

Global Crossing (Bidco) Limited
Registered number: 3855219

Annual report and financial statements for the year ended 31 December 2008

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Global Crossing (Bidco) Limited

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Global Crossing (Bidco) Limited

Directors' Report

The directors present their audited financial statements for the year ended 31 December 2008.

Principal activities

The principal activity of the Company is to act as holding company to a group of companies that provide telecommunication services to enterprise and carrier customers.

Business review and subsequent events

Global Crossing (Bidco) Limited ("GC Bidco" or the "Company") is a company registered in the United Kingdom ("UK"). GC Bidco is an indirect, wholly owned subsidiary of, and part of a group of companies (the "Group Companies" or the "GC Group") owned by Global Crossing Limited, a company organised under the laws of Bermuda ("GCL").

On 2 December 2008, the Board of Directors of the Company approved a reduction in the issued share capital and share premium account through the cancellation of 223,623,150 issued ordinary shares and the elimination of a £17.8 million capital reserve. This was achieved through assignment or novation of certain intercompany balances with other group companies, as at 30 November 2008, to the immediate parent company, GC Holdings Limited.

Results and dividends

In accordance with section 228A of the Companies Act 1985, the Company is exempt from the requirement to prepare and deliver group financial statements. Financial information is presented about the Company as an individual undertaking and not about the Bidco Group. Details of the ultimate parent undertaking which prepares group financial statements are disclosed in note 16.

Revenue for the year amounted to £nil (2007: £nil). Profit before and after tax for the year amounted to £51.5 million (2007: £12.9 million).

The directors do not recommend the payment of a dividend (2007: £nil).

Future prospects

Company directors believe the Company has the liquidity to fund its operations and to meet its financing needs for a period of no less than one year from the date of signing of these financial statements.

In the event the Company does not have sufficient liquidity to fund its operations and to meet its financing needs, the directors of the company consider that, although not legally obligated to do so, GCL is in a position to provide the necessary support to the Company to enable it to continue to operate and to meet its long term financing needs for a period of not less than one year from the date of signing of these financial statements.

As at 30 September 2009, GCL's available liquidity consisted of \$429 million of unrestricted cash and cash equivalents. As at 30 September 2009, GCL also held \$20 million in restricted cash and cash equivalents which primarily comprised of cash collateral for letters of credit issued in favour of certain of our vendors and deposits securing real estate obligations.

Global Crossing (Bidco) Limited

Directors' Report (continued)

During the nine months ended 30 September 2009 GCL posted a net operating income of \$9 million and had a net increase in cash and cash equivalents of \$69 million. GCL's cash flows included the following significant items (i) capital purchases of \$125 million; (ii) net payments on capital lease and debt obligations of \$47 million; (iii) \$82 million cash use due to the change in accounts payable primarily due to a reduction in amounts outstanding with key access vendors and (iv) the receipt of \$92 million of cash from the sale of Indefeasible Rights of Use ("IRU") and prepaid services. In the short term, GCL expect cash provided by operating activities to exceed purchases of property and equipment. This expectation is based in part on raising financing for such property and equipment from vendors and others in amounts comparable to those arranged in 2008. Their ability to arrange such financings is subject to negotiating acceptable terms from equipment vendors and financing parties. This could prove more difficult given current adverse conditions in the credit markets. In the long term, GCL expects their operating results and cash flows to continue to improve as a result of the continued growth in their higher margin enterprise, carrier data and indirect sales channel business, including the economies of scale expected to result from such growth, and from ongoing cost reduction initiatives, including initiatives to optimize the access network and effectively lower unit prices. Thus, in the long term they expect to generate positive cash flow from operating activities in an amount sufficient to fund all investing and financing requirements, subject to the need to refinance their existing major debt instruments.

On 22 September 2009, GCL completed its offering of \$750 million of its 12% senior secured notes due 2015, at an issue price of 97.944% of their par value, in a private placement to qualified institutional buyers. The purpose of the offering is to refinance Global Crossing's existing term loan facility, to fund the purchase of senior notes issued by GC Impsat Holdings I Plc and to raise capital for general corporate purposes.

On this basis, the Directors of the company consider that GCL is in a position to provide the necessary support to the Company to enable it to continue to operate and to meet its long term financing needs for a period of not less than one year from the date of signing of these financial statements.

Accordingly, the directors of the Company believe that it is appropriate to prepare the financial statements on a going concern basis.

