Salles Sainz
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Consolidated Financial Statements and Report of the Independent Registered Public Accounting Firm

Grupo TMM, S.A.B. and Subsidiaries

December 31, 2018, 2017 and 2016

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Report of Independent Registered Public Accounting Firm

To the Stockholders and Board of Directors of

Grupo TMM, S.A.B.:

Opinion on the Financial Statements
We have audited the accompanying consolidated statements of financial position of Grupo TMM, S.A.B. and subsidiaries ('Grupo TMM' or the 'Company') as of December 31, 2018 and 2017, the related consolidated statements of profit or loss, comprehensive income, changes in stockholders' equity, and cash flows, for each of the three years in the period ended December 31, 2018 and the related notes (collectively referred to as the 'financial statements'). In our opinion, the financial statements present fairly, in all material respects, the financial position of Grupo TMM as of December 31, 2018 and 2017, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2018 in conformity with International Financial Reporting Standards ('IFRS') as issued by the International Accounting Standards Board.

Basis for Opinion
These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ('PCAOB') and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Salles Sainz - Grant Thornton, S.C.

We have served as the Company's auditor since 2005.

Mexico City, Mexico
April 29, 2019

Consolidated statements of financial position

As at December 31, 2018 and 2017

(Amounts in thousands of pesos, except number of shares)

	2018	2017
Assets		
Current		
Cash and cash equivalents (Note 5)	**$ 278,842**	$ 422,083
Restricted cash (Note 5)	**39,313**	39,471
Trade receivables, net (Note 6)	**248,183**	250,637
Other accounts receivable (Note 7)	**410,434**	319,193
Related parties (Note 15)	**207,964**	217,188
Materials and supplies	**56,621**	58,061
Prepayments	**24,873**	11,527
Total current assets	**1,266,230**	1,318,160
Non-current		
Property, vessels and equipment, net (Note 9)	**2,313,437**	2,623,535
Intangible assets (Note 12)	**126,437**	127,890
Concession rights, net (Note 10)	**9,459**	13,244
Other non-current assets (Note 11)	**65,521**	41,383
Total non-current assets	**2,514,854**	2,806,052
Total assets	**$ 3,781,084**	$ 4,124,212
Liabilities		
Short-term		
Short-term portion of the financial debt (Note 14)	**$ 223,362**	$ 502,361
Trade payables	**262,090**	169,072
Accounts payable and accrued expenses (Note 16)	**357,523**	341,918
Related parties (Note 15)	**18,379**	34,756
Total short-term liabilities	**861,354**	1,048,107
Long-term		
Long-term portion of the financial debt (Note 14)	**392,063**	396,257
Employee benefits (Note 23)	**176,606**	175,560
Deferred income tax (Note 21)	**226,803**	275,226
Total long-term liabilities	**795,472**	847,043
Total liabilities	**1,656,826**	1,895,150
Stockholders' equity (Note 17):		
Share capital (103,760,541 shares authorized and issued)	**2,216,733**	2,216,733
Treasury shares (1,577,700 shares)	**(46,805)**	(46,805)
Other components of equity	**706,944**	849,466
Accumulated losses	**(799,818)**	(859,159)
Controlling interest	**2,077,054**	2,160,235
Non-controlling interest	**47,204**	68,827
Total stockholders' equity	**2,124,258**	2,229,062
Total liabilities and stockholders' equity	**$ 3,781,084**	$ 4,124,212

The attached notes are part of these consolidated statements.

Consolidated statements of profit or loss

For the years ended December 31, 2018, 2017 and 2016

(Amounts in thousands of pesos, except per share amounts and number of shares)

	2018	2017	2016
Revenue from transportation	**$ 1,523,066**	$ 2,464,939	$ 2,647,484
Costs and expenses:			
Salaries, wages and employee benefits	**368,614**	571,775	639,913
Leases	**436,469**	622,908	621,990
Contracted services	**413,060**	545,541	550,287
Fuel, materials and supplies	**211,793**	317,525	218,960
Depreciation, amortization and loss from revaluation	**80,277**	562,915	555,244
Other costs and expenses	**17,221**	22,231	23,232
	1,527,434	2,642,895	2,609,626
Transportation (loss) profit	**(4,368)**	(177,956)	37,858
Other income, net (Note 19)	**102,625**	3,217,746	52,870
Operating income	**98,257**	3,039,790	90,728
Comprehensive financing cost:			
Interest income	**9,137**	24,829	24,719
Interest expense and other financial costs (Note 20)	**(84,890)**	(1,210,486)	(869,267)
Exchange gain (loss), net	**5,844**	(7,822)	(21,359)
	(69,909)	(1,193,479)	(865,907)
Profit (loss) before taxes	**28,348**	1,846,311	(775,179)
Income tax (expense) benefit (Note 21)	**(4,799)**	(516,732)	268,615
Net profit (loss) for the year	**$ 23,549**	$ 1,329,579	$ (506,564)
Attributable to:			
Non-controlling interest	**4,543**	1,989	1,480
Controlling interest	**19,006**	1,327,590	(508,044)
	$ 23,549	$ 1,329,579	$ (506,564)
Profit (loss) per share for the year (Note 24)			
Profit (loss) per share for the year	**$ 0.186**	$ 12.992	$ (4.972)
Weighted average number of shares for the year	**102,182,841**	102,182,841	102,182,841

The attached notes are part of these consolidated statements.

Consolidated statements of comprehensive income

For the years ended December 31, 2018, 2017 and 2016

(Amounts in thousands of pesos)

	2018	2017	2016
Net profit (loss) for the year	**$ 23,549**	$ 1,329,579	$ (506,564)
Other comprehensive income:			
Items that will not be subsequently reclassified to profit or loss			
Actuarial gains, net (Note 23)	**15,430**	319	24,863
Revaluation surplus (Note 25)	**(161,411)**	941,957	424,634
Income tax on other comprehensive income	**43,794**	(282,683)	(134,849)
Total of other comprehensive income for the year	**(102,187)**	659,593	314,648
Comprehensive (loss) income for the year	**$ (78,638)**	$ 1,989,172	$ (191,916)
Attributable to:			
Non-controlling interest	**4,543**	1,989	1,480
Controlling interest	**(83,181)**	1,987,183	(193,396)
	$ (78,638)	$ 1,989,172	$ (191,916)

The attached notes are part of these consolidated statements.

Consolidated statements of changes in stockholders' equity

For the years ended December 31, 2018, 2017 and 2016

(Amounts in thousands of pesos, except number of shares)

	Number of outstanding common shares	Share capital	Treasury shares	Mandatory convertible debentures into shares	Accumulated losses	Other components of equity	Subtotal	Non controlling interest	Total stockholders' equity
Balances as at December 31, 2015	102,182,841	$ 2,216,733	$ (46,805)	$ -	$ (3,902,996)	$ 2,099,516	$ 366,448	$ 65,358	$ 431,806
Net loss for the year	-	-	-	-	(508,044)	-	(508,044)	1,480	(506,564)
Other comprehensive income	-	-	-	-	151,056	163,592	314,648	-	314,648
Comprehensive loss for the year							(193,396)	1,480	(191,916)
Equity portion of mandatorily convertible debentures into shares	-	-	-	724,100	-	-	724,100	-	724,100
Balances as at December 31, 2016	102,182,841	2,216,733	(46,805)	724,100	(4,259,984)	2,263,108	897,152	66,838	963,990
Net income for the year	-	-	-	-	1,327,590	-	1,327,590	1,989	1,329,579
Other comprehensive income	-	-	-	-	2,073,235	(1,413,642)	659,593	-	659,593
Comprehensive income for the year							1,987,183	1,989	1,989,172
Cancellation of mandatorily convertible debentures into shares	-	-	-	(724,100)	-	-	(724,100)	-	(724,100)
Balances as at December 31, 2017	102,182,841	2,216,733	(46,805)	-	(859,159)	849,466	2,160,235	68,827	2,229,062
Net income for the year	**-**	**-**	**-**	**-**	**19,006**	**-**	**19,006**	**4,543**	**23,549**
Other comprehensive income	**-**	**-**	**-**	**-**	**40,335**	**(142,522)**	**(102,187)**	**-**	**(102,187)**
Comprehensive loss for the year							**(83,181)**	**4,543**	**(78,638)**
Dividends paid to non-controlling interest	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(26,166)**	**(26,166)**
Balances as at December 31, 2018	**102,182,841**	**$ 2,216,733**	**$ (46,805)**	**$ -**	**$ (799,818)**	**$ 706,944**	**$ 2,077,054**	**$ 47,204**	**$ 2,124,258**

The attached notes are part of these consolidated statements.

Consolidated statements of cash flow

For the years ended December 31, 2018, 2017 and 2016

(Amounts in thousands of pesos)

	2018	2017	2016
Cash flows from operating activities:			
Profit (loss) before taxes	**$ 28,348**	$ 1,846,311	$ (775,179)
Adjustments to reconcile the profit (loss) with cash used in operating activities:			
Depreciation, amortization and loss from revaluation	**80,277**	562,915	555,244
Other amortizations	**5,259**	84,615	76,020
Loss (gain) from the sale of property, vessels and equipment, net	**1,849**	(330)	(56,491)
Accrued interests	**80,580**	1,039,856	783,458
Interest income	**(9,137)**	(24,829)	(24,719)
Gain from the loss of control of subsidiary	**-**	(3,458,467)	-
Exchange (gain) loss	**(8,312)**	(4,545)	69,826
Loss (gain) from the sale of subsidiaries	**(111,484)**	273,032	-
Changes in assets and liabilities:			
Accounts receivable	**2,454**	7,924	267,891
Other accounts receivable and related parties	**(98,394)**	(150,154)	(54,580)
Materials and supplies	**1,440**	(38,936)	(3,845)
Prepayments	**(13,346)**	3,753	6,403
Other accounts payable and accrued expenses	**117,065**	162,094	(247,901)
Other non-current assets	**(22,685)**	42,269	36,971
Employee benefits	**1,046**	11,353	(47,035)
Total adjustments	**26,612**	(1,489,450)	1,361,242
Cash from operating activities	**54,960**	356,861	586,063
Cash from investment activities			
Proceeds from sale of property, vessels and equipment	**169,627**	7,059	87,720
Acquisition of property, vessels and equipment	**(86,283)**	(80,222)	(162,072)
Proceeds from sale of subsidiaries	**50,331**	66,987	-
Decrease of cash and cash equivalents from the loss of control of subsidiary (TMM DM)	**-**	(212,332)	-
Dividends paid to non-controlling interest	**(26,166)**	-	-
Interest charged	**9,137**	24,829	24,719
Cash from (used in) investment activities	**116,646**	(193,679)	(49,633)
Cash flow from financing activities			
Proceeds from debt	**124,010**	-	166,509
Repayment of debt	**(397,458)**	(172,592)	(173,439)
Interest paid	**(40,792)**	(409,146)	(737,548)
Cash used in financing activities	**(314,240)**	(581,738)	(744,478)
Exchange effect on cash	**(607)**	(20,737)	57,884
(Decrease) increase in cash and cash equivalents	**(143,241)**	(439,293)	(150,164)
Cash and cash equivalents, beginning of year	**422,083**	861,376	1,011,540
Cash and cash equivalents, end of year	**$ 278,842**	$ 422,083	$ 861,376
Complementary information:			
Income tax paid	**$ 4,799**	$ 3,000	$ 3,433

The attached notes are part of these consolidated statements.

Notes to the consolidated financial statements

At December 31, 2018 and 2017

(Amounts in thousands of pesos, except number of shares and where otherwise indicated)

1 General information

Principal activity

Grupo TMM, S.A.B. ('Grupo TMM' or the 'Company') is a Mexican company whose principal activity is providing multimodal transport and logistics services to premium customers throughout Mexico. Grupo TMM's shares are listed on the Mexican Stock Exchange and on 'Over-The-Counter' market on the New York Stock Exchange in the United States.

Grupo TMM's head office is located at Avenida de la Cúspide N° 4755, Colonia Parques del Pedregal, Delegación Tlalpan, C.P. 14010, Mexico City. In addition, a significant portion of its maritime division activities is conducted at Calle 55 N° 2 Col. Electricistas C.P. 24120 Cd. del Carmen, Campeche.

The Company's activities are grouped together under the following service divisions:

- *Maritime:* includes specialized offshore shipping services, clean oil, and chemical products shipping, tugboat services, bulk carrier and other activities related to the maritime transportation business.
- *Ports and terminals:* includes shipping agency services, inland and seaport terminal services.
- *Logistics:* includes the operations of logistics solutions services and container and railcar maintenance and repair services.
- *Warehousing:* includes bonded warehouse operations and management.

As discussed in Note 4 below, the Stockholders' Meeting approved its corporate restructuring, which contemplated transferring 85% of the shares of its subsidiary TMM Division Marítima, S.A. de C.V. ('TMM DM'), one of the main subsidiaries of the Group. Pursuant to the foregoing, Grupo TMM no longer included the assets, liabilities and profit or loss of TMM DM in its consolidated financial statements, which generated a significant reduction in its level of weighting and its financial cost, as well as an improvement in its net income for the year. Moreover, pursuant to a maritime service-rendering contract, Grupo TMM maintains the operation and management of the vessels of TMM DM.

The foregoing forms part of the strategic plan of the Group for positioning itself as the best option in maritime transportation and logistics services, through each one of its divisions, by offering high quality services to all participants in the energy sector in our country, by taking advantage of its gradual recovery. Grupo TMM has efficiently implemented customer diversification strategies, reduction of indebtedness, and cost effectiveness, which enables it to adapt to the variable circumstances on the domestic and international markets. Likewise, it continues to develop strategies for improving the performance of its service units.

Structure of Grupo TMM

At December 31, 2018 and 2017, Grupo TMM holds the percentage of equity interest in various subsidiaries, the most significant are as follows:

	% of ownership	
	2018	2017
Maritime		
Transportación Marítima Mexicana, S.A. de C.V.	**100 %**	100 %
Inmobiliaria Dos Naciones, S. de R.L. de C.V.	**100 %**	100 %
TMM Parcel Tankers, S.A. de C.V.	**100 %**	100 %
Logistics		
Almacenadora de Depósito Moderno, S.A. de C.V. (Warehouse)	**100 %**	100 %
Autotransportación y Distribución Logística, S.A. de C.V.	**100 %**	100 %
Ports and terminals		
TMM Logistics, S.A. de C.V.	**100 %**	100 %
Prestadora de Servicios MTR, S.A. de C.V.	**100 %**	100 %
Servicios Administrativos API Acapulco, S.A. de C.V.	**51 %**	51 %
Administración Portuaria Integral de Acapulco S.A. de C.V.	**51 %**	51 %
Payroll outsourcing		
Mexschiff Operación de Personal, S.A.P.I. de C.V.	**100 %**	100 %
Omexmar Operadora Mexicana Marítima, S.A.P.I. de C.V.	**100 %**	100 %
Perhafen Services Marítimos, S.A.P.I. de C.V.	**100 %**	100 %
TMM Dirección Corporativa, S.A.P.I. de C.V.	**100 %**	100 %
Perjomar Operadora, S.A.P.I. de C.V.	**44 %**	44 %
Property leasing		
Inmobiliaria TMM, S.A. de C.V.	**100 %**	100 %

TMM División Marítima, S.A. de C.V. ('TMM DM') was one of the main subsidiaries of Grupo TMM, until the date of loss of control mentioned in Note 4 below.

The Company's subsidiaries are incorporated in Mexico, where most of their activities take place.

Non-controlling interest in subsidiaries

Grupo TMM holds equity interest in the subsidiaries Administración Portuaria Integral de Acapulco, S.A. de C.V., Servicios Administrativos API Acapulco, S.A. de C.V., and Perjomar Operadora, S.A.P.I. de C.V., for which there is non-controlling interest, associated effect on the Company's consolidated financial statements is considered immaterial. These companies are established and conduct their activities in Mexico.

