

# BASIC RENEWABLE ENERGY SOLUTIONS CORPORATION

## “STATEMENT OF MANAGEMENT’S RESPONSIBILITY FOR FINANCIAL STATEMENTS”

The Management of **BASIC RENEWABLE ENERGY SOLUTIONS CORPORATION** is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the years ended December 31, 2024 and 2023, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as the Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Management is responsible for assessing the Company’s ability to continue as a going concern, disclosing, as applicable matters related to going concern and using the going concern basis of accounting unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Company’s financial reporting process.

The Board of Directors reviews and approves the financial statements including schedules attached therein, and submits the same to the stockholders.

Reyes Tacandong & Co., the independent auditor appointed by the stockholders for the period December 31, 2024 and 2023, have examined the financial statements of the Company in accordance with Philippine Standards on Auditing, and in their reports to the stockholders, have expressed their opinion on the fairness of presentation upon completion of such examination.



**OSCAR L. DE VENECIA, JR.**  
Chairman of the Board



**LUISITO V. POBLETE**  
President



**ALAIN S. PANGAN**  
VP- Treasurer

# BASIC RENEWABLE ENERGY SOLUTIONS CORPORATION

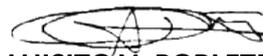
## STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR ANNUAL INCOME TAX RETURN

The Management of **BASIC RENEWABLE ENERGY SOLUTIONS CORPORATION** is responsible for all information and representations contained in the Annual Income Tax Return for the year ended December 31, 2024. Management is likewise responsible for all information and representations contained in the financial statements accompanying the Annual Income Tax Return covering the same reporting period. Furthermore, the Management is responsible for all information and representations contained in all the other tax returns filed for the reporting period, including, but not limited to, the value added tax, withholding tax returns, and any and all other tax returns.

In this regard, the Management affirms that the attached audited financial statements for the year ended December 31, 2024 and the accompanying Annual Income Tax Return are in accordance with the books and records of Basic Renewable Energy Solutions Corporation, and complete and correct in all material respects. Management likewise affirms that:

- (a) the Annual Income Tax Return has been prepared in accordance with the provisions of the National Internal Revenue Code, as amended, and pertinent tax regulations and other issuances of the Department of Finance and the Bureau of Internal Revenue;
- (b) any disparity of figures in the submitted reports arising from the preparation of financial statements pursuant to financial accounting standards (i.e. Philippine Financial Reporting Standards, or those applicable to Non-Publicly Accountable Entities) and the preparation of the income tax return pursuant to tax accounting rules has been reported as reconciling items and maintained in the company's books and records in accordance with the requirements of Revenue Regulations No. 8-2007 and other relevant issuances;
- (c) the Company has filed all applicable tax returns, reports and statements required to be filed under Philippine tax laws for the reporting period, and all taxes and other impositions shown thereon to be due and payable have been paid for the reporting period, except those contested in good faith.

  
**OSCAR L. DE VENECIA, JR.**  
Chairman of the Board

  
**LUISITO V. POBLETE**  
President

  
**ALAIN S. PANGAN**  
VP- Treasurer



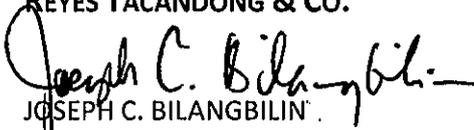
**REPORT OF INDEPENDENT AUDITORS  
TO ACCOMPANY FINANCIAL STATEMENTS FOR FILING WITH THE  
BUREAU OF INTERNAL REVENUE**

The Stockholders and the Board of Directors  
Basic Renewable Energy Solutions Corporation  
240 GM Building, EDSA, Greenhills East, Wack-Wack Greenhills  
City of Mandaluyong, Second District  
National Capital Region

We have audited the accompanying financial statements of Basic Renewable Energy Solutions Corporation (a wholly-owned subsidiary of Basic Energy Corporation) (the Company) as at December 31, 2024 and for the period October 28, 2024 to December 31, 2024 on which we have rendered our report dated February 18, 2025.

In compliance with Revenue Regulations V-20, we are stating that no partner of our Firm is related by consanguinity or affinity to the president, manager or principal stockholders of the Company.