Directors

The directors of the Company, throughout and since the end of the year, except as noted, are as follows:

<i>Name</i>	<i>Date appointed</i>	<i>Date resigned</i>
A Christie		28 November 2008
B Keogh		
Q Qadeer	28 November 2008	

During the year, no directors exercised share options in GCL (2007: two).

Directors' liabilities

During the year, the GC Group had in force an indemnity provision 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 1985, as amended by the Companies Act 2006. Such qualifying third party indemnity provision remains in force at the date of approving the Directors' Report.

Global Crossing (Bidco) Limited

Directors' Report (continued)

Business Risks

The Company's principal risks and uncertainties relate to financial instruments. The Company's financial risk management objective and policies, in respect of financial instruments, are discussed in note 12 to these financial statements.

Auditors

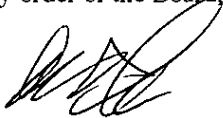
The Directors have passed a resolution in accordance with section 386 of the Companies Act 1985 to dispense with the requirement to appoint auditors annually.

Directors' statement as to disclosure of information to auditors

The directors who were members of the Board at the time of approving the directors' report are listed on page 4. Having made enquiries of fellow directors and of the Company's auditors, each of these directors confirms that:

- to the best of each directors' knowledge and belief, there is no information relevant to the preparation of their report of which the Company's auditors are unaware; and
- each director has taken all the steps a director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the Company's auditors are aware of that information.

By order of the Board,



Q Qadeer
Director

Date: 8 December 2009

Registered office
1 London Bridge
London
SE1 9BG

Global Crossing (Bidco) 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 1985. 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.

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 2008 which comprise the Income Statement, the Statement of Changes in Equity, the Balance Sheet, the Cash Flow Statement, and the related notes 1 to 18. 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 auditors' 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

The directors' responsibilities for preparing the financial statements in accordance with applicable United Kingdom law and International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and IFRS as adopted by the European Union ("EU") are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 to you whether the information given in the directors' report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 other transactions is not disclosed.

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

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 judgments 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.

Independent Auditors' Report to the Members of Global Crossing (Bidco) Limited (continued)

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with IFRS as issued by the IASB and IFRS as adopted by the EU, of the state of the company's affairs as at 31 December 2008 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the directors' report is consistent with the financial statements.

Ernst + Young LL

Ernst & Young LLP
Registered auditor
London

Date: *11 December 2009*

Global Crossing (Bidco) Limited

Income Statement

	Note	Year ended 31 December	
		2008	2007
		£'000	£'000
Revenue		-	-
Cost of sales		-	-
Gross profit		-	-
Distribution costs		-	-
Administrative expense		(1,620)	(746)
Operating loss	3	(1,620)	(746)
Finance revenue	5	55,280	17,018
Finance costs	6	(2,196)	(3,395)
Profit before tax		51,464	12,877
Tax	7	-	-
Profit for the year		51,464	12,877

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

Global Crossing (Bidco) Limited

Statement of Changes in Equity

	Note	Share capital £'000	Capital reserve £'000	Other reserve £'000	Accumulated deficit £'000	Total equity £'000
At 1 January 2007		300,000	17,800	-	(122,123)	195,677
Profit for the year		-	-	-	12,877	12,877
Fair value adjustment on intercompany loan	17	-	-	(54,507)	-	(54,507)
Unwind of fair value adjustment	17	-	-	1,742	(1,742)	-
Total income and expense for the year		-	-	(52,765)	11,135	(41,630)
At 31 December 2007		300,000	17,800	(52,765)	(110,988)	154,047
Profit for the year		-	-	-	51,464	51,464
Fair value adjustment on the assignment of intercompany loan	17	-	-	50,058	-	50,058
Unwind of fair value adjustment	17	-	-	2,707	(2,707)	-
Capital reduction	13	(223,623)	(17,800)	-	-	(241,423)
Total income and expense for the year		(223,623)	(17,800)	52,765	48,757	(139,901)
At 31 December 2008		76,377	-	-	(62,231)	14,146

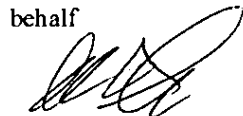
The accompanying notes are an integral part of these financial statements.

