

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

| | | |
|---------------------------------------|---|-------------------------|
| | X | |
| In re: | : | Chapter 11 |
| | : | |
| Arcapita Investment Holdings Limited, | : | Case No: 12-11077 (SHL) |
| | : | |
| Debtor. | : | |
| | X | |

**Monthly Operating Report For the Period
From October 1, 2012 to October 31, 2012**

DEBTOR'S ADDRESS: Arcapita Investment Holdings Limited
c/o Arcapita Bank B.S.C.(c)
Arcapita Building, Bahrain Bay
P.O. Box 1406, Manama
Kingdom of Bahrain
Telephone: +973 17218333
Facsimile: +973 17217555

DEBTOR'S REGISTERED ADDRESS:
Arcapita Investment Holdings Limited
Boundary Hall, Cricket Square
P.O.Box 1111, Grand Cayman
KY 1-1102, Cayman Islands
Tel: +1 345 949 5122
Fax: +1 345 949 7920

DEBTOR'S ATTORNEYS: Michael A. Rosenthal (MR-7006)
Craig H. Millet (admitted pro hac vice)
Janet M. Weiss (JW-5460)
Matthew K. Kelsey (MK-3137)
GIBSON, DUNN & CRUTCHER LLP
200 Park Avenue
New York, New York 10166-0193
Telephone: (212) 351-4000
Facsimile: (212) 351-4035

I declare under penalty of perjury (28 U.S.C. Section 1746) that this report and the attached documents are true and correct to the best of my knowledge and belief.

/s/ Essa Zainal
Essa Zainal
Head of Financial Control
Arcapita Bank B.S.C.(c)

11/15/2012

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

In re Arcapita Investment Holdings Limited
Debtor

Case No. 12-11077 (SHL)
Reporting Period: 10/1/2012 - 10/31/2012

Federal Tax I.D. # N/A

CORPORATE MONTHLY OPERATING REPORT

| REQUIRED DOCUMENTS | Form No. | Document Attached | Explanation Attached |
|------------------------------------------------------------------|------------------------------|-------------------|----------------------|
| Schedule of Cash Receipts and Disbursements | MOR-1 | x | |
| Bank Reconciliation (or copies of debtor's bank reconciliations) | MOR-1 (CONT) | x | |
| Copies of bank statements | | | x |
| Cash disbursements journals | | | x |
| Statement of Operations | MOR-2 | x | |
| Balance Sheet | MOR-3 | x | |
| Status of Post-petition Taxes | MOR-4 | x | |
| Copies of IRS Form 6123 or payment receipt | | | x |
| Copies of tax returns filed during reporting period | | | x |
| Summary of Unpaid Post-petition Debts | MOR-4 | | x |
| Listing of Aged Accounts Payable | | | x |
| Accounts Receivable Reconciliation and Aging | MOR-5 | x | |
| Taxes Reconciliation and Aging | MOR-5 | x | |
| Payments to Insiders and Professionals | MOR-6 | x | |
| Post Petition Status of Secured Notes, Leases Payable | MOR-6 | x | |
| Debtor Questionnaire | MOR-7 | x | |

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

In re Arcapita Investment Holdings Limited
Debtor

Case No. 12-11077 (SHL)
Reporting Period: 10/1/2012 - 10/31/2012

Federal Tax I.D. # N/A

General Note:

The financial statements and supplemental information contained herein are preliminary, unaudited and may not comply in all material respects with generally accepted accounting principles ("GAAP") in the United States ("U.S."). In certain instances, accounting principles or concepts, specific to the region (e.g., Murabaha) are used.

The unaudited financial statements have been derived from the books and records of Arcapita Investment Holdings Limited ("AIHL" or the "Debtor"). This information, however has not been subject to certain procedures that would typically be applied to financial information in accordance with U.S. or other GAAP, and upon application of such procedures (e.g., asset impairment), the Debtor believes that the financial information could be subject to changes, and these changes could be material. The information furnished in this report includes normal recurring adjustments but does not include all adjustments that would typically be made for financial information in accordance with U.S. or other regional GAAP.

The results of operations contained herein are not necessarily indicative of results which may be expected for any other period or for the full year and may not necessarily reflect the consolidated results of operations and financial positions of the Debtor in the future.

In re Arcapita Investment Holdings Limited
Debtor

Case No. 12-11077 (SHL)
Reporting Period: 10/1/2012 - 10/31/2012

SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS

(in US Dollar millions)

| Bank Accounts | Opening balance as at 10/01/2012 | Receipts | Transfers | Disbursements | FX Fluctuation | Closing balance as at 10/31/2012 |
|---------------------------------|---------------------------------------------|-----------------|------------------|----------------------|-----------------------|---------------------------------------------|
| JP Morgan Chase | 7.8 | 2.1 | (1.9) | (6.7) | - | 1.2 |
| HSBC | 2.5 | - | - | (1.1) | - | 1.4 |
| Total Operating Accounts | 10.2 | 2.1 | (1.9) | (7.9) | - | 2.6 |

Notes:

1. Receipts relates to Southland Log Homes deposit (\$0.96 million, Orlando distribution (\$0.14 million) and Oman Industrial Rental (\$0.97million).
2. Disbursements were mainly related to fundings made to the following deals: US Senior Living by \$2.0 million, AEIDII by \$1.2 million, \$2.4 million to Venture Capital, \$1.1 million to Dalkia, as well as payments to Zolfo Cooper (\$1.1 million).
3. AIHL transferred \$1.93M to Arcapita Bank.

In re Arcapita Investment Holdings Limited
Debtor

Case No. 12-11077 (SHL)
Reporting Period: 10/1/2012 - 10/31/2012

BANK RECONCILIATIONS

(in US Dollar millions)

| GL# | Bank Name | Bank Balance | Deposits & Transfers in Transit | O/S, Bank Service Charges, Adjustments to GL | Other Reconciling Items | GL Balance |
|-----------------------|------------------------------------------|--------------|------------------------------------|----------------------------------------------------------|-------------------------------|------------|
| 3-1-301101-111003-0 | JP Morgan Chase | 1.2 | | | | 1.2 |
| 3-1-1-301101-111228-0 | HSBC | 1.4 | | | | 1.4 |
| | Total Cash & Cash Equivalents | 2.6 | - | - | - | 2.6 |

In re Arcapita Investment Holdings Limited
Debtor

Case No. 12-11077 (SHL)
Reporting Period: 10/1/2012 - 10/31/2012

STATEMENT OF OPERATIONS (Income Statement)
(in US Dollars)

| | | | For the Period |
|-----------------------------------------------------|--------|-----------|------------------------|
| | | | 10/1/2012 - 10/31/2012 |
| Yield Income | Note 1 | \$ | 961,671 |
| Income from investee companies | Note 2 | \$ | 2,108 |
| Total Income | | \$ | 963,779 |
| General and administration expenses | Note 3 | \$ | (1,390,962) |
| Total Expenses | | \$ | (1,390,962) |
| Net income before Foreign exchange movements | | \$ | (427,183) |
| Foreign exchange movements | Note 4 | \$ | (1,364,116) |
| Net income | | \$ | (1,791,299) |

Notes:

1. Yield income represents recurring income earned from various real estate and asset based investments held by the company.
2. Income from Investee companies comprises recurring income earned on Islamic financing provided to investee companies.
3. The most significant item included in G&A expenses is professional fees in the amount of approximately \$1.3M.
4. Foreign exchange loss primarily relates to the unfavorable foreign currency movement exchange rates.

In re Arcapita Investment Holdings Limited

Case No. 12-11077 (SHL)

Debtor

Reporting Period: 10/1/2012 - 10/31/2012

BALANCE SHEET
(in US Dollars)

| | | <u>10/31/2012</u> |
|----------------------------------------|--------|-------------------------|
| ASSETS | | |
| Cash and Balances with Bank | | \$ 2,569,324 |
| Receivables | Note 1 | 9,449,863 |
| Investment in Portfolio Companies | | 558,987,933 |
| Investment in Subsidiaries | | 2,113,111,191 |
| Intercompany Receivables | Note 2 | 1,330,073 |
| Other assets | | 52,899 |
| TOTAL ASSETS | | \$ 2,685,501,283 |
| LIABILITIES | | |
| Due to Deal companies | Note 3 | 324,753 |
| Intercompany Payables | Note 4 | 36,557,321 |
| Other Liabilities | Note 5 | 282,022 |
| TOTAL POST-PETITION LIABILITIES | | \$ 37,164,096 |
| Liabilities Subject to Compromise | | 456,139,610 |
| TOTAL LIABILITIES | | \$ 493,303,706 |
| EQUITY | | |
| Share Capital | | \$ 50,000 |
| Share Premium | | 3,128,946,518 |
| Reserves | | (936,798,941) |
| TOTAL EQUITY | | \$ 2,192,197,577 |
| TOTAL EQUITY AND LIABILITIES | | \$ 2,685,501,283 |

Notes:

1. Receivables consist of yield receivable from the underlying investment asset and expense reimbursement receivables from investment structure companies. The majority of these receivables are collectible on exit or disposal of the asset.

2. Intercompany receivables balances are comprised as follows:

| | |
|-------------------------------------------|------------------|
| Arcapita Industrial Management II Limited | 1,325,457 |
| Arcapita Investment Management Limited | 4,000 |
| Arcapita Inc. | 616 |
| | <u>1,330,073</u> |

3. \$240,000 of the balance relates to Lusial Capital Limited and \$137,039 to Bainbridge.

4. Intercompany payables balances are comprised as follows:

| | |
|---------------------------------|-------------------|
| Chicago Condominium WCF Limited | 19,020,509 |
| Arcapita Limited | 5,791,320 |
| Arcapita Bank B.S.C.(c) | 3,744,645 |
| Gas WCF Limited | 2,586,575 |
| US Senior Living WCF Limited | 2,000,000 |
| Arcapita Ventures I WCF Limited | 1,933,626 |
| Loghomes II WCF Limited | 989,190 |
| Condo Conversion WCF Limited | 467,140 |
| Arcapita LT Holdings Limited | 24,316 |
| | <u>36,557,321</u> |

5. Other Liabilities balances are comprised as follows:

| | |
|--------------------------------|----------------|
| Special programs | 33,415 |
| Accrued expenses for suppliers | 248,607 |
| | <u>282,022</u> |

In re Arcapita Investment Holdings Limited
Debtor

Case No. 12-11077 (SHL)
Reporting Period: 10/1/2012 - 10/31/2012

STATUS OF POST-PETITION TAXES

| | Beginning Tax | Amount Withheld and/or Accrued | Amount Paid | Ending Tax |
|-------------------------|---------------|--------------------------------|-------------|------------|
| Federal | | | | |
| Withholding | | | | |
| FICA-Employee | | | | |
| FICA-Employer | | | | |
| Unemployment | | | | |
| Income | | | | |
| Other: | | | | |
| Total Federal Taxes | | | | |
| State and Local | | | | |
| Withholding | | | | |
| Sales | | | | |
| Excise | | | | |
| Unemployment | | | | |
| Real Property | | | | |
| Personal Property | | | | |
| Other: Income/Franchise | | | | |
| Total State and Local | | | | |
| Total Taxes | \$ - | \$ - | \$ - | \$ - |

Notes:

1. Arcapita Investment Holdings Limited is incorporated in the Cayman Islands, a tax free jurisdiction.

SUMMARY OF PRE-PETITION DEBTS

| DESCRIPTION | Total |
|------------------------------------------------|-----------------------|
| AP - Product | - |
| AP - Legal & Professional Fees | - |
| AP - Intercompany | 456,139,610 |
| TOTAL LIABILITIES SUBJECT TO COMPROMISE | \$ 456,139,610 |

Notes:

1. Arcapita Investment Holdings Limited pre-petition debts comprise largely of its inter-company account with its parent entity Arcapita Bank B.S.C.(c) and are not past due as of the date of reporting. The company also has contingent liabilities which arise from its role as a guarantor of Arcapita Bank B.S.C.(c). These contingent guarantees are not reflected in the balance sheet.

In re Arcapita Investment Holdings Limited
Debtor

Case No. 12-11077 (SHL)
Reporting Period: 10/1/2012 - 10/31/2012

ACCOUNTS RECEIVABLE RECONCILIATION AND AGING

| Accounts Receivable Reconciliation | Amount |
|--------------------------------------------------------------------|--------|
| Total Accounts Receivable at the beginning of the reporting period | \$ - |
| Plus: Amounts billed during the period | |
| Less: Amounts collected during the period | |
| Less: Amounts written off during the period | |
| Less: Amounts reserved during the period | |
| Change in store accounts receivable, net | |
| Total Accounts Receivable at the end of the reporting period | \$ - |

| Accounts Receivable Aging | 10/31/2012 |
|-----------------------------------------------------------------------|--------------|
| 0 - 30 days old | \$ - |
| 31 - 60 days old | - |
| 61 - 90 days old | - |
| 91 - 120 days old | - |
| 121+ days old | - |
| Total Aged Accounts Receivable | - |
| Yield receivables | 5,374,320 |
| Expenses reimbursement receivable from Investment structure companies | 4,075,543 |
| Total Receivable | 9,449,863 |
| Less: Bad Debts (Amount considered uncollectible) | |
| Net Receivable | \$ 9,449,863 |

Notes:

1. Receivables consist of yield receivable from underlying investment asset and expense reimbursement receivables from investment structure companies. The majority of these receivable are collectible on exit or disposal of the asset.

