



Press Release, October 22, 2010

## **Diamyd divides operations into two business areas; Diabetes and Pain**

*In her comments in today's year end report, Elisabeth Lindner, President and CEO of Diamyd Medical, states that the company has decided to divide its operations into two business areas beginning with the new 2010/2011 fiscal year; Diabetes and Pain.*

The Diabetes business area consists of the antigen-based candidate drug Diamyd® for the treatment and prevention of autoimmune diabetes. The Pain business area consists of development projects that use the Company's proprietary NTDDS (Nerve Targeting Drug Delivery System) platform to administer drugs directly to the nervous system to treat pain.

"We have decided to divide our operations in order to highlight our pain portfolio. We see a great medical need and an opportunity to quickly demonstrate the value of our pain portfolio by continuing our cancer pain program with NP2 Enkephalin. In addition to NP2 Enkephalin, Diamyd currently has two more candidate drugs in business area Pain: NG2 GAD and NE2 Endomorphin, creating good prospects for the further development of a competitive product portfolio in the area of pain", says Elisabeth Lindner, CEO and President of Diamyd Medical.

During the fourth quarter Diamyd signed an agreement with Ortho-McNeil-Janssen Pharmaceuticals, Inc. (OMJPI) to develop and commercialize the Diamyd® diabetes therapy. Diamyd has secured exclusive rights for commercialization in the Nordic countries with the objective to build a small pharmaceutical company with its own development operations and a sales and marketing organization in the Nordic countries: a Nordic small pharma company.

After the reporting period Diamyd has reported promising safety findings from a Phase I study in chronic pain with the candidate drug NP2 Enkephalin. Substantial and sustained reduction in pain scores were reported in the middle and high dose cohorts treated with NP2 Enkephalin.

In the fourth quarter Diamyd Medical discloses a profit for the first time. Profit before tax for the fourth quarter amounts to MSEK 75 as a portion of the up-front payment of MSEK 327 received in connection with the signing of the agreement with OMJPI has been recognized as revenue. The remaining portion of the amount will be allocated until February, 2011, when the 15-month study period for the European study is ended. Loss before tax for the full year was MSEK -0.3. Liquid assets amounted to MSEK 501 as of August 31, 2010.

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**About Diamyd Medical**

Diamyd Medical is a Swedish pharmaceutical company focusing on the development of pharmaceuticals for the treatment of autoimmune diabetes and pain. The Diabetes business area consists of the antigen-based candidate drug Diamyd® for the treatment and prevention of autoimmune diabetes. Phase III studies of Diamyd® are currently in progress in Europe and the US. In 2010 the Company signed an agreement with Ortho-McNeil-Janssen Pharmaceuticals, Inc., for the development and commercialization of Diamyd®. The Pain business area consists of development projects that use the Company's proprietary NTDDS (Nerve Targeting Drug Delivery System) platform to administer drugs directly to the nervous system to treat chronic pain. A Phase I study of the candidate drug NP2 Enkephalin for cancer pain is ongoing, and the Company plans to initiate a Phase II study.

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](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.*

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