Global Crossing (Bidco) Limited

Balance Sheet

		31 December	
	Note	2008	2007
		£'000	£'000
<i>Non-current assets</i>			
Investments	9	21,895	21,895
Trade and other receivables	10	-	29,023
		<u>21,895</u>	<u>50,918</u>
<i>Current assets</i>			
Trade and other receivables	10	7,910	137,592
Cash and cash equivalents		38	33
		<u>7,948</u>	<u>137,625</u>
Total assets		<u>29,843</u>	<u>188,543</u>
<i>Current liabilities</i>			
Trade and other payables	11	(15,697)	(34,496)
Total liabilities		<u>(15,697)</u>	<u>(34,496)</u>
Net assets		<u>14,146</u>	<u>154,047</u>
<i>Capital and reserves</i>			
Equity share capital	13	76,377	300,000
Capital reserve		-	17,800
Other reserve		-	(52,765)
Accumulated deficit		(62,231)	(110,988)
Total equity		<u>14,146</u>	<u>154,047</u>

These financial statements were approved by the Board of Directors on 8 December 2009 and are signed on its behalf



Q Qadeer
Director

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

Global Crossing (Bidco) Limited

Cash Flow Statement

	Year ended 31 December	
	2008	2007
	£'000	£'000
Operating activities		
Profit for the year	51,464	12,877
<i>Adjustments for:</i>		
Finance costs, net	(53,084)	(13,623)
Operating cash flows before movements in working capital	(1,620)	(746)
Changes in operating working capital	1,624	84,966
Changes in other assets and liabilities	-	(84,212)
Cash generated by operations	4	8
Interest paid	-	-
<i>Net cash provided by operating activities</i>	4	8
Investing activities		
Interest received	1	25
<i>Net cash provided by investing activities</i>	1	25
Financing activities		
Loans provided to group companies	-	(81,750)
Loans repaid by group companies	-	81,750
<i>Net cash used in financing activities</i>	-	-
Net increase in cash and cash equivalents	5	33
Cash and cash equivalents at the beginning of year	33	-
Cash and cash equivalents at the end of year	38	33

For details on significant non cash transactions see note 13.

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

Global Crossing (Bidco) Limited

Notes to the financial statements (continued)

1. Description of business

Global Crossing (Bidco) Limited ("GC Bidco" or the "Company") is a company registered in England and Wales at 1 London Bridge, London, SE1 9BG. The principal activity of the Company is to act as holding company to a group of companies that provide telecommunication services to enterprise and carrier customers.

GC Bidco is part of a group of companies (the "Group Companies" or the "Bidco Group") owned by Global Crossing Limited, a company organised under the laws of Bermuda ("GCL"). GC Bidco's immediate parent company is Global Crossing Holdings Limited ("GCHL"), a company registered in Bermuda. References to "GC Group" are to Global Crossing Holdings Limited and its subsidiary undertakings.

On 2 December 2008, the Board of Directors of the Company approved a reduction in the issued share capital and share premium account through the cancellation of 223,623,150 issued ordinary shares and the elimination of a £17.8 million capital reserve. This was achieved through assignment or novation of certain intercompany balances with other group companies, as at 30 November 2008, to the immediate parent company, GCHL.

2. Accounting policies

Basis of preparation

The financial statements of Global Crossing (Bidco) Limited for the year ended 31 December 2008 were authorised for issue by the Board of Directors on 8 December 2009 and were signed on the Board's behalf by Q Qadeer.

As permitted by the European Union's IAS Regulation and the Companies Act 1985 these 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.

In accordance with section 228A of the Companies Act 1985 and paragraphs 10 and 11 of International Accounting Standard 27 "Consolidated and Separate Financial statements" ("IAS 27"), the Company is exempt from the requirement to prepare and deliver group accounts. Financial information is presented about the Company as an individual undertaking and not about its Group. Details of the ultimate parent undertaking which draw up group financial statements are disclosed in note 16.

These financial statements have been prepared on the historical cost basis, except for certain financial instruments which are recorded at fair value.

Going concern

In preparing the financial statements, the directors have formed a judgment that there is a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future.

In the event the Company does not have sufficient liquidity to fund its operations and to meet its financing needs, the directors of the company consider that, although not legally obligated to do so, GCL is in a position to provide the necessary support to the Company to enable it to continue to operate and to meet its long term financing needs for a period of not less than one year from the date of signing of these financial statements.

As at 30 September 2009, GCL's available liquidity consisted of \$429 million of unrestricted cash and cash equivalents. As at 30 September 2009, GCL also held \$20 million in restricted cash and cash equivalents which primarily comprised of cash collateral for letters of credit issued in favour of certain of our vendors and deposits securing real estate obligations.

