



Press Release, September 3, 2009

4 year follow-up of Diamyd® Phase II study shows clear positive trend

Diamyd Medical announced today that the company's 4-year follow-up of type 1 diabetes patients included in the company's Phase II study shows a clear positive trend.

Diamyd Medical received approval from the Swedish Medical Products Agency in February to follow up the children and adolescents with type 1 diabetes that were included in the company's previously reported Phase II study with the diabetes vaccine Diamyd®. The participants were treated with 2 injections of Diamyd® or placebo; one injection at the study start in 2005 and one injection one month later. Initial analysis of new data shows, that patients treated with the Diamyd® vaccine early after diagnosis have a clearly better diabetes status compared to the corresponding placebo group, still 4 years after the injections. Also safety data continue to look good without any serious side effects related to the treatment. The patients will additionally be followed regarding Quality of Life and diabetes complications. The study period is 7 years. All participants in the study were offered to participate in the follow-up and approximately two thirds have accepted.

"This is extremely promising," says **Elisabeth Lindner**, CEO and President of Diamyd Medical. "We have already shown that the vaccine has managed to significantly change the course of diabetes in Diamyd®-treated patients. The fact that two single injections still seem to have an effect 4 years later is to be regarded as very good news."

Diamyd Medical is conducting a global Phase III program for the Diamyd® diabetes vaccine, which includes a total of 640 children and adolescents newly diagnosed with type 1 diabetes. The program comprises one study involving nine European countries and one parallel study in the US. The purpose of the Phase III studies is to confirm and evaluate the ability of the Diamyd® vaccine to halt or slow the autoimmune destruction of the body's insulin-producing cells, thereby preserving the body's own ability to produce insulin in people with type 1 diabetes.

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About Diamyd Medical

Diamyd Medical is a Swedish diabetes company focusing on the development of pharmaceuticals for the treatment of autoimmune diabetes and its complications. The company's most advanced project is the GAD-based drug Diamyd® for type 1 diabetes. Phase III trials for this drug are in progress in both Europe and the US. In addition, the company has initiated clinical studies in the US in the area of chronic pain, using its Nerve Targeting Drug Delivery System (NTDDS). The company has also out-licensed the use of GAD for the treatment of Parkinson's disease. The company currently has three clinical-phase products.

Diamyd Medical has offices in Sweden and in the US. Shares are listed on Nasdaq OMX in Stockholm (ticker: DIAM B) and on OTCQX in the US (ticker: DMYDY) administered by the Pink OTC Markets and the Bank of New York Mellon (PAL). Further information is available on the company's website: www.diamyd.com.

This information is disclosed in accordance with the Swedish Securities Markets Act, the Swedish Financial Instruments Trading Act, or the requirements stated in the listing agreements.

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