SECURITIES AND EXCHANGE COMMISSION

FORM 8-K/A

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TECHNEST HOLDINGS INC CIK:**1077800**| IRS No.: **880357272** | State of Incorp.:**NV** | Fiscal Year End: **1231** Type: **8-K/A** | Act: **34** | File No.: **000-27023** | Film No.: **05791887**	Mailing Address *90 GROVE ST* *STE 1* *RIDGEFIELD CT 06877*	Business Address *90 GROVE ST* *STE 1* *RIDGEFIELD CT 06877* *2034318300*

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, DC 20549

FORM 8-K/A

CURRENT REPORT PURSUANT
TO SECTION 13 OR 15(D) OF THE
SECURITIES EXCHANGE ACT OF 1934

Date of report (Date of earliest event reported): February 15, 2005 (February 14, 2005)

TECHNEST HOLDINGS, INC.

(Exact Name of Registrant as Specified in Its Charter)

NEVADA
(State or Other Jurisdiction of Incorporation)

000-27023	88-0357272
(Commission File Number)	(IRS Employer Identification No.)

90 Grove St, Suite 204 RIDGEFIELD, CT	06877
(Address of Principal Executive Offices)	(Zip Code)

(203) 894-9700
(Registrant's Telephone Number, Including Area Code)

n/a
(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (SEE General Instruction A.2. below):

[ ] Written communications pursuant to Rule 425 under the Securities Act
(17 CFR 230.425)

[ ] Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

[ ] Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

[ ] Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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ITEM 9.01 FINANCIAL STATEMENT AND EXHIBITS

As previously reported on a Current Report on Form 8-K dated February 14, 2005 (filed on February 15, 2005) (the "Initial 8-K"), Technest Holdings, Inc. ("Technest") acquired all of the outstanding stock of GENEX Technologies, Inc. ("GENEX") for $3 million in cash; (ii) 10,168,764 shares of Markland Technologies, Inc.'s common stock (the shares of Markland common stock issued to Technest in the Markland Investment); and (iii) if earned, contingent payments in the form of additional shares of Technest common stock. Jason Geng's share consideration will be adjusted to reflect changes in the closing bid price of Markland common stock in the 10 trading days following February 14, 2005, subject to limitations set forth in the Merger Agreement.

This Form 8-K/A is being filed to amend the Initial 8-K to include the Financial Statements of GENEX and the Pro Forma Financial Information relating to Technest's acquisition of GENEX referred to below. Such information should be read in conjunction with the Initial 8-K.

(a) FINANCIAL STATEMENTS OF BUSINESS ACQUIRED

The following report, financial statements and notes thereto are filed herewith:

o report of Wolf & Company, P.C., independent registered public accounting firm
o balance sheets as of December 31, 2004 and December 31, 2003
o statements of operations for the years ended December 31, 2004 and December 31, 2003
o statements of stockholder’ s equity for the years ended December 31, 2004 and December 31, 2003
o statements of cash flows for the years ended December 31, 2004 and December 31, 2003
o notes to the financial statement for the years ended December 31, 2004 and 2003

(b) UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following unaudited pro forma financial information is filed herewith:

o unaudited pro forma consolidated balance sheet as of December 31, 2004
o unaudited pro forma consolidated statement of operations for the year ended December 31, 2004
o unaudited pro forma consolidated statement of operations for the year ended December 31, 2003
o notes to the unaudited pro forma consolidated financial statements

(a) FINANCIAL STATEMENTS OF BUSINESS ACQUIRED

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors
GENEX Technologies, Inc.
Fredericksburg, Virginia

We have audited the accompanying balance sheets of Genex Technologies, Inc. as of December 31, 2004 and 2003, and the related statements of operations, stockholder' s equity and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Genex Technologies, Inc. as of December 31, 2004 and 2003, and the results of its operations and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

\s\ Wolf & Company, P.C.

Boston, Massachusetts
April 29, 2005

GENEX TECHNOLOGIES, INC.

BALANCE SHEETS
DECEMBER 31, 2004 AND 2003

	DECEMBER 31, 2004	DECEMBER 31, 2003
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 113,452	$ 106,204
Accounts receivable	969,953	1,778,559
Employee advances	30,000	33,000
Prepaid expenses and other current assets	25,404	15,156
Inventory	131,754	--
TOTAL CURRENT ASSETS	1,270,563	1,932,919
PROPERTY AND EQUIPMENT		
Computers and equipment	39,684	22,192
Vehicles	26,134	55,972
	65,818	78,164
Less accumulated depreciation	(43,719)	(58,641)
	22,099	19,523
OTHER ASSETS		
Definite-lived intangible assets	188,609	123,316
Less accumulated amortization	(26,712)	(16,581)
	161,897	106,735
	$ 1,454,559	$ 2,059,177

See report of independent registered public accounting firm and notes to financial statements.

GENEX TECHNOLOGIES, INC.

