

UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK

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

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**Monthly Operating Report For the Period  
From July 1, 2012 to July 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)

8/20/2012

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: 7/1/2012 -7/31/2012

Federal Tax I.D. # N/A

**CORPORATE MONTHLY OPERATING REPORT**

REQUIRED DOCUMENTS	Form No.	Document Attached	Explanation Attached
Schedule of Cash Receipts and Disbursements	<a href="#">MOR-1</a>	x	
Bank Reconciliation (or copies of debtor's bank reconciliations)	<a href="#">MOR-1 (CONT)</a>	x	
Copies of bank statements			x
Cash disbursements journals			x
Statement of Operations	<a href="#">MOR-2</a>	x	
Balance Sheet	<a href="#">MOR-3</a>	x	
Status of Post-petition Taxes	<a href="#">MOR-4</a>	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	<a href="#">MOR-4</a>		x
Listing of Aged Accounts Payable			x
Accounts Receivable Reconciliation and Aging	<a href="#">MOR-5</a>	x	
Taxes Reconciliation and Aging	<a href="#">MOR-5</a>	x	
Payments to Insiders and Professionals	<a href="#">MOR-6</a>	x	
Post Petition Status of Secured Notes, Leases Payable	<a href="#">MOR-6</a>	x	
Debtor Questionnaire	<a href="#">MOR-7</a>	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: 7/1/2012 - 7/31/2012

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: 7/1/2012 - 7/31/2012

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

Bank Accounts	Currency	Opening balance as at 07/01/2012	Receipts	Transfers	Disbursements	FX Fluctuation	Closing balance as at 07/31/2012
<b>Operating Accounts</b>							
JP Morgan Chase, New York	US\$	\$ 66.0	\$ 0.8	\$ (6.1)	\$ (8.9)	\$ -	51.8
JP Morgan Chase, London	€	1.2	-	-	(0.0)	(0.1)	1.2
JP Morgan Chase, London	£	1.4	-	1.0	(1.2)	(0.0)	1.3
JP Morgan Chase, London	¥	0.0	-	-	-	0.0	0.0
Arab Banking Corporation	US\$	0.5	0.0	-	(0.1)	-	0.5
Bank of Bahrain & Kuwait	BD	0.0	-	-	(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	0.2	0.0	4.3	(4.5)	0.2	0.3
Bahrain Islamic Bank	US\$	0.0	-	-	-	-	0.0
DBS Bank Ltd	S\$	0.3	-	0.8	(0.2)	0.0	0.9
Standard Chartered Bank	US\$	0.0	-	-	-	-	0.0
Standard Chartered Bank	£	0.0	-	-	-	(0.0)	0.0
Standard Chartered Bank	SGD	0.0	-	-	-	0.0	0.0
Standard Bank PLN	PLN	0.0	0.0	-	-	0.0	0.0
Standard Bank SGD	S\$	-	-	-	-	-	-
<b>Subtotal Operating Accounts (book balances)</b>		<b>\$ 69.8</b>	<b>\$ 0.8</b>	<b>\$ (0.0)</b>	<b>\$ (14.8)</b>	<b>\$ 0.1</b>	<b>\$ 56.0</b>
<b>Placements</b>							
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
<b>Subtotal Placements</b>		<b>\$ 35.0</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 35.0</b>
<b>Total balances with banks (book balance)</b>		<b>\$ 104.9</b>	<b>\$ 0.8</b>	<b>\$ (0.0)</b>	<b>\$ (14.8)</b>	<b>\$ 0.1</b>	<b>\$ 91.0</b>

**Notes:**

1. Transfers relate to movements between bank accounts (\$4 million to Bahrain Islamic Bank )
2. Receipts of \$0.7 million relate to Arc Real Estate Management and admin Fees.
3. Disbursements relate primarily to payments to professionals amounted \$6 million and \$2.9 relates to Key Point Consulting associated with severance payments.
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: 7/1/2012 -7/31/2012

