



Press Release, March 31, 2010

Fund invests 35 MSEK in Diamyd

Diamyd Medical has accepted an offer from an investment fund managed from New York by a Swedish-American team to issue 291,667 new B shares in a direct placement at 120 SEK per share. The issue price corresponds to the average market price of the past 30 trading days. Total proceeds for Diamyd amounts to 35 MSEK.

“We welcome an additional investor with a long term horizon to our list of major shareholders,” says **Elisabeth Lindner**, CEO and President of Diamyd Medical. “This new capital allows us to create shareholder value in areas outside our Phase III program, in line with our objective to create a ‘Small Pharma Company’ in the diabetes field.”

The company’s current funds are dedicated to finance the ongoing Phase III program of the diabetes vaccine Diamyd[®], where results are expected during spring 2011. Diamyd is regularly evaluating new external and internal projects that could enhance the project pipeline or expand the applications of existing projects. With the additional capital the company can act fast when attractive opportunities arise.

After registration of the new issue the number of shares in Diamyd will amount to 29,000,105 divided into 1,437,876 shares of series A (1 vote) and 27,562,229 shares of series B (1/10 vote). The new shares represent 1.0 % of the capital and 0.7 % of the votes. The Board of Diamyd decided on the new issue based on the authorization given by the Annual General Meeting on December 11, 2009.

For more information, please contact:

Elisabeth Lindner, President and CEO Diamyd Medical AB (publ.)
Phone: +46 8 661 0026

For pictures and press material, please contact:

Andreas Ericsson, Diamyd Medical AB (publ.)
andreas.ericsson@diamyd.com
Phone: +46 8 661 0026

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.

Diamyd Medical AB (publ.)

Karlavägen 108, SE-115 26 Stockholm, Sweden. Tel: +46 (0)8 6610026, Fax: +46 (0)8 661 63 68

E-mail: info@diamyd.com. VAT no: SE556530-142001.