2 Changes in accounting policies

New Standards adopted as at 1 January 2018

IFRS 15 'Revenue from Contracts with customers'

IFRS 15 'Revenue from Contracts with Customers' and the related 'Clarifications to IFRS 15 Revenue from Contracts with Customers' (hereinafter referred to as 'IFRS 15') replace IAS 18 'Revenue', IAS 11 'Construction Contracts', and several revenue-related Interpretations.

The new Standard has been applied retrospectively without restatement, with the cumulative effect of initial application recognized as an adjustment to the opening balance of retained earnings at 1 January 2018; nevertheless, as described following there were no adjustments due to the adoption.

In accordance with the transition guidance, IFRS 15 has only been applied to contracts that are incomplete as at 1 January 2018.

In connection with the revenue recognition of the Group, the main considerations in the adoption of IFRS 15 were:

- *Specialized maritime:* performance obligations did not undergo any changes and they are considered as a single performance obligation identified in the contract and/or service order, which corresponds to the days of service, movement of merchandise or service rendered. All these obligations are met as the Group renders the services and is entitled to the collection thereof; therefore, they are recognized over time, consistent with their recognition under the foregoing standards. Sales prices are fixed and do not contemplate financing components derived from their terms of less than one year, insofar as each transaction only contemplates a single performance obligation. The price of the transaction is allocated to a single obligation;

- *Ports and terminals*: Performance obligations relative to these revenues are satisfied as the services are rendered. They are considered single performance obligations, which are usually met immediately. Sales prices are fixed and stipulated in the contract and/or service order, without including variable parts or financing components. Related revenues are recognized over time consistently with their recognition under the foregoing standards;

- *Logistics:* performance obligations mainly correspond to the repair of containers and railroad freight cars, where the customer receives and consumes the benefits as the Group performs them and, therefore, revenues are recognized over time. Prices are fixed for most of the customers and, in some cases, fixed discounts are granted which are contemplated at the inception of the contract. Accordingly, they are not required to be estimated. Each transaction is considered a single performance obligation. Therefore, the total of the consideration is allocated thereto. This revenue recognition is consistent with the revenue recognized under the foregoing standard;

- *Warehousing:* the customer is considered to receive and consume the benefits as the group renders storage and handling services, that is, during the period in which the customer is entitled to keep the merchandise at the warehouses of the Group, in accordance with the corresponding contract. Sales prices are fixed and include neither discounts nor financing components. Revenue is recognized over time, which is consistent with recognition under the foregoing standards.

The Group considers contract costs to be immaterial. Moreover, they correspond to contracts for periods of less than one year. Toward that end, the Company recognizes these costs in income as incurred. The foregoing is consistent with the accounting treatment under the above standards.

None of the revenue transactions qualifies to be considered a series of goods or services, insofar as the transfer pattern is not the same because the services vary based on the type of shipment, characteristics of the products transported or stored, services by type of shipment, formalities in port or repairs, as appropriate. None of the service contracts meets the characteristics to be combined with other contracts.

Finally, as at the opening date of application, the Group has not identified liabilities for unsatisfied performance obligations. There are contractual assets where the Group has met the performance obligation before receiving the corresponding consideration. The foregoing is consistent with the foregoing journal entries, and only contract asset balances were reclassified that had previously been included in the trade accounts receivable balance. Moreover, no loss contracts were identified in accordance with the contracts evaluated by the Group. The remaining effects concern matters of disclosure in the notes to the consolidated financial statements.

IFRS 9 'Financial Instruments'

IFRS 9 replaces IAS 39 'Financial Instruments: Recognition and Measurement'. It makes major changes to the previous guidance on the classification and measurement of financial assets and introduces an 'expected credit loss' model for the impairment of financial assets.

When adopting IFRS 9, the Group has applied transitional relief and opted not to restate prior periods. Pursuant to the analysis performed by the Group, adoption of this standard did not have any effect on the recognition and measurement of its financial instruments, with regard to the accounting policies for financial instruments of the Group, based on the above applicable standards. The main effects correspond to matters concerning classification and disclosures in the notes to the consolidated financial statements.

In connection with the financial assets of the Group, the main considerations in the adoption of IFRS 9 were:

- *the classification and measurement of financial assets of the Group.* Management has financial assets to hold and collect the associated cash flows. All its financial assets were previously recorded at amortized cost; therefore, they will be accounted consistently with the foregoing standard under the new classification; and

- *impairment of financial assets by applying the expected credit loss model*. This affects the trade accounts receivable of the Group and other financial assets measured at amortized cost. For contractual assets derived from IFRS 15 and trade accounts receivable, the Group applies a simplified recognition model of expected credit losses during the lifetime of the asset, since these items do not have a significant financing component. See Note 26.

There have been no changes to the classification or measurement of financial liabilities as a result of the application of IFRS 9.

Standards, amendments and Interpretations to existing Standards that are not yet effective and have not been adopted early by the Group

At the date of authorization of these financial statements, several new, but not yet effective, Standards, amendments to existing Standards, and Interpretations have been published by the International Accounting Standards Board (IASB). None of these Standards, amendments or Interpretations have been adopted early by the Group.

Management anticipates that all relevant pronouncements will be adopted for the first period beginning on or after the effective date of the pronouncement. New Standards, amendments and Interpretations neither adopted nor listed below have not been disclosed as they are not expected to have a material impact on the Group's financial statements, except for IFRS 16 'Leases', which is described below.

IFRS 16 'Leases'

IFRS 16 will replace IAS 17 'Leases' and three related Interpretations. It completes the IASB's long-running project to overhaul lease accounting. Leases will be recorded in the statement of financial position in the form of a right-of-use asset and a lease liability. There are two important reliefs provided by IFRS 16 for assets of low value and short-term leases of less than 12 months.

IFRS 16 is effective from periods beginning on or after 1 January 2019. Early adoption is permitted; however, the Group have decided not to early adopt.

Management is in the process of evaluating the total impact of this standard. So far, the Group:

- has decided to use the practical expedient for not performing a complete review of existing leases and applying IFRS 16 only to new or modified contracts. Leases that will be modified or renewed in 2019 are considered immaterial, and it is estimated that an exemption may be applied to low-value assets or short-term leases;

- considers that the most significant impact will be that the Group will have to recognize a right-of-use asset and a lease liability for the offices and certain operating equipment (tow-trucks) that are currently treated as operating leases. As at December 31, 2018, future minimum lease payments amount to $46.1 million dollars. This means that the nature of the expense will change from being an operating lease expense to depreciation and interest expense; and

- it concludes that there will not be any significant impact on the financial lease that is currently maintained in the statement of financial position.

The Group is planning to adopt IFRS 16 on 1 January 2019 using the Standard's modified retrospective approach. Under this approach the cumulative effect of initially applying IFRS 16 is recognized as an adjustment to equity at the date of initial application. Comparative information is not restated.

Choosing this transition approach results in further policy decisions the Group need to make as there are several other transitional reliefs that can be applied. These relate to those leases previously held as operating leases and can be applied on a lease-by-lease basis. The Group are currently assessing the impact of applying these other transitional reliefs.

IFRS 16 has not generated significant changes in the journal entries of the lessors. It is important to note that the lease agreements in which the Group acts as a lessor are immaterial.

3 Summary of significant accounting policies

Grupo TMM and its subsidiaries prepare their consolidated financial statements in accordance with International Financial Reporting Standards ('IFRS'), as issued by the IASB, and these are presented in thousands of Mexican pesos. They have been prepared under the assumption that the Group operates on a going concern basis.

The Company has decided to present in its consolidated statements of income a subtotal of 'Operating income' which reconciles with the 'Net profit (loss) of the year' considering the items of 'Comprehensive financing cost' and 'Income tax (expense) benefit'; with regard to the subtotal of 'Transportation (loss) profit', the latter reconciles with the 'Operating income' considering the item 'Other income'.

The most significant accounting policies are summarized as follows:

3.1 Basis of consolidation

The consolidated financial statements include the accounts of Grupo TMM and those of its subsidiaries. Grupo TMM controls a subsidiary when it is exposed, or has rights, to variable returns resulting from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. All subsidiaries have the reporting date of "December 31", for all years reported.

The balances and transactions among subsidiaries have been eliminated for the purposes of consolidation, including balances and unrealized gains on transactions between Grupo TMM's companies. Unrealized losses on the sale of assets among the Group are eliminated in the consolidation and the asset involved is also reviewed for impairment from a group perspective. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by Grupo TMM.

Profit or loss and other comprehensive income of subsidiaries acquired or disposed during the year are recognized from the effective date of acquisition, or up to the effective date of disposal, as applicable.

Non-controlling interest, presented as part of the stockholders' equity, represents the portion of the subsidiary's profit or loss and net assets that are not held by Grupo TMM. The Company attributes the total comprehensive income or loss of the subsidiaries between the owners of the parent and the non-controlling interest based on their respective ownership interests.

Associates and joint ventures

Associates are all entities over which Grupo TMM has significant influence but not control, generally accompanying a shareholding between 20% and 50% of the voting rights. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement having rights to the net assets of the arrangement.

Investments in associates and joint ventures are accounted by the equity method and are initially recognized at their acquisition cost.

The carrying amount of investments in associates and joint ventures is increased or decreased to recognize Grupo TMM's share of the profit or loss and other comprehensive income of the associate and joint venture, adjusted where necessary to ensure consistency with the accounting policies of Grupo TMM.

Unrealized gains on transactions between Grupo TMM and its associates and joint ventures are eliminated to the extent of Grupo TMM's interest on those entities. When unrealized losses are eliminated, the asset involved is also tested for impairment.

3.2 Business combinations

Grupo TMM applies the acquisition method to accounting for business combinations. The consideration transferred by Grupo TMM to obtain control of a subsidiary is calculated as the sum of the fair values on the acquisition-date of the assets transferred, liabilities incurred, and the equity interests issued by Grupo TMM, which includes, accordingly, the fair value of any asset or liability that arises from the contingent consideration arrangement. Acquisition costs are expensed as incurred.

Grupo TMM recognizes identifiable assets acquired and liabilities assumed in the business combination independent of whether these were recognized in acquirer's financial statements prior to the acquisition. Assets acquired and liabilities assumed are generally measured at their acquisition-date fair value.

Goodwill is stated after the individual recognition of identifiable intangible assets. It is calculated as the excess of the sum of a) the fair value of the consideration transferred, b) the amount recognized for any non-controlling interest in the entity acquired, and c) the fair value on the acquisition date of any equity interest in the acquire, over the acquisition-date the fair values of the identifiable net assets. If the fair values of the identifiable net assets exceed the sum calculated above, this excess amount (e.g. gain on a bargain purchase) is immediately recognized in profit or loss.

3.3 Foreign currency translation

Functional and presentation currency

The consolidated financial statements are reported in Mexican pesos, which is also the functional currency of the parent company.

Foreign currency balances and transactions

Foreign currency transactions are translated into the functional currency of the respective Group entity, using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the measurement of monetary items denominated in foreign currency at year-end exchange rates are recognized in profit or loss.

Non-monetary items are not retranslated at year-end and are measured at historical cost (translated using the exchange rates at the transaction date), except for non-monetary items measured at fair value which are translated using the exchange rates at the date when fair value was determined.

In the consolidated financial statements of Grupo TMM, all the assets, liabilities, and operations of Grupo TMM's entities operated in a functional currency other than the Mexican peso (Grupo TMM's reporting currency) are converted to pesos on consolidation.

3.4 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, together with other highly liquid and short-term investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of change in their value.

3.5 Materials and supplies

Materials and supplies, consisting mainly of fuel and items for the maintenance of property, vessels and equipment, are valued at the lower of the average cost and the net realizable value.

3.6 Prepayments

Represent prepayments for services that will be received in the future and are amortized in the period when said services are received.

3.7 Property, vessels and equipment

Properties and vessels

The properties (land and buildings) are measured at fair value, which are determined by external professional valuers every three years or before if the market factors indicate a significant change in the fair value. The last valuation of these assets was in December 2016.

The vessels are measured at fair value and at December 31, 2018 and 2017, the revalued amounts were determined using the revenue technique (expected future cash flows). The frequency of the revaluations for this class of assets will be based on the changes of the fair values, meaning when these values significantly differ from their carrying value. The Company has revaluated this class of assets at December 31, 2018 and 2017.

The revaluation surplus that is derived from the valuation of properties and vessels is recognized as part of 'Other comprehensive income items' and forms part of 'other capital components' in stockholders' investment. A revaluation surplus is credited to income up to an amount equivalent to any revaluation write-down or impairment loss previously recognized income. Any excess is recognized in 'Other comprehensive income items' and in stockholders' equity in the item of 'Revaluation surplus'. Revaluation write-downs or impairment losses are recognized in 'Other comprehensive income items' up to the amount previously recognized on that asset in stockholders' equity in the item of 'Revaluation surplus'.

Any remaining decrease is recognized in income for the year. Any remaining balance of the revaluation surplus in stockholders' equity at the time of disposing of the asset that gave rise thereto is reclassified to retained earnings. Moreover, any remaining balance of the revaluation surplus in stockholders' equity may not be distributed to stockholders.

The depreciation of properties and vessels is recognized using the straight-line method to write down its carrying value less its estimated residual value. As no finite useful life for land can be determined, the related carrying amounts are not depreciated.

Machinery and equipment

Machinery and equipment are stated at construction or acquisition cost, including any cost directly attributable to bringing the assets to the location and condition necessary for them to be capable of operating in the manner intended by Grupo TMM's Management. Acquisitions through capital leases or charter arrangements with an obligation to purchase are capitalized based on the present value of future minimum payments, recognizing the related liability. Depreciation of machinery and equipment is computed using the straight-line method based on the useful lives of the assets net of the estimated residual value.

Recurring maintenance and repair expenditures are charged to operating expenses as incurred. Major repairs to vessels (docks) are capitalized and amortized over the period in which benefits are expected to be received (two to five years for vessels). The material residual values and the estimated useful life are adjusted as necessary, at least once a year.

Gains or losses from the disposal of property, vessels and equipment are determined as differences between the disposal proceeds and the carrying amount of the assets and are recognized in profit or loss as part of ('Other income'), accordingly (see Note 19).

Construction in progress

Disbursements attributable to construction of assets that are identifiable and may be controlled by the Company are recognized as assets when they meet the following conditions:

- it is technically possible to complete the construction of the asset so that it can be available to be used;
- management has the intent of completing the asset to use it;
- it can be proven that the asset will generate economic benefits in the future;
- adequate technical, financial or another type of resources are available to complete the asset; and
- the disbursement attributable to the asset during its construction can be determined reliably.

3.8 Intangible assets

Recognition of intangible assets

Concession rights

Concession rights correspond to payments made for the rights to operate assets under concession, which are stated at cost and are amortized over the terms specified in the corresponding agreements.

Software

Software licenses acquired are capitalized on the basis of costs incurred to acquire and install the specific software.

Trademark

The trademark acquired in a business combination that qualifies for separate recognition is considered an intangible asset and is recorded at its fair value.

Subsequent measuring

All finite-lived intangible assets are accounted for using the cost model by which the net capitalized costs of their residual value are amortized using the straight-line method throughout their estimated useful lives, in the case of the concession rights; these are amortized according to the term specified in the corresponding agreement. The residual values and useful lives are reviewed at each reporting date. The trademark is considered an intangible asset with an indefinite life; therefore it is subject to impairment tests annually as described in Note 13.

The amortization is included in the consolidated statement of operations as part of the depreciation, amortization, and loss on revaluation item. Subsequent expenditures to preserve software and trademarks are expensed as incurred.

