TMM, INC.

CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2015

TMM, INC
CONSOLIDATED BALANCE SHEET
AS OF MARCH 31, 2015

ASSETS

CURRENT ASSETS		
Cash in Bank	98,138	
Prepaid Expenses	62,342	
TOTAL CURRENT ASSETS		160,480
Product Design & Development Costs (Note 3)		
VDK Codec Costs Capitalized	2,005,215	
Code Review and Enhancements	3,099,107	
Total Product Design, Development And Fixed Asset Costs	5,104,322	
Less: Amortization to Date	(2,005,215)	
NET PRODUCT DESIGN & DEVELOPMENT COSTS		3,099,107
OTHER ASSETS (Note 3)		
Legal & Related Costs		1,137,435
TOTAL ASSETS		4,397,022

LIABILITIES AND SHAREHOLDER EQUITY

CURRENT LIABILITIES		
Accrued Expenses	91,894	
Due to International Royalties Corp. (Notes 4 & 7)	155,553	
TOTAL CURRENT LIABILITIES		247,447
SHAREHOLDER EQUITY (Notes 3 ,6 , 7, 8, 9, 12 & 14)		
Capital Stock:		
Preferred stock, 50,000,000 shares authorized, 1,810,000 issued and outstanding.		
Common stock, $0.001 par value 750,000,000 shares authorized 290,320,200 issued and outstanding	685,287	
Additional Paid in Capital	27,937,844	
Proceeds from Private Placement	560,000	
Retained Earnings	(25,033,556)	
TOTAL SHAREHOLDER EQUITY		4,149,575
TOTAL LIABILITIES AND SHAREHOLDER EQUITY		4,397,022

See accompanying notes to financial statements

TMM, INC
CONSOLIDATED INCOME STATEMENT
FOR THE THREE MONTHS ENDED MARCH 31, 2015

INCOME		
Interest Income		2
EXPENSES		
Bank Charges	310	
Consultants	55,620	
Director Fees	10,000	
Legal & Professional (Notes 3 & 11)	112,647	
Office Supplies & Expenses	6,724	
Administration Fees (Note 10)	21,212	
Travel	23,397	
TOTAL EXPENSES		229,910
NET LOSS		(229,908)
Retained Earnings – Beginning		(24,803,648)
RETAINED EARNINGS – ENDING		(25,033,556)

See accompanying notes to financial statements

TMM, INC
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE THREE MONTHS ENDED MARCH 31, 2015

CASH FLOWS FROM OPERATING ACTIVITIES		
Net Income (Loss)		(229,908)
Adjustments to Reconcile Net Income (Loss) to Net Cash Provided or Used by Operating Activities:		
Decrease in Prepaid Expenses	27,436	
Increase in Accrued Expenses	33,111	
TOTAL ADJUSTMENTS		60,547
NET CASH USED BY OPERATIONS		(169,361)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Product Design, Development and Fixed Assets	(211,421)	
TOTAL CASH FLOWS FROM INVESTING ACTIVITIES		(211,421)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment of Loans Payable	(115,000)	
Proceeds from Issuance of Capital Stock	5,900	
Proceeds from Private Placement	560,000	
Proceeds of Additional Paid in Capital	583,970	
Shares Issued from Private Placement	(590,000)	
TOTAL CASH FLOWS FROM FINANCING ACTIVITIES		444,870
NET CHANGE IN CASH		64,088
CASH AT BEGINNING OF PERIOD		34,050
CASH AT END OF PERIOD		98,138

See accompanying notes to financial statements

TMM, INC
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE THREE MONTHS ENDED MARCH 31, 2015

	CAPITAL STOCK ($)	PREFERRED SHARES (#)	COMMON SHARES (#)	ADDITIONAL PAID IN CAPITAL	PRIVATE PLACEMENT PROCEEDS	ACCUMULATED DEFICIT	TOTAL
BALANCE AT DECEMBER 31, 2014	679,387	1,810,000	284,420,200	27,353,874	590,000	(24,803,648)	3,819,613
2015 Activity:							
Issue of Private Placement Received In 2014	5,900		5,900,000	584,100	(590,000)		- 0 -
Proceeds from 2015 Private Placement					560,000		560,000
Costs of Issuing Shares				(130)			(130)
2015 Net Loss						(229,908)	(229,908)
BALANCE AT MARCH 31, 2015	685,287	1,810,000	290,320,200	27,937,844	560,000	(25,033,556)	4,149,575

See accompanying notes to financial statements

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of TMM, Inc (the Company) and Digital Focus Inc, its wholly owned subsidiary, is presented to assist in understanding the Company's financial statements. These accounting policies conform to generally accepted accounting principles and have been consistently applied in the preparation of the financial statements.