TAXES RECONCILIATION AND AGING

| Taxes Payable | Current | 1-30 Days | 31-60 Days | 61-90 Days | 91+ Days | Total |
|---------------------|---------|-----------|------------|------------|----------|-------|
| Federal | | | | | | \$ - |
| State and Local | | | | | | - |
| Other | | | | | | |
| Total Taxes Payable | | | | | | \$ - |

Notes:

1. Arcapita Investment Holdings Limited is incorporated in the Cayman Islands, a tax free jurisdiction.

In re Arcapita Investment Holdings Limited
Debtor

Case No. 12-11077 (SHL)
Reporting Period: 10/1/2012 - 10/31/2012

PAYMENTS TO INSIDERS AND PROFESSIONALS

| INSIDERS | | | |
|----------------------------|-----------------|-------------|--------------------|
| NAME | TYPE OF PAYMENT | AMOUNT PAID | TOTAL PAID TO DATE |
| See note below | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| TOTAL PAYMENTS TO INSIDERS | | | |

Notes:

1. No payments incurred during this period.

| PROFESSIONALS | | | | | |
|---------------------------------|-----------------------------------------|-----------------|--------------|--------------------|--------------------------|
| NAME | DATE OF COURT ORDER AUTHORIZING PAYMENT | AMOUNT APPROVED | AMOUNT PAID | TOTAL PAID TO DATE | TOTAL INCURRED & UNPAID* |
| Zolfo Cooper | | | \$ 1,064,766 | \$ 2,231,284 | \$ 510,191 |
| Sidley | | | \$ - | \$ 1,122,750 | \$ - |
| Campbells | | | - | 216,612 | - |
| | | | | | - |
| | | | | | |
| | | | | | |
| | | | | | |
| TOTAL PAYMENTS TO PROFESSIONALS | | | \$ 1,064,766 | \$ 3,570,645 | \$ 510,191 |

* INCLUDE ALL FEES INCURRED, BOTH APPROVED AND UNAPPROVED

Notes:

1. Per the Cayman rules, a court order for payment of the legal fees is only required if requested by the creditors committee in the Cayman proceedings of AIHL. Since no such committee exists, there is no court order associated with these payments.

AND ADEQUATE PROTECTION PAYMENTS

| NAME OF CREDITOR | SCHEDULED MONTHLY PAYMENT DUE | AMOUNT PAID DURING MONTH | TOTAL UNPAID POST-PETITION |
|------------------|-------------------------------|--------------------------|----------------------------|
| See note below | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| TOTAL PAYMENTS | | \$ - | \$ - |

Notes:

1. No payments were made to secured creditors within this time period.

In re Arcapita Investment Holdings Limited
Debtor

Case No. 12-11077 (SHL)
Reporting Period: 10/1/2012 - 10/31/2012

DEBTOR QUESTIONNAIRE

| Must be completed each month. If the answer to any of the questions is "Yes", provide a detailed explanation of each item. Attach additional sheets if necessary. | | Yes | No |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------|-----------|
| 1 | Have any assets been sold or transferred outside the normal course of business this reporting period? | | X |
| 2 | Have any funds been disbursed from any account other than a debtor in possession account this reporting period? | | X |
| 3 | Is the Debtor delinquent in the timely filing of any post-petition tax returns? | | X |
| 4 | Are workers compensation, general liability or other necessary insurance coverages expired or cancelled, or has the debtor received notice of expiration or cancellation of such policies? | | X |
| 5 | Is the Debtor delinquent in paying any insurance premium payment? | | X |
| 6 | Have any payments been made on pre-petition liabilities this reporting period? | | X |
| 7 | Are any post petition receivables (accounts, notes or loans) due from related parties? | X (Intercompany) | |
| 8 | Are any post petition payroll taxes past due? | | X |
| 9 | Are any post petition State or Federal income taxes past due? | | X |
| 10 | Are any post petition real estate taxes past due? | | X |
| 11 | Are any other post petition taxes past due? | | X |
| 12 | Have any pre-petition taxes been paid during this reporting period? | | X |
| 13 | Are any amounts owed to post petition creditors delinquent? | | X |
| 14 | Are any wage payments past due? | | X |
| 15 | Have any post petition loans been received by the Debtor from any party? | | X |
| 16 | Is the Debtor delinquent in paying any U.S. Trustee fees? | | X |
| 17 | Is the Debtor delinquent with any court ordered payments to attorneys or other professionals? | | X |
| 18 | Have the owners or shareholders received any compensation outside of the normal course of business? | | X |

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

| | | |
|-------------------------------|---|-------------------------|
| | X | |
| In re: | : | Chapter 11 |
| | : | |
| Arcapita LT Holdings Limited, | : | Case No: 12-11078 (SHL) |
| | : | |
| Debtor. | : | |
| | X | |

**Monthly Operating Report For the Period
From October 1, 2012 to October 31, 2012**

DEBTOR'S ADDRESS: Arcapita LT Holdings Limited
 c/o Arcapita Bank B.S.C.(c)
 Arcapita Building, Bahrain Bay
 P.O. Box 1406, Manama
 Kingdom of Bahrain
 Telephone: +973 17218333
 Facsimile: +973 17217555

DEBTOR'S REGISTERED ADDRESS:
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DEBTOR'S ATTORNEYS: Michael A. Rosenthal (MR-7006)
 Craig H. Millet (admitted pro hac vice)
 Janet M. Weiss (JW-5460)
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I declare under penalty of perjury (28 U.S.C. Section 1746) that this report and the attached documents are true and correct to the best of my knowledge and belief.

/s/ Essa Zainal
Essa Zainal
Head of Financial Control
Arcapita Bank B.S.C.(c)

11/15/2012

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

In re Arcapita LT Holdings Limited
Debtor

Case No. 12-11078 (SHL)
Reporting Period: 10/1/2012 - 10/31/2012

Federal Tax I.D. # N/A

CORPORATE MONTHLY OPERATING REPORT

| REQUIRED DOCUMENTS | Form No. | Document Attached | Explanation Attached |
|------------------------------------------------------------------|-------------------------------|-------------------|----------------------|
| Schedule of Cash Receipts and Disbursements | MOR-1 | | X |
| Bank Reconciliation (or copies of debtor's bank reconciliations) | MOR-1 (CON'T) | | X |
| Copies of bank statements | | | X |
| Cash disbursements journals | | | X |
| Statement of Operations | MOR-2 | X | |
| Balance Sheet | MOR-3 | X | |
| Status of Post-petition Taxes | MOR-4 | X | |
| Copies of IRS Form 6123 or payment receipt | | | X |
| Copies of tax returns filed during reporting period | | | X |
| Summary of Unpaid Post-petition Debts | MOR-4 | | X |
| Listing of Aged Accounts Payable | | | X |
| Accounts Receivable Reconciliation and Aging | MOR-5 | X | |
| Taxes Reconciliation and Aging | MOR-5 | X | |
| Payments to Insiders and Professionals | MOR-6 | X | |
| Post Petition Status of Secured Notes, Leases Payable | MOR-6 | X | |
| Debtor Questionnaire | MOR-7 | X | |

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

In re Arcapita LT Holdings Limited
Debtor

Case No. 12-11078 (SHL)
Reporting Period: 10/1/2012 - 10/31/2012

Federal Tax I.D. # N/A

General Note:

The financial statements and supplemental information contained herein are preliminary, unaudited and may not comply in all material respects with generally accepted accounting principles ("GAAP") in the United States ("U.S."). In certain instances, accounting principles or concepts, specific to the region (e.g., Murabaha) are used.

The unaudited financial statements have been derived from the books and records of Arcapita LT Holdings Limited (the "Debtor"). This information, however has not been subject to certain procedures that would typically be applied to financial information in accordance with U.S. or other GAAP, and upon application of such procedures (e.g., asset impairment), the Debtor believes that the financial information could be subject to changes, and these changes could be material. The information furnished in this report includes normal recurring adjustments but does not include all adjustments that would typically be made for financial information in accordance with U.S. or other regional GAAP.

The results of operations contained herein are not necessarily indicative of results which may be expected for any other period or for the full year and may not necessarily reflect the consolidated results of operations and financial positions of the Debtor in the future.

In re Arcapita LT Holdings Limited
Debtor

Case No. 12-11078 (SHL)
Reporting Period: 10/1/2012 - 10/31/2012

SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS
(in US Dollars)

| Bank Accounts | Opening balance as at 10/01/2012 | Receipts | Transfers | Disbursements | FX Fluctuation | Closing balance as at 10/31/2012 |
|-----------------------------|-------------------------------------|----------------|-----------|---------------|----------------|-------------------------------------|
| JP Morgan Chase Bank NA, NY | 218 | 741,594 | - | (113) | - | 741,700 |
| Sub-Total | 218 | 741,594 | - | (113) | - | 741,700 |

1. Receipts relates to Orlando residential distribution.
2. Disbursement related to wire transfer .

In re Arcapita LT Holdings Limited
Debtor

Case No. 12-11078 (SHL)
Reporting Period: 10/1/2012 - 10/31/2012

BANK RECONCILIATIONS

(in US Dollars)

| GL# | Bank Name | Bank Balance | Deposits & Transfers in | O/S, Bank Service Charges, | Other Reconciling | GL Balance |
|-----------------------|------------------------------------------|----------------|-------------------------|----------------------------|-------------------|----------------|
| 277-1-301101-111003-0 | JP Morgan Chase Bank NA, NY | 741,700 | | | | 741,700 |
| | Total Cash & Cash Equivalents | 741,700 | - | - | - | 741,700 |

In re Arcapita LT Holdings Limited
Debtor

Case No. 12-11078 (SHL)
Reporting Period: 10/1/2012 - 10/31/2012

STATEMENT OF OPERATIONS (Income Statement)
(in US Dollars)

| | | <u>For the Period</u> <u>10/1/2012 - 10/31/2012</u> |
|-----------------------------------------------------|--------|--------------------------------------------------------|
| General and administration expenses | Note 1 | (877) |
| Total Expenses | | \$ (877) |
| Net income before Foreign exchange movements | | \$ (877) |
| Foreign exchange movements | Note 2 | (1,029,474) |
| Net income | | \$ (1,030,351) |

Notes:

1. Expenses include ALTH's Paget Brown monthly maintenance and wire transfers.
2. Foreign exchange loss primarily relates to unfavorable foreign exchange rate movements.

In re Arcapita LT Holdings Limited

Case No. 12-11078 (SHL)

Debtor

Reporting Period: 10/1/2012 - 10/31/2012

BALANCE SHEET
(in US Dollars)

| | 10/31/2012 |
|-------------------------------------|-----------------------|
| ASSETS | |
| Cash and Balances with Bank | \$ 741,700 |
| Receivables | Note 1 2,442,626 |
| Investment in deals | 415,197,233 |
| Intercompany Receivables | Note 2 316,462,834 |
| Investment in Subsidiaries | 664,681 |
| TOTAL ASSETS | \$ 735,509,075 |
| LIABILITIES | |
| Due to Deal companies | 741,594 |
| TOTAL LIABILITIES | \$ 741,594 |
| EQUITY | |
| Share Capital | \$ 50,000 |
| Share Premium | 1,475,958,751 |
| Retained Earnings / Deficit | (741,241,271) |
| TOTAL EQUITY | \$ 734,767,480 |
| TOTAL LIABILITIES AND EQUITY | \$ 735,509,075 |

Notes:

1. Receivables consist of yield receivables from underlying investment assets. The majority of the yield receivable is collectible on exit or disposal of the asset.

2. Intercompany Receivables are comprised as follow:

| | |
|--------------------------------------|-----------------------|
| Arcapita Bank B.S.C.(c) | \$ 316,438,079 |
| Arcapita Investment Holdings Limited | \$ 24,316 |
| Arcapita Inc. | \$ 439 |
| | \$ 316,462,834 |

In re Arcapita LT Holdings Limited

Case No. 12-11078 (SHL)

Debtor

Reporting Period: 10/1/2012 - 10/31/2012

STATUS OF POST-PETITION TAXES

| Federal | Beginning Tax | Amount Withheld and/or Accrued | Amount Paid | Ending Tax |
|-------------------------|---------------|--------------------------------|-------------|------------|
| Withholding | | | | |
| FICA-Employee | | | | |
| FICA-Employer | | | | |
| Unemployment | | | | |
| Income | | | | |
| Other: _____ | | | | |
| Total Federal Taxes | | | | |
| State and Local | | | | |
| Withholding | | | | |
| Sales | | | | |
| Excise | | | | |
| Unemployment | | | | |
| Real Property | | | | |
| Personal Property | | | | |
| Other: Income/Franchise | | | | |
| Total State and Local | | | | |
| Total Taxes | \$ - | \$ - | \$ - | \$ - |

Notes:

1. Arcapita LT Holdings Limited is incorporated in the Cayman Islands, a tax free jurisdiction.

SUMMARY OF PRE-PETITION DEBTS

| DESCRIPTION | Total |
|----------------------------------|-------|
| AP - Product | |
| AP - Legal & Professional Fees | |
| AP - Other | |
| TOTAL POST-PETITION DEBTS | \$ - |

Note:

1. Arcapita LT Holding Limited pre-petition debts are contingent and arise from its role as a guarantor for certain liabilities of Arcapita Bank B.S.C.(c). These contingent guarantees are not reflected in the balance sheet.
2. Arcapita LT Holdings Limited has no on-balance-sheet pre- or post-petition liabilities.

