Splinex Technology Inc.
Form 424B3
September 09, 2005

Filed pursuant to Rule 424(b)(3)
Registration No. 333-116817

34,444,517 Shares of Common Stock

This prospectus relates to 34,444,517 shares of the common stock of Splinex Technology, Inc. which may be offered by the selling stockholders identified in this prospectus for their own account.

We will not receive any part of the proceeds from sales made by the selling stockholders under this prospectus. We are paying the expenses incurred in registering the shares, but all selling and other expenses incurred by the selling stockholders will be borne by the selling stockholders.

The selling stockholders and any participating brokers or dealers may be deemed to be “underwriters” within the meaning of the Securities Act, in which event any profit on the sale of shares by the selling stockholders, and any commissions or discounts received by the brokers or dealers, may be deemed to be underwriting compensation under the Securities Act.

Our common stock is quoted on the OTC Bulletin Board under the symbol “SPLX.OB”. On September 8, 2005, the last reported sale price of our common stock on the OTC Bulletin Board was $0.25 per share.

Investing in our common stock involves risks. See “Risk Factors” beginning on page 3.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The date of this prospectus is September 9, 2005.

You should rely only on the information contained in this prospectus. We have not authorized anyone to provide you with different information. You should not assume that the information contained in this prospectus is accurate as of any date other than the date on the front of this prospectus.

TABLE OF CONTENTS

SUMMARY

This summary highlights information contained elsewhere in this prospectus. This summary does not contain all of the information that you should consider before deciding to invest in our common stock. You should read this entire prospectus carefully before making an investment decision, including the "Risk Factors" section and the consolidated financial statements and the notes to those statements. "Us, "we" and "Splinex" refer to Splinex Technology Inc. and our predecessor, Splinex, LLC.

The company

Splinex Technology Inc. ("Splinex") develops, licenses and services software that enables the generation, manipulation, viewing and image-based searching of complex, multi-dimensional mathematical objects and information. We believe end-users of our software products, such as mathematicians, scientists, graphic designers or digital artists working on complex, graphical three-dimensional problems, will experience greater productivity through improved interaction with, enhanced visual representation and faster manipulation of, and greater technical and artistic precision in representing, multi-dimensional mathematical objects and information.

Since inception, we have operated in a development phase typical of a software company and have focused on developing technologies and products and securing intellectual property rights while we develop relationships with potential customers and resellers. Our corporate activities to date have included raising capital, strategic and business planning, completing the registration of our common stock with the U. S. Securities and Exchange Commission (the "SEC" or the "Commission"), and retaining executive management. We have minimal sales and no sales contracts and are considered to be in the development stage as of June 30, 2005.

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. At our current rate of expenditure, the funds available to us from cash on hand would be sufficient to fund our operations through mid-September 2005, excluding the consideration of any revenues from the sale of our products. Our independent auditor's report on our financial statements for the year ended March 31, 2005 contains an explanatory paragraph about our ability to continue as a going concern. In the absence of attaining profitable operations and achieving positive cash flow from operations or obtaining significant additional debt or equity financing, we will have difficulty meeting current and long-term obligations.

We have taken, and continue to take, steps to address our need for additional capital. We began significant marketing and sales activities for our ***nViz***^{x}™ product line in late June 2005 under a marketing and distribution agreement (the "Reseller Agreement") with a leading mathematical computational software developer. In addition, we implemented cost reduction measures including salary deferrals beginning in June 2005 and have deferred or delayed payments to some vendors until we achieve positive cash flow. We are also exploring raising capital through sales of our securities in order to fund our operations until we achieve positive cash flow from operations.

Company History

We were organized under the laws of the State of Delaware in February 2004 to conduct the business and operations of Splinex, LLC, a Florida limited liability company (our "Predecessor"). Effective April 1, 2004, Splinex, LLC reorganized as a corporation and, as a result, contributed its assets, liabilities and operations to us under a contribution agreement. Our financial statements include the accounts of Splinex Technology Inc. and our Predecessor, and all material inter-company transactions have been eliminated. We began activity on October 28, 2003.

On January 18, 2005, we merged with a subsidiary of Ener1, Inc., an affiliated company controlled by certain direct and indirect beneficial owners of the membership interests of our Predecessor (the "Merger"). We survived the Merger and issued 5,000,000 shares of our common stock to Ener1, Inc. in the Merger. Ener1, Inc. declared a dividend of the

5,000,000 shares that it received to its shareholders of record as of January 17, 2005 (the "Distribution"). The dividend was paid on January 24, 2005. Immediately after the Merger, and prior to the Distribution, Splinex, LLC and Ener1, Inc. owned 95% and 5%, respectively, of our then outstanding common stock. We registered the Distribution by Ener1, Inc. of our common stock on a registration statement on Form S-1 filed with the Commission. The legal terms of the Merger and the Distribution are set forth in the Merger Agreement, which is filed as an exhibit to the registration statement of which this prospectus is a part. As a result of the Merger and the Distribution, we became a public reporting company subject to the information and reporting requirements of the Securities Exchange Act of 1934.

Our executive offices are located at 550 West Cypress Creek Road, Suite 410, Fort Lauderdale, Florida, 33309 and our phone number is (954) 660-6565. Our website address is www.splinex.com. Our website and the information contained in or connected to it shall not be deemed to be incorporated into this prospectus or the registration statement of which it forms a part.