3.9 Impairment testing of long-lived assets

For impairment assessment purposes, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level.

Trademark is allocated to those cash-generating units that are expected to benefit from synergies of a related business combination and represent the lowest level within the Company at which management monitors the trademark.

Cash-generating units to which trademark has been allocated (determined by the Grupo TMM's Management as equivalent to its operating segments) are tested for impairment at least annually. All other individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognized for the amount by which the asset's (or cash-generating unit's) carrying amount exceeds its recoverable amount, which is the higher of fair value less costs of disposal and value-in-use. To determine the value-in-use, management estimates expected future cash flows from each cash-generating unit and determines a suitable discount rate in order to calculate the present value of those cash flows.

The data used for impairment testing procedures are directly linked to the Grupo TMM's latest approved budget, adjusted as necessary to exclude the effects of future reorganizations and asset enhancements. Discount factors are determined individually for each cash-generating unit and reflect current market assessments of the time value of money and asset-specific risk factors.

Impairment losses for cash-generating units reduce first the carrying amount of any goodwill allocated to that cash-generating unit. Any remaining impairment loss is charged pro rata to the other assets in the cash-generating unit.

With the exception of the trademark, all assets are subsequently reassessed for indications that an impairment loss previously recognized may no longer exist. An impairment loss is reversed if the asset's or cash-generating unit's recoverable amount exceeds its carrying amount.

3.10 Leased assets

Financial leases

Management applies judgment in considering the substance of a lease agreement. The economic ownership of the leased asset is transferred to the leaseholder if they substantially assume all the risks and rewards related to the ownership of the leased asset.

The corresponding asset is then recognized at the start of the lease at the fair value of the leased asset, or if lower, at the present value of the lease payments. A corresponding amount is recognized as a liability for financial leasing, independent of whether some of the lease payments are settled in advance of the lease start date.

The corresponding liability decreases by the lease payments net of the financial expenses. The interest component in the lease payment represents a portion of the capital balance outstanding and is recognized in operations as financial costs over the lease period.

Notes 3.7 above and 9 describe the depreciation methods and estimated useful lives, respectively, for assets under financial leases.

Operating leases

All other leases are treated as operating leases. Payments on operating lease agreements are recognized as an expense on a straight-line basis over the lease term. The associated costs, such as maintenance and insurance, are expensed as incurred.

3.11 Financial instruments

Recognition and derecognition

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognized when the contractual rights to the cash flow from a financial asset expire, or when the financial asset and all the substantial risks and benefits have been transferred. A financial liability is derecognized as extinguished, discharged, canceled, or expired.

Classification and initial measurement of financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with IFRS 15, all financial assets are initially measured at fair value, adjusted by transaction costs (where applicable).

Financial assets are classified into the following categories:

- amortized cost
- fair value through profit or loss (FVTPL)
- fair value through other comprehensive income (FVOCI).

In the periods presented the Group does not have any financial assets categorized as FVTPL or FVOCI.

The classification is determined by both:

- the Group's business model for managing the financial asset; and
- the contractual cash flow characteristics of the financial asset.

All income and expenses relating to financial assets that are recognized in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

Subsequent measurement of financial assets

Financial assets at amortized cost

Financial assets are measured at amortized cost if the assets meet the following conditions (and are not designated as FVTPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows; and
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these are measured at amortized cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Group's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments.

Impairment of financial assets
IFRS 9's impairment requirements use more forward-looking information to recognize expected credit losses – the 'expected credit loss (ECL) model'. This replaces IAS 39's 'incurred loss model'. Instruments within the scope of the new requirements included mainly trade receivables, contract assets recognized and measured under IFRS 15 and other receivables.

Recognition of credit losses is no longer dependent on the Group first identifying a credit los event. Instead the Group considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

The Group makes use of a simplified approach in accounting for trade and other receivables as well as contract assets and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. In calculating, the Group uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

The Group assess impairment of trade receivables based on the characteristics of the business segment, when appropriate this assessment is made on a collective basis as they possess shared credit risk characteristics they have been grouped based on the days past due. Refer to Note 26, for a detailed analysis of how the impairment requirements of IFRS 9 are applied.

Previous financial asset impairment under IAS 39
In the prior year, the impairment of trade receivables was based on the incurred loss model. Individually significant receivables were considered for impairment when they were past due or when other objective evidence was received that a specific counterparty will default.

Classification and measurement of financial liabilities
As the accounting for financial liabilities remains largely the same under IFRS 9 compared to IAS 39, the Group's financial liabilities were not impacted by the adoption of IFRS 9. However, for completeness, the accounting policy is disclosed below.

The Group's financial liabilities include borrowings, trade and other payables. Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs. Subsequently, financial liabilities are measured at amortized cost using the effective interest method.

All interest-related charges are included within finance costs or finance income and included in financing costs or financing income.

3.12 Provisions, contingent liabilities and contingent assets

Provisions are recognized when the present obligations resulting from a past event will probably lead to an outflow of Grupo TMM economic resources and the amounts can be reliably estimated. Timing or amount of the outflow may still be uncertain. A present obligation arises from a presence of a legal or constructive commitment that has resulted from past events.

Provisions are not recognized for future operating losses. Provisions are the estimated amounts required to be expended to settle the present obligation based on the most reliable evidence available at the date of the consolidated financial statements, including the risks and uncertainties associated with the present obligation.

Provisions are discounted at their present value, where the time value of money is material. Any reimbursement that Grupo TMM can be virtually certain to collect from a third party regarding an obligation is recognized as a separate asset. However, this asset may not exceed the amount for the related provision.

All provisions are reviewed on the issuance of the financial statements and adjusted to reflect the current best estimate. When an outflow of economic resources for present obligations is not probable, this is not recognized as a liability, unless it was assumed in the course of a business combination. Such cases are disclosed as contingent liabilities unless the outflow of resources is remote.

3.13 Taxes on earnings

Calculation of current income tax is based on tax rates and tax laws that have been enacted or substantially enacted to the reporting date of the consolidated financial statements.

Deferred income tax is determined using the liability method, based on temporary differences arising between the tax basis of assets and liabilities and their carrying amounts in the financial statements. Determination of deferred income tax has considered tax rates that will be effective at the time of reversion of the temporary differences.

The income tax expense in the statement of profit or loss includes the sum of the deferred tax, which has not been recognized in other comprehensive income or directly in stockholders' equity, and the current income tax for the year.

Deferred tax assets are recognized to the extent that it is probable that future taxable profit against which temporary differences can be utilized will be available (see Note 21).

This is assessed based on the Company's forecast of future operating results, adjusted for significant items that are reconciled for the taxable income and the limits on the use of tax losses and other tax asset carryforwards.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

3.14 Statutory employee profit sharing

The statutory employee profit sharing is determined applying the rate of 10% on taxable income, adjusted as provided for by the Income Tax Law. The statutory employee profit sharing accrued is considered an ordinary expense associated with employee benefits.

3.15 Post-employment benefits and benefits for short-term employees

Post-employment benefits

Defined benefit plans

The seniority pension to which employees are entitled after 15 years of service and after having retired at the age of 60, are expensed in the years in which the services are rendered (see Note 23).

In addition, the Company has pension plans for certain employees who retire after the age of 65 (or early retirement at 60 or 55), in addition to having completed a minimum 15 years of service, which are expensed in the years in which the services are rendered (see Note 23).

Under the defined benefits plan, the pension amount an employee will receive upon retirement is determined in reference to the time of service and salary determined for each case based on the plan. The legal obligation of the benefits lies with Grupo TMM, even if the plan's assets to finance the defined benefits plan are separate. The plan's assets may include assets specifically designated in a long-term benefit fund.

The liability recognized in the consolidated statement of financial position for the defined benefits plans is the present value of the defined benefits obligation (DBO) as of the reporting date less the fair value of the plan assets.

Management estimates the DBO annually with the assistance of independent actuaries, based on the standard inflation rate, the salary growth rates, and the mortality rate. The discount factors are determined near the close of each year in reference to the high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and which have maturities similar to the terms of the corresponding pension liability.

The net cost for the defined benefits liability period is included in the item 'Salaries, wages and employee benefits' in the consolidated statements of profit or loss.

Indemnifications

Indemnifications that are not substitutive of retirement, paid to personnel who leave the company due to restructuring or any other reason, are charged to the operations for the period when incurred or provisions are created when there is a present obligation of these events, with a probability of an outflow of resources and this obligation can be reasonably estimated.

Short-term employee benefits

Short-term employee benefits, including vacation entitlement, are current liabilities included in 'Accounts payable and accrued expenses', measured at the amount Grupo TMM expects to pay as a result of time not taken; as these liabilities are short-term, they were not discounted as their effect is considered immaterial.

3.16 Stockholders' equity

Common shares are classified as equity. Grupo TMM does not have other equity instruments in addition to its common shares.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of taxes, from the proceeds. Incremental costs directly attributable to the issue of new shares or options are included in the cost of acquisition as part of the purchase consideration.

The accumulated losses include all current profits or losses and for previous periods.

Other components of equity capital include:

- revaluation surplus, including gains from the reevaluation of vessels and properties;
- statutory reserve corresponds to the separation of earnings withheld to this reserve;
- additional paid-in capital is equivalent to the amount received in excess of the par value of the shares; and
- translation result represents the accumulated effect of the change in functional currency.

3.17 Recognition of revenue, costs and expenses, and financing costs

Revenues

Group's revenue arises mainly from services of maritime transportation, logistics and warehousing.

To determine whether to recognize revenue, the Group follows a 5-step process:

1. Identifying the contract with a customer
2. Identifying the performance obligations
3. Determining the transaction price
4. Allocating the transaction price to the performance obligations
5. Recognizing revenue when/as performance obligation(s) are satisfied.

The Group does not carry out transactions that involve different contracts and on which their characteristics must be combined in accordance with IFRS. Moreover, transactions are not usually carried out that involve different services as part of the same contract; therefore, the total price of the transaction for a contract in all cases is allocated to a single performance obligation, based on their relative independent sales prices. The transaction price for contracts does not consider variable payments, except for certain service payments that are not considered significant in connection with the total revenues of the Group, nor are payments in kind, nor amounts collected on behalf of third parties and nor contemplate a financing component.

All revenues are recognized over time, as the Group meets performance obligations by transferring the services promised to its customers.

When the Company meets a performance obligation before receiving the payment, the Company already recognizes either a contract asset or a receivable in its consolidated statement of financial position, depending upon if something else is required than only passage of time before the consideration becomes due. The Group generally does not receive payments in connection with performance obligations; therefore, contractual liabilities are not required to be recognized.

In obtaining these contracts, the Group incurs immaterial incremental costs. Since the amortization period of these costs would be less than one year, if capitalized, and also that those costs are immaterial, the Group makes use of the practical expedient in IFRS 15.94 and expenses them as they incur.

Parcel vessels and Bulk Carriers

These revenues are derived from the transportation of merchandise through the Group's own shipments or third parties, usually in periods ranging between 7 and 30 days. The rate is fixed and it is set at the beginning of the contract, based on the space or capacity required by the customer. The performance obligation is met as the merchandise is transported from the point of origin to the destination Revenues are recognized over time on a straight-line basis during the term of each contract. Given that the costs required for rendering the service under these contracts do not vary significantly, that method provides a reasonable representation of the services transferred. The amounts that remain unbilled at the end of the reporting period are presented in the consolidated statement of financial position as contractual assets, since something additional is required in addition to time elapsed in order for those amounts to become due and payable.

The Group generally does not receive advances that exceed the amount of obligations met; therefore, contract liability balances are not generated.

Maritime administration services

They correspond to revenues for services rendered for contracting, operating, and managing shipments, mainly offshore service providers. The rate for these services is determined by applying a 2.85% profit margin to the costs incurred by the Group for rendering services. This percentage is reviewed annually, and it can be increased under certain circumstances, but by applying it beginning the year subsequent to its modification, these services are considered a single performance obligation. Accordingly, the consideration is totally allocated; revenues are recognized over time as the related costs are incurred by applying the corresponding profit margin. The amounts are billed monthly, in accordance with these referred to above; therefore, neither asset balances nor contract liabilities are generally generated.

Ship repair services (Shipyard) and containers

They correspond to revenues for minor and major repairs and maintenance to ships made at the facilities of the Group (Shipyard), as well as containers of shipping companies and others such as wharfage. The consideration for the services is fixed, and it is determined in the contract based on the work ordered, including materials and replacement parts, which must be realized in an estimated period for the work, which ranges from 2 days up to 60 days for ships, and from 1 day up to 6 days for containers. Wharfage depends on the considerations of the ship from 1 to 365 days, due to the high degree of interdependence among the various elements of these services. They are recorded in the accounting as a single performance obligation. These revenues are recognized over time in conformity with the completion of the services agreed upon. The Group measures its completion toward total compliance of the performance obligation by comparing real hours invested up to the date with the total estimated hours required to perform the repair or maintenance, including related costs. This base reasonably represents services transferred to each customer, by virtue of the ability of the Group to make reliable estimates based on its significant historical experience in rendering these services. The amounts that remain unbilled at the end of the reporting period are presented in the consolidated statement of financial position as contractual assets, since something additional is required in addition to time passaged in order for those amounts to become due and payable. The Group generally does not receive advances that exceed the amount of obligations met; therefore, contractual asset balances are not generated.

Other services

The Group obtains revenues for other services such as tugboats, suppliers, negotiations, port formalities, among other things. Most of these services are considered single performance obligations in the terms of the respective contracts, and the consideration is entirely allocated to those performance obligations. Revenues are recognized over time, since customers receive and consume the benefits as the Group renders the services, that is, as the performance obligations are met. The Group does not generate asset balances or contract liabilities for most of these services. The Group acts as an agent for the specific case of agency services and, therefore, it recognizes the revenues corresponding to the profit margin generated net of the costs incurred.

Costs and expenses

The costs and expenses for maritime, and also those related to other logistics operations, are recognized in operations when the services are rendered, materials are consumed or as incurred.

Financing income and costs

Interest income and expense are reported as accrued using the effective interest method and are reported as part of the comprehensive financing cost.

3.18 Information by segments

Grupo TMM has four operating segments: maritime division, logistics division, ports and terminals division and warehousing division. These operating segments are monitored by the Company's Management, who are responsible for making strategic decisions, which are made based on adjusted operating segment results.

In identifying its operating segments. Management follows Grupo TMM's service lines, which represent the main services provided by Grupo TMM.

Each of these operating segments is managed separately as each of these service lines requires different technologies and other resources as well as marketing approaches. All inter-segment transfers are carried out at market prices.

The accounting policies Grupo TMM uses for segment reporting are the same as those used in its consolidated financial statements, with the exception that corporate assets which are not directly attributable to the business activities of any operating segment are not allocated. In the financial periods presented, this primarily applies to the Grupo TMM's head office.

3.19 Significant management judgment in applying accounting policies and estimation uncertainty

When preparing the consolidated financial statements, Management considers a number of judgments, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses.

Significant management judgment

The reporting judgments made by Management as to the application of the accounting policies of Grupo TMM that would have a material effect on the consolidated financial statements are described following:

Evaluation of control, significant influence, and joint control

Management evaluates the terms of voting power with respect to its investees, the power to govern, decisions, contractual and legal agreements, upon determining if there is control, significant influence, and joint control. Significant judgment is required by evaluating some of these characteristics that can be modified over time (see Note 3.1).

Estimation uncertainty

Information about estimates and assumptions that have the most significant effect on the recognition and measurement of assets, liabilities, income and expenses is provided below; actual results may be substantially different.

Impairment of long-lived assets

On assessing impairment, Management determines the recoverable value of each asset or cash generating unit based on the expected future cash flows and determines an adequate interest rate to be able to calculate the present value of these cash flows. The uncertainty in the estimate is related to the assumptions regarding results of future operations and the determination of suitable discount rate.