Global Crossing (Bidco) Limited

Notes to the financial statements (continued)

2. Accounting policies (continued)

During the nine months ended 30 September 2009 GCL posted a net operating income of \$9 million and had a net increase in cash and cash equivalents of \$69 million. GCL's cash flows included the following significant items (i) capital purchases of \$125 million; (ii) net payments on capital lease and debt obligations of \$47 million; (iii) \$82 million cash use due to the change in accounts payable primarily due to a reduction in amounts outstanding with key access vendors and (iv) the receipt of \$92 million of cash from the sale of Indefeasible Rights of Use ("IRU") and prepaid services. In the short term, GCL expect cash provided by operating activities to exceed purchases of property and equipment. This expectation is based in part on raising financing for such property and equipment from vendors and others in amounts comparable to those arranged in 2008. Their ability to arrange such financings is subject to negotiating acceptable terms from equipment vendors and financing parties. This could prove more difficult given current adverse conditions in the credit markets. In the long term, GCL expects their operating results and cash flows to continue to improve as a result of the continued growth in their higher margin enterprise, carrier data and indirect sales channel business, including the economies of scale expected to result from such growth, and from ongoing cost reduction initiatives, including initiatives to optimize the access network and effectively lower unit prices. Thus, in the long term they expect to generate positive cash flow from operating activities in an amount sufficient to fund all investing and financing requirements, subject to the need to refinance their existing major debt instruments.

On 22 September 2009, GCL completed its offering of \$750 million of its 12% senior secured notes due 2015, at an issue price of 97.944% of their par value, in a private placement to qualified institutional buyers. The purpose of the offering is to refinance Global Crossing's existing term loan facility, to fund the purchase of senior notes issued by GC Impsat Holdings I Plc and to raise capital for general corporate purposes.

On this basis, the Directors of the company consider that GCL is in a position to provide the necessary support to the Company to enable it to continue to operate and to meet its long term financing needs for a period of not less than one year from the date of signing of these financial statements. Accordingly, they continue to adopt going concern basis in preparing these financial statements.

There were no new accounting standards or interpretations applicable for the first time in the year ended 31 December 2008.

A summary of the principal accounting policies is set out below, all of which have been applied consistently throughout the year as presented.

Use of estimates

The preparation of the financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported revenue and expenses during the year. Actual results could differ from those estimates. The estimates are based on historical factors, current circumstances and experience and judgment of the Company's management. The Company evaluates its assumptions and estimates on an ongoing basis and may employ outside experts to assist in the evaluation.

Foreign currencies

The financial statements are presented in pounds sterling, which is the currency of the primary economic environment in which the Company operates (their functional currency).

Transactions in currencies other than the functional currency (foreign currencies) are recorded at the rates of exchange prevailing at the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the balance sheet date.

Financial instruments

Financial assets and financial liabilities are recognised on the balance sheet when the Company becomes a party to the contractual provisions of the instrument.

Financial assets

Loans receivable that are interest-free are carried at the present value of expected future cash flows, other interest bearing loans receivable are carried at nominal value.

Global Crossing (Bidco) Limited

Notes to the financial statements (continued)

2. Accounting policies (continued)

Cash and cash equivalents

Cash and cash equivalents includes cash held by the Company and short-term bank deposits with an original maturity of three months or less. The carrying amount of these assets approximates their fair value.

For the purposes of cash flow statements, cash and cash equivalents consist of cash and short-term deposits as defined above, net of outstanding bank overdrafts.

Financial liabilities

Financial liabilities are initially recognised at fair value and in the case of loans and borrowings, directly attributable transaction costs. Financial liabilities include amounts owed to group companies, loans and borrowings and derivative financial instruments.

Financial liabilities issued by the Company are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

Taxation

The tax expense represents the sum of the tax currently payable and deferred tax. The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is the tax expected to be paid or recovered on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax is measured at the rates that are expected to apply in the years in which temporary 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.

The carrying amount of any deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current assets against current tax liabilities and when they relate to taxes levied by the same tax authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Borrowing costs

Borrowing costs are expensed as incurred.