BALANCE SHEETS
DECEMBER 31, 2004 AND 2003

	DECEMBER 31, 2004	DECEMBER 31, 2003
LIABILITIES AND STOCKHOLDER'S EQUITY		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	$ 6,150	$ 26,887
Short-term debt - related party	300,000	300,000
Other current liabilities	175,561	185,383
TOTAL CURRENT LIABILITIES	481,711	512,270

COMMITMENTS AND CONTINGENCIES

STOCKHOLDER'S EQUITY

Common stock, par value $.001 per share; 20,000,000 shares authorized, 10,000,000 issued and outstanding	10,000	10,000
Additional paid-in capital	83,887	83,887
Unearned stock-based compensation	(13,324)	(27,256)
Retained earnings	892,285	1,480,276
TOTAL STOCKHOLDER'S EQUITY	972,848	1,546,907
	$1,454,559	$2,059,177

See report of independent registered public accounting firm and notes to financial statements.

GENEX TECHNOLOGIES, INC.

STATEMENTS OF OPERATIONS
YEARS ENDED DECEMBER 31, 2004 AND 2003

	2004	2003
Revenues	$ 5,165,536	$ 5,214,026
Direct costs	3,484,574	2,888,668
GROSS PROFIT	1,680,962	2,325,358
Operating expenses:		
Selling, general and administrative expenses	1,874,888	1,412,509
Non-cash stock-based compensation	13,932	17,968
Depreciation and amortization	13,111	13,072
TOTAL OPERATING EXPENSES	1,901,931	1,443,549
OPERATING(LOSS)INCOME	(220,969)	881,809
Other income:		
Interest income	5,390	2,567
NET (LOSS)INCOME	$ (215,579)	$ 884,376

See report of independent registered public accounting firm and notes to financial statements.

GENEX TECHNOLOGIES, INC.
STATEMENTS OF STOCKHOLDER'S EQUITY
YEARS ENDED DECEMBER 31, 2004 AND 2003

	COMMON STOCK					
	SHARES	AMOUNT	UNEARNED STOCK-BASED COMPENSATION	ADDITIONAL PAID-IN CAPITAL	RETAINED EARNINGS	STOCKHOLDER'S EQUITY
Balance - January 1, 2003	10,000,000	$ 10,000	$ (45,223)	$ 83,887	$ 770,693	$ 819,357
Net Income	----	----	----	----	884,376	884,376

Distributions	----	----	----	----	(174,793)	(174,793)
Amortization of unearned stock-based compensation	--- -	----	17,967	----	--- -	17,967
Balance - December 31, 2003	10,000,000	10,000	(27,256)	83,887	1,480,276	1,546,907
Net Loss	----	----	----	----	(215,579)	(215,579)
Distributions	----	----	----	----	(372,412)	(372,412)
Amortization of unearned stock-based compensation	--- -	-- --	13,932	--- -	-- --	13,932
Balance - December 31, 2004	10,000,000	$ 10,000	$ (13,324)	$ 83,887	$ 892,285	$972,848
	=========	=========	=========	=========	=========	========

See report of independent registered public accounting firm and notes to financial statements.

GENEX TECHNOLOGIES, INC.

STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2004 AND 2003

	2004	2003
CASH FLOWS FROM OPERATING ACTIVITIES		
Net (loss) income	$ (215,579)	$ 884,376
Adjustments to reconcile net (loss) income to net cash provided by operating activities:		
Depreciation and amortization	13,111	13,072
Amortization of stock based compensation	13,932	17,967
Loss on disposal of fixed assets	--	23,466
Change in operating assets and liabilities:		
(Increase) decrease in assets:		
Accounts receivable	808,606	(824,746)
Prepaid expenses and other current assets	(7,248)	54,612
Inventory	(131,754)	--
Increase in liabilities:		
Accounts payable and accrued expenses	(20,737)	26,887
Other current liabilities	(9,822)	58,069
NET CASH PROVIDED BY OPERATING ACTIVITIES	450,509	253,703
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(17,492)	(30,230)
Investment in definite-lived intangible assets	(65,293)	(43,708)
NET CASH USED IN INVESTING ACTIVITIES	(82,785)	(73,398)

CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of bank overdraft	--	(198,768)
Proceeds from short-term debt - related party	300,000	300,000
Repayments of short-term debt - related party	(300,000)	--
Distributions	(360,476)	(174,793)
NET CASH USED IN FINANCING ACTIVITIES	(360,476)	(73,561)
INCREASE IN CASH AND CASH EQUIVALENTS	7,248	106,204
Cash and Cash Equivalents:		
Beginning	106,204	--
Ending	$ 113,452	$ 106,204
Supplemental Cash Flow Disclosure		
Non-cash distribution of property and equipment,	$ 11,936	$ --

See report of independent registered public accounting firm and notes to financial statements.

GENEX TECHNOLOGIES, INC.