Useful lives of depreciable assets

Management reviews the useful lives of the depreciable assets on each reporting date, based on the expected use of each asset. The uncertainty in these estimates is derived from the technical obsolescence that could change the expected use of vessels and other equipment.

Defined benefits obligation

Management's estimate of the DBO is based on a number of critical assumptions, such as inflation rates, mortality rates, discount rate, and a consideration for future salary increases. The variances in these assumptions can impact the amount of the DBO and the corresponding annual expense for defined benefits (the analysis is provided in Note 23).

Measures of fair value

Management uses valuation techniques to measure the fair value of its vessels and properties. This results in Management preparing estimates and assumptions based on market information and using observable data that could be used by market participants to assign a price to the asset, however these are not always available. Moreover, other valuation techniques based on expected future cash flows are used for certain assets, and an interest rate is determined to calculate their present value. These fair value estimates for these non-financial assets can vary from the actual prices obtained on operations at market value on the reporting date, as well as future results and the discount rate (see Note 25).

4 Acquisitions and disposals

Year 2018

Disposal of subsidiaries

Grupo TMM sold 100% of the shares of the subsidiaries Impact Engine, S.A. de C.V., Talocaan Services, S.A. de C.V., and Ditermax Corporate, S.A. de C.V. to an unrelated third party in 2018. These divestitures form part of the business plan of Grupo TMM, which contemplates focusing its resources and operation in the specialized maritime segment.

The gain on the sale of these subsidiaries amounted to $111,484, which is shown in the item of 'Other income' in the consolidated statements of income (see Note 19). The value of the net assets of those subsidiaries was immaterial as at the date of the sale.

Year 2017

Disposal of subsidiaries

As at December 21, 2017, pursuant to the General Extraordinary Stockholders' Meeting of TMM DM, subsidiary to 100% of Grupo TMM at that date, the stockholders approved a variable capital increase in the amount of $35, equivalent to 42,500,000 Class II Series B registered common shares with no par value shown. This increase was subscribed for and issued in cash by Intercam Banco, S.A., Instituticion de Banca Multiple, Intercam Grupo Financiero ('Intercam'), on behalf of Management Trust number F/3192 ('Trust F/3192'), formed by Value Automotriz, S. A. de C. V., in the capacity of Trustor and Intercam as Trustee. Trust F/3192 was created based on the resolutions of the trust certificates Holders' Meeting held on November 28, 2017, wherein the Holders resolved to transfer 85% of the shares of TMM DM in benefit of the Holders of those trust certificates.

Derived from the above, the participation of Grupo TMM was diluted to 15% as of that date, which accounted for the loss of control of that subsidiary. Therefore, beginning on that date, the assets, liabilities, and profit or loss of this subsidiary were no longer included in the consolidated financial statements of Grupo TMM.

Finally, since Grupo TMM retains significant influence over TMM DM, the remaining 15% investment is accounted for as an investment in associate (see Note 11).

Additionally, during 2017, Grupo TMM sold the subsidiaries Dibacar Servicios, S.A.P.I. de C.V., Darcot Services, S.A. de C.V., Logistica Asociada a su Negocio, S.A. de C.V., STK Logistics, S.A. de C.V., Logistica en Administracion, and Construcciones EDAC, S.A. de C.V. for 100% of its stock, all to an unrelated party. These divestitures form part of the business plan of Grupo TMM, which contemplates focusing its resources and operation in the specialized maritime segment.

As at the date of the sale, the carrying value of net assets and the consideration received were as follows:

	TMM DM	Other subsidiaries	Total
Current assets			
Cash and cash equivalents	$ 212,332	$ -	$ 212,332
Trade receivables	537,808	-	537,808
Other current assets	142,956	-	142,956
Total current assets	893,096	-	893,096
Non-current			
Vessels and equipment, net	7,442,415	-	7,442,415
Other non-current assets	8,530	340,019	348,549
Total assets	$ 8,344,041	$ 340,019	$ 8,684,060
Short-term liabilities			
Trust certificates	$ 709,589	-	$ 709,589
Other short-term liabilities	439,265	-	439,265
Total short-term liabilities	1,148,854	-	1,148,854
Long-term liabilities			
Trust certificates	9,731,357	-	9,731,357
Other long-term liabilities	922,297	-	922,297
Total liabilities	11,802,508	-	11,802,508
Total net assets	$ (3,458,467)	340,019	$ (3,118,448)
Consideration transferred	-	(66,987)	(66,987)
Investment retained by Grupo TMM	-	-	-
(Gain) loss on the disposition of subsidiaries	$ (3,458,467)	$ 273,032	$ (3,185,435)

The gain derived from the loss of control of TMM DM is shown in the item of ‘Other income’ in the consolidated statement of income (see Note 19); due to the stockholders' equity deficit of TMM DM, the fair value of the investment in an associate retained by Grupo TMM was determined nil, which is consistent with the subsequent valuation under the equity method.

The loss on the sale of other subsidiaries amounted to $273,032, which is shown in the item of ‘Other income’ in the consolidated statements of profit or loss (see Note 19).

These divestitures form part of the business plan and financial restructuring of Grupo TMM, which contemplates focusing its resources and operation in the specialized maritime segment, through a more efficient operating structure.

5 Cash and cash equivalents

Cash and cash equivalents at December 31, 2018 and 2017, are summarized as follows:

	2018	2017
Cash on hand	**$ 864**	$ 925
Cash at banks	**123,950**	158,035
Short-term investments (a)	**154,028**	263,123
Restricted cash	**39,313**	39,471
	$ 318,155	$ 461,554

(a) Includes fix-term deposits (promissory notes) and repurchase/resell agreements with terms up to 3 days.

Restricted cash

As at December 2018 and 2017, restricted cash represents the amount required to guarantee payments according to the obligations arising from the debt agreements for the acquisition of vessels and guarantee found for the sale of Terminal Marítima de Tuxpan, S.A. de C.V.

6 Trade receivables

Trade receivables at December 31, 2018 and 2017, are summarized as follows:

	2018	2017
Maritime		
Tugboats	**$ 26,149**	$ 14,033
Shipyards	**18,897**	30,015
Offshore vessels	**13,542**	21,719
Parcel tankers	**12,350**	14,773
Bulk Carrier	**1,017**	-
Others	**182**	167
Ports and terminals		
Shipping agencies	**39,877**	44,426
Port services	**8,843**	5,154
Commercial leases	**233**	434
Logistics, warehousing and other businesses		
Warehousing	**47,695**	52,034
Repair of containers	**31,142**	27,489
Automotive services	**446**	689
Other businesses	**1,163**	-
Total trade receivables	**201,536**	210,933
Contract assets	**68,950**	68,014
Allowance for doubtful accounts	**(22,303)**	(28,310)
	$ 248,183	$ 250,637

All amounts are short-term. The net carrying value of trade accounts receivables is considered a reasonable approximation to fair value.

The movement in the allowance for doubtful accounts is presented below:

	2018	2017
Balance as at January 1	**$ 28,310**	$ 35,353
Receivables written off during the year	**(468)**	(10,482)
Disincorporation of TMM DM	**-**	(9,311)
Loss allowance (reversed) recognized during the year	**(5,539)**	12,750
Balance as at December 31	**$ 22,303**	$ 28,310

Note 26 includes disclosures related to credit risk exposures and the analysis related to the allowance for expected credit losses. The impairment loss in 2017 was made by applying the incurred loss analysis in conformity with IAS 39, whereas it applied the expected loss model in accordance with IFRS 9 in the current year.

7 Other accounts receivable

Other accounts receivable at December 31, 2018 and 2017, are summarized as follows:

	2018	2017
Recoverable taxes	**$ 183,927**	$ 175,268
Services for port, maritime and other operations	**161,037**	97,328
Insurance claims	**12,286**	958
Employees	**4,466**	8,561
Others	**48,718**	37,078
	$ 410,434	$ 319,193

8 Leases

Financial leases as lessee

The Company has a ship named ‘Subsea 88’ under a financial lease, which started in November 2013 and will terminate in October 2023. As of December 31, 2018 and 2017, the carrying value of equipment in finance leases amounts $191,377 and $413,298, respectively.

The financial leasing liabilities are secured by the associated assets held under this modality. The minimum future financial leasing payments at the end of each reporting period are:

	Within the 1st year	1 to 3 years	3 to 5 years	After 5 Years	Total
Balance at December 31, 2018					
Lease payments	**$ 46,055**	**$ 79,029**	**$ 174,541**	**$ -**	**$ 299,625**
Financial charges	**(31,300)**	**(46,290)**	**(49,294)**	**-**	**(126,884)**
Present values, net	**$ 14,755**	**$ 32,739**	**$ 125,247**	**$ -**	**$ 172,741**

	Within the 1st year	1 to 3 years	3 to 5 years	After 5 Years	Total
Balance at December 31, 2017					
Lease payments	$ 39,619	$ 79,346	$ 96,999	$ 117,860	$ 333,824
Financial charges	(28,665)	(51,346)	(58,456)	(12,925)	(151,391)
Present values, net	$ 10,954	$ 28,000	$ 38,543	$ 104,935	$ 182,433

The financial lease contract for 'Subsea 88' includes monthly lease payments and an option to buy at the end of the term.

Operating leases as lessee

At December 31, 2018, the operating leases report the following expiries:

Leased assets	**Expire**
Building	Apr. 2029
Cranes	Jul. 2020
Major vessel maintenance	Mar. 2020
Lift truck	Dec. 2019
Computer equipment	Oct. 2021

The contracts include an option to buy at certain times during the term or on expiry.

The minimum future payments on operating leases are:

	Within the 1st year	**1 to 3 years**	**3 to 5 years**	**After 5 Years**	**Total**
Lease payments					
At December 31, 2018	**$ 82,836**	**$ 154,026**	**$ 169,440**	**$ 527,583**	**$ 933,885**
At December 31, 2017	$ 77,589	$ 143,067	$ 158,278	$ 617,718	$ 996,652

9 Property, vessels and equipment

Property, vessels and equipment at December 31, 2018 and 2017 are summarized as follows:

	2018										
	Net balances at year start	Additions	Disposals		Transfers and others		Depreciation / loss from revaluation		Net balances at year end	Estimated useful lives (years)
Vessels	**$ 1,118,250**	**$ 260**	**$ 125,019**	**(c)**	**$ (162,962)**	**(a) and (e)**	**$ 47,856**		**$ 782,673**	**25**
Shipyard	**318**	**-**	**-**		**-**		**43**		**275**	**40**
Major vessel maintenance	**12,608**	**38,142**	**-**		**4,064**		**13,203**		**41,611**	**2.5**
Buildings and facilities	**242,204**	**5,732**	**-**		**604**		**9,639**		**238,901**	**20 y 25**
Warehousing equipment	**647**	**-**	**9**		**-**		**383**		**255**	**10**
Computer equipment	**556**	**459**	**-**		**47**		**481**		**581**	**3 y 4**
Terminal equipment	**6,885**	**2,252**	**-**		**(125)**		**1,622**		**7,390**	**10**
Ground transportation equipment	**3,751**	**2,052**	**1,153**		**1,940**		**1,224**		**5,366**	**4,5 y 10**
Other equipment	**7,641**	**361**	**-**		**313**		**1,236**		**7,079**	
	1,392,860	**49,258**	**126,181**		**(156,119)**		**75,687**		**1,084,131**	
Land	**1,184,427**	**-**	**45,295**	**(d)**	**7,120**		**-**		**1,146,252**	
Construction in progress	**46,248**	**37,025**	**-**		**(219)**		**-**		**83,054**	
	$ 2,623,535	**$ 86,283**	**$ 171,476**		**$ (149,218)**		**$ 75,687**		**$ 2,313,437**	

	2017									
	Net balances at year start	Additions	Disposals		Transfers and others		Depreciation /loss from revaluation		Net balances at year end	Estimated useful lives (years)
Vessels	$ 8,028,276	$ 99	$ 2,113		$ (6,424,674)	(a)	$ 483,338	(b)	$ 1,118,250	25
Shipyard	363	-	-		-		45		318	40
Major vessel maintenance	4,457	62,172	-		(1,266)		52,755		12,608	2.5
Buildings and facilities	253,396	-	-		-		11,192		242,204	20 and 25
Warehousing equipment	1,242	-	-		-		595		647	10
Computer equipment	794	272	-		-		510		556	3 and 4
Terminal equipment	3,319	425	-		4,118		977		6,885	10
Ground transportation equipment	4,203	508	-		1,247		2,207		3,751	4.5 and 10
Other equipment	9,556	226	-		(67)		2,074		7,641	
	8,305,606	63,702	2,113		(6,420,642)		553,693		1,392,860	
Land	1,060,661	-	41		148,807		25,000		1,184,427	
Construction in progress	198,605	16,520	13,127		(155,750)		-		46,248	
	$ 9,564,872	$ 80,222	$ 15,281		$ (6,427,585)		$ 578,693		$ 2,623,535	

All the amounts for depreciation and for loss from revaluation are included as part of the depreciation, amortization and loss from revaluation on the consolidated statements of profit or loss.

The accumulated depreciation on property, vessels and equipment at December 31, 2018 and 2017 is $365,264 and $313,926, respectively. The decrease is basically due to the recognition of the fair value of the vessels; therefore, its accumulated depreciation was cancelled.

(a) In 2018 is comprised primarily for revaluation surplus by $161,411. In 2017 is comprised primarily for revaluation surplus by $941,957 net of reduction for deconsolidation of TMM DM in a total of $7,445,415.

(b) In 2017 includes $56,213 loss from revaluation of two vessels.

(c) On May 7, 2018, was formalized the sale of the chemical tanker Maya to Yangzijiang Express Shipping PTE. LTD, by TMM Parcel Tankers, S.A. de C.V., subsidiary of Grupo TMM.

(d) The sale agreement of the land located in Santiago Tlaltepoxco in the Municipality of Huehuetoca, State of Mexico, between Comercializadora Columbia, S.A. de C.V. and Inmobiliaria TMM, S.A. de C.V., a subsidiary of Grupo TMM, was entered into on March 27, 2018.

(e) At 2018 year end, the supply vessel 'Subsea 88' suffered a major mishap in one of its areas and for which it stopped operating. As at December 31, 2018, Grupo TMM was making the corresponding insurance claims without a final settlement having been issued on the mishap as of that date. Since the repair of the ship requires a substantial time that affects future cash flows, Management recognized a loss in fair value in the amount of $206,076. As at the issue date of the consolidated financial statements, the final opinion has not been issued by the insurance company.

If the cost model had been used, the revalued carrying amounts for vessels, land and properties at December 31, 2018 and 2017, would be as follows:

	2018	2017
Vessels	**$ 400,098**	$ 452,100
Lands	**715,616**	715,616
Properties	**152,249**	156,888
	$ 1,267,963	$ 1,324,604

The revalued amounts include a revaluation surplus of $899,863 and $1,220,277 in 2018 and 2017, respectively, before taxes, which is not available for distribution to stockholders.

Fair value measurement

See Note 25 regarding the measuring of fair value for vessels and properties.

Guarantees

At December 31, 2018 and 2017, 4 vessels (5 vessels in 2017) are securing financial debt with 'Act Maritime, LLC.' and 'B.V. Scheepswerf Damen Gorinchem', as well as the financial lease with 'FTAI Subsea 88'. Likewise, there are 2 properties in 2018 and 2017 securing various bank loans.

10 Concession rights

The Company holds concessions to operate the cruise and vehicle terminal at the port of Acapulco, Guerrero and the tugboat services at the port of Manzanillo, Colima. Under these concession agreements, the Company is obliged to keep the facilities included in the concession in good condition. At the end of the concessions, these facilities will revert to the federal government.

