Global Crossing (Bidco) Limited

Registered number 3855219

Annual report and financial statements for the year ended 31 December 2009

Global Crossing (Bidco) Limited

Contents

Global Crossing (Bidco) Limited

Directors' Report

The directors present their audited financial statements for the year ended 31 December 2009

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 England and Wales 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 cancelation 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

Results and dividends

In accordance with section 401 of the Companies Act 2006, 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 15

Revenue for the year amounted to £nil *(2008 £nil)* Loss before and after tax for the year amounted to £1 6 million *(2008 profit before and after tax for the year amounted to £51 5 million)*

The directors do not recommend the payment of a dividend *(2008 £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

The principle liability on the statement of financial position relates to £13 6 million owed to Global Crossing Europe Limited ("GCE"), a fellow GC Group Company (see note 16) The directors of the Company have obtained confirmation from the Directors of GCE that they will not seek repayment of this balance for a period of at least 12 months

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 June 2010, GCL's available liquidity consisted of $328 million of unrestricted cash and cash equivalents As at 30 June 2010, GCL also held $15 million in restricted cash and cash equivalents which primarily comprised of cash collateral for letters of credit or performance bonds issued in favour of certain of our vendors and deposits securing real estate obligations

Global Crossing (Bidco) Limited

Directors' Report (continued)

During the six months ended 30 June 2010 GCL's revenue was $1,278 million GCL had a net decrease in cash and cash equivalents of $149 million and had net cash provided by operating activities of $5 million In 2010, GCL's operating cash flows will be adversely impacted by approximately $55 million of incremental annual interest payments primarily resulting from the issuance of its 12% Senior Secured Notes and the associated refinancing GCL also anticipates lower sales of IRUs and prepaid services than realised in 2009 Despite these factors, in the short-term they expect cash provided by operating activities (including IRUs and other prepaid sales) to exceed purchases of property and equipment from vendors and others in amounts somewhat lower than those arranged in 2009 GCL's ability to arrange such financings is subject to negotiating acceptable terms from equipment vendors and financing parties In the long term, GCL expects its operating results and cash flows to continue to improve as a result of the continued growth of 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 management initiatives, including initiatives to optimise 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 possible need to refinance its existing major debt instruments

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

Name

B Keogh

Q Qadeer

During the year, no directors exercised share options in GCL (*2008 none*)

Directors' liabilities

During the year, the GC 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

Creditor payment policy and practice

It is the Company's policy that payments to suppliers are made in accordance with those terms and conditions agreed between the Company and its suppliers, providing that all trading terms and conditions have been complied with

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 11 to these financial statements

Auditors

The Directors have passed a resolution in accordance with section 485 of the Companies Act 2006 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 director's 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 1 September 2010

Registered office
1 London Bridge
London
SE1 9BG

Registered number 3855219

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 IAS 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,

- state that the Company has complied with IFRSs, subject to any material departure disclosed and explained in the financial statements, and

- make judgements and estimates that are reasonable and prudent

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

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 2009 which comprise the Statement of Comprehensive (Loss)/Income, Statement of Changes in Equity, Statement of Financial Position, Statement of Cash Flows and the related notes 1 to 17 The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board and IFRS as adopted by the European Union

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an 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

As explained more fully in the Directors' Responsibilities Statement set out on page 6 the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error This includes an assessment of whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the Company's affairs as at 31 December 2009 and of its loss for the year then ended,
- have been properly prepared in accordance with IFRSs as issued by the International Accounting Standards Board and as adopted by the European Union, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

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

Matters on which we are required to report by exception

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

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

Ernst & Young LLP

Nick Powell (Senior Statutory Auditor)

For and on behalf of Ernst & Young LLP
Statutory Auditor
Reading

3 September 2010

Global Crossing (Bidco) Limited

Statement of Comprehensive (Loss)/Income

	Note	Year ended 31 December 2009 £000	2008 £000
Revenue		-	-
Cost of sales		-	-
Gross profit		-	-
Distribution costs		-	-
Administrative gain/(expense)		418	(1,620)
Operating profit/(loss)	3	418	(1,620)
Finance revenue	5	495	16,334
Finance costs	5	(2,474)	(2,196)
Foreign exchange gain on foreign currency loan receivables	5	-	38,946
(Loss)/profit before tax		(1,561)	51,464
Tax	6	-	-
(Loss)/profit for the year		(1,561)	51,464
Other comprehensive (loss)/income			
Other comprehensive (loss)/income for the year, net of tax		-	-
Comprehensive (loss)/income for the year		(1,561)	51,464

