Splinex Technology Inc.
Form 10QSB
January 11, 2008

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-QSB

(Mark One)

X QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 2007

TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE EXCHANGE ACT

For the transition period from ____________ to_________________

Commission file number 333-116817

Splinex Technology Inc.

(Exact name of small business issuer as specified in its charter)

Delaware	**20-0715816**
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification No.)

500 W. Cypress Creek Road Suite 100
Fort Lauderdale, FL 33309
(Address of principal executive offices)

(954) 556-4020
(Issuer's telephone number)

(Former name, former address and former fiscal year, if changed since last report)

Check whether the issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the past 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes [] No [X]

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act.) Yes [X] No []

State the number of shares outstanding of each of the issuer's classes of common equity, as of the latest practicable date: At December 1, 2007, the number of shares outstanding of the issuer's common stock was 100,757,770 shares.

Transitional Small Business Disclosure Format (Check one): Yes [] No [X]

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Form 10-QSB
For the Quarter Ended June 30, 2007
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PART I — FINANCIAL INFORMATION

Item 1. Financial Statements.

SPLINEX TECHNOLOGY INC.
(A DEVELOPMENT STAGE COMPANY)
CONDENSED CONSOLIDATED UNAUDITED BALANCE SHEET

ASSETS	June 30, 2007	March 31, 2007
Current assets		
Cash	$ 916	$ 251
Prepaid expenses and other	-	5,132
Total current assets	916	5,383
Property and equipment, net	-	-
Total assets	$ 916	$ 5,383
LIABILITIES AND STOCKHOLDERS' DEFICIENCY IN ASSETS		
Current liabilities		
Demand note payable and accrued interest due to related party - Ener1 Group	809,355	776,476
Note payable and accrued interest due to related party - Bzinfin	2,837,082	2,805,207
Accounts payable	557,122	557,120
Accrued expenses	505,171	500,927
Due to related parties	138,262	138,262
Total current liabilities	4,846,992	4,777,992
COMMITMENTS AND CONTINGENCIES		
STOCKHOLDERS' DEFICIENCY IN ASSETS		
Preferred stock ($.001 par value, 150,000,000 shares authorized and no shares issued and outstanding	-	-
Common stock ($.001 par value, 300,000,000 shares authorized and 100,757,770 shares issued and outstanding)	100,758	100,758
Treasury stock, at cost; 250,000 shares	(62,500)	(62,500)
Paid in capital	1,109,712	1,109,712
Deficit accumulated during the development stage	(5,994,046)	(5,920,579)
Total stockholders' deficiency in assets	(4,846,076)	(4,772,609)
Total liabilities and stockholders' deficiency in assets	$ 916	$ 5,383

See accompanying notes.

SPLINEX TECHNOLOGY INC.
(A DEVELOPMENT STAGE COMPANY)
CONDENSED CONSOLIDATED UNAUDITED STATEMENTS OF OPERATIONS

	Three Months Ended June 30, 2007	Three Months Ended June 30, 2006	Cumulative From Inception (October 28, 2003) Through June 30, 2007
Net sales	$ 98	$ -	$ 3,911
Operating Expenses			
Sales and marketing	-	-	561,296
General and administrative	32,210	154,348	3,589,645
Research and development	-	23,289	1,984,516
Total operating expenses	32,210	177,637	6,135,456
Costs of merger and registration	-	-	512,321
Total expenses	32,210	177,637	6,647,777
Loss from operations	(32,112)	(177,637)	(6,643,866)
Other income (expense)			
Other income from settlements	-	-	167,244
Interest expense, net	(41,354)	(38,712)	(340,270)
Total other income and expense	(41,354)	(38,712)	(173,026)
Loss before income taxes	(73,466)	(216,349)	(6,816,892)
Income taxes	-	-	-
Net loss	$ (73,466)	$ (216,349)	$ (6,816,892)
Net loss per basic and fully diluted share	$ (0.00)	$ (0.00)	
Weighted average shares outstanding	100,757,770	100,757,770	

See accompanying notes.

