Global Crossing (Bidco) Limited

Accounts for the year ended 31 December 2002
together with directors' and independent auditors' reports

Registered number: 3855219

Contents

Directors' report

For the year ended 31 December 2002

The Directors present their annual report on the affairs of the Company, together with the accounts and independent auditors' report for the year ended 31 December 2002.

Principal activities and business review

The principal activity of the Company during the year was to act as a holding company for certain United Kingdom subsidiaries of Global Crossing Limited.

On 28 January 2002, Global Crossing Limited, the Company's ultimate parent company, and certain of its subsidiaries commenced Chapter 11 proceedings in the United States Bankruptcy Court ("Bankruptcy Court") and co-ordinated proceedings in the Supreme Court of Bermuda. Some additional cases were subsequently filed by Global Crossing subsidiaries and their administration has been consolidated with that of the initial cases.

On 9 August 2002, Hutchison Telecommunications Limited ("Hutchison") and Singapore Technologies Telemedia PTE Limited ("ST Telemedia") signed an agreement (the Purchase Agreement) pursuant to which each of them would, subject to a number of conditions including compliance with financial covenants, purchase a 30.75% equity stake in a newly-formed company that will hold the assets of Global Crossing Limited (including its indirect ownership interest in the Company). This agreement received the approval of the Bankruptcy Court judge and was supported by the various creditor groups who would receive the remaining 38.5% equity stake. However, on 30 April 2003 Hutchison withdrew from the Purchase Agreement under which either investor may take over the investment opportunity of the other on such a withdrawal. Accordingly, ST Telemedia assumed the rights and obligations of Hutchison under the Purchase Agreement.

The Bankruptcy Court confirmed Global Crossing's Plan of Reorganization on 26 December 2002. On 10 December 2003, the newly constituted group parent company, Global Crossing Limited (formerly GC Acquisition Ltd.) ("New Global Crossing") emerged from Chapter 11, and ST Telemedia acquired a 61.5% holding in New Global Crossing for consideration of $250million.

The Company will continue to require support in the form of debt funding from other group companies to enable it to continue to pay its debts as they fall due for the foreseeable future. It also has a receivable from its subsidiary, Global Crossing Telecommunications UK Limited ("GCUKTL") which is similarly reliant on continuing group funding. In addition, in common with a number of other group companies, the Company and its subsidiary, GCUKTL, are parties to a guarantee agreement whereby $200million of loan notes issued by the ultimate parent company, Global Crossing Limited, are secured by a first priority lien on their shares and assets. Should there be a call on this guarantee or a withdrawal of group funding, the Company may be unable to recover its debts from GCUKTL or to meet its debts as they fall due.

Based on discussions with group management, the directors are confident that Global Crossing has a reasonable prospect of accessing sufficient funding to enable it to continue operating, and to meet its debts, including those under the guaranteed loan notes, as they fall due for the foreseeable future. In addition, while there is no formal subordination of intercompany debt, the directors are confident that Global Crossing Limited and its subsidiaries will not require repayment of the Company's intercompany debt if such repayment would place it in a position whereby it could not meet its external debts as and when they fall due.

Consequently, the directors believe it is appropriate to prepare the financial statements on a going concern basis. The financial statements do not include any asset write downs (including write-downs of receivables from other group companies), provisions, reclassifications or other adjustments that would be required if this basis were no longer valid.

Results and dividends

The Company's result for the period is shown on page 6. The Directors do not recommend the payment of a dividend (2001: £nil).

Directors and their interests

The Directors who served during the period and subsequently are shown below:

Name	*Date appointed*	*Date resigned*
T L Dugan		22 July 2002
C J Nash		19 October 2003
P C Metcalf	19 April 2002	
C G Moir	28 January 2002	12 February 2003
J A Rios	19 April 2002	

None of the directors has any interests in shares requiring disclosure by Schedule VII of the Companies Act 1985.

No directors exercised share options in Global Crossing Limited in the year (2001: nil).

Auditors

On 1 August 2003 Deloitte & Touche transferred their entire business to Deloitte & Touche LLP, a limited liability partnership formed pursuant to the Limited Liability Partnership Act 2000. The Company has given its consent to treating the appointment of Deloitte & Touche as extending to Deloitte & Touche LLP. Accordingly, the accounts have been signed in the name of Deloitte & Touche LLP. A resolution for the re-appointment of Deloitte & Touche LLP will be proposed at the forthcoming Annual General Meeting.

