

IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF DELAWARE

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In re: : Chapter 11  
: :  
: Case No. 15-11880 (BLS)  
QUIKSILVER, INC., *et al.*, :  
: :  
: Jointly Administered  
Debtors.<sup>1</sup> :  
: :  
: :  
: :  
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**NOTICE OF FILING OF DEBTORS' MONTHLY OPERATING REPORT  
FOR THE PERIOD OF SEPTEMBER 9, 2015 THROUGH OCTOBER 31, 2015**

PLEASE TAKE NOTICE that the above-captioned debtors and debtors in possession (collectively, the “Debtors”) have filed with the United States Bankruptcy Court for the District of Delaware the Debtors’ Monthly Operating Report for the Period of September 9, 2015 Through October 31, 2015, attached hereto as Exhibit A (the “Monthly Operating Report”).

Dated: Wilmington, Delaware  
November 30, 2015

SKADDEN, ARPS, SLATE, MEAGHER & FLOM LLP

/s/ Van C. Durrer, II  
Van C. Durrer, II (I.D. No. 3827)  
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Los Angeles, California 90071  
Telephone: (213) 687-5000  
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- and -

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<sup>1</sup> The Debtors and the last four digits of their respective taxpayer identification numbers are as follows: Quiksilver, Inc. (9426), QS Wholesale, Inc. (8795), DC Direct, Inc. (8364), DC Shoes, Inc. (0965), Fidra, Inc. (8945), Hawk Designs, Inc. (1121), Mt. Waimea, Inc. (5846), Q.S. Optics, Inc. (2493), QS Retail, Inc. (0505), Quiksilver Entertainment, Inc. (9667), and Quiksilver Wetsuits, Inc. (9599). The address of the Debtors’ corporate headquarters is 5600 Argosy Circle, Huntington Beach, California 92649.



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**EXHIBIT A**

UNITED STATES BANKRUPTCY COURT  
DISTRICT OF DELAWARE

In re: Quiksilver, Inc., et al.  
Debtors

Case No. 15-11880 (BLS)  
Reporting Period: September 9, 2015 through October 31, 2015

MONTHLY OPERATING REPORT

File with Court and submit copy to United States Trustee within 20 days after end of month.

Submit copy of report to any official committee appointed in the case.

REQUIRED DOCUMENTS	Form No.	Document Attached	Explanation Attached	Affidavit/Supplement Attached
Schedule of Cash Receipts and Disbursements	MOR-1	Yes		
Bank Reconciliation (or copies of debtor's bank reconciliations)	MOR-1a	Yes		
Schedule of Professional Fees Paid	MOR-1b	Yes		
Copies of bank statements				
Cash disbursements journals				
Statement of Operations	MOR-2	Yes		
Balance Sheet	MOR-3	Yes		
Status of Postpetition Taxes	MOR-4	Yes		
Copies of IRS Form 6123 or payment receipt				
Copies of tax returns filed during reporting period				
Summary of Unpaid Postpetition Debts	MOR-4a	Yes		
Listing of aged accounts payable	MOR-4a			
Accounts Receivable Reconciliation and Aging	MOR-5	Yes		
Debtor Questionnaire	MOR-5a	Yes		

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

\_\_\_\_\_  
Signature of Joint Debtor

\_\_\_\_\_  
Date

\_\_\_\_\_  
Signature of Authorized Individual\*

\_\_\_\_\_  
Date

Andrew Bruenjes  
\_\_\_\_\_  
Printed Name of Authorized Individual

Chief Financial Officer  
\_\_\_\_\_  
Title of Authorized Individual

\*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.

[1] The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's taxpayer identification number, are: Quiksilver, Inc. (9426); QS Wholesale, Inc. (8795); DC Direct, Inc. (8364); DC Shoes, Inc. (0965); Fidra, Inc. (8945); Hawk Designs, Inc. (1121); Mt. Waimea, Inc. (5864); Q.S. Optics, Inc. (2493); QS Retail, Inc. (0505); Quiksilver Entertainment, Inc. (9667); and, Quiksilver Wetsuits, Inc. (9599). The address of the Debtors' corporate headquarters is 5600 Argosy Circle, Huntington Beach, California 92649. The direct and indirect international subsidiaries of Quiksilver, Inc. are not debtors in these chapter 11 cases.

**MONTHLY OPERATING REPORT**  
**GENERAL NOTES AND DISCLAIMER**

The financial statements and supplemental information contained herein are unaudited, preliminary, and may not comply with generally accepted accounting principles ("GAAP") in all material respects. In addition, the financial statements and supplemental information contained herein is provided to fulfill the requirements of the Office of the United States Trustee and have been derived from the books and records of the Debtors.