**REYES TACANDONG & Co.**

  
JOSEPH C. BILANGBILIN

Partner

CPA Certificate No. 102884

Tax Identification No. 210-181-965-000

BOA Accreditation No. 4782/P-010; Valid until June 6, 2026

BIR Accreditation No. 08-005144-011-2023

Valid until January 24, 2026

PTR No. 10467122

Issued January 2, 2025, Makati City

February 18, 2025  
Makati City, Metro Manila

## INDEPENDENT AUDITORS' REPORT

The Stockholders and the Board of Directors  
Basic Renewable Energy Solutions Corporation  
240 GM Building, EDSA, Greenhills East, Wack-Wack Greenhills  
City of Mandaluyong, Second District  
National Capital Region

### Report on the Audit of the Financial Statements

#### *Opinion*

We have audited the accompanying financial statements of Basic Renewable Energy Solutions Corporation (a wholly-owned subsidiary of Basic Energy Corporation) (the Company), which comprise the statement of financial position as at December 31, 2024, and the statement of income, statement of changes in equity and statement of cash flows for the period October 28, 2024 to December 31, 2024, and notes to financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2024, and its financial performance and its cash flows for the period October 28, 2024 to December 31, 2024 in accordance with Philippine Financial Reporting Standards for Small Entities (PFRS for Small Entities).

#### *Basis for Opinion*

We conducted our audit in accordance with Philippine Standards on Auditing (PSA). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to the audit of the financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### *Responsibilities of Management and Those Charged with Governance for the Financial Statements*

Management is responsible for the preparation and fair presentation of the financial statements in accordance with PFRS for Small Entities, and for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.



Those charged with governance are responsible for overseeing the Company's financial reporting process.

*Auditors' Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, these could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with PSA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. 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.
- 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.
- Evaluate the appropriateness of accounting policies used, and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

**Report on the Supplementary Information Required under Revenue Regulations No. 15-2010 of the Bureau of Internal Revenue**

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information on taxes and licenses in Note 5 to the financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. Such information is the responsibility of the management of the Company. The information has been subjected to the auditing procedures applied in our audit of the basic financial statements and in our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

**REYES TACANDONG & CO.**

JOSEPH C. BILANGBILIN

Partner

CPA Certificate No. 102884

Tax Identification No. 210-181-965-000

BOA Accreditation No. 4782/P-010; Valid until June 6, 2026

BIR Accreditation No. 08-005144-011-2023

Valid until January 24, 2026

PTR No. 10467122

Issued January 2, 2025, Makati City

February 18, 2025

Makati City, Metro Manila

**BASIC RENEWABLE ENERGY SOLUTIONS CORPORATION**  
**(A Wholly-owned Subsidiary of Basic Energy Corporation)**

**STATEMENT OF FINANCIAL POSITION**  
**DECEMBER 31, 2024\***

	Note	
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash in custody of treasurer	3	₱5,000,000
<b>LIABILITIES AND EQUITY</b>		
<b>Current Liabilities</b>		
Due to the Parent Company	3	₱99,305
Accrued professional fee		10,000
Total Liabilities		109,305
<b>Equity</b>		
Capital stock - ₱0.25 par value		
Authorized - 40,000,000 shares		
Subscribed capital stock - 20,000,000 shares		5,000,000
Deficit		(109,305)
Total Equity		4,890,695
		₱5,000,000

*See accompanying Note to Financial Statements.*

\*The Company was registered with the Securities and Exchange Commission (SEC) on October 28, 2024 and the Bureau of Internal Revenue (BIR) on December 4, 2024. The Company has not yet started commercial operations as at December 31, 2024.

**BASIC RENEWABLE ENERGY SOLUTIONS CORPORATION**  
**(A Wholly-owned Subsidiary of Basic Energy Corporation)**

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**STATEMENT OF INCOME**  
**FOR THE PERIOD OCTOBER 28, 2024 TO DECEMBER 31, 2024\***

**EXPENSES**

Taxes and licenses	₱99,305
Professional fee	10,000

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**LOSS BEFORE INCOME TAX** 109,305

**INCOME TAX EXPENSE**

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**NET LOSS** ₱109,305

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\*The Company was registered with the Securities and Exchange Commission (SEC) on October 28, 2024 and the Bureau of Internal Revenue (BIR) on December 4, 2024. The Company has not yet started commercial operations as at December 31, 2024.

