Year End Report

Fourth Quarter Report, Stockholm, October 23, 2009

Fourth Quarter Report for Diamyd Medical AB (publ.), Fiscal Year 2008/2009
(www.omxgroup.com ticker: DIAM B; www.otcqx.com ticker: DMYDY)

Fourth quarter, June 1, 2009 – August 31, 2009

- The US FDA approves the inclusion of children aged 10 and above in American Phase III study with the Diamyd® diabetes vaccine
- The first children are vaccinated in a prevention study with Diamyd® with the aim of preventing type 1 diabetes
- The Company begins to include children and accelerate patient recruitment for its American Phase III study with the Diamyd® diabetes vaccine
- Group net sales for the quarter amounted to KSEK 29 (133)
- Loss before tax for the quarter was KSEK -29 772 (-20 327)
- Earnings per share for the quarter were SEK -2,7 (-1,9)

Significant events after reporting period

- A four-year follow-up of type 1 diabetes patients who were part of the Company's Phase II study shows a clear positive trend
- The Company signs an agreement with Inclinix Inc. to accelerate recruitment of patients for the American Phase III study of the Diamyd® diabetes vaccine
- 90 percent of the patients in the Company's European Phase III study with the Diamyd® diabetes vaccine are included
- An extra shareholders' meeting resolves, in accordance with the proposal put forward by the Board of Directors, to implement a new share issue of just under MSEK 220 with preferential rights for existing shareholders
- The Company executes a settlement agreement with Apoteket AB regarding a clinical study in LADA patients, which was invalidated in 2007. Diamyd has claimed damages from Apoteket AB for unnecessary costs related to the invalidated study. The settlement agreement includes a payment of SEK 11 million to Diamyd as compensation for the insufficiencies in Apoteket's routines and documentation causing Diamyd to invalidate the study.

Full year, September 1, 2008 – August 31, 2009

- Group net sales for the year were KSEK 1 105 (1 092)
- Loss before tax for the year was KSEK -81 803 (-63 945)
- Group liquid assets amounted to KSEK 37 287 (81 890)
- Earnings per share for the year were SEK -7,4 (-6,3)

CEO COMMENTS

Diamyd is in a great position

In the past year Diamyd Medical came ever closer to realizing its vision of being able to prevent and cure the autoimmune form of diabetes in the future. Continued success in the clinical trials of the Company's three candidate drugs is positioning Diamyd as a diabetes company with an exciting future.

Interest in Diamyd's business has increased markedly as the positive results of our clinical trials have been published in respected scientific journals and several prominent research groups has chosen to work with the Diamyd® vaccine. Several large international pharmaceutical companies are following our progress closely, and their interest in the structured licensing process for Diamyd® that we are managing in cooperation with an American consulting firm is confirmation of our belief that the diabetes vaccine is an extremely valuable asset for the Company.

We are conducting clinical trials of the Diamyd® vaccine for treatment of newly diagnosed type 1 diabetes in nine European countries and the US. The pace of recruitment indicates that we can begin to report Phase III data in the spring of 2011, and that a market approval application can be submitted in the same year. Market approval is now within Diamyd's reach!

For business reasons Diamyd has chosen to secure the financing of the operations through a preferential rights issue until we have study results. New shares may be subscribed for through October 30, 2009, and the issue is fully underwritten. In my judgment, as well as the Board's, the issue will provide Diamyd with the necessary resources by some margin until our Phase III results are available. This strengthens our bargaining position in current partnership negotiations, while enabling us to choose the optimal structure and time for a licensing agreement.

We could recently report that we executed a settlement agreement with Apoteket AB regarding the LADA study of 160 patients, which was invalidated in 2007. The settlement agreement includes a payment of SEK 11 million to Diamyd as compensation for the insufficiencies in Apoteket's routines and documentation causing Diamyd to invalidate the study. It is extremely gratifying to put this behind us, and we are looking forward to new LADA studies where we will try to confirm the positive results that we previously received with this patient group after treatment with the Diamyd® diabetes vaccine.

Development of new pharmaceuticals entails risks as well as opportunities. My strong belief is that in Diamyd´s case the opportunities outweigh the risks and our latest successes have further strengthened me in this belief.

