

TMM, INC  
BALANCE SHEET  
AS OF DECEMBER 31, 2011

ASSETS

CURRENT ASSETS

Cash in Bank 344,109

Product Design & Development Costs (Note 2)

VDK Codec Costs Capitalized 2,005,215

Code Review and Enhancements 179,273

Graphic Design Costs 3,001

Total Product Design &  
Development Costs 2,187,489

Less: Amortization to Date (2,005,215)

NET PRODUCT DESIGN & DEVELOPMENT COSTS 182,274

OTHER ASSETS (Note 2)

Legal & Related Costs 163,240

TOTAL ASSETS 689,623

LIABILITIES AND SHAREHOLDER EQUITY

CURRENT LIABILITIES

Due to Advanced Sales, Inc (Note 3) 71,618

Due to International Royalty Corp (Note 4) 180,553

TOTAL CURRENT LIABILITIES 252,171

SHAREHOLDER EQUITY (Notes 7 & 8)

Capital Stock:

Preferred stock, 50,000,000 shares  
authorized, 44,110,000 issued and  
outstanding.

Common stock, \$0.001 par value  
750,000,000 shares authorized  
163,615,200 issued and  
outstanding (Note 6) 587,657

Additional Paid in Capital 20,823,503

Proceeds from Private Placement (Note 6) 564,500

Retained Earnings (21,538,208)

TOTAL SHAREHOLDER EQUITY 437,452

TOTAL LIABILITIES AND SHAREHOLDER EQUITY 689,623

TMM, INC  
INCOME STATEMENT  
FOR THE YEAR ENDED DECEMBER 31, 2011

INCOME

Interest Income	251
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EXPENSES

Bank Charges	697
Consultants	67,465
Director Fees	2,900
Office Supplies & Expenses	2,608
Rent	12,598
Taxes	145
Telephone, Fax & Internet Fees	<u>1,333</u>

<u>TOTAL EXPENSES</u>	<u>87,746</u>
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<u>NET LOSS</u>	(87,495)
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<u>Retained Earnings - Beginning</u>	<u>(21,450,713)</u>
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<u>RETAINED EARNINGS - ENDING</u>	<u>(21,538,208)</u>
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TMM, INC  
NOTES TO FINANCIAL STATEMENTS  
AS OF DECEMBER 31, 2011

1. 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 As the discovery and review of certain historical documents continues (the current management was voted into office on October 17, 2011) any revisions will be updated in the next fiscal quarter (See Note 5).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.

2. 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.

Graphic Design Costs: Represents funds spent currently for certain design updates and enhancements

Legal and Related Costs: Represents fees and costs paid for the shareholder action along with professional and consulting fees incurred in the discovery and updating of certain corporate governance documents and proprietary information.

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.

TMM, INC  
NOTES TO FINANCIAL STATEMENTS  
AS OF DECEMBER 31, 2011

3. AMOUNTS DUE TO ADVANCED SALES, INC

Represents funds paid on behalf of the Company by Advanced Sales, Inc., a shareholder. The amounts paid were for the costs incurred with the shareholder action to remove the previous board members and for additional software review and code development costs.

4. AMOUNTS DUE TO INTERNATIONAL ROYALTIES, CORP

The amounts due to International Royalties, Corp. are for funds advanced to the Company in 2009 (\$23,778) and for fees due for managerial and director services rendered from 2007 to the present (\$156,775). The amounts due for services are anticipated to be satisfied by the issuance of capital stock in the Company. See Note 7.

5. LITIGATION

The Company is currently in litigation to recover certain tax, financial, corporate governance and proprietary documents from the Company's previous management and certain related parties that could have a material effect on this Financial Statement and the financial position of the Company.

6. PRIVATE SUBSCRIPTION OFFERING

The Company successfully completed a Subscription Offering which was initiated in late October, 2011 for private investors and which has raised \$564,500 US for the Company. The \$0.02 per Unit offering consisted of one share of TMMI common stock and one warrant to purchase one additional share of TMMI common stock at \$.05 per share within three (3) years. The stock was issued subsequent to the Balance Sheet date but the proceeds have been included in shareholders' equity.

The Company will use 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™ Codec 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 FINANCIAL STATEMENTS  
AS OF DECEMBER 31, 2011

7. ADDITIONAL STOCK ISSUANCE

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.

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). The term of  
these options are three years and expire  
on December 31, 2014. 28,224,000 shares

Options for the issuance of Common Stock  
at \$0.02 per share on October 18, 2011.  
The term of these options are three  
years and expire on October 18, 2014. 35,800,000 shares