

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE EASTERN DISTRICT OF NEW YORK**

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In re	:	Chapter 11
	:	
PERSONAL COMMUNICATIONS DEVICES	:	Case No. 13-74304 (AST)
HOLDINGS, LLC¹	:	
	:	
Debtors.	:	
	X	

GLOBAL NOTES TO MONTHLY OPERATING REPORT

1. Description of the Cases

On August 19, 2013 (the “Petition Date”), the Debtor filed its chapter 11 petition. The Debtor continues to manage and operate its business as debtor in possession pursuant to Sections 1107(a) and 1108 of the Bankruptcy Code. This Chapter 11 Case has been consolidated, solely for the purpose of joint administration, with Personal Communications Devices, LLC under case number 13-74303. No trustee or examiner has been appointed in these Chapter 11 Cases. On August 26, 2013, the Bankruptcy Court appointed the Official Committee of Unsecured Creditors.

2. General Methodology

The Debtor prepared this Monthly Operating Report (“MOR”) relying primarily upon the information set forth in their books and records. Consequently, certain transactions that are not identified in the normal course of business in the Debtor’s books and records may not be included in this MOR. Nevertheless, in preparing the MOR, the Debtor made reasonable efforts to supplement the information set forth in its books and records with additional information concerning transactions that may not have been identified therein.

Mr. Raymond F. Kunzmann has signed this MOR. Mr. Kunzmann is the Chief Financial Officer and an authorized signatory of the Debtor. In reviewing and signing the MOR, Mr. Kunzmann has relied upon the efforts, statements and representations of various personnel employed by the Debtor and the assistance of the Debtor’s retained professionals and advisors. Mr. Kunzmann has not (and could not have) personally verified the accuracy of each statement and representation contained in the MOR.

¹ The Debtors in these chapter 11 cases (jointly filed case nos. 13-74303 and 13-74304), along with the last four (4) digits of each Debtor’s federal tax identification number, are: Personal Communications Devices, LLC, a Delaware limited liability company(4171) and Personal Communications Devices Holdings, LLC, a Delaware limited liability company (4096). The Debtors’ mailing address is 80 Arkay Drive, Hauppauge, Suffolk County, NY 11788.

3. Fair Market Value vs. Book Value

It would be prohibitively expensive, unduly burdensome and an inefficient use of Debtor's resources for the Debtor to obtain current market valuations of all of their assets. Accordingly, unless otherwise indicated, the MOR reflects net book values for assets as reflected in the Debtor's books and records. Amounts ultimately realized may vary from net book value, and such variance may be material. The asset amounts listed do not include material write-downs that may be necessary.

4. Pre-petition vs. Post-petition Liabilities

The Debtor allocated liabilities between the pre-petition and post-petition periods based on the information available and research conducted in connection with the preparation of this MOR. As additional information becomes available and further research is conducted, the allocation of liabilities between the pre-petition and post-petition periods may change. The liability information, except as otherwise noted, is listed as of the close of business as of October 31, 2013. Accordingly, the Debtor reserves all rights to amend, supplement or otherwise modify this MOR as necessary and appropriate.

In addition, the liabilities listed in this MOR do not reflect any analysis conducted by the Debtor regarding potential claims under section 503(b)(9) of the Bankruptcy Code. Accordingly, the Debtor reserves any and all of their rights to dispute or challenge the validity of any claims asserted under section 503(b)(9) of the Bankruptcy Code or the characterization of the structure of any transaction, document or instrument related to any creditor's claim.

5. Insiders

For purposes of the MOR, the Debtor uses the term "insiders" as that term is defined in section 101(31) of the Bankruptcy Code.

Persons listed as "insiders" have been included for informational purposes only. The Debtor does not take any position with respect to: (a) such person's influence over the control of the Debtors; (b) the management responsibilities or functions of such individual; (c) the decision-making or corporate authority of such individual; or (d) whether such individual could successfully argue that he or she is not an "insider" under applicable law, including the federal securities laws, or with respect to any theories of liability or for any other purpose.

6. Currency

Unless otherwise indicated, all amounts are reflected in U.S. dollars.

7. Intercompany Accounts

The Debtor and its operating company, Personal Communications Devices, LLC (also Debtor) operate their business as a comprehensive enterprise and their financial affairs are complex. As described in further detail in the *Motion of the Debtors for Interim and Final Orders Authorizing the Debtors to (I) Continue Using Debtors' Bank Accounts and Cash Management System, and (II) Honor Certain Pre-petition Obligations Related Thereto* (the "Cash Management Motion") filed on August 19, 2013, the Debtor uses a consolidated cash management system through

which substantially all receipts are collected and liabilities and expenses are paid. In certain instances, the recording of cash transactions is governed by agreements between the Debtors. Accordingly, cash receipts and disbursements for all Debtors may be recorded on the books and records of Personal Communications Devices, LLC. Intercompany journal entries are utilized to record transactions affecting revenues, expenses, assets and liabilities of the particular Debtor entities (in most cases, though not in every case).