Therefore, the concession rights and the partial rights assignments provide for rights in favor of the federal government (see Note 28).

At December 31, 2018 and 2017, the Company was in compliance with its obligation to maintain the concessioned facilities in good condition.

The concession rights at December 31, 2018 and 2017 are summarized as follows:

	2018	2017	Years to amortize
Administración Portuaria Integral de Acapulco (a)	**$ 94,607**	$ 94,607	10
Transportación Marítima Mexicana (b)	**30,266**	30,266	-
	124,873	124,873	
Accumulated amortization	**(115,414)**	(111,629)	
Concession rights, net	**$ 9,459**	$ 13,244	

The amortization of the concession rights was $3,785 for the years ended December 31, 2018 and 2017.

(a) Concession expires June 2021.

(b) Renewal expires January 16, 2023, with the possibility of renewing for another 8 years. In January 2007, the total value of this concession was amortized prior to the renewal.

11 Other non-current assets

Other non-current assets at December 2018 and 2017 are as follows:

	2018	2017
Prepaid expenses	**$ 42,406**	$ 29,535
Security deposits	**18,344**	7,076
Other equity investments	**5,988**	5,989
Services & Solutions Optimus, S.A. de C.V. (b)	**(1,217)**	(1,217)
Almacenes de Jugos Cítricos de México, S.A.P.I. de C.V. (a)	**-**	-
TMM División Marítima, S.A. de C.V. (c)	**-**	-
	$ 65,521	$ 41,383

(a) In July 2014, Grupo TMM contributed $40,000 to the capital stock of Almacenes de Jugos Citricos de Mexico, S.A.P.I. de C.V., which represents 21% of the voting shares. Since this entity has not started up operations as at the issue date of the consolidated financial statements, Company Management decided reserve the investment in its entirety.

(b) On February 24, 2016, Grupo TMM entered into a ‘Project Development Contract’, through its subsidiary Services & Solutions Optimus, S. de R.L. de C. V. (Optimus) with TransCanada and Sierra Oil & Gas, through its subsidiary Caoba Energia, S. de R.L. de C.V. (an unrelated third party, henceforth ‘Caoba’), whereby a petroleum liquid terminal (‘Tuxpan Project’) will be developed.

In accordance with the Project Development Contract, on February 29, 2016, Caoba contributed the capital stock of Optimus in the amount of $4,563, thereby diluting the equity of Grupo TMM to 50%, and granting joint control to the parties to this agreement. The foregoing is classified as a joint venture. In addition, Grupo TMM and Caoba would contribute $6.16 million dollars each one for a total contribution amounting to $12.333 million dollars in the capital stock of Optimus, which should be paid within a period of 3 years as of May 26, 2016.

Caoba would make the payment on capital stock through a payment in kind of costs and expenses related to the Tuxpan Project, and Grupo TMM will capitalize that Optimus has in benefit of the Company, derived from the sale of the land (see Notes 19).

As discussed in Note 29, on February 14, 2019, the Company acquired the remaining 50% of this joint venture (Optimus) from TransCanada and Sierra Oil & Gas. Consequently, effective on such date, Optimus will be a 100% subsidiary of Grupo TMM. The purpose of this acquisition is to continue to develop hydrocarbon and refined oil product storage and transportation infrastructure, such as gasoline, diesel, and turbosine in the Port of Tuxpan, to meet the growing demand thereof.

(c) As discussed in Note 4, the Company lost control of its subsidiary TMM DM in 2017, retaining 15% equity in its capital and exercising significant influence. Accordingly, this investment has been classified as an investment in associate. As at December 31, 2018 and 2017, the value of this investment is nil, since the stockholders' equity of TMM DM is negative. Moreover, in accordance with the statutes of TMM DM, the stockholders only assume obligation in connection with their equity up to the amount thereof.

12 Intangible assets

Intangible assets at December 31, 2018 and 2017 are summarized as follows:

	2018					
	Net balances at year start	Additions (Disposals)	Transfers and others	Amortization	Net balances at year end	Estimated useful life (years)
Software	**$ 2,362**	**$ -**	**$ -**	**$ 1,453**	**$ 909**	3 and 5
Trademark (a)	**125,528**	**-**	**-**	**-**	**125,528**	Indefinite
	$ 127,890	**$ -**	**$ -**	**$ 1,453**	**$ 126,437**	

	2017					
	Net balances at year start	Additions (Disposals)	Transfers and others	Amortization	Net balances at year end	Estimated useful life (years)
Software	$ 8,114	$ -	$ (4,079)	$ 1,673	$ 2,362	3 and 5
Trademark (a)	125,528	-	-	-	125,528	Indefinite
	$ 133,642	$ -	$ (4,079)	$ 1,673	$ 127,890	

(a) Corresponds to the rights on the Marmex trademark associated with the specialized maritime division segment, specifically the offshore vessels operation. This trademark is subject to annual impairment testing.

The accumulated amortization of intangible assets at December 31, 2018 and 2017 is $4,236 and $10,822, respectively.

13 Impairment of long-lived assets

At December 31, 2018 and 2017, Grupo TMM had performed annual impairment tests. The recoverable amounts of the cash generating units were determined based on calculations of the value in use and fair value less costs of sale as follows:

Vessels and trademark

Vessels are identifiable assets that individually generate cash flows which are largely independent from the flows from other assets or groups of assets. The trademark is considered an asset that does not generate flows independently, therefore this was grouped with the vessels as a cash-generating unit (specialized maritime division segment) together with other long-lived assets in this segment.

The recovery value for these assets was determined as the higher between their value in use and their market value, less selling costs. At December 31, 2018 and 2017, no impairment losses were determined for these assets.

Properties

The recoverable value of properties was determined as their fair value less costs of sale, which are considered immaterial in terms of the fair value. The determination of fair value is described in Note 25. At December 31, 2018 and 2017 no impairment losses were determined for these assets.

Corporate assets and other long-lived assets

These assets are not identified with any cash-generating unit, therefore these were evaluated at the Grupo TMM level. The recoverable amount of these assets was determined as their value in use. At December 31, 2018 and 2017, no impairment losses were determined for these assets.

The recoverable amounts for cash-generating units were determined based on calculations of the value in use, covering a detailed three-year projection, followed by an extrapolation of the cash flows expected for the useful lives remaining for the assets using the growth rates determined by Management.

The present value of the cash flows expected for each segment was determined applying an appropriate discount rate.

	2018		2017	
	Growth rate	**Discount rate**	Growth rate	Discount rate
Vessels	**2.00 %**	**7.18 %**	2.00 %	7.18%

Growth rates

The growth rates reflect the long-term average for these rates for the specialized maritime segment (all publicly available).

Discount rates

The discount rate reflects adequate adjustments associated with the market risk and the specific risk factors.

Cash flow assumptions

The key assumptions of Management for the specialized maritime segment include stable profit margins, which have been determined based on experience in this market. Grupo TMM Management considers this to be the best information available to forecast this market. The cash flow projections reflect stable profit margins achieved before the period covered by said projections. No consideration has been given to efficiency improvements and prices and salaries reflect the inflation projected for the industry, which are publicly available.

In addition to the considerations described above for determining the value in use of assets and the cash-generating units described above, Management is currently not aware of any other probable change that could require changes in their estimate. However, the estimate for the recoverable amount for the specialized maritime segment is particularly sensitive to the discount rates. If the discount rate used increases 1%, the value in use would decrease up to 6.61% in terms of the value determined, the value that continues to exceed the carrying value of the aforementioned assets.

14 Financial assets and liabilities

Categories of financial assets and liabilities

The financial assets and liabilities at December 31, 2018 and 2017 are summarized as follows:

		2018		2017
Financial assets				
Valued at amortized cost				
Cash and cash equivalents	**$**	**278,842**	$	422,083
Restricted cash		**39,313**		39,471
Trade receivables		**179,233**		182,623
Other accounts receivable		**226,508**		143,925
Related parties		**207,964**		217,188
Total current financial assets	**$**	**931,860**	$	1,005,290
Financial liabilities				
Valued at amortized cost				
Short-term portion of the financial debt	**$**	**223,362**	$	502,361
Trade payables		**262,090**		169,072
Accounts payable and accrued expenses		**346,505**		339,426
Related parties		**18,379**		34,756
Total short-term portion of the financial debt		**850,336**		1,045,615
Long-term financial debt		**392,063**		396,257
Total financial liabilities	**$**	**1,242,399**	$	1,441,872

At December 31, 2018 and 2017, the carrying value of the financial assets and liabilities at amortized cost is considered similar to their fair value.

The information for financing at December 31, 2018 and 2017 is summarized as follows:

	2018		2017	
	Short-term	**Long-term**	Short-term	Long-term
Payable in Mexican pesos				
***Daimler Financial Services México, S. de R.L. de C.V.*(a)**	**$ 8,191**	**$ 18,579**	$ 17,218	$ 21,246
Recognition of debt and substitution of debtor for $40.9 million at a fixed rate of 12%, with monthly payments of principal and interest and maturing November 2019. In order to improve the profile of the schedule of payments, a new debt recognition was formalized on October 11, 2018, in the amount of $28 million at a 12.9% fixed rate, with monthly payments on principal and interest, due October 2021.				
Banco Autofin México, S.A. Institución de Banca Múltiple	**23,342**	**52,036**	19,559	55,930
Five lines of credit with mortgage surety for $45.8, $34.6, $25.5, $21.6, and $8.4 million at a variable rate of the 28- day TIIE plus 450 basis points, with monthly payments of principal and interest, maturing September 2021. On November 26, 2018, a new line of credit was drawn down in the amount of $20 million at a variable rate at 28-day TIIE, plus 550 base points, due November 2023.				
***INPIASA, S.A. de C.V.* (b)**	**1,566**	**2,610**	1,566	4,175
Contract for line of credit, the first for $15.7 million at a variable rate of the 28-day TIIE plus 450 basis points, with monthly payments of principal and interest, and maturing August 2021.				
***Banco del Bajío, S.A.* (b)**	**1,304**	**-**	1,423	1,304
$8.5 million line of credit at a variable rate of the 28-day TIIE plus 250 points, with monthly payments of principal and interest, and maturing November 2019.				
***HSBC, S.A.* (b)**	**1,629**	**2,173**	1,629	3,802
$9.77 million line of credit at a variable rate of the 28-day TIIE plus 300 points, with monthly payments of principal and interest, and maturing April 2021.				
***Banco del Bajío, S.A. Intemza*(b)**	**1,264**	**842**	1,264	2,106
$9.36 million line of credit at a variable rate of the 28-day TIIE plus 250 points, with monthly payments of principal and interest, and maturing August 2020.				

	2018		2017	
	Short-term	**Long-term**	Short-term	Long-term
CI Banco S.A. Institución de Banca Múltiple $40 million line of credit at a variable rate of the 28-day TIIE plus 150 points, with monthly payments of principal and interest on outstanding balances, and maturing November 2018.	**-**	**-**	15,000	-
Interest payable	**6,801**	**-**	2,213	-
	44,097	**76,240**	59,872	88,563
Payable in US dollars				
***DVB Bank América, NV* (c)** Two lines of credit with mortgage surety; the first for US$25.0 million (approximately $485.2 million) at an average rate of 7.42% and maturing May 2017. The second, for US$27.5 million, at an average rate of 7.78%, and maturing June 2017. The restructuring of the payment schedule and outstanding balance amounting to $16 million dollars was formalized in June 2017, with a variable Libor rate at 90 days plus 325 points, with monthly payments on principal and interest on unpaid balances, due June 2018. On May 17, 2018, the total line was prepaid in the original amount of $25 million dollars. The Company was awarded an extension of the due date of the second line, which originally amounted to $27.5 million dollars. It was entirely liquidated on September 19, 2018.	-	-	282,677	-
ACT Maritime, LLC (c) A line of credit at 5 years was contracted in September 2018 in the amount of $5.52 million dollars with a variable Libor rate at 90 days plus 750 points, with quarterly payments of principal and interest, due September 2023. The total credit line that it had with DVB Bank America NV was totally liquidated with the proceeds of this line.	**15,330**	**81,452**	-	-
***DEG-Deutsche Investitions – UND* (d)** US$8.5 million line of credit with pledge surety at 8.01% fixed rate, with semiannual payments of principal and interest on outstanding balances, with a two-year grace period on the principal and maturing July 2014.	**35,382**	**-**	23,682	29,603

	2018		2017	
	Short-term	**Long-term**	Short-term	Long-term
On September 2, 2016, the restructuring of the outstanding balance amounting to $4.1 million dollars (approximately 80.9 million) by extending the due date up to December 2019, with quarterly payments on principal and interest on the unpaid balance at a variable Libor rate at 90 days plus 550 points for the first 4 quarters, 650 points for the next 4 quarters, 750 points for the net 4 quarters, and finally 900 points for the last 2 quarters. In order to have a better payment profile, the Company is negotiating with the bank to extend the credit term.				
Other (e) Unsecured credits were contracted, each one amounting to $3 million dollars at a fixed rate of 11.25%, with semester payments on principal and interest, originally due January 2016. Both credits were contracted again in January 2017, and $1 million dollars on one of them was paid and both were due in July 2017. The payment rescheduling and outstanding balance amounting to $5 million dollars were formalized in July 2017, with a fixed rate of 11.25% with monthly payments on interest and principal, due July 2018. A new rescheduling of payments and unpaid balance amounting to $4.5 million dollars was formalized in July 2018, with an 11.25% fixed rate with monthly interest payments. The principal amounting to $500 thousand dollars was paid in July 2018, and the balance of 4.5 million dollars is due in July 2019.	**88,455**	**-**	98,677	-
FTAI Subsea 88, Ltd US$10.8 million line of credit through financial leasing, at 15.92% fixed rate with monthly payments of principal and interest on outstanding balances and maturing November 2023. The Company has been in a negotiation process with the finance entity to improve its debt payment profile since October 2018, due to the incident of the ship financed in November 2018. (See Note 9)	**14,755**	**157,986**	10,954	171,479
	153,922	**239,438**	415,990	201,082

	2018		2017	
	Short-term	**Long-term**	Short-term	Long-term
Payable in euros				
B V Scheepswerf Damen Gorinchem Opening line of credit amounting to $7.58 million euros (approximating $159.2 million), at a 7.0% fixed rate with semester payments on principal and interest on unpaid balances and due November 2022.	**25,343**	**76,385**	26,499	106,612
	25,343	**76,385**	26,499	106,612
	$ 223,362	**$ 392,063**	$ 502,361	$ 396,257

(a) On October 11, 2018 Company concluded a new restructuring process of the payment schedule due in October 2021.

(b) They correspond to judicial and private agreements signed for the debt recognition with respect to Deposit Certificates secured and backed by Almacenadora de Depósito Moderno, S.A. de C.V. (ADEMSA), related party.

(c) The total line was prepaid in the original amount of $25 million dollars on May 17, 2018. The Company was awarded an extension of the due date of the second line, which originally amounted to $27.5 million dollars up to September 19, 2018, date on which the line with DVB Bank America, NV was entirely paid. This payment was made with the proceeds of a new line of credit with ACT Maritime, LLC. (Subsidiary of Alterna Capital Partners, LLC.) in the amount of $5.52 million dollars at a 5 year term.

(d) The Company formally completed the restructuring of the payment schedule and the new due date will be on December 15, 2019. The Company started negotiations with the Bank to extend the due date of the credit and improve its amortization profile.

(e) On July 19, 2018, both loans were re-contracted, extending the term to July 19, 2019. On the date of authorization of issuance of these consolidated financial statements, the Company is up to date with its obligations.

Covenants

Some of the agreements related to the abovementioned loans contain certain covenants including the observance of certain financial ratios, restrictions on dividend payments, and sales of assets, among others. As at December 31, 2018 and 2017, Grupo TMM and subsidiaries complied with the covenants set forth in those contracts.

