UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

☒ **Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

For the quarterly period ended: **March 31, 2016**

or

☐ **Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

For the transition period from _________ to _________

Commission File Number: **001-34767**

BLACK DIAMOND, INC.
(Exact name of registrant as specified in its charter)

Delaware (State or other jurisdiction of incorporation or organization)	**58-1972600** (I.R.S. Employer Identification Number)
2084 East 3900 South **Salt Lake City, Utah** (Address of principal executive offices)	**84124** (Zip code)

(801) 278-5552
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.
Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).
Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☐	Non-accelerated filer	☐
Accelerated filer	☒	Smaller reporting company	☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of April 27, 2016, there were 30,847,056 shares of common stock, par value $0.0001, outstanding.

INDEX

BLACK DIAMOND, INC.

PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

BLACK DIAMOND, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited)
(In thousands, except per share amounts)

	March 31, 2016	December 31, 2015
Assets		
Current assets		
Cash	$ 86,335	$ 88,401
Marketable securities	9,910	9,824
Accounts receivable, less allowance for doubtful accounts of $396 and $184, respectively	27,014	26,774
Inventories	46,186	51,496
Prepaid and other current assets	3,225	3,337
Income tax receivable	2,534	2,550
Total current assets	175,204	182,382
Property and equipment, net	10,842	10,790
Other intangible assets, net	10,786	10,934
Indefinite lived intangible assets	22,770	22,644
Other long-term assets	1,865	1,843
Total assets	$ 221,467	$ 228,593
Liabilities and Stockholders' Equity		
Current liabilities		
Accounts payable and accrued liabilities	$ 19,412	$ 21,446
Current portion of long-term debt	110	-
Total current liabilities	19,522	21,446
Long-term debt, net	20,447	20,133
Deferred income taxes	8,861	8,969
Other long-term liabilities	2,069	2,042
Total liabilities	50,899	52,590
Stockholders' Equity		
Preferred stock, $.0001 par value; 5,000 shares authorized; none issued	-	-
Common stock, $.0001 par value; 100,000 shares authorized; 32,884 and 32,884 issued and 30,843 and 31,203 outstanding	3	3
Additional paid in capital	483,734	483,698
Accumulated deficit	(303,181)	(299,168)
Treasury stock, at cost	(8,838)	(7,320)
Accumulated other comprehensive loss	(1,150)	(1,210)
Total stockholders' equity	170,568	176,003
Total liabilities and stockholders' equity	$ 221,467	$ 228,593

See accompanying notes to condensed consolidated financial statements.

BLACK DIAMOND, INC.
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
(Unaudited)
(In thousands, except per share amounts)

	Three Months Ended	
	March 31, 2016	March 31, 2015
Sales		
Domestic sales	$ 19,617	$ 18,323
International sales	18,590	23,558
Total sales	38,207	41,881
Cost of goods sold	27,253	27,060
Gross profit	10,954	14,821
Operating expenses		
Selling, general and administrative	14,229	15,085
Restructuring charge	462	468
Transaction costs	136	164
Total operating expenses	14,827	15,717
Operating loss	(3,873)	(896)
Other (expense) income		
Interest expense, net	(714)	(686)
Other, net	436	(477)
Total other expense, net	(278)	(1,163)
Loss from continuing operations before income tax	(4,151)	(2,059)
Income tax benefit	(138)	(314)
Loss from continuing operations	(4,013)	(1,745)
Discontinued operations, net of tax	-	70
Net loss	(4,013)	(1,675)
Other comprehensive income (loss), net of tax:		
Unrealized income on marketable securities	86	27
Foreign currency translation adjustment	686	(5,639)
Unrealized (loss) income on hedging activities	(712)	1,253
Other comprehensive income (loss)	60	(4,359)
Comprehensive loss	$ (3,953)	$ (6,034)
Loss from continuing operations per share:		
Basic	$ (0.13)	$ (0.05)
Diluted	(0.13)	(0.05)
Net loss per share:		
Basic	$ (0.13)	$ (0.05)
Diluted	(0.13)	(0.05)
Weighted average shares outstanding:		
Basic	30,899	32,704
Diluted	30,899	32,704

See accompanying notes to condensed consolidated financial statements.

BLACK DIAMOND, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)
(In thousands)

	Three Months Ended	
	March 31, 2016	March 31, 2015
Cash Flows From Operating Activities:		
Net loss	$ (4,013)	$ (1,675)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Depreciation of property and equipment	618	921
Amortization of intangible assets	269	655
Accretion of notes payable	437	364
Gain on disposition of assets	(3)	(9)
Gain from removal of accumulated translation adjustment	(22)	-
Stock-based compensation	36	463
Deferred income taxes	(137)	(219)
Changes in operating assets and liabilities:		
Accounts receivable	(24)	2,794
Inventories	5,602	3,780
Prepaid and other assets	(572)	(1,997)
Accounts payable and accrued liabilities	(1,190)	(7,574)
Income taxes	16	(221)
Other	14	(255)
Net cash provided by (used in) operating activities	1,031	(2,973)
Cash Flows From Investing Activities:		
Payments related to the sale of POC	(921)	-
Proceeds from disposition of property and equipment	18	70
Purchase of property and equipment	(603)	(734)
Net cash used in investing activities	(1,506)	(664)
Cash Flows From Financing Activities:		
Net proceeds from (repayments of) revolving credit facilities	-	(539)
Repayments of long-term debt	-	(7)
Proceeds from issuance of long-term debt	-	44
Purchase of treasury stock	(1,662)	-
Proceeds from exercise of stock options	-	51
Net cash used in financing activities	(1,662)	(451)
Effect of foreign exchange rates on cash	71	(103)
Change in cash	(2,066)	(4,191)
Cash, beginning of period	88,401	31,034
Cash, end of period	$ 86,335	$ 26,843
Supplemental Disclosure of Cash Flow Information:		
Cash (received) paid for income taxes	$ (16)	$ 231
Cash paid for interest	$ 327	$ 330
Supplemental Disclosures of Non-Cash Investing and Financing Activities:		
Property and equipment purchased with accounts payable	$ 58	$ 323

See accompanying notes to condensed consolidated financial statements.

