



Press Release, October 29, 2012

## **Diamyd Medical limits further investment in the diabetes vaccine**

*Diamyd Medical AB has decided to allocate a maximum of SEK 30 million over three years for the development of the diabetes vaccine Diamyd®.*

Diamyd Medical's liquid assets and short term investments amounted to SEK 380 million as of August 31, 2012. The Board has decided to allocate up to SEK 30 million of these for the further development of the diabetes vaccine Diamyd® over the next three years. The development activities are gathered in the subsidiary Diamyd Therapeutics. The diabetes vaccine Diamyd® is based on the GAD65 protein and is being developed for the treatment and prevention of autoimmune diabetes. The ambition is to have new scientific results within three years providing opportunities for partnering with major pharmaceutical companies or other funding.

Earlier in October, Diamyd Medical announced that it had entered into an agreement with Periphagen Holdings, Inc. for the sale of the U.S. subsidiary, Diamyd, Inc., including the development projects based on the Nerve Targeting Drug Delivery System (NTDDS) with applications in pain and neuropathy among others. That agreement is subject to approval from Diamyd Medical's shareholders at an Extraordinary General Meeting to be held on October 30, 2012.

"The decisions to sell the NTDDS platform and to limit the development budget for the diabetes vaccine Diamyd® should be seen as steps in Diamyd Medical's process to build a company generating a lasting robust return," says Peter Zerhouni, President and CEO of Diamyd Medical. "Further information will be presented in connection with the Annual General Meeting to be held on December 6."

### **For more information, please contact:**

Peter Zerhouni, President and CEO Diamyd Medical AB  
Phone: +46 8 661 00 26. E-mail: [press@diamyd.com](mailto:press@diamyd.com)

### **About Diamyd Medical**

Diamyd Medical was founded in 1996 and is active in the field of pharmaceutical development. Diamyd Medical is headquartered in Stockholm, Sweden. The Company's development project within the area of diabetes consists of the protein GAD65 for the treatment and prevention of autoimmune diabetes. A Swedish researcher-initiated Phase II study is ongoing to evaluate whether GAD65 can prevent type 1 diabetes in children who are at high risk of developing the disease. The Company's development projects for the treatment of chronic pain and neuropathy uses the patented NTDDS (Nerve Targeting Drug Delivery System) platform to administer therapeutic agents directly to the nervous system. The NTDDS platform is being divested.

Diamyd Medical also has holdings in the companies Protein Sciences Corporation (USA) and Mercodia AB (Sweden).

Diamyd shares are listed on Nasdaq OMX (segment Small Cap) 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](http://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.*

### **Diamyd Medical AB (publ)**

Karlavägen 108, SE-115 26 Stockholm, Sweden. Phone: +46 8 661 00 26, Fax: +46 8 661 63 68  
E-mail: [info@diamyd.com](mailto:info@diamyd.com). Reg. no: 556530-1420