The interest expense on the trust certificates and bank loans was $80,580 and $1,039,856 for the periods of twelve months ended December 31, 2018 and 2017, respectively.

The maturity of the long-term financial debt at December 31, 2018 and 2017 is as follows:

Maturity	2018	2017
2019	**$ -**	$ 115,683
2020	**99,363**	65,390
2021	**95,243**	61,711
2022	**72,985**	48,538
2023	**124,472**	104,935
	$ 392,063	$ 396,257

(a) There is no financing due subsequent to 2023.

15 Balances and transactions with related parties

The accounts payable and transactions with related parties at December 31, 2018 and 2017 are summarized as follows:

	2018		2017	
	Receivable	**Payable**	Receivable	Payable
Optimus (see Note 11)	**$ 59,098**	**$ -**	$ 59,098	$ -
SSA México, S.A. de C.V. (a)	**-**	**18,379**	-	34,756
TMM DM (b)	**148,866**	-	158,090	-
	$ 207,964	**$ 18,379**	$ 217,188	$ 34,756

(a) SSA México, S.A. de C.V., is a company with which Grupo TMM and Administración Portuaria Integral de Acapulco, S.A. de C.V. conduct leasing operations and consulting.

(b) The balances with TMM DM arise due to the loss of control of the latter and are related to the maritime operations of TMM DM with the Group.

The most relevant transactions with related parties at December 31, 2018, 2017 and 2016 are summarized as follows:

	2018	2017	2016
Income:			
Gain on sale of fixed assets (see Note 9)	**$ -**	$ -	$ 54,679
Maritime services provider (c)	**187,426**	-	-
Leases (a)	**66**	788	788
	$ 187,492	$ 788	$ 55,467
Expenses:			
Other expenses (b)	**$ 366**	$ 415	$ 346

(a) Grupo TMM, S.A.B. lease operations with SSA México, S.A. de C.V.

(b) Management consulting provided by SSA México, S.A. de C.V. to Administración Portuaria Integral de Acapulco, S.A. de C.V.

(c) Maritime services provider between TMM Direccion Corporativa, S.A. de C.V, subsidiary of Grupo TMM and TMM DM, related party.

Transactions involving executive personnel for the years ended December 31, 2018, 2017 and 2016 include the following expenses:

	2018	2017	2016
Short-term benefits			
Salaries	**33,790**	$ 31,065	$ 37,768
Social security costs	**462**	471	623
	$ 34,252	$ 31,536	$ 38,391

16 Accounts payable and accrued expenses

Accounts payable and accrued expenses at December 31, 2018 and 2017 are shown as follows:

	2018	2017
General expenses	**$ 149,621**	$ 143,409
Purchased services	**92,176**	91,122
Operating expenses	**45,187**	42,035
Taxes payable	**11,018**	1,492
Salaries and wages	**1,404**	1,678
Other	**58,117**	62,182
	$ 357,523	$ 341,918

17 Stockholders' equity

Capital stock

At December 31, 2018 and 2017, the Company's capital stock is comprised of 102,182,841 shares outstanding, registered, without par value, and with voting rights, which may be held by Mexican nationals, investors, or companies that include in their bylaws the exclusion of foreigners clause. Foreigners may acquire shares under the figure of American Depository Shares ('ADSs').

The TMM ADSs are traded 'Over-The-Counter' ('OTC') under the listing code GTMAY. The underlying TMM common shares for the ADSs continue to be traded on the Mexican Stock Exchange under the listing code TMM A.

Net tax profit account (CUFIN)

As at December 31, 2018 and 2017, the restated balance of the Net Taxable Income Account (CUFIN *for its acronym in Spanish*) of the Holding Company amounts to $3,514,258 and $3,326,220, respectively, which was generated up to December 31, 2013. No new balances have been generated in this account thereafter

Dividends or earnings distributed to stockholders that are paid out of the CUFIN balance generated up to December 31, 2014 will not be subject to income tax until that balance is exhausted. Moreover, those balances paid out of the CUFIN generated beginning fiscal 2014 paid to individuals or foreign residents are subject to a 10% tax, which is final.

Dividends not drawn from the CUFIN, in addition to the above, will continue to be subject to income tax, paid by the entity, based on the general rate set by law, which is definitive and may be credited against the income tax for this and the next two years. The balance in these accounts is susceptible to adjustment to the distribution date using the Mexican Consumers' Price Index (INPC).

Capital decreases

At December 31, 2018 and 2017, the current balance in the Capital Contribution Account (CUCA for its *acronym in Spanish*) is $4,590,566 and $4,379,058, respectively. In the event of capital reimbursement or decreases in favor of stockholders, the surplus for said reimbursement on this amount will be treated as a distributed earning.

In the event the equity capital exceeds the balance in the CUCA, the difference will be considered a dividend or distributed earning subject to the payment of income tax. If the earnings in reference come from the CUFIN, there will be no corporate tax due for the capital decrease or reimbursement. Otherwise, these will be treated as dividends or distributed earnings.

Other components of equity

Details of other components of equity at December 31, 2018 and 2017 are shown following:

	Statutory reserve	Defined benefit plan	Premium on convertible obligations	Translation result	Revaluation surplus	Total
Balance at December 31, 2016	$ 216,948	$ (136,441)	$ 77,106	$ (247,668)	$ 2,353,163	$ 2,263,108
Revaluation of vessels and properties	-	-	-	-	941,957	941,957
Defined benefit plan	-	319	-	-	-	319
Reclassification from disposal of properties and depreciation	-	-	-	-	(2,073,235) (a)	(2,073,235)
Total before taxes	-	319	-	-	(1,131,278)	(1,130,959)
Tax expense	-	(96)	-	-	(282,587)	(282,683)
Total net of taxes	-	223	-	-	(1,413,865)	(1,413,642)
Balance at December 31, 2017	$ 216,948	$ (136,218)	$ 77,106	$ (247,668)	$ 939,298	$ 849,466
Revaluation of vessels	**-**	**-**	**-**	**-**	**(161,411)**	**(161,411)**
Defined benefit plan	**-**	**15,430**	**-**	**-**	**-**	**15,430**
Reclassification from disposal of properties and depreciation					**(40,335)**	**(40,335)**
Total before taxes	**-**	**15,430**	**-**	**-**	**(201,746)**	**(186,316)**
Tax expense	**-**	**(4,629)**	**-**	**-**	**48,423**	**43,794**
Total net of taxes	**-**	**10,801**	**-**	**-**	**(153,323)**	**(142,522)**
Balance at December 31, 2018	**$ 216,948**	**$ (125,417)**	**$ 77,106**	**$ (247,668)**	**$ 785,975**	**$ 706,944**

(a) It corresponds to the reclassification of the revaluation surplus to accumulated losses from the sale of properties and to the depreciation of the period of revaluation of properties and vessels.

18 Revenues

The revenues at December 31, 2018, 2017 and 2016 are summarized as follows:

	2018	2017	2016
Maritime			
Parcel tankers	**$ 312,305**	$ 298,631	$ 327,202
Maritime administration services	**187,426**	-	-
Bulk Carrier	**144,664**	40,693	-
Shypyard	**138,517**	65,429	68,745
Offshore vessels	**56,506**	826,264	978,282
Tugboats	**70,037**	270,225	322,136
Tankers	**-**	450,078	471,220
Ports and terminals			
Port services	**101,688**	67,937	64,230
Shipping agencies	**64,283**	66,259	52,478
Logistics, warehousing and other businesses			
Repair of containers	**234,534**	183,966	149,098
Warehousing	**160,991**	149,894	126,070
Intermodal terminal	**47,581**	40,677	38,585
Automotive services	**4,534**	4,886	3,219
Others business	-	-	46,219
Total consolidated revenue	**$ 1,523,066**	$ 2,464,939	$ 2,647,484

The Company's revenues do not show any particular grouping characteristic, such as by type of customer (government and private), geographic zone, etc. The main grouping is shown based on the type of revenue for each segment. Moreover, as discussed in Note 3.17, all of the Company's revenues are recognized over time.

19 Other income

Other income (expenses) at December 31, 2018, 2017 and 2016 is summarized as follows:

	2018	2017	2016
Gain (loss) from the sale of subsidiaries (a)	**$ 111,484**	$ (273,032)	$ -
Recoveries of taxes paid in prior years, net of expenses for recovery	**(3,919)**	43,884	-
Cancellation of projects	**(5,604)**	(13,127)	(6,240)
Other, net	**664**	1,554	2,576
Gain from loss of control of subsidiary TMMDM (see Note 4)	**-**	3,458,467	-
Income from sale of fixed assets (b) (Note 11)	**-**	-	56,534
	$ 102,625	$ 3,217,746	$ 52,870

(a) In 2018 and 2017, corresponds to the income from the sale of subsidiaries (see Note 4).

(b) It includes the sale of a land to Optimus on June 20, 2016 (see Note 11).

20 Interest expense and other financial costs

This line at December 31, 2018, 2017 and 2016 is comprised as follows:

	2018	2017	2016
Interest on other loans	**$ 80,580**	$ 97,590	$ 98,630
Amortization of transaction cost associated with other loans	**2,164**	4,137	6,011
Other financial expenses	**2,146**	3,802	3,645
Interest on trust certificates	**-**	942,266	684,829
Transaction cost of mandatorily convertible debentures into shares	**-**	87,482	-
Amortization of trust certificate transaction cost	**-**	75,209	76,152
	$ 84,890	$ 1,210,486	$ 869,267

21 Income tax and tax loss carryforwards

Income Tax

Results for the year

Grupo TMM and Subsidiaries incurred combined tax profits (losses) for the years ended December 2018 and 2017, in the amounts of $157,448 and $(432,139), respectively. Most of the companies that generated taxable income fully offset them against tax losses from prior years. Income tax recognized in profit or loss corresponds to subsidiaries that generated taxable income of $15,997 and $10,000, respectively.

The difference between taxable and book income is due primarily to the net effect of the gain or loss on inflation recognized for tax purposes, the difference between tax and book amortization and depreciation, non-deductible expenses, gain from loss of control of subsidiary, as well as certain temporary differences reported in different periods for financial and tax purposes.

In accordance with the currently enacted Income Tax Law, the rate for 2016, 2017, 2018, and subsequent years is 30%.

The provision for income tax recognized in the statement of profit or loss for the years ended December 31, 2018, 2017 and 2016 is shown following:

	2018	2017	2016
Income tax	**$ (4,799)**	$ (3,000)	$ (3,433)
Deferred income tax	**-**	(513,732)	272,048
Total income tax (expense) benefit	**$ (4,799)**	$ (516,732)	$ 268,615

The reconciliation between the provision for income tax based on the statutory income tax rate and the provision recorded by the Company at December 31, 2018, 2017 and 2016 is as follows:

	2018	2017	2016
Profit (loss) before taxes	**$ 28,348**	$ 1,846,311	$ (775,179)
Income tax	**(8,504)**	(553,893)	232,554
(Decrease) increase from:			
Difference in depreciation and amortization	**(56,356)**	503,479	48,701
Revaluation surplus	**(48,424)**	265,723	132,019
Income recognized in advance	**(62)**	(1,678)	(8,261)
Materials and supplies	**(19,888)**	5,503	(15,673)
Inflationary and currency exchange effects on monetary assets and liabilities, net	**(26,686)**	(203,983)	(102,928)
Tax losses – net	**206,485**	(1,255,433)	116,906
Provisions and allowance for doubtful accounts	**(44,609)**	(183,963)	(63,803)
Difference between the tax and book value for the sale of assets	**(15,551)**	(435)	(60,277)
Difference between the tax and book value for the sale of shares	**20,800**	956,613	20,136
Non-deductible expenses	**(12,004)**	(48,665)	(30,759)
Provision for income tax	**$ (4,799)**	$ (516,732)	$ 268,615

The components of deferred tax liability at December 31, 2018 and 2017 are comprised as follows:

	2018	2017
Concession rights and property, vessels and equipment	**$ (580,703)**	$ (619,651)
Portion of tax loss carryforwards for subsequent years	**308,380**	279,334
Inventories and provisions – net	**45,520**	65,091
Total deferred tax liability	**$ (226,803)**	$ (275,226)

Tax loss carryforwards

At December 31, 2018, Grupo TMM and its subsidiaries, report the following cumulative tax losses, which are restated applying the INPC factors according to Mexican law.

Year in which the loss was incurrred	Amounts	Year of expiration
2009	**$ 87,963**	2019
2010	**149,754**	2020
2011	**86,080**	2021
2012	**184,313**	2022
2013	**227,106**	2023
2014	**148,867**	2024
2015	**64,961**	2025
2016	**362,084**	2026
2017	**72,102**	2027
2018	**183,172**	2028
	$ 1,566,402	

22 Segment reporting

The Company operates in the following segments: i) specialized maritime transportation, ii) logistics, and iii) ports and terminals, iv) warehousing. Specialized maritime transportation operations ('Specialized Maritime Division') include transportation of bulk liquid products, materials, and provisions for drilling platforms, as well as towing services for ships. Logistics solution service operations ('Logistics Division'). Operations at ports and terminals ('Port and Terminal Division') include loading and unloading, storage at maritime port terminals, and shipping agency operations. Storage operations ('Storage Division') include storage and management of the facilities and bonded warehouses.

There are no changes in the measuring methods used to calculate the earnings reported for each segment. The information for each operating segment is as follow:

December 31, 2018	Specialized maritime division	Logistics division	Ports and terminal division	Warehousing division	Other businesses and shared accounts	Total consolidated
Revenue	$ 909,455	$ 286,649	$ 165,971	$ 160,991	$ -	$ 1,523,066
Costs and expenses	(727,535)	(248,364)	(106,993)	(165,388)	(473)	(1,248,753)
Corporate expenses	-	-	-	-	(198,404)	(198,404)
Depreciation and amortization	(59,451)	(2,772)	(9,616)	(1,305)	(7,133)	(80,277)
Trasnportation profit (loss)	$ 122,469	$ 35,513	$49,362	$ (5,702)	$ (206,010)	$ (4,368)
Costs, expenses and revenue not allocated						27,917
Net profit for the year						$ 23,549
Total assets by operating segment	$ 2,641,105	$ 55,586	$ 1,766,631	$ 238,740	$ -	$ 4,702,062
Shared assets	-	-	-	-	(920,978)	(920,978)
Total assets	$ 2,641,105	$ 55,586	$ 1,766,631	$ 238,740	$ (920,978)	$ 3,781,084
Total liabilities by operating segment	$ 887,042	$ 19,055	$ 255,460	$ 66,515	$ -	$ 1,228,072
Shared liabilities	-	-	-	-	428,754	428,754
Total liabilities	$ 887,042	$ 19,055	$ 255,460	$ 66,515	$ 428,754	$ 1,656,826
Total capital expenditures by segment	$ 42,745	$ 592	$ 13,176	$ 582	$ -	$ 57,095
Shared capital expenditures	-	-	-	-	29,188	29,188
Total capital expenditures	$ 42,745	$ 592	$ 13,176	$ 582	$ 29,188	$ 86,283