8. Reservation of Rights

The MOR does not purport to represent financial statements prepared in accordance with Generally Accepted Accounting Principles in the United States (“GAAP”), nor is it intended to be fully reconciled with the financial statements of the Debtor. Additionally, the MOR contains unaudited information that is subject to further review and potential adjustment, and reflects the Debtor’s reasonable best efforts to report the assets and liabilities on an unconsolidated basis.

In preparing the MOR, the Debtor relied upon financial data derived from its books and records that was available at the time of such preparation. Although the Debtor has made reasonable efforts to ensure the accuracy and completeness of such financial information, inadvertent errors or omissions, as well as the discovery of conflicting, revised or subsequent information, may cause a material change to the MOR. The Debtor and its agents, attorneys and financial advisors do not guarantee or warrant the accuracy, completeness or currentness of the data that is provided herein and shall not be liable for any loss or injury arising out of or caused in whole or in part by the acts, errors or omissions, whether negligent or otherwise, in procuring, compiling, collecting, interpreting, reporting, communicating or delivering the information contained herein. Accordingly, the Debtor reserves all of its rights to amend, supplement or otherwise modify the MOR as is necessary and appropriate. Notwithstanding the foregoing or otherwise contained herein, the Debtor shall not be required to update the MOR.

Any specific reservation of rights contained elsewhere in the Global Notes does not limit in any respect the foregoing general reservation of rights.

UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF NEW YORK

In re: Chapter 11
Personal Communications Devices Holdings LLC Case No. 13-74304 (AST)

Debtor

**Monthly Operating Report for the Period
From October 1 to October 31, 2013**

Debtors' Address: 80 Arkay Drive, Suite 210
Hauppauge, NY 11788
Telephone: (631) 233-3300

Debtors' Attorneys: Emanuel C. Grillo
Breck Hancock
Matthew L. Curro
Eugenia Tzakas
Goodwin Procter LLP
The New York Times Building
620 Eighth Avenue
New York, NY 10018-1405

This Monthly Operating Report ("MOR") has been prepared solely for the purpose of complying with the monthly reporting requirements applicable in these Chapter 11 cases and is in a format that the Debtors believe is acceptable to the United States Trustee. The financial information contained herein is limited in scope and covers a limited time period. Moreover, such information is preliminary and unaudited, and is not prepared in accordance with accounting principles generally accepted in the United States ("GAAP").

I declare under penalty of perjury that this report and the attached documents are true and correct to the best of my knowledge and belief.



Raymond Kunzmann
Chief Financial Officer
Personal Communications Devices Holdings LLC

January 10, 2014

UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF NEW YORK

In re: Personal Communications Devices Holdings LLC

Case No. 13-74304 (AST)

Debtor

Reporting Period: Oct 1 to Oct 31, 2013

Federal Tax I.D. # 26-2744096

CORPORATE MONTHLY OPERATING REPORT

File with the Court and submit a copy to the United States Trustee within 20 days after the end of the month and submit a copy of the report to any official committee appointed in the case.

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

Note 1: Debtor is a holding company with no operations, no bank accounts and no cash activity. For further information on cash flows, financial accounts and operations refer to the MOR for the operating company, case Personal Communications Devices, LLC (Debtors filing jointly under no. 174303 (AST)), which is filed separately.

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.

Signature of Debtor

Date: January 10, 2014

Signature of Authorized Individual

Date: January 10, 2014

Printed Name of Authorized Individual: Raymond Kuhnemann

Date: January 10, 2014

*Authorized individual must be an officer, director or shareholder if debtor is a corporation; a partner if debtor is a partnership; a manager or member if debtor is a limited liability company.

In re Personal Communications Devices Holdings LLC

Case No. 13-74304 (AST)

Debtor

Reporting Period: Oct 1 to Oct 31, 2013

STATEMENT OF OPERATIONS (Income Statement)

The Statement of Operations is to be prepared on an accrual basis. The accrual basis of accounting recognizes revenue when it is realized and expenses when they are incurred, regardless of when cash is actually received or paid.