Centennium House
100 Lower Thames Street
London
EC3R 6DL

10 February 2004

By order of the Board,

P C Metcalf
Director

Statement of directors' responsibilities

United Kingdom company law requires the directors to prepare financial statements for each financial year which 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 those 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 accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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 1985. They are also responsible for the system of internal control, for safeguarding the assets of the company, and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditors' report to The Members Of Global Crossing (Bidco) Limited

We have audited the financial statements of Global Crossing (Bidco) Limited for the year ended 31 December 2002 which comprise the profit and loss account, the balance sheet, the statement of accounting policies and the related notes 1 to 14.

These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. *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.

Respective responsibilities of directors and auditors

As described in the statement of directors' responsibilities, the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and auditing standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the directors' report for the above year and consider the implications for our report if we become aware of any apparent misstatements.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements.

Fundamental uncertainty

In forming our opinion, we have considered the adequacy of the disclosures made in the statement of accounting policies to the financial statements concerning the fundamental uncertainty over the recoverability of receivables from other group companies and the ability of the company to continue to meet its debts as they fall due if intercompany liabilities are called for repayment or there is a call upon the guarantee provided to the new controlling party in respect of the senior loan notes to the value of $200million issued pursuant to the Group emerging from Chapter 11. Details of the amounts owed to the Company by other Global Crossing entities are given in Note 6.

In view of the significance of this uncertainty, we consider that it should be drawn to your attention but our opinion is not qualified in this respect.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 2002 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche LLP

Deloitte & Touche LLP
Registered Auditors and Chartered Accountants
Reading

10 February 2004

Profit and loss account

For the year ended 31 December 2002

	Note	Year ended 31 December 2002 £'000	Year ended 31 December 2001 £'000
Administrative expenses before exceptional items and foreign exchange		(1,023)	(96)
Foreign exchange (losses)/gains		(6,973)	1,293
Exceptional administrative expenses:			
- Provision against intercompany receivable	1	306,939	(77,430)
Total administrative expenses		298,943	(76,233)
Other operating income - gain from waiver of loan from group undertaking	1	-	517,551
Operating profit		298,943	441,318
Finance (charges)/income (net)	3	(180)	183
Profit on ordinary activities before and after taxation being retained profit for the year	1, 4, 10	298,763	441,501

The Company has no recognised gains or losses other than the result for each year as shown above, and accordingly no statement of total recognised gains and losses is presented.

All activities are from continuing operations.

Balance sheet
31 December 2002

	Note	31 December 2002 £'000	31 December 2001 £'000
Fixed assets			
Investments	5	-	-
Current assets			
Debtors	6	474,334	153,182
Short Term Deposits		236	-
Cash		-	350
		474,570	153,532
Creditors: Amounts falling due within one year	7	(531,599)	(509,324)
Net liabilities		(57,029)	(355,792)
Capital and reserves			
Called-up share capital	9	300,000	300,000
Share premium account		17,800	17,800
Profit and loss account	10	(374,829)	(673,592)
Equity shareholders' deficit	11	(57,029)	(355,792)

The accounts on pages 6 to 16 were approved by the Board of Directors and signed on its behalf by:

P C Metcalf
Director

10 February 2004

Statement of accounting policies

A summary of the principal accounting policies are described below, all of which have been applied consistently throughout the period, with the exception of the adoption of FRS 19 'Deferred Taxation'. No prior year restatement has resulted from the implementation of FRS 19.

Basis of accounting

The accounts are prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards.

Going concern basis

At 31 December 2002 the Company has net liabilities of £57,029,000 (2001: £355,792,000). As a consequence, the Company will continue to require support in the form of debt funding from other group companies to enable it to continue to pay its debts as they fall due for the foreseeable future. It also has a receivable from its subsidiary, Global Crossing Telecommunications UK Limited ("GCUKTL") which is similarly reliant on continuing group funding. In addition, in common with a number of other group companies, the Company and its subsidiary, GCUKTL, are parties to a guarantee agreement whereby $200million of loan notes issued by the ultimate parent company, Global Crossing Limited, are secured by a first priority lien on their shares and assets. Should there be a call on this guarantee or a withdrawal of group funding, the Company may be unable to recover its debts from GCUKTL or to meet its debts as they fall due.