Elisabeth Lindner
President and CEO, Diamyd Medical AB

SIGNIFICANT EVENTS DURING THE PERIOD JUNE 1, 2009 – AUGUST 31, 2009

The US FDA approves the inclusion of children aged 10 and above in American Phase III study with the Diamyd® diabetes vaccine. The approval means that the Company can accelerate patient recruitment in the US. Now Diamyd Medical will increase the number of American pediatric clinics in the study as it receives approvals from the US ethics committees.

The first children are vaccinated in a prevention study with Diamyd® with the aim of preventing type 1 diabetes. The study's purpose is to evaluate whether vaccination with Diamyd® can prevent or delay the development of type 1 diabetes in children at high risk of developing the disease. This is the first test ever of preventive vaccination with Diamyd® for this chronic disease. The study is being led by Helena Elding Larsson, a pediatrician at the UMAS university hospital in Malmö.

The Company begins to include children and accelerate patient recruitment for its American Phase III study with the Diamyd® diabetes vaccine. Children aged 10 and above with type 1 diabetes are being included in the American Phase III study of the Diamyd® diabetes vaccine as of September 1, 2009. Moreover, the Company is gradually trebling the number of clinics to over forty, and is putting its efforts into expanded recruitment activities in the US. The American Phase III study with the diabetes vaccine Diamyd® was previously only open to patients with type 1 diabetes aged between 16 and 20 years.

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

A four-year follow-up of type 1 diabetes patients who were part of the Company's Phase II study shows a clear positive trend. In February Diamyd Medical received approval from the Swedish Medical Products Agency to follow up the children and adolescents with type 1 diabetes who were part of the Company's previously reported Phase II study with the Diamyd® diabetes vaccine that began in 2005. An initial analysis of the new data shows that four years after treatment, those patients who received the Diamyd®-vaccine and who had recently developed the disease when the study began still have a better diabetes status than corresponding patients who received a placebo. The safety data also continues to look promising, without any serious side effects associated with the treatment.

The Company signs an agreement with Inclinix Inc. to accelerate recruitment of patients for the American Phase III study of the Diamyd® diabetes vaccine. Inclinix is a global patient recruitment company with extensive experience in recruiting type 1 diabetes patients in the US. They recruit using directed Internet advertising, social media, regional recruitment staff and patient referrals from clinics close to the clinics participating in the study. The agreement with Inclinix is performance based and targets to enable filing for market approval in the US during 2011. The American recruitment campaign was launched in cooperation with Inclinix, under the name DIAPREVENT.

90 percent of the patients in the Company's European Phase III study with the Diamyd® diabetes vaccine are included. 90 percent of a total of 320 children and adolescents with type 1 diabetes participating in the company's European Phase III study of the Diamyd® diabetes vaccine have now been included and have received injections of Diamyd® or a placebo. The Company expects all participants to have been included in the study by November 2009.

An extra shareholders' meeting resolves, in accordance with the proposal put forward by the Board of Directors, to implement a new share issue of just under MSEK 220 with preferential rights for existing shareholders. The additional capital is required to cover by some margin the costs that the Company anticipates incurring up to spring 2011, when data from the current Phase III program is expected to be available, and to strengthen the Company's bargaining position in partnership negotiations currently in progress. New shares may be subscribed for through October 30, 2009. For more information, please refer to the prospectus for the preferential rights issue prepared by the Diamyd Medical Board of Directors. The prospectus is available on the Company's website, www.diamyd.com.

The Company executes a settlement agreement with Apoteket AB regarding a clinical study in LADA patients, which was invalidated in 2007. Diamyd has claimed damages from Apoteket AB for unnecessary costs related to the invalidated study. The settlement agreement includes a payment of SEK 11 million to Diamyd as compensation for the insufficiencies in Apoteket's routines and documentation causing Diamyd to invalidate the study. Diamyd contracted Apoteket AB in 2004 for handling of blinding, randomization and labeling of the study drug for a clinical study with 160 LADA patients. As the study was unblinded and reported during summer 2007, the data was found to be inconclusive. An inspection at the pharmacy, that had handled the study drug, revealed insufficiencies in routines and documentation, which made it impossible to conclude which patients had received active drug and which patients had received placebo. The study was invalidated on these grounds.

