

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

FORM 10-Q

(Mark One)

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 or 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934.

FOR THE QUARTERLY PERIOD ENDED FEBRUARY 29, 2016

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934.

For the transition period from _____ to _____

Commission File Number 0-54205

TARSIER LTD.

(Name of Registrant in its Charter)

Delaware

(State of Other Jurisdiction of incorporation or organization)

20-2188353

(I.R.S. Employer I.D. No.)

475 Park Avenue South, 30th Floor,
New York, NY 10016

(Address of Principal Executive Offices)

Issuer's Telephone Number: 212-401-6181

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Sections 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 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 ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files.) Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check One)

Large accelerated filer ☐

Accelerated filer ☐

Non-accelerated filer ☐

Smaller reporting company ☒

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

As of April 19, 2016, there were 29,121,403 shares of common stock outstanding.

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Tarsier Ltd.
Consolidated Balance Sheets

Assets	February 29, 2016	May 31, 2015
Current Assets:	(Unaudited)	
Cash and cash equivalents	\$ 16,196	\$ -
Accounts receivable	34,519	-
Assets from discontinued operations (Note 4)	-	8,703,090
Total Current Assets	50,715	8,703,090
Computer software and equipment	931,081	-
Goodwill	928,437	-
Other receivable	15,000	
Assets from discontinued operations (Note 4)	-	4,161,668
Total Assets	1,925,233	12,864,758
Liabilities and Stockholders' Equity		
Current Liabilities:		
Accounts payable and accrued expenses	\$ 409,969	\$ 48,750
Accrued debt issuance costs, net	98,583	-
Due to shareholder	84,545	-
Notes payable, net	295,730	-
Convertible notes payable, net	833,774	-
Derivative liability	45,262	-
Liabilities from discontinued operations (Note 4)	-	11,928,595
Total Current Liabilities	1,767,863	11,977,345
Liabilities from discontinued operations (Note 4)	-	337,590
Total Liabilities	1,767,863	12,314,935
Stockholders' Equity:		
Preferred stock, \$0.001 par value, 10,000,000 shares authorized; 9,500,000 and 0 shares designated as Series A at February 29, 2016 (unaudited) and May 31, 2015, respectively	-	-
Common stock, \$0.001 par value, 150,000,000 shares authorized; 28,921,403 and 34,325,241 shares issued and outstanding at February 29, 2016 (unaudited) and May 31, 2015, respectively	28,921	34,325
Additional paid-in capital	8,892,182	6,866,355
Accumulated deficit	(8,763,733)	(6,350,857)
Total Stockholders' Equity	157,370	549,823
Total Liabilities and Stockholders' Equity	\$ 1,925,233	\$ 12,864,758

See notes to the unaudited consolidated financial statements.

Tarsier Ltd.
Consolidated Statements of Operations and Comprehensive Income (Unaudited)

	For the Three Months Ended February 29,		For the Nine Months Ended February 29,	
	2016	2015	2016	2015
Revenue	\$ 312,163	\$ –	\$ 313,803	\$ –
Cost of revenue	244,509	–	245,793	–
Gross profit	67,654	–	68,010	–
Operating expenses:				
Salaries and other compensation	315,092	–	725,092	–
Professional fees	757,162	–	1,254,458	–
Depreciation and amortization	40,482	–	40,482	–
General and administrative	129,318	–	166,617	–
Total operating expenses	1,242,054	–	2,186,649	–
Loss from operations	(1,174,400)	–	(2,118,639)	–
Other income (expenses):				
Gain on change in fair value of derivative liability	49	–	49	–
Interest expense	(11,497)	–	(12,130)	–
Amortization of debt discount and deferred financing costs	(196,178)	–	(282,155)	–
Loss before income taxes	(1,382,026)	–	(2,412,875)	–
Income tax provision	–	–	–	–
Net loss from continuing operations	(1,382,026)	–	(2,412,875)	–
Net income from discontinued operations, net of taxes (Note 4)	–	1,296,819	–	1,637,840
Net (loss) income	\$ (1,382,026)	\$ 1,296,819	\$ (2,412,875)	\$ 1,637,840
Foreign currency translation loss	–	(304,594)	–	(67,784)
Net comprehensive (loss) income	\$ (1,382,026)	\$ 992,225	\$ (2,412,875)	\$ 1,570,056
Basic and diluted (loss) from continuing operations	\$ (0.05)	\$ –	\$ (0.09)	\$ –
Basic and diluted income from discontinued operations	\$ –	\$ 0.04	\$ –	\$ 0.05
Basic and diluted (loss) income per share	\$ (0.05)	\$ 0.04	\$ (0.09)	\$ 0.05
Weighted average number of common shares	27,339,865	31,325,241	25,795,593	31,325,241

See notes to the unaudited consolidated financial statements.

Tarsier Ltd.
Consolidated Statements of Cash Flows
(Unaudited)

	For the Nine Months Ended February 29,	
	2016	2015
Cash flows from operating activities:		
Net (loss) income	\$ (2,412,875)	\$ 1,637,840
Adjustments to reconcile net (loss) income to net cash (used in) provided by operating activities:		
Net (income) from discontinued operations	–	(1,637,840)
Depreciation and amortization	40,482	
Gain on change in fair value of derivative liability	(49)	
Amortization of debt discount and deferred financing costs	282,155	–
Shares issued to employees, consultants and board of directors	1,005,400	–
Options issued to employees	54,058	–
Services received in exchange for issuance of note payables	80,000	–
Changes in operating assets and liabilities:		
Accounts receivable	(34,518)	–
Other receivable	(15,000)	
Accounts payable and accrued expenses	388,947	–
Net cash used in operating activities - continuing operations	(611,399)	–
Net cash used in operating activities - discontinued operations	–	(1,758,715)
Net cash used in operating activities	(611,399)	(1,758,715)
Cash flows from investing activities:		
Net cash used in investing activities - continuing operations	–	–
Discontinued operations cash sold in sale of subsidiary	(48,161)	–
Net cash used in investing activities	(48,161)	–
Cash flows from financing activities:		
Proceeds from convertible promissory note agreements	456,750	
Deferred financing costs paid in connection with convertible note	(81,700)	
Repayments of convertible notes	(50,000)	
Proceeds from promissory note agreements	218,000	–
Due to shareholder	84,545	–
Net cash provided by financing activities - continuing operations	627,595	–
Net cash used in financing activities - discontinued operations	–	1,496,441
Net cash provided by financing activities	627,595	1,496,441
Effect of exchange rate on cash and cash equivalents - discontinued operations	–	(24,289)
Net decrease in cash and cash equivalents	(31,965)	(286,563)
Cash at beginning of period - discontinued operations	48,161	344,636
Less: Cash at end of period - discontinued operations	–	(58,073)
Cash at end of period - continuing operations	\$ 16,196	\$ –
Supplemental schedule of non-cash investing and financing activities:		
Sale of discontinued entity	\$ 598,573	\$ –
Common shares issued with promissory notes and recorded as debt discounts	\$ 96,037	\$ –
Convertible promissory note issued in connection with asset purchase agreement	\$ 450,000	\$ –
Accrued debt issuance costs	\$ 5,000,000	\$ –
Supplemental cash flow disclosure:		
Income tax paid	\$ –	\$ –
Interest paid	\$ 4,598	\$ 6,949

See notes to the unaudited consolidated financial statements.

TARSIER LTD.
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS
FEBRUARY 29, 2016

NOTE 1 – ORGANIZATION

Tarsier Ltd. (the “Company”) was incorporated in Delaware on November 19, 2010 originally under the name China International Enterprise Corp. In 2011, the Company changed its name to HXT Holdings, Inc. On September 2, 2011, the Company acquired all of the outstanding capital stock of China Metal Holding, Inc. (“China Metal”), a privately-owned corporation formed in the State of Delaware. China Metal is a holding company whose only asset, held through a subsidiary, is 100% of the registered capital of Changzhou Huayue Electronics Company, Limited (“Changzhou Huayue”), a limited liability company organized under the laws of the People’s Republic of China (“China” or “PRC”). Changzhou Huayue is engaged in developing, manufacturing and selling high frequency induction lights and electrolytic capacitors. Changzhou Huayue’s offices and manufacturing facilities are located in China. Effective November 2, 2011, the Company changed its name to Huayue Electronics, Inc. On December 4, 2015, the Company changed its name to Tarsier Ltd.

On April 23, 2015, the Company entered into a Partnership Interest Purchase Agreement to purchase 51% of the limited liability partnership interests in SavWatt Kazakhstan Ltd. (“SavWatt”), a limited liability partnership formed under the laws of Kazakhstan. SavWatt Kazakhstan was formed by Sutton Global Associates, Inc. (see Note 8) on April 8, 2015 to engage in the business of manufacturing and distributing energy efficient products in Kazakhstan and other Eastern European countries. No funding has been provided by either party and therefore there is no non-controlling interest as of February 29, 2016.

In May 2015, the Company approved plans to dispose of China Metal, including its subsidiary Changzhou Huayue. China Metal was sold on June 12, 2015. Refer to Note 4 for further discussion.

On September 8, 2015, the Company formed Tarsier Systems Ltd. (“Tarsier Systems”), a New York corporation. Tarsier Systems is a 100% owned subsidiary of the Company.

On December 28, 2015, the Company entered into a joint venture agreement with NOVOsol Power Company, Corp. (“Novosol”), to form Tarsier Novosol Energy for the development of a portfolio of turbine energy projects in the Philippines. The Company will own and control 51% of the outstanding stock of Tarsier Novosol Energy. As of April 19, 2016, the entity has yet to be formed.