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2004 AND 2003

NOTE 1. NATURE OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES

BUSINESS AND BASIS OF PRESENTATION:

Genex Technologies, Inc. (the "Company" or “Genex”) was incorporated in the State of Maryland in April 1995. The Company, develops state-of-the-art electro-optical imaging products and technologies that address real-world customer needs in military and other applications. It has both a research and development team as well as two product teams; one with a focus on government products and one with a focus on commercial products.

Effective February 14, 2005, Technest Holdings, Inc., a publicly-traded Florida corporation ("Technest"), acquired 100% of the Company's outstanding common stock in conjunction with a Stock Purchase Agreement dated February 14, 2005 ("the Acquisition"). Technest paid the stockholder $3,000,000 in cash and transferred 10,168,764 shares of Markland Technologies, Inc. common stock for all of the capital stock of Genex. As a result of this transaction, Genex Technologies, Inc. became a wholly-owned subsidiary of Technest.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

CASH AND CASH EQUIVALENTS

For purposes of reporting cash flows, the Company includes all cash accounts which are not subject to withdrawal restrictions or penalties.

REVENUE RECOGNITION

Revenues from time and materials contracts are recognized as costs are incurred.

Revenues from firm fixed price contracts are recognized on the percentage-of-completion method, either measured based on the proportion of costs recorded to date on the contract to total estimated contract costs or measured based on the proportion of labor hours expended to date on the contract to total estimated contract labor hours, as specified in the contract.

Provisions for estimated losses on all contracts are made in the period in which such losses become known. Changes in job performance, job conditions, and estimated profitability, including those arising from contract penalty provisions, and final contract settlements may result in revision to cost and income and are recognized in the period in which the revisions are determined.

ACCOUNTS RECEIVABLE

Accounts receivable represent the amount invoiced by the Company under contracts. An allowance for doubtful accounts is determined based on management's best estimate of probable losses inherent in the accounts receivable balance. Management assesses the allowance based on known trouble accounts, historical experience and other currently available evidence. If management determines amounts to be uncollectible, they will be charged to operations when that determination is made.

Substantively all of the Company's receivables are due from government contracts, either directly or as a subcontractor. The Company has not experienced any material losses in accounts receivable related to these contracts and has provided no allowance at December 31, 2004 and 2003. If management determines amounts to be uncollectible, they will be charged to operations when that determination is made.

DEPRECIATION AND AMORTIZATION

Property and equipment are depreciated using straight-line methods over the estimated useful lives of assets as follows:

Computers and equipment	3 years
Vehicles	5 years

GENEX TECHNOLOGIES, INC.

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2004 AND 2003

INVENTORIES

Inventories are stated at the lower of cost or market. Cost is determined by the first-in, first-out method and market represents the lower of replacement costs or estimated net realizable value.

INCOME TAXES

The Company, with the consent of its stockholder, elected to have its earnings taxed under Subchapter S of Chapter 1 of the Internal Revenue Code of 1986, as amended. Accordingly, for both Federal and state tax purposes, the Company's net income is taxed to the stockholders on their individual tax returns. Therefore, no provision for income taxes is recognized in the financial statements. On the effective date of the Acquisition (see above), the Company forfeited its status as a Subchapter S corporation.

CONCENTRATIONS

Financial instruments which potentially subject the Company to concentrations of credit risk consist principally of temporary cash investments and trade receivables. The Company places their temporary cash investments at financial institutions. However, a portion of temporary cash investments exceed FDIC insured levels.

Substantially all contract revenue is generated from contracts with Federal government agencies either directly or as subcontractors. Consequently, substantially all accounts receivable are due from Federal government agencies either directly or through other government contractors. One contract with the Unisys Corporation represented 15% of total revenue for year ended December 31, 2004 and 6% of account receivables at December 31, 2004. Three contracts one with Unisys and two with the department of Commerce represented 22%, 14% and 11% of total revenue for the year ended December 31, 2003 and 6%, 23% and 15% of accounts receivable at December 31, 2003, respectively.

USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. Estimates that are particularly susceptible to significant change in the near term relate to the revenue recognized under percentage completion method firm fixed price contracts, allowance for doubtful accounts, the estimated useful lives of property and equipment and the fair value of equity instruments.

STOCK-BASED COMPENSATION

Statement of Financial Accounting Standards (“SFAS”) No. 123, Accounting for Stock-Based Compensation encourages all entities to adopt a fair value based method of accounting for employee stock compensation plans, whereby compensation cost is measured at the grant date based on the value of the award and is recognized over the service period, which is usually the vesting period. However, it also allows an entity to continue to measure compensation cost for those plans using the intrinsic value based method of accounting prescribed by Accounting Principles Board (“APB”) Opinion No. 25, Accounting for Stock Issued to Employees, whereby compensation cost is the excess, if any, of the quoted market price of the stock at the grant date (or other measurement date) over the amount an employee must pay to acquire the stock. Stock options issued under the Company’ s stock option plans generally have no intrinsic value at the grant date, and under APB No. 25 no compensation cost is recognized for them.