On 28 January 2002, Global Crossing Limited, the Company's ultimate parent company, and certain of its subsidiaries commenced Chapter 11 proceedings in the United States Bankruptcy Court ("Bankruptcy Court") and co-ordinated proceedings in the Supreme Court of Bermuda. Some additional cases were subsequently filed by Global Crossing subsidiaries and their administration has been consolidated with that of the initial cases.

On 9 August 2002, Hutchison Telecommunications Limited ("Hutchison") and Singapore Technologies Telemedia PTE Limited ("ST Telemedia") signed an agreement (the Purchase Agreement) pursuant to which each of them would, subject to a number of conditions including compliance with financial covenants, purchase a 30.75% equity stake in a newly-formed company that will hold the assets of Global Crossing Limited (including its indirect ownership interest in the Company). This agreement received the approval of the Bankruptcy Court judge and was supported by the various creditor groups who would receive the remaining 38.5% equity stake. However, on 30 April 2003 Hutchison withdrew from the Purchase Agreement under which either investor may take over the investment opportunity of the other on such a withdrawal. Accordingly, ST Telemedia assumed the rights and obligations of Hutchison under the Purchase Agreement.

The Bankruptcy Court confirmed Global Crossing's Plan of Reorganization on 26 December 2002. On 10 December 2003, the newly constituted group parent company, Global Crossing Limited (formerly GC Acquisition Ltd.) ("New Global Crossing") emerged from Chapter 11, and ST Telemedia acquired a 61.5% holding in New Global Crossing for consideration of $250million.

Going concern basis (continued)

New Global Crossing is currently seeking to arrange a working capital facility or other financing to fund the anticipated liquidity requirements through the end of 2004. If it is unable to do so, ST Telemedia has indicated its intention to provide up to $ 100 million of financial support to fund New Global Crossing's operating needs on such terms and conditions as New Global Crossing and ST Telemedia agree. (ST Telemedia's intention is based on New Global Crossing's commitment to adhere to an operating plan requiring no more than $100 million in additional funds in 2004.) If provided, this financial support could be in the form of (1) a guarantee or other support by ST Telemedia in respect of borrowings by New Global Crossing under a working capital facility or other financing or (2) a subordinated loan from ST Telemedia, as ST Telemedia is not permitted to lend directly to New Global Crossing on a secured or *senior basis under an indenture for New Senior Secured Notes issued to a subsidiary of ST Telemedia by Global* Crossing North American Holdings, Inc. upon emergence from Chapter 11 proceedings. While ST Telemedia has indicated its intention to provide financial support and management fully expects ST Telemedia to make such financial support available, ST Telemedia does not have any contractual obligation to provide financial support and there is no assurance that ST Telemedia will provide any such financial support.

Based on discussions with group management, the directors are confident that Global Crossing has a reasonable prospect of accessing sufficient funding to enable it to continue operating, and to meet its debts, including those under the guaranteed loan notes, as they fall due for the foreseeable future. In addition, while there is no formal subordination of intercompany debt, the directors are confident that Global Crossing Limited and its subsidiaries will not require repayment of the Company's intercompany debt if such repayment would place it in a position whereby it could not meet its external debts as and when they fall due.

Consequently, the directors believe it is appropriate to prepare the financial statements on a going concern basis. The financial statements do not include any asset write downs (including write-downs of receivables from other group companies), provisions, reclassifications or other adjustments that would be required if this basis were no longer valid.

Group accounts

The company has taken advantage of the exemption from preparing consolidated accounts afforded by Section 228 of the Companies Act 1985 because it is a wholly owned subsidiary of Global Crossing Intermediate UK Holdings Limited, which prepares consolidated accounts that are publicly available.

Investments

Investments are recorded at cost, less provision for impairment in value.

Cash flow statement

The Company is exempt from the requirements of FRS 1 (Revised) "Cash flow statements" to prepare a cash flow statement as it is a wholly owned subsidiary undertaking of Global Crossing Limited, whose consolidated accounts are publicly available and include the Company's accounts.

Taxation

UK corporation tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements. A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as 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 at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax assets and liabilities are not discounted.

Foreign currencies

Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated into sterling at the rates ruling at that date. Transactions denominated in foreign currencies are translated into sterling at the rates ruling at the dates of the transactions. Translation differences are dealt with in the profit and loss account.