On February 10, 2016, the Company formed Tarsier Energy, Ltd. (“Tarsier Energy”), a Delaware corporation, to resell electric and gas in New York, New Jersey, Pennsylvania and Maryland. Tarsier Energy is a 100% owned subsidiary of the Company.

NOTE 2 – BASIS OF PRESENTATION

These unaudited consolidated financial statements as of and for the three (3) and nine (9) months ended February 29, 2016 and 2015, respectively, reflect all adjustments including normal recurring adjustments, which, in the opinion of management, are necessary to present fairly the financial position, results of operations and cash flows for the periods presented in accordance with the accounting principles generally accepted in the United States of America.

These interim unaudited consolidated financial statements should be read in conjunction with the Company’s consolidated financial statements and notes thereto for the years ended May 31, 2015 and 2014, which are included in the Company’s May 31, 2015 Annual Report on Form 10-K filed with the United States Securities and Exchange Commission on September 15, 2015 and Form 10-K/A filed on October 13, 2015. The Company assumes that the users of the interim financial information herein have read, or have access to, the audited consolidated financial statements for the preceding period, and that the adequacy of additional disclosure needed for a fair presentation may be determined in that context. The results of operations for the three (3) and nine (9) months ended February 29, 2016 are not necessarily indicative of results to be expected for the entire year ending May 31, 2016.

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NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS
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NOTE 3 – GOING CONCERN

The accompanying unaudited consolidated financial statements have been prepared on a going concern basis. The Company had negative working capital of \$1,717,148 at February 29, 2016 and incurred a net loss of \$2,412,875 for the nine months ended February 29, 2016. The Company also has certain promissory notes which are past due.

These matters, among others, raise substantial doubt about the ability of the Company to continue as a going concern. These unaudited consolidated financial statements do not include any adjustments to the amounts and classification of assets and liabilities that may be necessary should the Company be unable to continue as a going concern.

The Company's ability to continue as a going concern is dependent upon its ability to obtain the necessary financing to meet its obligations and repay its liabilities arising from normal business operations when they come due, and to fund acquisitions in order to generate profitable operations in the future.

The Company anticipates that future funds received will enable it to execute its business plan and generate positive operating results. However, the outcome of these matters cannot be predicted at this time and there are no assurances that the Company will be successful in accomplishing its plans.

NOTE 4 - DISCONTINUED OPERATIONS

In May 2015, the Company approved plans to dispose of its China Metal subsidiary, including China Metal's wholly-owned subsidiary, Changzhou Huayue. Management elected to dispose of the entities because the Company intends to focus its operations outside of China and rather in the U.S. and other foreign markets. On June 2, 2015, the Company entered into a Stock Purchase Agreement to sell 100% of the issued and outstanding shares of common stock of China Metal. The Company completed the sale on June 12, 2015.

In accordance with ASC 205-20, China Metal, and its wholly-owned subsidiary Changzhou Huayue, have been presented as a discontinued business in the consolidated financial statements as of May 31, 2015. Previously reported results for the unaudited comparable periods ended November 30, 2014 have been restated to reflect this reclassification.

The operational results of China Metal are presented in the "Net income from discontinued operations, net of taxes" line item on the unaudited consolidated statement of operations for the periods ended November 30, 2014. The assets and liabilities of the discontinued business are presented on the consolidated balance sheet as of May 31, 2015 as assets and liabilities from discontinued operations.

On June 12, 2015, the Company completed its sale of China Metal. The Company repurchased 10,000,000 shares of its outstanding common stock from the seller and delivered to the seller 100% of the capital stock of China Metal, which was valued at \$598,573 at the time of the sale. The purchased shares were retired and the cost was recorded against additional paid-in capital. As the seller was a related party (see Note 11), the transaction was recorded at cost and no gain or loss was recorded on the sale. There was no activity in the discontinued entity for the three and nine months ended February 29, 2016.

The major components of net income from discontinued operations were as follows:

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	Three Months Ended February 29,		Nine Months Ended February 29,	
	2016	2015	2016	2015
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Net sales	\$ -	\$ 656,297	\$ -	\$ 6,939,869
Cost of goods sold	-	525,768	-	3,848,928
Gross profit	-	130,529	-	3,090,941
General and administrative expenses	-	2,721,639	-	5,285,847
Non-operating income	-	4,111,126	-	4,121,777
Income tax provision	-	223,197	-	289,031
Net income	\$ -	\$ 1,296,819	\$ -	\$ 1,637,840
Comprehensive income	\$ -	\$ 992,225	\$ -	\$ 1,570,056

The major classes of assets and liabilities from discontinued operations were as follows:

	February 29, 2016 (Unaudited)	May 31, 2015
Cash	\$ -	\$ 48,161
Accounts and other receivables	-	2,776,773
Advances to suppliers	-	1,866,075
Investment in sales-type lease	-	2,384,088
Total current assets	-	8,703,090
Property and equipment	-	1,045,827
Long-term receivables	-	2,950,151
Total assets	\$ -	\$ 12,864,758
Short-term loans	-	2,984,834
Accounts payable	-	2,630,700
Taxes payable	-	2,685,297
Due to related parties	-	2,136,921
Total current liabilities	-	11,928,595
Total liabilities	\$ -	\$ 12,266,185

NOTE 5 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of consolidation

The unaudited consolidated financial statements include the financial statements of the Company and its subsidiaries. All inter-company transactions and balances are eliminated in consolidation.

The following is a summary of the Company's subsidiaries included in the consolidated financial statements as of February 29, 2016:

- SavWatt Kazakhstan Ltd. (51% owned)
- Tarsier Systems, Ltd. (100% owned)
- Tarsier Energy, Ltd. (100% owned)

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NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS
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Use of estimates

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, as well as the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Significant accounting estimates reflected in the Company's consolidated financial statements includes promissory note debt discounts. Actual results could differ from those estimated by management.

Business combinations

The Company accounts for acquisitions in which it obtains control of one or more businesses as a business combination. The purchase price of the acquired businesses, including management's estimation of the fair value of any contingent consideration, is allocated to the tangible and intangible assets acquired and liabilities assumed based on their estimated fair values at the acquisition date. The excess of the purchase price over those fair values is recognized as goodwill. During the measurement period, which may be up to one year from the acquisition date, the Company may record adjustments to the assets acquired and liabilities assumed with the corresponding offset to goodwill. Upon the conclusion of the measurement period or final determination of the values of assets acquired or liabilities assumed, whichever comes first, any subsequent adjustments are recognized in the consolidated statements of operations.

Non-controlling interests

Non-controlling interests in the Company's subsidiaries are recorded in accordance with the provisions of Accounting Standards Codification ("ASC") 810 "Consolidation", and are reported as a component of equity, separate from the parent company's equity. Purchase or sale of equity interests that do not result in a change of control are accounted for as equity transactions. Results of operations attributable to the non-controlling interests are included in the Company's consolidated results of operations and, upon loss of control, the interest sold, as well as interest retained, if any, will be reported at fair value with any gain or loss recognized in earnings.

Cash and cash equivalents

For purposes of the statement of cash flows, the Company considers all highly-liquid investments with an original maturity of three months or less to be cash equivalents.

Revenue recognition

The Company's revenue is derived from the sale of products. The Company's revenue recognition policies are in compliance with Staff Accounting Bulletin 104, included in ASC 605, *Revenue Recognition*. The Company's determination to recognize revenue is based on the following:

- Persuasive evidence that an arrangement (sales contract) exists between a willing customer and us that outlines the terms of the sale (including customer information, product specification, quantity of goods, purchase price and payment terms).
- Delivery is considered to have occurred when the risks, rewards and ownership of the products are transferred from the Company to its customers.
- The Company's price to the customer is fixed and determinable as specifically outlined in the sales contract.

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NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS
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- For customers to whom credit terms are extended, the Company assesses a number of factors to determine whether collection from them is probable, including past transaction history with them and their credit-worthiness. All credit extended to customers is pre-approved by management. If the Company determines that collection is not reasonably assured, the Company defers the recognition of revenue until collection becomes reasonably assured, which is generally upon receipt of payment.

Payments received before satisfaction of all of the relevant criteria for revenue recognition are recorded as advance from customers.

Cost of revenue

Included in cost of revenue are payments to third parties for their use of the electricity grid.

Income taxes

The Company accounts for income tax under the asset and liability method as stipulated by ASC 740, which requires recognition of deferred tax assets and liabilities for the expected future tax consequences of the events that have been included in the financial statements or tax returns. Deferred income taxes will be recognized if significant temporary differences between tax and financial statements occur. Valuation allowances are established against net deferred tax assets when it is more likely than not that some portion or all of the deferred tax asset will not be realized. Included in the deferred tax asset is the net operating loss carryforwards. The Company is not able to predict if such future taxable income will be more likely than not sufficient to utilize the benefit. As such, the Company does not believe the benefit is more likely than not to be realized and it has recognized a full valuation allowance for these deferred tax assets as of February 29, 2016 and 2015.

An uncertain tax position is recognized as a benefit only if it is “more likely than not” that the tax position would be sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized is the largest amount of tax benefit that is greater than 50% likely of being realized on examination. For tax positions not meeting the “more likely than not” test, no tax benefit is recorded. Penalties and interest incurred related to underpayment of income tax are classified as income tax expense in the period incurred. No significant penalties or interest relating to income taxes have been incurred during the three and nine months ended February 29, 2016 and 2015.