BUSINESS OVERVIEW

Diamyd Medical is a Swedish company focusing on the development of pharmaceuticals for the treatment of autoimmune diabetes and diabetes-related complications. The business concept of Diamyd Medical is to license in diabetes-related candidate therapies and to refine them through the development process. The candidate therapies will subsequently be commercialized, either independently or with a partner, or they may be out-licensed. Diamyd Medical's objective is to form a "Small Pharma Company" in the diabetes area. Our vision is to be able to prevent and cure the autoimmune form of diabetes in the future.

Platforms

The Company develops therapies from two independent technology platforms in the areas of autoimmune diabetes and diabetes-related complications. One of the platforms originates from the GAD65 molecule and is the basis for the Diamyd® diabetes vaccines, while the second platform, NTDDS (Nerve Targeting Drug Delivery System), utilizes gene therapy to deliver medication directly to nerve cells.

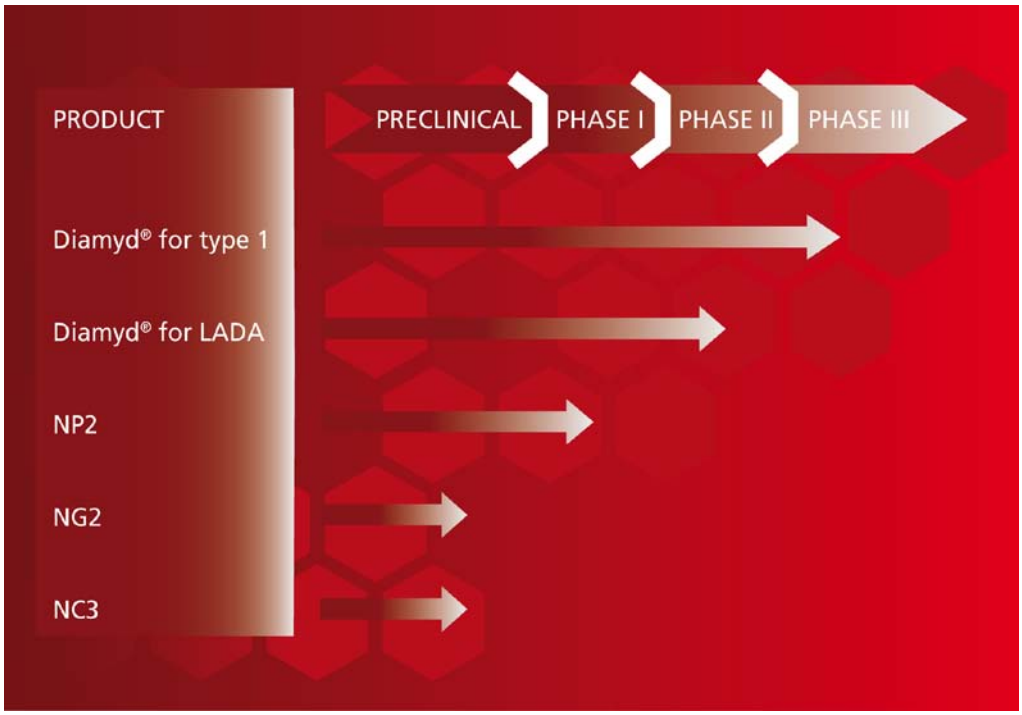
DIAMYD MEDICAL PRODUCTS	
DIABETES	DIABETESRELATED PRODUCTS
DIAMYD® TYPE 1	NTDDS - NP2
DIAMYD® LADA	NTDDS - NG2

Business model

The Company employs an outsourcing model with low costs and an efficient organization, where a restricted number of permanent employees direct, manage and implement projects in areas such as clinical trials, regulatory issues and production. This means that parts of its operations have been contracted out to qualified partners with expert qualifications. This model leads to lower operating expenses than building up the operation in-house, and enables the Company to develop in a cost-efficient and flexible manner while ensuring high quality and an emphasis on results as the Company's projects move forward.

Research portfolio

Diamyd's portfolio consists of three candidate drugs in clinical phase: Diamyd® for type 1 diabetes (Phase III), Diamyd® for LADA (Phase II) and NP2 for chronic pain (Phase I).



Diamyd® for type 1 diabetes

Diamyd® for type 1diabetes is intended to halt, prevent or delay the autoimmune attack on insulin-producing cells in type 1 diabetes, thereby preserving the body's own ability to control blood sugar, which is extremely important since there is no such treatment on the market today.