**BANK RECONCILIATIONS**  
(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
<b>Operating Accounts</b>					
JP Morgan Chase, New York	51.8	-	-	-	51.8
JP Morgan Chase, London	1.2	-	-	-	1.2
JP Morgan Chase, London	1.3	-	-	-	1.3
JP Morgan Chase, London	0.0	-	-	-	0.0
Arab Banking Corporation	0.5	-	-	-	0.5
Bank of Bahrain & Kuwait	0.0	-	-	-	0.0
Bank of Bahrain & Kuwait	0.0	-	-	-	0.0
National Bank of Bahrain	0.0	-	-	-	0.0
National Bank of Bahrain	-	-	-	-	-
Bahrain Islamic Bank	0.3	-	(0.2)	-	0.1
Bahrain Islamic Bank	0.0	-	-	-	0.0
DBS Bank Ltd	0.9	-	-	-	0.9
Standard Chartered Bank	0.0	-	-	-	0.0
Standard Chartered Bank	0.0	-	-	-	0.0
Standard Chartered Bank	0.0	-	-	-	0.0
Standard Bank PLN	0.0	-	-	-	0.0
Standard Bank SGD	-	-	-	-	-
<b>Total Cash &amp; Cash Equivalents</b>	<b>\$ 56.0</b>	<b>\$ -</b>	<b>\$ (0.2)</b>	<b>\$ -</b>	<b>\$ 55.8</b>
<b>Placements</b>					
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
<b>Subtotal Placements</b>	<b>\$ 35.0</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 35.0</b>
<b>Total Balances with Bank</b>	<b>\$ 91.0</b>	<b>\$ -</b>	<b>\$ (0.2)</b>	<b>\$ -</b>	<b>\$ 90.8</b>

**Notes:**

- One reconciling item as of 31 July 2012 between bank and book balance amounted (\$0.2) million.
- 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: 7/1/2012 -7/31/2012

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

		<u>For the Period</u>	
		<u>7/1/2012 -7/31/2012</u>	
Management Fees	Note 1	\$	60,665
Murabaha Profits from Inter bank Deposits			10,402
Other Income			9,497
<b>Total Income</b>		<b>\$</b>	<b>80,564</b>
Staff compensation and benefits	Note 2	\$	(5,706,312)
General and administration expenses			(7,337,213)
<b>Total Expenses</b>		<b>\$</b>	<b>(13,043,526)</b>
<b>Net Loss before foreign exchange movements</b>		<b>\$</b>	<b>(12,962,962)</b>
Foreign exchange adjustments	Note 3		(3,752,464)
<b>Net Loss</b>		<b>\$</b>	<b>(16,715,426)</b>

**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. An amount of \$2.0M is typically accrued each month.
3. 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: 7/1/2012 -7/31/2012

**BALANCE SHEET**  
(in US Dollars)

		7/31/2012
Short term funds	Note 1	\$ 100,928,125
Receivables	Note 2	901,514,341
Investment in subsidiaries (at cost)		3,131,902,983
Other Assets	Note 3	42,975,775
<b>TOTAL ASSETS</b>		<b>\$ 4,177,321,223</b>
<b>LIABILITIES</b>		
Due to Other Institutions		\$ -
Accrued expenses and other Liabilities		14,200,006
Intercompany payable		3,702,242
<b>TOTAL POST-PETITION LIABILITIES</b>		<b>\$ 17,902,248</b>
Liabilities subject to compromise	Note 4	3,233,513,876
<b>TOTAL LIABILITIES</b>		<b>\$ 3,251,416,124</b>
<b>EQUITY</b>		
Share Capital		\$ 311,256,551
Share Premium		953,986,516
Bank funded stock		(274,151,282)
Reserves		(148,286,847)
Shares pending allotment		83,100,161
<b>TOTAL EQUITY</b>		<b>\$ 925,905,099</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>\$ 4,177,321,223</b>

**Notes:**

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

Cash and balances with banks	\$ 55,776,286
Murabaha receivable from financial institutions	45,139,935
Cash and notes (Petty Cash)	11,905
	<u>\$ 100,928,125</u>

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

Intercompany Receivables	\$ 564,381,098
Stock Purchase Plan	106,736,449
Management fees receivable	66,938,293
Deal Subscription receivable	-
Receivables & reimbursables from Holding Co.	88,556,018
Deal Companies Loans	17,905,484
Investment Participation Plan (2.1)	43,528,402
Other receivables	13,468,596
	<u>\$ 901,514,341</u>

