

Fibernet UK Limited

Registered number 2940263

Financial statements for the year ended 31 December 2011



Fibernet UK Limited

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Fibernet UK Limited

Directors' Report

The directors present their audited financial statements for the year ended 31 December 2011

Principal activities and business review

Fibernet UK Limited ("Fibernet" or the "Company") is a company registered in England and Wales

On 31 December 2009, the company ceased trading and the trade and net assets of the business were transferred to the Global Crossing (UK) Telecommunications Limited ("GCUK"), at book value. The company is now dormant and it is expected to remain non-trading for the foreseeable future.

The Company was a member of the Global Crossing Group. On 4 October 2011 Global Crossing Limited, the beneficial owner of 100% of the shares in the Company completed its amalgamation with Apollo Amalgamation Sub, Ltd, a subsidiary of Level 3 Communications, Inc, a company registered in the United States of America. The Level 3 Group ("The Group") is a facilities based provider of a broad range of integrated communications services. The Group network is an international, facilities based communications network. The Group have designed their network to provide communications services that employ and take advantage of rapidly improving underlying optical, Internet Protocol, computing and storage technologies.

Results and dividends

The Company was dormant throughout the year and no dividend is payable.

Directors

The directors of the Company throughout, and since the end of the period are as follows

<i>Name</i>	<i>Date appointed</i>	<i>Date resigned</i>
J McShane	26 October 2006	19 July 2012
B Keogh	16 February 2007	
E Higase	24 September 2009	19 July 2012
M Gutierrez	30 November 2009	

None of the directors or the Company secretary had any interests in the shares of the Company or any other UK registered group company at 31 December 2011 or at any time during the year.

There have been no contracts or arrangements entered into during the financial year in which a director was materially interested and which were significant in relation to the Company's business.

Fibernet UK Limited

Directors' liabilities

During the year, the Level 3 Group had an indemnity provision in force in respect of the directors of the Company against liability in respect of any proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006 (section 234). Such qualifying third party indemnity provision remains in force at the date of approving the Directors' Report.

Business Risks

The directors do not consider that there are any significant risks or uncertainties, due to the business being wound up.

By order of the Board,



M Gutierrez
Director

13 September 2012

Registered office
10 Fleet Place
London
EC4M 7RB

Registered number
2940263

Fibernet UK Limited

Statement of Directors' Responsibilities

The directors are responsible for preparing the financial statements in accordance with applicable United Kingdom law and those International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board and IFRS as adopted by the European Union

The directors are required to prepare financial statements for each financial year which present fairly the financial position of the Company and the financial performance and cash flows of the Company for that period. In preparing those financial statements, the directors are required to

- select suitable accounting policies in accordance with International Accounting Standard 8 "Accounting Policies, Changes in Accounting Estimates and Errors" and then apply them consistently,
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information,
- provide additional disclosures when compliance with the specific requirements of IFRSs is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance, and
- state that the Company has complied with IFRSs, subject to any material departure disclosed and explained in the financial statements

The directors are responsible for keeping proper accounting records which 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 also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

Fibernet UK Limited

Statement of Comprehensive Income

	Note	Year ended 31 December	
		2011	2010
		£000	£000
Revenue		-	-
Cost of sales		-	-
Gross profit		-	-
Distribution costs		-	-
Administrative expense		-	-
Operating profit		-	-
Gain arising on intercompany asset transfer		-	-
Finance revenue		-	-
Finance charges		-	-
Profit before tax		-	-
Tax		-	-
Profit for the year		-	-
Other comprehensive income			
Other comprehensive income for the year, net of tax		-	-
Comprehensive Income for the year		-	-

Following the cessation of trading during December 2009, all operations are now considered to be discontinued

The accompanying notes are an integral part of these financial statements

Fibernet UK Limited

Statement of Changes in Equity

	Share capital £000	Capital reserve £000	Accumulated deficit £000	Total equity £000
At 1 January 2010	-	67	35,127	35,194
Profit for the year	-	-	-	-
Total expense for the year	-	-	-	-
At 31 December 2010	-	67	35,127	35,194
Profit for the year	-	-	-	-
Total expense for the year	-	-	-	-
At 31 December 2011	-	67	35,127	35,194

