

Global Crossing (UK) Telecommunications Limited and Subsidiaries
Consolidated Statements of Financial Position
Results below are in pounds sterling in thousands

Table 1

	June 30, 2009	December 31, 2008
	(unaudited)	(audited)
Non current assets		
Intangible assets, net	£ 11,886	£ 11,955
Property, plant and equipment, net	168,475	179,544
Investment in associate	210	178
Retirement benefit asset	1,020	1,020
Trade and other receivables	32,611	37,006
	<u>214,202</u>	<u>229,703</u>
Current assets		
Trade and other receivables	70,450	56,276
Derivative financial instrument	534	2,787
Cash and cash equivalents	16,967	36,100
	<u>87,951</u>	<u>95,163</u>
Total assets	<u>£ 302,153</u>	<u>£ 324,866</u>
Current liabilities		
Trade and other payables	£ (82,398)	£ (81,909)
Senior secured notes	(4,812)	(7,382)
Deferred revenue	(37,760)	(38,751)
Provisions	(1,283)	(1,590)
Obligations under finance leases	(7,712)	(10,182)
Other debt obligations	(501)	(740)
	<u>(134,466)</u>	<u>(140,554)</u>
Non current liabilities		
Trade and other payables	(9,255)	(335)
Senior secured notes	(258,148)	(279,546)
Deferred revenue	(94,542)	(100,694)
Retirement benefit obligation	(2,957)	(2,880)
Provisions	(2,737)	(3,786)
Obligations under finance leases	(10,971)	(14,043)
Other debt obligations	(70)	(240)
	<u>(378,680)</u>	<u>(401,524)</u>
Total liabilities	<u>(513,146)</u>	<u>(542,078)</u>
Net liabilities	<u>£ (210,993)</u>	<u>£ (217,212)</u>
Capital and reserves		
Equity share capital (101,000 shares outstanding at £1 each)	£ 101	£ 101
Capital reserve	31,138	30,504
Hedging reserve	480	2,694
Accumulated deficit	(242,712)	(250,511)
Total equity	<u>£ (210,993)</u>	<u>£ (217,212)</u>
	£ -	£ -

Global Crossing (UK) Telecommunications Limited and Subsidiaries
Consolidated Statements of Operations
Results below are in pounds sterling in thousands

Table 2

IFRS in IFRS Reporting Format	Three months ended		
	June 30,	March 31,	June 30,
	2009	2009	2008
	(unaudited)	(unaudited)	(unaudited)
Revenue	£ 77,309	£ 78,588	£ 80,673
Cost of sales	(50,922)	(50,524)	(49,628)
Gross profit	26,387	28,064	31,045
Distribution costs	(4,586)	(4,574)	(4,660)
Administrative expenses	(19,301)	(16,902)	(17,597)
Operating profit	2,500	6,588	8,788
Finance revenues/(charges), net	7,692	(8,621)	(7,595)
Profit/(loss) before tax	10,192	(2,033)	1,193
Tax (charge)/benefit	(202)	(158)	51
Profit/(loss) for the period	£ 9,990	£ (2,191)	£ 1,244

IFRS in U.S. GAAP Reporting Format	Three months ended		
	June 30,	March 31,	June 30,
	2009	2009	2008
	(unaudited)	(unaudited)	(unaudited)
REVENUES	£ 77,309	£ 78,588	£ 80,673
Cost of revenue (excluding depreciation and amortization shown separately below)			
Cost of access	(25,405)	(24,580)	(25,105)
Real estate, network and operations	(15,074)	(12,784)	(12,464)
Third party maintenance	(3,705)	(3,659)	(4,559)
Cost of equipment and other sales	(10,314)	(11,217)	(8,766)
Total cost of revenue	(54,498)	(52,240)	(50,894)
Gross margin	22,811	26,348	29,779
Selling, general and administrative	(10,431)	(9,012)	(10,025)
Depreciation and amortization	(11,262)	(10,463)	(10,976)
Total operating expenses	(76,191)	(71,715)	(71,895)
OPERATING INCOME	1,118	6,873	8,778
OTHER INCOME (EXPENSE)			
Interest expense, net	(7,506)	(7,322)	(7,591)
Other income (expense), net	16,580	(1,584)	6
INCOME (LOSS) BEFORE PROVISION FOR INCOME TAXES	10,192	(2,033)	1,193
(Provision) benefit for income taxes	(202)	(158)	51
NET INCOME (LOSS)	£ 9,990	£ (2,191)	£ 1,244

Note: The classification differences between reporting under IFRS and U.S. GAAP reporting format are as follows:

Cost of sales:

Under IFRS reporting format, the company includes cost of access, third party maintenance, customer-specific costs and depreciation on network assets within cost of sales.

Cost of revenue:

Under U.S. GAAP reporting format, the company includes cost of access, real estate, network and operations, third party maintenance and cost of equipment and other sales within cost of revenue.

Foreign currency gains and losses:

Under IFRS reporting format, the company includes foreign currency gains and losses within operating profit, except for those related to the senior secured notes and loans from and to related parties, which are included in finance revenues/(charges). Under U.S. GAAP reporting format, all foreign exchange gains and losses are included in other income (expense), net.