3. Other assets are primarily comprised of fixed assets totaling approximately \$78.3 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				
<b>Total Taxes</b>	\$ -	\$ -	\$ -	\$ -

**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	59,273,340
<b>TOTAL LIABILITIES SUBJECT TO COMPROMISE</b>	<b>3,233,513,876</b>

**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 July 2012.



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

Case No. 12-11076 (SHL)  
Reporting Period: 7/1/2012 -7/31/2012

**ACCOUNTS RECEIVABLE RECONCILIATION AND AGING**

Accounts Receivable Reconciliation	Amount
Deal subscription receivable at the beginning of the period	\$ 37,131,247
Plus: Deal placement during the period	\$ -
Less: Deal placement reversed	\$ -
Less: Amounts collected during the period	\$ -
Less: Amounts written off during the period	\$ (37,131,247)
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	901,514,341
Total Receivable	901,514,341
Less: Bad Debts (Amount considered uncollectible)	-
Net Receivable	\$ 901,514,341

**Notes:**

1. 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:**

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

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

Case No. 12-11076 (SHL)  
Reporting Period: 7/1/2012 -7/31/2012

**PAYMENTS TO INSIDERS AND PROFESSIONALS**  
(in US dollars)

NAME	TYPE OF PAYMENT	AMOUNT PAID	TOTAL PAID TO DATE
See note below			
<b>TOTAL PAYMENTS TO INSIDERS</b>		<b>1,063,718</b>	<b>1,932,459</b>

**Notes:**

1. The above schedule illustrates cash payments made to 16 insiders during this time period, and includes nothing more than normal-course salary and benefits. During the month of July the payments include the subsistence allowance payments which are made semi-annually.

PROFESSIONALS					
NAME	DATE OF COURT ORDER AUTHORIZING PAYMENT	AMOUNT APPROVED	AMOUNT PAID	TOTAL PAID TO DATE	TOTAL INCURRED & UNPAID*
Garden City Group			\$ 121,596	\$ 181,918	\$ 494
KPMG - Valuation			1,843,502	1,843,502	520,563
Gibson, Dunn & Crutcher (1)			1,439,978	3,281,737	799,671
Alvarez & Marsal			1,725,180	1,725,180	413,166
<b>TOTAL PAYMENTS TO PROFESSIONALS</b>			<b>\$ 5,130,257</b>	<b>\$ 7,032,338</b>	<b>\$ 1,733,893</b>

\* INCLUDE ALL FEES INCURRED, BOTH APPROVED AND UNAPPROVED

**Notes:**

1. This payment is the combination of \$1,163,356 paid by Arcapita during the month of July, plus the application of a retainer advanced prior to the petition date in the amount of \$276,621.

**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			
<b>TOTAL PAYMENTS</b>		<b>\$ -</b>	<b>\$ -</b>

**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: 7/1/2012 -7/31/2012

**DEBTOR QUESTIONNAIRE**

<b>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.</b>		<b>Yes</b>	<b>No</b>
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

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

**Monthly Operating Report For the Period  
From July 1, 2012 to July 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)

8/23/2012

UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK

In re Falcon Gas Storage Company, Inc.  
**Debtor**

Case No. 12-11790 (SHL)  
Reporting Period: 7/01/2012 - 7/31/2012

Federal Tax I.D. # 76-0656572

**CORPORATE MONTHLY OPERATING REPORT**

REQUIRED DOCUMENTS	Form No.	Document Attached	Explanation Attached
Schedule of Cash Receipts and Disbursements	<a href="#">MOR-1</a>	x	
Bank Reconciliation (or copies of debtor's bank reconciliations)	<a href="#">MOR-1 (CON'T)</a>	x	
Copies of bank statements			x
Cash disbursements journals			x
Statement of Operations	<a href="#">MOR-2</a>	x	
Balance Sheet	<a href="#">MOR-3</a>	x	
Status of Post-petition Taxes	<a href="#">MOR-4</a>	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	<a href="#">MOR-4</a>		x
Listing of Aged Accounts Payable			x
Accounts Receivable Reconciliation and Aging	<a href="#">MOR-5</a>	x	
Taxes Reconciliation and Aging	<a href="#">MOR-5</a>	x	
Payments to Insiders and Professionals	<a href="#">MOR-6</a>	x	
Post Petition Status of Secured Notes, Leases Payable	<a href="#">MOR-6</a>	x	
Debtor Questionnaire	<a href="#">MOR-7</a>	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:** 7/01/2012 - 7/31/2012