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 2008		**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	16	-	-	50,058	-	50,058
Unwind of fair value adjustment	16			2,707	(2,707)	-
Capital reduction	12	(223,623)	(17,800)	-	-	(241,423)
Total expense and income for the year		(223,623)	(17,800)	52,765	48,757	(139,901)
At 31 December 2008		**76,377**	**-**	**-**	**(62,231)**	**14,146**
Loss for the year		-	-	-	(1,561)	(1,561)
Total expense for the year		-	-	-	(1,561)	(1,561)
At 31 December 2009		**76,377**	**-**	**-**	**(63,792)**	**12,585**

The accompanying notes are an integral part of these financial statements

Global Crossing (Bidco) Limited

Statement of Financial Position

	Note	31 December 2009 £000	2008 £000
Non-current assets			
Investments	8	21,895	21,895
		21,895	21,895
Current assets			
Trade and other receivables	9	8,367	7,910
Cash and cash equivalents		36	38
		8,403	7,948
Total assets		**30,298**	**29,843**
Current liabilities			
Trade and other payables	10	(17,713)	(15,697)
Total liabilities		**(17,713)**	**(15,697)**
Net assets		**12,585**	**14,146**
Capital and reserves			
Equity share capital	12	76,377	76,377
Accumulated deficit		(63,792)	(62,231)
Total equity		**12,585**	**14,146**

These financial statements were approved by the Board of Directors on 1 September 2010 and are signed on its behalf by

Q Qadeer
Director

The accompanying notes are an integral part of these financial statements

Registered number 3855219

Global Crossing (Bidco) Limited

Statement of Cash Flow

	Year ended 31 December 2009 £000	2008 £000
Operating activities		
(Loss)/profit for the year	(1,561)	51,464
Adjustments for		
Finance costs, net	1,979	(53,084)
Changes in operating working capital	(420)	1,624
Cash (used in)/generated from operations	(2)	4
Interest paid	-	-
Net cash (used in)/provided by operating activities	(2)	4
Investing activities		
Interest received	-	1
Net cash provided by investing activities	-	1
Financing activities		
Loans provided to group companies	-	-
Net cash used in financing activities	-	-
Net (decrease)/increase in cash and cash equivalents	(2)	5
Cash and cash equivalents at the beginning of year	38	33
Cash and cash equivalents at the end of year	36	38

For details on significant non cash transactions see note 12

The accompanying notes are an integral part of these financial statements

Global Crossing (Bidco) Limited

Notes to the Financial Statements

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 cancelation 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 2009 were authorised for issue by the Board of Directors on 1 September 2010 and were signed on the Board's behalf by Q Qadeer

As permitted by the European Union's IAS Regulation and the Companies Act 2006 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 401 of the Companies Act 2006 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 15

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

The principle liability on the statement of financial position relates to £13 6 million owed to Global Crossing Europe Limited ("GCE"), a fellow GC Group Company (see note 16) The directors of the Company have obtained confirmation from the Directors of GCE that they will not seek repayment of this balance for a period of at least 12 months

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 June 2010, GCL's available liquidity consisted of $328 million of unrestricted cash and cash equivalents As at 30 June 2010, GCL also held $15 million in restricted cash and cash equivalents which primarily comprised of cash collateral for letters of credit or performance bonds 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 six months ended 30 June 2010 GCL's revenue was $1,278 million GCL had a net decrease in cash and cash equivalents of $149 million and had net cash provided by operating activities of $5 million In 2010, GCL's operating cash flows will be adversely impacted by approximately $55 million of incremental annual interest payments primarily resulting from the issuance of its 12% Senior Secured Notes and the associated refinancing GCL also anticipates lower sales of IRUs and prepaid services than realised in 2009 Despite these factors, in the short-term they expect cash provided by operating activities (including IRUs and other prepaid sales) to exceed purchases of property and equipment from vendors and others in amounts somewhat lower than those arranged in 2009 GCL's ability to arrange such financings is subject to negotiating acceptable terms from equipment vendors and financing parties In the long term, GCL expects its operating results and cash flows to continue to improve as a result of the continued growth of 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 management initiatives, including initiatives to optimise 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 possible need to refinance its existing major debt instruments

