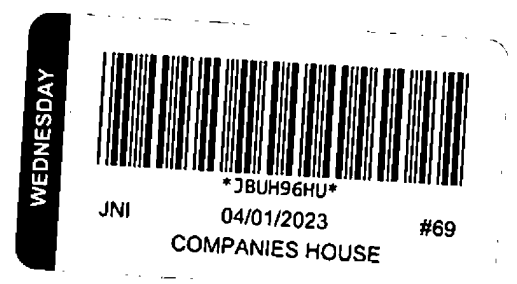
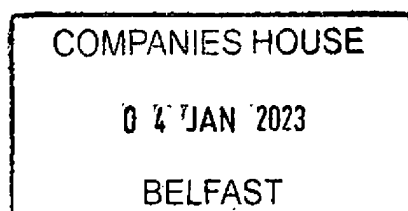


Altera Production UK Limited
Annual report and financial statements

Registered Number 03142470

31 December 2021



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Strategic report

The directors present their strategic report for the year ended 31 December 2021.

Principal activities and review of businesses

The Company's principal activities during the year were the business of providing production support services to FPSO operators. Starting April 2021, the Company also charter the vessel Suksan Salamander from external company which they have on contract with internal customer.

The key financial and other performance indicators during the year were as follows:

	2021	2020	Variance
	\$000	\$000	%
Turnover	22,206	10,589	110
Operating profit	2,985	2,688	11
Profit before taxation	1,215	2,679	-55
Shareholders' funds	7,496	6,311	19

Company turnover has increased from the prior year due to higher fees from providing services to the FPSO operators and more revenue on external contracts related to concept studies. In addition, the increase is due to the new contract with Suksan Salamander. Increase in operating profit from prior year is due to increase in activity where we charge a margin.

Principal risks and uncertainties

The Company is exposed to financial risks arising from its operations. The key financial risks include foreign currency risk, credit risk and liquidity risk.

The following sections provide details regarding the Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

Foreign currency risk

The Company has transactional currency exposures arising from costs and revenues that are dominated in a currency other than USD. The foreign currencies in which these transactions are denominated are mainly GBP. External revenue and charter hire for the vessel Suksan Salamander are dominated in USD. This eliminates the foreign currency risk.

Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Company's exposure to credit risk arises primarily from trade and other receivables and is concentrated partly in the outstanding amount owing from related parties. There is no significant credit risk exposure on these balances.

Liquidity risk

Liquidity risk is the risk that the company will encounter difficulty meeting its financial obligations due to shortage of funds. The Company monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate to finance the Company's operations and to mitigate the effects of fluctuations in cash flows.

Strategic report (continued)

Business environment

The UK market for FPSOs is a competitive market with a few specialised vendors for operations in a harsh environment. The customers are the operators and owners of the oil field licenses. The Company has competition from other third-party vendors and from the operators and owners of the oil field, as they can choose to own and operate an FPSO themselves.

The Company also provide management service to other Altera companies.

Future development

The Company's success is dependent on the FPSO operators stable and high production of the oil fields on behalf of the customers. This is achieved with stable running of the FPSOs and keeping them well maintained. As there are no FPSOs in operation at the end of 2022 the number of employees is reduced significantly. The company deliver management service to Altera companies, which is invoiced with a margin.

The company also have a firm contract with external vendor for the vessel Suksan until August 2024. The contract also includes options for 5 years. The FSO is on bareboat from an internal company, and the revenue for this contract includes the bareboat rate and a margin.

Following Russia's invasion of Ukraine in February 2022, the U.S., several European Union nations, and other countries have announced sanctions against Russia. While it is difficult to anticipate the potential for any indirect impact the sanctions announced to date may have on the company's business, we have so far not identified anything that could significantly affect the company's earnings or financial conditions.

With a cost-of-living crisis fuelled by soaring oil and gas prices and Ukraine war, the directors have considered the impact of this on supply of labour, materials and other cost increases and have measures in place to mitigate any potential impact on the business.

During 2021 we did not experience any material business interruptions or direct material financial impact as a result of the COVID-19 pandemic. We continue to focus on the safety of our operations and have introduced a number of proactive measures to protect the health and safety of our crews on our vessels as well as at onshore locations. A majority of our revenues are secured under medium-to-long-term contracts that should not be materially affected by any short-term volatility in oil prices. We continue to closely monitor counterparty risk associated with our vessels under contract and will work to mitigate any potential impact on the business.