Fair value of financial instruments

The Financial Accounting Standards Board’s ASC Topic 820, “*Fair Value Measurements*”, defines fair value, establishes a three-level valuation hierarchy for fair value measurements and enhances disclosure requirements.

The three levels are defined as follows:

Level 1 - inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.

Level 2 - inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, quoted market prices for identical or similar assets in markets that are not active, inputs other than quoted prices that are observable, and inputs derived from or corroborated by observable market data.

Level 3 - inputs to the valuation methodology are unobservable.

The Company’s accounts payable and accrued expenses, due to shareholder and notes payables approximate fair values due to their short-term maturities. Cash is considered to be highly liquid and easily tradable as of February 29, 2016 and May 31, 2015 and therefore classified as Level 1 within the fair value hierarchy.

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The derivative liability has been valued at fair market value, in consideration of the fair value of the potential future consideration that may be required upon settlement under the terms of the convertible debt instruments. The Company's derivative liability is classified as Level 3 financial instrument.

Stock-based compensation

The Company accounts for stock-based instruments issued to employees in accordance with ASC Topic 718. ASC Topic 718 requires companies to recognize in the statement of operations the grant-date fair value of stock options and other equity based compensation issued to employees. The Company accounts for nonemployee share-based awards in accordance with ASC Topic 505-50.

Earnings (loss) per common share

The Company utilizes the guidance per FASB Codification ASC 260 Earnings per Share ("ASC 260"). Basic earnings per share are calculated by dividing income available to stockholders by the weighted average number of common stock shares outstanding during each period. Diluted earnings per share are computed using the weighted average number of common stock shares and dilutive common share equivalents outstanding during the period. Dilutive common stock share equivalents consist of common shares issuable upon the conversion of convertible notes and the exercise of stock options and warrants (calculated using the modified treasury stock method). Such securities, shown below, presented on a common share equivalent basis and outstanding as of February 29, 2016 and 2015 have been excluded from the per share computations, since its inclusion would be anti-dilutive:

	For the Nine Months Ended	
	February 29,	
	2016	2015
Convertible promissory notes	243,899	-
Options	13,900,000	-
Warrants	1,000,000	-
Total	<u>15,143,899</u>	<u>-</u>

Convertible instruments

The Company evaluates and accounts for conversion options embedded in its convertible instruments in accordance with accounting standards for "Accounting for Derivative Instruments and Hedging Activities."

Accounting standards generally provides three criteria that, if met, require companies to bifurcate conversion options from their host instruments and account for them as free standing derivative financial instruments. These three criteria include circumstances in which (a) the economic characteristics and risks of the embedded derivative instrument are not clearly and closely related to the economic characteristics and risks of the host contract, (b) the hybrid instrument that embodies both the embedded derivative instrument and the host contract is not re-measured at fair value under otherwise applicable generally accepted accounting principles with changes in fair value reported in earnings as they occur, and (c) a separate instrument with the same terms as the embedded derivative instrument would be considered a derivative instrument. Professional standards also provide an exception to this rule when the host instrument is deemed to be conventional as defined under professional standards as "The Meaning of Conventional Convertible Debt Instrument."

The Company accounts for convertible instruments (when it has determined that the embedded conversion options should not be bifurcated from their host instruments) in accordance with professional standards when "Accounting for Convertible Securities with Beneficial Conversion Features," as those professional standards pertain to "Certain Convertible Instruments." Accordingly, the Company records, when necessary, discounts to convertible notes for the intrinsic value of conversion options embedded in debt instruments based upon the differences between the fair value of the underlying common stock at the commitment date of the note transaction and the effective conversion price embedded in the note. Debt discounts under these arrangements are amortized over the term of the related debt to their earliest date of redemption. The Company also records when necessary deemed dividends for the intrinsic value of conversion options embedded in preferred shares based upon the differences between the fair value of the underlying common stock at the commitment date of the note transaction and the effective conversion price embedded in the note. ASC 815-40 provides that, among other things, generally, if an event is not within the entity's control could or require net cash settlement, then the contract shall be classified as an asset or a liability.

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NOTES TO UNAUDITED CONSOLIDATED FINAAL STATEMENTS
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During the period ended February 29, 2016, the Company had notes payable outstanding in which the conversion rate was variable and undeterminable. Accordingly, the Company has recognized a derivative liability in connection with such instruments. The Company uses judgment in determining the fair value of derivative liabilities at the date of issuance and at every balance sheet thereafter and in determining which valuation method is most appropriate for the instrument (e.g., Black-Scholes), the expected volatility, the implied risk free interest rate, as well as the expected dividend rate, if any.

Goodwill

Goodwill represents the excess of the purchase price over the fair value of net assets acquired in business combinations. ASC 350-30-35-4 requires that goodwill be tested for impairment at the reporting unit level (operating segment or one level below an operating segment) on an annual basis and between annual tests when circumstances indicate that the recoverability of the carrying amount of goodwill may be in doubt. Application of the goodwill impairment test requires judgment, including the identification of reporting units, assigning assets and liabilities to reporting units, assigning goodwill to reporting units, and determining the fair value. Significant judgments required to estimate the fair value of reporting units include estimating future cash flows, determining appropriate discount rates and other assumptions. Changes in these estimates and assumptions could materially affect the determination of fair value and/or goodwill impairment for each reporting unit.

The Company has the option to perform a qualitative assessment for impairment of its goodwill to determine if it is more likely than not that the fair value of a reporting unit is below its carrying value. If the Company determines based on a qualitative assessment that it is more likely than not that the fair value of a reporting unit is greater than its carrying value, then it would not be required to perform the two-step quantitative impairment test described below. If necessary, the Company will perform a quantitative assessment for impairment of its goodwill using the two-step approach.

Foreign currency translation

The functional currency of the U.S. parent company is U.S. Dollars, or USD. The functional currency of the discontinued subsidiary at May 31, 2015 is Renminbi or RMB, and its reporting currency is U.S. dollars for the purpose of these financial statements. The accounts of the Chinese subsidiary were translated into USD in accordance with ASC Topic 830 "Foreign Currency Matters." According to Topic 830, all assets and liabilities were translated at the exchange rate on the balance sheet date; stockholders' equity is translated at historical rates and statement of income items are translated at the weighted average exchange rate for the period. The resulting translation adjustments are reported under other comprehensive income in accordance with ASC Topic 220, "Comprehensive Income." Gains and losses resulting from the translations of foreign currency transactions and balances are reflected in the unaudited statement of operations and comprehensive income for the three and nine months ended February 28, 2015.

Reclassification

Certain prior period amounts have been reclassified to conform to the current period presentation. The reclassification had no impact on previously reported results of operations or stockholders' equity.

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NOTES TO UNAUDITED CONSOLIDATED FINAAL STATEMENTS
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Recent accounting pronouncements

In April 2015, the FASB issued ASU 2015-03, *Interest—Imputation of Interest: Simplifying the Presentation of Debt Issuance Costs*, which requires that debt issuance costs be presented in the balance sheet as a direct deduction from the carrying amount of the associated debt liability, consistent with the accounting of debt discounts. The effects of this update are to be applied retrospectively as a change in accounting principle. ASU 2015-03 is effective for financial statements issued for fiscal years beginning after December 15, 2015, and interim periods within those fiscal years. The Company is currently evaluating the effects of adopting ASU 2015-03.

In April 2014, the FASB issued authoritative guidance, which specifies that only disposals, such as a disposal of a major line of business, representing a strategic shift in operations should be presented as discontinued operations. In addition, the new guidance requires expanded disclosures about discontinued operations that will provide financial statement users with more information about the assets, liabilities, income, and expenses of discontinued operations. The Company has adopted the guidance as described in Note 4.

NOTE 6 – ACQUISITIONS

On December 31, 2015, the Company completed an acquisition of certain of the assets of Demansys Energy Inc., (“Demansys”), including a patent-pending energy management software platform that was formerly marketed under the name “Grid Daemon.” The acquisition also included the assignment of an existing contract for the use of the software platform by a major NY-based industrial client. The total purchase price consideration was \$1,900,000, consisting of: (i) a convertible promissory note in the principal amount of \$450,000 and (ii) 2,500,000 shares of the Company’s common stock valued at a price of \$0.58 per share totaling \$1,450,000. The promissory note is payable in various installments from January to June 2016. The note bears interest only upon a late payment at the rate of 6% per annum (plus an additional 15% per annum following an event of default) and, following a payment default under such note, is convertible, at the option of the holder, into shares of common stock at a 30% discount to the 10-day average closing price of the Company’s common stock immediately preceding the date of conversion. The common shares are to be held in escrow and will be released to the seller only if the Company generates at least \$2.0 million of net revenues from the acquired software platform over the two-year period ending on December 31, 2017.

Preliminary Allocation of Purchase Price

In accordance with ASC 805-10-55, the asset acquisition was accounted for as a business combination. As such, the fair value of the assets acquired in the business combination are as follows:

Total purchase price consideration	\$ 1,900,000
Computer software and equipment	971,563
Goodwill	928,437
Total	<u>\$ 1,900,000</u>

The computer software and equipment purchases includes the Grid Daemon software valued at \$958,513 and supporting computer equipment with a fair value of \$13,050. The estimated useful lives of the computer software and equipment are four years. Amortization of the Grid Daemon software and depreciation of the computer equipment for the three and nine months ended February 29, 2016 were \$39,938 and \$544, respectively. The preliminary allocation to the Grid Daemon computer software includes the value of the assignment of the customer contract. Both the fair value of the contingent stock consideration and the allocation of the purchase price are subject to change within the measurement period.