The Company applies APB No. 25 and related interpretations in accounting for stock options issued to employees and directors as more fully described in Note __. Had compensation cost for the Company’ s stock options issued to employees and directors been determined based on the fair value at the grant dates consistent with SFAS No. 123, there would have been no material impact on net (loss) income.

DEFINITE-LIVED INTANGIBLE ASSETS

Definite-live intangible assets represent costs of outside legal counsel related to obtaining new patents. Patent costs are amortized over the legal life of the patents, generally twenty years, starting on the patent issue date. The costs of unsuccessful and abandoned patent applications are expensed when abandoned. The cost to maintain existing patents are expensed as incurred. The nature of the technology underlying these patents are :-

3D Imaging Technology:
3D capture using structured white light
3D filtering and data manipulation
3D display in volumetric space
Intelligent Surveillance Technology:
360-degree video acquisition using mirror, lens, and array configurations
2D & 3D video detection and enhancement algorithms
3D Facial Recognition Technologys:
3D facial recognition and enhancement algorithms

IMPAIRMENT OF LONG-LIVED ASSETS AND DEFINITE-LIVED INTANGIBLE ASSETS

Pursuant to SFAS No. 144, the Company continually monitors events and changes in circumstances that could indicate carrying amounts of long-lived assets and definite-lived intangible assets may not be recoverable. An impairment loss is recognized when expected cash flows are less than the asset's carrying value. Accordingly, when indicators or impairment are present, the Company evaluates the carrying value of such assets in relation to the operating performance and future undiscounted cash flows of the underlying business. The Company's policy is to record an impairment loss when it is determined that the carrying amount of the asset may not be recoverable. If the carrying amount of the asset is determined not to be recoverable, a write-down to fair value is recorded based upon various techniques to estimate fair value. No impairment charges were recorded in the years ended December 31, 2004 and 2003.

RECENT ACCOUNTING PRONOUNCEMENTS

In December 2004, the FASB issued Statement of Financial Accounting Standard ("SFAS") No. 123R, Accounting for Stock-Based Compensation ("SFAS No. 123R"). SFAS No. 123R establishes standards for the accounting for transactions in which an entity exchanges its equity instruments for goods or services. This Statement focuses primarily on accounting for transactions in which an entity obtains employee services in share-based payment transactions. SFAS No. 123R requires that the fair value of such equity instruments be recognized as an expense in the historical financial statements as services are performed. Prior to SFAS No. 123R, only certain pro forma disclosures of fair value were required. The provisions of this Statement are effective for small business issuers the first interim reporting period that begins after December 15, 2005. Accordingly, we will adopt SFAS No. 123R commencing with the quarter ending March 31, 2006. If we had included the fair value of employee stock options in our financial statements, our net loss for the years ended December 31, 2004 and 2003 would have been as disclosed in Note 2 above. Accordingly, the adoption of SFAS No. 123R is expected to have a material effect on our financial statements.

In December 2004, FASB issued SFAS No. 151 ("SFAS 151") Inventory Costs - an Amendment of ARB No. 43, Chapter 4. SFAS 151 clarifies the accounting for inventory when there are abnormal amounts of idle facility expense, freight, handling costs, and wasted materials. Under existing accounting principles, items such as idle facility expense, excessive spoilage, double freight, and re-handling costs may be "so abnormal" as to require treatment as current period charges rather than recorded as adjustments to the value of the inventory. SFAS 151 requires that those items be recognized as current-period charges regardless of whether they meet the criterion of "so abnormal." In addition, this Statement requires that allocation of fixed production overheads to the costs of conversion be based on the normal capacity of the production facilities. The provisions of this Statement shall be effective for inventory costs incurred during fiscal years beginning after June 15, 2005. The adoption of SFAS 151 is not expected to have a material effect on our position or results of operations.

NOTE 3. LEASE COMMITMENTS

The Company leases office space under the terms of a non-cancelable operating lease that expires in January 2006. The office space lease provides for annual increases of 3% to the base rent and requires the Company to reimburse the landlord for its pro rata share of the increases in annual operating expenses and real estate taxes. As of December 31, 2004 the following is a schedule of the future minimum lease payments required under this non-cancelable operating lease.

Years Ending December 31,	
2005	$121,000
2006	10,399
Total	$131,399

The Company is recording the rent expense on the straight-line basis and, as a result, has recorded deferred rent expense of $888 and $4,323 at December 31, 2004 and 2003. Rent expense for the years ended December 31, 2004 and 2003 was $146,907 and $140,740, respectively.

NOTE 4. CONTINGENCIES

The Company's billings and revenue on time and material contracts are based on provisional fringe, general & administrative and overhead rates which are subject to audit by the contracting government agency. During an audit conducted in November 2004 covering the fiscal year 2002, the Defense Contract Audit Agency (“DCAA”) discovered significant deficiencies in Genex’ s accounting system that resulted in misclassified and unallowable costs. As a result of this audit, Genex could be prevented from completing certain previous contracts awarded by the Department of Defense and may be required to refund amounts overbilled to its customers. The Company has accrued $ 68,017 for overpayments for 2002 and has extended the analysis of misclassified and unallowed costs to 2003 and 2004. The Company has accrued $115,492 in 2003 and $102,228 in 2004 to cover anticipated liabilities.