BLACK DIAMOND, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)
(in thousands, except per share amounts)

NOTE 1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying unaudited condensed consolidated financial statements of Black Diamond, Inc. and subsidiaries (which may be referred to as the "Company," "we," "us" or "our") as of and for the three months ended March 31, 2016 and 2015, have been prepared in accordance with U.S. generally accepted accounting principles ("U.S. GAAP"), instructions to Quarterly Report on Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and notes required by U.S. GAAP for complete financial statements. In the opinion of management, all adjustments (consisting only of normal recurring adjustments, except otherwise disclosed) necessary for a fair presentation of the unaudited condensed consolidated financial statements have been included. The results of the three months ended March 31, 2016 are not necessarily indicative of the results to be obtained for the year ending December 31, 2016. These interim financial statements should be read in conjunction with the Company's audited consolidated financial statements and footnotes thereto included in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2015, filed with the Securities and Exchange Commission (the "Commission").

On May 28, 2010, we acquired Black Diamond Equipment, Ltd. (which may be referred to as "Black Diamond Equipment" or "BDEL") and Gregory Mountain Products, LLC (which may be referred to as "Gregory Mountain Products", "Gregory" or "GMP"). On January 20, 2011, the Company changed its name from Clarus Corporation to Black Diamond, Inc., which we believe more accurately reflects our current business. In July 2012, we acquired POC Sweden AB and its subsidiaries (collectively, "POC") and in October 2012, we acquired PIEPS Holding GmbH and its subsidiaries (collectively, "PIEPS").

On July 23, 2014, the Company and Gregory Mountain Products, its wholly-owned subsidiary, completed the sale of certain assets to Samsonite LLC ("Samsonite") comprising Gregory's business of designing, manufacturing, marketing, distributing and selling technical, alpine, backpacking, hiking, mountaineering and active trail products and accessories as well as outdoor-inspired lifestyle bags (the "Gregory Business") pursuant to the terms of that certain Asset Purchase Agreement (the "GMP Purchase Agreement"), dated as of June 18, 2014, by and among the Company, Gregory and Samsonite. Under the terms of the GMP Purchase Agreement, Samsonite paid $84,135 in cash for Gregory's assets comprising the Gregory Business and assumed certain specified liabilities (the "GMP Sale").

On March 16, 2015, the Company announced that it engaged Rothschild Inc. and Robert W. Baird & Co., Incorporated as financial advisors to lead an exploration of a full range of strategic alternatives, including a sale of the entire Company and the potential sales of the Company's Black Diamond Equipment (including PIEPS) and POC brands in two separate transactions.

On October 7, 2015, the Company and the Company's wholly owned subsidiary, Ember Scandinavia AB ("Ember"), sold their respective equity interests in POC comprising POC's business of designing, manufacturing, marketing, distributing and selling advanced-design helmets, body armor, goggles, eyewear, gloves, and apparel for action or "gravity sports," such as skiing, snowboarding, and cycling pursuant to a Purchase Agreement (the "POC Purchase Agreement"), dated as of October 7, 2015, by and among the Company and Ember, as sellers, and Dainese S.p.A. and Dainese U.S.A., Inc. (collectively "Dainese"), as purchasers. Under the terms of the POC Purchase Agreement, Dainese paid $63,639 in cash for POC (the "POC Disposition"). Furthermore, the activities of POC have been segregated and reported as discontinued operations for all periods presented. See Note 2. Discontinued Operations to the notes to condensed consolidated financial statements.

On October 8, 2015, the Company announced the completion of the POC Disposition resulting in the conclusion of the Company's review of strategic alternatives.

On November 9, 2015, the Company announced that it has engaged Rothschild Inc. as a financial advisor to assist the Company to seek to redeploy our significant cash balances to invest in high-quality, durable, cash flow-producing assets potentially unrelated to the outdoor industry in order to diversify our business and potentially monetize our substantial net operating losses as part of our asset redeployment and diversification strategy. We intend to focus our search primarily in the United States, although we will also evaluate international investment opportunities should we find such opportunities attractive.

Nature of Business

Black Diamond, Inc., through its ownership of Black Diamond Equipment, Ltd., is a global leader in designing, manufacturing and marketing innovative active outdoor performance equipment and apparel for climbing, mountaineering, backpacking, skiing, and a wide range of other year-round outdoor recreation activities. Our principal brands include Black Diamond® and PIEPS™ and are targeted not only to the demanding requirements of core climbers, skiers and alpinists, but also to the more general outdoor performance enthusiasts and consumers interested in outdoor-inspired gear for their backcountry and urban activities. Our Black Diamond® and PIEPS™ brands are iconic in the active outdoor and ski industries, and linked intrinsically with the modern history of these sports. We believe our brands are synonymous with the performance, innovation, durability and safety that the outdoor and action sports communities rely on and embrace in their active lifestyle.

We offer a broad range of products including: high performance apparel (such as jackets, shells, pants and bibs); rock-climbing equipment (such as carabiners, protection devices, harnesses, belay devices, helmets, and ice-climbing gear); technical backpacks and high-end day packs; tents; trekking poles; headlamps and lanterns; and gloves and mittens. We also offer advanced skis, ski poles, ski bindings, ski skins, and ski safety products, including avalanche airbag systems, avalanche transceivers, shovels, and probes.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. The more significant estimates relate to derivatives, revenue recognition, income taxes, and valuation of long-lived assets and other intangible assets. Certain costs are estimated for the full year and allocated to interim periods based on estimates of time expired, benefit received, or activity associated with the interim period. We base our estimates on historical experience and other assumptions that are believed to be reasonable under the circumstances. Actual results could differ from these estimates.

Significant Accounting Policies

There have been no significant changes to the Company's significant accounting policies as described in the Company's Annual Report on Form 10-K for the year ended December 31, 2015. During the three months ended March 31, 2016, the Company adopted Accounting Standards Update ("ASU") ASU 2014-12, *Accounting for Share-Based Payments When the Terms of an Award Provide That a Performance Target Could Be Achieved after the Requisite Service Period*, ASU 2015-01, *Income Statement - Extraordinary and Unusual Items (Subtopic 225-20)*, and ASU 2015-03, S*implifying the Presentation of Debt Issuance Cost.* There was not a significant impact on the Company's condensed consolidated statements and related disclosures due to adoption of these standards.