REVENUES	MONTH (October)	CUMULATIVE -FILING TO DATE
Net Sales	\$ -	\$ -
COST OF GOODS SOLD		
Cost of Goods Sold	-	-
Gross Profit	-	-
OPERATING EXPENSES		
Engineering Expenses	-	-
Sales and Marketing	-	-
General and Administrative	-	-
Total Operating Expenses	-	-
OTHER INCOME AND EXPENSES		
Professional Fees	-	-
Interest and Fees on Senior Debt	-	-
Total Non Operating Expenses	-	-
Miscellaneous Income	-	-
Loss on Sale of Assets ⁽¹⁾	55,905,187	55,905,187
Loss on Currency Exchange	-	-
Provision for Tax	-	-
Net Profit (Loss)	\$ (55,905,187)	\$ (55,905,187)

*"Insider" is defined in 11 U.S.C. Section 101(31).

⁽¹⁾ On October 17, 2013 PCD LLC (Debtor filing jointly under case no. 13-74303(AST)) executed a sale of assets to Quality One Wireless of which PCD Holdings LLC has been allocated a portion of the loss on the sale.

In re Personal Communications Devices Holdings LLC

Case No. 13-74304 (AST)

Debtor

Reporting Period: Oct 1 to Oct 31, 2013

BALANCE SHEET

The Balance Sheet is to be completed on an accrual basis only. Pre-petition liabilities must be classified separately from post-petition obligations.

ASSETS	BOOK VALUE AT END OF CURRENT REPORTING MONTH	BOOK VALUE AT END OF PRIOR REPORTING MONTH	BOOK VALUE ON PETITION DATE OR SCHEDULED
CURRENT ASSETS			
Cash	\$ -	\$ -	\$ -
Accounts Receivable (Net)	-	-	-
Vendor Receivables	-	-	-
Inventory (Net)	-	-	-
Prepaid Expenses	-	-	-
Other Current Assets	-	-	-
TOTAL CURRENT ASSETS	\$ -	\$ -	\$ -
NON-CURRENT ASSETS			
Property, Plant & Equipment (Net)	\$ -	\$ -	\$ -
Intercompany Receivables	-	-	-
Promissory Note	-	-	-
Investment in PCD LLC ⁽¹⁾	-	126,900,000	126,900,000
TOTAL NON-CURRENT ASSETS	-	126,900,000	126,900,000
TOTAL ASSETS	\$ -	\$ 126,900,000	\$ 126,900,000

⁽¹⁾ Upon closing of the sales transaction of PCD LLC's (Debtor filing jointly under case no. 13-74304 (AST)) assets to Quality One Wireless on October 17, 2013 the remaining investment in PCD, LLC was written-off.

LIABILITIES AND OWNER EQUITY	BOOK VALUE AT END OF CURRENT REPORTING MONTH	BOOK VALUE AT END OF PRIOR REPORTING MONTH	BOOK VALUE ON PETITION DATE
LIABILITIES NOT SUBJECT TO COMPROMISE (Postpetition)			
Accounts Payable and Trade Accruals	\$ -	\$ -	\$ -
Accrued Expenses and Other Current Liabilities	-	-	-
Professional Fees	-	-	-
TOTAL POST-PETITION LIABILITIES	\$ -	\$ -	\$ -
LIABILITIES SUBJECT TO COMPROMISE (Pre-Petition)			
Accounts Payable	\$ -	\$ -	\$ -
Accrued Expenses and Other Current Liabilities	-	-	-
Borrowing Under Revolving Credit Agreement	-	-	-
Subordinated Debt ⁽²⁾	-	70,994,813	70,994,813
Capital lease obligations	-	-	-
TOTAL PRE-PETITION LIABILITIES	-	70,994,813	70,994,813
TOTAL LIABILITIES	\$ -	\$ 70,994,813	\$ 70,994,813
OWNERS' EQUITY			
Accumulated Deficit	\$ 66,284,616	\$ 66,284,616	\$ 66,284,616
Current year loss	(66,284,616)	(10,379,429)	(10,379,429)
NET OWNERS' EQUITY	(0)	55,905,187	55,905,187
TOTAL LIABILITIES AND OWNERS' EQUITY	\$ (0)	\$ 126,900,000	\$ 126,900,000

*"Insider" is defined in 11 U.S.C. Section 101(31).

⁽²⁾ A portion of the proceeds from the sale of PCD LLC's (Debtor filing jointly under case no. 13-74304 (AST)) assets was used to repay the Subordinated Debt obligation of PCD Holdings, LLC.

In re Personal Communications Devices Holdings LLCCase No. 13-74304 (AST)DebtorReporting Period: Oct 1 to Oct 31, 2013**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

Notes