In re Arcapita LT Holdings Limited
Debtor

Case No. 12-11078 (SHL)
Reporting Period: 10/1/2012 - 10/31/2012

ACCOUNTS RECEIVABLE RECONCILIATION AND AGING

| Accounts Receivable Reconciliation | Amount |
|--------------------------------------------------------------------|---------------|
| Total Accounts Receivable at the beginning of the reporting period | \$ - |
| Plus: Amounts billed during the period | |
| Less: Amounts collected during the period | |
| Less: Amounts written off during the period | |
| Less: Amounts reserved during the period | |
| Change in store accounts receivable, net | |
| Total Accounts Receivable at the end of the reporting period | \$ - |

| Accounts Receivable Aging | 9/30/2012 |
|---------------------------------------------------|---------------------|
| 0 - 30 days old | \$ - |
| 31 - 60 days old | - |
| 61 - 90 days old | - |
| 91 - 120 days old | - |
| 121+ days old | - |
| Total Aged Accounts Receivable | - |
| Yield receivables | 2,442,626 |
| Total Accounts Receivable | 2,442,626 |
| Less: Bad Debts (Amount considered uncollectible) | |
| Net Accounts Receivable | \$ 2,442,626 |

Note:

1. Receivables consist of yield receivables from underlying investment assets. The majority of the yield receivables are collectible on exit/disposal of the asset.

TAXES RECONCILIATION AND AGING

| Taxes Payable | Current | 1-30 Days | 31-60 Days | 61-90 Days | 91+ Days | Total |
|----------------------|----------------|------------------|-------------------|-------------------|-----------------|--------------|
| Federal | | | | | | \$ - |
| State and Local | | | | | | - |
| Other | | | | | | - |
| Total Taxes Payable | | | | | | \$ - |

Notes:

1. Arcapita LT Holdings Limited is incorporated in the Cayman Islands, a tax free jurisdiction.

In re Arcapita LT Holdings Limited
Debtor

Case No. 12-11078 (SHL)
Reporting Period: 10/1/2012 - 10/31/2012

PAYMENTS TO INSIDERS AND PROFESSIONALS

| INSIDERS | | | |
|----------------------------|-----------------|-------------|--------------------|
| NAME | TYPE OF PAYMENT | AMOUNT PAID | TOTAL PAID TO DATE |
| See note below | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| TOTAL PAYMENTS TO INSIDERS | | | |

Notes:

1. No payments incurred during this period.

| PROFESSIONALS | | | | | |
|---------------------------------|-----------------------------------------|-----------------|-------------|--------------------|--------------------------|
| NAME | DATE OF COURT ORDER AUTHORIZING PAYMENT | AMOUNT APPROVED | AMOUNT PAID | TOTAL PAID TO DATE | TOTAL INCURRED & UNPAID* |
| See note below | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| TOTAL PAYMENTS TO PROFESSIONALS | | | | | |

* INCLUDE ALL FEES INCURRED, BOTH APPROVED AND UNAPPROVED

Notes:

1. No payments incurred during this period but retention of certain professionals has been approved by the Court.

POST-PETITION STATUS OF SECURED NOTES, LEASES PAYABLE AND ADEQUATE PROTECTION PAYMENTS

| NAME OF CREDITOR | SCHEDULED MONTHLY PAYMENT DUE | AMOUNT PAID DURING MONTH | TOTAL UNPAID POST-PETITION |
|------------------|-------------------------------|--------------------------|----------------------------|
| See note below | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| TOTAL PAYMENTS | | \$ - | \$ - |

Notes:

1. No payments were made to secured creditors within this time period.

In re Arcapita LT Holdings Limited
Debtor

Case No. 12-11078 (SHL)
Reporting Period: 10/1/2012 - 10/31/2012

DEBTOR QUESTIONNAIRE

| Must be completed each month. If the answer to any of the questions is "Yes", provide a detailed explanation of each item. Attach additional sheets if necessary. | | Yes | No |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------|-----------|
| 1 | Have any assets been sold or transferred outside the normal course of business this reporting period? | | X |
| 2 | Have any funds been disbursed from any account other than a debtor in possession account this reporting period? | | X |
| 3 | Is the Debtor delinquent in the timely filing of any post-petition tax returns? | | X |
| 4 | Are workers compensation, general liability or other necessary insurance coverages expired or cancelled, or has the debtor received notice of expiration or cancellation of such policies? | | X |
| 5 | Is the Debtor delinquent in paying any insurance premium payment? | | X |
| 6 | Have any payments been made on pre-petition liabilities this reporting period? | | X |
| 7 | Are any post petition receivables (accounts, notes or loans) due from related parties? | X (intercompany) | |
| 8 | Are any post petition payroll taxes past due? | | X |
| 9 | Are any post petition State or Federal income taxes past due? | | X |
| 10 | Are any post petition real estate taxes past due? | | X |
| 11 | Are any other post petition taxes past due? | | X |
| 12 | Have any pre-petition taxes been paid during this reporting period? | | X |
| 13 | Are any amounts owed to post petition creditors delinquent? | | X |
| 14 | Are any wage payments past due? | | X |
| 15 | Have any post petition loans been received by the Debtor from any party? | | X |
| 16 | Is the Debtor delinquent in paying any U.S. Trustee fees? | | X |
| 17 | Is the Debtor delinquent with any court ordered payments to attorneys or other professionals? | | X |
| 18 | Have the owners or shareholders received any compensation outside of the normal course of business? | | X |

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

| | | |
|-------------------------------|---|-------------------------|
| In re: | : | Chapter 11 |
| | : | |
| WindTurbine Holdings Limited, | : | Case No: 12-11079 (SHL) |
| | : | |
| Debtor. | : | |
| | X | |

**Monthly Operating Report For the Period
From October 1, 2012 to October 31, 2012**

DEBTOR'S POSTAL ADDRESS: WindTurbine Holdings Limited
C/O Arcapita Bank B.S.C.(c)
Arcapita Building, Bahrain Bay
P.O. Box 1406, Manama
Kingdom of Bahrain
Telephone: +973 17218333
Facsimile: +973 17217555

DEBTOR'S REGISTERED ADDRESS:
WindTurbine Holdings Limited
Boundary Hall, Cricket Square,
P.O.Box 1111, Grand Cayman,
KY 1-1102, Cayman Islands.
Tel: +1 345 949 5122
Fax: +1 345 949 7920

DEBTOR'S ATTORNEYS: Michael A. Rosenthal (MR-7006)
Craig H. Millet (admitted pro hac vice)
Janet M. Weiss (JW-5460)
Matthew K. Kelsey (MK-3137)
GIBSON, DUNN & CRUTCHER LLP
200 Park Avenue
New York, New York 10166-0193
Telephone: (212) 351-4000
Facsimile: (212) 351-4035

I declare under penalty of perjury (28 U.S.C. Section 1746) that this report and the attached documents
are true and correct to the best of my knowledge and belief.

/s/ Essa Zainal
Essa Zainal
Head of Financial Control
Arcapita Bank B.S.C.(c)

11/15/2012

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

In re WindTurbine Holdings Limited
Debtor

Case No. 12-11079 (SHL)
Reporting Period: 10/01/2012 - 10/31/2012

Federal Tax I.D. # N/A

CORPORATE MONTHLY OPERATING REPORT

| REQUIRED DOCUMENTS | Form No. | Document Attached | Explanation Attached |
|------------------------------------------------------------------|------------------------------|--------------------------|-----------------------------|
| Schedule of Cash Receipts and Disbursements | MOR-1 | | x |
| Bank Reconciliation (or copies of debtor's bank reconciliations) | MOR-1 (CONT) | | x |
| Copies of bank statements | | | x |
| Cash disbursements journals | | | x |
| Statement of Operations | MOR-2 | x | |
| Balance Sheet | MOR-3 | x | |
| Status of Post-petition Taxes | MOR-4 | x | |
| Copies of IRS Form 6123 or payment receipt | | | x |
| Copies of tax returns filed during reporting period | | | x |
| Summary of Unpaid Post-petition Debts | MOR-4 | | x |
| Listing of Aged Accounts Payable | | | x |
| Accounts Receivable Reconciliation and Aging | MOR-5 | x | |
| Taxes Reconciliation and Aging | MOR-5 | | x |
| Payments to Insiders and Professionals | MOR-6 | | x |
| Post Petition Status of Secured Notes, Leases Payable | MOR-6 | | x |
| Debtor Questionnaire | MOR-7 | x | |

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

In re WindTurbine Holdings Limited
Debtor

Case No. 12-11079 (SHL)
Reporting Period: 10/01/2012 - 10/31/2012

Federal Tax I.D. # N/A

General Note:

The financial statements and supplemental information contained herein are preliminary, unaudited and may not comply in all material respects with generally accepted accounting principles ("GAAP") in the United States ("U.S.").

The unaudited financial statements have been derived from the books and records of WindTurbine Holdings Limited (the "Debtor"). This information, however has not been subject to certain procedures that would typically be applied to financial information in accordance with U.S. or other GAAP, and upon application of such procedures (e.g., asset impairment), the Debtor believes that the financial information could be subject to changes, and these changes could be material. The information furnished in this report includes normal recurring adjustments but does not include all adjustments that would typically be made for financial information in accordance with U.S. or other regional GAAP.

The results of operations contained herein are not necessarily indicative of results which may be expected for any other period or for the full year and may not necessarily reflect the consolidated results of operations and financial positions of the Debtor in the future.

In re WindTurbine Holdings Limited
Debtor

Case No. 12-11079 (SHL)
Reporting Period: 10/01/2012 - 10/31/2012

SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS

WindTurbine Holdings Limited is a wholly owned subsidiary of Arcapita LT Holdings Limited. In the reporting period October 1, 2012 to October 31, 2012, all payments and receipts were handled through the use of inter-company accounts with Arcapita Bank B.S.C.(c).

In re WindTurbine Holdings Limited
Debtor

Case No. 12-11079 (SHL)
Reporting Period: 10/01/2012 - 10/31/2012

BANK RECONCILIATIONS
Continuation Sheet for MOR-1

WindTurbine Holdings Limited is a wholly owned subsidiary of Arcapita LT Holdings Limited. In the reporting period October 1, 2012 to October 31, 2012, all payments and receipts were handled through the use of inter-company accounts with Arcapita Bank B.S.C.(c).

In re WindTurbine Holdings Limited
Debtor

Case No. 12-11079 (SHL)
Reporting Period: 10/01/2012 - 10/31/2012

STATEMENT OF OPERATIONS (Income Statement)
(in US Dollars)

For the Period
10/01/2012 - 10/31/2012

| | | |
|-----------------------------------|----|--------------|
| Total Income | \$ | - |
| General & Administrative expenses | | (764) |
| Total Expenses | \$ | (764) |
| Net income (loss) | \$ | (764) |

Notes:

1. This is the allocation of rent expense from Arcapita Inc. and payment to the US Trustee.

In re WindTurbine Holdings Limited
Debtor

Case No. 12-11079 (SHL)
Reporting Period: 10/01/2012 - 10/31/2012

BALANCE SHEET
(in US Dollars)

| | <u>As of 10/31/2012</u> |
|---------------------------------------------------|-------------------------|
| ASSETS | |
| Investment in WindTurbine Holding Company Limited | \$ 184,320,239 |
| Investment in BT Holding Company Inc | 10,000 |
| Prepaid expenses | 439 |
| TOTAL ASSETS | \$ 184,330,678 |
| LIABILITIES | |
| Post petition liabilities | 12,126 |
| TOTAL POST-PETITION LIABILITIES | 12,126 |
| Liabilities subject to Compromise | 18,777 |
| TOTAL LIABILITIES | 30,903 |
| TOTAL EQUITY | 184,299,776 |
| TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY | \$ 184,330,678 |

In re WindTurbine Holdings Limited
Debtor

Case No. 12-11079 (SHL)
Reporting Period: 10/01/2012 - 10/31/2012

STATUS OF POST-PETITION TAXES

| Federal | Beginning Tax | Amount Withheld and/or Accrued | Amount Paid | Ending Tax |
|--------------------|---------------|--------------------------------|-------------|------------|
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| Total Taxes | | | | |

Notes:

1. WindTurbine Holdings Limited is incorporated in the Cayman Islands, a tax free jurisdiction.

SUMMARY OF PRE-PETITION DEBTS

| DESCRIPTION | Total |
|------------------------------------------------|------------------|
| AP - Product | - |
| AP - Legal & Professional Fees | - |
| AP - Intercompany | 18,777 |
| TOTAL LIABILITIES SUBJECT TO COMPROMISE | \$ 18,777 |

Notes:

1. WindTurbine Holdings Limited has contingent liabilities which arise from its role as a guarantor for certain liabilities of Arcapita Bank B.S.C.(c). These contingent guarantees are not reflected on the balance sheet.