Accounting Pronouncements Issued Not Yet Adopted

In May 2014, the Financial Accounting Standards Board (the "FASB") issued ASU 2014-09, *Revenue from Contracts with Customers*, which requires an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The ASU will replace most existing revenue recognition guidance in U.S. GAAP when it becomes effective. The new standard is effective for annual reporting periods beginning after December 15, 2017, and interim periods within those annual periods. Early adoption is permitted, but not before the original effective date (periods beginning after December 15, 2016). The standard permits the use of either the retrospective or cumulative effect transition method. The Company is evaluating the effect that ASU 2014-09 will have on its consolidated financial statements and related disclosures. The Company has not yet selected a transition method nor has it determined the effect of the standard on its ongoing financial reporting.

In August 2014, the FASB issued ASU 2014-15, *Presentation of Financial Statements – Going Concern (Subtopic 205-40): Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern.* The guidance requires an entity to evaluate whether there are conditions or events, in the aggregate, that raise substantial doubt about the entity's ability to continue as a going concern within one year after the date that the financial statements are issued (or within one year after the financial statements are available to be issued when applicable) and to provide related footnote disclosures in certain circumstances. The guidance is effective for the annual period ending after December 15, 2016, and for annual and interim periods thereafter. Early application is permitted. We do not believe the adoption of this guidance will have a significant impact on the Company's consolidated statements and related disclosures.

In July 2015, the FASB issued ASU 2015-11, *Simplifying the Measurement of Inventory*, which changes the measurement principle for inventory from the lower of cost or market to lower of cost and net realizable value for entities that do not measure inventory using the last-in, first-out or retail inventory method. The ASU also eliminates the requirement for these entities to consider replacement cost or net realizable value less an approximately normal profit margin when measuring inventory. The guidance is effective for fiscal years beginning after December 15, 2016, and interim periods within those years. The ASU requires prospective adoption and permits early adoption. The Company is currently evaluating the impact the adoption of this ASU will have on the Company's consolidated financial statements and related disclosures.

(in thousands, except per share amounts)

In February 2016, the FASB issued ASU 2016-02, *Leases*, which revises the accounting related to lessee accounting. Under the new guidance, lessees will be required to recognize a lease liability and a right-of-use asset for all leases with terms greater than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. The provisions of ASU 2016-02 are effective for fiscal years beginning after December 15, 2018, and should be applied through a modified retrospective transition approach for leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements. Early adoption is permitted. The Company is currently evaluating the impact the adoption of this ASU will have on the Company's consolidated financial statements and related disclosures.

In March 2016, the FASB issued ASU 2016-09, *Compensation – Stock Compensation (Topic 718): Improvements to Employee Share-Based Payment Accounting.* The ASU changes several aspects of the accounting for share-based payment award transactions, including: (1) accounting for income taxes; (2) classification of excess tax benefits on the statement of cash flows; (3) forfeitures; (4) minimum statutory tax withholding requirements; and (5) classification of employee taxes paid on the statement of cash flows when an employer withholds shares for tax-withholding purposes. The ASU is effective for annual and interim reporting periods beginning after December 15, 2016 with early adoption permitted. The Company is currently evaluating the impact of adoption of this ASU will have on the Company's consolidated financial statements and related disclosures.

NOTE 2. DISCONTINUED OPERATIONS

As discussed above in Note 1, on October 7, 2015, the Company sold POC to Dainese. The Company received $63,639 in cash for the POC Disposition and paid $2,946 in transaction fees for net proceeds of $60,693. $739 of cash was sold as part of the transaction. Also, as of December 31, 2015, there was an unsettled working capital adjustment of $921 owed to Dainese which has been paid during the three months ending March 31, 2016. The Company recognized a pre-tax gain on such sale of $8,436. The Company performed certain transition services related to the POC Disposition and received $245, which was recorded as a reduction of selling, general and administrative expenses in our condensed consolidated financial statements during the three months ended March 31, 2016.

Summarized results of discontinued operations for POC are as follows:

	Three Months Ended	
	March 31, 2016	**March 31, 2015**
Sales	$ -	$ 8,382
Cost of goods sold	-	(4,207)
Selling, general and administrative	-	(4,072)
Transaction costs	-	(135)
Interest expense, net	-	(16)
Other, net	-	226
Income from operations of discontinued operations	-	178
Gain on sale of discontinued operations	-	-
Income before taxes	-	178
Income tax expense	-	108
Income from discontinued operations, net of tax	$ -	$ 70

(in thousands, except per share amounts)

Summarized condensed cash flow information for POC discontinued operations are as follows:

	Three Months Ended	
	March 31, 2016	March 31, 2015
Depreciation of property and equipment	-	142
Amortization of intangible assets	-	324
Stock-based compensation	-	92
Purchase of property and equipment	-	(217)

NOTE 3. INVENTORIES

Inventories, as of March 31, 2016 and December 31, 2015, were as follows:

	March 31, 2016	December 31, 2015
Finished goods	$ 35,666	$ 43,117
Work-in-process	2,032	1,730
Raw materials and supplies	8,488	6,649
	$ 46,186	$ 51,496

NOTE 4. PROPERTY AND EQUIPMENT

Property and equipment, net as of March 31, 2016 and December 31, 2015, were as follows:

	March 31, 2016	December 31, 2015
Land	$ 2,850	$ 2,850
Building and improvements	4,124	4,093
Furniture and fixtures	3,301	3,320
Computer hardware and software	4,758	4,729
Machinery and equipment	10,093	9,790
Construction in progress	785	477
	25,911	25,259
Less accumulated depreciation	(15,069)	(14,469)
	$ 10,842	$ 10,790

NOTE 5. OTHER INTANGIBLE ASSETS

Indefinite Lived Intangible Assets

The Company owns certain tradenames and trademarks which provide Black Diamond Equipment, Ltd. (“Black Diamond Equipment” or “BDEL”) and PIEPS Holding GmbH and its subsidiaries (collectively, “PIEPS”) with the exclusive and perpetual rights to manufacture and sell their respective products. There was an increase in tradenames and trademarks during the three months ended March 31, 2016, due to the impact of foreign currency exchange rates. The following table summarizes the changes in indefinite lived intangible assets:

(in thousands, except per share amounts)

