

Press release 14th January 2011

BioGaia's fifty-percent owned company TwoPac invests in a new facility in Eslöv

TwoPac, which is 50 % owned by BioGaia and 50 % by TwoPac's management, produces straws and oil drops containing probiotics as well as Life Top Cap, a bottle cap which contains sensitive ingredients, for BioGaia. Growing volumes together with increasing quality demands from authorities and customers have made the current facilities no longer suitable. TwoPac has therefore decided to build their own facility in Eslöv where the company presently rent premises.

The investment is estimated at approximately SEK 20 million and will be financed by own operating profit and through a loan from BioGaia. The facility will meet quality standards according to GMP (Good Manufacturing Practice) and is expected to be operational by the beginning of 2012.

- It is of strategic importance for BioGaia to be able to produce additional unique products with good stability and to offer the consumer convenience advantages at a reasonable cost, says Peter Rothschild, Managing Director, BioGaia AB
- The new facilities will mean that we can produce larger volumes, more effectively and with even better quality control and also allow us to participate and develop several new BioGaia products, says Per Hjalmarsson, Managing Director, TwoPac AB.

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Latest press releases from BioGaia:

2011-01-11 BioGaia signs agreement for its new Oral Rehydration Solution product for Greece
2010-12-08 New study published: *Lactobacillus reuteri* Protectis reduced regurgitation and improved stomach emptying in infants
2010-11-10 New study published: *Lactobacillus reuteri* Prodentis effective in the treatment of periodontitis

BioGaia publishes this information in accordance with the Swedish Securities Markets Act. The information was published on January 14, 2011, at 09:30 AM CET.

***BioGaia is a biotechnology company that develops, markets and sells probiotic products with documented health benefits. The products are primarily based on the lactic acid bacterium *Lactobacillus reuteri*, which has probiotic, health-enhancing effects. The class B share of the Parent Company BioGaia AB is quoted on the Small Cap list of the NASDAQ OMX Nordic Exchange Stockholm.
www.biogaia.com***