SPLINEX TECHNOLOGY INC.
(A DEVELOPMENT STAGE COMPANY)
CONDENSED CONSOLIDATED UNAUDITED STATEMENTS OF CASH FLOWS

	Three Months Ended June 30, 2007	Three Months Ended June 30, 2006	Cumulative From Inception (October 28, 2003) Through June 30, 2007
Cash flows from operating activities:			
Net loss	$ (73,466)	$ (216,349)	$ (6,816,892)
Adjustments to reconcile net loss to net			
cash used in operating activities:			
Depreciation	-	2,282	71,817
Executive compensation and other expenses			
paid with common stock	-	-	32,179
Non cash interest expense	41,354	37,836	333,605
Changes in operating assets and liabilities:			
Prepaid expenses and other	5,133	32,266	-
Due to related parties	-	-	138,261
Accounts payable	-	53,001	557,123
Accrued expenses	4,244	(10,072)	451,421
Total adjustments	50,731	115,313	1,584,405
Net cash used in operating activities	(22,735)	(101,036)	(5,232,486)
Cash flows from investing activities:			
Purchase of equipment	-	-	(79,429)
Employee loans and advances, net	-	831	-
Net cash used in investing activities	-	831	(79,429)
Cash flows from financing activities:			
Note payable related party	23,400	95,000	3,312,831
Contributed capital from equity investors	-	-	2,000,000
Net cash provided by financing activities	23,400	95,000	5,312,831
Net increase (decrease) in cash	665	(5,205)	916
Cash at beginning of period	251	9,458	-
Cash at end of period	$ 916	$ 4,253	$ 916

See accompanying notes.

SPLINEX TECHNOLOGY INC.
(A DEVELOPMENT STAGE COMPANY)
NOTES TO CONDENSED FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Basis of Presentation

Splinex Technology Inc. (“Technology”) was organized under the laws of the State of Delaware as a wholly owned subsidiary of Splinex, LLC, a Florida limited liability company (the “Predecessor”), to conduct the business and operations of the Predecessor. Under an agreement effective April 1, 2004 (the “Contribution Agreement”), the Predecessor contributed substantially all of its assets, liabilities and operations to Technology. The financial statements include the accounts of Technology and the Predecessor (combined, the “Company”), and all material intercompany transactions have been eliminated. The Company began its development stage activity on October 28, 2003 (“Inception”).

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and Regulation S-B. Accordingly, they do not include all of the information and footnotes required for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring adjustments) considered necessary for a fair presentation of the results for the interim periods presented have been included. These results have been determined on the basis of generally accepted accounting principles and practices applied consistently with those used in the preparation of the Company's Annual Financial Statements for the year ended March 31, 2007. Operating results for the three months ended June 30, 2007 are not necessarily indicative of the results that may be expected for the year ending March 31, 2008. It is recommended that the accompanying condensed consolidated financial statements be read in conjunction with the financial statements and notes for the year ended March 31, 2007 included in the Company’s Form 10-KSB filed with the Securities and Exchange Commission on January 10, 2008.

Reclassifications

Certain prior period amounts have been reclassified to conform to the current year presentation.

Basis of Consolidation

The consolidated interim financial statements include the accounts of Technology and its wholly owned subsidiary, ANTAO Ltd., a limited liability company formed under the laws of Russia (“ANTAO”). All material intercompany accounts and transactions have been eliminated in consolidation.

Business Activity

In 2004, the Company began developing visualization software, and commenced selling the software in 2005. Due to lack of significant sales, the Company substantially reduced its workforce and overhead costs beginning in September 2005. The Company terminated its use of software development services previously provided to us by Splinex Outsourcing, Inc., a Russian outsourcing company; terminated or accepted resignations from our personnel, certain executives, and managers; and ceased marketing activities. From September 2005 through July 2007, Ener1 Group, Inc., a related party, began loaning the Company money to fund its operations. In July 2007, Ener1 Group, Inc. stopped funding the Company operations and the Company stopped paying its remaining executive employee. In August and September 2007, two of the three members of the board of directors resigned. The Company had no employees at March 31, 2007; however, a non-paid executive continues to perform duties as necessary.

As further described in the Subsequent Events note, in December 2007, a related party structured a transaction that provided funds to the Company to settle its existing debts at a discount to the face amount of the obligations, restructured certain notes payable in exchange for newly issued common shares of the Company, and gave Splinex LLC a substantial majority of the outstanding common shares (the “Splinex Restructuring”). The Company expects its controlling shareholders to direct Splinex to acquire one or more companies, although no definitive purchase agreements have yet been signed.

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 the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities as of the balance sheet date and the reported amounts of expenses for the period presented. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents include highly liquid money market investments purchased with an original maturity of three months or less. At June 30, 2007, the Company had no cash equivalents. The Company maintains its cash in a bank deposit account, the balance of which, at times, may exceed federally insured limits. Accounts are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to $100,000. At June 30, 2007, the Company had no amounts in excess of FDIC insured limits.