Balance at December 31, 2015	$	22,644
Impact of foreign currency exchange rates		126
Balance at March 31, 2016	$	22,770

Other Intangible Assets, net

Intangible assets such as certain customer relationships, core technologies and product technologies are amortizable over their estimated useful lives. There was an increase in gross other intangible assets subject to amortization during the three months ended March 31, 2016 due to the impact of foreign currency exchange rates. The following table summarizes the changes in gross other intangible assets:

Gross balance at December 31, 2015	$	17,130
Impact of foreign currency exchange rates		181
Gross balance at March 31, 2016	$	17,311

Other intangible assets, net of amortization as of March 31, 2016 and December 31, 2015, were as follows:

	March 31, 2016		December 31, 2015	
Customer lists and relationships	$	14,126	$	14,026
Product technologies		2,238		2,157
Core technologies		947		947
		17,311		17,130
Less accumulated amortization		(6,525)		(6,196)
	$	10,786	$	10,934

NOTE 6. LONG-TERM DEBT

Long-term debt, net as of March 31, 2016 and December 31, 2015, was as follows:

	March 31, 2016		December 31, 2015	
Revolving credit facilities (a)	$	-	$	-
5% Senior Subordinated Notes due 2017 (refer to Note 16)		22,610		22,610
Term note (b)		110		105
Unamortized discount		(2,163)		(2,582)
		20,557		20,133
Less current portion		(110)		-
	$	20,447	$	20,133

(a) As of March 31, 2016, the Company had drawn $0 on a $20,000 revolving credit facility with the Lender with a maturity date of April 1, 2017.

(b) The term loan is payable to a government entity with interest rate of 0.75% and no monthly installments. The note matures in March 2017.

(in thousands, except per share amounts)

NOTE 7. OTHER LONG-TERM LIABILITIES

Other long-term liabilities were $2,069 and $2,042 as of March 31, 2016 and December 31, 2015, respectively, with $1,741 and $1,689 of the balance as of March 31, 2016 and December 31, 2015, respectively, relating to a pension liability with respect to the benefit plan maintained for the benefit of the Company's employees in Switzerland. The Company also has an insurance policy whereby any underfunded amounts related to the pension liability are expected to be recoverable. The Company has recorded a receivable of $1,741 and $1,689 as other long-term assets for the underfunded amount as of March 31, 2016 and December 31, 2015, respectively. The significant assumptions used in accounting for the defined benefit pension plan were as follows:

	March 31, 2016	December 31, 2015
Discount rate	1.0%	1.0%
Expected long-term return on plan assets	2.2%	2.2%
Rate of compensation increase	2.0%	2.0%

NOTE 8. DERIVATIVE FINANCIAL INSTRUMENTS

The Company's primary exchange rate risk management objective is to mitigate the uncertainty of anticipated cash flows attributable to changes in foreign currency exchange rates. The Company primarily focuses on mitigating changes in cash flows resulting from sales denominated in currencies other than the U.S. dollar. The Company manages this risk primarily by using currency forward and option contracts. If the anticipated transactions are deemed probable, the resulting relationships are formally designated as cash flow hedges.

At March 31, 2016, the Company's derivative contracts had a remaining maturity of less than one year. The counterparty to these transactions had both long-term and short-term investment grade credit ratings. The maximum net exposure of the Company's credit risk to the counterparty is generally limited to the aggregate unrealized loss of all contracts with that counterparty. The Company's exposure of counterparty credit risk is limited to the aggregate unrealized loss of $1,075 on all contracts at March 31, 2016. The Company's derivative counterparty has strong credit ratings and as a result, the Company does not require collateral to facilitate transactions.

The Company held the following contracts designated as hedged instruments as of March 31, 2016 and December 31, 2015:

	March 31, 2016	
	Notional Amount	Latest Maturity
Foreign exchange contracts - Canadian Dollars	8,129	February 2017
Foreign exchange contracts - British Pounds	1,600	February 2017
Foreign exchange contracts - Euros	13,727	February 2017
Foreign exchange contracts - Swiss Francs	17,200	February 2017

	December 31, 2015	
	Notional Amount	Latest Maturity
Foreign exchange contracts - Canadian Dollars	1,302	February 2016
Foreign exchange contracts - British Pounds	2,047	February 2017
Foreign exchange contracts - Euros	13,295	February 2017
Foreign exchange contracts - Swiss Francs	17,738	February 2017

(in thousands, except per share amounts)

The Company accounts for these contracts as cash flow hedges and tests effectiveness by determining whether changes in the expected cash flow of the derivative offset, within a range, changes in the expected cash flow of the hedged item. For contracts that qualify as effective hedge instruments, the effective portion of gains and losses resulting from changes in fair value of the instruments are included in accumulated other comprehensive loss and reclassified to sales in the period the underlying hedged item is recognized in earnings. Gains (losses) of $(141) and $1,599 were reclassified to sales during the three months ended March 31, 2016 and 2015, respectively. Gains (losses) of $0 and $107 were reclassified to discontinued operations, net of tax, during the three months ended March 31, 2016 and 2015, respectively.

As of December 31, 2015, the Company reported an accumulated derivative instrument loss of $68. During the three months ended March 31, 2016, the Company reported accumulated other comprehensive loss of $712, as a result of the change in fair value of these contracts and reclassifications to sales as discussed above, resulting in an accumulated derivative instrument loss of $780 reported as of March 31, 2016.