1 Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging / (crediting):

	Year ended 31 December 2002 £'000	Year ended 31 December 2001 £'000
Auditors' remuneration for audit services	-	3
Auditors' remuneration for non-audit services	-	10
Gain from waiver of loan from group undertaking	-	(517,551)
Provision against inter-company receivable	(306,939)	77,430

The Directors reviewed the recoverability of the intercompany receivables and have released the provision made in previous years. This is on the basis of the post year end intercompany restructuring leading the Directors to believe that the remaining amounts are recoverable subject to the uncertainty described in the accounting policy note.

Auditors' remuneration was borne by another group company in the current year.

2 Directors and employees

The directors have apportioned their remuneration in respect of services provided to group companies. The amount allocated to the company is £nil (2001: £nil).

Other than the Directors, the company employed no employees during either year.

3 Finance (charges)/income (net)

	Year ended 31 December 2002 £'000	Year ended 31 December 2001 £'000
Interest receivable and similar income	7	247
Interest payable to fellow group companies	(187)	(64)
Finance (charges)/income (net)	(180)	183

4 *Taxation*

There is no charge to corporation tax in the current year due to a tax loss (2001:£nil).

Reconciliation of tax charge

The taxation charge for the year is lower that the standard rate of corporation tax in the UK (30%). The difference is explained below:

	2002 £'000	2001 £'000
Profit on ordinary activities before taxation	298,763	441,501
Tax on profit at 30%	89,629	132,450
Factors affecting the tax charge for the year:		
Expenses not deductible for tax purposes	248	27,689
Non-taxable income	(92,082)	(155,310)
Other timing differences	2,061	19
Tax losses carried forward	144	-
Utilisation of losses brought forward	-	(3)
Utilisation of group relief	-	(4,845)
	-	-

5 Investments

The Company has investments in the following subsidiary undertakings:

Subsidiary undertaking	Principal activity	Country of incorporation or principal business address	Holding	%
Global Crossing (UK) Telecommunications Limited	Telecommunications	England and Wales	100,000 ordinary shares of £1 each	100
Global Crossing (UK) Telecommunications Networks Limited	Dormant	England and Wales	49,250,000 ordinary shares of £1 each	100
Global Crossing (UK) Internet Services Limited	Dormant	England and Wales	8,500,000 ordinary shares of £1 each	100
Global Crossing Communications International Limited	Dormant	England and Wales	47,000,000 ordinary shares of £1 each	100
Racal Telecommunications, Inc	Telecommunications	USA	1,000 common shares of US$1 each	100

The Company owns all of the above subsidiary undertakings directly.

5 Investments (continued)

The Company has taken advantage of the exemption from preparing and delivering group financial statements available under the Companies Act 1985 as the Company's indirect parent, Global Crossing Intermediate UK Holdings Limited prepares group financial statements.

These financial statements therefore present information about the Company as an individual undertaking and not about its group.

Subsidiary undertakings

	£'000
Cost	
At beginning and end of year	810,507
Amounts written off	
At beginning and end of year	810,507
Net book value	
At beginning and end of year	-

As required by FRS 11 "Impairment of fixed assets and goodwill", the Directors have previously considered whether the value of the Company's investment in its subsidiary undertakings had become impaired. They considered the future forecast cashflows from these investments and probable group reorganisations. On this basis, they concluded that the carrying value of the investments should be £nil. The directors believe this conclusion remains valid as at the date of these accounts.

6 Debtors

	2002 £'000	2001 £'000
Amounts owed by group companies	474,334	153,182

No provision (2001: £306,939,000) has been made against these receivables.

7 Creditors: Amounts falling due within one year

	2002 £'000	2001 £'000
Amounts owed to group undertakings	531,590	509,318
Bank loans and overdrafts	9	-
Accruals and deferred income	-	6
	531,599	509,324

Of the above amount owed to group undertakings, £44,844,000 (2001: £44,593,000) bears interest at 1 month Libor plus 1% (2001: 1 month Libor plus 1%). On 28th January 2002, upon entering Chapter 11, this loan was converted to non-interest bearing.

8 Provisions for liabilities and charges

Deferred taxation provided and deferred taxation not provided are as follows:

	Provided asset		Not provided asset	
	2002 £'000	2001 £'000	2002 £'000	2001 £'000
Other timing differences	-	-	(2,080)	(19)
Tax losses available	-	-	(20,521)	(20,377)
	-	-	(22,601)	(20,396)

These deferred tax assets have not been recognised on the basis that there is insufficient evidence of taxable profits arising in the future. It is anticipated that the deferred tax asset will be recovered once the company derives sufficient taxable profits.

