$ 1,355,562	\$ 723,498	\$ 547,533
Supplementary non-cash financing and investing activities:			
Issue of warrants on acquisitions	\$ —	\$ —	\$ 1,044,640
Issue of common shares on acquisitions	—	—	4,959,875
Issuance of shares in settlement of debt	—	400,000	—