Foreign Currency Transactions

All transactions of the Company are denominated in U.S. dollars. The Company paid Russian research, programming and administrative costs under a U.S. dollar denominated agreement. Consolidated general and administrative expenses include immaterial foreign exchange rate losses on Russian bank balances maintained by ANTAO. The Company has not engaged in foreign currency hedging activities.

Stock-Based Compensation

Statement of Financial Accounting Standards (“SFAS”) No. 123R, “Accounting for Stock-Based Compensation,” requires companies to record employee stock option compensation at fair value. The Company adopted SFAS 123R during the quarter ending March 31, 2005. No options were granted or exercised during the three months ending June 30, 2007. At June 30, 2007, the Company has 300,000 options outstanding under its plan, of which 262,500 options are vested, with an exercise price of $0.10 per share and with a remaining contractual term of 7 1/2 years.

Software Development Costs

The Company accounts for software development costs in accordance with SFAS No. 86, “Accounting for the Costs of Computer Software to Be Sold, Leased or Otherwise Marketed.” Costs incurred to establish the technological feasibility of a computer software product are considered research and development costs and are expensed as incurred. When the technological feasibility of a software product has been established using the working model approach, development cost are capitalized. Capitalization of these costs ceases when the product is ready for production. The Company has expensed all software development costs since Inception.

Revenue Recognition

The Company’s revenues, net of sales returns and other allowances, are from the licensing of products. The Company recognizes revenues in accordance with Statement of Position or “SOP” 97-2, “Software Revenue Recognition,” as amended, SOP 81-1, “Accounting for Performance of Construction-Type and Certain Production-Type Contracts,” and Staff Accounting Bulletin or “SAB” 104, “Revenue Recognition.” The Company will recognize revenues when persuasive evidence of an arrangement exists, delivery has occurred, the vendor’s fee is fixed or determinable, vendor-specific objective evidence exists for all undelivered elements of the arrangement and collection is determined to be probable.

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Net Loss Per Share

Basic net loss per common share is computed by dividing net loss applicable to common stockholders by the weighted-average number of common shares outstanding during the period. Diluted net loss per common share is determined using the weighted-average number of common shares outstanding during the period, adjusted for the dilutive effect of common stock equivalents, consisting of shares issuable upon exercise of common stock options. In periods when losses are reported, the weighted-average number of common shares outstanding excludes common stock equivalents because their inclusion would be anti-dilutive.

Fair Value of Financial Instruments

The Company's financial instruments consist mainly of cash, short-term payables and borrowings under the notes payable. The Company believes that the carrying amounts approximate fair value, due to their short-term maturities and current interest rates.

Impairment of Long-Lived Assets

The Company reviews its long-lived assets for impairment whenever events or changes indicate that the carrying amount of an asset or group of assets may not be recoverable. No impairment losses were recorded during the period ended June 30, 2007.

NOTE 2. GOING CONCERN CONSIDERATIONS

The Company's financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the settlement of liabilities and commitments in the normal course of business. The Company is in the development stage and has had minimal revenues since Inception. Management recognizes that the Company must raise capital sufficient to fund business activities until such time as it can generate revenues and net cash flows in amounts necessary to enable it to continue in existence. The realization of assets and satisfaction of liabilities in the normal course of business is dependent upon the Company achieving these goals. Management's plans include such alternatives as an acquisition or merger with a company.

The Company has been unable to generate any significant sales of the product due in part to a lack of funds for marketing and promotion. In addition, a value added reseller of our product was unable to generate significant sales of the product. In September 2005, the Company changed its business strategy and took certain actions to reduce its overhead costs. The Company terminated its use of software development services previously provided to us by Splinex Outsourcing, Inc., a Russian outsourcing company; terminated or accepted resignations from most of our personnel, executives, and managers; and ceased marketing activities. From September 2005 through July 2007, Ener1 Group, Inc., a related party, loaned the Company money to fund its operations. In July 2007, Ener1 Group, Inc. stopped funding the Company operations and stopped paying its remaining executive employee. In August and September 2007, two of the three members of the board of directors resigned. The Company had no employees at March 31, 2007; however, a non-paid executive continues to perform duties as necessary.

