



FOR IMMEDIATE RELEASE

SOUTHRIDGE MANAGED FUNDS ANNOUNCES SALE OF EOIR, A DIVISION OF TECHNEST HOLDINGS, TO LLC

Ridgefield, CT and Bethesda, MD –September 13, 2007 – Southridge Capital Management LLC (“Southridge”), Managed Funds, is pleased to announce the recent sale of EOIR Technologies, a division of Technest Holdings, Inc (OTCBB: TCNH), a defense and homeland security company, to LLC for up to \$34 million. LLC is an entity formed for the purposes of facilitating this transaction and is an affiliate of The White Oak Group, Inc., an Atlanta, Georgia-based private investment firm.

The sale of EOIR to LLC will be structured as a stock sale in which LLC will acquire all of the outstanding stock of EOIR in exchange for approximately \$34 million in cash, \$11 million of which will be paid at closing and \$23 million of which is contingent upon the successful re-award to EOIR of the contract with the U.S. Army's Night Vision and Electronics Sensors Directorate by December 31, 2009. The award of the NVESD contract is expected at the end of 2007 or early in 2008.

Stephen Hicks, CEO of Southridge, said, “For the last few years we have financially sponsored and partnered with Technest. As the controlling shareholder of Technest, we were actively involved in the recent transaction and in assuring all shareholders received the maximum value for their holdings”.

About Southridge:

Southridge Capital Management LLC invests in global Private Placement transactions with companies from diverse industries and market capitalizations of up to \$5 billion US dollars. Since 1996, Southridge and its affiliated Funds have provided in excess of \$1.3 billion in capital to over 250 issuers worldwide. Southridge is headquartered in Ridgefield, CT with branch offices in New York City and Canada. Affiliated Southridge Group companies provide investment banking, trading and brokerage services to external clients within its merchant banking platform (www.southridgellc.com).

About Technest Holdings, Inc:

Technest Holdings, Inc. is a provider of: advanced remote sensor systems, chemical detectors, intelligent surveillance and advanced 3D imaging technology solutions to the defense and homeland security marketplaces. Technest is committed to setting next-generation standards in defense and security through the provision of innovative emerging technologies and expert services. Technest's solutions support military, law enforcement and homeland security personnel. Through strategic development, Technest focuses on the creation of dual-use technology and products with applications in both the defense market and civilian homeland security and law enforcement fields. For more information, please visit the company's website at <http://www.technestholdings.com>.

Disclaimer:

Please refer to the Company's filings for further details regarding the terms and conditions of the Offering. This summary is for informational purposes only, and does not represent an offer to sell or solicitation of an offer to buy securities.



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