The offering

Common stock offered by the selling stockholders	Up to 34,444,517 shares
Terms of the offering	The selling stockholders will determine when and how they will sell the common stock offered by this prospectus. See “Plan of Distribution” for further information on the terms of the offering.
Use of Proceeds	We will not receive any proceeds from the sale of stock by the selling stockholders.
OTC Bulletin Board Symbol	SPLX.OB

Summary consolidated financial information

The following table sets forth the summary financial results for our fiscal year ended March 31, 2005 and the three months ended June 30, 2005. The following information should be read in conjunction with “Management’s Discussion and Analysis or Plan of Operations” and the financial statements and related notes appearing elsewhere in this prospectus.

Statement of Operations Data	**Year ended March 31, 2005**	**Three Months Ended June 30, 2005 (Unaudited)**
Net sales	$ 49	$ 70
Net loss	(3,296,189)	(735,974)
Net loss per basic and fully diluted share	(0.03)	(0.01)
Pro forma net loss (1)	(3,040,951)	(735,974)
Pro forma net loss per share (1)	$ (0.03)	$ (0.01)
Weighted average shares outstanding	96,113,724	100,670,270

Balance Sheet Data	**Consolidated At March 31, 2005**	**Consolidated At 6/30/2005**
Cash and cash equivalents	$ 256,347	$ 149,132

Total assets	452,918	315,133
Long term liabilities	1,708,240	2,344,602
Stockholders' equity (deficiency in assets)	(2,094,470)	(2,830,444)

(1) Pro forma net loss and pro forma net loss per share give effect to an executive officer employment agreement as if the agreements had been in effect for the full year ended March 31, 2005, the elimination of expenses in connection with the Merger and registration of the Distribution and the pro forma income tax effect of these pro forma adjustments.

RISK FACTORS

Investing in our common stock involves a high degree of risk. You should carefully consider the following risk factors, which we consider to be the most significant risk factors and challenges that are specific to us, together with the other information in this prospectus, when evaluating an investment in our common stock. If any of the following risks occur, our business, results of operations or financial condition would likely suffer. The price of our common stock could decline and you may lose all or part of your investment.

We may not be able to continue operating as a going concern; we currently expect that our cash on hand will only fund our operations through mid-September 2005.

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, as discussed below under "*We have a history of losses and expect to incur losses in the future that could consume our capital*" and the facts that our company is in the development stage and has only earned minimal revenues to date. Our independent auditor's report on our financial statements for the year ended March 31, 2005 contains an explanatory paragraph about our ability to continue as a going concern. In the absence of attaining profitable operations and achieving positive cash flows from operations or obtaining significant additional debt or equity financing, we will have difficulty meeting current and long-term obligations. At our current rate of expenditure, our cash on hand will be sufficient to fund our operations through mid-September 2005.

We have a history of losses and expect to incur losses in the future that could consume our capital.

We have incurred net losses of $4.9 million from October 28, 2003, when our development stage activities began, through June 30, 2005. Since our founding, we have not had a profitable or cash flow positive quarter. We have had minimal revenue to date. We expect that we will continue to incur negative cash flows and require additional cash to fund our operations and implement our business plan. The continued development of our business will require significant additional capital investment to fund research and development, sales and marketing and general and administrative expenses. We cannot assure you that we will be able to obtain additional capital on terms favorable to us or at all.

We have a limited operating history with minimal revenues and no profits to date upon which you can base an evaluation of our company and our prospects.

We commenced development stage activities in October 2003 and have just begun to offer our products for commercial sale. Accordingly, we have only a limited operating history upon which you can evaluate our business and prospects. We have an unproven business plan and do not expect to be profitable in fiscal year 2006, and may never be profitable. Companies in an early stage of development frequently encounter heightened risks and unexpected expenses and difficulties. For us, these risks include the absence of a track record of success for our business model. Additionally, the majority of the products and markets from which we currently expect to derive the greatest portion of our revenue are in the early stages of development. We cannot assure you that we will have significant or increasing revenues or that we will be able to achieve or sustain profitability.

If we are unable to effectively manage the transition from a development stage company to an operating company, our ability to earn revenue and profits will be negatively affected.

As we transition from a development stage company to an operating company, we expect our business to grow significantly in size and complexity. This growth is expected to place significant demands on our management, systems, internal controls and financial and physical resources. As a result, we will need to hire additional qualified personnel, retain professionals to assist in developing appropriate control systems and expand our information technology and operating infrastructures. Our inability to secure additional resources, as and when needed, or manage our growth effectively, if and when it occurs, would have a material adverse effect on our financial results.

We may be unable to generate net cash flow from operations or raise additional capital which would materially harm our ability to conduct our operations and to compete.

We cannot assure you that we will be able to generate funds from operations or that capital will be available from debt or equity financings or other potential sources to fund our operating costs. We currently have no credit facilities with a lending institution. We need to raise additional funds to finance our operations. If we raise additional funds through the sale of equity or convertible debt securities, your ownership percentage of our common stock will be reduced. In addition, these transactions may dilute the value of our common stock. We may have to issue securities that have rights, preferences and privileges senior to our common stock. The terms of any additional indebtedness may include restrictive financial and operating covenants that could limit our ability to compete and expand. If we are not able to generate cash flow from operations or to raise funds through equity or debt financing, we would be forced to curtail substantially or cease operations, which would have a material adverse effect on our business and the value of our common stock.