The extent to which COVID-19 may impact our results of operations and financial condition, including any possible impairments, will depend on future developments, which are highly uncertain and cannot be predicted, including new information which may emerge concerning the severity of the virus or its variants, vaccination rates and the effectiveness of vaccines, pandemic-related restrictions and other actions to contain or treat its impact, among others. Accordingly, an estimate of the future impact cannot be made at this time.

Going Concern


The Directors have prepared these financial statements on a going concern basis. In assessing the appropriateness of the going concern basis of the Company, the directors have considered relevant facts surrounding the Company's operations up to 31 December 2023 and are satisfied that the Company will continue as going concern provided that the settlement of the Company's intercompany payables are not demanded during that period. However, the settlement of intercompany balances is outside the control of the Company in light of proceedings (the Chapter 11 Cases) under Chapter 11 of Title 11 of the United States Code (the Bankruptcy Code) in the United States Bankruptcy Court for the Southern District of Texas (the Bankruptcy Court) by Altera Infrastructure L.P. and certain of its

Altera Production UK Limited
Annual report and financial statements
31 December 2021

affiliates and direct and indirect subsidiaries (the Altera Chapter 11 Parties).Whilst the directors are confident that Company's parent will support the Company even though no written undertaking has been received, the directors have concluded that this represents a material uncertainty that casts significant doubt upon the Company's ability to continue as a going concern. The parent company's liquidity and debt maturity profile, including the Altera Chapter 11 Parties' Chapter 11 Cases, raise significant doubt about the Partnership's ability to continue as a going concern and in turn, the Company's ability to continue as a going concern. Financial information in these financial statements does not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and balance sheet classifications that would be necessary if the Company was unable to realize its assets and settle its liabilities as a going concern in the normal course of operations. Such adjustments could be material.

The Company's ability to continue as a going concern for next 12 months is contingent upon, the Partnership's ability to, subject to the Bankruptcy Court's approval to implement the transactions contemplated by a Restructuring Support Agreement, successfully emerge from the Chapter 11 Cases and generate sufficient liquidity from a Restructuring to meet their obligations and operating needs. As a result of risks and uncertainties related to (i) the Partnership's ability to obtain requisite support for its Restructuring from various stakeholders, and (ii) the effects of disruption from the Chapter 11 Cases making it more difficult to maintain business, financing and operational relationships, the Company has concluded that management's plans do not alleviate the significant doubt regarding the Company's ability to continue as a going concern.

By order of the Board

DocuSigned by:

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W. J Delday
Director

Altera House, Unit 3
Prospect Park,
Westhill Aberdeen,
AB32 6FJ
United Kingdom

30 December 2022

Directors' Report

The directors present their annual report and financial statements for the year ended 31 December 2021.

Results and dividends

The Company recorded a profit after taxation of \$1,184,965 (2020 – \$2,197,903).

The directors propose that no dividend be paid (2020 - \$nil).

Directors

The directors who held office during the year and to the date of this report were the following:

D. Cannon
W. J. Delday
W. J. Duthie

Financial instruments

The Company's policy is to minimize the use of complex financial instruments.

Charitable and political contributions

The Company made no charitable donations or political contributions during the current or prior year.

Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, as far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

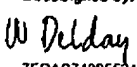
Other information

An indication of likely future developments in the business and particulars of significant events which have occurred since the end of the financial year have been included in the strategic report on page 2.

Auditor

Under section 487(2) of the Companies Act 2006, Ernst & Young LLP will be deemed to have been reappointed as auditor 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier.

By order of the Board

DocuSigned by:

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W. J. Delday
Director

Altera House, Unit 3
Prospect Park,
Westhill Aberdeen,
AB32 6FJ
United Kingdom

30 December 2022

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE STRATEGIC REPORT, THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Statement by the directors in performance of their statutory duties in accordance with section 172 of the Companies Act 2006

The Companies (Miscellaneous) Reporting Regulations 2018 introduced a new statutory reporting requirement for financial reporting years beginning on or after 1 January 2019. As a result, the directors of Altera Production (UK) Limited are required to give a statement which describes how the directors have had regard to the matters set out in section 172(1) of the Companies Act 2006 when discharging their duty under that section.