Unaudited Pro Forma Financial Information

The following unaudited pro forma financial information presents the Company’s financial results as if the Demansys asset acquisition occurred on June 1, 2014. The unaudited pro forma financial information is not necessarily indicative of what the financial results actually would have been had the acquisitions been completed on this date. In addition, the unaudited pro forma financial information is not indicative of, nor does it purport to project, the Company’s future financial results. The following unaudited pro forma financial information includes incremental computer software and equipment amortization as a result of the asset acquisitions.

	For the Nine Months Ended	
	February 29,	
	2016	2015
Revenue	\$ 858,161	\$ 1,138,175
Net income from continuing operations	\$ (2,445,690)	\$ 45,466
Basic and diluted income (loss) from continuing operations	\$ (0.09)	\$ 0.00

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NOTE 7 – NOTES PAYABLE

On August 24, 2015, the Company entered into an unsecured, short-term promissory note with an accredited investor for \$79,000. The note earns interest at 2% per annum and matured on November 23, 2015. In conjunction with the note, the Company issued 180,000 common shares to the investor. The shares resulted in a debt discount of \$44,790 based on the relative fair value of the shares issued, of which \$3,459 and \$44,790 was amortized during the three and nine months ended February 29, 2016, respectively. The debt discount was fully amortized and the principal was still outstanding and past due at February 29, 2016. Accrued interest is included in accounts payable and accrued expenses on the unaudited consolidated balance sheet.

On September 3, 2015, the Company entered into an unsecured, short-term promissory note with an accredited investor for \$78,000. The note earns interest at 2% and matured on December 3, 2015. In conjunction with the note, the Company issued 156,000 common shares to the investor. The shares resulted in a debt discount of \$41,889 based on the relative fair value of the shares issued, of which \$1,381 and \$41,889 was amortized during the three and nine months ended February 29, 2016, respectively. The debt discount was fully amortized and the principal was still outstanding and past due at February 29, 2016. Accrued interest is included in accounts payable and accrued expenses on the unaudited consolidated balance sheet.

On November 23, 2015, the Company entered into an unsecured, short-term promissory note with an existing accredited investor for \$25,000. The note earns interest at 6% and matured on January 24, 2016. In conjunction with the note, the Company issued 25,000 common shares to the investor. The shares resulted in a debt discount of \$9,177 based on the relative fair value of the shares issued, of which \$8,678 and \$9,177 was amortized during the three and nine months ended February 29, 2016, respectively. The debt discount was fully amortized and the principal was still outstanding and past due at February 29, 2016. Accrued interest is included in accounts payable and accrued expenses on the unaudited consolidated balance sheet.

The following is a summary of notes payable at February 29, 2016:

Type of Note	Interest Rate	Maturity Date	Balance at February 29, 2016
Short-term promissory note	2%	11/23/2015	\$ 79,000
Short-term promissory note	2%	12/3/2015	78,000
Short-term promissory note	6%	1/24/2016	25,000
Notes issued for services	5%	Sept - Dec 2016	50,000
Other loans	0%	n/a	63,730
Total principal			295,730
Unamortized discount			-
Notes payable, net			<u>\$ 295,730</u>

NOTE 8 – CONVERTIBLE NOTES PAYABLE

On December 14, 2015, the Company entered into a convertible promissory note in connection with services performed for \$30,000. The note earns interest at 2% per annum and matures on December 13, 2016. The holder, at its sole option, may convert the outstanding principal balance and accrued interest, into the Company's common stock at a discount of 30% at maturity, with a floor price of \$0.40 per share. In connection with this note, the Company recorded a beneficial conversion feature of \$13,500, of which \$2,848 was amortized during the three and nine months ended February 29, 2016.

On January 29, 2016, the Company entered into a Senior Secured Revolving Credit Facility Agreement (the "Credit Agreement") with TCA Global Credit Master Fund, LP, a Cayman Islands limited partnership ("TCA"). Pursuant to the Credit Agreement, TCA agreed to lend up to a maximum of \$15,000,000 for working capital purposes, and provided an initial credit line in the amount of \$5,000,000, which is subject to funding in the discretion of TCA. In connection with the closing, an initial take down of \$400,000 was funded by TCA. Any increase in the amount of the credit line from the initial amount up to the maximum amount is at the discretion of TCA. The remaining \$4,600,000 of the credit line has not yet been funded to the Company.

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The amounts borrowed pursuant to the Credit Agreement are evidenced by a Revolving Note (the “Revolving Note”) that is secured by a first priority security interest in substantially all of the Company’s assets in favor of TCA pursuant to a Security Agreement (the “Security Agreement”). The loan also is secured by the pledge of the capital stock of Tarsier Ltd and Tarsier Systems. The initial borrowing under the Revolving Note in the amount of \$400,000 bears interest at the rate of 11% per annum and is due and payable on July 29, 2016. The maturity date may be extended in TCA’s sole discretion for an additional two six-month periods. TCA will collect in reserve an amount that is held in a lock box account equal to 20% of the revolving loan commitment on such date.

Upon an event of default under the Revolving Note, TCA may convert all or any portion of the outstanding principal and accrued and unpaid interest, and any other sums due and payable under the Revolving Note, into shares of the Company’s common stock at a conversion price equal to 85% of the lowest daily volume weighted average price of the common stock during the five trading days immediately prior to the applicable conversion date, in each case subject to TCA not being able to beneficially own more than 4.99% of the Company’s outstanding common stock upon any conversion. The TCA note was not determined to be a derivative liability because the embedded conversion features only apply if the Company enters into an event of default. At February 29, 2016, the Company was not in default per the TCA Credit Agreement.

The Company has the right to prepay the Revolving Note, in whole or in part. If the Company prepays the Revolving Note in excess of 80% of the principal then due within 90 days prior to the maturity date of the Revolving Note, the Company is obligated to pay TCA an amount for liquidated damages and for the costs of being prepared to make funds available under the Credit Agreement equal to 2.5% of the outstanding Revolving Note Commitment.

An event of default under the Credit Agreement includes (i) any non-payment of the obligations, (ii) a material misrepresentations in the Credit Agreement or any related document, (iii) a default of the Company’s obligations under the terms of the Credit Agreement or any other related agreement, (iv) a default under any other obligation, (v) a bankruptcy of the Company or other assignment for the benefit of creditors, (vi) a judgment against the Company in excess of a specified amount, (vii) the occurrence of a “Material Adverse Effect” as described in the Credit Agreement, (viii) a change of control, (ix) an impairment of any of the collateral pledged, (x) a material adverse change in the financial condition or value of the collateral, or (xi) a determination by TCA that the prospect for repayment of the obligation is impaired. Upon the occurrence of an event of default under the Credit Agreement or the Revolving Note, all amounts become immediately due and payable.

The Company also agreed to pay TCA various fees during the term of the Credit Agreement, including (i) a commitment fee in the amount of 2% of the amount drawn, (ii) an advisory fee of \$5,000,000 (the “Advisory Fee”), which is payable in 24 monthly installments of \$125,000 starting in August 2016, at the Company’s election, in cash or through the sale by TCA of shares of the Company’s common stock issued to TCA upon conversion of a portion of the 9,500,000 shares of Series A Preferred Stock, (the “Series A Preferred Stock”), issued to TCA under the Credit Agreement (see Note 9), with a balloon balance due at the end of such 24-month period, and (iii) collection fees, asset monitoring and due diligence fees. The Company paid TCA an aggregate of \$51,700 in cash for fees, expenses and closing costs in connection with the initial closing under the Credit Agreement, and an additional \$30,000 in cash for legal costs, netting \$318,300 in connection with such closing. The Advisory Fee payable starting in August 2016 is included as accrued debt issuance costs on the unaudited consolidated balance sheet. The fees paid in cash, plus the accrued Advisory Fee, resulted in total deferred financing costs of \$5,081,700 which are netted against the accrued debt issuance costs liability. During the three and nine months ended February 29, 2016, the Company incurred \$180,283 in amortization of the deferred financing costs.

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The following is a summary of accrued debt issuance costs and deferred financing costs at February, 29, 2016:

Accrued debt issuance costs	\$ 5,000,000
Deferred financing costs, net	(4,901,417)
Accrued debt issuance costs, net	<u>\$ 98,583</u>
Deferred financing costs	\$ 5,081,700
Accumulated amortization	(180,283)
Deferred financing costs, net	<u>\$ 4,901,417</u>

On February 11, 2016, the Company entered into a convertible promissory note with an institutional lender for \$56,750. The note earns interest at 10% per annum and matures on November 11, 2016. At any time following the date of the note, and ending on the later of (i) the maturity date and (ii) the date of payment of the default amount, the noteholder may elect to convert all or any part of the outstanding principal, and any accrued interest, into shares of the Company's common stock. The outstanding principal, and any accrued interest, are convertible at a price equal to the lesser of (i) 60% multiplied by the lowest trading price during the previous 25 day trading period ending on the latest complete trading day prior to the date of the note and (ii) 60% multiple by the lowest trading price during the 25 day trading period ending on the latest complete trading day prior to the conversion date. In connection with this note, the Company recorded a derivate liability which was recognized as a debt discount. The Company recorded an initial debt discount of \$45,311, of which \$2,988 was amortized during the three and nine months ended February 29, 2016.