The accompanying notes are an integral part of these financial statements

Fibernet UK Limited

Statement of Financial Position

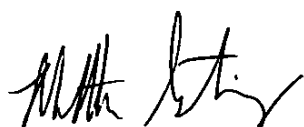
	Note	31 December	
		2011 £000	2010 £000
<i>Current assets</i>			
Trade and other receivables	2	35,194	35,194
Total assets		35,194	35,194
Net assets		35,194	35,194
<i>Capital and reserves</i>			
Equity share capital (2 shares outstanding at £1 each)	4	-	-
Capital reserve		67	67
Accumulated profit		35,127	35,127
Total equity		35,194	35,194

The directors are satisfied that for the year ended 31 December 2011, the company was entitled to an exemption from audit under section 480 of the Companies Act 2006 (the "Act") relating to dormant companies, and that no member or members have required the company to obtain an audit of its accounts for the year in question in accordance with section 476 of the Act

The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of financial statements

The financial statements have been prepared in accordance with the special provisions applicable to companies subject to the small companies' regime

These financial statements were approved by the Board of Directors on 13 September 2012 and are signed on its behalf by



M Gutierrez
Director

The accompanying notes are an integral part of these financial statements

Registered number
2940263

Fibernet UK Limited

Statement of Cash Flows

	Year ended 31 December	
	2011	2010
	£000	£000
Operating activities		
Profit for the period	-	-
<i>Adjustments for</i>		
Finance costs, net	-	-
Depreciation of property, plant and equipment	-	-
Amortisation of intangible assets	-	-
Amortisation of prepaid connection costs	-	-
Loss on disposal of property, plant and equipment	-	-
Intercompany asset transfer	-	-
Gain on disposal of Company's trade, assets and liabilities	-	-
Change in provisions	-	-
Change in operating working capital	-	-
Change in other assets and liabilities	-	-
	<hr/>	<hr/>
Cash used in operations	-	-
Interest paid	-	-
	<hr/>	<hr/>
<i>Net cash used in operating activities</i>	-	-
	<hr/>	<hr/>
Investing activities		
Interest received	-	-
Cash transferred on intercompany transfer	-	-
Purchase of property, plant and equipment and intangible assets	-	-
	<hr/>	<hr/>
<i>Net cash used in investing activities</i>	-	-
	<hr/>	<hr/>
Financing activities:		
Loans provided by group companies	-	-
Repayment of capital elements under finance leases	-	-
	<hr/>	<hr/>
<i>Net cash provided by financing activities</i>	-	-
	<hr/>	<hr/>
Net decrease in cash and cash equivalents	-	-
	<hr/>	<hr/>
Cash and cash equivalents at the beginning of year	-	-
	<hr/>	<hr/>
Cash and cash equivalents at the end of year	-	-
	<hr/>	<hr/>

The accompanying notes are an integral part of these financial statements

Fibernet UK Limited

Notes to Financial Statements (continued)

Notes to the Financial Statements

1. Description of business and accounting policies

Description of business

On 31 December 2009, the company ceased trading and the trade and net assets of the business were transferred to the Global Crossing (UK) Telecommunications Limited ("GCUK"), at book value. The company is now dormant and it is expected to remain non-trading for the foreseeable future.

The Company was a member of the Global Crossing Group. On 4 October 2011 Global Crossing Limited, the beneficial owner of 100% of the shares in the Company completed its amalgamation with Apollo Amalgamation Sub, Ltd, a subsidiary of Level 3 Communications, Inc, a company registered in the United States of America. The Level 3 Group ("The Group") is a facilities based provider of a broad range of integrated communications services. The Group network is an international, facilities based communications network. The Group have designed their network to provide communications services that employ and take advantage of rapidly improving underlying optical, Internet Protocol, computing and storage technologies.

Basis of preparation

The financial statements are prepared in conformity with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and IFRS as adopted by the European Union ("EU"). IFRS as adopted by the EU differ in certain respects from IFRS as issued by the IASB, however, the differences have no impact on the Company's financial statements for the years presented. References to "IFRS" hereafter should be construed as reference to IFRSs as adopted by the EU.

These financial statements are prepared under the historical cost basis, and in accordance with IFRS.

Going concern

With effect from close of business on 31 December 2009, GCUK agreed to purchase the business, trade, assets and liabilities of the company for a purchase price equal to the net asset value at close of business, adjusted for the internally generated intangible assets and transferred as a going concern. The purchase price will remain outstanding as a non-interest bearing loan with no fixed repayment date. This agreement represents an inter group reorganisation and corporate simplification exercise.