Global Crossing (UK) Telecommunications Limited and Subsidiaries
Consolidated Statements of Cash Flows
Results below are in pounds sterling in thousands

Table 3

	Six months ended	
	June 30, 2009	June 30, 2008
	(unaudited)	(unaudited)
Operating activities:		
Profit for the period	£ 7,799	£ 2,051
Adjustments for:		
Finance costs, net	929	15,294
Income tax	360	193
Depreciation of property, plant and equipment	17,437	17,500
Amortization of intangible assets	844	1,060
Amortization of prepaid connection costs	4,719	4,585
Share based payment expense	634	2,853
Gain on disposal of property, plant and equipment	(50)	-
Equity income from associate	(32)	-
Change in provisions	(1,465)	(730)
Change in operating working capital	(17,273)	(5,246)
Change in other assets and liabilities	(5,972)	(3,417)
Cash generated from operations	7,930	34,143
Interest paid	(16,776)	(16,573)
Net cash (used in)/provided by operating activities	<u>£ (8,846)</u>	<u>£ 17,570</u>
Investing activities:		
Interest received	£ 1,271	£ 1,262
Proceeds from disposal of property, plant and equipment	58	-
Purchase of property, plant and equipment	(7,150)	(9,450)
Net cash used in investing activities	<u>£ (5,821)</u>	<u>£ (8,188)</u>
Financing activities:		
Loans provided by group companies	£ 9,908	£ -
Repayment of senior secured notes	(7,382)	(1,158)
Payment of employee taxes on share-based compensation	(1,047)	-
Repayment of capital elements under finance leases	(5,544)	(5,058)
Proceeds from debt obligations, net	-	474
Repayment of capital element of other debt obligations	(401)	(226)
Net cash used in financing activities	<u>£ (4,466)</u>	<u>£ (5,968)</u>
Net (decrease)/increase in cash and cash equivalents	(19,133)	3,414
Cash and cash equivalents at beginning of period	36,100	23,954
Cash and cash equivalents at end of period	<u>£ 16,967</u>	<u>£ 27,368</u>
Non-cash financing activities:		
Capital lease and debt obligations incurred	£ -	£ 860

Global Crossing (UK) Telecommunications Limited and Subsidiaries

Table 4

Summary of Consolidated Revenues

Results below are in pounds sterling in thousands

	Three months ended		
	June 30, 2009 (unaudited)	March 31, 2009 (unaudited)	June 30, 2008 (unaudited)
Revenues:			
Enterprise, carrier data and indirect sales channels	£ 75,338	£ 76,589	£ 78,930
Carrier voice	1,846	1,874	1,618
Revenues from third party customers	77,184	78,463	80,548
Revenues from Global Crossing group companies	125	125	125
Consolidated revenues	<u>£ 77,309</u>	<u>£ 78,588</u>	<u>£ 80,673</u>

Global Crossing (UK) Telecommunications Limited and Subsidiaries
Reconciliation of OIBDA to Net Income (Loss)
Results below are in pounds sterling in thousands

Table 5

Pursuant to the SEC's Regulation G, the following table provides a reconciliation of OIBDA, which is considered a non-GAAP (Generally Accepted Accounting Principles) financial measure, to net income (loss) under U.S. GAAP reporting format.

OIBDA is defined as operating income before depreciation and amortization, based upon our IFRS results in U.S. GAAP reporting format consolidated statements of operations. OIBDA differs from operating income, in that it excludes depreciation and amortization. Such excluded expenses primarily reflect the non-cash impacts of historical capital investments, as opposed to the cash impacts of capital expenditures made in recent periods. In addition, OIBDA does not give effect to cash used for debt service requirements and thus does not reflect available funds for reinvestment, distributions or other discretionary uses.

Management uses OIBDA as an important part of our internal reporting and planning processes and as a key measure to evaluate profitability and operating performance, make comparisons between periods, and to make resource allocation decisions. Management believes that the investment community uses similar performance measures to compare performance of competitors in our industry.

There are material limitations to using non-GAAP financial measures. Our calculation of OIBDA may differ from similarly titled measures used by other companies, and may not be comparable to those other measures. Additionally, OIBDA does not include certain significant items such as depreciation and amortization, interest income, interest expense, income taxes and other non-operating income or expense items. OIBDA should be considered in addition to, and not as a substitute for, other measures of financial performance reported in accordance with GAAP.

Management believes that OIBDA is useful to our investors as it is a relevant indicator of operating performance, especially in a capital-intensive industry such as telecommunications. OIBDA provides investors with an indication of the underlying performance of our everyday business operations. It excludes the effect of items associated with our capitalization and tax structures, such as interest income, interest expense and income taxes, and of other items not associated with our everyday operations.

	Three months ended		
	June 30, 2009	March 31, 2009	June 30, 2008
	(unaudited)	(unaudited)	(unaudited)
OIBDA	£ 12,380	£ 17,336	£ 19,754
Depreciation and amortization	(11,262)	(10,463)	(10,976)
Operating income	1,118	6,873	8,778
Interest expense, net	(7,506)	(7,322)	(7,591)
Other income (expense), net	16,580	(1,584)	6
(Provision) benefit for income taxes	(202)	(158)	51
Net income (loss)	<u>£ 9,990</u>	<u>£ (2,191)</u>	<u>£ 1,244</u>
	£ -	£ -	£ -