As described in Note 9 - Subsequent Events, in December 2007, a related party structured a transaction that provided funds to the Company to settle existing debts of the Company at a discount to the face amount of the obligations, restructured certain notes payable in exchange for newly issued common shares of the Company, and gave Splinex LLC substantial majority of the outstanding common shares (the "Splinex Restructuring"). The Company expects the Company's controlling shareholders to direct the Company to acquire or merge with one or more companies, although no definitive purchase agreements have yet been signed.

The Company has engaged in discussions with several potential merger partners, but to date has been unable to reach agreement on terms for a merger primarily because the Company had been unable to reach a satisfactory settlement of certain severance and trade obligations. The Company has no formal agreements to merge with another company, and expects that Splinex LLC, the controlling shareholder, will direct Splinex to find an appropriate merger partner and complete a merger after completion of the Splinex Restructuring. If the Company did not complete the Splinex Restructuring, it is likely that the Company would discontinue operations and cease to do business.

In accordance with the funding provisions in the Predecessor's operating agreement, certain members of the Predecessor contributed capital of $2,000,000 to the Predecessor. As of July 27, 2005, the Company had borrowed $2,500,000 under a $2,500,000 revolving loan agreement with Bzinfin, S. A., a company that is affiliated with the Company through common ownership (the "Bzinfin Loan"). The Company borrowed an additional $50,000 from Bzinfin during September 2005, and the loan agreement was amended to include the additional borrowing under the same terms and conditions. Loans under this agreement must be repaid two years from the date of the initial funding, which occurred on February 7, 2005. The Company received an extension of the due date of the Bzinfin Loan from February 7, 2007 until June 30, 2007. The loan is currently in default.

The Company borrowed funds from a related party, Ener1 Group, Inc., to pay certain ongoing expenses while the Company pursues various alternatives, which could include acquisitions of or joint ventures with companies that could benefit from the Company's core technologies. The Company ceased receiving funding from Ener1 Group, Inc. effective July 2007. From October 2005 through June 30, 2007, the Company borrowed $762,831 from Ener1 Group, Inc., under a demand note that bears interest at an annual rate of 5% payable at maturity.

Management believes that actions presently being taken, as described herein, provide the opportunity for the Company to continue as a going concern; however, there is no assurance this will occur.

NOTE 3. SEGMENT INFORMATION

The Company's sole reportable business segment is visual communication software products and services. The Company's accounting policies for segments are the same as those described in the summary of significant accounting policies.

NOTE 4. ACCRUED EXPENSES

Accrued expenses represent expenses that are owed at the end of the period that either have not been billed by the provider or are expenses that are estimated for services provided. Accrued expenses also include severance and other wage related expenses due to former employees. At June 30, 2007 and March 31, 2007, accrued expenses consisted of the following:

	June 30, 2007	March 31, 2007
Accrued severance and termination obligations	$ 465,200	$ 467,416
Audit	30,000	24,000
Accrued vacation and wages	9,971	9,511
	$ 505,171	$ 500,927

NOTE 5. STOCKHOLDERS' EQUITY

The Company has the authority to issue 300,000,000 shares of common stock, par value of $0.001 per share. Each holder of common stock is entitled to one vote for each share held. The Company has the authority to issue 150,000,000 shares of preferred stock, par value $0.001 per share, which may be divided into series with the designations, powers, preferences, and relative rights and any qualifications, limitations or restrictions as determined by the Company's board of directors.

NOTE 6. RELATED PARTY TRANSACTIONS

On January 1, 2004 and February 1, 2004, the Company entered into consulting agreements with two members of the Predecessor, one of whom is also director of the Company. The consulting agreements engage the members to provide consulting services including providing advice regarding equity restructuring, business planning, strategic planning, and international licensing in exchange for $100,000 per year, or a monthly fee to each consultant of $8,333. General and administrative expenses include consulting fees under these agreements of $50,000 for the three months ended June 30, 2006. Accounts payable at June 30, 2007 include $350,666 owed under these agreements. The Company and the related parties agreed to terminate the consulting agreements effective December 31, 2006, and agreed to forego collection of all payments due under the contract in December 2007. See subsequent events note.

The Company shared personnel with Ener1, Inc. and Ener1 Group, Inc., entities affiliated with the Company by common ownership and through common control. Accordingly, amounts have been allocated to and from the Company for the services of personnel and other expenses. The Company incurred rent expense of $10,486 for its office space under a sublease with Ener1 Group, Inc. for the three months ended June 30, 2006. The lease and sublease were terminated and no further rent expenses were incurred after June 30, 2006.