The following is a summary of activity of convertible notes payable for the nine months ended February 29, 2016:

	Convertible Notes Payable, Net
Balance - June 1, 2015	\$ -
Proceeds	456,750
Note issued in connection with asset purchase agreement	450,000
Note issued in connection with services performed	30,000
Repayment of notes	(50,000)
Debt discount for beneficial conversion feature, net of accumulated amortization of \$5,835	(52,976)
Balance - February 29, 2016	<u>\$ 833,774</u>

NOTE 9 – DERIVATIVE LIABILITY

The Company accounts for the embedded conversion features included in its convertible instruments as derivative liabilities. In connection with a convertible promissory note dated February 11, 2016, the Company recorded a derivative liability of \$45,311. For the three and nine months ended February 29, 2016, the Company recorded a gain on the change in fair value of the derivative liability of \$49, included in other income (expenses) on the unaudited consolidated statements of operations and comprehensive income.

At the measurement date, February 29, 2016, the fair value of the embedded conversion feature was based on the Black-Scholes method using the following assumptions:

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Exercise price	0.34
Market price	0.60
Expected life (in years)	0.70
Expected price volatility	40.70%
Risk-free interest rate	0.56%
Dividend rate	0%

The following is a summary of the change in fair value of the derivative liability for the nine months ended February 29, 2016:

	Derivative Liability
Balance - June 1, 2015	\$ -
Issuance of embedded derivative, recognized as debt discount	45,311
Gain on change in fair value of derivative liability	(49)
Balance - February 29, 2016	<u>\$ 45,262</u>

NOTE 10 - STOCKHOLDERS' EQUITY

Preferred Stock

Of the 10,000,000 shares of the Company's authorized Preferred Stock, \$0.001 par value per share, 9,500,000 shares are designated as Series A Preferred Stock. As part of the Credit Agreement (Note 8), the Company has designated TCA as the owner of all the Series A Preferred Stock (the "Holder"). The Company may elect, at its option, to repay the Advisory Fee through the issuance of Series A preferred shares, convertible into common shares, or monthly cash installments. Although the Series A shares have been designated to TCA, the shares are not issued for financial statements purposes as the Company may repay the Advisory Fee in cash payments rather than stock. Upon the commencement of the Advisory Fee monthly payment starting in August 2016, the Company will issue Series A shares if it elects to repay in stock.

The Series A Preferred Stock ranks senior to all classes or series of the Company's capital stock except for those classes or series, if any, which specifically provide that such class or series will rank senior in preference or priority to the Series A Preferred Stock. Holders of shares of the Series A Preferred Stock are not entitled to vote on any matter unless and until the Series A Preferred Stock has been converted into shares of common stock. Each share of the Series A Preferred Stock may be converted into common stock at a conversion rate equal to one divided by the average of the volume weighted average price of the Company's common stock for the five business days immediately prior to the date that a conversion notice is provided. Any fractional shares of common stock that result from a conversion of the Series A Preferred Stock shall be rounded up to the next whole share. The Holder of the Series A Preferred Stock will not be entitled to participate with the holders of common stock in any dividends or distributions.

Upon any liquidation, dissolution or winding up of the Company, the Holder will be entitled to be paid the Liquidation Preference, in preference to any distributions to the holders of the junior securities, including, without limitation, the common stock. The Liquidation Preference shall be defined and calculated as follows: (i) \$5,000,000 in the aggregate (not on a per share basis); less (ii) any and all cash proceeds previously received by Holder from the sale of the Series A Preferred Stock and/or Conversion Shares; and less (iii) any payments previously received by the Holder in redemption of shares of Series A Preferred Stock or Conversion Shares.

Common Stock

On June 12, 2015, the Company repurchased 10,000,000 shares of the Company's outstanding common stock in connection with the sale of China Metal. Refer to Note 11 for further discussion.

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During the nine months ended February 29, 2016, the Company issued 135,162 common shares pursuant to consulting agreements for a total value of \$77,400. The fair value of the stock was determined using the closing trading prices on the issuance dates. The amounts are included in professional fees in the unaudited consolidated statements of operations and comprehensive income.

On November 30, 2015, the Company issued 500,000 common shares to the members of the Board of Directors as compensation for being board members for a total value of \$290,000, or \$0.58 per share. The fair value of the stock was determined using the closing trading price on the issuance date. The amounts are included in salaries and compensation in the unaudited consolidated statements of operations and comprehensive income.

On January 4, 2016, the Company issued 100,000 common shares pursuant to an employment agreement.

On January 12, 2016, the Company issued 1,000,000 common shares to NOVOsol Power Company, Corp. in connection with the formation of the Tarsier Novosol Energy joint venture. The total value of the shares issued was \$580,000 and is included in professional fees in the unaudited consolidated statements of operations and comprehensive income.

As of February 29, 2016 and May 31, 2015, the Company had 28,921,403 and 34,325,241 common shares issued and outstanding, respectively.

Options

During the nine months ended February 29, 2016, the Company issued options to employees pursuant to employment agreements entered into.

The Company utilizes the Black-Scholes option pricing model to determine the fair value of the employee stock options. Management is required to make certain assumptions with respect to selected model inputs. Expected volatility is based on comparable publicly traded companies' stock movements. The expected life of the options represents the period of time that the options are expected to be outstanding. The risk free interest rate is based on the U.S treasury yield curve in effect at the time of grant. The fair value and assumptions used for options granted in the nine months ended February 29, 2016 are as follows:

Risk-free interest rate	1.50%
Expected volatility	20%
Expected life (in years)	5 to 10
Dividend yield	-

The following summarizes activity for stock options for the nine months ended February 29, 2016:

Weighted average grant date fair value	\$ 0.14
Number of options granted and outstanding	12,900,000
Weighted average exercise price	\$ 0.58
Number of options vested	243,091

As of February 29, 2016, total unrecognized compensation expense related to the unvested stock options was \$1,964,120 which is expected to be recognized over a weighted average period of 5.94 years.

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Warrants

During the nine months ended February 29, 2016, the Company issued warrants to consultants for certain services performed.

The Company utilizes the Black-Scholes option pricing model to determine the fair value of the warrants. Management is required to make certain assumptions with respect to selected model inputs. Expected volatility is based on comparable publicly traded companies' stock movements. The expected life of the warrants represents the period of time that the warrants are expected to be outstanding. The risk free interest rate is based on the U.S treasury yield curve in effect at the time of grant. The fair value and assumptions used for warrants granted in the nine months ended February 29, 2016 are as follows:

Risk-free interest rate	1.50%
Expected volatility	20%
Expected life (in years)	5
Dividend yield	-

The following summarizes activity for warrants for the nine months ended February 29, 2016:

Weighted average grant date fair value	\$ 0.12
Number of warrants granted and outstanding	1,000,000
Weighted average exercise price	\$ 0.58
Number of warrants vested	-

As of February 29, 2016, total unrecognized compensation expense related to the unvested warrants was \$217,904, which is expected to be recognized over a weighted average period of 5.25 years.

NOTE 11 – RELATED PARTY TRANSACTIONS

An individual or entity is considered to be a related party if the person or the entity has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operational decisions. An individual or entity is also considered to be related if the person or the entity is subject to common control or common significant influence.

On June 12, 2015, the Company sold 100% of its China Metal subsidiary to Mr. Shudong Pan, an officer and director of China Metal and Changzhou Huayue. As part of the sale, the Company repurchased 10,000,000 of the outstanding common shares held by Mr. Pan. The repurchase of common shares was recorded at cost of \$598,573 as additional paid-in capital, which represented the value of China Metal's net assets at the time of the sale.

During the nine months ended February 29, 2016, Sutton Global Associates Inc. ("Sutton Global"), a company controlled by the chief executive officer, paid certain expenses on behalf of the Company. The balance owed to Sutton Global is included as due to shareholder on the unaudited consolidated balance sheet.

NOTE 12 – COMMITMENTS AND CONTINGENCIES

The Company is obligated to several of its employees under employment agreements that expire at various dates through 2019. The aggregate annual commitments under these agreements are as follows:

	Total	Remainder of the current fiscal year	Fiscal years 2-3	Fiscal years 4-5	Thereafter
Employment Contracts	\$ 1,897,453	\$ 160,500	\$ 1,376,803	\$ 360,150	\$ -

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On April 27, 2015, the Company entered into an employment agreement with Isaac H. Sutton to serve as Chief Executive Officer of the Company. The agreement provides for an initial term of three years and will terminate on April 27, 2018. The employment agreement will be extended automatically for successive one-year periods thereafter unless the Company or Mr. Sutton gives written notice to the other to allow the employment agreement to expire. Mr. Sutton will be paid an initial annual base salary of \$120,000. Amounts owed to Mr. Sutton per the employment contract are included in the table above. At February 29, 2016, accrued salary owed to Mr. Sutton is included in due to shareholder per the unaudited consolidated balance sheet.

NOTE 13 - SUBSEQUENT EVENTS

On March 27, 2016, the Company modified an outstanding short-term promissory note for \$79,000 to be convertible into common shares at a conversion price equal to \$0.05 per share. On April 6, 2016, the Company converted \$15,000 of the outstanding principal into common shares.