Two simultaneous Phase III studies of the Diamyd® diabetes vaccine for type 1 diabetes are being conducted in the US and Europe. Both studies are randomized, double-blind and placebo

controlled. Approximately 320 recent onset young type 1 diabetes patients will be included in each study. Each study includes three treatment arms, one third of the patients are treated with two injections of Diamyd® 20µg (days 1 and 30) and two injections of a placebo; one third are treated with four injections of Diamyd® 20µg (days 1, 30, 90 and 270); and one third receive four injections of a placebo. The results from each study will be analyzed 15 months after all patients receive their first injection. The Company anticipates being able to start reporting study results in the spring of 2011. If the studies have a positive result they will be used for market registration.

The Company reported positive results from a similar completed 30-month randomized double-blind placebo controlled Phase II study of 70 children and adolescents with type 1 diabetes. Significant long–term efficacy was demonstrated in preserving beta cell function, i.e. endogenous insulin producing capacity. The treatment was well received by patients, parents and doctors. In addition, the results strongly support the safety of the drug. No serious side effects related to the Diamyd® treatment were reported in the study. The study was published in the prestigious journal *The New England Journal of Medicine* in the fall of 2008. The study has now been extended in order to follow the study participants for three more years in order to confirm the long-term efficacy of the Diamyd® vaccine. An initial analysis of new data shows that four years after treatment, those patients who received the Diamyd® vaccine and who had recently developed the disease when the study began still have better diabetes status than corresponding patients who received a placebo. The safety data also continues to look promising, without any serious side effects associated with the treatment.

A Swedish prevention study targeting children at high risk of developing type 1 diabetes is also in progress, with the goal of investigating if the Diamyd® vaccine can prevent the disease from manifesting.

Diamyd® for LADA
Diamyd® for LADA is intended to halt, prevent or delay the autoimmune attack on insulin-producing cells in LADA (Latent Autoimmune Diabetes in Adults), a slower form of autoimmune diabetes that afflicts adults. The LADA product has progressed to Phase II clinical trials, and in April 2009 the respected scientific journal *Diabetologia* published clinical results demonstrating that the Diamyd® vaccine significantly reduces the risk that LADA patients will need insulin treatment, even after five years. Only 14 percent of the patients in the group that received 20 µg of Diamyd® needed insulin after five years, vs. 64 percent in the placebo group.

No serious side effects related to Diamyd® treatment have been reported in any study, which additionally strengthens the safety profile of the Diamyd® diabetes vaccine.

NTDDS products
Diamyd Medical's patented Nerve Targeting Drug Delivery System (NTDDS) is a platform for specific delivery of protein to nerve cells. NTDDS has several advantages over other gene therapy strategies, as it is nerve specific and acts locally (the treatment does not enter the bloodstream), thus causing fewer side effects. NTDDS does not integrate into the host cells' chromosomes, which additionally reduces the risk of side effects. The leading NTDDS products are NP2 and NG2, therapies for the treatment of pain using Enkephalin (NP2) and GAD (NG2). Preclinical study results demonstrate that NP2 effectively relieves pain due to illnesses such as

cancer or diabetes for several weeks. NC3 is an NTDDS product for the treatment of glioma (a form of brain cancer), which has come far in preclinical development.

Diamyd has initiated a clinical Phase I study in the US to test the safety of NP2 in patients with severe chronic cancer pain. The study is designed as a dose-escalating study in which various doses will be evaluated.

GAD for the treatment of other neurological diseases

Apart from being a major antigen in autoimmune diabetes, GAD is also an enzyme that converts the excitatory neurotransmitter glutamate into the inhibitory neurotransmitter GABA. Several neurological and movement related disorders may be connected with disturbances in the glutamate-GABA balance, and GAD may come to play an important role in the treatment of such diseases.

Diamyd Medical has sublicensed rights to the GAD65 gene to Neurologix, Inc. for the development of a GAD-based therapy to treat Parkinson's disease. Neurologix, Inc. has initiated a Phase II study in Parkinson's disease.