Global Crossing (Bidco) Limited

Notes to the financial statements (continued)

2. Accounting policies (continued)

Recently issued accounting pronouncements and interpretations not applied

During the year and subsequent to the year end, the IASB and International Financial Reporting Interpretations Committee ("IFRIC") have issued the following standards and interpretations with an effective date after the date of these financial statements:

<i>IAS/IFRIC interpretations</i>		<i>Effective date</i>
IFRS 3 (Revised)	Business Combinations	1 July 2009
IAS 27 (Amendment)	Consolidated and Separate Financial Statements	1 July 2009
Issued in January 2008, the revised and amended standards (both IFRS 3 and IAS 27) apply prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual financial reporting period beginning on or after 1 July 2009. Adoption of these standards is not expected to materially affect the results of the Company or its operations.		
IAS 39 (Amendment)	Financial Instruments: Recognition and Measurement	1 July 2009
Issued in July 2008, this amendment to IAS 39 clarifies how the existing principles underlying hedge accounting should be applied in certain situations. Adoption of this amendment is not expected to materially affect the results of the Company or its operations.		
IFRIC 17	Distributions of Non-cash Assets to Owners	1 July 2009
Issued in November 2008, this interpretation provides guidance on the appropriate accounting treatment when an entity distributes assets other than cash as dividends to shareholders. Adoption of this interpretation is not expected to affect the results of the Company or its operations.		
IFRIC 18	Transfers of Assets from Customers	1 July 2009
Issued in January 2009, this interpretation clarifies the treatment of IFRS, particularly IAS 18 "Revenue" for agreements in which an entity receives an item of property, plant and equipment from a customer to connect to an ongoing supply of goods and services. Adoption of this interpretation is not expected to materially affect the results of the Company or its operations.		
IFRS 7 (Amendment)	Improving Disclosures about Financial Instruments (Amendments to IFRS 7)	1 July 2009
Issued in March 2009, this amendment to IFRS 7 requires enhanced disclosures about fair value measurements and liquidity risk. In particular the new disclosures:		
<ul style="list-style-type: none"> • Clarify that the existing IFRS 7 fair value disclosures must be made separately for each class of financial instrument; • Add a disclosure of any change in the method for determining fair value and the reasons for the change; • Establish a three-level hierarchy for making fair value adjustments; • Add disclosure, for each fair value measurement, in the balance sheet of which hierarchy level was used and any transfers between levels, with additional disclosures whenever level 3 is used; • Clarify that the current maturity analysis for non-derivative financial instruments should include issued financial guarantee contracts; and • Add a disclosure of maturity analysis of derivative financial liabilities. 		

Adoption of this revised standard may result in additional disclosure in our 2009 year end reporting.

Global Crossing (Bidco) Limited

Notes to the financial statements (continued)

2. Accounting policies (continued)

Improvements to International Financial Reporting Standards

1 January 2010 unless
otherwise specified

Issued in April 2009 as part of its Annual Improvement Process, this standard contains amendments to twelve International Financial Reporting Standards. The Company is in the process of assessing how, if at all, the adoption of this standard will affect its results and operations and any associated disclosure.

IFRS 9

Financial Instruments: Classification and Measurement

1 January 2013

Issued in November 2009, the IASB issued IFRS 9 as its first step in a project to replace IAS 39 "Financial Instruments: Classification and Measurement" ("IAS 39"). IFRS 9 introduces new requirements for classifying and measuring financial assets. The IASB intend to expand IFRS 9 during 2010 to add new requirements for classifying and measuring financial liabilities, derecognition of financial instruments, impairment and hedge accounting. IFRS 9 will then be a complete replacement for IAS 39. The Company is in the process of assessing how, if at all, adoption of IFRS 9 will affect the results of the Company or its operations and whether any additional disclosure will be required.

3. Operating profit/(loss)

Operating profit/(loss) has been arrived at after charging/(crediting):

	Year ended 31 December	
	2008	2007
	£'000	£'000
Auditors' remuneration for audit services (see below)		
- Company	17	3
Loss on foreign exchange	1,601	741

Amounts payable to Ernst & Young LLP by the Company in respect of non-audit services were £nil (2007: £nil).

4. Employee costs and remuneration of directors and key management

Employee costs

The average number of employees during the year was nil (2007: nil).

Employee remuneration during the year was also £nil (2007: £nil).

Remuneration of directors and key management

The remuneration of directors, who are the key management and personnel of the company, is £nil (2007: £nil).

The number of directors accruing benefits under money purchase schemes was two (2007: two).

All directors received remuneration in respect of services to companies in the GC Group, totalling £0.6 million (2007: £2.0 million) but it is not practicable to allocate this between Group Companies.

No directors exercised share options in GCL during the year (2007: two).