**BASIC RENEWABLE ENERGY SOLUTIONS CORPORATION**  
**(A Wholly-owned Subsidiary of Basic Energy Corporation)**

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**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE PERIOD OCTOBER 28, 2024 TO DECEMBER 31, 2024\***

<b>CAPITAL STOCK</b>	₱5,000,000
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<b>DEFICIT</b>	
Net loss and balance at end of period	109,305
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	₱4,890,695
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\*The Company was registered with the Securities and Exchange Commission (SEC) on October 28, 2024 and the Bureau of Internal Revenue (BIR) on December 4, 2024. The Company has not yet started commercial operations as at December 31, 2024.

**BASIC RENEWABLE ENERGY SOLUTIONS CORPORATION**  
**(A Wholly-owned Subsidiary of Basic Energy Corporation)**

**STATEMENT OF CASH FLOWS**  
**FOR THE PERIOD OCTOBER 28, 2024 TO DECEMBER 31, 2024\***

	Note	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss		(₱109,305)
Increase in accrued professional fee		10,000
Net cash used in operating activities		(99,305)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issuance of capital stocks		5,000,000
Due to the Parent Company	3	99,305
Net cash provided by financing activities		5,099,305
<b>CASH IN CUSTODY OF TREASURER AT END OF YEAR</b>		<b>₱5,000,000</b>

*See accompanying Note to Financial Statements.*

\*The Company was registered with the Securities and Exchange Commission (SEC) on October 28, 2024 and the Bureau of Internal Revenue (BIR) on December 4, 2024. The Company has not yet started commercial operations as at December 31, 2024.

**BASIC RENEWABLE ENERGY SOLUTIONS CORPORATION**  
**(A Wholly-owned Subsidiary of Basic Energy Corporation)**

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**NOTES TO FINANCIAL STATEMENTS**

**AS AT DECEMBER 31, 2024 AND FOR THE PERIOD OCTOBER 28, 2024 TO DECEMBER 31, 2024**

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**1. Corporate Information**

Basic Renewable Energy Solutions Corporation (the Company) was incorporated in the Philippines and registered with the Securities and Exchange Commission (SEC) on October 28, 2024 and with the Bureau of Internal Revenue (BIR) on December 4, 2024. The Company's primary purpose is to engage in the business of electric power generation, transmission and distribution of renewable energy resources.

The Company is a wholly-owned subsidiary of Basic Energy Corporation (the Parent Company), a company incorporated and domiciled in the Philippines, and is listed in the Philippine Stock Exchange. The primary purpose of the Parent Company is to engage in holding activities and development of renewable energy.

The registered office address of the Company is 240 GM Building EDSA Greenhills East Wack-Wack Greenhills, City of Mandaluyong, Second District, National Capital Region (NCR), 1550.

**Status of Operation**

As at February 18, 2025, the Company has not yet started its commercial operations.

**Approval of the Financial Statements**

The financial statements of the Company as at December 31, 2024 and for the period October 28, 2024 to December 31, 2024 were approved and authorized for issuance by the Board of Directors (BOD) on February 18, 2025.

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**2. Significant Accounting Policies**

**Basis of Preparation and Statement of Compliance**

The financial statements of the Company have been prepared in compliance with the Philippine Financial Reporting Standard for Small Entities (PFRS for Small Entities), which was approved for adoption by the Philippine Financial and Sustainability Reporting Standards Council and adopted by the SEC.

**Measurement Basis**

The financial statements are presented in Philippine Peso (Peso), the Company's functional currency. All values are rounded to the nearest Peso, unless otherwise stated.

The financial statements of the Company have been prepared on a historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for an asset and fair value of the consideration received in exchange for incurring a liability. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants as at measurement date.

**Cash in Custody of Treasurer**

Cash in custody of treasurer pertains to the amount held by the Company's treasurer for safekeeping. It is stated at face amount and is available for use in the current operations.

