Press Release, January 29, 2010

Diamyd informs in quarterly report of the objective to file for market approval for the Diamyd® diabetes vaccine in 2011

In her comments in today's quarterly report Elisabeth Lindner, President and CEO of Diamyd Medical, says that the Company's objective is to file the Diamyd® diabetes vaccine for market approval in 2011 - a goal that isn't very far off now.

During the first quarter Diamyd Medical has reported several important events that have contributed positively to the Company's development. The financial position has been strengthened through an oversubscribed preferential rights issue, which brought in just over MSEK 219 before issue expenses.

The European Phase III study with Diamyd® has been fully recruited meaning that the first results from the study can be reported during spring 2011. A recruitment campaign for the US study has been launched together with the recruitment firm Inclinix under the name DiaPrevent, and the number of patients recruited for the study is increasing at a fast pace.

"The past quarter has been very eventful for Diamyd where the most important have been the completion of enrolment for the European Phase III study and the successful financing of the Company beyond study results," says Elisabeth Lindner, President and CEO of Diamyd Medical. "The additional capital allows us to negotiate agreements without financial pressure and gives us freedom to choose the best time-point for out-licensing of Diamyd®."

The Company's gene therapy platform NTDDS (Nerve Targeting Drug Delivery System) has received additional focus during the quarter as the US Department of Veterans Affairs (VA) has awarded a two-year grant of USD 1.84 million to support the development.

After the end of the reporting period, the US FDA approved the experimental use of Diamyd® in children as young as 3 years of age in the TrialNet GAD study in North America. In addition the Company has, authorized by the Annual Meeting of Shareholders, executed a 2:1 division of shares (a split), meaning that each share has been divided into two shares of the same class.

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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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