**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: 7/01/2012 - 7/31/2012

**SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS**

<b>Bank Accounts</b>	<b>Opening balance as at 05/01/2012</b>	<b>Receipts</b>	<b>Transfers</b>	<b>Disbursements</b>	<b>FX Fluctuation</b>	<b>Closing balance as at 05/31/2012</b>
JP Morgan Chase - 816818207	<b>8,811.63</b>	256,706.9	-	(115.62)	-	<b>265,402.87</b>
JP Morgan Chase - 2909243137	-	-	-	-	-	-
<b>Total Operating Accounts</b>	<b>8,811.63</b>	<b>256,706.9</b>	-	<b>(115.62)</b>	-	<b>265,402.87</b>

Notes:

1. The receipt is a tax refund from the state of Texas and the disbursement is for bank fees

In re Falcon Gas Storage Company, Inc.  
Debtor

Case No. 12-11790 (SHL)  
Reporting Period: 7/01/2012 - 7/31/2012

**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	265,402.87	-	-	-	265,402.87
	JP Morgan Chase - 2909243137	-	-	-	-	-
	<b>Total Cash &amp; Cash Equivalents</b>	<b>265,402.87</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>265,402.87</b>

**Notes:**

1. No reconciling items as of 31 July 2012 between bank and book balance.



In re Falcon Gas Storage Company, Inc.  
Debtor

Case No. 12-11790 (SHL)  
Reporting Period: 7/01/2012 - 7/31/2012

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

**For the Period**  
**7/01/2012 - 7/31/2012**

Interest income		15,418
<b>Total Income</b>	<b>\$</b>	<b>15,418</b>
Operating expenses		(77,477)
<b>Total Expenses</b>	<b>\$</b>	<b>(77,477)</b>
<b>Net income (loss)</b>	<b>\$</b>	<b>(62,059)</b>

**Notes:**

1. The operating expenses include approximately \$53k of operating expenses relate to legal fees for litigation for an insurance claim

In re Falcon Gas Storage Company, Inc.  
Debtor

Case No. 12-11790 (SHL)  
Reporting Period: 7/01/2012 - 7/31/2012

**BALANCE SHEET**  
(in US Dollars)

		<u>As of 05/31/2012</u>
<b>ASSETS</b>		
Cash		\$ 265,403
Other current assets	Note 1	91,277,853
Fixed assets		8,311
<b>TOTAL ASSETS</b>		<b>\$ 91,551,566</b>
<b>LIABILITIES</b>		
Post petition liabilities		\$ 79,011
<b>TOTAL POST-PETITION LIABILITIES</b>		<b>\$ 79,011</b>
Liabilities subject to Compromise	Note 2	\$ 17,294
<b>TOTAL LIABILITIES</b>		<b>\$ 96,305</b>
<b>TOTAL EQUITY</b>		<b>\$ 91,455,262</b>
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>		<b>\$ 91,551,566</b>

**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: 7/01/2012 - 7/31/2012

**STATUS OF POST-PETITION TAXES**

Federal	Beginning Tax	Amount Withheld and/or Accrued	Amount Paid	Ending Tax
<b>Total Taxes</b>				

Notes:

**SUMMARY OF PRE-PETITION DEBTS**

DESCRIPTION	Total
AP - Product	-
AP - Legal & Professional Fees	17,294
AP - Intercompany	-
<b>TOTAL LIABILITIES SUBJECT TO COMPROMISE</b>	<b>\$ 17,294</b>

Notes:

In re Falcon Gas Storage Company, Inc.  
Debtor

Case No. 12-11790 (SHL)  
Reporting Period: 7/01/2012 - 7/31/2012

**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	5/31/2012
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: 7/01/2012 - 7/31/2012

**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.

Case No. 12-11790 (SHL)

Debtor

Reporting Period: 7/01/2012 - 7/31/2012

**DEBTOR QUESTIONNAIRE**

<b>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.</b>		<b>Yes</b>	<b>No</b>
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