RISK FACTORS

Pharmaceutical development is associated with a high level of uncertainty, since it entails new, unpredictable, complex parameters and biological and medical processes. Thus an investment in Diamyd Medical entails high financial uncertainty and risk. Every investor should independently identify and judge various potential risk factors and their potential effect on the Company's future development. The following are examples (in no particular order) of risk factors that may be important when assessing an investment in Diamyd Medical:

Uncertainty about the commercial success of the Company's products

There is no guarantee that Diamyd Medical's research and development will result in commercial success. There is no guarantee that the clinical trials conducted by Diamyd Medical will result in marketable products.

Risks regarding the intellectual property portfolio

There are no guarantees that the Company will develop products that can be patented, or that granted or licensed patents can be retained, renewed, or provide sufficient protection for current or future discoveries. There is no guarantee that disputes concerning contracts and patents will not arise, or that disputes that do arise can be resolved to the Company's advantage.

Financial risks

Diamyd Medical is currently not profitable. The Company continually depends on receiving outside capital to be able to meet its stated goals and generate a profit in the future. There is a risk that the Company will not succeed in securing the adequate financial resources necessary to fully develop its products. Nor can the company guarantee that there will not be any need in the future to turn to the capital market for financing in order to secure business development, as well as research and development projects undertaken.

FINANCIAL PERFORMANCE

Net sales – Group net sales for the year amounted to KSEK 1,105 (1,092). Q4 net sales amounted to KSEK 29 (133). Sales fluctuate from quarter to quarter and primarily consist of Diamyd®-related products such as GAD protein sold to academic researchers.

Costs – Group costs for the year were MSEK 89.8 (68.9). Costs were MSEK 30.0 (23.1) for the fourth quarter. The costs outcome for the year is well in line with the operations budgeted costs. Costs for the year include USD 600,000 in production costs for GAD protein, that will be used in the Group's clinical trials. This cost has not been set up as an asset, because these costs are chiefly considered to be assignable to the Group's research and development operation. However, these are costs which the Group will be able to put to its credit for a period of 1-2 years.

Result – Loss before tax for the year amounted to MSEK -81.8 (-63.9). Loss before tax for the fourth quarter was MSEK -29.7 (-20.3). Exchange rate effects have continued to have a strong impact on results. The exchange rate effect reported in the net income/expenses during the first half of the year was positive. In the second half of the year, exchange rate results had a negative accounting impact on the results related to our assets and liabilities in foreign currency. However the strengthening of the Swedish krona during the second half-year, especially against the US dollar and the euro, has meant lower costs related to our foreign suppliers.

The Group has reported positive foreign currency effects in its annual operating results of MSEK 2.8, with an isolated negative impact of MSEK -0.3 for the fourth quarter.

Exchange rate effects have been reported for the year among financial items, as well as under operating income depending on their type. During Q4 there was an adjustment to our classification of exchange rate effects, so that we have moved some of the exchange rate effects from net income/expenses to operating results. This has also been observed in our comparative figures. During the 2008/2009 reporting year, a positive exchange rate effect of KSEK 1 773 (445) was moved from financial income to other operating income. The corresponding figure for Q4 2008/2009 was KSEK -1 140 (789).

Financial position and liquidity – The Group's liquid assets amounted to MSEK 37.3 (81.9) as of August 31, 2009. Liquidity was strengthened during the year through the use of subscription warrants, which brought in MSEK 28.1 through a new issue of 280,902 new shares in April.

Investments – Investments in tangible assets for the fourth quarter were KSEK 27 (59). Total investments in tangible assets for the year were KSEK 138 (63).

Change in equity – As of August 31, 2009, Group equity amounted to MSEK 70.7 (120.8), resulting in an equity/assets ratio of 79.4 % (92.4).

Personnel – The Group had 14 (13) employees as of August 31, 2009, of which 6 were men and 8 were women.

Parent company – The Parent Company do not report sales since all sales occur in subsidiaries. Investments for the period were MSEK 0 (0). The Parent Company's net loss for the year amounted to MSEK -82.3 (-64.9). The Parent Company's net loss for the fourth quarter amounted to MSEK -29.8 (-56.9).

The Parent Company's income statement for the year has been charged with MSEK 71.8 in write-downs of shares of subsidiaries, which is attributable to the shareholders' contributions that the Parent Company provided to subsidiaries during the year to finance their research and development expenses.

Shares – The total number of shares in the Company as of August 31, 2009 was 11,182,472.