As the company remains solvent with a positive current and net asset position, the financial statements have been prepared on a going concern basis.

2. Other financial assets

Trade and other receivables

Trade and other receivables consist of

	31 December	
	2011	2010
	£000	£000
<i>Amounts due within one year</i>		
Amounts owed by Level 3 Group Companies	35,194	35,194

The amounts owed by Group companies are non interest bearing and have no fixed date of repayment.

Fibernet UK Limited

Notes to Financial Statements (continued)

3. Financial instruments

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from amounts owed by Group Companies.

The maximum exposure to credit risk at the reporting date is the carrying value of amounts owed by Group Companies.

Credit risk related to financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is conducted primarily by Level 3 on behalf of the Level 3 Group. The Company's maximum exposure to credit risk for the components of the statement of financial position at 31 December 2010 and 2011 is the carrying amounts of such balances as illustrated below.

Treasury policy and risk management

The Company's treasury management is conducted primarily by Level 3 on behalf of Level 3 Group Companies. Level 3 is responsible for raising finance for operations, together with associated liquidity management, and the management of foreign exchange and interest rate risk. Treasury operations are conducted within a framework of policies and guidelines authorised and reviewed by the Level 3 Audit Committee, which receives regular updates of treasury activity. Financial instruments are entered into for risk management purposes only. It is the Level 3 Group's policy that all hedging is to cover known risks and that no trading in financial instruments is undertaken.

The Company was party to an Indenture governing the Senior Secured Notes issued by Global Crossing (UK) Finance plc ("GC Finance"), an affiliated company and fellow subsidiary of GCUK. On 4 November 2011 the Senior Secured Notes were redeemed and the Company was released from the Indenture.

Fair values

Set out below is a comparison by category of carrying amounts and fair values of all the Company's financial instruments, that are carried in the financial statements.

	Carrying amount		Fair value	
	2011	2010	2011	2010
	£000	£000	£000	£000
<i>Financial assets</i>				
Amounts owed by Level 3 Group Companies ⁽¹⁾	35,194	35,194	35,194	35,194

⁽¹⁾ Classified as loan and receivables

The fair value of trade receivables, amounts owed by Group Companies and other receivables approximates to their carrying value due to their short term nature.

Fibernet UK Limited

Notes to Financial Statements (continued)

4. Equity share capital

	31 December	
	2011 £000	2010 £000
<i>Authorised</i>		
1,000,000 ordinary shares of £1 each	1,000	1,000
<i>Called up, allotted and fully paid</i>		
2 ordinary shares of £1 each	-	-

The Company has one class of ordinary shares which carry no right to fixed income

Ultimate parent and controlling party

The smallest group in which the results of the Company are consolidated is that headed by GCUK. The consolidated financial statements of GCUK are available to the public and may be obtained from Companies House

The ultimate parent company of Fibernet UK Limited is Level 3 Communications Inc, a company registered in the United States of America. The smallest and largest group into which the results of the Company are consolidated is that headed by Level 3 Communications Inc, whose accounts can be obtained from Investor Relations, Level 3 communications Inc, 1025 Eldorado Boulevard, Broomfield, CO 80021, USA

5. Related party transactions

The debtor and creditor balances as a result of the transactions with related parties are as follows

	31 December	
	2011 £000	2010 £000
<i>Debtor balance due in less than one year from</i>		
Global Crossing (UK) Telecommunications Limited	35,194	35,194
	35,194	35,194

6. Financial instruments (continued)

Loans to Level 3 Group Companies

The balances described above are unsecured and non-interest bearing

The balance above represents a non-interest bearing loan of £35.2 million owed by GCUK to the Company, due to the asset transfer agreement, with no fixed repayment date (see note 1)

7. Contingent liabilities

Litigation

From time to time, the Company has been a party to various legal proceedings arising in the ordinary course of business. In the opinion of the Company's directors there are currently no proceedings in respect of which there exists a reasonable possibility of an adverse outcome that would have a material effect on the Company's statement of financial position, statement of comprehensive income or statement of cash flows

Fibernet UK Limited

Notes to Financial Statements (continued)

8. Financial guarantee contracts

The Company was party to an Indenture governing the Senior Secured Notes issued by Global Crossing (UK) Finance plc ("GC Finance"), an affiliated company and fellow subsidiary of GCUK. On 4 November 2011 the Senior Secured Notes were redeemed and the Company was released from the Indenture