



DIAMYD INITIATES EUROPEAN SUBMISSION FOR PHASE III STUDIES WITH DIABETES VACCINE

Press Release, Stockholm, Sweden, January 18, 2008 – Diamyd Medical AB (www.omxgroup.com, ticker: DIAM B; www.otcqx.com, ticker DMYDY)

Diamyd Medical announces that its application to initiate European Phase III studies with the therapeutic diabetes vaccine Diamyd[®], has been initiated. A submission has been sent today to the Swedish Medicinal Products Agency. Additional submissions will be sent to other European countries. The study is proposed to include approximately 300 patients at 30-50 European clinical sites in 3-5 countries. Principal Investigator for the study will be Professor Ludvigsson, University of Linköping, Linköping, Sweden.

An application to conduct a similar Phase III study in the US was submitted to the FDA in December, 2007.

“This is another important milestone for Diamyd. We are looking forward, through the coming national applications, to the gradual inclusion of more European countries and diabetes clinics in the European Phase III Study”, says Elisabeth Lindner, CEO Diamyd Medical.

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 for which Phase III studies are planned. Diamyd[®] has demonstrated significant and positive results in Phase II clinical trials 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 central nervous system-related diseases. Diamyd Medical has an exclusive worldwide license from the University of California at Los Angeles regarding the therapeutic use of the GAD65 gene.

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

Other projects comprise drug development within therapeutic gene transfer using the exclusively licensed and patent protected Nerve Targeting Drug Delivery System (NTDDS). The company’s lead NTDDS projects include using enkephalin and GAD for chronic pain, for which a phase I clinical study is planned.

Diamyd Medical has offices in Stockholm, Sweden and Pittsburgh, PA. The Diamyd Medical share is quoted on the Stockholm Nordic Exchange in Sweden (NOMX ticker: DIAM B) and on the OTCQX-list in the United States (ticker: DMYDY) administered by the Pink Sheets and the Bank of New York (PAL). Further information is available at www.diamyd.com.

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