If we are not able to compete successfully, our ability to earn revenue and profits will be adversely affected.

The markets in which we compete and plan to compete are intensely competitive, subject to rapid change and characterized by constant demand for new product features at reduced prices and pressure to accelerate the release of new products and product enhancements. Some of our competitors are much larger than we are and may have greater name recognition and financial, technical or marketing resources than we have. Our competitors and potential competitors range from well-established to start-up companies and they may possess development, marketing and sales capabilities that may enable them to create and introduce commercially viable products more quickly and effectively than we can. Additionally, we expect competition to persist and intensify as the multi-dimensional solid and surface modeling software market evolves and competitors develop additional product and service offerings.

Splinex, LLC holds the supermajority of our common stock, and is able to exercise substantial control over our affairs.

Splinex, LLC holds approximately 94% of our outstanding common stock. As a result, this stockholder is able to control the outcome of any matter to be acted on by our stockholders, including the election of all of the members of our board of directors. The voting power of Splinex, LLC could also discourage potential investors from seeking to acquire control of us through the purchase of our common stock, which might depress our stock's market price.

If we are not able to partner with third parties to incorporate our technology or products with their own, or to sell our products in conjunction with theirs, our products may not achieve broad market acceptance.

One of our business strategies is to partner with established software companies who will incorporate our technology and software products with their own from both a development and sales perspective. Accordingly, our success will depend, in part, upon our ability to create effective add-on products and technologies for use with existing products, to convince software companies to use such products, and for these products to be commercially accepted. If this does not occur, some of our products may not achieve broad market acceptance.

We expect to rely initially on a limited number of resellers and distributors for a significant portion of our revenues; our ability to grow revenue will be adversely affected.

Initially, we expect to derive a significant portion of our marketing and sales from a relatively small number of resellers and software developers acting as resellers by integrating and/or bundling our products with their software and/or hardware products. The total number of these potential third-parties is limited. As a result, if we fail obtain agreements with these companies, or if they are not successful in selling our products, our revenues will be adversely affected.

Planned expansion of our distribution channels will be expensive and may not succeed.

We plan to distribute our initial products and services principally through direct sales to end-users and through distribution and resale arrangements to sell our products. The development of a comprehensive reseller network will require the investment of significant resources, which could seriously harm our business if our efforts do not generate significant revenues. We may not be able to attract resellers who will be able to market our products and services effectively. The failure to recruit resellers who are able to market our products and services successfully could seriously harm the growth of our business.

We will incur increased costs as a result of being a public company and if our securities are listed on a national stock exchange or association.

As a public company, we incur significant legal, accounting and other expenses that we did not incur as a private company, including costs associated with our public company reporting requirements and costs associated with corporate governance requirements, including requirements under the Sarbanes-Oxley Act of 2002. If we are able to list our common stock on a national stock exchange or association, we will also incur additional costs to comply with the rules promulgated by such exchange or associations. These rules and regulations may also make it more difficult for us to obtain director and officer liability insurance, which may make it more difficult for us to attract and retain qualified individuals to serve on our board of directors or as executive officers.

If we are not able to protect our intellectual property, our business, results of operations and financial condition will be materially adversely affected.

Our ability to compete and continue to provide technological innovation is substantially dependent upon our ability to develop new technology. We rely primarily on a combination of patents, trademark laws, copyright laws, trade secrets, confidentiality procedures and contractual provisions to protect our proprietary technology. Provisional patent applications by our employees are pending in the U.S. Patent and Trademark Office. We cannot assure you that patents will be issued from these or any future applications, or, even if issued that such patents would survive a legal challenge to their validity.

The laws of many countries do not protect proprietary rights to as great an extent as do the laws of the United States. A significant amount of our intellectual property is the result of research and development occurring in Russia. Russian law regarding transfer and protection of intellectual property rights is not as well-developed as similar laws in the United States and we may not be able to adequately protect the intellectual property assigned to us or to our affiliates. Our Russia-based designers, programmers and scientists have no formal employment agreements with us. Patent assignments that we have obtained from these individuals may not grant us complete rights to the patent application and may be subject to dispute under Russian law.

The steps we have taken and will take to protect our proprietary rights may not be adequate to prevent misappropriation of our proprietary information. Further, we may not be able to detect unauthorized use of, or take appropriate steps to enforce, our intellectual property rights. Our competitors may also independently develop similar technology, which would impair any competitive advantage we obtain from our proprietary technology. If we fail to protect our intellectual property, our competitors could offer products that have the same technological innovations as ours do, which could significantly reduce demand for our products and services.

Malicious code such as worms and viruses could adversely affect our customers' use of and satisfaction with our products, and harm our ability to sell our products.

The files created by our software applications, even those with security features, are vulnerable to malicious acts such as computer hacking and embedding of viruses. Any vulnerability of our software to malicious code, either as a carrier or as a target, would reduce the commercial attractiveness of our products and harm our ability to earn revenue and profits, and could subject us to claims for damages from our customers.

If our products are not significantly better than those of our competitors, we may not be able to generate demand for our products, which will adversely impact our ability to earn revenues.

Despite testing of our software's capabilities, we are uncertain of our software's ability to support and solve some complex problems or manage a substantial number of users or large amounts of complex data. If our products do not perform significantly better than our competitors' products, demand for our products and services may not develop and increase as we project. This could materially adversely affect our ability to earn revenues or profits.