In re WindTurbine Holdings Limited
Debtor

Case No. 12-11079 (SHL)
Reporting Period: 10/01/2012 - 10/31/2012

ACCOUNTS RECEIVABLE RECONCILIATION AND AGING

| Accounts Receivable Reconciliation | Amount |
|--------------------------------------------------------------------|---------------|
| Total Accounts Receivable at the beginning of the reporting period | \$ - |
| Plus: Amounts billed during the period | - |
| Less: Amounts collected during the period | - |
| Less: Amounts written off during the period | - |
| Less: Amounts reserved during the period | - |
| Change in store accounts receivable, net | - |
| Total Accounts Receivable at the end of the reporting period | \$ - |

| Accounts Receivable Aging | 10/31/2012 |
|---------------------------------------------------|-------------------|
| 0 - 30 days old | \$ - |
| 31 - 60 days old | - |
| 61 - 90 days old | - |
| 91 - 120 days old | - |
| 121+ days old | - |
| Total Aged Accounts Receivable | - |
| Store Accounts Receivable | - |
| Total Accounts Receivable | - |
| Less: Bad Debts (Amount considered uncollectible) | - |
| Net Accounts Receivable | \$ - |

TAXES RECONCILIATION AND AGING

| Taxes Payable | Current | 1-30 Days | 31-60 Days | 61-90 Days | 91+ Days | Total |
|----------------------|----------------|------------------|-------------------|-------------------|-----------------|--------------|
| Federal | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| State and Local | - | - | - | - | - | - |
| Other | - | - | - | - | - | - |
| Total Taxes Payable | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |

Notes:

1. WindTurbine Holdings Limited is incorporated in the Cayman Islands, a tax free jurisdiction.

In re WindTurbine Holdings Limited
Debtor

Case No. 12-11079 (SHL)
Reporting Period: 10/01/2012 - 10/31/2012

PAYMENTS TO INSIDERS AND PROFESSIONALS

| INSIDERS | | | |
|----------------------------|-----------------|-------------|--------------------|
| NAME | TYPE OF PAYMENT | AMOUNT PAID | TOTAL PAID TO DATE |
| See note below | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| TOTAL PAYMENTS TO INSIDERS | | | |

Notes:

1. No payments incurred during this period.

| PROFESSIONALS | | | | | |
|---------------------------------|-----------------------------------------|-----------------|-------------|--------------------|--------------------------|
| NAME | DATE OF COURT ORDER AUTHORIZING PAYMENT | AMOUNT APPROVED | AMOUNT PAID | TOTAL PAID TO DATE | TOTAL INCURRED & UNPAID* |
| See note below | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| TOTAL PAYMENTS TO PROFESSIONALS | | | | | |

* INCLUDE ALL FEES INCURRED, BOTH APPROVED AND UNAPPROVED

Notes:

1. No payments incurred during this period but retention of certain professionals has been approved by the Court.

POST-PETITION STATUS OF SECURED NOTES, LEASES PAYABLE AND ADEQUATE PROTECTION PAYMENTS

| NAME OF CREDITOR | SCHEDULED MONTHLY PAYMENT DUE | AMOUNT PAID DURING MONTH | TOTAL UNPAID POST-PETITION |
|------------------|-------------------------------|--------------------------|----------------------------|
| See note below | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| TOTAL PAYMENTS | | \$ - | \$ - |

Notes:

1. No payments were made to secured creditors within this time period.

In re WindTurbine Holdings Limited
Debtor

Case No. 12-11079 (SHL)
Reporting Period: 10/01/2012 - 10/31/2012

DEBTOR QUESTIONNAIRE

| Must be completed each month. If the answer to any of the questions is "Yes", provide a detailed explanation of each item. Attach additional sheets if necessary. | Yes | No |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------|-----------|
| 1 Have any assets been sold or transferred outside the normal course of business this reporting period? | | X |
| 2 Have any funds been disbursed from any account other than a debtor in possession account this reporting period? | | X |
| 3 Is the Debtor delinquent in the timely filing of any post-petition tax returns? | | X |
| 4 Are workers compensation, general liability or other necessary insurance coverages expired or cancelled, or has the debtor received notice of expiration or cancellation of such policies? | | X |
| 5 Is the Debtor delinquent in paying any insurance premium payment? | | X |
| 6 Have any payments been made on pre-petition liabilities this reporting period? | | X |
| 7 Are any post petition receivables (accounts, notes or loans) due from related parties? | | X |
| 8 Are any post petition payroll taxes past due? | | X |
| 9 Are any post petition State or Federal income taxes past due? | | X |
| 10 Are any post petition real estate taxes past due? | | X |
| 11 Are any other post petition taxes past due? | | X |
| 12 Have any pre-petition taxes been paid during this reporting period? | | X |
| 13 Are any amounts owed to post petition creditors delinquent? | | X |
| 14 Are any wage payments past due? | | X |
| 15 Have any post petition loans been received by the Debtor from any party? | | X |
| 16 Is the Debtor delinquent in paying any U.S. Trustee fees? | | X |
| 17 Is the Debtor delinquent with any court ordered payments to attorneys or other professionals? | | X |
| 18 Have the owners or shareholders received any compensation outside of the normal course of business? | | X |

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

| | | |
|---------------------------|---|-------------------------|
| In re: | : | Chapter 11 |
| | : | |
| AEID II Holdings Limited, | : | Case No: 12-11080 (SHL) |
| | : | |
| Debtor. | : | |
| | X | |

**Monthly Operating Report For the Period
From October 1, 2012 to October 31, 2012**

DEBTOR'S POSTAL ADDRESS: AEID II Holdings Limited
c/o Arcapita Bank B.S.C.(c)
Arcapita Building, Bahrain Bay
P.O. Box 1406, Manama
Kingdom of Bahrain
Telephone: +973 17218333
Facsimile: +973 17217555

DEBTOR'S REGISTERED ADDRESS:
AEID II Holdings Limited
Boundary Hall, Cricket Square
P.O.Box 1111, Grand Cayman
KY 1-1102, Cayman Islands
Tel: +1 345 949 5122
Fax: +1345 949 7920

DEBTOR'S ATTORNEYS: Michael A. Rosenthal (MR-7006)
Craig H. Millet (admitted pro hac vice)
Janet M. Weiss (JW-5460)
Matthew K. Kelsey (MK-3137)
GIBSON, DUNN & CRUTCHER LLP
200 Park Avenue
New York, New York 10166-0193
Telephone: (212) 351-4000
Facsimile: (212) 351-4035

I declare under penalty of perjury (28 U.S.C. Section 1746) that this report and the attached documents are true and correct to the best of my knowledge and belief.

/s/ Essa Zainal
Essa Zainal
Head of Financial Control
Arcapita Bank B.S.C.(c)

11/15/2012

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

In re AEID II Holdings Limited
Debtor

Case No. 12-11080 (SHL)
Reporting Period: 10/1/2012 - 10/31/2012

Federal Tax I.D. # N/A

CORPORATE MONTHLY OPERATING REPORT

| REQUIRED DOCUMENTS | Form No. | Document Attached | Explanation Attached |
|------------------------------------------------------------------|------------------------------|--------------------------|-----------------------------|
| Schedule of Cash Receipts and Disbursements | MOR-1 | | X |
| Bank Reconciliation (or copies of debtor's bank reconciliations) | MOR-1 (CONT) | | X |
| Copies of bank statements | | | X |
| Cash disbursements journals | | | X |
| Statement of Operations | MOR-2 | X | |
| Balance Sheet | MOR-3 | X | |
| Status of Post-petition Taxes | MOR-4 | X | |
| Copies of IRS Form 6123 or payment receipt | | | X |
| Copies of tax returns filed during reporting period | | | X |
| Summary of Unpaid Post-petition Debts | MOR-4 | | X |
| Listing of Aged Accounts Payable | | | X |
| Accounts Receivable Reconciliation and Aging | MOR-5 | X | |
| Taxes Reconciliation and Aging | MOR-5 | X | |
| Payments to Insiders and Professionals | MOR-6 | X | |
| Post Petition Status of Secured Notes, Leases Payable | MOR-6 | X | |
| Debtor Questionnaire | MOR-7 | X | |

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

In re AEID II Holdings Limited
Debtor

Case No. 12-11080 (SHL)
Reporting Period: 10/1/2012 - 10/31/2012

Federal Tax I.D. # N/A

General Note:

The financial statements and supplemental information contained herein are preliminary, unaudited and may not comply in all material respects with generally accepted accounting principles ("GAAP") in the United States ("U.S.").

The unaudited financial statements have been derived from the books and records of AEID II Holdings Limited (the "Debtor"). This information, however has not been subject to certain procedures that would typically be applied to financial information in accordance with U.S. or other GAAP, and upon application of such procedures (e.g., asset impairment), the Debtor believes that the financial information could be subject to changes, and these changes could be material. The information furnished in this report includes normal recurring adjustments but does not include all adjustments that would typically be made for financial information in accordance with U.S. or other regional GAAP.

The results of operations contained herein are not necessarily indicative of results which may be expected for any other period or for the full year and may not necessarily reflect the consolidated results of operations and financial positions of the Debtor in the future.

In re AEID II Holdings Limited
Debtor

Case No. 12-11080 (SHL)
Reporting Period: 10/1/2012 - 10/31/2012

SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS

AEID II Holdings Limited is a wholly owned subsidiary of Arcapita LT Holdings Limited. In the reporting period October 1, 2012 to October 31, 2012, all payments and receipts were handled through the use of inter-company accounts with Arcapita Bank B.S.C.(c).

In re AEID II Holdings Limited
Debtor

Case No. 12-11080 (SHL)
Reporting Period: 10/1/2012 - 10/31/2012

BANK RECONCILIATIONS
Continuation Sheet for MOR-1

AEID II Holdings Limited is a wholly owned subsidiary of Arcapita LT Holdings Limited. In the reporting period October 1, 2012 to October 31, 2012, all payments and receipts were handled through the use of inter-company accounts with Arcapita Bank B.S.C.(c).

In re AEID II Holdings Limited
Debtor

Case No. 12-11080 (SHL)
Reporting Period: 10/1/2012 - 10/31/2012

STATEMENT OF OPERATIONS (Income Statement)
(in US Dollars)

For the Period
10/1/2012 - 10/31/2012

| | | |
|----------------------------------|----|--------------|
| Total income | \$ | - |
| General & Administrative expense | | (661) |
| Total Expenses | \$ | (661) |
| Net income (loss) | \$ | (661) |

Notes:

1. This is the allocation of rent expense from Arcapita Inc and payment to the US Trustee.

In re AEID II Holdings Limited

Debtor

Case No. 12-11080 (SHL)

Reporting Period: 10/1/2012 - 10/31/2012

BALANCE SHEET
(in US Dollars)

| | | <u>As of 10/31/2012</u> |
|---------------------------------------------------|---------------|-------------------------|
| ASSETS | | |
| Advance to AEID II Holding Company Limited | Note 1 | \$ 16,201 |
| Investment in AEID II Holding Company Limited | Note 1 | 204,360,794 |
| Investment in BT Holding Company Inc | | 10,000 |
| Prepaid rent | | 335 |
| TOTAL ASSETS | | \$ 204,387,330 |
| LIABILITIES | | |
| Post petition liabilities | | 12,117 |
| TOTAL POST-PETITION LIABILITIES | | 12,117 |
| Liabilities subject to compromise | | 29,318 |
| TOTAL LIABILITIES | | 41,435 |
| TOTAL EQUITY | | 204,345,896 |
| TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY | | \$ 204,387,330 |

Notes:

1. Change in value from previous month is solely due to foreign exchange translation.

In re AEID II Holdings Limited
Debtor

Case No. 12-11080 (SHL)
Reporting Period: 10/1/2012 - 10/31/2012

STATUS OF POST-PETITION TAXES

| Federal | Beginning Tax | Amount Withheld and/or Accrued | Amount Paid | Ending Tax |
|--------------------|---------------|--------------------------------|-------------|------------|
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| Total Taxes | | | | |

Notes:

1. AEID II Holdings is incorporated in the Cayman Islands, a tax free jurisdiction.

SUMMARY OF PRE-PETITION DEBTS

| DESCRIPTION | Total |
|------------------------------------------------|------------------|
| AP - Product | - |
| AP - Legal & Professional Fees | - |
| AP - Intercompany | 29,318 |
| TOTAL LIABILITIES SUBJECT TO COMPROMISE | \$ 29,318 |

Notes:

1. AEID II Holdings Limited has contingent liabilities which arise from its role as a guarantor for certain liabilities of Arcapita Bank B.S.C.(c). These contingent guarantees are not reflected on the balance sheet.