On April 6, 2016, the Company entered into a short-term convertible promissory note for \$85,000.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULT OF OPERATIONS

Forward-Looking Statements: No Assurances Intended

In addition to historical information, this Quarterly Report contains forward-looking statements, which are generally identifiable by use of the words "believes," "expects," "intends," "anticipates," "plans to," "estimates," "projects," or similar expressions. These forward-looking statements represent Management's belief as to the future of Tarsier Ltd. Whether those beliefs become reality will depend on many factors that are not under Management's control. Many risks and uncertainties exist that could cause actual results to differ materially from those reflected in these forward-looking statements. Factors that might cause such a difference include, but are not limited to, those discussed in Section 1A titled "Risk Factors" in the Amendment No. 1 to the Company's Annual Report on Form 10K/A filed on October 13, 2015. Readers are cautioned not to place undue reliance on these forward-looking statements. We undertake no obligation to revise or publicly release the results of any revision to these forward-looking statements.

Company Overview

After completing the reorganization of our business and management in June 2015, we intend to engage in the business of:

- developing and selling LED street lighting and state-of-the-art Smart City technology
- providing large corporations, institutions, facilities and factories with energy management software and solutions
- providing energy audit services that help customers reduce their energy consumption and save money
- providing commercial and residential customers sustainable energy products; and
- developing innovative energy-saving products, including LED light bulbs and fixtures, battery back-up systems and micro-grid technology.

Smart City Technology

Cities worldwide compete daily to engage and attract new residents, businesses and visitors. As a result, constant attention must be paid to providing safer neighborhoods, less stressful means of transportation, a vibrant economic climate and an overall better quality of life. Local and regional government leaders continue to look toward "Smart City" technology to provide a strong foundation on which they can build their city's future. We plan to capitalize on this emerging opportunity by establishing our company as an innovative developer and provider of Smart City technology. We believe that the streetlight will become the eyes and ears of a city. Each streetlight pole is capable of illuminating, monitoring and protecting its assigned territory. Through advances in technology, the streetlight is quickly morphing into a multi-faceted observation tower capable of providing a city's control center with important real-time data, including pedestrian activity, traffic flow, video surveillance and weather information. The newest LED lights can be Wi-Fi-enabled or equipped with BLE (Bluetooth Low Energy), VLC (Visual Light Communication) components that allow a city to build a vast data network that can be used to obtain and/or provide critical information and content to its workers, residents or visitors via their mobile devices.

We believe Smart Cities will not only be safer and more convenient cities, but they will be "greener," more cost-effective cities as the advances in LED lighting can dramatically reduce a cities energy consumption. We are in the process of developing and/or acquiring the innovative talent, patents and technology that we believe will be required to enable our company to be a driving force in shaping the cities of tomorrow. We plan on being pioneers as the world of utility merges with the worlds of convenience, data dissemination, media and lifestyle.

Energy Management Software and Solutions

While many companies have rightfully sought out more cost-effective energy suppliers, we intend to establish a team of innovators in the area of "energy consumption reduction." By combining their expertise with a comprehensive energy management software solution, we believe we can help our clients to significantly reduce their energy cost without disrupting their respective businesses. We have recently acquired this technology, which will be marketed under the name T-Flow Energy Management Software. T-Flow enables the Company to be able to go into any large building, facility, campus or factory and monitor the energy demand of its equipment (e.g. HVAC, Heavy Machinery, Lighting, etc.). Our software would then continually provide the critical "load data" our clients need to effectively manage overall demand. Clients are compensated in the form of rebates for this access and the Company participates in the revenues for providing the software and monitoring services.

According to the Federal Energy Regulatory Commission, demand response (DR) is defined as “changes in electric usage by end-use customers from their normal consumption patterns in response to changes in the price of electricity over time, or to incentive payments designed to induce lower electricity use at times of high wholesale market prices or when system reliability is jeopardized.” DR includes all intentional modifications to consumption patterns of electricity of induce customers that are intended to alter the timing, level of instantaneous demand, or the total electricity consumption. It is expected that demand response programs will be designed to decrease electricity consumption or shift it from on-peak to off-peak periods depending on consumers’ preferences and lifestyles. Demand response activities are defined as “actions voluntarily taken by a consumer to adjust the amount or timing of his energy consumption”. Actions are generally in response to an economic signal (e.g. energy price, or government and/or utility incentive). Demand response is a reduction in demand designed to reduce peak demand or avoid system emergencies. As a result, demand response can be a more cost-effective alternative than adding generation capabilities to meet the peak and or occasional demand spikes. The underlying objective of DR is to actively engage customers in modifying their consumption in response to pricing signals. The goal is to reflect supply expectations through consumer price signals or controls and enable dynamic changes in consumption relative to price.

In electricity grids, DR can be used as a dynamic demand mechanism to manage customer consumption of electricity in response to supply conditions. For example, DR can be applied to have electricity customers reduce their consumption at critical times or in response to market prices. The difference is that demand response mechanisms respond to explicit requests to shut off, whereas dynamic demand devices passively shut off when stress in the grid is sensed. Demand response can involve actually curtailing power used or by starting on-site generation which may or may not be connected in parallel with the grid. This is a quite different concept from energy efficiency, which means using less power to perform the same tasks, on a continuous basis or whenever that task is performed. At the same time, demand response is a component of smart energy demand, which also includes energy efficiency, home and building energy management, distributed renewable resources, and electric vehicle charging.

Current demand response schemes are implemented with large and small commercial, as well as residential customers, often through the use of dedicated control systems to shed loads in response to a request by a utility or market price conditions. Services (lights, machines, air conditioning) are reduced according to a preplanned load prioritization scheme during the critical time frames. An alternative to load shedding is on-site generation of electricity to supplement the power grid. Under conditions of tight electricity supply, demand response can significantly decrease the peak price and, in general, electricity price volatility.

Demand response is generally used to refer to mechanisms used to encourage consumers to reduce demand, thereby reducing the peak demand for electricity. Since electrical generation and transmission systems are generally sized to correspond to peak demand (plus margin for forecasting error and unforeseen events), lowering peak demand reduces overall plant and capital cost requirements. Depending on the configuration of generation capacity, however, demand response may also be used to increase demand (load) at times of high production and low demand. Some systems may thereby encourage energy storage to arbitrage between periods of low and high demand (or low and high prices).

There are three types of demand response - emergency demand response, economic demand response and ancillary services demand response. Emergency demand response is employed to avoid involuntary service interruptions during times of supply scarcity. Economic demand response is employed to allow electricity customers to curtail their consumption when the productive or convenience of consuming that electricity is worth less to them than paying for the electricity. Ancillary services demand response consists of a number of specialty services that are needed to ensure the secure operation of the transmission grid and which have traditionally been provided by generators.

Energy Audits

Few commercial or residential energy customers are aware of how much energy they waste every single day. We plan to form a new division, to be known as Tarsier Advisors, to address this opportunity. The “energy audit” will not only help customers save money, but it will help the planet by reducing a consumer’s carbon footprint. In addition, it will help us build a credible dialogue with new customers, each of which will be in need of services such as: Sustainable Energy (Electric and Gas) - a service that we expect to provide through our Tarsier Energy division; LED Lighting - products that can be provided by our recently-formed Tarsier Innovation division; and Energy Management, a service that we expect to provide by our Tarsier Systems division. We believe this seamless vertical integration will help position us as a leader in energy, energy savings and Smart City technology.

LED Bulbs and Fixtures

Emitting more light per watt than incandescent bulbs and capable of lasting up to 100,000 hours, LED lights are revolutionizing the lighting industry. Unlike their virtually obsolete counterparts, LED lights contain no harmful ultraviolet rays, do not visibly flicker, and do not contain any toxic substances. Additionally, LED lighting is projected to achieve a market share of 84% of lumen-hour sales in the general illumination market by 2030, reducing lighting energy consumption in that year alone by 40%, for a savings of 3.0 quads (261 terawatt-hours) - worth over \$26 billion at today’s energy prices and equivalent to the total energy consumed by nearly 24 million U.S. homes (per US Department of Energy).

Our Tarsier Innovation division, which was formed to engage in the development and sales of innovative energy-savings products, has aligned itself with manufacturers of quality LED products, including, but not limited to, LED streetlights and LED tubes, spots and floodlights. We plan to supply both residential customers and commercial businesses with LED lighting solutions. Our Tarsier Innovation division expects to work closely with municipalities and state governments interested in procuring LED lighting and other Smart City technology to not only provide them with the best possible solution, but to assist them in the procurement of financing from China-based lenders that are working closely with our Chinese manufacturing partners.

To spur adoption of energy efficient products, U.S. federal law mandated that all light bulbs become 30% more efficient by 2012. The Federal government currently offers tax deductions of up to \$.60 per square foot if a new lighting system is installed that reduces power usage by 25% to 40% of the standard lighting power values specified by AHSRAE standard 90.1-2001

The lighting industry is intensely competitive and many of our competitors are large, well-funded companies that have substantially larger staffs, manufacturing and distribution facilities and financial resources than we have at the present time. In the LED market, we will compete with companies that manufacture or sell nitride-based LED chips as well as those that sell LED components. Competitors are offering new blue, green and white LEDs with aggressive prices and improved performance. These competitors may reduce average sales prices faster than we are able to reduce costs, and competitive pricing pressures may accelerate the rate of decline of our average sales prices.

We also will compete with major lighting manufacturers, including General Electric, Philips and Sylvania. Although these companies have established reputations in the marketplace, we believe we can establish our company as a trusted brand because essentially everyone is a newcomer to the LED space. In addition, while these larger companies have more intensive research and development, sales and marketing resources, we believe our smaller infrastructure should allow us to be more nimble, be able to bring new innovations to market faster and be more price competitive as we too are working with high-yield manufacturers. While we also face competition from smaller U.S.-based lighting companies, we believe our product innovation, as well as our branding and marketing expertise, will help us rise above the weakest competition and stay head-to-head with the best competitors in the marketplace.