The following table presents the balance sheet classification and fair value of derivative instruments as of March 31, 2016 and December 31, 2015:

	Classification	March 31, 2016	December 31, 2015
Derivative instruments in asset positions:			
Forward exchange contracts	Prepaid and other current assets	$ 222	$ 893
Forward exchange contracts	Other long-term assets	$ -	$ 12
Derivative instruments in liability positions:			
Forward exchange contracts	Accounts payable and accrued liabilities	$ 1,297	$ -
Forward exchange contracts	Other long-term liabilities	$ -	$ 25

NOTE 9. ACCUMULATED OTHER COMPREHENSIVE (LOSS) INCOME

Accumulated other comprehensive (loss) income (“AOCI”) primarily consists of unrealized losses in our marketable securities, foreign currency translation adjustments and changes in our forward foreign exchange contracts. The components of AOCI, net of tax, were as follows:

	Unrealized Losses on Marketable Securities	Foreign Currency Translation Adjustments	Unrealized Gains (Losses) on Cash Flow Hedges	Total
Balance as of December 31, 2015	$ (107)	$ (1,035)	$ (68)	$ (1,210)
Other comprehensive (loss) income before reclassifications	86	708	(853)	(59)
Amounts reclassified from other comprehensive loss	-	(22)	141	119
Net current period other comprehensive (loss) income	86	686	(712)	60
Balance as of March 31, 2016	$ (21)	$ (349)	$ (780)	$ (1,150)

The effects on net loss of amounts reclassified from unrealized gains on cash flow hedges for foreign exchange contracts and foreign currency translation adjustments for the three months ended March 31, 2016, were as follows:

(in thousands, except per share amounts)

Affected line item in the Condensed Consolidated Statement of Comprehensive Loss	Gains (losses) reclassified from AOCI to the Condensed Consolidated Statement of Comprehensive Loss
Foreign exchange contracts:	
Sales	$ (141)
Less: Income tax expense	-
Amount reclassified, net of tax	$ (141)
Foreign currency translation adjustments:	
Other, net	$ 22
Total reclassificaitons from AOCI	$ (119)

The Company's policy is to classify reclassifications of cumulative foreign currency translation from AOCI to Other, net.

NOTE 10. FAIR VALUE MEASUREMENTS

We measure certain financial assets and liabilities at fair value on a recurring basis. Fair value is defined as an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants, under a three-tier fair value hierarchy which prioritizes the inputs used in measuring fair value as follows:

Level 1- inputs to the valuation methodology are quoted market prices for identical assets or liabilities in active markets.

Level 2- inputs to the valuation methodology include quoted prices in markets that are not active or model inputs that are observable either directly or indirectly for substantially the full term of the asset or liability.

Level 3- inputs to the valuation methodology are based on prices or valuation techniques that are unobservable.

Assets and liabilities measured at fair value on a recurring basis at March 31, 2016 and December 31, 2015 were as follows:

	March 31, 2016			
	Level 1	Level 2	Level 3	Total
Assets				
Marketable securities	$ 9,910	$ -	$ -	$ 9,910
Forward exchange contracts	-	222	-	222
	$ 9,910	$ 222	$ -	$ 10,132
Liabilities				
Forward exchange contracts	$ -	$ 1,297	$ -	$ 1,297
	$ -	$ 1,297	$ -	$ 1,297

	December 31, 2015			
	Level 1	Level 2	Level 3	Total
Assets				
Marketable securities	$ 9,824	$ -	$ -	$ 9,824
Forward exchange contracts	-	905	-	905
	$ 9,824	$ 905	$ -	$ 10,729
Liabilities				
Forward exchange contracts	$ -	$ 25	$ -	$ 25
	$ -	$ 25	$ -	$ 25

(in thousands, except per share amounts)

The carrying value of cash, accounts receivable, accounts payable and accrued liabilities approximate their respective fair values due to the short-term nature and liquidity of these financial instruments. Marketable securities are recorded at fair value based on quoted market prices. Derivative financial instruments are recorded at fair value based on current market pricing models. The Company estimates that, based on current market conditions, the fair value of its long-term debt obligations under its revolving credit facility and senior subordinated notes payable approximate the carrying values at March 31, 2016 and December 31, 2015.

Nonrecurring Fair Value Measurements

There were no assets and liabilities measured at fair value on a nonrecurring basis at March 31, 2016. Assets and liabilities measured at fair value on a nonrecurring basis at December 31, 2015 were as follows:

	December 31, 2015				
	Level 1	Level 2	Level 3	Total	Total Losses
Goodwill	$ -	$ -	$ -	$ -	$ 29,507

The Company has certain assets that are measured at fair value on a nonrecurring basis when impairment indicators are present. The categorization of the framework used to estimate the fair value of the assets is considered a Level 3, due to the subjective nature of the unobservable inputs used to determine the fair value. The assets are adjusted to fair value only when the carrying values exceed the fair values. Based on the results of the Company's annual impairment tests completed during the year ended December 31, 2015, the Company determined that goodwill was impaired. As a result, we recognized impairment charges during the year ended December 31, 2015.

NOTE 11. EARNINGS (LOSS) PER SHARE

Basic earnings (loss) per share is computed by dividing earnings (loss) by the weighted average number of common shares outstanding during each period. Diluted earnings (loss) per share is computed by dividing earnings (loss) by the total of the weighted average number of shares of common stock outstanding during each period, plus the effect of dilutive outstanding stock options and unvested restricted stock grants. Potentially dilutive securities are excluded from the computation of diluted earnings per share if their effect is anti-dilutive to loss from continuing operations.

The following table is a reconciliation of basic and diluted shares of common stock outstanding used in the calculation of earnings per share:

	Three Months Ended	
	March 31, 2016	March 31, 2015
Weighted average shares outstanding - basic	30,899	32,704
Effect of dilutive stock awards	-	-
Weighted average shares outstanding - diluted	30,899	32,704
Loss from continuing operations per share:		
Basic	$ (0.13)	$ (0.05)
Diluted	(0.13)	(0.05)
Income from discontinued operations per share:		
Basic	$ -	$ -
Diluted	-	-
Net loss per share:		
Basic	$ (0.13)	$ (0.05)
Diluted	(0.13)	(0.05)

(in thousands, except per share amounts)

For the three months ended March 31, 2016 and 2015, equity awards of 2,379 and 3,611, respectively, were outstanding and anti-dilutive and therefore not included in the calculation of loss per share for these periods.

NOTE 12. STOCK-BASED COMPENSATION PLAN

Under the Company's current 2015 Stock Incentive Plan (the "2015 Plan") and the previous 2005 Stock Incentive Plan (the "2005 Plan"), the Company's Board of Directors (the "Board of Directors") had flexibility to determine the type and amount of awards to be granted to eligible participants, who must be employees, directors, officers or consultants of the Company or its subsidiaries. The 2015 Plan allows for grants of incentive stock options, nonqualified stock options, restricted stock awards, stock appreciation rights, and restricted units. The aggregate number of shares of common stock that may be granted through awards under the 2015 Plan to any employee in any calendar year could not exceed 500 shares. The 2005 Plan continued in effect until June 2015 when it expired in accordance with its terms. The 2015 Plan will continue in effect until December 2025 unless terminated sooner.