Global Crossing (Bidco) Limited

Notes to the financial statements (continued)

5. Finance revenue

	Year ended 31 December	
	2008	2007
	£'000	£'000
Interest receivable from other GC Group Companies (see note 17)	16,333	18,187
Foreign exchange gain/(loss) on loans receivable from other GC Group Companies	38,946	(1,191)
Interest on bank deposits	1	22
Total finance revenue	55,280	17,018

6. Finance costs

	Year ended 31 December	
	2008	2007
	£'000	£'000
Interest payable to other group companies ⁽¹⁾ (see note 17)	2,196	3,395
Total finance costs	2,196	3,395

⁽¹⁾ calculated using effective interest rate method

7. Taxation

There has been no current year tax charge in the year ended 31 December 2008 (2007: £nil). There have been no deferred tax movements recognised in equity in the current or prior year.

A reconciliation between the tax expense and accounting profit multiplied by the applicable tax rate for the years ended 31 December 2007 and 2008 is as follows:

	Year ended 31 December	
	2008	2007
	£'000	£'000
Accounting profit before tax	51,464	12,877
Tax at the UK corporation tax rate of 28.5% (2007: 30%)	14,667	3,863
<i>Factors affecting tax charge for the year:</i>		
- Non taxable income	(7,685)	(534)
- Utilisation of unrecognised tax losses and other temporary differences brought forward	(7,132)	(3,624)
- Adjustment for UK to UK transfer pricing	338	295
- Utilisation of group relief	(188)	-
Income tax credit reported in the income statement	-	-

During the years ended 31 December 2007 and 2008, there was no current or deferred tax charge. The following is the analysis of the deferred tax asset for financial reporting purposes.

Global Crossing (Bidco) Limited

Notes to the financial statements (continued)

7. Taxation (continued)

	31 December	
	2008	2007
	£'000	£'000
Tax losses available	-	6,809
Total deferred tax asset	-	6,809
Less : deferred tax asset not recognised	-	(6,809)
Net deferred tax asset	-	-

At the balance sheet date, the Company has unused gross tax losses of £nil (2007: £24.3 million) available for offset against future profits. No deferred tax assets have been recognised. The Company may carry forward its tax losses indefinitely.

On 19 July 2007, the UK Government fully enacted a reduction in the UK corporation tax rate from 30% to 28% with effect from 1 April 2008. The effect of the reduction to the tax rate was to decrease the future value of the company's recognised and unrecognised deferred tax assets by £0.7 million in the year ended 31 December 2007.

8. Dividends

The directors do not recommend the payment of a dividend (2007: £nil).

Global Crossing (Bidco) Limited

Notes to the financial statements (continued)

9. Investments

	Subsidiary undertakings £'000
Cost	
At 1 January 2007 and 31 December 2007	21,895
Additions	-
	<hr/>
At 31 December 2008	21,895
	<hr/>

Details of significant investments (holding greater than 20%), including the name, country of incorporation and proportion of ownership interest is given below:

Name of company	Country of incorporation	Proportion of voting rights and shares held	Nature of business
<i>Subsidiary undertaking</i>			
GC Acquisitions UK Limited *	England	100%, ordinary shares	Acquisitions
Global Crossing (UK) Telecommunications Limited	England	100%, ordinary shares	Telecommunications
Racal Telecommunications Inc	United States of America	100%, ordinary shares	Telecommunications
<i>Joint venture undertakings</i>			
International Optical Network LLC	United States of America	50%, ordinary shares	Telecommunications

* company dissolved on 14 July 2009

Global Crossing (Bidco) Limited

Notes to the financial statements (continued)

10. Financial assets

Trade and other receivables

Trade and other receivables consist of:

	31 December	
	2008	2007
	£'000	£'000
<i>Amounts due greater than one year</i>		
Amounts owed by GC Group Companies	-	29,023
<i>Amounts due within one year</i>		
Amounts owed by GC Group Companies	7,907	137,592
Other receivables	3	-
	<u>7,910</u>	<u>137,592</u>

Amounts owed by GC Group Companies within one year bear interest at 11.250% with interest being receivable quarterly in arrears. Any interest not received by the last day of the quarter following that to which it relates (the due date) will become interest bearing from that due date.

Amounts owed by GC Group companies, due in greater than one year consisted of an interest free loan made to GC Impsat Holdings 1 plc ("GC Impsat") during 2007 which was assigned to GC Holdings Limited during 2008. See note 17 for more details.

11. Financial liabilities

Trade and other payables

	31 December	
	2008	2007
	£'000	£'000
<i>Amounts due within one year</i>		
Amounts owed to GC Group Companies	15,697	34,496

Amounts owed to GC Group Companies incur interest at a rate of 11.875% with interest being payable quarterly in arrears. Any interest not paid by the last day of the quarter following that to which it relates (the due date) will become interest bearing from that due date.