Sales of our products may be harmed if our target customers prefer products that run on Macintosh or Unix/Linux® platforms.

We offer and intend to offer end user-based products that run on Microsoft Windows®. We have no current plans to add products that run on Macintosh or Unix/Linux® platforms. Sales of our products could be harmed if our target end-users prefer products that run on Macintosh or Unix/Linux® platforms.

If the currently small and relatively limited use of laser radar scanners to acquire 3D data does not grow as anticipated across multiple markets, our revenues will not grow as we anticipate.

Our business plan anticipates that the use of laser radar scanners to scan and record 3D data from objects, such as people's faces, or environments, such as a city street corner, will grow rapidly over the next five years in many market segments, including planning, civil engineering, plant maintenance and entertainment, as costs of scanners decrease. If, however, these markets for scan data and related graphics applications and devices do not develop or develop more slowly than we anticipate, our revenues will not grow as anticipated, if at all.

If our products are defective, we could lose market share and incur significant costs to redesign, repair or replace any defective products.

Products as complex as those we offer and intend to offer may contain defects or failures. We have in the past discovered software defects in our testing and we may experience delays in introducing new products or lose revenues due to the time we may need to spend modifying our products to correct defects we discover in the future. Errors in our products or releases could result in loss of market share or failure to achieve market acceptance. We may be required to reimburse customers for costs to repair or replace the defective products. These costs could be significant and could adversely affect our business and operating results.

We may be unable to develop and introduce new software products and enhancements in a timely manner, which could materially adversely affect our ability to earn revenues and profits.

The market for multi-dimensional solid and surface modeling software is characterized by evolving industry standards, rapid technological change and frequent new product introductions and enhancements. Our success will depend in large part upon our ability to adhere to and adapt our products to evolving multi-dimensional graphics protocols and standards. We will need to develop and introduce new products that meet changing customer requirements and emerging industry standards on a timely basis. We have experienced delays in developing and introducing new software products and we may encounter such delays in the future as well. In addition products or technologies developed by others may render our then current products and services obsolete or noncompetitive, which would shorten the life-cycle of our products.

An active, liquid trading market for our common stock may never develop.

The Over-the-Counter Bulletin Board began to quote our common stock in July 2005. We cannot assure you that an active trading market for our common stock will ever develop. You may not be able to sell your shares quickly or at the market price if trading in our common stock is not active.

We anticipate our operating results will vary from quarter to quarter, which could cause the market price of our common stock to decline.

We anticipate that many factors, some of which are beyond our control, may cause fluctuations in our operating results. These factors include:

- new companies or products entering our target markets;
- acceptance and reliability of new products introduced by us or other companies;
- price competition;
- delays in our introduction of new products;
- changes in the mix of products and services available in our target markets;
- the impact of changing technologies; and
- general economic conditions.

Fluctuations in operating results may negatively affect the price of our securities. Our operating results may fall below the expectations of public market analysts or investors. If this occurs, the market price of our common stock is likely to decrease.

The market price of our common stock may be volatile.

Several factors may cause significant volatility in the market price of our common stock, including our very short financial history and the resulting lack of information about our operations and prospects. Additional factors that may have a significant impact on the market price of our common stock, some of which we have no control over, include:

- our perceived value in the securities markets;
- future announcements concerning developments affecting our business or those of our competitors, including the receipt of substantial orders for products;
- overall trends in the stock market;
- the impact of changes in our results of operations, our financial condition or our prospects on the perception of our company in the securities markets;
- changes in recommendations of securities analysts; and
- sales or purchases of substantial blocks of stock.

Intellectual property litigation by or against us could cause us to incur significant expenses.

Our markets are characterized by frequent litigation concerning intellectual property rights. We expect that we will be increasingly subject to infringement claims as the number of competitors who are developing multi-dimensional solid and surface modeling software grows and products in different industry segments overlap. Also, from time to time, we hire or retain employees or consultants who have worked for independent software vendors or other companies developing products similar to those we offer. Prior employers of these employees may claim that our products are based on their products and that we have misappropriated their intellectual property. We currently do not have liability insurance to protect against the risk that our licensed third-party technology infringes the intellectual property of others. We may agree to indemnify some customers for claims of infringement arising out of sale of our products. Any claims brought against us relating to our intellectual property, regardless of their merit, could seriously harm our ability to develop and market our products and manage our day-to-day operations because the claims could:

- be time consuming and costly to defend;
- divert management's resources and attention;
- cause product shipment delays;
- require us to redesign our products; or
- require us to enter into costly royalty or licensing agreements.

Similarly, claims that we may bring for infringement of our proprietary rights could materially adversely affect our results of operations due to the time and money we might have to spend pursuing these claims and the resulting diversion of management's resources and attention.

End-users may pirate our software, which will decrease the amount of revenues we earn.

Software piracy is common within many of our target markets. We believe that a large number of copies of our software products will be used illegally by end-users. This would decrease our revenue and potential customer base and could have a material adverse effect on our results of operations.

We are subject to risks associated with software engineering in a foreign country.