NOTE 5. COMMON STOCK OPTIONS

In September 2000, the Company established the 2000 Stock Option Plan ("Plan") which provides for the granting of options which are intended to qualify either as incentive stock options ("Incentive Stock Options") within the meaning of Section 422 of the Internal Revenue Code of 1986, as amended, or as options which are not intended to meet the requirements of such section ("Non-Statutory Stock Options"). The total number of shares of common stock for issuance under the 2000 Plan shall not exceed 1,000,000. Options to purchase shares may be granted under the Plan to persons who, in the case of Incentive Stock Options, are key employees (including officers) of the Company or, in the case of Non-statutory Stock Options, are key employees (including officers) or non-employee directors of, or non-employee consultants to, the Company.

The exercise price of all Incentive Stock Options granted under the Plan must be at least equal to the fair market value of such shares on the date of the grant or, in the case of Incentive Stock Options granted to the holder of more than 10% of the Company's common stock, at least 110% of the fair market value of such shares on the date of the grant. The maximum exercise period for which Incentive Stock Options may be granted is ten years from the date of grant (five years in the case of an individual owning more than 10% of the Company's common stock).
The exercise price of all Non-Statutory Stock Options granted under the Plan must be at least equal to 85% of the fair market value of such shares on the date of the grant.

During 2004 and 2003, options to purchase 20,000 and 60,000 shares of common stock were granted pursuant to the Plan. As of December 31, 2004 and 2003 there were 257,080 and 208,754 options vested respectively.

Summary information with respect to stock options granted is as follows:

	Number of Shares		Exercise Price
Balance, December 31, 2002	232,000		$ 1.07
Granted	60,000		$ 1.21
Balance, December 31, 2003	292,000		$ 1.10
Granted	20,000		$ 1.25
Balance, December 31, 2004	312,000		$ 1.11

Shares under option at December 31, 2004 were in the following exercise price range:

	Options outstanding			Options currently exercisable	
	Wtd Ave	No of Shares	Wtd Ave	Wtd Ave	No of Shares
Exercise Price range	Exercise Price	under option	Remaining life	Exercise price	under option
$1.00 - $1.25	$1.11	312,000	6.8 yrs	$1.08	257,080

The fair value of stock option grants is estimated using the Black-Scholes option-pricing model with the following assumptions:

FOR THE YEAR ENDED DECEMBER 31:	2004		2003	
Option term (years)	10		10	
Volatility	50.0	%	50.0	%
Risk-free interest rate	3.5	%	3.5	%
Dividend yield	0.0	%	0.0	%
Weighted-average fair value per option granted	$0.44		$0.44	

Between the years 2000 and 2004, the Company issued options to purchase 150,000 shares of common stock to certain consultants and members of the Company' s advisory board. These options have a term of 10 years and vest over period of 3 years. The Company determined the fair value of these options on the grant date using the Black-Scholes option pricing.model. For any options with ongoing performance requirements, the Company remeasured the fair value of the options each period. At December 31, 2004 and 2003, the Company recorded amortization of deferred compensation related to these non-employee options of $13,932 and $17,967 in the years ended December 31, 2004 and 2003, respectively.

NOTE 6. RELATED PARTY TRANSACTIONS

Advances to employees

Advances to employees represent short-term advances to employees. There were no fixed repayment terms and no interest charged. All amounts outstanding were collected in full subsequent to year-end.

Short-term debt – related parties

Short-term debt – related parties represent amounts advanced by a relative of the Company' s stockholder. There were no fixed repayment terms and no interest charged. All amounts outstanding were repaid in full subsequent to year-end.

Distributions

Distributions represent payments made by the Company on behalf of the sole stockholder for non-business items.

NOTE 7. EMPLOYEE BENEFIT PLAN

The Company maintains a Simplified Employee Pension (the SEP Plan) for all employees who have attained the age of 21 and have completed three years of service. Participants may make voluntary contributions up to the maximum amount allowed by law, but not to exceed 15% of each participant' s eligible compensation. The combined totals of participant and Company contributions may not exceed $30,000 by law. The Company contributions vest immediately to the participants. The Company recorded no contributions to the SEP plan for the years ended December 31st 2004 and 2003 respectively.

NOTE 8. SUBSEQUENT EVENTS

Subsequent to year end, 100% of the Company's outstanding common stock was acquired by Technest. (see Note 1).

(b) UNAUDITED PRO FORMA FINANCIAL INFORMATION

TECHNEST HOLDINGS, INC.
AND
GENEX TECHNOLOGIES, INC.
PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

The following unaudited pro forma consolidated balance sheet aggregates the balance sheet of Technest Holdings, Inc. ("Technest") as of December 31, 2004 and the balance sheet of GENEX Technologies, Inc. ("GENEX") as of December 31, 2004, accounting for the transaction as a business combination pursuant to statement of Financial Accounting Standards No. 141 and using the assumptions described in the following notes, giving effect to Technest's acquisition of GENEX (see note 1 to pro forma consolidated financial statements), as if the transaction had occurred as of December 31, 2004. Due to the change in control following this transaction, it is accounted for as a reverse acquisition. This reverse acquisition is treated as a recapitalization of GENEX under the capital structure of Technest in exchange for Technest' s net assets.