BUSINESS ACTIVITY

TMM, Inc is in the business of developing and distributing TRUDEF ™ digital video compression technology. The original codec was developed in the early 1990's in collaboration with Iterated Systems, Inc. The Company has contracted programmers to modernize, develop and test various proprietary commercial software products.

METHOD OF ACCOUNTING

The Company keeps its books on the accrual basis.

USE OF ESTIMATES AND ASSUMPTIONS

The presentation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates.

INCORPORATION

The Company was incorporated on October 8, 1986, in the State of Nevada.

INCOME TAXES

Income Taxes are provided currently for all items included in the Statement of Income regardless of when such taxes are payable. Deferred taxes arise from the recognition of revenues and expenses in different periods for tax and financial statement purposes.

CONSOLIDATION

These financial statements present the consolidated information of TMM, Inc. and Digital Focus, Inc., its wholly owned subsidiary. See Note 9.

2. BASIS OF PRESENTATION

These Financial Statements have been compiled using historical data from reports prepared by the previous management of the Company along with the recent activity of the Company and the Shareholder Group who initiated the change in the Company's management. These financial statements are preliminary and are based on the best information available at this time. As the discovery and review of certain historical documents continues (the current management was voted into office on October 17, 2011) any revisions will be updated in the next fiscal quarter (See Note 5). These statements have not been audited or reviewed and accordingly, no opinion or any other form of assurance is expressed on them.

3. COMPOSITION OF CERTAIN ASSET ACCOUNTS

VDK Codec Costs Capitalized: Represents historical costs previously capitalized and fully amortized for the development of the VDK Codec code.

Code Review and Enhancements: Represent funds spent currently to review, update and enhance the Company's software. These costs have been capitalized as computer software to be sold, leased or otherwise marketed as a separate product or process. The Company's intention is to market the software. Since it is currently being demonstrated to prospective customers the Company believes it meets the feasibility test required for capitalization. Also, the Company has adequate technical, financial and any other required resources to complete the development and sell or lease the resulting product or process. Also included in this account are funds spent for computer equipment and the secured facilities and improvements being used in the development of the code.

Legal and Related Costs: Represents fees and costs paid for the shareholder action and subsequent technology related litigation by the Company and Digital Focus, Inc. together with professional and consulting fees incurred with respect to certain recoveries, and the discovery, updating and evaluation of certain corporate governance documents and proprietary

information. Most of these costs are related to litigation to protect trade secrets, to maintain exclusive ownership of the underlying Codec and to explore, initiate and protect certain patent rights. (See Notes 5 & 11).

The costs associated with the litigation referenced in Note 5 and included on the balance sheet total $750,815 to date. While generally accepted accounting principles allow for the capitalization of these costs if the litigation is successful, they will be written off as required if and when it becomes apparent that the litigation is not successful. Any write off of previously capitalized amounts would also reduce shareholders' equity by an equivalent amount.

The above costs are deemed to have certain future value and as such have been presented as assets of the Company These assets will be amortized at a future date and will be charged to reflect a proper matching against future revenue.

4. AMOUNTS DUE TO INTERNATIONAL ROYALTIES, CORP

The amounts due to International Royalties, Corp. are for fees due for management and director services rendered from 2007 to the present. The amounts due are anticipated to be satisfied by the issuance of capital stock in the Company.

5. LITIGATION

The Company and its subsidiary, Digital Focus, Inc. (DFI), filed a lawsuit in the Clark County, Nevada District Court to protect and resolve their respective rights as to certain of their intellectual property and technology that could have a material effect on these financial statements and the financial position of the Company. The lawsuit was filed initially on March 21, 2013, and in response to new information contained in Defendants' responsive Motions, an Amended Complaint was filed by the Company and DFI on May 15, 2013. The case is currently pending (See Note 3).

6. PRIVATE SUBSCRIPTION OFFERINGS

The Company initiated a private placement stock subscription in May 2013 for 14,100,000 units as part of a $0.10 Unit Offering which each unit consisted of one common share and one share purchase warrant. The exercise price of a warrant is $0.15 and the right to exercise expiration date has been extended to December 31, 2019.

The Company initiated a private placement stock subscription in December 2013 for 12,340,000 units as part of a $0.10 Unit Offering which each unit consisted of one common share and one share purchase warrant. The exercise price of a warrant is $0.15 and the right to exercise expiration date has been extended to December 31, 2019.

The Company initiated a private placement stock subscription in August 2014 for 5,900,000 units as part of a $0.10 Unit Offering which each unit consisted of one common share and one share purchase warrant. The exercise price of a warrant is $0.15 and the right to exercise expiration date has been extended to December 31, 2019.

The Company initiated a private placement stock subscription in January 2015 of a $0.05 per Unit Offering with each unit consisting of one common share and one share purchase warrant. The exercise price of the warrant is $0.08. This Offering raised $560,000 as of March 31, 2015.