We currently do not have a direct ownership interest in the entity that employs the scientists, engineers and programmers in Ekaterinburg, Russia who represent the majority of our product development team. In addition, our reliance on foreign-based programming services puts us at risk of:

- changes in, or impositions of, legislative or regulatory requirements regarding our products or the technology upon which they are based, in both the United States and Russia;
- delays resulting from difficulties in obtaining export licenses for technology;
- experiencing management communication difficulties due to distance, time differences and international communication system failures;
- imposition of tariffs, currency restrictions, quotas and other trade barriers;
- longer product delivery cycles and decreased efficiency in communication among our development team;

- increased administrative expenses and legal costs; and
- other occurrences beyond our control, including acts of terrorism, that may delay or prohibit efficient communication among our development team.

We also are subject to general risks of doing business in a foreign country, such as civil unrest, governmental changes and restrictions on the ability to transfer capital across borders, in connection with our international outsourced software development relationship.

If we are not able to rely on equity compensation to attract key talent, we may not be able to recruit and retain qualified professionals.

Competition for highly-qualified personnel, especially highly skilled software engineers and professionals with expertise in our industry, is intense. Our ability to grow will require us to recruit highly-qualified professionals. Due to proposed accounting rule changes regarding accounting treatment of stock options, we may be not be able to rely as much as we currently anticipate on equity compensation in order to recruit and retain highly skilled employees. If we are unable to recruit and retain talented employees, our business may be harmed.

Our board of directors has broad discretion to issue preferred and common stock; issuance of a class of stock with rights senior to our common stock may cause the market price of our common stock to decline and issuance of additional shares of common stock will dilute your interest in our company.

Our board of directors is authorized to issue up to 150,000,000 shares of preferred stock without any vote or action by our stockholders. The board of directors has the authority to issue preferred stock in one or more series and to fix the rights, preferences, and restrictions of any series of preferred stock, including:

- dividend rights and rates;
- conversion rights;
- voting rights;
- terms of redemption;
- redemption prices;
- liquidation preferences; and
- the number of shares constituting a series or the designation of such series.

The issuance of preferred stock may adversely affect the market price of our common stock and the voting rights of the holders of common stock.

Subject to the requirements of Delaware corporate law, our board of directors has the discretion to issue additional shares of our common stock which may dilute your interest in our company.

Penny stock sales rules may adversely affect the market price of our common stock.

The Securities Exchange Commission has adopted regulations that generally define penny stock to be equity securities that have a market price of less than $5.00 per share. Designation as a penny stock imposes additional sale practice requirements on broker/dealers that sell such securities to persons other than established customers and institutional accredited investors. For transactions covered by these regulations, a broker/dealer must make a special suitability determination about the purchaser and have received the purchaser’s written consent to the transaction prior to sale. These regulations may restrict the ability of brokers, dealers and investors to sell our common stock.

Future sales of shares of our common stock, including shares of common stock by our insiders, may depress the price of our common stock.

Any sales of a substantial number of shares of our common stock, or the perception that those sales might occur, may cause the market price of our common stock to decline. We cannot assure you that, if and when our stock begins trading, our stock price will increase, or excessive selling pressure would not adversely affect our share price.

We do not intend to pay dividends.

We have never declared or paid any cash dividends on our capital stock and do not intend to pay cash dividends in the foreseeable future. We intend to invest our future earnings, if any, to fund our growth. Therefore, you will not receive any distributions with respect to your stock prior to selling it. We also cannot assure you that you will receive a return on your investment if and when you do sell your shares or that you will not lose the entire amount of your investment.

FORWARD-LOOKING STATEMENTS

This prospectus includes forward-looking statements.

Forward-looking statements are not statements of historical fact but rather reflect our current expectations, estimates and predictions about future results and events. These statements may use words such as "will," "anticipate," "believe," "estimate," "expect," "intend," "predict," "project" and similar expressions as they relate to us o management. When we make forward-looking statements, we are basing them on our management's beliefs and assumptions, using information currently available to us. These forward-looking statements are subject to risks, uncertainties and assumptions, including but not limited to, risks, uncertainties and assumptions discussed in this prospectus. In the future our results of operations could be affected by various factors, including:

- general economic or political conditions in any of the major countries in which we do business;
- delays in development or shipment of our products or new versions of existing products;
- difficulties in transitions to new business models or markets;

- introduction of new products by existing and new competitors;
- difficulties in implementing strategic alliances;
- difficulties in establishing new distribution channels;
- inability to attract and retain key personnel;
- lack of market acceptance of new products, upgrades and services;
- changes in demand for multi-dimensional solid and surface modeling software;
- intellectual property disputes and litigation;
- industry transitions to new business models;
- renegotiation or termination of royalty or intellectual property licensing arrangements;
- changes in accounting rules, such as expensing of stock options; and
- changes in tax rates.

If one or more of these or other risks or uncertainties materialize, actual results may vary materially from what we projected. Any forward-looking statement you read in this prospectus reflects our current views with respect to future events and is subject to these and other risks, uncertainties and assumptions relating to our operations, results of operations, growth strategy and liquidity. All subsequent written and oral forward-looking statements attributable to us or individuals acting on our behalf are expressly qualified in their entirety by this paragraph. You should consider the factors identified in this prospectus which would cause actual results to differ before making an investment decision. We do not intend to update any of the forward-looking statements after the date of this prospectus other than as required by law.

USE OF PROCEEDS

We will not receive any proceeds from the sale of up to 34,444,517 shares of common stock by the selling stockholders named in this prospectus.