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

Recently adopted accounting guidance

The following IFRS's and International Accounting Standards ("IAS") that are relevant to the Company have been adopted during the period

IAS 1 (Revised) Presentation of financial statements

Issued in September 2007, this revision to IAS 1 introduces the following minor changes to the original standard

- Non-mandatory changes to the titles of some primary financial statements,
- Introduction of a requirement to include a statement of financial position at the beginning of the earliest accounting period whenever an entity retrospectively applies an accounting policy, makes a retrospective restatement of items in its financial statements, or when it reclassifies items in its financial statements, and
- Requires all items of income and expense (including those accounted for directly in equity) to be presented in either (i) a single statement (a "statement of comprehensive income/(loss)"), or (ii) in two statements (a separate "income statement" and "statement of comprehensive income/(loss)") The Company has chosen to follow option (i)

IFRS 8 Operating segments

Issued in November 2006, this standard supersedes IAS 14 "Segment reporting", and requires operating segments to be consistent with that used by management for internally evaluating performance and allocating resources As the Company operates as one reportable business segment, the adoption of this standard has not affected the results of the Company or its operations and has resulted in no additional disclosure

2. Accounting policies (continued)

IFRS 7 (Amendment) Improving Disclosures about Financial Instruments (Amendments to IFRS 7)

Issued in March 2009 this amendment to IFRS 7 requires enhanced disclosures about fair value measurements and liquidity risk In particular the new disclosures

- 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 disclosures
- Add disclosure, for each fair value measurement, in the Statements of Financial Position 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 amendment to IFRS 7 has not resulted in additional disclosure in these financial statements for the yea ended 31 December 2009

Improvements to IFRS 2008

Issued in May 2008 as the first standard to be issued under the IASB's annual improvements process, this standard contains amendments to thirty five International Accounting Standards Adoption of this standard has not materially affected the results of the Company or its operations and has resulted in no additional disclosure

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

Reclassifications and adjustments

Certain amounts in the prior year financial statements and accompanying notes have been reclassified to conform to current year presentation

In the prior period, foreign currency gains and losses related to foreign currency loan receivables were included as part of finance revenue or finance charges in the statement of comprehensive (loss)/income For the year ended 31 December 2009, these amounts have been shown as a separate line item on the face of the statement of comprehensive (loss)/income to facilitate easier identification of these amounts (see note 5) Accordingly, the prior period's results have been reclassified to conform to the current year presentation

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 Such estimates include the valuation of accounts receivables and legal contingencies 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 As future events and their effects cannot be determined with precision, actual results could differ from those estimates Changes in those estimates resulting from continuing changes in the economic environment will be reflected in the financial statements in future periods

Finance Revenue

Interest income is accrued using the effective interest rate method The method applies this rate to the principal outstanding to determine interest income each period, except for short term receivables when the recognition of interest would be immaterial

2. Accounting policies (continued)

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 reporting period, monetary items denominated in foreign currencies are translated at the rates prevailing at the end of that reporting period All foreign currency gains or losses are included in administrative gain/(expense) in the statement of comprehensive income except for foreign exchange gains or losses resulting from foreign currency receivables, which are included in their own separate line beneath the operating profit

Financial instruments

Financial assets and financial liabilities are recognised on the statement of financial position 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

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 statement of comprehensive (loss)/income 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 end of each reporting period

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 end of each reporting period Deferred tax assets and liabilities are not discounted

The carrying amount of any deferred tax assets is reviewed at the end of each reporting 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

Global Crossing (Bidco) Limited

Notes to the financial statements (continued)

2. Accounting policies (continued)

Deferred tax is charged or credited in the statement of comprehensive (loss)/income, 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

Recently issued accounting pronouncements and interpretations not applied

During the year and subsequent to the year end, the IASB have issued the following standards and interpretations, applicable to the Company with an effective date after the date of these financial statements

IAS interpretations	*Effective date*
Improvements to International Financial Reporting Standards 2009	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 Adoption of this standard is not expected to materially affect the results of the Company or its operations This standard has still to be endorsed by the EU

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 This standard has still to be endorsed by the EU