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 its operating activities (primarily from amounts owed by Group Companies) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

The Company's principal financial assets are bank balances and cash, and other receivables which represent the maximum exposure to credit risk in relation to financial assets.

Credit risk related to financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is conducted primarily by GCL on behalf of the GC Group. The Company's maximum exposure to credit risk for the components of the balance sheet at 31 December 2007 and 2008 is the carrying amounts of such balances.

Global Crossing (Bidco) Limited

Notes to the financial statements (continued)

12. Financial instruments

Treasury policy and risk management

The Company's treasury management is conducted primarily by GCL on behalf of GC Group Companies. GCL 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 GCL Audit Committee, which receives regular updates of treasury activity. Financial instruments are entered into for risk management purposes only. It is the GC Group's policy that all hedging is to cover known risks and that no trading in financial instruments is undertaken.

Interest rate management

The Company has no significant financial exposure in respect of interest rates. All interest bearing receivables and payables balances are at fixed rates of interest.

Foreign exchange management

As at 31 December 2007 and 2008, the split of net interest bearing receivables/liabilities into their core currencies was pounds sterling 49% and 12% and US dollars 51% and 88%, respectively.

The Company assesses its currency exchange exposure and enters into financial instruments, as it believes necessary, to manage risk.

In the year ended 31 December 2008, the Company recognised a foreign currency gain of £37.3 million (2007: a loss of £1.9 million), on monetary and non monetary assets and liabilities denominated in currencies other than our function currency.

The following table illustrates the sensitivity on the net result for the year and equity in regards to the Company's financial assets and liabilities of possible changes in the US Dollar exchange rate. If pound sterling had strengthened/weakened against the US Dollar by 10% or 25% as at 31 December 2008 (10% as at 31 December 2007) the following effects on the financial statements would be:

	Increase/decrease in US Dollar rate	Effect on profit before tax £'000	Effect on equity £'000
2008	+ 10%	621	621
	-10%	(760)	(760)
	+25%	1,368	1,368
	-25%	(2,280)	(2,280)
2007	+ 10%	(7,823)	(7,823)
	-10%	7,556	7,556

Currency risks

The Company's currency exposures give rise to the net currency gains and losses recognised in the income statement. Such exposures comprise the net monetary assets and liabilities of the Company that are not denominated in the functional currency of the entity involved. The following table presents the exposure of net foreign currency monetary assets.

	31 December 2008		31 December 2007	
	US dollars £'000	Total £'000	US dollars £'000	Total £'000
<i>Functional currency of the Company</i>				
Pounds Sterling	(6,839)	(6,839)	67,987	67,987

Global Crossing (Bidco) Limited

Notes to the financial statements (continued)

12. Financial instruments (continued)

Capital management

The capital structure of the Company consists of equity attributable to equity holders of the parent, comprising issued capital and reserves. The objective of the Company's capital management is to enable it to continue as a going concern.

The Bidco Group's ability to access the credit markets to fund capital leases or other forms of equipment financing depends on market conditions, which have continued to tighten over the last year due to the ongoing crisis in global capital markets and which could make it more difficult for the Bidco Group to obtain such funding.

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	
	2008 £'000	2007 £'000	2008 £'000	2007 £'000
<i>Financial assets</i>				
- Amounts owed by GC Group Companies ⁽¹⁾	7,907	166,615	7,907	166,615
<i>Financial liabilities</i>				
- Amounts owed to GC Group Companies ⁽²⁾	(15,697)	(34,496)	(15,697)	(34,496)

⁽¹⁾ Classified as loan and receivables

⁽²⁾ Classified as financial liability at amortised costs

The fair value of amounts owed by Group Companies due in less than one year approximates to their carrying value due to their interest bearing or short term nature. The fair value of amounts owed by Group Companies due in greater than one year approximates their carrying value due to the loan being carried at the present value of its expected future cash flows (see note 17).

The fair value of amounts owed to Group Companies approximates to their carrying value due to their short term nature.

Global Crossing (Bidco) Limited

Notes to the financial statements (continued)

13. Equity share capital and reserves

	31 December	
	2008	2007
	£'000	£'000
<i>Authorised:</i>		
350,000,000 ordinary shares of £1 each	350,000	350,000
<i>Called up, allotted and fully paid:</i>		
76,376,853 (2007: 300,000,003) ordinary shares of £1 each	76,377	300,000

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

On 2 December 2008, the Board of Directors of the Company approved a reduction in the issued share capital and share premium account through the cancellation of 223,623,150 issued ordinary shares and the elimination of a £17.8 million capital reserve. This was achieved through assignment or novation of certain intercompany balances with other group companies, as at 30 November 2008, to the immediate parent company, GCHL.