DIVIDEND POLICY

We have never paid or declared any cash dividends on our common stock. We currently intend to retain earnings, if any, to finance the growth and development of our business and we do not expect to pay any cash dividends on our common stock in the foreseeable future. Payment of future dividends, if any, will be at the discretion of our board of directors and will depend on our financial condition, results of operations, capital requirements, restrictions contained in any financing instruments and other factors our board of directors deems relevant.

CAPITALIZATION

The following table sets forth our capitalization at June 30, 2005:

You should read this table in conjunction with our financial statements and related notes included elsewhere in this prospectus. See also “Use of Proceeds” and “Management’s Discussion and Analysis or Plan of Operations.”

STOCKHOLDERS' DEFICIENCY IN ASSETS		Unaudited
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 100,670,270 shares issued and outstanding)		100,670
Paid in capital		1,101,049
Deficit accumulated during the development stage		(4,032,163)
Total stockholders' deficiency in assets	$	(2,830,444)

MANAGEMENT'S DISCUSSION AND ANALYSIS

OR PLAN OF OPERATIONS

The following discussion should be read in conjunction with our consolidated financial statements and related notes included elsewhere in this prospectus.

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.

Overview

Splinex develops, licenses and services software that enables the generation, manipulation, viewing and image-based searching of complex, multi-dimensional mathematical objects and information. We believe end-users of our software products, such as mathematicians, scientists, graphic designers or digital artists working on complex graphical three-dimensional problems, will experience greater productivity through improved interaction with, enhanced visual representation and faster manipulation of, and greater technical and artistic precision in representing, multi-dimensional mathematical objects and information.

Since inception, we have operated in a development phase typical of a software company and have focused on developing technologies and products and securing intellectual property rights while we develop relationships with potential customers and resellers. Our corporate activities to date have included raising capital, strategic and business planning, completing the registration of our securities with the Commission, and retaining executive management. We have minimal sales and no sales contracts and are considered to be in the development stage as of June 30, 2005.

We were organized under the laws of the State of Delaware in February 2004 to conduct the business and operations of Splinex, LLC, a Florida limited liability company (our "Predecessor"). Effective April 1, 2004, Splinex, LLC reorganized as a corporation and, as a result, contributed its assets, liabilities and operations to us under a contribution agreement. Our financial statements include the accounts of Splinex Technology Inc. and our Predecessor, and all material intercompany transactions have been eliminated. We began activity October 28, 2003 (inception).

We filed a registration statement on Form S-1 with the Securities and Exchange Commission which was declared effective on January 11, 2005, and we became a public reporting company subject to the information and reporting requirements of the Securities Exchange Act of 1934. Effective July 21, 2005, Splinex common stock began trading and was quoted on the Over the Counter (OTC) Bulletin Board under the symbol "SPLX.OB".

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. At our current rate of expenditure, the funds available to us from cash on hand would be sufficient to fund our operations through mid-September 2005, excluding the consideration of any revenues from the sale of our products. Our independent auditor's report on our financial statements for the year ended March 31, 2005 contains an explanatory paragraph about our ability to continue as a going concern. In the absence of attaining profitable operations and achieving positive cash flow from operations or obtaining significant additional debt or equity financing, we will have difficulty meeting current and long-term obligations.

We have taken, and continue to take, steps to address our need for additional capital. We began significant marketing and sales activities for our ***nViz***^{x} product in late June 2005 under a Reseller Agreement with a leading mathematical computational software developer. In addition, we implemented cost reduction measures including salary deferrals beginning in June 2005 and have deferred or delayed payments to some vendors until we achieve positive cash flow. We are also exploring raising capital through sales of our securities in order to fund our operations until we achieve positive cash flow from operations.

Plan of Operation

During the period from inception on October 28, 2003 through October 1, 2004, our research and development activities were primarily directed towards developing core technologies and software libraries that could be used in various applications and market segments.

Since October 1, 2004, we have directed most of our software development activities to developing and releasing a commercial version of our software product called ***nViz***^{x}, the first versions of which were designed for use with Mathematica and Maple, two third-party technical computing software programs published by Wolfram Research Inc. and Waterloo Maple, Inc., respectively. Mathematica and Maple are programs used for advanced mathematical functions and problem solving, such as numeric and symbolic computation plus interactive document creation. ***nViz***^{x} is an add-on (i.e., a product sold separately and used in connection with the technical computing software) software program that allows users to visualize sophisticated and complex multi-dimensional data and objects faster and with greater control and detail than is currently possible.

The first version of ***nViz***^{x} v1.0 for Mathematica was commercially released and made available for purchase in March 2005. ***nViz***^{x} v1.5 for Maplesoft was commercially released and made available for purchase on June 23, 2005.

In June 2005 we entered into a Reseller Agreement with Waterloo Maple Inc., the parent company of Maplesoft, the developer of Maple software. Under the Reseller Agreement, Maplesoft and Splinex will conduct a number of joint marketing and sales initiatives. These initiatives began in July, 2005. Additionally, Maplesoft will promote ***nViz***^{x} v1.5 for Maple through its web site and other marketing activities directed to its customer base, and its sales force and worldwide reseller network will sell the product.

Using our core software libraries, we plan to develop additional versions of n ***nViz***^{x} as visualization add-ons for other technical computing software products similar to Mathematica and Maplesoft and for spreadsheet products like Microsoft Excel. We also intend to develop additional commercial products for other applications using our core software libraries and technologies. We may also license our software and technology to users in various vertical markets.