9 Called-up share capital

	2002 £'000	2001 £'000
Authorised:		
350,000,000 ordinary shares of £1 each	350,000	350,000
Allotted, called-up and fully paid:		
300,000,003 ordinary shares of £1 each	300,000	300,000

10 Movement in reserves

	2002 £'000	2001 £'000
Deficit at beginning of period	(673,592)	(1,115,093)
Retained profit for the period	298,763	441,501
Deficit at end of period	(374,829)	(673,592)

11 Movement on equity shareholders' deficit

	2002 £'000	2001 £'000
Equity shareholders' deficit at beginning of period	(355,792)	(797,293)
Retained profit for the period	298,763	441,501
Equity shareholders' deficit at end of period	(57,029)	(355,792)

12 Ultimate parent company and controlling party

As at 31 December 2002, the directors regarded Global Crossing Limited, a company incorporated in Bermuda, as the ultimate parent company. This was the parent of the largest group which included the Company and for which consolidated financial statements are prepared. Copies of the group financial statements of Global Crossing Limited are available to the public at Wessex House, 45 Reid Street, Hamilton, Bermuda.

As at 31 December 2002, the directors considered Global Crossing Limited to be the Company's ultimate controlling party. However, at this date Global Crossing Limited was subject to the jurisdiction of the United States Bankruptcy Court under Chapter 11 of Title 11 of the United States Bankruptcy Code, together with co-ordinated provisional liquidation proceedings in the Supreme Court of Bermuda.

Since Global Crossing Limited was acquired by ST Telemedia on 10 December 2003, the ultimate parent of the Company is Temasek Holdings (Private) Limited, a company incorporated in the Republic of Singapore. The largest group, which now includes the Company and for which consolidated financial results are prepared, is that headed by STT Communications Ltd., a company incorporated in the Republic of Singapore and whose registered office is 51 Cuppage Road, #10-11/17, StarHub Centre, Singapore 229469.

The Company's immediate parent company is Global Crossing Intermediate Holdings (UK) Limited, a company registered in England and Wales, which heads the smallest group in which the Company's state of affairs and results are consolidated. The consolidated financial statements of Global Crossing Intermediate UK Holdings Limited are available to the public from Companies House.

13 Related party transactions

In accordance with Financial Reporting Standard No 8 "Related Party Disclosures", balances and transactions with other undertakings consolidated within the group headed by Global Crossing Limited have not been disclosed in these financial statements.

14 Subsequent Events

On 10 December 2003, Global Crossing emerged from the Chapter 11 process. On the same date, upon the emergence of the newly constituted group parent company, Global Crossing Limited (formerly GC Acquisition Ltd.) ("New Global Crossing"), from the Chapter 11 process, Singapore Technologies Telemedia Pte Ltd ("ST Telemedia) acquired a 61.5% holding in this company for consideration of $250 million.

As a result of the emergence from Chapter 11 and pursuant to the Plan of Reorganisation, third party creditors of the Global Crossing group received in the aggregate a combination of 38.5% of the equity in New Global Crossing and cash, in lieu of the liabilities of entities that filed Chapter 11 cases as at 28 January 2002, although some liability of other entities continues to exist.

Also on the date of emergence Global Crossing issued $200 million of new debt in the form of 11% senior secured notes to ST Telemedia. These notes mature on the third anniversary of their issuance. The notes are guaranteed by Global Crossing Limited and its material subsidiaries including this company and its subsidiary, Global Crossing UK Telecommunications Limited.

In addition, as a result of emergence from Chapter 11 and pursuant to the Plan of Reorganisation, i) intercompany claims of Global Crossing Ltd. or Global Crossing Holdings Ltd. against subsidiary companies which had filed petitions for Chapter 11 and ii) intercompany claims against Global Crossing Ltd. or Global Crossing Holdings Limited held by any of their subsidiaries, were substantially eliminated and discharged by either offset, distribution, cancellation, or contribution of such claims, which resulted in significant intercompany debtor and creditor balances being forgiven. This waiver of intercompany balances is considered to be a non-adjusting post balance sheet event. As at 31 December 2003 this resulted in the reduction of intercompany debtor balances by £118,221,540 and intercompany creditor balances by £267,210,157.

On 9 December 2003, the Company's shares were transferred to Global Crossing Holdings Limited, a fellow group company. Global Crossing Holdings Limited became the immediate parent company from that date.