The results of operations contained herein are not necessarily indicative of results that are expected from any other period or for the full year and are not reflective of the results of operations, financial position, and cash flow of the Debtors in the future.

Numerous Debtor subsidiaries had been inactive (the "Inactive Subsidiaries") prior to the Petition Date, and continued to be inactive during the reporting period covered herein. Where applicable, the Inactive Subsidiaries are shown in the overall consideration of the Debtor entities.



Quiksilver, Inc., et al.  
Debtors-in-Possession  
MOR - Ia  
Bank Account Summary  
for September 9, 2015 to October 31, 2015

Bank	Account Type	Entity	Bank Account # (last 4 digits)	GL Account #	Bank Balance [1]	Ledger Balance [1]	Reconciled (Yes / No)	Account Opened During Reporting Period
Bank of America	Receipts	DC Shoes, Inc.	x5130	101000-1	\$ 335,328	\$ 571,047	Yes	No
Bank of America	Check Disbursements	DC Shoes, Inc.	x5316	101030-1	19,666	(667,671)	Yes	No
Bank of America	Wiring	DC Shoes, Inc.	[2] x7221		-	-	n/a	Yes
Bank of America	Receipts	QS Retail, Inc.	x5074	101000-1	610,990	1,050,325	Yes	No
Bank of America	Wiring	QS Retail, Inc.	[2] x7207	101010-1	7,920	7,920	Yes	Yes
Bank of America	Payroll	QS Retail, Inc.	x5079	101020-1	259,933	213,193	Yes	No
Bank of America	Check Disbursements	QS Retail, Inc.	x5340	101030-1	60,551	(3,377,348)	Yes	No
First Hawaiian	Deposit	QS Retail, Inc.	x5312	101040-1	48,369	66,172	Yes	No
Bank of America	Receipts	QS Wholesale, Inc.	x5050	101000-1	1,993,722	2,148,910	Yes	No
Bank of America	Wiring	QS Wholesale, Inc.	[2] x7202	101010-1	19,508	Yes	Yes	No
Bank of America	Payroll	QS Wholesale, Inc.	x5055	101020-1	542,553	524,183	Yes	No
Bank of America	Check Disbursements	QS Wholesale, Inc.	x5308	101030-1	31,751	(1,245,880)	Yes	No
Bank of America	Operating	Quiksilver, Inc.	x7023	101010-1	4,857,528	4,870,524	Yes	No
Bank of America	Payroll	Quiksilver, Inc.	x5017	101020-1	83,446	83,332	Yes	No
Bank of America	Check Disbursements	Quiksilver, Inc.	x5290	101030-1	45,447	(1,027,771)	Yes	No
Merrill Lynch	Investment	Quiksilver, Inc.	x7H96	101055	156,648	156,648	Yes	No
Bank of America	Utility Deposit	Quiksilver, Inc.	[3] x0661	100050	125,001	125,000	Yes	Yes
<b>Total Account Cash</b>					<b>\$ 9,198,359</b>	<b>\$ 3,518,092</b>		
N/A	Store Cash	QS Retail, Inc.	N/A	100000	123,573	123,573		
<b>Total Cash</b>					<b>\$ 9,321,931</b>	<b>\$ 3,641,665</b>		

[1] Timing differences between bank balance and ledger balances are due to i) outstanding checks not yet funded as of 10/31 and ii) deposits-in-transit as of 10/31.  
 [2] Accounts x7221, x7207, and x7202 were opened to allow the operating entities (DC Shoes, Inc., QS Wholesale, Inc., and QS Retail, Inc.) to use dedicated accounts for wire disbursements. Prior to the opening of these accounts, wire disbursements were being made from Quiksilver, Inc. account x7023.  
 [3] Accounts x0661 (the "Utility Deposit Account") was opened and funded with \$125,000 on September 29, 2015. This Utility Deposit Account was established pursuant to the Final Order Approving Debtors' Form of Adequate Assurance Payment.  
 [4] Bank statements will be made available upon request.

"I attest that each of the Debtors' cash accounts has been reconciled to monthly bank statements."

*/s/ Andrew Bruenjes*  
 Andrew Bruenjes  
 Chief Financial Officer

**Quiksilver, Inc., et al.**  
**Debtors-in-Possession**  
**MOR - 1b**  
**Schedule of Professional Fees and Expenses Paid**  
**for September 9, 2015 to October 31, 2015**