Group's Consolidated Income Statement

KSEK	Note	3 months Jun-Aug 2008/2009	3 months Jun-Aug 2007/2008	12 months Sep-Aug 2008/2009	12 months Sep-Aug 2007/2008
OPERATING INCOME					
Net sales		29	133	1,105	1,092
Other operating income		–	1,508	4,295	1,336
Total operating income	1	29	1,641	5,400	2,428
OPERATING EXPENSES					
Raw materials and consumables		-1	-8	-17	-31
External research and development costs		-17,292	-13,387	-47,218	-41,706
Patent and license expenses		-822	-371	-3,836	-1,342
Personnel	3	-5,670	-6,458	-21,059	-17,179
Other external expenses	4	-5,434	-2,832	-17,515	-8,315
Other operating expenses		-803	–	–	–
Depreciation, patents		–	-47	–	-258
Depreciation, equipment		17	-19	-128	-104
Total operating expenses	1	-30,005	-23,122	-89,773	-68,935
OPERATING LOSS		-29,976	-21,481	-84,373	-66,507
Financial income and expenses					
Dividend from holdings		–	380	385	380
Financial income		729	774	2,435	2,191
Financial expenses		-525	–	-250	-9
Total financial income and expenses		204	1,154	2,570	2,562
Loss before tax		-29,772	-20,327	-81,803	-63,945
Income tax expenses		-20	90	-142	-22
NET LOSS FOR THE PERIOD		-29,792	-20,237	-81,945	-63,967
Earnings per share before and after dilution, SEK		-2.7	-1.9	-7.4	-6.3
Number of shares		11,182,472	10,901,570	11,182,472	10,901,570
Average number of shares		11,182,472	10,901,570	11,000,848	10,209,192
Average number of shares after dilution		11,182,472	10,901,570	11,000,848	10,209,192

Group's Consolidated Balance Sheet

KSEK	Note	Aug 31 2009	Aug 31 2008
ASSETS			
NON-CURRENT ASSETS			
Intangible assets		16,627	16,627
Tangible assets		365	390
Financial assets		21,418	21,418
Total non-current assets		38,410	38,435
CURRENT ASSETS			
Inventory		25	12
Trade receivables		4	123
Other receivables		1,603	750
Prepaid tax		822	911
Prepaid expenses and accrued income		3,018	2,214
Financial assets that can be sold		7,841	6,402
Liquid assets		37,287	81,890
Total current assets		50,600	92,302
TOTAL ASSETS		89,010	130,737
SHAREHOLDERS' EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY			
Issued capital		11,182	10,902
Other capital contributions		451,925	424,115
Other reserves		160	271
Accumulated losses including results for the period		-392,550	-314,512
Total shareholders' equity		70,717	120,776
CURRENT LIABILITIES			
Trade payables		11,651	6,101
Other payables		969	839
Prepaid income and accrued expenses		5,673	3,021
Total current liabilities		18,293	9,961
TOTAL EQUITY AND LIABILITIES	2	89,010	130,737

Cash Flow Statement

KSEK	3 months Jun-Aug 2008/2009	3 months Jun-Aug 2007/2008	12 months Sep-Aug 2008/2009	12 months Sep-Aug 2007/2008
Cash flow from operations before changes in working capital				
Operating loss	-26,850	-21,974	-84,373	-66,952
Interest received	–	1,043	2,204	2,515
Interest paid	–	-9	-266	-9
Dividend received	–	380	385	380
Non-cash flow items				
Depreciation	-17	66	128	362
Other non-cash flow items	-1,182	3,304	976	3,899
Income tax paid	–	65	–	–
Net cash flow from operating activities before changes in working capital	-28,049	-17,125	-80,946	-59,805
Increase (-) decrease (+) inventory	-2	–	-13	–
Increase (-) decrease (+) receivables	2,593	-150	-2,621	2,855
Increase (+) decrease (-) liabilities	8,742	3,615	8,931	846
Net cash flow from operating activities	-16,716	-13,660	-74,649	-56,104
Cash flow from investing activities				
Purchase of intangible assets	–	–	–	–
Purchase of tangible assets	-27	-59	-138	-63
Purchase of financial assets	–	–	–	-6,445
Net cash flow from investing activities	-27	-59	-138	-6,508
Cash flow from financing activities				
Option premiums	–	–	–	6,767
New share issue	–	–	28,090	68,483
Net cash flow from financing activities	–	–	28,090	75,250
Total cash flow for the period	**-16,743**	**-13,719**	**-46,697**	**12,638**
Cash and cash equivalents at beginning of period	54,430	96,098	81,890	68,803
Net foreign exchange difference	-400	-489	2,094	449
Total cash and cash equivalents at end of period	37,287	81,890	37,287	81,890