The directors acknowledge and understand their duties and responsibilities, including that, under section 172 of the Companies Act 2006, a director of a company must act in the way he or she considers, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to:

- a) the likely consequences of any decision in the long term;
- b) the interests of the company's employees;
- c) the need to foster the company's business relationships with suppliers, customers and others;
- d) the impact of the company's operations on the community and the environment;
- e) the desirability of the company maintaining a reputation for high standards of business conduct; and
- f) the need to act fairly as between members of the company.

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE STRATEGIC REPORT, THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS (CONTINUED)

The delivery of the strategy of the Altera Infrastructure Group, of which the company is a member, requires the Altera Infrastructure Group to conduct business in a manner benefitting customers through balancing cost and risk while delivering shareholder value and protecting the Altera Infrastructure Group's performance and reputation by prudently managing risks inherent in the business. In carrying out this strategy, the directors' duties under section 172 of the Companies Act 2006 have been considered.

The directors strongly believe that effective and meaningful engagement with stakeholders and employees is key to promoting the success of the company. Details of the key stakeholders of the Altera Infrastructure Group, and therefore the company, and how they engage with them are as follows:

- Altera's vision is to lead the industry to a sustainable future, one marked by strong business ethics and mutual trust between Altera and our customers, investors, suppliers, partners, regulators and other stakeholders. We are firmly committed to responsible business practices in our global operations and to compliance with all applicable requirements regarding anti-corruption, international trade, competition, and privacy. We have implemented a number of practices and procedures designed to embed business ethics within our operations. We consider compliance risk as part of our enterprise risk management process and use these assessments to appraise the strength of our compliance program and to inform about our consideration for new business opportunities.
- Altera Infrastructure's Sustainability report for 2020 can be found on the homepage www.alterainfra.com
- At Altera, we have a team of ambitious professionals that thrive in an agile and inclusive work environment. Our employees are committed to operational excellence - they value and respect each other, create mutual trust, and succeed together. It is important for us that everyone at Altera knows that they can make a difference, and we always try to create engaging training and development opportunities.
- Safety is our first priority – always. We acknowledge that ensuring the health and safety of all the people involved in Altera is a requisite for our license to operate. We thrive for zero harm to personnel and our commitment to safety is directly linked to the long-term success of Altera. It is our policy to incorporate a strong risk and opportunity-based approach to safety in our strategic and daily decisions, as we are committed to meeting or exceeding all applicable legislation and regulatory requirements.
- Altera Infrastructure looks to implement and enforce effective systems and controls to ensure its supply chains are maintaining the highest standard of business conduct in line with best practice including in relation to anti-bribery and modern slavery. Yearly employees are required to complete training on anti-bribery.'

The directors, both individually and together as a board of Altera Production (UK) Limited (the "Board"), consider that the decisions taken during the year ended 31 December 2020 in discharging the function of the Board were in conformance with their duty under section 172 of the Companies Act 2006.

The Board is assisted in considering key stakeholders as part of the decision-making process by including stakeholder considerations in board papers as appropriate, and board papers are carefully reviewed and considered by all directors.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ALTERA PRODUCTION UK LIMITED

Opinion

We have audited the financial statements of Altera Production UK Limited for the year ended 31 December 2021 which comprise the profit and loss account, balance sheet, statement of changes in equity, and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. 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 independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to Note 1 in the financial statements, which discloses that the Company will have ability to continue as a going concern for the next 12 months provided that the settlement of the Company's intercompany payables is not demanded during that period. The Company's ability to continue as a going concern is contingent upon the group's ability to successfully emerge from the Chapter 11 Cases and generate sufficient liquidity from a Restructuring to meet their obligations and operating needs. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine 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 directors are 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 the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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 a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are Companies Act 2006, Bribery Act 2010 and Money laundering regulations.
- We understood how Altera Production UK Limited is complying with those frameworks by making enquiries of management and those responsible for legal and compliance procedures, including the Board of Directors. We corroborated our enquiries through our review of board minutes .
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by enquiring with management within various part of the business to understand where they considered there was susceptibility to fraud. We also considered performance targets and their influence on efforts made by management to manage results. Where the risk was considered to be higher, we performed audit procedures to address each identified fraud risk. These procedures included testing manual journals, reviewing legal advice where relevant and were designed to provide reasonable assurance that the financial statements were free from material fraud or error.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Ernst & Young LLP

Jamie Dixon (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Manchester
Date 30 December 2022