Effective January 27, 2006, the Company's President, Mr. Herlihy, began performing services for Ener1, Inc., including serving as its Chief Financial Officer from January 27, 2006 through October 16, 2006 and again as of November, 2007, in addition to his continuing role at Splinex. Splinex paid $60,000 and Ener1 paid $190,000 of Mr. Herlihy's $250,000 annual salary through May 2007, at which time Splinex discontinued making salary payments to Mr. Herlihy. Mr. Herlihy dedicated substantially all of his time to Ener1 except for the time necessary to attend to the administrative and financial matters of Splinex.

NOTE 7. DEBT DUE TO RELATED PARTIES

Effective April 1, 2004, a company that is affiliated with the Company through common ownership, entered into a revolving loan agreement, the Bzinfin Loan, with the Company under which the Company borrowed $2,550,000 in aggregate principal through September 30, 2005. Loans under this agreement bear interest at an annual rate of 5% and must be repaid two years from the date of the initial funding, which occurred on February 7, 2005. The Company received an extension of the due date of the Bzinfin Loan from February 7, 2007 until June 30, 2007. The loan is in default as of July 1, 2007. No principal or interest payments have been made. Accrued interest at June 30 2007 was $287,082.

At June 30, 2007, the Company had borrowed $762,831 from Ener1 Group under a demand note bearing annual interest of 5% to fund working capital needs. Accrued interest at June 30, 2007 was $46,524.

NOTE 8. COMMITMENTS AND CONTINGENCIES

Foreign subsidiary

The Company has outsourced computer programming to a company located in Ekaterinberg, Russia. The Company may engage in outsourcing or other business operations in Russia again in the future. The Company's operations in Russia are subject to significant risks not typically associated with companies in North America and Western Europe. These risks include, among others, political, economic and legal risks associated with doing business in Russia, limitations on foreign currency transactions, and risks associated with evolving Russian laws on issues including creditor rights and intellectual property. The Company's ability to develop products and earn revenues may be adversely affected by changes in the political, economic, legal and social conditions in Russia, and by changes in governmental policies with respect to laws and regulations, anti-inflationary measures, foreign currency transactions, and rates and methods of taxation, among other things.

NOTE 9. SUBSEQUENT EVENTS

In December 2007, a related party structured a transaction that provided funds to the Company to settle its existing debts at a discount to the face amount of the obligations, restructured certain notes payable which will be exchanged for newly issued common shares of the Company, and gave Splinex LLC substantial majority of the outstanding common shares (the “Splinex Restructuring”). The Company expects its controlling shareholders to direct Splinex to acquire one or more companies, although no definitive purchase agreements have yet been signed. The actions taken to restructure the company are described in the following paragraph.

In December 2007, Bzinfin agreed to loan Splinex LLC up to $500,000 to lend to the Company to be used to fund the settlement of certain financial obligations and the costs of audit and filing financial reports with the SEC. On or about December 17, 2007, under a Purchase Agreement, 1) certain holders, who had received shares in the Company as distributions from Splinex LLC, transferred their ownership of 35,162,334 shares of common stock of the Company to Splinex LLC for nominal consideration, and 2) Bzinfin and Ener1 Group assigned debt obligations to Splinex LLC in the amount of $2,805,207 and $845,864, respectively. Under a Purchase Agreement dated December 17, 2007, TGR Capital LLC, a Florida limited liability company ("TGR") controlled by a related party, 1) acquired the membership interests in Splinex LLC, thereby giving TGR control over Splinex LLC, and 2) agreed to repay the Bzinfin loan of $500,000. Under an Exchange Agreement dated December 18, 2007, the Company agreed to issue 113,500,000 newly issued shares of the Company to Splinex LLC of which 8,500,000 shares will be issued to Bzinfin and 2,125,000 will be issued to Alexander Malovik in exchange for the Bzinfin and Ener1 Group notes. The shares will be issued upon the appointment of a new transfer agent for the Company, which is expected in January 2008. Splinex LLC owned 98,157,334 shares of the Company as of December 17, 2007 after the transfer and will own 201,032,334 shares after the completion of the Exchange Agreement. The Company had 100,757,769 shares outstanding at December 17, 2007 and will have 214,257,769 shares outstanding after the completion of the Exchange Agreement. On December 17, 2007, the Company agreed to revised payment terms related to a termination agreement with its former chief executive officer. The Company has terminated consulting agreements with Mike Zoi and Peter Novak, and the consultants have agreed to terminate all previous accrued consulting payment obligations. As of December 20, 2007, the Company has reached settlement agreements with substantially the majority of all remaining creditors.

