

BaltCap acquired USD 960,000 shareholding in EGeen Inc.

PRESS RELEASE

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The leading private equity investor in the Baltic States BaltCap Management has invested USD 960,000 in the course of a private equity placement of EGeen International Inc.

Share issue of EGeen involved all other present major shareholders of the company, including Draper Fisher Jurvetson and Pentameter Investments, Baltic Small Equity Fund and SEAF as well as others.

According to the CEO of EGeen Mr. Kalev Kask, the capital will be used to finance the costs of strengthening the sales of new services and adding clinical quality assurance personnel in Estonia, including two new clinical research associates and project manager, as well as engaging a top industry expert to be engaged in EGeen's drug co-ownership acquisition efforts. Also, further development of EGeen's proprietary IT systems will be financed.

„Having over 30 personnel working in Estonia, other Baltic Countries, and in the Ukraine – countries with a total of more than 55 million inhabitants -, EGeen has successfully departed from its original genomics-driven business plan and has transformed itself into a cost-efficient clinical research organization with an attractive ability to take on for development its own drugs. Since 2003 we have successfully started co-operation with global drug companies. To finance our growth necessary for satisfying the growing demand we arranged the share issue,” Mr. Kask said. “EGeen has developed a strategy to, in suitable cases, contribute clinical trial services in exchange for co-ownership (or royalties) in a drug compound, which offers the possibility to create a valuable asset base and obtain more potential upside.”

”Our investment decision is based on understanding that EGeen is a globally competitive drug development company with a very strong and experienced team who have succeeded in winning the trust of several large drug companies in a short time,” said Member of Board of BaltCap Management Mr. Peeter Saks. “EGeen is active in a fast-growing market: according to an independent estimate, the Eastern European clinical trial market would grow from USD 2 billion in 2004 to USD 4 billion by 2007. As more and more block-buster drugs are nearing patent expiration and large pharmaceutical companies have an urgent need to bring new drugs to market, clinical research organizations have recently enjoyed a positive stock market sentiment.”

“In the future, we see EGeen as a potential IPO candidate,” added Mr. Saks.

EGeen's 2004 revenues were \$900,000, a 300% increase from 2003. Nearly USD 2 million of revenues are projected for 2005, all of which are already under contract.

According to Standard & Poor's, the size of the global clinical development market is estimated to be at \$44 billion and it has been growing at an average annual rate of 10%. Drug development is a complex activity that requires a broad array of medical and laboratory expertise, including toxicology, preclinical evaluation, clinical trial design and implementation. As a consequence, it can take up to 12 years or more and over U.S. \$800 million to bring a new therapy from discovery to market. In face of this, many pharmaceutical and biotech companies look to outsourcing some or all of their drug development activities.

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