**Accrued Professional Fee**

Accrued professional fee is recognized in the period in which the service is received, or when a legally enforceable claim against the Company is established. This is recognized initially at the transaction price and subsequently measured at the undiscounted amount of cash or other consideration expected to be paid.

**Due to the Parent Company**

Due to the Parent Company pertains to working capital advances provided by the Parent Company. These are recognized initially at the transaction price and subsequently measured at the undiscounted amount of cash or other consideration expected to be paid.

**Equity**

*Capital Stock.* Capital stock is measured at par value for all shares issued and outstanding.

*Deficit.* Deficit represents the cumulative balance of net losses of the Company.

**Expense Recognition**

Expenses are recognized in the statement of income when a decrease in future economic benefits related to a decrease in an asset or an increase in a liability has arisen that can be measured reliably.

**Income Tax**

The Company's income tax is accounted using the taxes payable method. Under the taxes payable method, a current tax liability is recognized based on the amount payable on the taxable profit for the current and past periods. A current tax asset is recognized if the amount paid for the current and past periods exceeds the amount payable for those periods.

Current tax assets and liabilities are measured using the tax rate and tax laws that have been enacted or substantively enacted at the reporting date.

**Related Party Transactions**

Related party transactions are transfers of resources, services or obligations between the Company and its related parties.

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control. Related parties may be individuals or corporate entities.

**Contingencies**

Contingent liabilities are not recognized in the financial statements. These are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the financial statements but are disclosed in the notes to financial statements when an inflow of economic benefits is probable

**Events After the Reporting Date**

Events after the reporting date that provide additional information about the Company's financial position at the reporting date (adjusting events) are reflected in the financial statements. Events after the reporting date that are not adjusting events are disclosed in the notes to financial statements when material.

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### 3. Related Party Transactions

The Company, in its normal course of business, has transactions with related parties as at December 31, 2024 and for the period October 28, 2024 to December 31, 2024 as follows:

	Nature of Transaction	Amount of Transaction	Outstanding Balance
<b>Cash in Custody of Treasurer</b>			
Treasurer	Cash deposits	₱5,000,000	₱5,000,000
<b>Due to the Parent Company</b>			
Parent Company	Working capital advances	₱99,305	₱99,305

#### **Terms and Conditions of Transactions and Balances with Related Parties**

Cash in custody of treasurer and due to the Parent Company are unsecured, noninterest-bearing, generally settled in cash and payable on demand. No impairment loss was recognized for the period October 28, 2024 to December 31, 2024.

#### **Cash in Custody of Treasurer**

Cash in custody of treasurer is cash arising from the cash infusion for the issuance of shares.

#### **Key Management Personnel**

There were no compensation for key management personnel in 2024.

#### **Compliance with Revenue Regulations (RR) No. 34-2020**

The Company did not meet the criteria prescribed under RR No. 34-2020, and is not required to file and submit the related party transaction form as at and for the period October 28, 2024 to December 31, 2024.

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### 4. Income Taxes

The Company has no current income tax expense in 2024 due to its net loss position.

The carryforward benefits of net operating loss carryover amounting to ₱109,305 as at December 31, 2024 can be claimed against future taxable income until 2027.

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5. **Supplementary Information Required under Revenue Regulations No. 15-2010 of the Bureau of Internal Revenue (BIR)**

The information for 2024 required by the above regulations is presented below.

**Value-Added Tax (VAT)**

The Company has no transaction which is subject to VAT in 2024.

**Other Local and National Taxes**

All other local and national taxes paid by the Company for the period October 28, 2024 to December 31, 2024 consists of:

Documentary stamp tax	₱73,158
SEC registration	21,817
Registration and permits	4,330
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	₱99,305

The above local and national taxes are presented as "Taxes and licenses" in the statement of income.

**Withholding Taxes**

The Company has no withholding taxes for the period October 28, 2024 to December 31, 2024.

**Tax Assessments**

The Company has no pending deficiency tax assessment from the BIR as at December 31, 2024.

**Tax Cases**

The Company has no pending tax case in courts or other regulatory bodies outside of the BIR as at December 31, 2024.