The following is a pro forma financial statement of the expected liabilities and stockholders' equity assuming that the Splinex Restructuring is completed as described above:

ASSETS	September 30, 2007	Pro Forma Balance Sheet December 31, 2007
Current assets		
Cash	$ 66	$ 173,074
Total assets	$ 66	$ 173,074
LIABILITIES AND STOCKHOLDERS' EQUITY OR DEFICIENCY IN ASSETS		
Current liabilities		
Demand note payable and accrued interest due to related party - Ener1 Group	818,856	-
Note payable and accrued interest due to related party - Bzinfin	2,868,957	-
Accounts payable	557,122	-
Accrued expenses	511,171	-
Due to related parties	138,262	-
Total current liabilities	4,894,368	-
COMMITMENTS AND CONTINGENCIES		
STOCKHOLDERS' EQUITY OR DEFICIENCY IN ASSETS		
Preferred stock ($.001 par value, 150,000,000 shares authorized and no shares issued and outstanding	-	
Common stock ($.001 par value, 300,000,000 shares authorized and 100,757,770 shares issued and outstanding; 214,257,769 shares issued and outstanding pro forma after the Exchange Agreement)	100,758	214,257
Treasury stock, at cost; 250,000 shares	(62,500)	-
Paid in capital	1,109,712	5,247,259
Deficit accumulated during the development stage	(6,042,272)	(5,288,442)
Total stockholders' equity or deficiency in assets	(4,894,302)	173,073
Total liabilities and stockholders' deficiency in assets	$ 66	$ 173,073

Assumptions:

The above Pro Forma Balance Sheet at December 31, 2007 assumes:

1) the Exchange Agreement is closed and shares are issued to debt holders.
2) Treasury Shares are delivered to a former executive on or before January 31, 2008.
3) All creditor obligations have been settled and all current vendor liabilities are paid.
4) Includes estimated operations through December 31, 2007.

Item 2. Management's Discussion and Analysis or Plan of Operation.

This Quarterly Report on Form 10-QSB contains forward -looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. These statements relate to our expectations, hopes, intentions or strategies regarding future events or future financial performance. Any statements contained in this report that are not statements of historical fact may be deemed forward-looking statements. In some cases, forward-looking statements can be identified by terminology such as "may," "will," "should," "expect," "plan," "anticipate," "intend", "believe," "estimate," "predict," "potential" or "continue," or the negative of such terms or other comparable terminology. Forward-looking statements include but are not limited to statements regarding: our future business plans; the expected release dates and future sales of our products; development of other products; expected hiring levels; marketing plans; increases of selling, general and administrative costs and research and development spending; our product development strategy; financing requirement and capital raising plans These statements are only predictions and are subject to a number of assumptions, risks and uncertainties that could cause actual results to differ materially from those expressed or implied in the forward-looking statements. The following important factors, in addition to those discussed in our filings with the Securities and Exchange Commission (the "Commission") from time to time, and other unforeseen events or circumstances, could affect our future results and could cause those results or other outcomes to differ materially from those expressed or implied in our forward-looking statements: general economic conditions; competition; our ability to raise capital; our ability to control costs; changes within our industries; release of new and upgraded products and services by us or our competitors; development of our sales force; employee retention; our ability to protect our intellectual property; legal and regulatory issues; changes in accounting policies or practices; and successful adoption of our products and services.

All forward-looking statements are based on information available to us on the date of this filing, and we assume no obligation to update such statements.

The following discussion should be read in conjunction with our other filings with the Securities and Exchange Commission and the consolidated interim financial statements and related notes included in this Quarterly Report.

Plan of Operation

In 2004, we began developing visualization software, and commenced selling the software in 2005. Due to lack of significant sales, we substantially reduced our workforce and overhead costs beginning in September 2005. From September 2005 through July 2007, Ener1 Group, Inc., a related party, loaned us money to fund our operations. In July 2007, Ener1 Group, Inc. stopped funding our operations and we stopped paying our remaining executive employee. In August and September 2007, two of our three members of the board of directors resigned. The Company had no employees at March 31, 2007; however, a non-paid executive continues to perform duties as necessary.