In re AEID II Holdings Limited
Debtor

Case No. 12-11080 (SHL)
Reporting Period: 10/1/2012 - 10/31/2012

ACCOUNTS RECEIVABLE RECONCILIATION AND AGING

| Accounts Receivable Reconciliation | Amount |
|--------------------------------------------------------------------|---------------|
| Total Accounts Receivable at the beginning of the reporting period | \$ - |
| Plus: Amounts billed during the period | - |
| Less: Amounts collected during the period | - |
| Less: Amounts written off during the period | - |
| Less: Amounts reserved during the period | - |
| Change in store accounts receivable, net | - |
| Total Accounts Receivable at the end of the reporting period | \$ - |

| Accounts Receivable Aging | 10/31/2012 |
|---------------------------------------------------|-------------------|
| 0 - 30 days old | \$ - |
| 31 - 60 days old | - |
| 61 - 90 days old | - |
| 91 - 120 days old | - |
| 121+ days old | - |
| Total Aged Accounts Receivable | - |
| Store Accounts Receivable | - |
| Total Accounts Receivable | - |
| Less: Bad Debts (Amount considered uncollectible) | - |
| Net Accounts Receivable | \$ - |

TAXES RECONCILIATION AND AGING

| Taxes Payable | Current | 1-30 Days | 31-60 Days | 61-90 Days | 91+ Days | Total |
|----------------------|----------------|------------------|-------------------|-------------------|-----------------|--------------|
| Federal | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| State and Local | - | - | - | - | - | \$ - |
| Other | - | - | - | - | - | \$ - |
| Total Taxes Payable | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |

Notes:

1. AEID II Holdings Limited is incorporated in the Cayman Islands, a tax free jurisdiction.

In re AEID II Holdings Limited
Debtor

Case No. 12-11080 (SHL)
Reporting Period: 10/1/2012 - 10/31/2012

PAYMENTS TO INSIDERS AND PROFESSIONALS

| INSIDERS | | | |
|----------------------------|-----------------|-------------|--------------------|
| NAME | TYPE OF PAYMENT | AMOUNT PAID | TOTAL PAID TO DATE |
| See note below | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| TOTAL PAYMENTS TO INSIDERS | | | |

Notes:

1. No payments incurred during this period.

| PROFESSIONALS | | | | | |
|---------------------------------|-----------------------------------------|-----------------|-------------|--------------------|--------------------------|
| NAME | DATE OF COURT ORDER AUTHORIZING PAYMENT | AMOUNT APPROVED | AMOUNT PAID | TOTAL PAID TO DATE | TOTAL INCURRED & UNPAID* |
| See note below | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| TOTAL PAYMENTS TO PROFESSIONALS | | | | | |

* INCLUDE ALL FEES INCURRED, BOTH APPROVED AND UNAPPROVED

Notes:

1. No payments incurred during this period but retention of certain professionals has been approved by the Court.

POST-PETITION STATUS OF SECURED NOTES, LEASES PAYABLE AND ADEQUATE PROTECTION PAYMENTS

| NAME OF CREDITOR | SCHEDULED MONTHLY PAYMENT DUE | AMOUNT PAID DURING MONTH | TOTAL UNPAID POST-PETITION |
|------------------|-------------------------------|--------------------------|----------------------------|
| See note below | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| TOTAL PAYMENTS | | \$ - | \$ - |

Notes:

1. No payments were made to secured creditors within this time period.

In re AEID II Holdings Limited
Debtor

Case No. 12-11080 (SHL)
Reporting Period: 10/1/2012 - 10/31/2012

DEBTOR QUESTIONNAIRE

| Must be completed each month. If the answer to any of the questions is "Yes", provide a detailed explanation of each item. Attach additional sheets if necessary. | Yes | No |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------|-----------|
| 1 Have any assets been sold or transferred outside the normal course of business this reporting period? | | X |
| 2 Have any funds been disbursed from any account other than a debtor in possession account this reporting period? | | X |
| 3 Is the Debtor delinquent in the timely filing of any post-petition tax returns? | | X |
| 4 Are workers compensation, general liability or other necessary insurance coverages expired or cancelled, or has the debtor received notice of expiration or cancellation of such policies? | | X |
| 5 Is the Debtor delinquent in paying any insurance premium payment? | | X |
| 6 Have any payments been made on pre-petition liabilities this reporting period? | | X |
| 7 Are any post petition receivables (accounts, notes or loans) due from related parties? | | X |
| 8 Are any post petition payroll taxes past due? | | X |
| 9 Are any post petition State or Federal income taxes past due? | | X |
| 10 Are any post petition real estate taxes past due? | | X |
| 11 Are any other post petition taxes past due? | | X |
| 12 Have any pre-petition taxes been paid during this reporting period? | | X |
| 13 Are any amounts owed to post petition creditors delinquent? | | X |
| 14 Are any wage payments past due? | | X |
| 15 Have any post petition loans been received by the Debtor from any party? | | X |
| 16 Is the Debtor delinquent in paying any U.S. Trustee fees? | | X |
| 17 Is the Debtor delinquent with any court ordered payments to attorneys or other professionals? | | X |
| 18 Have the owners or shareholders received any compensation outside of the normal course of business? | | X |

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

| | | |
|-------------------------------|---|-------------------------|
| In re: | : | Chapter 11 |
| | : | |
| RaillInvest Holdings Limited, | : | Case No: 12-11081 (SHL) |
| | : | |
| Debtor. | : | |
| | X | |

**Monthly Operating Report For the Period
From October 1 2012 to October 31, 2012**

DEBTOR'S POSTAL ADDRESS: RaillInvest Holdings Limited
c/o Arcapita Bank B.S.C.(c)
Arcapita Building, Bahrain Bay
P.O. Box 1406, Manama
Kingdom of Bahrain
Telephone: +973 17218333
Facsimile: +973 17217555

DEBTOR'S REGISTERED ADDRESS:
RaillInvest Holdings Limited
Boundary Hall, Cricket Square
P.O.Box 1111, Grand Cayman
KY 1-1102, Cayman Islands.
Tel: +1 345 949 5122
Fax: +1345 949 7920

DEBTOR'S ATTORNEYS: Michael A. Rosenthal (MR-7006)
Craig H. Millet (admitted pro hac vice)
Janet M. Weiss (JW-5460)
Matthew K. Kelsey (MK-3137)
GIBSON, DUNN & CRUTCHER LLP
200 Park Avenue
New York, New York 10166-0193
Telephone: (212) 351-4000
Facsimile: (212) 351-4035

I declare under penalty of perjury (28 U.S.C. Section 1746) that this report and the attached documents
are true and correct to the best of my knowledge and belief.

/s/ Essa Zainal
Essa Zainal
Head of Financial Control
Arcapita Bank B.S.C.(c)

11/15/2012

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

In re RailInvest Holdings Limited
Debtor

Case No. 12-11081 (SHL)
Reporting Period: 10/1/2012 - 10/31/2012

Federal Tax I.D. # N/A

CORPORATE MONTHLY OPERATING REPORT

| REQUIRED DOCUMENTS | Form No. | Document Attached | Explanation Attached |
|------------------------------------------------------------------|------------------------------|--------------------------|-----------------------------|
| Schedule of Cash Receipts and Disbursements | MOR-1 | | X |
| Bank Reconciliation (or copies of debtor's bank reconciliations) | MOR-1 (CONT) | | X |
| Copies of bank statements | | | X |
| Cash disbursements journals | | | X |
| Statement of Operations | MOR-2 | X | |
| Balance Sheet | MOR-3 | X | |
| Status of Post-petition Taxes | MOR-4 | X | |
| Copies of IRS Form 6123 or payment receipt | | | X |
| Copies of tax returns filed during reporting period | | | X |
| Summary of Unpaid Post-petition Debts | MOR-4 | | X |
| Listing of Aged Accounts Payable | | | X |
| Accounts Receivable Reconciliation and Aging | MOR-5 | X | |
| Taxes Reconciliation and Aging | MOR-5 | X | |
| Payments to Insiders and Professionals | MOR-6 | X | |
| Post Petition Status of Secured Notes, Leases Payable | MOR-6 | X | |
| Debtor Questionnaire | MOR-7 | X | |

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

In re RailInvest Holdings Limited

Debtor

Case No. 12-11081 (SHL)

Reporting Period: 10/1/2012 - 10/31/2012

Federal Tax I.D. # N/A

General Note:

The financial statements and supplemental information contained herein are preliminary, unaudited and may not comply in all material respects with generally accepted accounting principles ("GAAP") in the United States ("U.S.").

The unaudited financial statements have been derived from the books and records of RailInvest Holdings Limited (the "Debtor"). This information, however has not been subject to certain procedures that would typically be applied to financial information in accordance with U.S. or other GAAP, and upon application of such procedures (e.g., asset impairment), the Debtor believes that the financial information could be subject to changes, and these changes could be material. The information furnished in this report includes normal recurring adjustments but does not include all adjustments that would typically be made for financial information in accordance with U.S. or other regional GAAP.

The results of operations contained herein are not necessarily indicative of results which may be expected for any other period or for the full year and may not necessarily reflect the consolidated results of operations and financial positions of the Debtor in the future.

In re RailInvest Holdings Limited
Debtor

Case No. 12-11081 (SHL)
Reporting Period: 10/1/2012 - 10/31/2012

SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS

RailInvest Holdings Limited is a wholly owned subsidiary of Arcapita LT Holdings Limited. In the reporting period October 1, 2012 to October 31, 2012, all payments and receipts were handled through the use of inter-company accounts with Arcapita Bank B.S.C.(c).

In re RailInvest Holdings Limited
Debtor

Case No. 12-11081 (SHL)
Reporting Period: 10/1/2012 - 10/31/2012

BANK RECONCILIATIONS
Continuation Sheet for MOR-1

RailInvest Holdings Limited is a wholly owned subsidiary of Arcapita LT Holdings Limited. In the reporting period October 1, 2012 to October 31, 2012, all payments and receipts were handled through the use of inter-company accounts with Arcapita Bank B.S.C.(c).

In re RailInvest Holdings Limited
Debtor

Case No. 12-11081 (SHL)
Reporting Period: 10/1/2012 - 10/31/2012

STATEMENT OF OPERATIONS (Income Statement)
(in US Dollars)

For the Period
10/1/2012 - 10/31/2012

| | |
|----------------------------------|-----------------|
| Total Income | \$ - |
| General & Administrative expense | (552) |
| Total Expenses | (552) |
| Net income (loss) | \$ (552) |

Notes:

1. This is the allocation of rent expense from Arcapita Inc and payments to the US Trustee.

In re RailInvest Holdings Limited

Debtor

Case No. 12-11081 (SHL)

Reporting Period: 10/1/2012 - 10/31/2012

BALANCE SHEET
(in US Dollars)

| | | <u>As of 10/31/2012</u> |
|---------------------------------------------------|--------|-------------------------|
| ASSETS | | |
| Investment in RailInvest Funding Limited | Note 1 | \$ 78,293,037 |
| Investment in BT Holding Company Inc | | 10,000 |
| Prepaid rent | | 229 |
| TOTAL ASSETS | | \$ 78,303,266 |
| LIABILITIES | | |
| Post petition liabilities | | \$ 8,701 |
| TOTAL POST-PETITION LIABILITIES | | 8,701 |
| Liabilities subject to Compromise | | \$ 15,071 |
| TOTAL LIABILITIES | | 23,772 |
| TOTAL EQUITY | | 78,279,494 |
| TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY | | \$ 78,303,266 |

Notes:

1. Change in value from previous month is solely due to foreign exchange translation.

In re RailInvest Holdings Limited
Debtor

Case No. 12-11081 (SHL)
Reporting Period: 10/1/2012 - 10/31/2012

STATUS OF POST-PETITION TAXES

| Federal | Beginning Tax | Amount Withheld and/or Accrued | Amount Paid | Ending Tax |
|--------------------|---------------|--------------------------------|-------------|------------|
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| Total Taxes | | | | |

Notes:

1. RailInvest Holdings Limited is incorporated in the Cayman Islands, a tax free jurisdiction.

SUMMARY OF PRE-PETITION DEBTS

| DESCRIPTION | Total |
|------------------------------------------------|------------------|
| AP - Product | - |
| AP - Legal & Professional Fees | - |
| AP - Intercompany | 15,071 |
| TOTAL LIABILITIES SUBJECT TO COMPROMISE | \$ 15,071 |

Notes:

1. RailInvest Holdings Limited has contingent liabilities which arise from its role as a guarantor for certain liabilities of Arcapita Bank B.S.C.(c). These contingent guarantees are not reflected on the balance sheet.