December 31, 2017	Specialized maritime division	Logistics division	Ports and terminal division	Warehousing division	Other businesses and shared accounts	Total consolidated
Revenue	$ 1,951,320	$ 229,529	$ 134,196	$ 149,894	$ -	$ 2,464,939
Costs and expenses	(1,386,282)	(193,826)	(112,771)	(180,356)	(1,123)	(1,874,358)
Corporate expenses	-	-	-	-	(205,622)	(205,622)
Depreciation and amortization	(541,030)	(1,660)	(11,143)	(1,205)	(7,877)	(562,915)
Trasnportation profit (loss)	$ 24,008	$ 34,043	$ 10,282	(31,667)	$ (214,622)	$ (177,956)
Costs, expenses and revenue not allocated						1,507,535
Net profit for the year						$ 1,329,579
Total assets by operating segment	$ 5,617,173	$ 38,833	$ 1,904,928	$ 153,196	$ -	$ 7,714,130
Shared assets				-	(3,589,918)	(3,589,918)
Total assets	$ 5,617,173	$ 38,833	$ 1,904,928	$ 153,196	$ (3,589,918)	$ 4,124,212
Total liabilities by operating segment	$ 849,416	$ 19,425	$ 256,121	$ 56,296	$ -	$ 1,181,258
Shared liabilities	-	-	-	-	713,892	713,892
Total liabilities	$ 849,416	$ 19,425	$ 256,121	$ 56,296	$ 713,892	$ 1,895,150
Total capital expenditures by segment	$ 64,054	$ -	$ 9,034	$ 42	$ -	$ 73,130
Shared capital expenditures	-	-	-	-	7,092	7,092
Total capital expenditures	$ 64,054	$ -	$ 9.034	$ 42	$ 7,092	$ 80,222

December 31, 2016	Specialized maritime division	Logistics division	Ports and terminal division	Warehousing division	Other businesses and shared accounts	Total Consolidated
Revenue	$ 2,167,585	$ 190,902	$ 116,708	$ 126,070	$ 46,219	$ 2,647,484
Costs and expenses	(1,385,458)	(158,403)	(100,109)	(169,737)	(46,460)	(1,860,167)
Corporate expenses	-	-	-	-	(194,215)	(194,215)
Depreciation and amortization	(534,525)	(1,908)	(10,489)	(947)	(7,375)	(555,244)
Transportation profit (loss)	$ 247,602	$ 30,591	$ 6,110	$ (44,614)	$ (201,831)	$ 37,858
Costs, expenses and revenue not allocated						(544,422)
Net loss for the year						$ (506,564)
Total assets by operating segment	$ 12,830,358	$ 25,929	$ 1,739,936	$ 148,828	$ -	$ 14,745,051
Shared assets	-	-	-	-	(2,821,750)	(2,821,750)
Total assets	$ 12,830,358	$ 25,929	$ 1,739,936	$ 148,828	$ (2,821,750)	$ 11,923,301
Total liabilities by operating segment	$ 11,107,505	$ 23,874	$ 276,772	$ 47,681	$ -	$ 11,455,832
Shared liabilities	-	-	-	-	(496,521)	(496,521)
Total liabilities	$ 11,107,505	$ 23,874	$ 276,772	$ 47,681	$ (496,521)	$ 10,959,311
Total capital expenditures by segment	$ 160,691	$ -	$ 1,087	$ 139	$ -	$ 161,917
Shared capital expenditures	-	-	-	-	155	155
Total capital expenditures	$ 160,691	$ -	$ 1,087	$ 139	$ 155	$ 162,072

23 Employee benefits

Expense for employee benefits

The expenses recognized for employee benefits are:

	2018	2017	2016
Salaries, benefits and inherent	**$ 347,403**	$ 550,491	$ 654,677
Pensions – defined benefit plans	**21,211**	21,284	(14,764)
	$ 368,614	$ 571,775	$ 639,913

The liabilities recognized for pensions and other employee remunerations in the consolidated statement of financial position are comprised as follows:

	2018	2017
Long-term:		
Pensions and seniority premium	**$ 151,002**	$ 150,873
Termination of employment	**25,604**	24,687
	$ 176,606	$ 175,560

The liabilities for employee benefits, short term, are included in the line 'Accounts payable and accrued liabilities' in the consolidated statements of financial position, which at December 31, 2018 and 2017 are $1,404 and $1,678, respectively.

Remunerations on the termination of employment

The seniority premiums and the retirement plan ('pensions') obligations are based on actuarial calculations using the projected unit credit method. Pension benefits are based mainly on years of service, age, and salary level upon retirement.

The amounts charged to operations include the amortization of the cost of past services over the average time of service remaining. The Company continues with its policy of recognizing actuarial losses and gains for seniority premiums and pensions in the consolidated statement of operations, the actuarial (loss) gain net of taxes for 2018 and 2017 was $10,801 and $223, respectively.

The plan exposes Grupo TMM to such risks as interest rate, investment, mortality, and inflation.

Interest rate risk

The present value of the defined benefits obligation is calculated using a discount rate making reference to the market performance of high-quality corporate bonds.

The estimated term for the bonds is consistent with the estimated term for the defined benefits obligation and is denominated in pesos. A decrease in the market performance of high-quality corporate bonds will increase the defined benefits obligation of Grupo TMM, although this is expected to be partially compensated by an increase in the fair value of certain of the plan's assets.

Investment risk

The plan assets are predominantly capital and debt instruments traded on the Mexican Stock Exchange which are considered low risk.

Mortality risk

Grupo TMM provides benefits for life to those who are covered by the defined benefits liability. An increase in the life expectancy of such persons will increase the defined benefits liability.

Inflation risk

A significant proportion of the defined benefits obligation is linked to inflation. An increase in the inflation rate will increase the Company's obligation.

The details of the net cost for the period for seniority premiums and termination of employment, and also the basic actuarial estimates for the calculation of these labor obligations is shown as follows:

	2018		2017	
	Pensions and seniority premiums	**Termination of employment**	Pensions and seniority premiums	Termination of employment
Current service cost	**$ 4,114**	**$ 1,858**	$ 5,460	$ 1,868
Interest cost	**12,994**	**2,245**	12,015	1,941
Net cost for the period	**$ 17,108**	**$ 4,103**	$ 17,475	$ 3,809

At December 31, 2018 and 2017, the reserve for pensions and seniority premiums, and also for the termination of employment, is comprised as follows:

	2018		2017	
	Pensions and seniority premiums	**Termination of employment**	Pensions and seniority premiums	Termination of employment
Defined benefit obligations	**$ 154,128**	**$ 25,604**	$ 153,572	$ 24,687
Plan assets	**(3,126)**	**-**	(2,699)	-
Total reserve	**$ 151,002**	**$ 25,604**	$ 150,873	$ 24,687

At December 31, 2018 and 2017, the defined benefit obligations (DBO) for pensions and seniority premiums, and also for the reserve for termination of employment, are comprised as follows:

	2018		2017	
	Pensions and seniority premiums	**Termination of employment**	Pensions and seniority premiums	Termination of employment
DBO at period start	**$ 153,572**	**$ 24,687**	$ 144,049	$ 21,809
Current service cost	**4,114**	**1,858**	5,460	1,868
Interest cost	**12,994**	**2,245**	12,015	1,941
Benefits paid	**(165)**	**(214)**	(296)	-
Benefits paid from plan assets	**(8,840)**	**-**	(9,272)	-
Miscellaneous	**300**	**(18)**	908	-
Actuarial losses and gains	**(7,847)**	**(2,954)**	708	(931)
DBO at period end	**$ 154,128**	**$ 25,604**	$ 153,572	$ 24,687

The plan assets at December 31, 2018 and 2017 are comprised as follows:

	2018	2017
Value of the fund at year start	**$ 2,699**	$ 1,651
Expected return on assets	**202**	908
Plan contributions	**8,840**	9,272
Benefits paid	**(8,840)**	(9,272)
Interests of plan assets	**225**	140
Value of the fund at year end	**$ 3,126**	$ 2,699

The changes in the pension plan, seniority premium, and termination of employment plan at December 31, 2018 and 2017 are as follows:

	2018	2017
Reserve for obligations at the beginning of the period	**$ 175,560**	$ 164,207
Cost of the period	**21,211**	21,284
Interest income	**(225)**	(140)
Contributions to the plan	**(8,840)**	-
Benefits paid against the reservation	**(379)**	(9,272)
Miscellaneous	**80**	(296)
Actuarial losses	**(10,801)**	(223)
Reserve for obligations at the end of the period	**$ 176,606**	$ 175,560

The significant actuarial assumptions used for the valuation are:

	2018	2017
Discount rate	**9.25%**	9.25%
Salary increase rate	**4.00%**	4.00%
Inflation rate	**3.50%**	3.50%
Average working life expectancy	**19.30**	19.80

These assumptions were prepared by Management with the assistance of independent actuaries. The discount factors are determined near the end of each year making reference to the market performance of high-quality corporate bonds denominated in the currency in which the benefits will be paid and which have similar maturities to the terms for the pension obligation corresponding. Other assumptions are based on actual reference parameters and Management's historical experience.

At December 31, 2018 and 2017, approximately 17% of the Company's employees work under collective bargaining agreements that are subject to annual salary reviews and biannually for other compensations. At December 31, 2018 and 2017, Grupo TMM has 1,676 and 1,494 employees, respectively.

The significant actuarial assumptions to determine the defined benefits obligation are the discount rate, the salary increase rate, and the average life expectancy. The calculation of the defined benefits obligation is sensitive to these assumptions.

The following table summarizes the effects of changes to these actuarial assumptions on the defined benefits obligations at December 31, 2018:

	1.0% increase	1.0% decrease
Discount rate		
(Decrease) increase in the defined benefits obligation	**$ (5,945)**	**$ 6,325**

	1.0% increase	1.0% decrease
Salary increase rate		
Increase (decrease) in the defined benefits obligation	**$ 4,466**	**$ (4,227)**

	One year Increase	One year Decrease
Average life expectancies		
Increase (decrease) in the defined benefits obligation	**$ 5,134**	**$ (5,292)**

The present value of the defined benefits obligation and also the defined benefits obligation recognized in the consolidated statement of financial position are calculated using the same method (projected unit credit). The sensitivity analyses are based on a change in one assumption without changing the others. This sensitivity analysis may not be representative of the real variance in the defined benefits obligation, as it is unlikely that the change to the assumptions would occur on its own, as some of the assumptions may be correlated.

24 Profit (loss) per share

At December 31, 2018, 2017 and 2016 number of shares outstanding during the year. There are no potentially dilutive instruments outstanding, therefore basic and diluted profit (loss) per share are the same.

25 Fair value measurement

Fair value measures for non-financial assets

The non-financial assets and liabilities measured at fair value in the statement of financial position are grouped into three levels of fair value hierarchy. The three levels are defined based on the observability of relevant data for the measuring, as follows:

- Level 1: quoted prices (without adjustment) in active markets for identical assets and liabilities;
- Level 2: data other than the quoted prices included in Level 1 that are observable for the asset and liability, either directly or indirectly;
- Level 3: non-observable data for the asset or liability.

At December 31, 2018 and 2017 non-financial assets measured at fair value are classified in Level 3 of this hierarchy, as described below:

	2018	2017
Level 3		
Vessels	**$ 782,673**	$ 1,118,250
Buildings and facilities	**238,901**	242,204
Land	**1,146,252**	1,184,427
	$ 2,167,826	$ 2,544,881

As of December 31, 2018 and 2017, the revalued amounts for all the vessels were determined using the revenue technique.

The important information and assumptions are prepared in close collaboration with Management. The valuation processes and changes in the fair value are reviewed by the Administration and Finance Department on the financial reporting date. Additional information on fair value measurement is as follows.

Vessels (Level 3)

For the year ended December 31, 2017, the fair values for the offshore vessels, tugboats, and parcel tankers are estimated based on revenue that capitalizes the estimated revenue cash flows from the leasing of vessels net of operating costs projected, using an appropriate discount rate that reflects the required performance for similar assets. Cash flows are calculated based on the average of international charter rates and operating costs (including maintenance), and also the historical utilization level. The value of vessels is sensitive to changes in these variables.

The most significant information, which is not observable, is the value of the estimated daily rates, the assumptions for the percentage of utilization and the discount rate. The fair value increases if the estimated daily rates and the percentage of utilization increase or if the discount rate (market yields) decreases. The appraisals in general are sensitive to these three assumptions.

Management believes that the range of reasonably possible alternatives is greater for the value of the rates and the percentage of use, and also that there is a correlation between these factors.

The information used for the measurement of fair value at December 31, 2018 was:

	Tugboats	Offshore vessels	Parcel Tankers
Daily rate or fee	5,897 usd	4,903 usd	12,591 usd
Average percentage of utilization	96%	62%	94%
Discount rate	7.65%	7.18%	7.18%

Buildings, facilities and land (Level 3)

The valuation was prepared based on a market focus that reflects the prices observed on recent market transactions involving similar properties and incorporates adjustments for factors specific to the property in question, including land size, location, attachments, and current use.

The most significant information used, which is not observable, is the adjustment for factors specific to the properties in question. The magnitude and direction of this adjustment depends on the characteristics of observable market transactions for similar properties used as the end point for the valuation. Although this information is subjective, Management considers that the global valuation will not be materially affected by reasonably possible alternatives.

At December 31, 2018 and 2017, the reconciliation between the carrying amounts of non-financial assets classified within Level 3 is as follows:

	Vessels	Buildings and Facilities
Balance at January 1, 2018	**$ 1,118,250**	**$ 1,426,631**
Amount recognized in other comprehensive income:		
Revaluation surplus of vessels	**(161,411)**	**-**
Amount recognized in statements of operations:		
Loss on revaluation of vessels	**-**	**-**
	(161,411)	**-**
Additions and disposals, net	**(174,166)**	**(41,478)**
Balance at December 31, 2018	**$ 782,673**	**$ 1,385,153**
Balance at January 1, 2017	$ 8,028,276	$ 1,314,057
Amount recognized in other comprehensive income:		
Revaluation surplus of vessels	941,957	-
Amount recognized in statements of operations:		
Loss on revaluation of vessels	(56,213)	-
	885,744	-
Additions and disposals, net	(7,795,770)	112,574
Balance at December 31, 2017	$ 1,118,250	$ 1,426,631

At December 31, 2018 and 2017, there were no effects from unrealized gains from fair value measurements.

26 Financial instruments risk

The Group is exposed to various risks in relation to financial instruments. The Group's financial assets and liabilities by category are summarized in Note 14. The main types of risks are market risk, credit risk and liquidity risk.

The Group's risk management is coordinated at its headquarters, in close cooperation with the board of directors, and focuses on actively securing short to medium-term cash flows by minimizing the exposure to volatile financial markets.

The Group does not actively engage in the trading of financial assets for speculative purposes nor does it write options. The most significant financial risk to which the Group is exposed are described below:

Market risk

Currency risk

The monetary position for Grupo TMM may be materially affected by variances in the exchange rate between the US dollar and the Mexican peso due to the Company's significant operations in Mexico. The Company does not cover this exposure. Grupo TMM minimizes its exposure effects in foreign currency by contracting financial debt in Mexican pesos.

Grupo TMM also faces transactional currency exposure. This exposure derives from sales and acquisitions made in currencies other than Mexican pesos, Grupo TMM's functional currency. At December 31, 2018 and 2017, approximately 45% and 75%, respectively of Grupo TMM's sales are denominated in US dollars, while approximately 25% the costs and expenses for both years are denominated in US dollars.

At December 31, 2018 and 2017, the Company held monetary assets and liabilities denominated in foreign currencies other than the Mexican peso, translated at the corresponding interbank exchange rate as related to the Mexican peso, as follows:

	2018		2017	
	US $	**Other currencies**	US $	Other currencies
Assets	**$ 484,443**	**$ 1,108**	$ 548,919	$ 1,120
Liabilities	**(637,953)**	**(103,096)**	(828,367)	(134,547)
	$(153,510)	**$ (101,988)**	$ (279,448)	$ (133,427)

At December 31, 2018 and 2017, the exchange rate was Ps 19.6566 and Ps 19.7354 per US dollar, respectively.

At April 29, 2019, release date of the consolidated financial statements, the net position in US dollars, unaudited, was similar to that at December 31, 2018, and the exchange rate was $19.0942 (per dollar).