3. Operating profit/(loss)

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

	Year ended 31 December	
	2009	**2008**
	£000	**£000**
Auditors' remuneration for audit services (see below)		
- Company	-	17
(Gain)/loss on foreign exchange	(420)	1,601

Amounts payable to Ernst & Young LLP by the Company in respect of non-audit services were £nil *(2008 £nil)* In respect of the year ended 31 December 2009, auditor's remuneration of £4,739 was borne by the Company's subsidiary Global Crossing (UK) Telecommunications Limited on behalf of the Company

4. Employee costs and remuneration of directors and key management

Employee costs

The average number of employees during the year was nil *(2008 nil)*

Employee remuneration during the year was also £nil *(2008 £nil)*

Remuneration of directors and key management

The remuneration of directors, who are the key management and personnel of the Company, is £nil *(2008 £nil)*

The number of directors accruing benefits under money purchase schemes was two (*2008 two*)

All directors received remuneration in respect of services to companies in the GC Group, totalling £0 5 million *(2008 £0 6 million)* but it is not practicable to allocate this between Group Companies

No directors exercised share options in GCL during the year *(2008 none)*

5. Finance Revenue, Charges and Foreign Exchange Impacts

i) Finance revenue

	Year ended 31 December	
	2009	2008
	£000	£000
Interest receivable from other GC Group Companies [1] (see note 16)	495	16,333
Interest on bank deposits	-	1
Total finance revenue	495	16,334

[1] calculated using effective interest rate method

ii) Finance charges

	Year ended 31 December	
	2009	2008
	£000	£000
Interest payable to other group companies [1] (see note 16)	2,474	2,196
Total finance costs	2,474	2,196

[1] calculated using effective interest rate method

(iii) Foreign exchange gain on foreign currency borrowings, net

	Year ended 31 December	
	2009	2008
	£000	£000
Foreign exchange gain on foreign currency borrowings	-	38,946

6. Taxation

There has been no current year tax charge in the year ended 31 December 2009 *(2008 £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 2008 and 2009 is as follows

	Year ended 31 December	
	2009	**2008**
	£000	**£000**
Accounting (loss)/profit before tax	(1,561)	51,464
Tax at the UK corporation tax rate of 28% *(2008 28 5%)*	(437)	14,667
Factors affecting tax charge for the year		
- Non taxable income	-	(7,685)
- Utilisation of unrecognised tax losses and other temporary differences brought forward	-	(7,132)
- Adjustment for UK to UK transfer pricing	275	338
- Surrender/(utilisation) of group relief	162	(188)
Income tax credit reported in the statement of comprehensive (loss)/income	-	-

During the years ended 31 December 2008 and 2009, there was no current or deferred tax charge

At the end of the reporting period, the Company has unused gross tax losses of £nil *(2008 £nil)* available for offset against future profits No deferred tax assets have been recognised The Company may carry forward its tax losses indefinitely

With effect from 1 April 2008, the UK Government fully enacted a reduction in the UK corporation tax rate from 30% to 28%

7. Dividends

The directors do not recommend the payment of a dividend *(2008 £nil)*

Global Crossing (Bidco) Limited

Notes to the financial statements (continued)

8. Investments

	Subsidiary undertakings £000
Cost	
At 1 January 2008 and 31 December 2008	21,895
Reduction to cost *	-
At 31 December 2009	21,895

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
Subsidary undertaking			
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
Joint venture undertakings			
International Optical Network LLC	United States of America	50%, ordinary shares	Telecommunications

* GC Acquisitions UK Limited was dissolved on 14 July 2009 and the companies £1 investment written off to the Statement of Comprehensive Loss

9. Financial assets

Trade and other receivables

Trade and other receivables consist of

	31 December 2009 £000	31 December 2008 £000
Amounts due within one year		
Amounts owed by GC Group Companies (see note 16)	8,364	7,907
Other receivables	3	3
	8,367	7,910

Amounts owed by GC Group Companies within one year include trading and loan balances The loan balance bears 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 is relates (the due date) will become interest bearing from that due date

Global Crossing (Bidco) Limited

Notes to the financial statements (continued)

10. Financial liabilities

Trade and other payables

	31 December	
	2009	**2008**
	£000	**£000**
Amounts due within one year		
Amounts owed to GC Group Companies (see note 16)	17,713	15,697