During the three months ended March 31, 2016, the Company did not issue any stock options under the 2015 Plan to employees of the Company.

The total non-cash stock compensation expense for continuing operations related to restricted stock, stock options and stock awards recorded by the Company for the three months ended March 31, 2016 and 2015 was $36 and $371, respectively. For the three months ended March 31, 2016 and 2015, the majority of stock-based compensation costs were classified as selling, general and administrative expense. The fair value of unvested restricted stock awards is determined based on the market price of our shares of common stock on the grant date or using the Monte-Carlo pricing model. As of March 31, 2016, there were 256 unvested stock options and unrecognized compensation cost of $767 related to unvested stock options, as well as 290 unvested restricted stock awards and unrecognized compensation cost of $41 related to unvested restricted stock awards. As of March 31, 2016, the Company has unvested restricted stock awards which vest based upon satisfaction of a performance condition. Achievement of the performance condition is currently not considered probable. Consequently, the Company has not recorded compensation costs associated with the performance condition awards.

NOTE 13. RESTRUCTURING

The Company initiated a restructuring plan in 2014 ("2014 Restructuring Plan") to realign resources within the organization and anticipates completing the plan in 2016. During the three months ended March 31, 2016 and 2015, we incurred restructuring charges of $0 and $468, respectively, related to the 2014 Restructuring Plan. We have incurred $5,939 of cumulative restructuring charges since the commencement of the 2014 Restructuring Plan. We estimate that we will incur restructuring costs related to other exit costs during the remainder of 2016.

As part of the conclusion of the Company's review of strategic alternatives, the Company initiated restructuring activities in efforts to further realign resources within the organization ("2015 Restructuring Plan") and anticipates completing the plan in 2016. During the three months ended March 31, 2016, we incurred restructuring charges of $462 related to the 2015 Restructuring Plan. There were no costs incurred related to the 2015 Restructuring Plan during the three months ended March 31, 2015. We have incurred $1,481 of cumulative restructuring charges since the commencement of the 2015 Restructuring Plan.

The following table summarizes the restructuring charges, payments and the remaining accrual related to employee termination costs and facility exit costs.

	2014 Restructuring Plan	2015 Restructuring Plan	Total Restructuring
Balance at December 31, 2015	$ 162	$ 460	$ 622
Charges to expense:			
Employee termination benefits	-	373	373
Other costs	-	89	89
Total restructuring charges	-	462	462
Cash payments and non-cash charges:			
Cash payments	(77)	(499)	(576)
Balance at March 31, 2016	$ 85	$ 423	$ 508

As of March 31, 2016, termination costs and restructuring costs remained in accrued liabilities and are expected to be paid during the remainder of 2016.

NOTE 14. COMMITMENTS AND CONTINGENCIES

The Company is involved in various legal disputes and other legal proceedings that arise from time to time in the ordinary course of business. Based on currently available information, the Company does not believe that it is reasonably possible that the disposition of any of the legal disputes the Company or its subsidiaries is currently involved in will have a material adverse effect upon the Company's consolidated financial condition, results of operations or cash flows. There is a reasonable possibility of loss from contingencies in excess of the amounts accrued by the Company in the accompanying condensed consolidated balance sheets; however, the actual amounts of such possible losses cannot currently be reasonably estimated by the Company at this time. It is possible that, as additional information becomes available, the impact on the Company could have a different effect.

The Company leases office, warehouse and distribution space under non-cancelable operating leases. As leases expire, it can be expected that, in the normal course of business, certain leases will be renewed or replaced. Certain lease agreements include escalating rents over the lease terms. The Company expenses rent on a straight-line basis over the lease term which commences on the date the Company has the right to control the property. The cumulative expense recognized on a straight-line basis in excess of the cumulative payments is included in accounts payable and accrued liabilities and other long-term liabilities in the accompanying condensed consolidated balance sheets.

Total rent expense for continuing operations of the Company for the three months ended March 31, 2016 and 2015 was $365 and $439, respectively.

NOTE 15. INCOME TAXES

The Company's foreign operations that are considered to be permanently reinvested have statutory tax rates of 25%.

As of December 31, 2015, the Company's gross deferred tax asset was $71,288. The Company had recorded a valuation allowance of $62,915, resulting in a net deferred tax asset of $8,373, before deferred tax liabilities of $17,342. The Company has provided a valuation allowance against a portion of the net deferred tax assets as of December 31, 2015, because the ultimate realization of those assets did not meet the more likely than not criteria. The majority of the Company's deferred tax assets consist of net operating loss carryforwards for federal tax purposes. If a change in control were to occur, these could be limited under Section 382 of the Internal Revenue Code of 1986 ("Code"), as amended.

In assessing the realizability of deferred income tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible and net operating loss and credit carryforwards expire. The estimates and judgments associated with the Company's valuation allowance on deferred tax assets are considered critical due to the amount of deferred tax assets recorded by the Company on its consolidated balance sheet and the judgment required in determining the Company's future taxable income. The need for a valuation allowance is reassessed at each interim reporting period. During the year ended December 31, 2015, the Company recorded an increase to its valuation allowance of $47,287.

As of December 31, 2015, the Company had net operating loss, research and experimentation credit and alternative minimum tax credit carryforwards for U.S. federal income tax purposes of $166,206 ($294 relates to excess tax benefits related to share based payment compensation, which will not be recorded until an income tax payable exists), $1,408 and $56, respectively. The Company believes its U.S. Federal net operating loss ("NOL") will substantially offset its future U.S. Federal income taxes, excluding the amount subject to U.S. Federal Alternative Minimum Tax ("AMT"). AMT is calculated as 20% of AMT income. For purposes of AMT, a maximum of 90% of income is offset by available NOLs. The majority of the Company's pre-tax income is currently earned and expected to be earned in the U.S., or taxed in the U.S. as Subpart F. income and will be offset with the NOL.

