TMM, INC.

CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2016

TMM, INC
CONSOLIDATED BALANCE SHEET
AS OF MARCH 31, 2016

ASSETS

CURRENT ASSETS		
Cash in Bank	21,113	
Prepaid Expenses	32,198	
TOTAL CURRENT ASSETS		53,311
Product Design & Development Costs (Note 3)		
VDK Codec Costs Capitalized	2,005,215	
Code Review and Enhancements	3,308,719	
Total Product Design, Development And Fixed Asset Costs	5,313,934	
Less: Amortization to Date (Note 1)	(2,418,803)	
NET PRODUCT DESIGN & DEVELOPMENT COSTS		2,895,131
OTHER ASSETS (Note 3)		
Legal & Related Costs	506,898	
Less: Amortization to Date (Note 1)	(63,363)	
NET OTHER ASSETS		443,535
TOTAL ASSETS		3,391,977

LIABILITIES AND SHAREHOLDER EQUITY

CURRENT LIABILITIES		
Accrued Expenses	23,179	
Loans Payable (Note 13)	240,000	
Due to Int'l RoyaltiesCorp. (Notes 4 & 7)	155,553	
TOTAL CURRENT LIABILITIES		418,732
SHAREHOLDER EQUITY (Notes 3 ,6 , 7, 8, 9, 12, 14 & 15)		
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 320,757,700 issued and outstanding	715,724	
Additional Paid in Capital	29,509,186	
Retained Earnings	(27,251,665)	
TOTAL SHAREHOLDER EQUITY		2,973,245
TOTAL LIABILITIES AND SHAREHOLDER EQUITY		3,391,977

See accompanying notes to financial statements

TMM, INC
CONSOLIDATED INCOME STATEMENT
FOR THE THREE MONTHS ENDED MARCH 31, 2016

INCOME		
Interest Income		1
EXPENSES		
Bank Charges	603	
Computer Programming & Expenses	73,732	
Consultants	29,435	
Depreciation of Development Costs (Note 1)	165,435	
Amortization of Capitalized Legal Fees (Note 1)	25,345	
Director Fees	9,000	
Legal & Professional (Notes 3 & 11)	80,514	
Office Supplies & Expenses	1,067	
Administration Fees (Note 10)	41,718	
Travel	16,945	
TOTAL EXPENSES		443,794
NET LOSS		(443,793)
Retained Earnings – Beginning		(26,807,872)
RETAINED EARNINGS – ENDING		(27,251,665)

See accompanying notes to financial statements

TMM, INC
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE THREE MONTHS ENDED MARCH 31, 2016

CASH FLOWS FROM OPERATING ACTIVITIES		
Net Income (Loss)		(443,793)
Adjustments to Reconcile Net Income (Loss) to Net Cash Provided or Used by Operating Activities:		
Depreciation & Amortization	190,780	
Decrease in Prepaid Expenses	15,364	
Decrease in Accrued Expenses	(5,148)	
TOTAL ADJUSTMENTS		200,996
NET CASH USED BY OPERATIONS		(242,797)
CASH FLOWS FROM INVESTING ACTIVITIES		- 0 -
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds of Loans Payable	240,000	
Proceeds from Issuance of Capital Stock	8,100	
Proceeds of Additional Paid in Capital	395,565	
Shares Issued from Private Placement	(405,000)	
TOTAL CASH FLOWS FROM FINANCING ACTIVITIES		238,655
NET CHANGE IN CASH		(4,132)
CASH AT BEGINNING OF PERIOD		25,245
CASH AT END OF PERIOD		21,113

See accompanying notes to financial statements

TMM, INC
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE THREE MONTHS ENDED MARCH 31, 2016

	CAPITAL STOCK ($)	PREFERRED SHARES (#)	COMMON SHARES (#)	ADDITIONAL PAID IN CAPITAL	PRIVATE PLACEMENT PROCEEDS	ACCUMULATED DEFICIT	TOTAL
BALANCE AT DECEMBER 31, 2015	707,624	1,810,000	312,657,700	29,113,621	405,000	(26,807,872)	3,418,373
2016 Activity:							
Issue of Private Placement Received In 2015	8,100		8,100,000	396,900	(405,000)		- 0 -
Costs of Issuing Shares				(1,335)			(1,335)
2016 Net Loss						(443,793)	(443,793)
BALANCE MARCH 31, 2016	715,724	1,810,000	320,757,700	29,509,186	- 0 -	(27,251,665)	2,973,245

See accompanying notes to financial statements

TMM, INC
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2016

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 and video scaling technologies. 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.