We intend to raise additional capital to support and accelerate our product development, marketing and sales plans. At June 30, 2005, we had $188,758 remaining available to us under the revolving loan agreement and we had cash of $142,318. Through salary reductions and implementation of other expense controls, we have reduced our monthly cash expenses to approximately $130,000. At our current rate of expenditure, these funds would be sufficient to fund our operations through mid-September 2005.

We estimate that we need approximately $2 million to execute our product development, marketing and sales plans for the remainder of our fiscal year ending March 31, 2006. During the next nine months, we will seek to raise up to $10,000,000 through debt or equity financing, including public or private sales of our securities. We expect to increase operating and development spending level to market and sell ***nViz***^{x} and to commence additional development projects using our core technologies. If we are successful in raising additional capital, we plan to hire additional programmers, developers and other personnel and spend additional resources for sales, marketing and administration that could raise our operating expenses to up to approximately $500,000 per month in our fiscal year ending March 31, 2006.

We cannot assure you that we will be able to raise additional funds on terms favorable to us or at all. If we raise additional funds through the sale of equity or convertible debt securities, our current stockholders' ownership percentage of our common stock will be reduced. In addition, these transactions may dilute the value of our common stock. We may have to issue securities that have rights, preferences and privileges senior to our common stock. The terms of any additional indebtedness may include restrictive financial and operating covenants that would limit our ability to compete and expand. Our failure to obtain any required future financing could materially and adversely affect our financial condition.

If we are not able to raise a minimum of $2,000,000, we would delay or curtail our product development activities and planned increases in sales, marketing and research and development expenses. If we are unable to raise $10,000,000 in capital, we would need to alter our business model, reduce the number of planned additional product launches, and consider alternative revenue models, including licensing some of our planned products for development by other companies. Under these circumstances, our revenues and revenue growth may be negatively affected.

As of June 30, 2005, we have no material planned capital expenditures.

Results of Operations for the Three Month Period Ended June 30, 2005

We incurred a loss of $735,974 for the three months ended June 30, 2005. Operating expenses of $710,856 for the three months ended June 30, 2005 included $140,168 for sales and marketing expenses, $269,499 for general and administrative expenses, and $301,189 for research and development costs.

Sales and marketing expenses for the three months ended June 30, 2005 consisted primarily of wages and benefits of $56,685 and advertising and promotional expenses of $71,853. General and administrative expenses for the three months ended June 30, 2005 included wages and benefits of $104,072; consulting fees of $50,000 paid to a director, Dr. Novak and a related party, Mike Zoi; legal expenses of $36,928, of which $4,040 was payable to Ener1 Group to reimburse Ener1 Group for the services of our general counsel, who is also an officer of Ener1 Group; audit fees of $18,097; insurance costs of $20,687; and rent of $15,414.

Research and development expenses for the three months ended June 30, 2005 included $205,606 for wages and benefits paid to U.S. based programmers; $72,000 for wages and administrative costs of our Russian-based scientists and programmers; and $12,450 paid to software consultants. The wages and benefits of our U.S. based research and development department are currently approximately $900,000 on an annualized basis. Our Russia based programming costs are currently approximately $300,000 on an annualized basis. We expect both of these expenses to increase substantially in the future as development activities increase.

Related parties reimburse us for the time spent by one of our employees for patent and research work; as a result, our research and development wages and benefits are net of reimbursements of $1,200 for the three months ended June 30, 2005.

We expect that our administrative expenses will continue to increase as we continue to build our corporate infrastructure and hire additional administrative and management staff. As a new public reporting company, our legal and accounting costs have increased in connection with compliance with reporting requirements under the Securities Exchange Act of 1934, and our investor relations and communications costs have also increased.

Selling and marketing expenses consist primarily of direct mail and email advertising and other marketing related expenses, compensation-related expenses and travel costs. Sales and marketing costs are expected to significantly increase in absolute dollars and become a significant percentage of revenues in the future as we expand our advertising, marketing and sales activities associated with ***nViz^x*** and release additional products.

Results of Operations for the Year Ended March 31, 2005 Compared to the Period from Inception (October 28, 2003) through March 31, 2004

We incurred a loss of $3,296,189 for the year ended March 31, 2005 (which we refer to as "fiscal 2005") compared to a loss of $822,847 for the period from inception, October 28, 2003, through March 31, 2004 (which we refer to as "fiscal 2004"). Our total expenses for fiscal 2005 included operating expenses of $2,770,859 and non-operating expenses of $512,321 related to the Merger. Our total expenses for fiscal 2004 included operating expenses of $822,847. Our expenses increased significantly during fiscal 2005 as we hired additional personnel, commenced sales and marketing activities, expanded our research and development activities and became a public reporting company. Our losses for fiscal 2005 increased as a result of our increasing start-up expenses, which were not offset by significant revenues.

Operating expenses for fiscal 2005 included $365,278 for sales and marketing expenses, $1,196,859 for general and administrative expenses, and $1,208,722 for research and development costs. Operating expenses for the 2004 fiscal period included $709,047 for general and administrative expenses, $113,800 for research and development costs and did not include any sales and marketing expenses.

Sales and marketing expenses in fiscal 2005 consisted primarily of wages and benefits of $171,336, advertising and promotional expenses of $116,935, and web store development and ecommerce costs of $33,086. We did not engage in sales and marketing activity prior to July 2004. Advertising and promotion activities, which included direct mail and email campaigns, began primarily in February 2005.