NOLs available to offset taxable income, subject to compliance with Section 382 of the Code, begin to expire based upon the following schedule:

(in thousands, except per share amounts)

Net Operating Loss Carryforward Expiration Dates
December 31, 2015

Expiration Dates December 31,	Net Operating Loss Amount	
2021	$	32,408
2022		115,000
2023		5,712
2024		3,566
2025 and beyond		9,520
Total		166,206
Excess stock based payment tax deductions		(294)
After limitations	$	165,912

NOTE 16. RELATED PARTY TRANSACTIONS

5% Unsecured Subordinated Notes due May 28, 2017

As part of the consideration payable to the stockholders of Gregory when the Company acquired Gregory, the Company issued $14,517, $7,539, and $554 in 5% Unsecured Subordinated Notes due May 28, 2017 (the "Merger Consideration Subordinated Notes") to Kanders GMP Holdings, LLC, Schiller Gregory Investment Company, LLC, and five former employees of Gregory, respectively. Mr. Warren B. Kanders, the Company's Executive Chairman and a member of its Board of Directors, is a majority member and a trustee of the manager of Kanders GMP Holdings, LLC. The sole manager of Schiller Gregory Investment Company, LLC is Mr. Robert R. Schiller, the Company's Executive Vice Chairman and a member of its Board of Directors. The principal terms of the Merger Consideration Subordinated Notes are as follows: (i) the principal amount is due and payable on May 28, 2017 and is prepayable by the Company at any time; (ii) interest will accrue on the principal amount at the rate of 5% per annum and shall be payable quarterly in cash; (iii) the default interest rate shall accrue at the rate of 10% per annum during the occurrence of an event of default; and (iv) events of default, which can only be triggered with the consent of Kanders GMP Holdings, LLC, are: (a) the default by the Company on any payment due under a Merger Consideration Subordinated Note; (b) the Company's failure to perform or observe any other material covenant or agreement contained in the Merger Consideration Subordinated Notes; or (c) the Company's instituting or becoming subject to a proceeding under the Bankruptcy Code (as defined in the Merger Consideration Subordinated Notes). The Merger Consideration Subordinated Notes are junior to all senior indebtedness of the Company, except that payments of interest continue to be made under the Merger Consideration Subordinated Notes as long as no event of default exists under any senior indebtedness.

Given the below market interest rate for comparably secured notes and the relative illiquidity of the Merger Consideration Subordinated Notes, we have discounted the notes to $8,640, $4,487 and $316, respectively, at the date of acquisition. We are accreting the discount on the Merger Consideration Subordinated Notes to interest expense using the effective interest method over the term of the Merger Consideration Subordinated Notes. The effective interest rate is approximately 14%.

On April 7, 2011, Schiller Gregory Investment Company, LLC transferred its Merger Consideration Subordinated Note in equal amounts to the Robert R. Schiller Cornerstone Trust and the Deborah Schiller 2005 Revocable Trust. On June 24, 2013, the Robert R. Schiller Cornerstone Trust dated September 9, 2010 transferred its Merger Consideration Subordinated Note in the amount of $3,769 to the Robert R. Schiller 2013 Cornerstone Trust dated June 24, 2013. During the three months ended March 31, 2016, $181 in interest was paid to Kanders GMP Holdings, LLC, and $94 in interest was paid to the Robert R. Schiller 2013 Cornerstone Trust and the Deborah Schiller 2005 Revocable Trust pursuant to the outstanding Merger Consideration Subordinated Notes.

On May 29, 2012 and August 13, 2012, five former employees of Gregory exercised certain sales rights and sold Merger Consideration Subordinated Notes in the aggregate principal amount of approximately $365 to Kanders GMP Holdings, LLC and in the aggregate principal amount of approximately $189 to Schiller Gregory Investment Company, LLC. During the three months ended March 31, 2016, $5 in interest was paid to Kanders GMP Holdings, LLC, and $2 in interest was paid to Schiller Gregory Investment Company, LLC, pursuant to these outstanding Merger Consideration Subordinated Notes.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Forward-Looking Statements

Please note that in this Quarterly Report on Form 10-Q we may use words such as “appears,” “anticipates,” “believes,” “plans,” “expects,” “intends,” “future” and similar expressions which constitute forward-looking statements within the meaning of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Forward-looking statements are made based on our expectations and beliefs concerning future events impacting the Company and therefore involve a number of risks and uncertainties. We caution that forward-looking statements are not guarantees and that actual results could differ materially from those expressed or implied in the forward-looking statements.

Potential risks and uncertainties that could cause the actual results of operations or financial condition of the Company to differ materially from those expressed or implied by forward-looking statements in this Quarterly Report on Form 10-Q include, but are not limited to, the overall level of consumer spending on our products; general economic conditions and other factors affecting consumer confidence; disruption and volatility in the global capital and credit markets; the financial strength of the Company's customers; the Company's ability to implement its reformation and growth strategy, including its ability to organically grow each of its historical product lines; the ability of the Company to identify potential acquisition or investment opportunities as part of its redeployment and diversification strategy; the Company’s ability to successfully redeploy its capital into diversifying assets or that any such redeployment will result in the Company’s future profitability; the Company's exposure to product liability of product warranty claims and other loss contingencies; stability of the Company's manufacturing facilities and foreign suppliers; the Company's ability to protect trademarks, patents and other intellectual property rights; fluctuations in the price, availability and quality of raw materials and contracted products as well as foreign currency fluctuations; our ability to utilize our net operating loss carryforwards; and legal, regulatory, political and economic risks in international markets. More information on potential factors that could affect the Company’s financial results is included from time to time in the Company’s public reports filed with the Securities and Exchange Commission, including the Company’s Annual Report on Form 10-K, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K. All forward-looking statements included in this Quarterly Report on Form 10-Q are based upon information available to the Company as of the date of this Quarterly Report on Form 10-Q, and speak only as of the date hereof. We assume no obligation to update any forward-looking statements to reflect events or circumstances after the date of this Quarterly Report on Form 10-Q.

Overview

Black Diamond, Inc. (which may be referred to as the “Company,” “we,” “our” or “us”), through its ownership of Black Diamond Equipment, Ltd., is a global leader in designing, manufacturing, and marketing innovative active outdoor performance equipment and apparel for climbing, mountaineering, backpacking, skiing, and a wide range of other year-round outdoor recreation activities. Our principal brands include Black Diamond® and PIEPS™ and are targeted not only to the demanding requirements of core climbers, skiers, and alpinists, but also to the more general outdoor performance enthusiasts and consumers interested in outdoor-inspired gear for their backcountry and urban activities. Our Black Diamond® and PIEPS™ brands are iconic in the active outdoor and ski industries, and linked intrinsically with the modern history of these sports. We believe our brands are synonymous with the performance, innovation, durability and safety that the outdoor and action sports communities rely on and embrace in their active lifestyle.