Payee	Payor	Amounts Paid	
		Fees	Expenses
<b>Restructuring Professionals</b>			
FTI Consulting, Inc.		\$ -	\$ -
Skadden, Arps, Slate, Meagher & Flom LLP		-	-
Kurtzman Carson Consultants LLC		-	-
Peter J. Solomon Company, L.P.		-	-
ICR, LLC		-	-
Pachulski Stang Ziehl & Jones LLP		-	-
Deloitte & Touche LLP		-	-
Deloitte Tax LLP		-	-
A&G Realty Partners, LLC	QS Retail, Inc.	25,000	-
Akin Gump Strauss Hauer & Feld LLP		-	-
Pepper Hamilton LLP		-	-
PJT Partners Inc.		-	-
Cooley LLP		-	-
Province, Inc.		-	-
Bayard, P.A.		-	-
Houlihand Lokey, Inc.		-	-
Kirkland & Ellis LLP		-	-
Hilco Real Estate LLC	QS Retail, Inc.	63,100	-
<b>Total Restructuring Professional Fees and Expenses</b>		<b>\$ 88,100</b>	<b>\$ -</b>





	DC Shoes, Inc.	QS Retail, Inc.	QS Wholesale, Inc.	Quiksilver, Inc.	Hawk Designs, Inc.	DC Direct, Inc.	Fidra, Inc.	Mt. Walmea, Inc.	Q.S. Optics, Inc.	Quiksilver Entertainment, Inc.	Quiksilver Wetsuits, Inc.	Consolidated Filing Debtor Entities
Cash & Cash Equivalents	\$(6,624)	\$ (1,915,165)	\$ 1,446,721	\$ 4,207,132	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,641,065
Accounts Receivable	24,898,437	1,083,065	43,792,397	-	-	-	-	-	-	-	-	69,703,823
Other Receivables	278,830	665,866	4,026,693	-	-	-	-	-	-	-	-	4,772,519
Inventory	9,649,670	40,920,282	35,764,238	-	-	-	-	-	-	-	-	86,334,200
Prepaid Expenses & Other Current Assets	1,670,898	4,886,696	5,728,260	3,290,664	-	-	-	-	-	-	-	15,576,518
<b>Total Current Assets</b>	<b>36,401,211</b>	<b>45,440,755</b>	<b>90,688,371</b>	<b>7,497,797</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>180,028,192</b>
Property, Plant & Equipment, Net	225,904	11,786,510	26,531,004	18,029,708	-	-	-	-	-	-	-	56,573,146
Trademarks & Other Intangible Assets, Net	1,048,212	-	43,179,467	9,608,769	-	-	-	-	-	-	-	53,806,446
Goodwill	-	-	-	-	-	-	-	-	-	-	-	-
Investment in Subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-
Deferred Tax Assets - Long Term	-	230,762	1,527,177	(76,690)	-	-	-	-	-	-	-	(76,690)
Deposits & Other Long-Term Assets	183,747	-	-	30,829	-	-	-	-	-	-	-	1,972,517
<b>Total Long Term &amp; Other Assets</b>	<b>1,427,862</b>	<b>12,017,272</b>	<b>71,237,648</b>	<b>27,592,615</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>112,275,398</b>
<b>Total Assets</b>	<b>37,829,073</b>	<b>57,458,027</b>	<b>161,926,019</b>	<b>35,090,412</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>292,303,530</b>
<b>Liabilities Not Subject to Compromise</b>												
DIP Loan Balance - Revolving Credit Facility	-	-	641,224	-	-	-	-	-	-	-	-	641,224
DIP Loan Balance - Term Loan	-	-	67,652,756	-	-	-	-	-	-	-	-	67,652,756
Accounts Payable	10,294,010	2,331,389	28,619,838	1,744,660	-	-	-	-	-	-	-	42,989,898
Accrued Liabilities	785,193	3,106,173	17,905,145	522,639	-	-	-	-	-	-	-	22,319,145
Income Taxes Payable	(158,053)	13,876	258,450	201,265	-	-	-	-	-	-	-	315,556
Intercompany, Net	-	-	-	-	-	-	-	-	-	-	-	-
Deferred Tax Liabilities	-	-	-	-	-	-	-	-	-	-	-	-
Other Long-Term Liabilities	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Liabilities Not Subject to Compromise</b>	<b>10,924,150</b>	<b>5,451,438</b>	<b>115,077,412</b>	<b>2,468,564</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>133,918,564</b>
<b>Total Liabilities Subject to Compromise [1]</b>	<b>(62,857,623)</b>	<b>10,861,134</b>	<b>37,031,798</b>	<b>568,152,331</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>563,407,640</b>
<b>Total Liabilities</b>	<b>(41,736,473)</b>	<b>16,332,572</b>	<b>152,109,211</b>	<b>570,620,894</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>697,326,204</b>
<b>Total Equity / (Deficit)</b>	<b>79,565,546</b>	<b>41,125,455</b>	<b>9,816,808</b>	<b>(635,530,482)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(405,022,673)</b>
<b>Total Liabilities and Equity</b>	<b>37,829,073</b>	<b>57,458,027</b>	<b>161,926,019</b>	<b>35,090,412</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>292,303,530</b>

[1] Liabilities Subject to Compromise reflect management's estimates and may be subject to revision in future monthly operating reports.

