



DIAMYD MEDICAL BECOMES SHAREHOLDER OF VACCINE MANUFACTURER

Press Release, Stockholm, Sweden – February 8, 2007 – Diamyd Medical AB
(SWEDEN OMX: DIAM B; USA ADR: DMYDY)

Diamyd Medical announces today that its Convertible Promissory Note in Protein Sciences Corporation, CT, USA, has been converted into shares as of December 31, 2006. Protein Sciences is manufacturing Diamyd Medical's diabetes vaccine Diamyd®.

After conversion, Diamyd Medical's stake in Protein Sciences will be approximately 6.7% of capital and votes on a fully-diluted basis. The Note was accounted for as a US\$ 3 million (SEK 21.7 million) investment on Diamyd Medical's balance sheet as of August 31, 2006.

"The partnership with Protein Sciences is important and it is exciting that Diamyd Medical now is a significant shareholder in a company with late-stage product opportunities," states Anders Essen-Möller, President and CEO of Diamyd Medical.

Protein Sciences has recently completed a Phase II/III trial with its non egg-based recombinant influenza vaccine FluBlØk™, which demonstrated strong protection against different strains of influenza compared to placebo, and is preparing to file for approval with the U.S. Food and Drug Administration. This identifies Protein Sciences as a leader in the development of a truly differentiable influenza vaccine for annual use as well as for use in case of a pandemic outbreak.

Daniel Adams, President and CEO of Protein Sciences Corporation, added: "The conversion of the Convertible Promissory Note makes Diamyd Medical a shareholder of Protein Sciences' late stage patented pipeline that includes FluBlØk™ that is expected to reach the US market in 2008. We have developed a close relationship with Diamyd Medical over the years and have great respect for their people and science. We are very intrigued by the prospects of Diamyd® therapy for diabetes and look forward to helping advance Diamyd® to market as quickly as possible."

About Protein Sciences

Protein Sciences Corporation is a privately held biotechnology company based in Meriden, Connecticut, USA. Its business is developing and manufacturing modern protein-based vaccines, diagnostics and therapeutics using recombinant DNA technology. Protein Sciences has a broad portfolio of patented products in development such as influenza vaccines in late stage clinical phase, a SARS vaccine that is scheduled to enter the clinic in 2007 as well as several products being developed with customers. Protein Sciences was founded in 1983 and has over 40 employees. Also see www.proteinsciences.com.

About Diamyd Medical

Diamyd Medical is a Life Science company developing treatments for diabetes and its complications. The Company's furthest developed project is the GAD-based drug Diamyd® for autoimmune diabetes. Diamyd® has demonstrated significant and positive results in Phase II clinical trials in both type 1 and autoimmune type 2 diabetes patients (LADA) in Sweden.

GAD65, a major autoantigen in autoimmune diabetes, is the active substance in Diamyd®. GAD65 is also an enzyme that converts the excitatory neurotransmitter glutamate to the inhibitory transmitter GABA. In this context GAD may have an important role not only in diabetes, but also in several CNS-related diseases. Diamyd Medical has an exclusive world-wide license from UCLA in Los Angeles regarding the therapeutic use of the GAD65 gene.

Diamyd Medical has sublicensed its UCLA GAD65 Composition of Matter license to Neurologix Inc., Fort Lee, New Jersey, for treatment of Parkinson's disease with an AAV-vector.

Other projects comprise drug development within gene therapy using the exclusively licensed and patent protected Nerve Targeted Drug Delivery System (NTDDS). The Company's lead gene therapy projects include using Enkephalin and GAD for chronic pain, e.g., diabetes pain or cancer pain. All projects in this field are in preclinical phases.

Diamyd Medical has offices in Stockholm (Sweden) and in Pittsburgh (USA). The Diamyd Medical share is quoted at the Stockholm Nordic Exchange in Sweden (ticker symbol: DIAM B) and in the US through a Level 1 ADR program administered by the Bank of New York (ticker symbol: DMYDY). Further information is to be found on the Company's website; www.diamyd.com

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