We intend to gain market share by vertically integrating our energy audit businesses, our energy reselling business and our LED products business. We believe that clients that engage in an energy audit will also be seeking out cost-effective, energy-consumption-reducing LED products. Similarly, we believe our Tarsier Energy division customers will have a similar need as they seek to reduce energy costs by reducing consumption. We are currently in the process of developing an online retail portal that will allow both commercial and residential customers to purchase lighting products online. It is currently contemplated that our Tarsier Energy and Tarsier Advisors division clients will have the opportunity to redeem rebate certificates we provide to them on this site to secure a variety of LED lights at a substantial savings.

Micro-Grid/Battery Back Up

In October 2012, Hurricane Sandy devastated power infrastructures from Jamaica and Cuba to New York City and beyond. Power was disrupted to millions of families and businesses for days, weeks and even months. Electric grid vulnerability was back in the mind of government leaders, emergency management personnel and even customers. The advances in battery technology over the last decade is palpable. The purchases of electric cars have gone well beyond the “early adopters” and into the mainstream. Fledgling companies like Tesla have emerged as formidable competition for Detroit’s oldest brands, and Tesla has recently announced that it has set its sights on other major applications for its innovative battery technologies. We also plan to become a formidable competitor in the world of battery storage and micro-grid technology. While the world has embraced the concept of “energy saving,” there is still a heavy reliance on the worldwide energy grid, the complex system of energy supply that spans the globe. Ultimately, it is those that achieve total independence from this energy grid that will be the least vulnerable and most valuable. Over the next several years, our Tarsier Innovation division plans will forge new ground in battery storage and micro-grid technology. As discussed above, we acquired software program that can manage energy that is purchased at “off peak” times, when costs are lower, stored on a battery and re-deployed during “Peak” times when energy costs typically are higher.

Energy Reselling

We recently entered into an agreement to acquire BlueCo Energy LLC, a New York ESCO (Energy Savings Company). If acquired, BlueCo will adopt the Tarsier Energy brand. The current plan is for Tarsier Energy to continue to offer a variety of pricing models, which include fixed-price plans, BlueCo’s flat-rate plan for natural gas, and variable-price plan for some of BlueCo’s natural gas and electricity customers. Under our fixed price service options, our customers will purchase natural gas and electricity at a fixed price over the life of the customer contract, which provides our customers with protection against increases in natural gas and electricity prices. Our fixed-price contracts will typically have a term of one to two years for residential customers and up to three years for commercial customers. Most will provide for an early termination fee in the event that the customer terminates service prior to the expiration of the contract term. Our variable-price service options will provide for a month-to-month term and they will be priced based on our forecasts of underlying commodity prices and other market factors, including the competitive landscape in the market and the regulatory environment. For instance, in a typical market, we can offer fixed-price electricity plans for 6, 12 and 24 months and natural gas plans from 12 to 24 months, which may come with or without a monthly service fee and/or a termination fee. We can also offer variable price natural gas and electricity plans that offer an introductory fixed price that is generally applied for a certain number of billing cycles, typically two billing cycles in our current markets, then switches to a variable price based on market conditions. Our variable plans may or may not provide for a termination fee, depending on the market and customer type.

Our Tarsier Energy division also plans to offer renewable and carbon neutral (“green”) products in certain markets. Green energy products are a growing market opportunity and typically provide increased unit margins as a result of improved customer satisfaction and less competition. Renewable electricity products allow customers to choose electricity sourced from wind, solar, hydroelectric and bio fuels sources, through the purchase of renewable energy credits (“RECs”). Carbon neutral gas products give customers the option to reduce or eliminate the carbon footprint associated with their energy usage through the purchase of carbon offset credits. These products typically provide for fixed or variable prices and generally follow the terms of our other products with the added benefit of carbon reduction and reduced environmental impact.

We plan to identify market opportunities by redeveloping price curves in each of the markets we serve and comparing the market prices and the price the local regulated utility is offering. We can then determine if there is an opportunity in a particular market based on our ability to create an attractive customer value proposition that is also able to enhance our profitability. The attractiveness of a product from a consumer’s standpoint is based on a variety of factors, including overall pricing, price stability, contract term, sources of generation and environmental impact and whether or not the contract provides for termination and other fees. Product pricing will also be based on several other factors, including the cost to acquire customers in the market, the competitive landscape and supply issues that may affect pricing.

Once a product has been created for a particular market, we plan to develop a marketing campaign using a combination of sales channels, with an emphasis on door-to-door marketing, outbound telemarketing, event marketing, geo-targeted internet advertising/social media and local advertising/PR. We plan to identify and acquire customers through a variety of additional sales channels, including our inbound customer care call center, online marketing, email marketing, direct mail, direct sales, brokers and consultants. We also believe that our uniqueness will be that both our Energy Audit and Energy Management divisions will help us identify new customers and vice versa. We plan on entering into non-exclusive arrangements with independent sales, marketing and public relations vendors and our marketing team will continually monitor their effectiveness. A close eye will be kept on customer acquisition costs to ensure that we are maximizing the return on our marketing dollars.

Our management and marketing teams will not only devote significant attention to customer acquisition, but both a “refer-a-friend” incentive and a “loyalty” incentive program will be developed. We will continually educate our customer and keep them informed of their historical usage, attrition rates and consumer behavior so we can continue to build trust. This will also allow us to specifically tailor competitive products that aim to maximize the total expected return from energy sales to a specific customer. This is what we refer to as Customer Lifetime Value (CLV).

We plan to hedge and procure our energy requirements from various wholesale energy markets, including both physical and financial markets through short and long term contracts. Our in-house energy supply team will be responsible for managing our commodity positions (including energy procurement, capacity, transmission, renewable energy, and resource adequacy requirements) within risk tolerance as defined by our risk management policies. We plan to procure our natural gas and electricity requirements at various trading hubs, city gates and load zones. When we procure commodities at trading hubs, we will be responsible for delivery to the applicable local regulated utility for distribution.

We plan to purchase physical natural gas supply from several counter parties in the wholesale natural gas market. We plan to periodically adjust our portfolio of purchase/sale contracts based upon continual analysis of our forecasted load requirements. Natural gas will then be delivered to the local regulated utility city-gate or other specified delivery points where the local regulated utility takes control of the natural gas and delivers it to individual customers’ locations.

In most markets, we will typically hedge our electricity exposure with financial products and then purchase the physical power directly from the Independent System Operator (“ISO”) for delivery. From time to time, we plan to use a combination of physical and financial products to hedge our electricity exposure before buying physical electricity in the day ahead real-time market from the ISO.

We will be assessed monthly for ancillary charges, such as reserves and capacity in the electricity sector by the ISOs. For instance, the ISOs will charge all retail electricity providers for monthly reserves that the ISO determines are necessary to protect the integrity of the grid. We attempt to estimate such amounts but they are difficult to estimate because they are charged in arrears by the ISOs and are subject to fluctuations based on weather and other market conditions. Many of the utilities we will serve will also allocate natural gas transportation and storage assets to us as a part of their competitive choice program. We will be required to fill our allocated storage capacity with natural gas, which creates commodity supply and price risk. Sometimes we will not be able to hedge the volumes associated with these assets because they will be too small compared to the much larger bulk transaction volumes required for trades in the wholesale market or it will not be economically feasible to do so.

The markets in which we will operate are highly competitive. In markets that are open to competitive choice of retail energy suppliers, our primary competition will come from the incumbent utility and other independent retail energy companies. In the electricity sector, these competitors will include larger, well-capitalized energy retailers such as Direct Energy, Inc., FirstEnergy Solutions Inc., Just Energy Group Inc. and NRG Energy. We also will compete with small local retail energy providers in the electricity sector that are focused exclusively on certain markets. Each market has a different group of local retail energy providers. With respect to natural gas, our national competitors will be primarily Direct Energy and Constellation Energy. Our national competitors will generally have diversified energy platforms with multiple marketing approaches and broad geographic coverage similar to us. Competition in each case will be based primarily on product offering, price and customer service.

If we complete our acquisition of BlueCo, we will operate in the highly-regulated natural gas and electricity retail sales industry. We will be required to comply with the legislation and regulations in these jurisdictions in order to maintain our licensed status and to continue our operations, and to obtain the necessary licenses in jurisdictions in which we plan to compete. Licensing requirements vary by state, but generally involve regular, standardized reporting in order to maintain a license in good standing with the state commission responsible for regulating retail electricity and gas suppliers. There is potential for changes to state legislation and regulatory measures addressing licensing requirements that may impact our business model in the applicable jurisdiction. In addition, our marketing activities and customer enrollment procedures are subject to rules and regulations at the state and federal level, and failure to comply with requirements imposed by federal and state regulatory authorities could impact our licensing in a particular market.

Consolidated Results of Operations

For the Three and Nine Months Ended February 29, 2016 and 2015

In June 2015, we disposed of our wholly-owned subsidiary, China Metal Holdings, Inc. The results of China Metal are presented as net income from discontinued operations in our unaudited consolidated statements of operations for the periods ended February 29, 2016 and 2015. Refer to Note 4 in the notes to the unaudited consolidated financial statements for a breakdown of major income and expense items of the discontinued entity.

On December 31, 2015, we completed an acquisition of certain of the assets of Demansys Energy Inc., including a patent-pending energy management software platform that was formerly marketed under the name “Grid Daemon.” The acquisition also included the assignment of an existing contract for the use of the software platform by a major NY based industrial client.