In December 2007, a related party structured a transaction that provided funds to us to settle our existing debts at a discount to the face amount of the obligations, restructured certain notes payable in exchange for newly issued common shares of the company, and gave Splinex LLC substantial majority of the outstanding common shares (the "Splinex Restructuring"). We expect our controlling shareholders to direct Splinex to acquire one or more companies, although no definitive purchase agreements have yet been signed. The actions taken to restructure the company are described in the following paragraph.

In December 2007, Bzinfin, S.A., a company that is affiliated with the Company through common ownership, agreed to loan Splinex LLC up to $500,000 to lend to the Company to be used to fund the settlement of certain financial obligations and the costs of audit and filing financial reports with the SEC. On or about December 17, 2007, under a Purchase Agreement, 1) certain holders, who had received shares in the Company as distributions from Splinex LLC, transferred their ownership of 35,162,334 shares of common stock of the Company to Splinex LLC for nominal

consideration, and 2) Bzinfin and Ener1 Group assigned debt obligations to Splinex LLC in the amount of $2,805,207 and $845,864, respectively. Under a Purchase Agreement dated December 17, 2007, TGR Capital LLC, a Florida limited liability company (“TGR”) controlled by a related party, 1) acquired the membership interests in Splinex LLC, thereby giving TGR control over Splinex LLC, and 2) agreed to repay the Bzinfin loan of $500,000. Under an Exchange Agreement dated December 18, 2007, the Company agreed to issue 113,500,000 newly issued shares of the Company to Splinex LLC of which 8,500,000 shares will be issued to Bzinfin and 2,125,000 will be issued to Alexander Malovik in exchange for the Bzinfin and Ener1 Group notes. The shares will be issued upon the appointment of a new transfer agent for the Company, which is expected in January 2008. The exchange of shares for the debt will occur after a qualified transfer agent has been retained. Splinex LLC owned 98,157,334 shares of the Company as of December 17, 2007 after the transfer and will own 201,032,334 shares after the completion of the Exchange Agreement. The Company had 100,757,769 shares outstanding at December 17, 2007 and will have 214,257,769 shares outstanding after the completion of the Exchange Agreement. On December 17, 2007, the Company agreed to revised payment terms related to a termination agreement with its former chief executive officer. The Company has terminated consulting agreements with Mike Zoi and Peter Novak, and the consultants have agreed to terminate all previous accrued consulting payment obligations. The Company has reached settlement agreements with substantially the majority of all remaining creditors. Upon completion of the restructuring transactions above, TGR will elect a new board of directors and retain new financial and operating management. The owners and members of TGR intend to acquire one or more companies, although no definitive purchase agreements have yet been signed. Any potential acquisition would be financed primarily with new shares of Splinex, and therefore would result in substantial dilution to the existing shareholders.

At June 30, 2007, we had cash of $916 and negative working capital of $4.8 million. We have terminated all employees, and have eliminated all monthly cash expenses. We were dependent upon funds advanced from Ener1 Group, Inc. to pay these ongoing expenses. The Company stopped receiving funding effective July, 2006.

Several factors exist that raise significant doubt as to our ability to continue operating as a going concern. These factors include our history of net losses and the facts that our company is in the development stage and we have earned minimal revenues to date. We have no remaining funds available under our revolving loan agreement and are dependent upon Ener1 Group, Inc. to fund our operations. Our independent auditors' report on our financial statements for the year ended March 31, 2007 contains an explanatory paragraph about our ability to continue as a going concern. Management believes that the Splinex Restructuring, as described in the preceding paragraphs, provides the opportunity for us to continue as a going concern; however, there is no assurance this will occur.

Results of Operations for the Three Month Period Ended June 30, 2007

We incurred a loss of $73,466, or $(0.00) per share, for the three months ended June 30, 2007, compared to a loss of $216,349, or $(0.00) per share in the prior year quarter. Weighted average shares outstanding were 100,757,770 for the three months ended June 30, 2007 and 2006. Operations reflect the termination of all employees and reduced administrative overhead costs and marketing expenditures due to limited funds available for operations.

Operating expenses of $177,637 for the three months ended June 30, 2006 included $154,348 for general and administrative expenses, and $23,289 for research and development costs. General and administrative expenses for the three months ended June 30, 2006 included wages and benefits of $16,732, consulting fees of $50,000 payable to a director, Dr. Novak and, a related party, Mike Zoi; audit fees of $17,000; insurance costs of $21,527; $32,016 of software expense related to licenses no longer used in operations, and rent of $10,486. Operating expenses of $32,210 for the three months ended June 30, 2007 were for wages, audit and insurance. Research and development expenses for the three months ended June 30, 2006 were for wages and benefits paid to a U.S. based programmer.