Profit and loss account

for the year ended 31 December 2021

	Notes	2021 \$	2020 \$
Turnover	2	22,206,201	10,589,297
Cost of sales		<u>(15,703,893)</u>	<u>(7,449,034)</u>
Gross profit		6,502,308	3,140,263
Administrative expenses		<u>(3,516,933)</u>	<u>(452,262)</u>
Operating profit	3	2,985,375	2,688,000
Interest payable and similar charges	6	(1,770,832)	(8,947)
Interest receivable and similar income	7	25	418
Profit before taxation		1,214,568	2,679,472
Tax charge on profit	8	<u>(29,603)</u>	<u>(481,569)</u>
Profit for the financial year		<u>1,184,965</u>	<u>2,197,903</u>

The activities of the Company relate entirely to continuing operations.

The Company has no items of other comprehensive income other than the results for the current and prior financial years as set out above.

Notes on pages 14 to 23 form part of the financial statements.

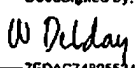
Balance sheet

as at 31 December 2021

	Notes	2021 \$	2021 \$	2020 \$	2020 \$
Fixed assets					
Tangible fixed assets	9		<u>18,890</u>		<u>29,132</u>
			18,890		29,132
Current assets					
Debtors	11	23,250,202		31,709,706	
Cash at bank and in hand		<u>2,172,589</u>		<u>1,140,796</u>	
		25,422,791		32,850,502	
Creditors: amounts falling due within one year	12	<u>(17,945,734)</u>		<u>(26,568,652)</u>	
Net current assets			7,477,057		6,281,850
Net assets			<u>7,495,947</u>		<u>6,310,982</u>
Capital and reserves					
Called up share capital	13		1		1
Profit and loss account			<u>7,495,946</u>		<u>6,310,981</u>
Shareholders' funds			<u>7,495,947</u>		<u>6,310,982</u>

Notes on pages 14 to 23 form part of the financial statements.

These financial statements were approved by the board of directors on 30 December 2022 and are signed on their behalf by:

DocuSigned by:

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W. J. Delday
 Director

Company registered number: 03142470

Statement of Changes in Equity

	<i>Called up Share capital</i> £	<i>Profit and Loss account</i> £	<i>Total Equity</i> £
Balance as at 1 January 2020	1	4,113,078	4,113,079
Total comprehensive income for the period			
Profit for the financial year	-	2,197,903	2,197,903
Total comprehensive income for the period	-	2,197,903	2,197,903
Transactions with owners, recorded directly in equity			
Dividends	-	-	-
Total contributions by and distributions to owners	-	-	-
Balance at 31 December 2020	1	6,310,981	6,310,982

	<i>Called up Share capital</i> £	<i>Profit and Loss account</i> £	<i>Total Equity</i> £
Balance as at 1 January 2021	1	6,310,981	6,310,982
Total comprehensive income for the period			
Profit for the financial year	-	1,184,965	1,184,965
Total comprehensive income for the period	-	1,184,965	1,184,965
Transactions with owners, recorded directly in equity			
Dividends	-	-	-
Total contributions by and distributions to owners	-	-	-
Balance at 31 December 2021	1	7,495,946	7,495,947

Notes on pages 14 to 23 form part of the financial statements.

Notes to the financial statements

1 Accounting policies

Altera Production UK Limited (the "Company") is a company limited by shares and incorporated and domiciled in the UK. The registered office of this company is First Floor Templeback, 10 Temple Back, Bristol, United Kingdom, BS1 6FL.

These financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard* applicable in the UK and Republic of Ireland ("FRS 102"). The presentation currency of these financial statements is USD.

The Company is a wholly owned subsidiary of Altera Infrastructure Production AS, which is incorporated in Norway. The ultimate parent undertaking and parent undertaking of the largest group of undertakings for which group accounts are drawn up and of which the Company is a member is Brookfield Asset Management Inc., which is incorporated in Canada.

The consolidated financial statements of Brookfield Asset Management Inc. are available to the public and may be obtained from Brookfield Place, Suite 300, 181 Bay Street, Toronto, Canada.

In these financial statements, the company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Reconciliation of the number of shares outstanding from the beginning to end of the period;
- Cash Flow Statement and related notes; and
- Key Management Personnel compensation.

As the consolidated financial statements of Altera Infrastructure Group include the equivalent disclosures, the Company has also taken the exemptions under FRS 102 available in respect of certain disclosures required by FRS 102.26 *Share Based Payments*.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 17.