The following unaudited pro forma consolidated statement of operations combine the results of operations of Technest for the years ended December 31, 2004 and December 31, 2003 with the results of operations of GENEX for the years ended December 31, 2004 and December 31,2003 as if the transaction had occurred as of the beginning of the period. The pro forma consolidated financial statements should be read in conjunction with the separate historical financials statements of Technest, and the historical financial statements of GENEX appearing elsewhere herein. These pro forma financial statements are not necessarily indicative of the consolidated financial position, had the acquisition occurred on the date indicated above, or the consolidated results of operations which might have existed for the periods indicated or the results of operations as they may be in the future. For the purposes of preparing its consolidated financial statements the unaudited pro forma condensed consolidated balance sheet and the statements of operations reflects Technest's best estimates of this allocation; however, the final allocation may differ from the pro forma amounts.

TECHNEST HOLDINGS, INC. AND SUBSIDIARIES
Unaudited Pro forma Consolidated Balance Sheet
December 31, 2004

ASSETS	Technest Holdings Inc.	GENEX Technologies Inc.	Pro forma Adjustments	Pro forma (unaudited)
CURRENT ASSETS				
Cash	$ 139	$ 113,452 (1)	$ (3,000,000)	$ 561,853
	--	-- (1)	3,448,262	--
Accounts receivable	--	969,953	--	969,953
Inventory	--	131,754	--	131,754
Other current assets	--	55,404	--	55,404
Total Current Assets	139	1,270,563	448,262	1,718,964
OTHER ASSETS				
Property and Equipment - net	--	22,099	--	22,099
Intangible assets	--	161,897(1)	--	161,897
Total Other Assets	--	183,996	--	183,996
TOTAL ASSETS	$ 139	$ 1,454,559	$ 448,262	1,902,960
LIABILITIES AND STOCKHOLDERS' EQUITY				
CURRENT LIABILITIES				
Accounts payable	$ 242,158	$ 6,150	$ --	$ 248,308
Accrued expenses and other current liabilities	--	175,561 (2)	66,000	241,561
Notes payable	67,158	300,000 (1)	550,000	917,158
Total Current Liabilities	309,316	481,711	616,000	1,407,027
LONG-TERM DEBT	--	--	--	--
Total Liabilities	309,316	481,711	616,000	1,407,027

	Technest Holdings Inc.	GENEX Technologies Inc.	Pro forma Adjustments	Pro forma (unaudited)
COMMITMENTS AND CONTINGENCIES				
STOCKHOLDERS' EQUITY				

Series A Convertible preferred stock	--	--	--	--
Series B Convertible preferred stock	--	--	1,149	1,149
Series C Convertible preferred stock	--	--	1,149	1,149
Common stock	29,408	10,000 (1)	412,651 (29,408) 19,408	442,059
Subscription Receivable	(7,035)	(1)	7,035	--
Additional paid-in capital	15,200,049	83,887 (1) (1) (1) (1)	3,445,964 (15,200,049) 6,587,349 (328,585)	9,788,615 --
Unearned stock-based compensation	--	(13,324)	--	(13,324)
Retained Earnings (accumulated deficit)	(15,531,599)	892,285 (2)	15,531,599 (3,000,000) (7,000,000) (550,000) (66,000)	(9,723,715)
TOTAL STOCKHOLDERS'EQUITY(DEFICIT)	(309,177)	972,848	(167,738)	495,933
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 139	$ 1,454,559	$ 448,262	$1,902,960

TECHNEST HOLDINGS, INC.

PRO FORMA CONSOLIDATED STATEMENT OF OPERATIONS
YEAR ENDED DECEMBER 31, 2003

	Technest Technologies Inc.	GENEX Technologies Inc. (Unaudited)		Pro forma Adjustments (Unaudited)	Pro forma (Unaudited)
REVENUES	$ --	$ 5,214,026		$ --	$ 5,214,026
COST OF REVENUES		2,888,668		--	2,888,668
GROSS PROFIT	--	2,325,358		--	2,325,358
OPERATING EXPENSES					
Selling, general and administrative	145,024	1,412,509		--	1,557,533
Non-cash stock based compensation	--	17,968		--	17,968
Depreciation and amortization	--	13,072		--	13,072
TOTAL OPERATING EXPENSES	145,024	1,443,549		--	1,588,573
OPERATING INCOME (LOSS) FROM CONTINUING OPERATIONS	(145,024)	881,809		--	736,785
OTHER EXPENSES (INCOME), NET:					
Interest expenses	21,652	--	(2)	33,000	54,652
Other expense (income), net	(2,234,428)	(2,567)		2,234,428	(2,567)
TOTAL OTHER EXPENSES (INCOME), NET	(2,212,776)	(2,567)		2,267,428	52,085
INCOME (LOSS)BEFORE INCOME TAXES	2,067,752	884,376	(3)	(2,267,428)	684,700
Income taxes	--	--	(4)	--	--
NET INCOME (LOSS) APPLICABLE TO COMMON STOCKHOLDERS	$ 2,067,752	$ 884,376		$(2,267,428)	$ 684,700
BASIC AND DILUTED LOSS PER COMMON SHARE:	$ 0.07				$ (0.00)
Weighted Average Number of Common Shares Outstanding	28,974,326			412,650,577	441,624,903