Amounts owed to GC Group Companies include trading and loan balances The loan balance incurs interest at a rate of 12 125% with interest being payable quarterly in arrears Any interest not paid by the last day of the quarter following that to which is relates (the due date) will become interest bearing from that due date

11. 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 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 managed primarily by GCL on behalf of the GC Group The Company's maximum exposure to credit risk for the components of the statement of financial position at 31 December 2008 and 2009 is the carrying amounts of such balances

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 2008 and 2009, the split of net interest bearing receivables/liabilities into their core currencies was pounds sterling 12% and 27% and US dollars 88% and 73%, 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 2009, the Company recognised a total foreign currency gain of £0 4 million (*2008 a gain of £37 3 million*), on monetary and non monetary assets and liabilities denominated in currencies other than our function currency

Global Crossing (Bidco) Limited

Notes to the financial statements (continued)

11. Financial instruments (continued)

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 pounds sterling had strengthened/weakened against the US Dollar by 10% or 25% the effects on the financial statements would be

	Increase/decrease in US Dollar rate	Effect on profit before tax £000	Effect on equity £000
2009	+ 10%	622	622
	- 10%	(760)	(760)
	+25%	1,368	1,368
	- 25%	(2,280)	(2,280)
2008	+ 10%	621	621
	- 10%	(760)	(760)
	+25%	1,368	1,368
	- 25%	(2,280)	(2,280)

Currency risks

The Company's currency exposures give rise to the net currency gains and losses recognised in the statement of comprehensive (loss)/income 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 liabilities

	31 December 2009		31 December 2008	
	US dollars £000	Total £000	US dollars £000	Total £000
Functional currency of the Company				
Pounds Sterling	(6,842)	(6,842)	(6,839)	(6,839)

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

Global Crossing (Bidco) Limited

Notes to the financial statements (continued)

11. Financial instruments (continued)

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	
	2009	**2008**	**2009**	**2008**
	£000	**£000**	**£000**	**£000**
Financial assets				
- Amounts owed by GC Group Companies [1]	8,364	7,907	8,364	7,907
Financial liabilities				
- Amounts owed to GC Group Companies [2]	(17,713)	(15,697)	(17,713)	(15,697)

[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 and short term nature

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

12. Equity share capital and reserves

	31 December	
	2009	**2008**
	£000	**£000**
Authorised		
350,000,000 ordinary shares of £1 each	350,000	350,000
Called up, allotted and fully paid		
76,376,853 ordinary shares of £1 each	76,377	76,377

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 cancelation 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 Holdings I plc ("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 above, this loan was assigned to GC Holdings Limited ("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 16 for more details

13. Operating lease commitments

The Company as lessor

The Company has no operating lease commitments as lessor *(2008 £nil)*

The Company as lessee

The Company has no operating lease commitments as lessee *(2008 £nil)*

14. Purchase commitments

The Company has no purchase commitments (*2008 £nil)*

15. Ultimate parent and controlling party

At 31 December 2009, 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 smallest group in which the results of the Company are consolidated is that headed by Global Crossing Limited The consolidated financial statements of Global Crossing Limited are available from Wessex House, 45 Reid Street, Hamilton, Bermuda

16. 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 2009 £000	31 December 2008 £000
Debtor balance due in less than one year from		
Global Crossing PEC Holdings BV	3,611	3,646
Fibernet Holdings Limited	4,753	4,261
	8,364	7,907
Creditor balances due in less than one year to		
Global Crossing Europe Limited	13,628	9,408
Global Crossing Development Co	4,058	6,258
Other Group Companies	27	31
Total creditor balance	17,713	15,697

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 12, 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

16. Related party transactions (continued)

Interest income and charges on the above balances are as follows

	Year ended 31 December 2009 £000	2008 £000
Interest receivable from other GC Group Companies		
Global Crossing Services Europe Limited	-	7,291
Global Crossing Holdings Limited	-	5,834
Fibernet Holdings Limited	495	448
GC Impsat Holdings I plc	-	2,760
	495	16,333
Interest payable to other GC Group Companies		
Global Crossing Europe Limited	2,474	2,196
	2,474	2,196

17. Contingent liabilities

Litigation

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 (loss)/income or statement of cash flows