1.1 Measurement convention

The financial statements are prepared on the historical cost basis and in accordance with applicable accounting standards.

1.2 Going concern

The Directors have prepared these financial statements on a going concern basis. In assessing the appropriateness of the going concern basis of the Company, the directors have considered relevant facts surrounding the Company's operations up to 31 December 2023 and are satisfied that the Company will continue as going concern provided that the settlement of the Company's intercompany payables are not demanded during that period. However, the settlement of intercompany balances is outside the control of the Company in light of proceedings (the Chapter 11 Cases) under Chapter 11 of Title 11 of the United States Code (the Bankruptcy Code) in the United States Bankruptcy Court for the Southern District of Texas (the Bankruptcy Court) by Altera Infrastructure L.P. and certain of its affiliates and direct and indirect subsidiaries (the Altera Chapter 11 Parties). Whilst the directors are confident that Company's parent will support the Company even though no written undertaking has been received, the directors have concluded that this represents a material uncertainty that casts significant doubt upon the Company's ability to continue as a going concern. The parent company's liquidity and debt maturity profile, including the Altera Chapter 11 Parties' Chapter 11 Cases, raise significant doubt about the Partnership's ability to continue as a going concern and in turn, the Company's ability to continue as a going concern. Financial information in these financial statements does not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and balance sheet classifications that would be necessary if the Company was unable to realize its assets and settle its liabilities as a going concern in the normal course of operations. Such adjustments could be material.

The Company's ability to continue as a going concern for next 12 months is contingent upon the Partnership's ability to, subject to the Bankruptcy Court's approval to implement the transactions contemplated by a Restructuring Support Agreement, successfully emerge from the Chapter 11 Cases and generate sufficient liquidity from a Restructuring to meet their obligations and operating needs. As a result of risks and uncertainties related to (i) the Partnership's ability to obtain requisite support for its Restructuring from various stakeholders, and (ii) the effects of disruption from the Chapter 11 Cases making it more difficult to maintain business, financing and operational relationships, the Company has concluded that management's

Notes (continued)

1 Accounting policies (continued)

1.3 Foreign currency

Transactions in foreign currencies are translated to the Company's functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in the profit and loss account.

1.4 Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

The Company assesses at each reporting date whether tangible fixed assets are impaired.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. The estimated useful lives are as follows:

Furniture and office equipment	5 years
Hardware	3 years
Software	3 years
Leasehold improvements	5 years

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since the last annual reporting date in the pattern by which the Company expects to consume an asset's future economic benefits.

1.5 Expenses

Operating lease

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with expected general inflation; in which case the payments related to the structured increases are recognised as incurred. Lease incentives received are recognised in profit and loss over the term of the lease as an integral part of the total lease expense.

Interest receivable and Interest payable

Interest payable and similar charges including net foreign exchange losses are recognised in the profit and loss account.

Other interest receivable and similar income include interest receivable on funds invested and net foreign exchange gains.

Interest income and interest payable are recognised in profit or loss as they accrue. Dividend income is recognised in the profit and loss account on the date the Company's right to receive payments is established. Foreign currency gains and losses are reported on a net basis.

Notes (continued)

1 Accounting policies (continued)

1.6 Turnover

Revenue relates to the services provided to Altera Infrastructure Group and Teekay Group and is recognised as the services are provided.

1.7 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or right to pay less or to receive more tax with following exceptions:

- Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.
- Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

1.8 Non-derivative financial instruments

Non-derivative financial instruments comprise trade and other debtors, cash and cash equivalents, and trade and other creditors.

Trade debtors

Trade and other debtors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairments losses.

Trade creditors

Trade and other creditors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

Notes (continued)

2 Turnover

	2021	2020
	\$	\$
Production support services	22,206,201	10,589,297
Total Turnover	<u>22,206,201</u>	<u>10,589,297</u>

All turnover generated in both the current and prior year was done so in the United Kingdom.

3 Expenses and auditor's remuneration

Operating profit is stated after charging/ (crediting):	2021	2020
	\$	\$
Exchange loss/(gain)	292,374	(59,776)
Legal, professional and management fees	437,990	1,217,987
Auditor's remuneration – audit services	8,250	6,038
Operating leases - land and buildings	<u>882,051</u>	<u>764,119</u>

4 Directors' emoluments

	2021	2020
	\$	\$
Directors' remuneration	631,280	443,893
Company contributions to money purchase pension plans	<u>9,647</u>	<u>18,349</u>

During the year ended 31 December 2021, there were three directors to whom retirement benefits are owing under the company's defined contribution scheme. There was three directors on the company's defined contribution scheme for the year ended 31 December 2020.