TECHNEST HOLDINGS, INC.

PRO FORMA CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2004

	Technest Technologies Inc.	GENEX Technologies Inc.	Pro forma Adjustments (Unaudited)	Pro forma (Unaudited)
REVENUES	$ --	$ 5,165,536	$ --	$ 5,165,536
COST OF REVENUES	--	3,484,574	--	3,484,574
GROSS PROFIT	--	1,680,962	--	1,680,962
OPERATING EXPENSES				
Selling, general and administrative	14,818	1,874,888	--	1,889,706
Non-cash stock based compensation	90,000	--	--	90,000
Depreciation and amortization	--	13,111		13,111
TOTAL OPERATING EXPENSES	104,818	1,901,931	--	2,006,749
OPERATING INCOME (LOSS) FROM CONTINUING OPERATIONS	(104,818)	(220,969)	--	(325,787)
OTHER EXPENSES (INCOME), NET:				
Interest expenses	7690	--	33,000	40,690
Other expense (income), net	--	(5,390)	--	(5,390)
TOTAL OTHER EXPENSES (INCOME), NET	7,690	(5,390)	33,000	35,300
INCOME (LOSS) FROM CONTINUING OPERATIONS BEFORE INCOME TAXES	(112,508)	(215,579)	(33,000)	(361,087)
Income taxes	--	-- (4)	--	--
LOSS FROM CONTINUING OPERATIONS APPLICABLE TO COMMON STOCKHOLDERS	$ (112,508)	$ (215,579)	$ (33,000)	$ (361,087)
BASIC AND DILUTED LOSS PER COMMON SHARE:	$ (0.00)			$ (0.00)
Weighted Average Number of Common Shares Outstanding	26,795,171		412,650,577	439,445,748

TECHNEST HOLDINGS, INC.

NOTES TO PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

NOTE 1 - ACQUISITION OF GENEX AND RELATED FUNDING

Markland Technologies, Inc (whom we also refer to in this document as Markland), a homeland security and defense contractor, is a public company with a class of equity securities registered pursuant to Section 12(g) of the Exchange Act. This summary highlights selected information regarding Markland' s acquisition of a controlling interest in Technest and Technest' s acquisition of Genex Technologies, Inc.,(whom we also refer to in this document as Genex) a private company. These events occurred subsequent to the end of the fiscal year covered by this report. The acquisitions and the related financing transactions described below, including the issuance of our securities and securities of Technest Holdings, Inc. and the payment of all related fees and expenses, are collectively referred to in this filing as the Genex Transactions. Additional information regarding the Genex Transactions is available in the Form 8-K we filed with the SEC on February 15, 2005 (SEC File # 000-27023).

On February 14, 2005, Markland acquired a controlling interest in Technest. In connection with this transaction, and, at the same time, Technest acquired all of the capital stock of Genex Technologies, Inc., a private company with expertise in imaging and surveillance whose primary customer is the U.S. Department of Defense. Technest financed the acquisition of Genex through the private placement of securities to sophisticated investors.

Markland's Acquisition Of Technest. Markland acquired 412,650,577 shares of Technest's common stock in exchange for 10,168,764 shares of Markland common stock and Markland' s agreement to issue shares of their common stock upon conversion of Technest Series B preferred stock. The offer and sale of these securities was made pursuant to Section 4(2) of the Securities Act of 1933, as amended, and rules adopted thereunder (the "Securities Act"). As a result of this transaction and as of April 8, 2005 , Markland own approximately 93% of Technest's common stock on a primary basis and approximately 39% of Technest common stock on a fully diluted basis (assuming the conversion of all of Technest's convertible securities and the exercise of all warrants to purchase Technest's common stock).

Robert Tarini, Markland' s Chief Executive Officer and Chairman of the Board, was appointed the Chief Executive Officer and a Director of Technest. Technest's only other director is Mark Allen. Mark Allen resigned as director of Technest on March 30, 2005. In addition, Gino M. Pereira, Markland' s Chief Financial Officer, was appointed Chief Financial Officer of Technest and Dr. Joseph P. Mackin, Markland' s President and Chief Operating Officer and a Director of Markland, was appointed President of Technest. Technest' s executive officers will split their time between Markland and Technest. They will not be able to devote all of their time to Technest.