During the three and nine months ended February 29, 2016, our continuing operations had \$312,162 and \$313,803 in revenue, respectively. This was primarily attributable to \$292,188 in revenue earned by Tarsier Systems due to the T-Flow (formerly Grid Daemon) software. Our continuing operations did not have any revenue for the three and nine months ended February 29, 2015.

During the three and nine months ended February 29, 2016, our continuing operations had \$67,654 and \$68,010 in gross profit. This was primarily attributable to \$50,252 in gross profit achieved by Tarsier Systems due to the T-Flow. Our continuing operations did not have any gross profit for the three and nine months ended February 29, 2015.

Our operating expenses for the periods were as follows:

	Three Months Ended February 29,		Nine Months Ended February 29,	
	2016	2015	2016	2015
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Salaries and compensation	\$ 315,092	-	\$ 725,092	-
Professional fees	757,162	-	1,254,458	-
Depreciation and amortization	40,482	-	40,482	-
General and administrative	129,318	-	166,617	-
Total operating expenses	<u>\$ 1,242,054</u>	<u>-</u>	<u>\$ 2,186,649</u>	<u>-</u>

Salaries and compensation consisted of amounts owed to the officers and employees of the Company as well as share-based compensation. Salary expense incurred to our CEO, who joined our company in April 2015, was \$60,000 and \$120,000, respectively, for the three and nine months ended February 29, 2016. During the nine months ended February 29, 2016, we incurred \$348,000 in share based compensation to officers and employees, including 100,000 shares to each of our five board of directors members for a total value of \$290,000.

Professional fees included expenses incurred for consultants, lawyers, accountants and investor relations. During the nine months ended February 29, 2016, we incurred \$657,400 in share based compensation included in professional fees, which primarily consists of \$580,000 for shares issued to our joint venture partner Novosol. Professional fees included approximately \$95,000 of consulting expenses in the three months ended February 29, 2016 attributable to the operations of Tarsier Systems.

Depreciation and amortization of \$40,482 for the three and nine months ended February 29, 2016 was attributable to the computer software and equipment acquired in the Demansys asset acquisition on December 31, 2015.

General and administrative expenses was primarily attributable to rent expense, insurance expense and travel and entertainment. We expect operating expenses to increase as we continue to increase our operations.

During the three and nine months ended February 29, 2016, we recorded amortization of debt discount and deferred financing costs of \$196,178 and \$282,155, respectively, pertaining to debt discounts and beneficial conversion features established upon promissory note agreements, and deferred financing costs incurred in connection with the TCA Credit Agreement, as mentioned in Notes 7 and 8 of the unaudited consolidated financial statements.

Net loss from continuing operations for the three and nine months ended February 29, 2016 was \$1,382,026 and \$2,412,875 respectively. There was no net income for continuing operations for the three and nine months ended February 29, 2015. We anticipate that, depending on market conditions and our current state of operations, we may incur additional operating losses in the future. Therefore, our auditors have raised substantial doubt about our ability to continue as a going concern.

Liquidity and Capital Resources

As of February 29, 2016, our cash balance was \$16,196. Our primary sources of cash have been several short-term promissory notes and loans from individual investors, as well as the proceeds received from the TCA Credit Agreement in January 2016. Further, certain expenses have been paid by Sutton Global, the company controlled by our chief executive officer, on behalf of our company. This has allowed us to continue operations and pay creditors given our limited liquidity. Our primary use of cash has been payments for professional fees to consultants, lawyers, accountants, and fees associated with public filings, as well as repayments of amounts owed to our chief executive officer.

We believe that we have the ability to generate adequate working capital necessary for ongoing operations and obligations. However, we do not have sufficient working capital to fund our aggressive growth plans. We plan to utilize the remainder of our credit line per the TCA Credit Agreement in order to fund our mergers and acquisition activity.

Our liquidity may be negatively impacted by the significant costs associated with our public company reporting requirements, costs associated with newly applicable corporate governance requirements, including requirements under the Sarbanes-Oxley Act of 2002 and other rules implemented by the Securities and Exchange Commission. We expect all of these applicable rules and regulations to significantly increase our legal and financial compliance costs and to make some activities more time consuming and costly.

We have presented cash flows from operating, investing, and financing activities from discontinued operations on the unaudited consolidated statements of cash flows for the periods ended February 29, 2016 and 2015.

During the nine months ended February 29, 2016, net cash used in operating activities of \$611,399 was primarily attributable to a net loss of \$2,412,875. The net loss was offset by non-cash charges, including amortization of debt discount and deferred financing costs of \$282,155 and share-based compensation of \$1,005,400. Further, the net loss was offset by an increase in accounts payable and accrued expenses of \$388,947 as many professional fees incurred have not yet been paid to creditors.

During the nine months ended February 29, 2016, there was no cash provided by or used in investing activities in continuing operations.

During the nine months ended February 29, 2016, net cash provided by financing activities of \$627,595 was primarily attributable to \$456,750 in proceeds from convertible promissory notes, which includes the \$318,300 in net proceeds from the initial take down of the TCA Credit Agreement. Net cash provided by financing activities also includes \$218,000 in proceeds from short-term promissory notes and an increase in due to shareholder of \$84,545, representing amounts still owed to Sutton Global for expenses paid on behalf of our company. This was partially offset by \$50,000 in payments on the Demansys note payable.

Critical Accounting Policies and Estimates

Our significant accounting policies are fully described in Note 5 to our unaudited consolidated financial statements for the period ended February 29, 2016 contained herein.

Impact of Accounting Pronouncements

In April 2014, the FASB issued authoritative guidance, which specifies that only disposals, such as a disposal of a major line of business, representing a strategic shift in operations should be presented as discontinued operations. In addition, the new guidance requires expanded disclosures about discontinued operations that will provide financial statement users with more information about the assets, liabilities, income, and expenses of discontinued operations. We have adopted the guidance as described in Note 4 in the notes to the unaudited consolidated financial statements.

Off-Balance Sheet Arrangements

We do not have any off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition or results of operations.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

Not Applicable.

ITEM 4. CONTROLS AND PROCEDURES

(a) Evaluation of Disclosure Controls and Procedures.

We carried out an evaluation, under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, of the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) of the Exchange Act (defined below)). Based upon that evaluation, our principal executive officer and principal financial officer concluded that, as of the end of the period covered in this report, our disclosure controls and procedures were not effective to ensure that information required to be disclosed in reports filed under the Securities Exchange Act of 1934, as amended (the "Exchange Act") is recorded, processed, summarized and reported within the required time periods and is accumulated and communicated to our management, including our principal executive officer and principal financial officer, as appropriate to allow timely decisions regarding required disclosure. The evaluation revealed that there are material weaknesses in our disclosure controls, specifically:

- The relatively small number of employees who are responsible for accounting functions prevents us from segregating duties within our internal control system.

Our management, including our principal executive officer and principal financial officer, does not expect that our disclosure controls and procedures or our internal controls will prevent all error or fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints and the benefits of controls must be considered relative to their costs. Due to the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, have been detected. Accordingly, management believes that the financial statements included in this report fairly present in all material respects our financial condition, results of operations and cash flows for the periods presented.

(b) Changes in Internal Controls.

There was no change in internal controls over financial reporting (as defined in Rule 13a-15(f) promulgated under the Securities Exchange Act of 1934) identified in connection with the evaluation described in the preceding paragraph that occurred during our first fiscal quarter that has materially affected or is reasonably likely to materially affect our internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

None.

ITEM 1A. RISK FACTORS

There have been no material changes from the risk factors included in our Annual Report on Form 10-K filed on September 15, 2015.

ITEM 2. UNREGISTERED SALE OF EQUITY SECURITIES

On December 14, 2015, we issued 30,000 common shares, valued at \$0.58 per share, pursuant to a consulting agreement. The common shares issued pursuant to the consulting agreement qualified for an exemption pursuant to Section 4(a) (2) of the Securities Act as the issuance of the securities by our company did not involve a “public offering.”

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

A \$78,000 note due on December 3, 2015 is in default. Management is in discussions with the noteholder to extend payment dates.

ITEM 4. MINE SAFETY DISCLOSURES

Not Applicable.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

31 Rule 13a-14(a) Certification – CEO

32 Rule 13a-14(b) Certification

101.INS XBRL Instance

101.SCH XBRL Schema

101.CAL XBRL Calculation

101.DEF XBRL Definition

101.LAB XBRL Label

101.PRE XBRL Presentation

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized.

TARSIER LTD.

Date: April 19, 2016

By: /s/ Isaac H. Sutton
Chief Executive Officer

Rule 13a-14(a) Certification

I, Isaac H. Sutton, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Tarsier Ltd;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) and internal controls over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal controls over financial reporting, or caused such internal controls over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal controls over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal controls over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal controls over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls over financial reporting.

Date: April 19, 2016

/s/ Isaac H. Sutton

Isaac H. Sutton

Chief Executive Officer

(Principal Executive Officer and Principal Financial Officer)

Rule 13a-14(a) Certification

The undersigned officer certifies that, to the best of my knowledge and belief, this report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, and that the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of Tarsier Ltd.

A signed original of this written statement required by Section 906 has been provided to Tarsier Ltd. and will be retained by Tarsier Ltd. and furnished to the Securities and Exchange Commission or its staff upon request.

Date: April 19, 2016

/s/ Isaac H. Sutton

Isaac H. Sutton

Chief Executive Officer

(Principal Executive Officer and Principal Financial Officer)