**Quiksilver, Inc., et al.**  
**Debtors-in-Possession**  
**MOR - 4**  
**Consolidated Status of Postpetition Taxes**  
**for September 9, 2015 to October 31, 2015**

<i>In U.S. Dollars</i>	Beginning Tax Liability	Amount Withheld or Accrued	Amount Paid	Date Paid	Check No. or EFT	Ending Tax Liability [1]
<b>Federal</b>						
Withholding	\$ -	\$ 1,227,606	\$ (1,227,606)	Various	Various	\$ -
FICA - Employee	-	617,275	(617,275)	Various	Various	-
FICA - Employer	-	615,341	(615,341)	Various	Various	-
Unemployment	-	4,433	(4,433)	Various	Various	-
Income	-	-	-	Various	Various	-
<b>Total Federal Taxes [1]</b>	<b>-</b>	<b>2,464,656</b>	<b>(2,464,656)</b>			<b>-</b>
<b>State and Local</b>						
Withholding	-	459,998	(459,998)	Various	Various	-
Sales & Use Tax	-	1,255,848	(552,424)	Various	Various	703,424
Excise	-	21,377	(2,911)	Various	Various	18,466
Unemployment	-	38,622	(38,622)	Various	Various	-
Real Property	-	-	-	Various	Various	-
Personal Property	-	160,839	(204,054)	Various	Various	(43,214)
Income	-	2,317	(2,317)	10/07/2015	Various	-
Other: Business License	-	11,433	(9,126)	Various	Various	2,308
Other: Annual Reports	-	2,719	(956)	Various	Various	1,763
Other: Tax Audit Payments	-	46,223	(6,243)	Various	Various	39,980
<b>Total State and Local [1]</b>	<b>-</b>	<b>1,999,377</b>	<b>(1,276,652)</b>			<b>722,726</b>
<b>Total Taxes [1]</b>	<b>\$ -</b>	<b>\$ 4,464,033</b>	<b>\$ (3,741,308)</b>			<b>\$ 722,726</b>

[1] The Debtors routinely file tax returns with applicable taxing authorities. Such tax returns are not attached due to their volume, and are available upon request.

**Quiksilver, Inc., et al.**  
**Debtors-in-Possession**  
**MOR - 4a**  
**Consolidated Summary of Unpaid Postpetition Debts**  
**as of October 31, 2015**

	Number of Days Outstanding						Total
	Current	1-30	31-60	61-90	Over 90		
Accounts Payable, Trade	\$ 9,437,850	\$ 2,170,706	\$ (642,296)	\$ -	\$ -	\$ 10,966,260	
Inventory Received Not Vouchered [1]	11,516,399	-	-	-	-	11,516,399	
Accounts Payable, Manual [2]	20,507,238	-	-	-	-	20,507,238	
	<b>\$ 41,461,487</b>	<b>\$ 2,170,706</b>	<b>\$ (642,296)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 42,989,898</b>	

[1] Represents the value of inventory received from various suppliers, for which a related invoice had not been received by the Debtors, as of period-end.

[2] Primarily represents period-end accruals for goods-in-transit.

**Quiksilver, Inc., et al.**  
**Debtors-in-Possession**  
**MOR - 5**  
**Consolidated Summary of Accounts Receivable**  
**as of October 31, 2015**

<i>In U.S. Dollars</i>	Number of Days Outstanding					Total
	Current	1-30	31-60	61-90	>90	
Trade Receivables	\$ 52,808,835	\$ 7,168,285	\$ 4,506,342	\$ 1,421,848	\$ 9,398,793	\$ 75,199,030
Allowance for Bad Debts	(5,495,199)					(5,495,199)
						\$ <b>69,703,829</b>

**Quiksilver, Inc., et. al.**  
**Debtors-in-Possession**  
**MOR - 5a**  
**Debtors' Questionnaire**  
**for September 9, 2015 to October 31, 2015**

	Yes	No
1. Have any assets been sold or transferred outside the normal course of business this reporting period? If yes, provide an explanation below.		X
2. Have any funds been disbursed from any account other than a debtor in possession account this reporting period? If yes, provide an explanation below.		X
3. Have all postpetition tax returns been timely filed? If no, provide an explanation below.	X	
4. Are workers compensation, general liability and other necessary insurance coverages in effect? If no, provide an explanation below.	X	
5. Has any bank account been opened during the reporting period? If yes, provide documentation identifying the opened accounts(s). If an investment account has been opened, provide the required documentation pursuant to the Delaware Local Rule 4001-3.	X	

[1] See MOR1a for description of bank accounts opened during the reporting period.