Notes (continued)

5 Staff numbers and costs

The average monthly number of employees (including the directors) during the year was as follows:

	2021 No.	2020 No.
Administration	53	48
Offshore crew	213	185

The aggregate payroll costs of the administration employees were as follows:

	2021 \$	2020 \$
Wages and salaries	3,257,663	2,861,132
Social security costs	598,713	405,824
Other salary costs	937,532	1,455,108
	<u>4,793,908</u>	<u>4,722,065</u>

The aggregate payroll costs include only the cost of the administration employees. The payroll costs of the offshore crew are recharged at cost to the UK operating companies.

6 Interest payable and similar charges

	2021 \$	2020 \$
Finance charges	1,770,832	8,947
	<u>1,770,832</u>	<u>8,947</u>

7 Interest receivable and similar income

	2021 \$	2020 \$
Bank interest	26	418
	<u>26</u>	<u>418</u>

Notes (continued)

8.a. Taxation

Total tax expense recognised in the profit and loss account, is as follows:

	2021	2020
	\$	\$
<i>Current tax:</i>		
UK corporation tax at 19.00 %	-	474,098
Total current tax	-	474,098
<i>Deferred tax</i>		
Origination and reversal of timing differences	29,603	35,624
Deferred tax charge - impact of change in tax rate	0	(28,153)
Total deferred tax (note 10)	29,603	7,471
Total tax charge	29,603	481,569

8.b. Reconciliation effective tax rate

Factors affecting the tax charge for the current year

The current tax charge for the year is lower (2020: higher) than the standard rate for corporation tax in the UK, 19.00 % (2020: 19.00 %). The differences are explained below:

	2021	2020
	\$	\$
Profit for the year	1,184,965	2,197,903
Total tax expense	29,603	481,569
Profit before taxation	1,214,568	2,679,472
Current tax at 19.00 %	230,768	509,100
Expenses not deductible for tax purposes	-	622
Effect of changes in tax rates	-	(28,153)
Group relief not paid for	(201,165)	-
Total tax charge included in profit or loss	29,603	481,569

On 23 September 2022, the Chancellor of the Exchequer announced that the UK corporation tax rate will remain at 19% from 1 April 2023 - reversing a previously enacted measure to increase the rate to 25%. The announcement of the reversal in the tax rate from 1 April 2023 was not enacted or substantively enacted at the balance sheet date and accordingly has no impact on the tax balances at 31 December 2021 date.

If the tax rate change had been substantively enacted or enacted at the balance sheet date, the impact on the deferred tax balances at the balance sheet date would have been immaterial.

Notes (continued)**9 Tangible fixed assets**

	Leasehold improvements \$	Furniture and office equipment \$	Hardware \$	Software \$	Total \$
Cost at 1 January	1,981,603	273,710	770,847	13,062	3,039,222
Additions	-	-	-	-	-
Cost at 31 December	1,981,603	273,710	770,847	13,062	3,039,222
Accumulated depreciation:					
At 1 January 2021	1,981,603	267,566	747,859	13,062	2,927,392
Depreciation	-	-	10,242	-	10,242
At 31 December 2021	1,981,603	267,566	758,101	13,062	3,020,332
Net book value:					
At 31 December 2021	-	6,144	12,746	-	18,890
At 31 December 2020	-	6,144	22,988	-	29,132

10 Deferred tax asset

Deferred tax assets are attributable to the following:

	Assets 2021 \$000	2020 \$000
Fixed asset timing differences	202,229	231,832
Deferred tax asset	202,229	231,832
Reconciliation:		
Deferred tax asset at 31 December 2020		231,832
Charged to the profit and loss account		(29,603)
Deferred tax asset at 31 December 2021		202,229

Deferred income tax assets are recognised in full for accelerated booked depreciation of assets on the grounds that the realisation of the related tax benefit through future taxable profits is probable.