Change in Shareholder's Equity (Group)

KSEK	Issued capital	Other capital contributions	Reserves	Accumulated losses	Total
September 1, 2007 - August 31, 2008					
Opening balance, September 1, 2007	9,772	349,995	311	-254,944	105,134
Translation gain			-40		-40
Total revenues and costs posted directly to shareholders' equity			-40		-40
Net loss for the year				-63,967	-63,967
Total revenues and costs			-40	-63,967	-64,007
New share issue	991	67,353			68,344
Option premiums	139	6,767			6,906
Employee options				4,399	4,399
Closing balance, August 31, 2008	10,902	424,115	271	-314,512	120,776
September 1, 2008 - August 31, 2009					
Opening balance, September 1, 2008	10,902	424,115	271	-314,512	120,776
Translation differences			-111		-111
Total revenues and costs posted directly to shareholders' equity			-111		-111
Net loss for the period				-81,945	-81,945
Total revenues and costs			-111	-81,945	-82,056
New share issue*	280	27,810			28,090
Employee options				3,907	3,907
Closing balance, August 31, 2009	11,182	451,925	160	-392,550	70,717

*Refers to new share issue in connection with the exercise of subscription warrants.

Parent Company's Income Statement

KSEK	Note	3 months Jun-Aug 2008/2009	3 months Jun-Aug 2007/2008	12 months Sep-Aug 2008/2009	12 months Sep-Aug 2007/2008
OPERATING INCOME					
Other operating income		–	185	4,048	–
Total income		–	185	4,048	–
OPERATING EXPENSES					
Personnel		-142	-22	-274	-233
Other external expenses	4	-4,317	-4,241	-16,896	-12,543
Other operating expenses		-662	–	–	-12
Total operating expenses		-5,121	-4,263	-17,170	-12,788
OPERATING LOSS		-5,121	-4,078	-13,122	-12,788
FINANCIAL INCOME AND EXPENSES					
Results from group participation		-25,184	-55,506	-71,828	-55,334
Dividend from holdings		–	380	385	380
Interest income and similar items		1,040	2,307	2,554	2,795
Interest expense and similar items		-525	–	-245	–
Total financial income and expenses		-24,669	-52,819	-69,134	-52,159
Loss before tax		-29,790	-56,897	-82,256	-64,947
Income tax expense		–	18	–	18
NET LOSS FOR THE PERIOD		-29,790	-56,879	-82,256	-64,929

Parent Company's Balance Sheet

KSEK	Note	Aug 31 2009	Aug 31 2008
ASSETS			
NON-CURRENT ASSETS			
Intangible assets			
Acquired research and development		16,627	16,627
Financial assets			
Shares in group companies		1,200	1,200
Receivables at group companies		3,970	12,267
Other long-term bond holdings		21,418	21,418
Total non-current assets		43,215	51,512
CURRENT ASSETS			
Other receivables		200	148
Prepaid expenses and accrued income		1,117	1,524
Financial instruments available for sale		7,841	6,403
TOTAL TRADE AND OTHER RECEIVABLES		9,158	8,075
Short-term investments		–	20,247
Liquid assets		26,138	47,731
TOTAL CURRENT ASSETS		35,296	76,053
TOTAL ASSETS		78,511	127,565

Parent Company's Balance Sheet, cont'd.

KSEK	Note	Aug 31 2009	Aug 31 2008
SHAREHOLDERS' EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY			
Restricted equity			
Issued capital		11,183	10,902
Statutory reserve		96,609	96,609
Non-restricted equity			
Share premium reserve non-restricted		101,928	74,120
Loss brought forward		-56,576	4,445
Net loss for the period		-82,256	-64,929
Total shareholders' equity		70,888	121,147
Long-term liabilities to subsidiary		5,625	5,606
CURRENT LIABILITIES			
Trade payables		977	362
Other payables		–	9
Prepaid income and accrued expenses		1,021	441
Total current liabilities		1,998	812
TOTAL EQUITY AND LIABILITIES	2	78,511	127,565
Assets pledged		157	157
Contingent liabilities		–	–

Notes

Accounting principles

This end-of-year report was prepared as per IAS 34, Interim Financial Reporting. For a more detailed description of the accounting principles used by the Group, reference is made to the most recent annual report.