TMM, INC
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2016

DEPRECIATION & AMORTIZATION

Code Development and certain legal costs previously capitalized are being amortized using the straight line method over the estimated useful lives of the assets. Depreciation and Amortization has commenced since certain of the Company's products are currently available for general release to customers.

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.(See Note 1)

Legal and Related Costs: Represents fees and costs paid for the shareholder action 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. Also included are legal fees paid and costs incurred for the filing of numerous patents for updated Code Enhancements, Product Development and technological advances made to the company's software.(See Notes 5 & 11).

The above costs are deemed to have certain ongoing value and as such have been presented as assets of the Company. Amortization of these assets has commenced as detailed in Note 1.

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

On March 21, 2013, 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 intellectual property and technology, which lawsuit and corresponding counterclaims could have a material effect on these financial statements and the financial position of the Company. In recent months, the Company has completed development of new digital compression and scaling technologies that are unrelated to the Company's original technology that is the subject of the lawsuit. The Company's new technologies include new proprietary algorithms that are described at least in part in provisional patent applications filed by the Company in 2015. As a result of such new product developments, the Company no longer sees the need to continue to spend valuable resources litigating over technology that is not in development by the Company. Accordingly, upon motion made by the Company and granted by the Court, the Company's claims against Defendants were voluntarily dismissed on February 19, 2016. Motions to dismiss and for summary judgment as to Defendants' counterclaims against the Company, DFI and certain individual Counter defendants are pending with the Court. On the basis of

the foregoing, previously capitalized costs of the litigation in the amount of $750,815 were written off at December 31, 2015 as they will have no future value.

6. PRIVATE SUBSCRIPTION OFFERINGS

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 expires on December 31, 2019.

The Company initiated several private placement stock subscriptions in 2015. The Offerings consist of one common share and one share purchase warrant. The prices of these units are $0.05 and $0.08. The exercise price of the warrants are $0.05, $0.075, $0.08 and $0.12. The right to exercise these warrants expire on August 8, 2017 and December 31, 2019.

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 ™, TRUPIX ™ and other related technologies.

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 and 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.

TMM, INC
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2016

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 $0.15 per share (from the Private Subscription Offering). These warrants expire on December 31, 2019.	**5,900,000 shares**
Warrants for the issuance of Common Stock at $0.08 per share (from the Private Subscription Offering). These warrants expire on December 31, 2019.	**11,200,000 shares**
Warrants for the issuance of Common Stock at $0.12 per share (from the Private Subscription Offering). These warrants expire on December 31, 2019.	**2,937,500 shares**

TMM, INC
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2016

Warrants for the issuance of Common Stock at $0.075 per share (from the Private Subscription Offering). These warrants expire on December 31, 2019.	**8,200,000 shares**
Warrants for the issuance of Common Stock at $0.05 per share (from the Private Subscription Offering). These warrants expire on December 31, 2019.	**8,100,000 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 .10, $0.14, $0.15 and $0.16 per share in 2014.The right to exercise expiration date has been set at December 31, 2019.	**6,800,000 shares**
Options for the issuance of Common Stock at $0.06, $0.07, $0.08, $0.10 and $0.16 per share in 2015. The right to exercise expiration date has been set at December 31, 2019.	**32,750,000 shares**

TMM, INC
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2016

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.

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. LOANS PAYABLE

Loans Payable comprise funds advanced by a shareholder to the company. This loan is short term in nature, matures in one year and accrues interest at the rate of 6%.

TMM, INC
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2016

14. EARNINGS (LOSS) PER SHARE INFORMATION

Earnings (Loss) per share for March 31, 2016 is as follows:

	Earnings Per Share	Earnings Per Share (Fully Diluted)
Loss for 2016	(443,793)	(443,793)
Shares Outstanding:		
Preferred	1,810,000	1,810,000
Common	320,757,700	320,757,700
Shares in Process	20,088,750	20,088,750
Shares to be Cancelled	(10,000,000)	(10,000,000)
If Exercised:		
Warrants	- 0 -	120,667,500
Options	- 0 -	100,000,000
Total Shares & Equivalents	332,656,450	553,323,950
Loss Per Share	($0.0013)	($0.0008)

15. SUBSEQUENT EVENTS

Subsequent to the balance sheet date additional shares of common stock were issues as follows:

Total Common Shares issues and outstanding as of March 31, 2016	320,757,700
Additional shares issued:	
Shares issued in April 2016 at $0.02 per share to certain individuals and companies for funds contributions and services rendered - See Notes 4 & 7	17,338,750
Total Common Shares issued and outstanding as of April 28, 2016	338,096,450