The Company is using the Subscription funds to cover its expenses associated with gathering and organizing the Company's corporate governance documents and intellectual property records. In addition, such subscription proceeds will enable the Company to continue developing its TRUDEF ™ Technology which is the successor of the Company's VDK Codec SoftVideo™ fractal compression technology which was first under development in the 1990's.

TMM, INC
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2015

7. ADDITIONAL STOCK ISSUANCE AND CANCELLATION

At the balance sheet date, the issuance of an additional 20,088,750 shares of common stock was in progress. This stock will be issued to individuals and companies who had contributed funds and services prior to the October 17, 2011 change in management and who had never received their shares.

Also at the balance sheet date there were 20,000,000 shares of common stock recovered by the Company as a result of the settlements of litigation initiated by the Company against former management members and a vendor for its non-performance under a contract. 10,000,000 shares have been returned and cancelled and an additional 10,000,000 shares are still in the process of being returned to the Company to be cancelled. As part of these settlements, the Company issued an additional 1,500,000 of common stock in 2013.

8. OPTIONS AND WARRANTS OUTSTANDING

The Company has the following Warrants and Options for Common Stock Outstanding:

Warrants for the issuance of Common Stock at $0.05 per share (from the Private Subscription Offering). These warrants expire on December 31, 2019.	27,525,000 shares
Warrants for the issuance of Common Stock at $0.15 per share (from the Private Subscription Offering). These warrants expire on December 31, 2019.	12,065,000 shares
Warrants for the issuance of Common Stock at $0.15 per share (from the Private Subscription Offering). These warrants expire on December 31, 2019.	18,300,000 shares
Warrants for the issuance of Common Stock at $0.15 per share (from the Private Subscription Offering). These warrants expire on December 31, 2019.	14,100,000 shares

Warrants for the issuance of Common Stock at $0.15 per share (from the Private Subscription Offering). These warrants expire on December 31, 2019.	**12,340,000 shares**
Warrants for the issuance of Common Stock at $0.10 per share (from the Private Subscription Offering). These warrants expire on December 31, 2019.	**5,900,000 shares**
Options for the issuance of Common Stock at $0.02 per share on October 18, 2011. The right to exercise date has been extended to December 31, 2019.	**21,300,000 shares**
Options for the issuance of Common Stock at $0.04 and $0.10 per share in 2012. The right to exercise date has been extended to December 31, 2019.	**29,400,000 shares**
Options for the issuance of Common Stock at $0.10 per share in 2013. The right to exercise date has been extended to December 31, 2019.	**9,750,000 shares**
Options for the issuance of Common Stock at $0.14, $0.15 and $0.16 per share in 2014. The right to exercise expiration date has been set at December 31, 2019.	**6,950,000 shares**

9. ACQUISITION OF DIGITAL FOCUS, INC

On June 8, 2012 TMM, Inc completed the acquisition of the outstanding shares of Digital Focus, Inc. a California corporation. Digital Focus, Inc.’s sole asset is an exclusive license agreement to the PVS/SGI source code from Iterated Systems, Inc that is currently the subject of the litigation referenced in Note 5.

TMM, INC
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2015

10. ADMINISTRATION EXPENSES

The Company has contracted International Royalties Corp. to provide administrative services. IRC is reimbursed for the staff, facilities, office and other expenses related to the day to day administrative operations of the Company. IRC also oversees the ongoing development of the VDK Codec.

11. LEGAL & PROFESSIONAL FEES

As reported in Note 3, certain legal and professional fees have been capitalized as additional Product Development, technology related litigation and Patent related costs. The legal and professional fees expensed are costs for operational services performed during the period.

12. PRIVATE PLACEMENT COSTS

Costs associated with the various Private Placements of Stock have been deducted from the proceeds of the applicable stock offerings. As a result, these costs are not included in the results of operations but as a reduction of the Additional Paid in Capital resulting from the placements.

13. JOINT RESEARCH PROJECT

The Company entered into a joint research project with Raytheon Company (NYSE: RTN) for a variety of applications in the Intelligence, Surveillance and Reconnaissance sector.

14. EARNINGS (LOSS) PER SHARE INFORMATION

See next Page.

TMM, INC
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2015

14. EARNINGS (LOSS) PER SHARE INFORMATION

Earnings (Loss) per share for March 31, 2015 is as follows:

	Earnings Per Share	Earnings Per Share (Fully Diluted)
Loss for 2015	(229,908)	(229,908)
Shares Outstanding:		
Preferred	1,810,000	1,810,000
Common	290,320,200	290,320,200
Shares in Process	20,088,750	20,088,750
Shares to be Cancelled	(10,000,000)	(10,000,000)
If Exercised:		
Warrants	- 0 -	90,230,000
Options	- 0 -	67,400,000
Total Shares & Equivalents	302,218,950	459,848,950
Loss Per Share	($0.0008)	($0.0005)