

MS TOKEN LLC
AUDITED FINANCIAL STATEMENTS AND REPORT
FOR THE PERIOD ENDED DECEMBER 31, 2020

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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDER OF MS TOKEN LLC

Report on the Audit of Financial Statements

Opinion

We have audited the financial statements of MS Token LLC ('the Company'), which comprise the balance sheet as at December 31, 2020, and the income statement, statement of changes in equity, and cash flows for the period then ended and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2020, and the results of its operations and its cash flows for the period then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As discussed in note 1 to the financial statements, the accompanying financial statements are the first set of financial statements of the Company; therefore, they have been prepared for a period of one month from the date of incorporation.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a period of twelve months from the date of issue of the accompanying financial statements.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDER OF MS TOKEN LLC (continued)

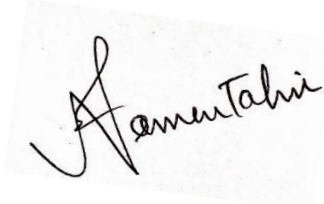
Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by the management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.



Noman Tahir CPA
License: 27310-001
State of Wisconsin
September 20, 2021

**MS TOKEN LLC
BALANCE SHEET
AS AT DECEMBER 31, 2020**

2020

Assets

Current assets:

Cash and cash equivalents	\$	500
Inventory		<u>150,000,000</u>
Total current assets		<u>150,000,500</u>
Total assets	\$	<u>150,000,500</u>

Equity and liabilities

Equity

Common stock	\$	150,000,000
Additional paid-in capital		<u>500</u>
Total equity and liabilities	\$	<u>150,000,500</u>

The accompanying notes are an integral part of these financial statements.

**MS TOKEN LLC
INCOME STATEMENT
FOR THE PERIOD ENDED DECEMBER 31, 2020**

	2020 (1 month)
Income:	
Revenue	\$ -
Total income	<u>-</u>
Operating expenses:	
Administrative and general	<u>-</u>
Total operating expenses	<u>-</u>
Net income (loss) for the period	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements.

MS TOKEN LLC
STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED DECEMBER 31, 2020

	Common stock	Additional paid- in capital	Total
As at November 27, 2020	\$ -	\$ -	\$ -
Introduced during the period	150,000,000	500	150,000,500
Net income (loss) for the period	-	-	-
As at December 31, 2020	\$ 150,000,000	\$ 500	\$ 150,000,500

The accompanying notes are an integral part of these financial statements.

**MS TOKEN LLC
STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED DECEMBER 31, 2020**

	2020 (1 month)
Operating activities:	
Net income (loss) for the period	\$ -
<u>Changes in operating assets and liabilities:</u>	
(Increase) in inventory	<u>(150,000,000)</u>
Net cash used in operating activities	<u>(150,000,000)</u>
Financing activities:	
Shareholder's investment	<u>150,000,500</u>
Cash provided by financing activities	<u>150,000,500</u>
Net change in cash and cash equivalents	500
Cash and cash equivalents, beginning of the period	<u>-</u>
Cash and cash equivalents, end of the period	\$ 500

The accompanying notes are an integral part of these financial statements.

**MS TOKEN LLC
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED DECEMBER 31, 2020**

Note 1 - Nature of operations

MS Token LLC ('the Company') is a limited liability company, incorporated on November 27, 2020 in Wyoming, United States of America. The Company's principal place of business is located in Wyoming, United States of America.

The Company owns the world's largest carved sapphire, The Millennium Sapphire®. It was discovered in 1995 in Madagascar, an island country located off the southern coast of Africa. The sapphire has been broken down and carved by world's renowned artists.

The Company is engaged in offering proportional ownership of the Millennium Sapphire® to investors through purchase of security tokens known as Non-Fungible Tokens (NFTs). These tokens are available for purchase on exchanges based on the blockchain technology.

These financial statements are the first set of financial statements of the Company, therefore, they have been prepared for a period of one month from the date of incorporation.

The Company is a 100% owned subsidiary of Millennium Fine Art Inc.

Note 2 - Summary of significant accounting policies

Basis of accounting

The preparation of these financial statements and accompanying notes in conformity with the United States generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported. Actual results could differ materially from those estimates.

Risk and uncertainty

The Company's business and operations are sensitive to general business and economic conditions in the United States. A host of factors beyond the Company's control could cause fluctuations in these conditions. Adverse conditions may include, recession, downturn or otherwise, local competition or unfavourable changes in regulatory requirements. These conditions could have an adverse effect the Company's financial condition and the results of its operations.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank.

Inventory

The Company carries its inventory at lower of cost and net realizable value. During the period, the Company acquired the Millennium Sapphire® in exchange of an equity investment from its parent company at a value of \$150,000,000 which has been treated as deemed cost of inventory for the Company.

MS TOKEN LLC
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED DECEMBER 31, 2020

Note 2 - Summary of significant accounting policies (continued)

Income taxes

The shareholder of the Company has elected to have the Company treated as a “C” corporation for income tax purposes under the Internal Revenue Code. Under this election, the Company is required to pay federal and state taxes, however, since the Company did not have any operating income during the period ended December 31, 2020, accordingly, no provision for income taxes has been recognized in these financial statements.

Note 3 - Common stock

The Company is authorized to issue 150,000,000 shares each of \$1 par value which are 100% owned by the parent company, Millennium Fine Art Inc.

Note 4 - Contingencies and commitments

The Company does not have contingencies and commitments at the reporting date.

Note 5 - Concentration of credit risk

The financial instruments that potentially subject the Company to credit risk comprise cash at bank. The Company’s cash balance is maintained with reputed financial institution. The Company believes that it is not exposed to any significant credit risk at the reporting date.

Note 6 - Subsequent events

The Company evaluated all events and transactions that occurred after December 31, 2020, and through the date of the independent auditor’s report. During the second and third quarters of the year 2021, the Company entered into institutional sale agreements amounting to approximately \$37.68 million in aggregate. These institutional sale agreements are treated as non-recognized subsequent events and do not require any adjustment in these financial statements.