11 Debtors

	2021 \$	2020 \$
Trade debtors	11,177,427	12,242,848
Amount owed by group undertakings	11,618,891	18,990,069
Amount owed by related parties	0	0
Prepayments and accrued income	251,656	244,958
Deferred tax asset (note 10)	202,228	231,832
	23,250,202	31,709,706

Balances due from group undertakings and related parties are unsecured, repayable on demand.
No interest is charged on these amounts.

Notes (continued)

12 Creditors: amounts falling due within one year

	2021 \$	2020 \$
Accounts payable	11,027,819	97,914
Accrued payroll and other expenses	5,677,098	4,290,431
Corporation tax	351,202	443,341
Amounts due to fellow group undertakings	889,615	21,736,967
	<u>17,945,734</u>	<u>26,568,652</u>

Balances due to group undertakings are unsecured, repayable on demand. No interest is charged on these amounts.

13 Called up share capital

	2021 \$	2020 \$
<i>Authorised</i>		
1 ordinary shares of £1 each	<u>1</u>	<u>1</u>
<i>Allotted, called up and fully paid</i>		
1 (2019 - 1) ordinary shares of £1 each	<u>1</u>	<u>1</u>

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. During the year the Company issued no additional shares.

14 Operating lease commitments

Non-cancellable operating lease rentals are payable as follows:

	Land and buildings	
	2021 \$	2020 \$
Within one year	673,206	634,887
In two to five years	2,692,823	2,539,547
More than five years	841,507	1,428,495
	<u>4,207,536</u>	<u>4,602,928</u>

During the year \$882,051 was recognised as an expense in the profit and loss account in respect of operating leases (2020: \$764,119).

Notes (continued)

15 Related parties

	<i>Sales to</i>		<i>Expenses incurred from</i>	
	2021	2020	2021	2020
	<i>\$000</i>	<i>\$000</i>	<i>\$000</i>	<i>\$000</i>
Transactions with subsidiaries within the Altera Infrastructure L.P. group	11,649	5,840	(1,967)	(345)
	11,649	5,840	(1,967)	(345)

	<i>Receivables outstanding</i>		<i>Creditors outstanding</i>	
	2021	2020	2021	2020
	<i>\$000</i>	<i>\$000</i>	<i>\$000</i>	<i>\$000</i>
Transactions with subsidiaries within the Altera Infrastructure L.P. group	11,619	18,990	(890)	(21,737)
	11,619	18,990	(890)	(21,737)

16 Ultimate parent company

The Company is a subsidiary undertaking of Brookfield Asset Management Inc., which is the ultimate parent company incorporated in Canada.

The consolidated financial statements of Brookfield Asset Management Inc. are available to the public and may be obtained from Brookfield Place, Suite 300, 181 Bay Street, Toronto, Canada.

17 Accounting estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods.

The accounting policies set out in note 1 have been applied consistently throughout the periods presented in these financial statements. The key area in the financial statements of estimates and judgements is deferred tax asset recognition. This area is judgemental as recognition of the tax asset is dependent on future taxable results in the company. Management has examined budgets and plans for the coming periods when assessing the estimates.

Notes (continued)

18 Subsequent events

On August 12, 2022 (the Petition Date), Altera Infrastructure L.P. and certain of its affiliates and direct and indirect subsidiaries (the Altera Chapter 11 Parties), including the Company, filed prearranged voluntary petitions to commence proceedings (the Chapter 11 Cases) under Chapter 11 of Title 11 of the United States Code (the Bankruptcy Code) in the United States Bankruptcy Court for the Southern District of Texas (the Bankruptcy Court). The Altera Chapter 11 Parties continue to operate their businesses and manage their properties as “debtors-in-possession” under the jurisdiction of the Bankruptcy Court and in accordance with the applicable provisions of the Bankruptcy Code and orders of the Bankruptcy Court.

On August 13, 2022, to ensure the Altera Chapter 11 Parties’ ability to continue operating in the ordinary course of business and minimize the effect of the Restructuring (as defined below) on the Altera Chapter 11 Parties’ customers and employees, the Altera Chapter 11 Parties filed with the Bankruptcy Court a number of motions seeking a variety of “first-day” relief. On August 15, 2022, the Bankruptcy Court granted final or interim relief, as applicable, including, among other things (i) final relief for the authority to pay employee wages and benefits, taxes and insurance and to honour and incur obligations and enter into new customer contracts; and (ii) interim relief to operate the Altera Chapter 11 Parties’ existing cash management system and to continue to perform intercompany transactions.