In re RailInvest Holdings Limited
Debtor

Case No. 12-11081 (SHL)
Reporting Period: 10/1/2012 - 10/31/2012

ACCOUNTS RECEIVABLE RECONCILIATION AND AGING

| Accounts Receivable Reconciliation | Amount |
|--------------------------------------------------------------------|---------------|
| Total Accounts Receivable at the beginning of the reporting period | \$ - |
| Plus: Amounts billed during the period | - |
| Less: Amounts collected during the period | - |
| Less: Amounts written off during the period | - |
| Less: Amounts reserved during the period | - |
| Change in store accounts receivable, net | - |
| Total Accounts Receivable at the end of the reporting period | \$ - |

| Accounts Receivable Aging | 10/31/2012 |
|---------------------------------------------------|-------------------|
| 0 - 30 days old | \$ - |
| 31 - 60 days old | - |
| 61 - 90 days old | - |
| 91 - 120 days old | - |
| 121+ days old | - |
| Total Aged Accounts Receivable | - |
| Store Accounts Receivable | - |
| Total Accounts Receivable | - |
| Less: Bad Debts (Amount considered uncollectible) | - |
| Net Accounts Receivable | \$ - |

TAXES RECONCILIATION AND AGING

| Taxes Payable | Current | 1-30 Days | 31-60 Days | 61-90 Days | 91+ Days | Total |
|----------------------|----------------|------------------|-------------------|-------------------|-----------------|--------------|
| Federal | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| State and Local | - | - | - | - | - | - |
| Other | - | - | - | - | - | - |
| Total Taxes Payable | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |

Notes:

1. RailInvest Holdings Limited is incorporated in the Cayman Islands, a tax free jurisdiction.

In re RailInvest Holdings Limited
Debtor

Case No. 12-11081 (SHL)
Reporting Period: 10/1/2012 - 10/31/2012

PAYMENTS TO INSIDERS AND PROFESSIONALS

| INSIDERS | | | |
|----------------------------|-----------------|-------------|--------------------|
| NAME | TYPE OF PAYMENT | AMOUNT PAID | TOTAL PAID TO DATE |
| See note below | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| TOTAL PAYMENTS TO INSIDERS | | | |

Notes:

1. No payments incurred during this period.

| PROFESSIONALS | | | | | |
|---------------------------------|-----------------------------------------|-----------------|-------------|--------------------|--------------------------|
| NAME | DATE OF COURT ORDER AUTHORIZING PAYMENT | AMOUNT APPROVED | AMOUNT PAID | TOTAL PAID TO DATE | TOTAL INCURRED & UNPAID* |
| See note below | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| TOTAL PAYMENTS TO PROFESSIONALS | | | | | |

* INCLUDE ALL FEES INCURRED, BOTH APPROVED AND UNAPPROVED

Notes:

1. No payments incurred during this period but retention of certain professionals has been approved by the Court.

POST-PETITION STATUS OF SECURED NOTES, LEASES PAYABLE AND ADEQUATE PROTECTION PAYMENTS

| NAME OF CREDITOR | SCHEDULED MONTHLY PAYMENT DUE | AMOUNT PAID DURING MONTH | TOTAL UNPAID POST-PETITION |
|------------------|-------------------------------|--------------------------|----------------------------|
| See note below | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| TOTAL PAYMENTS | | \$ - | \$ - |

Notes:

1. No payments were made to secured creditors within this time period.

In re RailInvest Holdings Limited
Debtor

Case No. 12-11081 (SHL)
Reporting Period: 10/1/2012 - 10/31/2012

DEBTOR QUESTIONNAIRE

| Must be completed each month. If the answer to any of the questions is "Yes", provide a detailed explanation of each item. Attach additional sheets if necessary. | Yes | No |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------|-----------|
| 1 Have any assets been sold or transferred outside the normal course of business this reporting period? | | X |
| 2 Have any funds been disbursed from any account other than a debtor in possession account this reporting period? | | X |
| 3 Is the Debtor delinquent in the timely filing of any post-petition tax returns? | | X |
| 4 Are workers compensation, general liability or other necessary insurance coverages expired or cancelled, or has the debtor received notice of expiration or cancellation of such policies? | | X |
| Is the Debtor delinquent in paying any insurance premium payment? | | X |
| 6 Have any payments been made on pre-petition liabilities this reporting period? | | X |
| 7 Are any post petition receivables (accounts, notes or loans) due from related parties? | | X |
| 8 Are any post petition payroll taxes past due? | | X |
| 9 Are any post petition State or Federal income taxes past due? | | X |
| 10 Are any post petition real estate taxes past due? | | X |
| 11 Are any other post petition taxes past due? | | X |
| 12 Have any pre-petition taxes been paid during this reporting period? | | X |
| 13 Are any amounts owed to post petition creditors delinquent? | | X |
| 14 Are any wage payments past due? | | X |
| 15 Have any post petition loans been received by the Debtor from any party? | | X |
| 16 Is the Debtor delinquent in paying any U.S. Trustee fees? | | X |
| 17 Is the Debtor delinquent with any court ordered payments to attorneys or other professionals? | | X |
| 18 Have the owners or shareholders received any compensation outside of the normal course of business? | | X |

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

| | | |
|--------------------------|---|-------------------------|
| In re: | : | Chapter 11 |
| | : | |
| Arcapita Bank B.S.C.(c), | : | Case No: 12-11076 (SHL) |
| | : | |
| Debtor. | : | |
| | X | |

**Monthly Operating Report For the Period
From October 1, 2012 to October 31, 2012**

DEBTOR'S ADDRESS: Arcapita Bank B.S.C.(c)
 Arcapita Building, Bahrain Bay
 P.O. Box 1406, Manama
 Kingdom of Bahrain
 Telephone: +973 17218333
 Facsimile: +973 17217555

DEBTOR'S ATTORNEYS: Michael A. Rosenthal (MR-7006)
 Craig H. Millet (admitted pro hac vice)
 Janet M. Weiss (JW-5460)
 Matthew K. Kelsey (MK-3137)
 GIBSON, DUNN & CRUTCHER LLP
 200 Park Avenue
 New York, New York 10166-0193
 Telephone: (212) 351-4000
 Facsimile: (212) 351-4035

I declare under penalty of perjury (28 U.S.C. Section 1746) that this report and the attached documents are true and correct to the best of my knowledge and belief.

/s/ Essa Zainal
Essa Zainal
Head of Financial Control
Arcapita Bank B.S.C.(c)

11/15/2012

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

In re Arcapita Bank B.S.C.(c)
Debtor

Case No. 12-11076 (SHL)
Reporting Period: 10/1/2012 -10/31/2012

Federal Tax I.D. # N/A

CORPORATE MONTHLY OPERATING REPORT

| REQUIRED DOCUMENTS | Form No. | Document Attached | Explanation Attached |
|------------------------------------------------------------------|------------------------------|-------------------|----------------------|
| Schedule of Cash Receipts and Disbursements | MOR-1 | x | |
| Bank Reconciliation (or copies of debtor's bank reconciliations) | MOR-1 (CONT) | x | |
| Copies of bank statements | | | x |
| Cash disbursements journals | | | x |
| Statement of Operations | MOR-2 | x | |
| Balance Sheet | MOR-3 | x | |
| Status of Post-petition Taxes | MOR-4 | x | |
| Copies of IRS Form 6123 or payment receipt | | | x |
| Copies of tax returns filed during reporting period | | | x |
| Summary of Unpaid Post-petition Debts | MOR-4 | | x |
| Listing of Aged Accounts Payable | | | x |
| Accounts Receivable Reconciliation and Aging | MOR-5 | x | |
| Taxes Reconciliation and Aging | MOR-5 | x | |
| Payments to Insiders and Professionals | MOR-6 | x | |
| Post Petition Status of Secured Notes, Leases Payable | MOR-6 | x | |
| Debtor Questionnaire | MOR-7 | x | |

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

In re Arcapita Bank B.S.C.(c)
Debtor

Case No. 12-11076 (SHL)
Reporting Period: 10/1/2012 - 10/31/2012

Federal Tax I.D. # N/A

General Note:

The financial statements and supplemental information contained herein are preliminary, unaudited and may not comply in all material respects with generally accepted accounting principles ("GAAP") in the United States ("U.S."). In certain instances, accounting principles or concepts, specific to the region (e.g., Murabaha) are used.

The unaudited financial statements have been derived from the books and records of Arcapita Bank B.S.C.(c) (the "Debtor"). This information, however has not been subject to certain procedures that would typically be applied to financial information in accordance with U.S. or other GAAP, and upon application of such procedures (e.g., asset impairment), the Debtor believes that the financial information could be subject to changes, and these changes could be material. The information furnished in this report includes normal recurring adjustments but does not include all adjustments that would typically be made for financial information in accordance with U.S. or other regional GAAP.

The results of operations contained herein are not necessarily indicative of results which may be expected for any other period or for the full year and may not necessarily reflect the consolidated results of operations and financial positions of the Debtor in the future.

re Arcapita Bank B.S.C.(c)
Debtor

Case No. 12-11076 (SHL)
Reporting Period: 10/1/2012 - 10/31/2012

SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS
(in US Dollar millions)

| Bank Accounts | Currency | Opening balance as at 10/01/2012 | Receipts | Transfers | Disbursements | FX Fluctuation | Closing balance as at 10/31/2012 |
|----------------------------------------------------|----------|----------------------------------|---------------|---------------|-----------------|----------------|----------------------------------|
| Operating Accounts | | | | | | | |
| JP Morgan Chase, New York | US\$ | \$ 21.4 | \$ 1.1 | \$ 0.8 | \$ (4.5) | \$ - | \$ 18.7 |
| JP Morgan Chase, London | € | 0.5 | - | - | - | - | 0.5 |
| JP Morgan Chase, London | £ | 0.6 | - | - | (0.2) | - | 0.4 |
| JP Morgan Chase, London | ¥ | 0.0 | - | - | - | - | 0.0 |
| Arab Banking Corporation | US\$ | 0.4 | - | - | (0.1) | - | 0.3 |
| Bank of Bahrain & Kuwait | BD | 0.0 | - | - | - | - | 0.0 |
| Bank of Bahrain & Kuwait | US\$ | 0.0 | - | - | - | - | 0.0 |
| National Bank of Bahrain | BD | 0.0 | - | - | - | - | 0.0 |
| National Bank of Bahrain | US\$ | - | - | - | - | - | - |
| Bahrain Islamic Bank | BD | 0.5 | 0.0 | 1.1 | (1.4) | - | 0.2 |
| Bahrain Islamic Bank | US\$ | 0.0 | - | - | - | - | 0.0 |
| DBS Bank Ltd | SS | 0.1 | - | 0.4 | (0.3) | - | 0.2 |
| Standard Chartered Bank | US\$ | 0.0 | - | - | - | - | 0.0 |
| Standard Chartered Bank | £ | 0.0 | - | - | - | - | 0.0 |
| Standard Chartered Bank | SGD | 0.0 | - | - | - | - | 0.0 |
| Standard Bank PLN | PLN | 0.0 | - | - | - | - | 0.0 |
| Standard Bank SGD | SS | - | - | - | - | - | - |
| Subtotal Operating Accounts (book balances) | | \$ 23.7 | \$ 1.1 | \$ 2.2 | \$ (6.5) | \$ - | \$ 20.5 |
| Placements | | | | | | | |
| Tadhamon Capital B.S.C.(c) | US\$ | \$ 20.0 | \$ - | \$ - | \$ - | \$ - | \$ 20.0 |
| Bahrain Islamic Bank BSC | US\$ | 10.0 | - | - | - | - | 10.0 |
| Al Baraka Islamic Bank BSC (EC) | US\$ | 5.0 | - | - | - | - | 5.0 |
| Subtotal Placements | | \$ 35.0 | \$ - | \$ - | \$ - | \$ - | \$ 35.0 |
| Total balances with banks (book balance) | | \$ 58.7 | \$ 1.1 | \$ 2.2 | \$ (6.5) | \$ - | \$ 55.5 |

Notes:

1. Receipts mainly relates to refunds received from Keypoint (\$0.8 million), Alsalam Bank (\$0.1 million), Deposit from Orlando (Bainbridge) sales proceeds (\$0.2 million).
2. Transfers relate to movements between bank accounts and cash receipts from AIHL (\$1.9 million) and AIML (\$0.3 million).
3. Disbursements primarily relate payments to professionals (approximately \$2.6 million), Keypoint (\$0.5 million) and payments to other various vendors.
4. Local currency figures have been converted to US dollars using exchange rate prevailing on the transaction date.

In re Arcapita Bank B.S.C.(c)
Debtor

Case No. 12-11076 (SHL)
Reporting Period: 10/1/2012 -10/31/2012

(in US Dollar millions)
Continuation Sheet for MOR-1

| Bank Name | Bank Balance | Deposits & Transfers in Transit | O/S, Bank Service Charges, Adjustments to GL | Other Reconciling Items | GL Balance |
|------------------------------------------|----------------|---------------------------------|----------------------------------------------|-------------------------|----------------|
| Operating Accounts | | | | | |
| JP Morgan Chase, New York | 18.74 | - | - | - | 18.74 |
| JP Morgan Chase, London | 0.50 | - | - | - | 0.50 |
| JP Morgan Chase, London | 0.45 | - | - | - | 0.45 |
| JP Morgan Chase, London | 0.01 | - | - | - | 0.01 |
| Arab Banking Corporation | 0.31 | - | - | - | 0.31 |
| Bank of Bahrain & Kuwait | 0.00 | - | - | - | 0.00 |
| Bank of Bahrain & Kuwait | 0.00 | - | - | - | 0.00 |
| National Bank of Bahrain | 0.03 | - | - | - | 0.03 |
| National Bank of Bahrain | - | - | - | - | - |
| Bahrain Islamic Bank | 0.24 | - | (0.24) | - | (0.00) |
| Bahrain Islamic Bank | 0.00 | - | - | - | 0.00 |
| DBS Bank Ltd | 0.16 | - | - | - | 0.16 |
| Standard Chartered Bank | 0.00 | - | - | - | 0.00 |
| Standard Chartered Bank | 0.00 | - | - | - | 0.00 |
| Standard Chartered Bank | 0.01 | - | - | - | 0.01 |
| Standard Bank PLN | 0.00 | - | - | - | 0.00 |
| Standard Bank SGD | - | - | - | - | - |
| Total Cash & Cash Equivalents | \$ 20.5 | \$ - | \$ (0.2) | \$ - | \$ 20.2 |
| Placements | | | | | |
| Tadhamon Capital B.S.C.(c) | \$ 20.0 | \$ - | \$ - | \$ - | \$ 20.0 |
| Bahrain Islamic Bank BSC | 10.0 | - | - | - | 10.0 |
| AlBaraka Islamic Bank BSC (EC) | 5.0 | - | - | - | 5.0 |
| Subtotal Placements | \$ 35.0 | \$ - | \$ - | \$ - | \$ 35.0 |
| Total Balances with Bank | \$ 55.5 | \$ - | \$ (0.2) | \$ - | \$ 55.2 |

Notes:

1. Due to the voluminous nature of transactions, individual bank statements and details of the cash disbursements journal are not included herein.

