



Press Release

Stockholm, 14th June 2004

20MUSD to Diamyd Medical through new stock emission

Diamyd Medical's preferential rights issue in May of up to 2 318 189 B-shares has been oversubscribed by 70%. The Board has therefore decided, in accordance with the authorization agreed upon at the extraordinary shareholders meeting on April 27th, to further release 1 390 913 B-shares.

This release has only been offered to company shareholders as of 4th May 2004 whose interest was not satisfied within the early preferential rights issue.

Through these two share emissions the company generates 20MUSD before emission costs. ABG Sundal Collier AB acted as company advisor during the emission.

"With this successful share release we can now plan for further success", says Anders Essen-Möller, CEO in Diamyd Medical. "Other foundations already in place are that our GAD-based diabetes therapeutic which has already been tested in a Phase II clinical trial 1) had no adverse side-effects; 2) improved insulin production and blood glucose levels; 3) is still effective 2 years after treatment; and 4) that the company has exclusive therapeutic rights to the GAD gene which is patent-protected until 2021 in the USA."

The primary target group for the preparation is considered to be adult diabetics with GAD antibodies (LADA). The market for this patient group alone is estimated to be several hundred million dollars per year. Further applications are considered to be 1) preservation of beta cells in new onset type 1-diabetes patients; 2) in conjunction with transplantation of insulin producing cells or with stem cell therapy to prevent the autoimmune inflammation that caused the initial damage from reoccurring; 3) to prevent type 1-diabetes in children and youths that have not as yet developed the clinical disease. This can mean that the method for identifying individuals at risk of developing type-1 diabetes through measurement of GAD-specific antibodies is extremely important. Diamyd Medical develops and markets a diagnostic kit for this purpose.

About Diamyd Medical:

Diamyd Medical is listed on the Stockholm Stock Exchange O-list (*DIAMB, SSE*). The company's business strategy is to identify and develop pharmaceutical projects up to and including Phase II clinical trials. The company has licensed the worldwide rights for therapeutics concerning the gene for Glutamic Acid Decarboxylase 65 (GAD). The granted patent protects GAD rights until 2021 in the USA. GAD plays an important enzymatic role in conversion of the excitatory amino acid glutamate to the inhibitory neurotransmitter GABA and is considered the most important autoantigen involved in development of type-1 diabetes. At present, Diamyd Medical conducts GAD-based developmental projects in the fields of metabolic and neurological diseases. The most advanced project is a therapeutic for insulin-dependent diabetes. Positive 24 month results from a Phase II clinical trial with this preparation are reported.

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Please note that this press release was released in Swedish language on June 10. No guarantee can be given regarding authenticity of the opinions of historical present or future results.