Interest expenses increased to $41,354 for the three months ended June 30, 2007 from $38,712 in the three months ender June 30, 2006 due to borrowings under the Bzinfin loan and loans from Ener1 Group. The Bzinfin loan is in default, and the Ener1 Group loan is due on demand.

Liquidity and capital resources

At June 30, 2007, we had negative working capital of $4.8 million and cash of $916. and we have no further borrowing availability under the Bzinfin Loan. The Company ceased receiving funding from Ener1 Group effective July, 2006. We did not receive funding sufficient to pay past due obligations, including severance obligations, and attempted to negotiate settlements, not all of which were satisfied. Approximately $4.1 million of the $4.8 million of current liabilities are due to related parties, and the remainder of the current liabilities are due to vendors and former employees under severance or other obligations. The Company reached settlement agreements with the majority of the remaining creditors and former employees in December 2007.

We do not have material exposure to market risks associated with changes in interest rates related to cash equivalent securities held at June 30, 2007.

Off-balance sheet arrangements

At June 30, 2007, we did not have any off-balance sheet arrangements, as defined in item 303(c)(2) of Regulation S-B.

Item 3. Controls and Procedures.

Our disclosure controls and procedures are designed to provide reasonable assurance that information required to be disclosed in our reports filed or submitted under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to our management, including our chief executive officer and chief financial officer, as appropriate, to allow for timely decisions regarding required disclosure. In designing and evaluating the disclosure controls and procedures, management recognized that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and management is required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

As of June 30, 2007, we carried out an evaluation, under the supervision and with the participation of our management, including our president and chief financial officer, of the effectiveness of the design and operation of our disclosure controls and procedures. Based on the foregoing, our president and chief financial officer concluded that our disclosure controls and procedures were effective and were operating at the reasonable assurance level.

During the quarter ended June 30, 2007, there were no changes in internal controls over financial reporting that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II — OTHER INFORMATION

Item 1. Legal proceedings

From time to time, we may be involved in litigation relating to claims arising out of our intellectual property and operations. We are not currently a party to any such proceedings the outcome of which would have a material affect on our company.

Item 6. Exhibits

Exhibit Number	Description
2.1	Agreement and Plan of Merger among Ener1 Acquisition Corp., Splinex and Ener1, Inc., dated as of June 9, 2004, incorporated herein by reference to Exhibit 2.1 to Splinex's Registration Statement on Form S-1 filed with the Commission on June 24, 2004 (Registration No. 333-116817)
2.2	First Amendment to Agreement and Plan of Merger among Ener1 Acquisition Corp., Splinex and Ener1, Inc., dated as of October 13, 2004, incorporated herein by reference to Exhibit 2.2 to Splinex's Registration Statement on Form S-1 filed with the Commission on October 15, 2004 (Registration No. 333-116817)
2.3	Second Amendment to Agreement and Plan of Merger among Ener1 Acquisition Corp., Splinex and Ener1, Inc., dated as of December 23, 2004, incorporated herein by reference to Exhibit 2.3 to Splinex's Registration Statement on Form S-1 filed with the Commission on December 27, 2004 (Registration No. 333-116817)
3.1	Certificate of Incorporation of Splinex, incorporated herein by reference to Exhibit 3.1 to Splinex's Registration Statement on Form S-1 filed with the Commission on June 24, 2004 (Registration No. 333-116817)
3.2	Certificate of Merger of Splinex, incorporated herein by reference to Exhibit 3.2 to Splinex's Registration Statement on Form S-1 filed with the Commission on December 27, 2004 (Registration No. 333-116817)
3.3	Bylaws of Splinex, incorporated herein by reference to Exhibit 3.3 to Splinex's Registration Statement on Form S-1 filed with the Commission on June 24, 2004 (Registration No. 333-116817)
31.1	Certification of Principal Executive Officer and Principal Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1	Certification of Principal Executive Officer pursuant to 18 U.S.C. Sec. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

SIGNATURES

In accordance with the requirements of the Exchange Act, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

	Splinex Technology Inc.	
		Registrant
Date: January 10, 2008	By:	/s/ Gerard A. Herlihy Name: Gerard A. Herlihy Title: President and Chief Financial Officer

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