In re Arcapita Bank B.S.C.(c)
Debtor

Case No. 12-11076 (SHL)
Reporting Period: 10/1/2012 -10/31/2012

STATEMENT OF OPERATIONS (Income Statement)
(in US Dollars)

| | | | <u>For the Period</u> <u>10/1/2012 -10/31/2012</u> |
|---------------------------------------------------|--------|-----------|-------------------------------------------------------|
| Management Fees | Note 1 | \$ | 65,137 |
| Murabaha Profits from Inter bank Deposits | | | 10,375 |
| Other Income | | | 441 |
| Total Income | | \$ | 75,953 |
| Staff compensation and benefits | Note 2 | \$ | (3,589,775) |
| General and administration expenses | Note 3 | | (6,387,211) |
| Total Expenses | | \$ | (9,976,986) |
| Net Loss before foreign exchange movements | | \$ | (9,901,033) |
| Foreign exchange adjustments | Note 4 | | (336,038) |
| Net Loss | | \$ | (10,237,071) |

Notes:

1. Management fee income represents fees charged to Arcapita Group portfolio investment companies.
2. Amount relates to staff benefits paid, accrued or amortization of a prepayment during the period.
3. During the month of October the G&A expense pertains to professional fees and other non-payroll related operational expenses.
4. Foreign currencies converted to US dollars using exchange rate prevailing on the transaction date.

In re Arcapita Bank B.S.C.(c)
Debtor

Case No. 12-11076 (SHL)
Reporting Period: 10/1/2012 -10/31/2012

BALANCE SHEET
(in US Dollars)

| | | <u>10/31/2012</u> |
|----------------------------------------|--------|-------------------------|
| Short term funds | Note 1 | 65,395,416 |
| Receivables | Note 2 | 889,570,237 |
| Investment in subsidiaries (at cost) | | 3,134,092,888 |
| Other Assets | Note 3 | 42,925,235 |
| TOTAL ASSETS | | \$ 4,131,983,775 |
| LIABILITIES | | |
| Due to Other Institutions | | \$ - |
| Accrued expenses and other Liabilities | | 24,832,774 |
| Intercompany payable | | 6,291,746 |
| TOTAL POST-PETITION LIABILITIES | | \$ 31,124,520 |
| Liabilities subject to compromise | Note 4 | 3,228,589,969 |
| TOTAL LIABILITIES | | \$ 3,259,714,489 |
| EQUITY | | |
| Share Capital | | \$ 311,256,551 |
| Share Premium | | 953,986,516 |
| Bank funded stock | | (274,151,282) |
| Reserves | | (201,922,661) |
| Shares pending allotment | | 83,100,161 |
| TOTAL EQUITY | | \$ 872,269,286 |
| TOTAL LIABILITIES AND EQUITY | | \$ 4,131,983,775 |

Notes:

1. Short term funds include cash and cash equivalents and are segregated into sub-categories as follows:

| | |
|-------------------------------------------------|----------------------|
| Cash and balances with banks | \$ 20,212,910 |
| Murabaha receivable from financial institutions | 45,170,601 |
| Cash and notes (Petty Cash) | 11,905 |
| | <u>\$ 65,395,416</u> |

2. Receivable balances are segregated into sub-categories as follows:

| | |
|----------------------------------------------|-----------------------|
| Intercompany Receivables | \$ 570,193,111 |
| Stock Purchase Plan | 106,736,449 |
| Management fees receivable | 69,135,210 |
| Receivables & reimbursables from Holding Co. | 73,339,110 |
| Deal Companies Loans | 15,460,609 |
| Investment Participation Plan (2.1) | 44,478,677 |
| Other receivables | 10,227,072 |
| | <u>\$ 889,570,237</u> |

3. Other assets are primarily comprised of fixed assets totaling approximately \$42.7 million.

4. Relates to pre-petition liabilities, which are subject to change as a result of payments to critical or foreign vendors (in accordance with a Court order), and also because pre-petition invoices continue to be received by the Debtor. See MOR-4 on next page.

STATUS OF POST-PETITION TAXES

| Federal | Beginning Tax | Amount Withheld and/or Accrued | Amount Paid | Ending Tax |
|-------------------------|---------------|--------------------------------|-------------|------------|
| FICA-Employee | | | | |
| FICA-Employer | | | | |
| Unemployment | | | | |
| Income | | | | |
| Other: | | | | |
| Total Federal Taxes | | | | |
| State and Local | | | | |
| Withholding | | | | |
| Sales | | | | |
| Excise | | | | |
| Unemployment | | | | |
| Real Property | | | | |
| Personal Property | | | | |
| Other: Income/Franchise | | | | |
| Total State and Local | | | | |
| Total Taxes | \$ - | \$ - | \$ - | \$ - |

Note:

1. Arcapita Bank B.S.C.(c) is incorporated in the Kingdom of Bahrain, a tax free jurisdiction.

SUMMARY OF PRE-PETITION DEBTS

| DESCRIPTION | Total |
|------------------------------------------------|----------------------|
| Murabaha payable | 1,863,295,723 |
| Intercompany payable | 504,900,272 |
| Payable to portfolio investment companies | 454,684,272 |
| Investor deposits (URIA) | 320,028,197 |
| Payable to Investors (Special Programs) | 31,332,073 |
| Accruals and vendor payables | 54,349,433 |
| TOTAL LIABILITIES SUBJECT TO COMPROMISE | 3,228,589,969 |

Note:

1. Arcapita Bank B.S.C.(c) has contingent liabilities which arise from its role as a guarantor for certain portfolio investment companies. These contingent guarantees are not reflected in the balance sheet. Unrestricted investment accounts (URIA) are a form of Islamic customer deposit accounts.
2. See MOR-3 for unpaid post-petition debts as of 31 October 2012.

In re Arcapita Bank B.S.C.(c)
Debtor

Case No. 12-11076 (SHL)
Reporting Period: 10/1/2012 -10/31/2012

ACCOUNTS RECEIVABLE RECONCILIATION AND AGING

| Accounts Receivable Reconciliation | Amount |
|-----------------------------------------------------------------------|--------|
| Deal subscription receivable at the beginning of the period | \$ - |
| Plus: Deal placement during the period | \$ - |
| Less: Deal placement reversed | \$ - |
| Less: Amounts collected during the period | \$ - |
| Less: Amounts written off during the period | \$ - |
| Foreign exchange movements | |
| Total Deal Subscription Receivable at the end of the reporting period | \$ - |

| Accounts Receivable Aging | 04/30/2012 |
|---------------------------------------------------|----------------|
| 0 - 30 days old | \$ - |
| 31 - 60 days old | - |
| 61 - 90 days old | - |
| 91 - 180 days old | - |
| 181+ days old | - |
| Total Aged Deal Subscription Receivable | - |
| Other receivable items, net | 889,570,237 |
| Total Receivable | 889,570,237 |
| Less: Bad Debts (Amount considered uncollectible) | - |
| Net Receivable | \$ 889,570,237 |

Notes:

- See notes on MOR-3 for detailed breakdown.

TAXES RECONCILIATION AND AGING

| Taxes Payable | Current | 1-30 Days | 31-60 Days | 61-90 Days | 91+ Days | Total |
|---------------------|---------|-----------|------------|------------|----------|-------|
| Federal | | | | | | \$ - |
| State and Local | | | | | | - |
| Other | | | | | | - |
| Total Taxes Payable | | | | | | \$ - |

Notes:

- Arcapita Bank B.S.C.(c) is incorporated in the Kingdom of Bahrain, a tax free jurisdiction.

re Arcapita Bank B.S.C.(c)
Debtor

Case No. 12-11076 (SHL)
Reporting Period: 10/1/2012 -10/31/2012

PAYMENTS TO INSIDERS AND PROFESSIONALS
(in US dollars)

| NAME | TYPE OF PAYMENT | AMOUNT PAID | TOTAL PAID TO DATE |
|-----------------------------------|-----------------|-------------------|---------------------|
| | | \$ 457,738 | \$ 3,181,259 |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| TOTAL PAYMENTS TO INSIDERS | | \$ 457,738 | \$ 3,181,259 |

Notes:

1. Above schedule illustrates cash payments made to 18 insiders during this time period, and include nothing more than normal-course salary and benefit payments.

| PROFESSIONALS | | | | | |
|----------------------------------------|-----------------------------------------|-----------------|---------------------|----------------------|--------------------------|
| NAME | DATE OF COURT ORDER AUTHORIZING PAYMENT | AMOUNT APPROVED | AMOUNT PAID | TOTAL PAID TO DATE | TOTAL INCURRED & UNPAID* |
| Alvarez & Marsal | 10/10/2012 | | \$ - | \$ 4,907,807 | \$ 1,166,651 |
| FTI | 10/10/2012 | | \$ 99,146 | \$ 786,074 | \$ 188,048 |
| Garden City | | | \$ 272 | \$ 2,248 | \$ 562 |
| Garden City - CA | | | \$ 62,298 | \$ 430,667 | \$ - |
| Gibson, Dunn & Crutcher | 10/17/2012 | | \$ 1,271,768 | \$ 6,746,162 | \$ 3,378,655 |
| Hassan Radhi | | | \$ - | \$ - | \$ 3,930 |
| Houlihan Lokey | 10/10/2012 | | \$ 177,954 | \$ 935,686 | \$ 225,333 |
| Intralinks | 10/22/2012 | | \$ 7,373 | \$ 73,181 | \$ 107,510 |
| KPMG - valuation | 10/10/2012 | | \$ (504,295) | \$ 3,286,887 | \$ 814,628 |
| KPMG - tax | 10/10/2012 | | \$ 72,681 | \$ 136,684 | \$ 32,371 |
| Linklaters | | | \$ - | \$ - | \$ 478,101 |
| Milbank | | | \$ 1,815,055 | \$ 5,312,648 | \$ 1,264,312 |
| Mourant Ozannes | 10/18/2012 | | \$ 73,030 | \$ 247,034 | \$ 54,457 |
| Rothschild | | | \$ 1,265,260 | \$ 1,265,260 | \$ 390,676 |
| Trowers & Hamlins | 10/18/2012 | | \$ 161,133 | \$ 228,206 | \$ 52,932 |
| Walkers | | | \$ - | \$ 38,899 | \$ 9,725 |
| E&Y | | | \$ 106,000 | \$ 450,974 | \$ 112,890 |
| King & Spalding | | | \$ - | \$ - | \$ 820,623 |
| TOTAL PAYMENTS TO PROFESSIONALS | | | \$ 4,607,675 | \$ 24,848,416 | \$ 9,101,403 |

* INCLUDE ALL FEES INCURRED, BOTH APPROVED AND UNAPPROVED

Notes:

1. Total Paid to date reflects payment through 11/10/12
2. Total Incurred & Unpaid reflects fee app/statement submissions through 11/10/12
3. KPMG Valuation Amount Paid includes a refund due from KPMG due to a negotiated fee cap

**POST-PETITION STATUS OF SECURED NOTES, LEASES PAYABLE
AND ADEQUATE PROTECTION PAYMENTS**

| NAME OF CREDITOR | SCHEDULED MONTHLY PAYMENT DUE | AMOUNT PAID DURING MONTH | TOTAL UNPAID POST-PETITION |
|-----------------------|-------------------------------|--------------------------|----------------------------|
| See note below | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| TOTAL PAYMENTS | | \$ - | \$ - |

Notes:

1. No payments were made to secured creditors (i.e., Standard Chartered Bank) within this time period.

In re Arcapita Bank B.S.C.(c)
Debtor

Case No. 12-11076 (SHL)
Reporting Period: 10/1/2012 -10/31/2012

DEBTOR QUESTIONNAIRE

| Must be completed each month. If the answer to any of the questions is "Yes", provide a detailed explanation of each item. Attach additional sheets if necessary. | | Yes | No |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------|-----------|
| 1 | Have any assets been sold or transferred outside the normal course of business this reporting period? | | X |
| 2 | Have any funds been disbursed from any account other than a debtor in possession account this reporting period? | | X |
| 3 | Is the Debtor delinquent in the timely filing of any post-petition tax returns? | | X |
| 4 | Are workers compensation, general liability or other necessary insurance coverages expired or cancelled, or has the debtor received notice of expiration or cancellation of such policies? | | X |
| 5 | Is the Debtor delinquent in paying any insurance premium payment? | | X |
| 6 | Have any payments been made on pre-petition liabilities this reporting period? | X (in accordance with Court Order) | |
| 7 | Are any post petition receivables (accounts, notes or loans) due from related parties? | X (intercompany) | |
| 8 | Are any post petition payroll taxes past due? | | X |
| 9 | Are any post petition State or Federal income taxes past due? | | X |
| 10 | Are any post petition real estate taxes past due? | | X |
| 11 | Are any other post petition taxes past due? | | X |
| 12 | Have any pre-petition taxes been paid during this reporting period? | | X |
| 13 | Are any amounts owed to post petition creditors delinquent? | | X |
| 14 | Are any wage payments past due? | | X |
| 15 | Have any post petition loans been received by the Debtor from any party? | | X |
| 16 | Is the Debtor delinquent in paying any U.S. Trustee fees? | | X |
| 17 | Is the Debtor delinquent with any court ordered payments to attorneys or other professionals? | | X |
| 18 | Have the owners or shareholders received any compensation outside of the normal course of business? | | X |

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

| | | |
|----------------------------------|---|-------------------------|
| In re: | : | Chapter 11 |
| | : | |
| Falcon Gas Storage Company, Inc. | : | Case No: 12-11790 (SHL) |
| | : | |
| Debtor. | : | |
| | X | |

**Monthly Operating Report For the Period
From October 1, 2012 to October 31, 2012**

DEBTOR'S POSTAL ADDRESS: Falcon Gas Storage Company, Inc.
75 14th Street
24th Floor
Atlanta, GA 30309
Tel: (404) 920 9000
Fax: (404) 920 9001

DEBTOR'S REGISTERED ADDRESS:
Falcon Gas Storage Company, Inc.
75 14th Street
24th Floor
Atlanta, GA 30309
Tel: (404) 920 9000
Fax: (404) 920 9001

DEBTOR'S ATTORNEYS: Michael A. Rosenthal (MR-7006)
Craig H. Millet (admitted pro hac vice)
Janet M. Weiss (JW-5460)
Matthew K. Kelsey (MK-3137)
GIBSON, DUNN & CRUTCHER LLP
200 Park Avenue
New York, New York 10166-0193
Telephone: (212) 351-4000
Facsimile: (212) 351-4035

I declare under penalty of perjury (28 U.S.C. Section 1746) that this report and the attached documents are true and correct to the best of my knowledge and belief.