Technest's Financing. Technest financed the acquisition of Genex with the sale of 1,149,425 shares of Technest Series B preferred stock which is convertible into Markland common stock, five-year warrants to purchase up to 242,735,571 shares of Technest common stock for an exercise price of $.0307 per share, and 1,149,425 shares of Technest Series C preferred stock convertible into 242,735,571 shares of Technest's common stock. Technest received gross proceeds of $5,000,000 in this offering. The purchasers in this offering included (i) Southridge Partners, LP, DKR Soundshore Oasis Holding Fund, Ltd., and DKR Soundshore Strategic Holding Fund, Ltd., (ii) ipPartners, Inc., a company controlled by Robert Tarini, the Chief Executive Officer and a director of Technest and Markland, and (iii) other investors. The offer and sale of these securities was made pursuant to Section 4(2) of the Securities Act. In this report, we refer to these investors collectively as the Investors.

Mr. Tarini was one of the investors in this private placement through ipPartners Inc., a company wholly- owned by Mr. Tarini. ipPartners Inc. invested $625,000 in this offering and received 143,678 shares of Technest Series B preferred stock, 143,678 shares of Technest Inc. C preferred stock, and warrants to purchase 30,341,920 shares of Technest common stock.

In connection with the Genex Transactions, the Board of Directors of Technest and the holders of a majority of the common stock of Technest approved a 1 for 211.18 reverse split of Technest's outstanding common stock. The reverse split will become effective not less than 20 days after an information statement relating to the reverse split is filed with the SEC and is mailed to the stockholders of Technest in accordance with Section 14C of the Securities Exchange Act of 1934, as amended, and rules adopted thereunder (the "Exchange Act"). We have not filed this information statement with the SEC.

Technest's Acquisition Of Genex. Technest paid $3,000,000 in cash and transferred 10,168,764 shares of Markland stock to Jason Geng, the sole stockholder of Genex for all of the capital stock of Genex. As a result of this transaction, Genex Technologies, Inc. became a wholly-owned subsidiary of Technest. The Merger Agreement provides that Jason Geng' s share consideration will be adjusted to reflect changes in the closing bid price of our common stock in the 10 trading days following February 14, 2005. As a result of this adjustment, Mr Geng is entitled to an additional 2,018,347 shares of Markland common stock. In addition, the Merger Agreement provides for Mr. Geng to receive a twelve month unsecured promissory note in the principal amount of $550,000 that accrues interest at the rate of 6% per year. Also, if Genex meets specified revenue goals at the end of each of the first three years following February 14, 2005, the Merger Agreement provides that Technest will pay to Mr. Geng contingent consideration of additional shares of Technest common stock equal to the fair market value of 30% of the difference in Genex's gross revenue during the year proceeding the payment and its gross revenue in 2004. Finally, the Merger Agreement provides that if the Intraoral Technologies are commercialized, Mr. Geng will be entitled to 50% of all profits generated from the Intraoral Technologies for a period of five years following February 14, 2005.

Business Of Genex. Genex, a private company incorporated under the laws of the State of Maryland, was founded in 1995. Genex offers imaging products and complete solutions for three-dimensional imaging and display, intelligent surveillance, and three-dimensional facial recognition. It has both a research and development team as well as two product teams, one with a focus on Government products and one with a focus on commercial products. Genex currently has approximately 20 employees.

Accounting Policy
Due to the change in control following this transaction, it is accounted for as a reverse acquisition. This reverse acquisition is treated as a recapitalization of GENEX under the capital structure of Technest in exchange for Technest' s net assets.

NOTE 2 - PRO FORMA INTEREST EXPENSE

The Pro forma interest expense for the years ended December 31, 2003 and 2004, assuming the $550,000 loan was outstanding for this period amounts to $33,000 in each year respectively at an interest rate of 6% per annum.

NOTE 3 – REVERSAL OF GAIN ON SALE OF SUBSIDIARY

On March 25, 2003, the Company sold all the outstanding shares held by it in Technest, Inc. (subsidiary) to Aberdeen Avenue LLC for $1.00. As a result of the sale the Company reversed $2,234,423 of the subsidiary's liabilities, which was recorded as a gain on sale of subsidiary. As this represents the gain on a discontinued business it' s effect on the financial statements was reversed for the pro forma statement.

NOTE 4 - PRO FORMA INCOME TAXES

GENEX's income tax expense for the twelve months ended December 31, 2003 were eliminated as it is assumed that a consolidated tax return would have been filed utilizing the 2003 net tax losses carried forward for of Technest against the taxable income of GENEX.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Technest Holdings, Inc.

Date: May 2, 2005

By: /S/ Robert Tarini .

Name: Robert Tarini
Title: Chairman and Chief Executive Officer

By: /S/ Gino Pereira.

Name: Gino Pereira
Title: Chief Financial Officer

EXHIBIT INDEX

EXHIBIT NUMBER	DESCRIPTION
23.1	Consent of Wolf & Company, P.C.

End of Filing