Sensitivity analysis

The following table shows for the years ended December 31, 2018 and 2017, the sensitivity in operations associated with to the financial assets and liabilities of Grupo TMM and the exchange rate; US dollar (USD)/peso "considering that the rest of the conditions remain unchanged". Assuming a variance of +/- 0.04% for 2018 and 4.73% for 2017 in the peso/USD exchange rate. This percentage was determined based on the volatility of the average exchange rate market over the past 12 months. The sensitivity analysis is based on financial instruments in foreign currency held by Grupo TMM on the reporting date.

If the peso had strengthened or weakened against the USD by 0.04% for 2018 and 4.73% for 2017, this would have had the following impact on the monetary position:

	2018		2017	
	0.04% Increase in the exchange rate	**0.04% decrease in the exchange rate**	4.73% Increase in the exchange rate	4.73% decrease in the exchange rate
Assets in US dollars	**$ 155**	**$ (155)**	$ 25,989	$ (25,989)
Assets in other currencies	**(204)**	**204**	53	(53)
Liabilities in US dollars	**(33)**	**33**	(39,219)	39,219
Liabilities in other currencies	**-**	**-**	(6,370)	6,370
	$ (82)	**82**	$ (19,547)	$ 19,547

The exposure to exchange rates varies during each year, depending on the volume of overseas operations or in foreign currency; however, the above analysis is considered representative of Grupo TMM's exposure to currency risk.

Interest rate risks

Grupo TMM's exposure to the risk of changes in market interest rates is related principally to the long-term debt obligations of Grupo TMM at a variable interest rate.

Grupo TMM's policy is to obtain fixed rated instruments on its loans and, when a loan has a variable interest rate, the Company's policy is to obtain all needed derivative financial instruments in order to fix this rate. At December 31, 2018, the Company had $288.0 and $327.4 million pesos of debt contracted on fixed and variable rates, respectively. At December 31, 2017, the debt contracted on fixed and variable rates was $319.6 and $578.3 million pesos, respectively.

Sensitivity analysis

The following table illustrates the sensitivity in operations at December 31, 2018 and 2017 to a reasonably possible change in the interest rates of +/- 1%. These changes are considered to be reasonably possible based on the current market conditions. The calculations are based on a variance in the average market interest rate for each period and the financial instruments on the reporting date that are sensitive to variances in the interest rates. The rest of the variables remain constant.

	2018		2017	
	+1% Variance	**-1% Variance**	+1% Variance	-1% Variance
Profit or loss for the year	**$ (1,439)**	**$ 1,439**	$ (2,048)	$ 2,048

The impact shown in the above sensitivity is considered the same both in the results of operations and in stockholders' equity.

Concentration of risk

For the year ended December 31, 2018, the Company obtained revenues from TMM DM (related party), Grupo Celanese and Helmsley Management, which represented 17%, 10% and 9%, respectively. None of the remaining customers represent more than 4% of its total revenues. For the year ended December 31, 2017, the Company obtained revenues from Pemex Exploracion y Produccion, P.M.I Trading Limited and Fieldwood Energy E&P Mexico, which represented 16%, 13%, and 13%, respectively. None of the remaining customers represents more than 5% of the total revenues.

The Company permanently monitors the industry development in which its major clients operate, including significant key indicators such as oil prices, to consider it in the process of recognition and measurement of assets and liabilities in the consolidated financial statements.

Credit risk

Credit risk is managed on a group basis, based on the credit risk management policies and procedures of the Group.

Credit risk with respect to cash balances maintained in banks and sight deposits is managed through diversification of bank deposits that are only made with high credited financial institutions. For other receivables, other than trade accounts receivable and contractual assets, the balances are considered immaterial and whose risk of default is null.

The Group continuously monitors the creditworthiness of customers, based on its experience and customer profiles defined by Management. The Group's policy is to deal only with creditworthy counterparties. Credit terms range between 30 and 90 days. Credit terms negotiated with customers are subject to an internal approval process that considers the experience and profile of the customer. Current credit risk is managed by a periodic review of the accounts receivable aging analysis, together with credit limits per customer.

Trade accounts receivable consist of a large number of customers in various industries and geographical areas.

Guarantees (collateral)

The Group does not maintain any guarantee on its trade accounts receivable. In addition, the Company does not have guarantees related to other financing (i.e., other receivables, cash and cash equivalents held in banks).

Trade accounts receivable

The Group applies the IFRS 9 simplified model of recognizing lifetime expected credit losses for all trade receivables as these items do not have a significant financing component.

In measuring the expected credit losses, the trade receivables have been assessed on a collective basis as they possess shared credit risk characteristics. They have been grouped based on the days past due and also according to the geographical location of customers.

Expected credit loss rates are based on the sales payment profile over the last 48 months prior to December 2018 and January 1, 2018, respectively, as well as the corresponding historical credit losses during that period. Historical rates are adjusted to reflect current and future macroeconomic factors that affect the customer's ability to liquidate the unpaid balance.

Trade receivables are written off (ie. derecognized) when there is no reasonable expectation of recovery. Failure to make payments within 180 days from the invoice date and failure to engage with the Group on alternative payment arrangement amongst other is considered indicators of no reasonable expectation of recovery. However, industry and client's practices could generate balances with more than 180 days of aging, for which conclusion is that those balances will be collected.

Pursuant to the foregoing, the expected credit loss for trade accounts receivable as at December 31, 2018 and January 1, 2018 was determined as follows:

	Trade accounts receivable days in arrears				
	Current	**More than 30 days**	**More than 60 days**	**More than 90 days**	**Total**
As at December 31, 2018					
Expected credit loss rate	**0.0%**	**0.0%**	**5.0%**	**28.6%**	**-**
Gross carrying value	**$ 143,566**	**$ 15,935**	**$ 12,905**	**$ 75,777**	**$ 248,183**
Expected credit losses during the lifetime	**-**	**-**	**645**	**21,658**	**22,303**
As at December 31, 2017					
Expected credit loss rate	0.0%	0.0%	10.3%	90.3%	-
Gross carrying value	$ 192,971	$ 23,146	$ 3,569	$ 30,951	$ 250,637
Expected credit losses during the lifetime	-	-	368	27,942	28,310

Liquidity risk

The goal of Grupo TMM is to maintain a balance between the continuity of loans and flexibility through the use of bank loans and securitizations. At December 31, 2018 and 2017, only 36% and 56%, respectively, of Grupo TMM's financial liabilities are due within the next 12 months.

At December 31, 2018 and 2017, the financial liabilities of Grupo TMM have contractual maturities (including interest payments as applicable) are summarized as follows:

	Current		Non-Current	
	In 6 months	6 to 12 months	1 to 4 years	More than 4 Years
At December 31, 2018				
Trade payables	$ -	**$ 262,090**	**$ -**	**$ -**
Accounts payable and accrued expenses	-	**357,523**	-	**-**
Financial debt	**83,185**	**140,177**	**392,063**	**-**
	$ 83,185	**$ 759,790**	**$ 392,063**	**$ -**
At December 31, 2017				
Trade payables	$ -	$ 169,072	$ -	$ -
Accounts payable and accrued expenses	-	366,918	-	-
Financial debt	333,814	168,547	396,257	-
	$ 333,814	$ 704,537	$ 396,257	$ -

The above amounts reflect the contractual cash flows without discount, which may differ from the values registered in the liabilities on the reporting date.

27 Capital management policies and procedures

Grupo TMM's capital management goal is to ensure the capacity of Grupo TMM to continue as a going concern and to provide its stockholders with an appropriate return on their investment. The Company monitors capital based on the carrying value plus its financial debt.

The Company sets its capital amount proportionate to its overall financing structure, meaning, the capital and financial liabilities that are not loans. Grupo TMM manages the capital structure and makes adjustments in light of changes in the economic conditions and the associated risks of the underlying assets. In order to maintain or adjust the capital structure, Grupo TMM may adjust the amount of capital reimbursements to stockholders, or issue new shares or sell assets to reduce its financial debt.

At December 31, 2018 and 2017, the capital management is summarized as follows:

	2018	2017
Stockholders' equity	**$ 2,124,258**	$ 2,229,062
Total financial debt	**615,425**	898,618
Cash and cash equivalents	**(318,155)**	(461,554)
General financing	**$ 297,270**	$ 437,064
Ratio of total debt to stockholders' equity	**0.14**	0.20

28 Commitments and contingencies

Commitments

a) Concession fees

Pursuant to the concessions under the port and tugboat services are operated, the Company is required to make fixed and variable monthly payments. These payments totaled $18,924 and $17,589 in 2018 and 2017, respectively.

Contingencies

a) RPS Claim

On August 7, 2007, Transportación Marítima Mexicana, S.A. de C.V. ('TMM') filed a claim for arbitration against Refined Product Services ("RPS") for US$50 thousand (approximately $982.83), for various expenses incurred by TMM due to the delay of the re-delivery of the tanker vessel Palenque.

On October 19, 2007, RPS filed a countersuit for US$3.0 million (approximately $58,970), for alleged faults and lack of maintenance involving the tanker vessel Palenque, and also consequential damages for having lost a contract while the vessel was being repaired. The consolidated financial statements did not present any significant claims for payments of loss (RPS) during 2018 and up to the authorization date hereof.

TMM's position against this countersuit is strong, as there are sufficient elements and arguments for defense, also the amount claimed by RPS would appear to be excessive and for non-supported issues.

b) Mutual loans between WWS and TMM

In December 2007, TMM and Worldwide Services, Ltd. ("WWS") filed mutual claims; TMM for $393.731 thousand dollars (approximately $7,739), claiming fuel and low return on the performance of the tanker ship Veracruz A, and WWS in the amount of $938 thousand dollars (approximately $18,438), primarily claiming a presumed over-performance of the same ship.

As at the date of the authorization of the consolidated financial statements, total claims against TMM amount $2.4 million dollars. However, those claims are considered weak.

TMM filed an appeal to have the case dismissed, claiming that the Court has no jurisdiction since the arbitration proceedings were started with the name of the incorrect plaintiff, a partial ruling was handed down in which the case was not dismissed in January 2017. The final ruling will be handed down in the forthcoming months of the authorization of the consolidated financial statements.

Company Management believes it has strong arguments to support the claim and to defend its position on the arbitration that is being carrying out.

c) ADEMSA secured Certificates of Deposit

During 2011 and 2010, ADEMSA issued secured Certificates of Deposit in favor of various financial institutions, goods and/or amounts consigned thereto, which, as a result of the defaults by the producers and on exercising the right conferred by the Certificates, filed claim against ADEMSA for compliance with the obligations to deliver goods covered or payment of the amounts secured.

At December 31, 2018 and 2017, the Company held a reserve of $2,461, to settle the ADEMSA obligations, and also in these years, payments were made to financial institutions for $2,893 and $3,993, respectively. As of December 31, 2018 and 2017, the reserve is included in 'Accounts payable and accrued expenses'.

d) Termination of the Consolidation Regimen

On February 13, 2014, the Company filed an indirect amparo (writ of relief) against various provisions related to the disappearance of the regimen of fiscal consolidation, offering arguments to demonstrate the unconstitutionality of various provisions violating the guarantees of proportionality, legality, and legal certainty, and also various human rights recognized by the Mexican Constitution and in international treaties to which Mexico is party.

Given the diversity of procedures in the tax laws to determine the effects of deconsolidation required by these, and also the various criteria to be used, and the possible results of the acts contested in the *amparo*, no disclosure is made regarding deconsolidation as there is no certainty as to the application of a specific procedure. The foregoing in order to not hold as accepted any of the procedures established in the tax reforms, and which could negatively affect the interests of the Company in the *amparo* case.

That claim was forwarded to the First Division of the Auxiliary Center of the First Region seated in Mexico City for study and resolution. Pursuant to the ruling handed down on February 16, 2016, that Division decided to deny the appeal for constitutional relief (amparo) and protection of Federal Justice petitioned by the Company.

Grupo TMM filed a motion for reconsideration against that ruling on March 17, 2016. On September 13, 2017, the judges of the First Division decided to deny the amparo filed by the Company.

On April 10, 2018, was published the thick of the sentence issued by the First Chamber of the Supreme Court of Justice of the Nation, so that there is no means of defense whatsoever against the decision of the Supreme Court. The matter has been definitely concluded. This did not implicate any effect for the Company.

e) Tax liabilities determined on TMM

Suit filed by TMM against the rulings handed down on which various tax liabilities were determined for presumed omitted income tax, corresponding to tax year 2005.

On November 5, 2012, the appeal for annulment was allowed to proceed before the former Federal Court of Tax and Administrative Justice. That appeal for annulment was forwarded for study and resolution to the Metropolitan Regional First Division of the Federal Court of Tax and Administrative Justice.

On January 30, 2018, TMM was notified of the decision whereby the matter was forwarded to the Full Federal Tax Court of Administrative Justice sitting in Mexico City, no ruling has been handed down thereon as at the issue date of the consolidated financial statements.

f) Claim of Grupo TMM against SSA Mexico, S.A. de C.V. ('SSA')

On August 12, 2016, Grupo TMM filed arbitration proceedings against SSA, whereby it claims a compensation in its benefit in the amount of $119,673 for the improper use of tax losses by SSA.

On April 12, 2018, the conclusions of the parties were filed, declaring on June 20, 2018 the final sentence absolving SSA of the claim and condemning it only to the payment of the amount US$335,150, for arbitration expenses plus US$29,580 for concepts of arbitral hearing, which were covered to GTMM by SSA.

g) Motions for Annulment against various tax provisions

During 2017 and 2016, Grupo TMM filed Motions for Annulment with the Federal Court of Administrative Justice against various decisions of the Tax Administration Service (SAT), on the rejection of deductions (tax year 2007), modifications to the Consolidation Regime for controlled companies (tax year 2005), deferred income tax on consolidation (tax year 2010), and the termination of the consolidation regime (tax year 2013), on which rulings have not been handed down by the courts with competent jurisdiction.

h) Other legal proceedings

The Company is party to various other legal proceedings and administrative actions, all of which are of an ordinary or routine nature and incidental to its operations. Although it is impossible to predict the outcome of any legal proceeding, in the opinion of the Company's management, such proceedings and actions should not, individually or in the aggregate, have a material adverse effect on the Company's financial condition, results of operations or liquidity.

i) Operations with related parties

Under the Income Tax Law, companies that conduct operations with related parties, nationals or nonresidents, are subject to fiscal limitations and obligations regarding the determination of the prices negotiated, as these must be comparable to those that would be used with or between independent parties on similar operations.

In the event the tax authorities were to review the prices and reject the amounts determined, they may demand, an addition to the taxes and accessory charges corresponding (adjustments and surcharges), fines on omitted taxes, which could be for up to 100% of the adjusted tax amount.

The Company has significant transactions and relations with related parties, for which the Company holds documentation that confirms the terms of these transactions were conducted in 2016 similarly to transactions between unrelated parties. The Company and its subsidiaries are in the process of completing this study for 2018.

j) Other legislation

Grupo TMM and Subsidiaries are subject to the laws and ordinances of other countries, as well as international regulations governing maritime transportation and the observance of safety and environmental regulations.

29 Events subsequent to the reporting date

On February 14, 2019, Grupo TMM acquired the remaining 50% of the capital stock of Optimus, whereby beginning that date, it is a 100% subsidiary of the Company. The purpose of this acquisition is to continue to develop hydrocarbon and refined oil product storage and transportation infrastructure, such as gasoline, diesel, and turbosine in the Port of Tuxpan, to meet the growing demand thereof.

30 Authorization of the consolidated financial statements

The consolidated financial statements of the Company were authorized by Carlos Pedro Aguilar Mendez on April 29, 2019, in his capacity as Director of Administration and Finance, as well as by the Board of Directors on the same date, to be issued and subsequently approved by the General Stockholders' Meeting, which has the authority to modify the accompanying consolidated financial statements.