/s/ Essa Zainal
Essa Zainal
Head of Financial Control
Arcapita Bank B.S.C.(c)

11/16/2012

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

In re Falcon Gas Storage Company, Inc.
Debtor

Case No. 12-11790 (SHL)
Reporting Period: 10/01/2012 - 10/31/2012

Federal Tax I.D. # 76-0656572

CORPORATE MONTHLY OPERATING REPORT

| REQUIRED DOCUMENTS | Form No. | Document Attached | Explanation Attached |
|------------------------------------------------------------------|------------------------------|--------------------------|-----------------------------|
| Schedule of Cash Receipts and Disbursements | MOR-1 | x | |
| Bank Reconciliation (or copies of debtor's bank reconciliations) | MOR-1 (CONT) | x | |
| Copies of bank statements | | | x |
| Cash disbursements journals | | | x |
| Statement of Operations | MOR-2 | x | |
| Balance Sheet | MOR-3 | x | |
| Status of Post-petition Taxes | MOR-4 | x | |
| Copies of IRS Form 6123 or payment receipt | | | x |
| Copies of tax returns filed during reporting period | | | x |
| Summary of Unpaid Post-petition Debts | MOR-4 | | x |
| Listing of Aged Accounts Payable | | | x |
| Accounts Receivable Reconciliation and Aging | MOR-5 | x | |
| Taxes Reconciliation and Aging | MOR-5 | x | |
| Payments to Insiders and Professionals | MOR-6 | x | |
| Post Petition Status of Secured Notes, Leases Payable | MOR-6 | x | |
| Debtor Questionnaire | MOR-7 | x | |

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

In re Falcon Gas Storage Company, Inc.
Debtor

Case No. 12-11790 (SHL)
Reporting Period: 10/01/2012 - 10/31/2012

Federal Tax I.D. # 76-0656572

General Note:

The financial statements and supplemental information contained herein are preliminary and unaudited.

The results of operations contained herein are not necessarily indicative of results which may be expected for any other period or for the full year and may not necessarily reflect the consolidated results of operations and financial positions of the Debtor in the future.

In re Falcon Gas Storage Company, Inc.
Debtor

Case No. 12-11790 (SHL)
Reporting Period: 10/01/2012 - 10/31/2012

SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS

| Bank Accounts | Opening balance as at 10/01/2012 | Receipts | Transfers | Disbursements | FX Fluctuation | Closing balance as at 10/31/2012 |
|---------------------------------|---------------------------------------------|-----------------|------------------|----------------------|-----------------------|---------------------------------------------|
| JP Morgan Chase - 816818207 | 15,424.29 | 3,559.0 | 57,000.0 | (27,661.90) | - | 48,321.39 |
| JP Morgan Chase - 2909243137 | 675,048.0 | 105.7 | (57,000.0) | - | - | 618,153.74 |
| Total Operating Accounts | 690,472.29 | 3,664.7 | - | (27,661.90) | - | 666,475.13 |

Notes:

1. The receipts are interest income (\$105.7) and a Texas franchise tax refund (\$3,559).

2. The disbursements are for legal, consulting and accounting fees.

In re Falcon Gas Storage Company, Inc.
Debtor

Case No. 12-11790 (SHL)
Reporting Period: 10/01/2012 - 10/31/2012

BANK RECONCILIATIONS
Continuation Sheet for MOR-1

| GL# | Bank Name | Bank Balance | Deposits & Transfers in Transit | O/S, Bank Service Charges, Adjustments to GL | Other Reconciling Items | GL Balance |
|---------|------------------------------------------|-------------------|---------------------------------|----------------------------------------------|-------------------------|-------------------|
| 100-061 | JP Morgan Chase - 816818207 | 48,321.39 | - | - | - | 48,321.39 |
| | JP Morgan Chase - 2909243137 | 618,153.74 | (975.00) | - | - | 617,178.74 |
| | | | | | | |
| | Total Cash & Cash Equivalents | 666,475.13 | (975.00) | - | - | 665,500.13 |

Notes:

- The reconciling item is for US Trustee fees.

In re Falcon Gas Storage Company, Inc.
Debtor

Case No. 12-11790 (SHL)
Reporting Period: 10/01/2012 - 10/31/2012

STATEMENT OF OPERATIONS (Income Statement)
(in US Dollars)

For the Period
10/01/2012 - 10/31/2012

| | | |
|--------------------------|--------|-------------------|
| Income | Note 1 | 3,665 |
| Total Income | | \$ 3,665 |
| Operating expenses | Note 2 | (2,552) |
| Total Expenses | | \$ (2,552) |
| Net income (loss) | | \$ 1,112 |

Notes:

1. The income includes a Texas franchise tax refund (\$3.6k) and interest income \$105.
2. Operating expenses comprise consulting fees for the management of Falcon as well as bank service charges and US Trustee fees.

In re Falcon Gas Storage Company, Inc.
Debtor

Case No. 12-11790 (SHL)
Reporting Period: 10/01/2012 - 10/31/2012

BALANCE SHEET
(in US Dollars)

| | | <u>As of 10/31/2012</u> |
|---------------------------------------------------|--------|-------------------------|
| ASSETS | | |
| Cash | | \$ 665,500 |
| Other current assets | Note 1 | 91,284,486 |
| Fixed assets | | 8,311 |
| TOTAL ASSETS | | \$ 91,958,297 |
| LIABILITIES | | |
| Post petition liabilities | | \$ - |
| TOTAL POST-PETITION LIABILITIES | | \$ - |
| Liabilities subject to Compromise | | \$ 16,186 |
| TOTAL LIABILITIES | | \$ 16,186 |
| TOTAL EQUITY | | \$ 91,942,112 |
| TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY | | \$ 91,958,297 |

Notes:

1. This includes \$15,170,785.65 of cash on deposit with Arcapita Bank B.S.C.(c) as well as a receivable for approximately \$70 million which is currently held in an escrow account pending the resolution of ongoing litigation.

In re Falcon Gas Storage Company, Inc.
Debtor

Case No. 12-11790 (SHL)
Reporting Period: 10/01/2012 - 10/31/2012

STATUS OF POST-PETITION TAXES

| Federal | Beginning Tax | Amount Withheld and/or Accrued | Amount Paid | Ending Tax |
|--------------------|---------------|--------------------------------|-------------|------------|
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| Total Taxes | | | | |

Notes:

SUMMARY OF PRE-PETITION DEBTS

| <u>DESCRIPTION</u> | Total |
|------------------------------------------------|------------------|
| AP - Product | - |
| AP - Legal & Professional Fees | 16,186 |
| AP - Intercompany | - |
| TOTAL LIABILITIES SUBJECT TO COMPROMISE | \$ 16,186 |

Notes:

In re Falcon Gas Storage Company, Inc.
Debtor

Case No. 12-11790 (SHL)
Reporting Period: 10/01/2012 - 10/31/2012

ACCOUNTS RECEIVABLE RECONCILIATION AND AGING

| Accounts Receivable Reconciliation | Amount |
|--------------------------------------------------------------------|---------------|
| Total Accounts Receivable at the beginning of the reporting period | \$ - |
| Plus: Amounts billed during the period | - |
| Less: Amounts collected during the period | - |
| Less: Amounts written off during the period | - |
| Less: Amounts reserved during the period | - |
| Change in store accounts receivable, net | - |
| Total Accounts Receivable at the end of the reporting period | \$ - |

| Accounts Receivable Aging | 10/31/2012 |
|---------------------------------------------------|-------------------|
| 0 - 30 days old | \$ - |
| 31 - 60 days old | - |
| 61 - 90 days old | - |
| 91 - 120 days old | - |
| 121+ days old | - |
| Total Aged Accounts Receivable | - |
| Store Accounts Receivable | - |
| Total Accounts Receivable | - |
| Less: Bad Debts (Amount considered uncollectible) | - |
| Net Accounts Receivable | \$ - |

TAXES RECONCILIATION AND AGING

| Taxes Payable | Current | 1-30 Days | 31-60 Days | 61-90 Days | 91+ Days | Total |
|----------------------|----------------|------------------|-------------------|-------------------|-----------------|--------------|
| Federal | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| State and Local | - | - | - | - | - | - |
| Other | - | - | - | - | - | - |
| Total Taxes Payable | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |

Notes:

In re Falcon Gas Storage Company, Inc.
Debtor

Case No. 12-11790 (SHL)
Reporting Period: 10/01/2012 - 10/31/2012

PAYMENTS TO INSIDERS AND PROFESSIONALS

| INSIDERS | | | |
|----------------------------|-----------------|-------------|--------------------|
| NAME | TYPE OF PAYMENT | AMOUNT PAID | TOTAL PAID TO DATE |
| See note below | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| TOTAL PAYMENTS TO INSIDERS | | | |

Notes:

1. No payments incurred during this period.

| PROFESSIONALS | | | | | |
|---------------------------------|-----------------------------------------|-----------------|-------------|--------------------|--------------------------|
| NAME | DATE OF COURT ORDER AUTHORIZING PAYMENT | AMOUNT APPROVED | AMOUNT PAID | TOTAL PAID TO DATE | TOTAL INCURRED & UNPAID* |
| See note below | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| TOTAL PAYMENTS TO PROFESSIONALS | | | | | |

* INCLUDE ALL FEES INCURRED, BOTH APPROVED AND UNAPPROVED

Notes:

1. No payments made during this period.

POST-PETITION STATUS OF SECURED NOTES, LEASES PAYABLE AND ADEQUATE PROTECTION PAYMENTS

| NAME OF CREDITOR | SCHEDULED MONTHLY PAYMENT DUE | AMOUNT PAID DURING MONTH | TOTAL UNPAID POST-PETITION |
|------------------|-------------------------------|--------------------------|----------------------------|
| See note below | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| TOTAL PAYMENTS | | \$ - | \$ - |

Notes:

1. No payments were made to secured creditors within this time period.

In re Falcon Gas Storage Company, Inc.
Debtor

Case No. 12-11790 (SHL)
Reporting Period: 10/01/2012 - 10/31/2012

DEBTOR QUESTIONNAIRE

| Must be completed each month. If the answer to any of the questions is "Yes", provide a detailed explanation of each item. Attach additional sheets if necessary. | Yes | No |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------|-----------|
| 1 Have any assets been sold or transferred outside the normal course of business this reporting period? | | X |
| 2 Have any funds been disbursed from any account other than a debtor in possession account this reporting period? | | X |
| 3 Is the Debtor delinquent in the timely filing of any post-petition tax returns? | | X |
| 4 Are workers compensation, general liability or other necessary insurance coverages expired or cancelled, or has the debtor received notice of expiration or cancellation of such policies? | | X |
| 5 Is the Debtor delinquent in paying any insurance premium payment? | | X |
| 6 Have any payments been made on pre-petition liabilities this reporting period? | | X |
| 7 Are any post petition receivables (accounts, notes or loans) due from related parties? | | X |
| 8 Are any post petition payroll taxes past due? | | X |
| 9 Are any post petition State or Federal income taxes past due? | | X |
| 10 Are any post petition real estate taxes past due? | | X |
| 11 Are any other post petition taxes past due? | | X |
| 12 Have any pre-petition taxes been paid during this reporting period? | | X |
| 13 Are any amounts owed to post petition creditors delinquent? | | X |
| 14 Are any wage payments past due? | | X |
| 15 Have any post petition loans been received by the Debtor from any party? | | X |
| 16 Is the Debtor delinquent in paying any U.S. Trustee fees? | | X |
| 17 Is the Debtor delinquent with any court ordered payments to attorneys or other professionals? | | X |
| 18 Have the owners or shareholders received any compensation outside of the normal course of business? | | X |