Other reserves is a reserve account which held the difference between the fair value and the initial value of the interest free loan to GC Impsat and which had been included within other reserves to be unwound over the period of the loan. Under the capital reduction process as described in note 13, this loan was assigned to GC Holdings at 30 November 2008, and the fair value adjustment on the loan as shown by other reserves in equity has been eliminated on assignment. See note 17 for more details.

14. Operating lease commitments

The Company as lessor

The Company has no operating lease commitments as lessor.

The Company as lessee

The Company has no operating lease commitments as lessee.

15. Purchase commitments

The Company has no purchase commitments.

16. Ultimate parent and controlling party

At 31 December 2008, the Company's directors regarded Temasek Holdings (Private) Limited ("Temasek"), a company incorporated in the Republic of Singapore, as the ultimate parent company and ultimate controlling party. The largest group, which includes the Company and for which financial results are prepared is that headed by Temasek, whose registered office is 60B Orchard Road, #06-18, Tower 2, Singapore 238891.

The Company's immediate parent is GC Holdings Limited, a company registered in Bermuda. The consolidated financial statements of GC Holdings Limited include the results of the Company and are available to the public from Wessex House, 45 Reid Street, Hamilton, Bermuda.

Global Crossing (Bidco) Limited

Notes to the financial statements (continued)

17. Related party transactions

Transactions with GC Group Companies

The Company has a number of financial relationships with GCL and other GC Group Companies which are governed by respective intercompany agreements. The debtor and creditor balances as a result of these relationships are as follows:

	31 December	
	2008	2007
	£'000	£'000
<i>Debtor balance due in less than one year from:</i>		
Global Crossing Services Europe Limited	-	75,590
Global Crossing PEC Holdings BV	3,646	3,547
Global Crossing Holdings Limited	-	46,291
Global Crossing Europe Limited	-	8,352
Fibernet Holdings Limited	4,261	3,812
	<u>7,907</u>	<u>137,592</u>
<i>Debtor balance due in more than one year from:</i>		
GC Impsat Holdings I plc	-	29,023
	<u>7,907</u>	<u>166,615</u>
<i>Total debtor balance</i>		
<i>Creditor balances due to:</i>		
Global Crossing Europe Limited	9,408	-
Global Crossing Development Co	6,258	4,533
Global Crossing Network Centre Limited	-	669
Global Crossing Network Limited	-	334
Global Crossing PEC UK Limited	-	15,519
GT U.K. Limited	-	13,429
Other Group Companies	31	12
	<u>15,697</u>	<u>34,496</u>
<i>Total creditor balance</i>		

During 2007, the company made an interest free loan of \$163.1 million (equivalent to £81.8 million at the date of the loan) to GC Impsat. The loan was due for repayment on 31 December 2018, and subordinated to GC Impsat's obligations in respect of its 9.875% senior notes due 2017. In accordance with IAS 39 "Financial Instruments: Recognition and Measurement" this loan was carried at the present value of its expected future cash flows. The difference between this and the initial value of the loan was included within other reserves to be unwound over the period of the loan. Under the capital reduction process as described in note 13, this loan was assigned to GC Holdings at 30 November 2008, and the fair value adjustment on the loan as shown by other reserves in equity has been eliminated on assignment.

Global Crossing (Bidco) Limited

Notes to the financial statements (continued)

17. Related party transactions (continued)

Interest income and charges on the above balances are as follows:

	Year ended 31 December	
	2008	2007
	£'000	£'000
<i>Interest receivable from other GC Group Companies:</i>		
Global Crossing Services Europe Limited	7,291	8,511
Global Crossing Holdings Ltd	5,834	7,575
GC Acquisitions UK Limited	-	148
Fibernet Holdings Limited	448	211
GC Impsat Holdings I plc	2,760	1,742
	<u>16,333</u>	<u>18,187</u>
<i>Interest payable to other GC Group Companies:</i>		
GC Pan European Crossing UK Limited	-	1,771
GT U.K. Ltd	-	1,512
Global Crossing Europe Limited	2,196	-
Other Group Companies	-	112
	<u>2,196</u>	<u>3,395</u>

18. 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 adverse outcome that would have a material effect on the Company balance sheets, income statements or cash flow statements.