Note 1 - Segment results

Segment results for the period Sep 1, 2008 - August 31, 2009

KSEK	GAD	NTDDS	Group
Total segment income	1,024	81	1,105
Other income	3,969	326	4,295
Total income	4,993	407	5,400
Segment result	-69,186	-15,187	-84,373
Financial income			2,435
Financial expenses			-250
Total financial income and expenses			2,185
Dividends from holdings			385
Loss before tax			-81,803
Income tax			-142
Net loss for the year			-81,945

Segment results for the period Sep 1, 2007 - August 31, 2008

KSEK	GAD	NTDDS	Group
Total segment income	1,092	-	1,092
Other income	798	538	891
Total income	1,890	538	2,428
Segment result	-51,778	-14,729	-66,507
Financial income			2,191
Financial expenses			-9
Total financial income and expenses			2,182
Dividends from holdings			380
Loss before tax			-63,945
Income tax			-22
Net loss for the year			-63,967

Note 2 – Equity and liabilities

All Group debts are non-interest-bearing.

Note 3 – Employee option program 2008/2011

On April 1, 2009, the employees and the management team of the subsidiaries Diamyd Therapeutics AB and Diamyd Inc. were granted 158,400 options, meaning that up to a maximum of 158,400 new B sharers can be subscribed for. One third of the program may be exercised no earlier than November 15, 2009; another third beginning November 15, 2010, and the final third beginning on November 15, 2011. In addition to the 158,400 options granted to employees and the management team, the Group's subsidiaries have subscribed for 61,600 options. The purpose of these options is to cover the social security costs that may be spent when the granted options are exercised by their holders.

The program was evaluated according to the Black-Scholes model, and the most important parameters were:

Volatility: 49 %

Subscription price: SEK 66 per share

Interest rates equivalent to a 1-year treasury bill, as well as 2- and 3-year government bonds were used to calculate the cost.

The total calculated cost to be distributed over a period of just over three years is MSEK 4.8, excluding social security costs which will be valued at each closing date and distributed over the vesting period. The cost will be reduced in the event that an employee leaves before becoming vested, thus losing the right to the option.

Note 4 – Related-party transactions

During the year companies represented by immediate family members of the Chairman of the Board as well as immediate family members of a key executive were retained as consultants. Total compensation for the year amounted to KSEK 760 (604) excluding VAT. Compensation was for IT services, expenses for a new website and website maintenance, and press release expenses. Pricing has been set by the arm's length principle.

	2008/2009	2007/2008
KSEK	Sep-Aug	Sep-Aug
Consultant fees	760	604

Key Ratios

	3 months Jun-Aug 2008/2009	3 months Jun-Aug 2007/2008	12 months Sep-Aug 2008/2009	12 months Sep-Aug 2007/2008
Return on equity, %	-35.1	-13.7	-85.6	-54.6
Return on capital employed, %	-34.4	-13.7	-85.2	-54.5
Return on assets, %	-29.6	-13.2	-74.2	-50.4
Shareholders' equity per share, SEK	6.3	11.1	6.3	11.1
Shareholders' equity per share after dilution, SEK	6.3	11.1	6.3	11.1
Cash flow per share, SEK	-1.5	-1.3	-4.2	1.2
Solidity, %	79.4	92.4	79.4	92.0
Number of shares	11,182,472	10,901,570	11,182,472	10,901,570
Average number of shares	11,182,472	10,901,570	11,000,848	10,209,192
Average number of shares after dilution	11,182,472	10,901,570	11,000,848	10,209,192

This report has not been reviewed by the Company's auditors.

Stockholm, October 23, 2009

Elisabeth Lindner, CEO

Financial Calendar

Annual Report, November 27, 2009

Annual Meeting of Shareholders, December 11, 2009

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 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 Small Cap list 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.

For more information, please contact:
Stockholm – Elisabeth Lindner, President and CEO tel. + 46 8 661 0026
Pittsburgh – Darren Wolfe, President Diamyd Inc. + 1 412 770 1310, darren.wolfe@diamyd.com