General and administrative expenses for fiscal 2005 included wages and benefits of $410,389; consulting fees of $200,000 paid to a director, Dr. Novak and a related party, Mike Zoi; executive recruiting fees of $75,015 related to our search for a chief executive officer; travel and related costs of $76,449; audit fees of $59,699; general legal expenses of $48,636, of which $35,530 was payable to Ener1 Group to reimburse Ener1 Group for the services of our general counsel, who is also an officer of Ener1 Group; information technology and web site costs of $69,317; rent of $60,606; insurance costs of $26,239; and depreciation of $24,075.

General and administrative expenses for fiscal, 2004 included $238,006 for wages and benefits; $76,921 for patent, immigration and general legal expenses; $90,889 for executive search fees; $40,000 for audit fees; $33,333 for consulting fees paid to a director, Dr. Novak and a related party, Mr. Mike Zoi; $82,845 in consulting fees paid to administration and finance professionals; rent of $20,714, employee relocation costs of $28,245; and travel expenses of $25,935.

Research and development expenses for fiscal 2005 included $589,099 for wages and benefits paid to U.S. based programmers; $295,000 for wages and administrative costs of our Russian-based scientists and programmers; $205,802 paid to software consultants; and $86,447 for immigration and employee relocation costs. Research and development expenses for fiscal 2004 included $113,800 for wages and administrative costs of our Russian-based scientists and programmers The wages and benefits of our U.S. based research and development department are currently approximately $900,000 on an annualized basis. Our Russia based programming costs are currently approximately $300,000 on an annualized basis. We expect both of these expenses to increase substantially in the future as development activities increase.

Historically, we have outsourced a substantial amount of our research and software development services to Russia based scientists and programmers. Our Russia based research and development expenses consist primarily of payroll and related expenses for Russia based programmers and administrative costs, which include rent and related facility costs, computer-related expenses such as personal computers, software and related supplies and equipment. During fiscal 2005, we outsourced programming work to approximately 30 scientists and programmers in Russia. Between March 2004 and August 2004, five Russian scientists and programmers moved to the United States and began working in our Florida offices as our employees.

Related parties reimburse us for the time spent by one of our employees for patent and research work; as a result, our administrative and research and development wages and benefits are net of reimbursements of $17,160 and $43,080, respectively, for fiscal 2005.

Costs incurred in fiscal 2005 in connection with the Merger and becoming a public company of $512,320 include legal expenses of $321,485, audit and related fees of $122,832, and printing and other costs of $68,003.

We expect that our administrative expenses will continue to increase substantially as we continue to build our corporate infrastructure and hire additional administrative and management staff. We have entered into consulting agreements with two related parties, one of whom is our director and former president, Dr. Peter Novak. We paid these consultants $200,000 during the year ending March 31, 2005. Also, as a new public reporting company, we expect our legal and accounting costs will increase in connection with compliance with reporting requirements under the Securities Exchange Act of 1934, and we expect that our investor relations and communications costs will also increase. Our administrative expenses include compensation of approximately $160,000 for our chief executive officer for the seven months since he commenced employment on September 1, 2004; his annual salary is $275,000.

Selling and marketing expenses consist primarily of advertising and other marketing related expenses, compensation-related expenses, sales commissions and travel costs. Sales and marketing costs are expected to be a significant percentage of revenues in future years as we release additional products. We believe selling and marketing expenses in absolute dollars will increase significantly in the short-term, including advertising and marketing costs associated with the launch of our ***nViz^x*** for Maple product in June 2005.

Liquidity and capital resources

At June 30, 2005, we had negative working capital of $576,264 and cash of $149,132. As of June 30, 2005, we had funds of $188,758 available under a borrowing agreement.

Our 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. We are in the development stage and have had minimal revenues since inception. Our management recognizes that we must raise capital sufficient to fund start-up and development activities until such time as we can generate revenues and net cash flows in amounts necessary to enable us to continue in existence. The realization of assets and satisfaction of liabilities in the normal course of business is dependent upon our achieving these goals. Our management’s plans include continuing efforts to develop our first commercial product, borrowing funds under our revolving loan agreement, and raising additional capital. The continued development of our technology and products will require significant additional capital investment.

At our current rate of expenditure, our cash on hand would be sufficient to fund our operations through mid-September 2005. In the absence of attaining profitable operations and achieving positive cash flows from operations or obtaining significant additional debt or equity financing, we will have difficulty meeting current and long-term obligations.

We have taken, and continue to take, steps to address our need for additional capital. We began marketing our ***nViz**^x* product in June 2005 under a Reseller Agreement with a leading mathematical computational software developer. In addition, we implemented cost reduction measures including salary deferrals beginning in June 2005 and have deferred or delayed payments to some vendors until we achieve positive cash flow. We are also exploring raising capital through sales of our securities in order to fund our operations until we achieve positive cash flow from operations.

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 June 30, 2005, we had borrowed $2,311,242 under a $2,500,000 revolving loan agreement with a company that is affiliated with us through common ownership (the "Bzinfin Loan"). We borrowed the remaining available funds of $188,758 under this facility in July 2005. Loans under this agreement bear interest at an annual rate of 5% and principal and interest must be repaid within two years from the date of the initial