We offer a broad range of products including: high performance apparel (such as jackets, shells, pants and bibs); rock-climbing equipment (such as carabiners, protection devices, harnesses, belay devices, helmets, and ice-climbing gear); technical backpacks and high-end day packs; tents; trekking poles; headlamps and lanterns; and gloves and mittens. We also offer advanced skis, ski poles, ski bindings, ski skins, and ski safety products, including avalanche airbag systems, avalanche transceivers, shovels, and probes.

On May 28, 2010, we acquired Black Diamond Equipment, Ltd. (which may be referred to as “Black Diamond Equipment” or “BDEL”) and Gregory Mountain Products, LLC (which may be referred to as “Gregory Mountain Products”, “Gregory” or “GMP”). On January 20, 2011, the Company changed its name from Clarus Corporation to Black Diamond, Inc., which we believe more accurately reflects our current business. In July 2012, we acquired POC Sweden AB and its subsidiaries (collectively, “POC”) and in October 2012, we acquired PIEPS Holding GmbH and its subsidiaries (collectively, “PIEPS”).

On July 23, 2014, the Company and Gregory Mountain Products, its wholly-owned subsidiary, completed the sale of certain assets to Samsonite LLC (“Samsonite”) comprising Gregory’s business of designing, manufacturing, marketing, distributing and selling technical, alpine, backpacking, hiking, mountaineering and active trail products and accessories as well as outdoor-inspired lifestyle bags (the “Gregory Business”) pursuant to the terms of that certain Asset Purchase Agreement (the “GMP Purchase Agreement”), dated as of June 18, 2014, by and among the Company, Gregory and Samsonite. Under the terms of the GMP Purchase Agreement, Samsonite paid $84,135 in cash for Gregory’s assets comprising the Gregory Business and assumed certain specified liabilities (the “GMP Sale”).

On March 16, 2015, the Company announced that it engaged Rothschild Inc. and Robert W. Baird & Co., Incorporated as financial advisors to lead an exploration of a full range of strategic alternatives, including a sale of the entire Company and the potential sales of the Company's Black Diamond Equipment (including PIEPS) and POC brands in two separate transactions.

On October 7, 2015, the Company and the Company's wholly owned subsidiary, Ember Scandinavia AB ("Ember"), sold their respective equity interests in POC comprising POC's business of designing, manufacturing, marketing, distributing and selling advanced-design helmets, body armor, goggles, eyewear, gloves, and apparel for action or "gravity sports," such as skiing, snowboarding, and cycling pursuant to a Purchase Agreement (the "POC Purchase Agreement"), dated as of October 7, 2015, by and among the Company and Ember, as sellers, and Dainese S.p.A. and Dainese U.S.A., Inc. (collectively "Dainese"), as purchasers. Under the terms of the POC Purchase Agreement, Dainese paid $63,639 in cash for POC (the "POC Disposition"). Furthermore, the activities of POC have been segregated and reported as discontinued operations for all periods presented. See Note 2. Discontinued Operations to the notes to the condensed consolidated financial statements.

On October 8, 2015, the Company announced the completion of the POC Disposition resulting in the conclusion of the Company's review of strategic alternatives.

On November 9, 2015, the Company announced that it has engaged Rothschild Inc. as a financial advisor to assist the Company to seek to redeploy our significant cash balances to invest in high-quality, durable, cash flow-producing assets potentially unrelated to the outdoor industry in order to diversify our business and potentially monetize our substantial net operating losses as part of our asset redeployment and diversification strategy. We intend to focus our search primarily in the United States, although we will also evaluate international investment opportunities should we find such opportunities attractive.

Critical Accounting Policies and Use of Estimates

Management's discussion of our financial condition and results of operations is based on the condensed consolidated financial statements, which have been prepared in accordance with U.S. generally accepted accounting principles ("GAAP"). The preparation of the condensed consolidated financial statements requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the condensed consolidated financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting periods. We continually evaluate our estimates and assumptions including those related to derivatives, revenue recognition, income taxes and valuation of long-lived assets and other intangible assets. We base our estimates on historical experience and other assumptions that are believed to be reasonable under the circumstances. Actual results could differ from these estimates.

There have been no significant changes to our critical accounting policies as described in our Annual Report on Form 10-K for the year ended December 31, 2015, except elimination of the policy associated with the evaluation of the valuation of goodwill, as goodwill was fully impaired during the year ended December 31, 2015.

Accounting Pronouncements Issued Not Yet Adopted

See "Recent Accounting Pronouncements" in Note 1 to the notes to the unaudited condensed consolidated financial statements.

(in thousands, except per share amounts)

Results of Operations

Consolidated Three Months Ended March 31, 2016 Compared to Consolidated Three Months Ended March 31, 2015

The following presents a discussion of consolidated operations for the three months ended March 31, 2016, compared with the consolidated three months ended March 31, 2015.

	Three Months Ended	
	March 31, 2016	March 31, 2015
Sales		
Domestic sales	$ 19,617	$ 18,323
International sales	18,590	23,558
Total sales	38,207	41,881
Cost of goods sold	27,253	27,060
Gross profit	10,954	14,821
Operating expenses		
Selling, general and administrative	14,229	15,085
Restructuring charge	462	468
Transaction costs	136	164
Total operating expenses	14,827	15,717
Operating loss	(3,873)	(896)
Other (expense) income		
Interest expense, net	(714)	(686)
Other, net	436	(477)
Total other expense, net	(278)	(1,163)
Loss from continuing operations before income tax	(4,151)	(2,059)
Income tax benefit	(138)	(314)
Loss from continuing operations	(4,013)	(1,745)
Discontinued operations, net of tax	-	70
Net loss	$ (4,013)	$ (1,675)

Sales

Consolidated sales decreased $3,674, or 8.8%, to $38,207 during the three months ended March 31, 2016, compared to consolidated sales of $41,881 during the three months ended March 31, 2015. The decrease in sales was primarily attributable to a decrease in sales of $2,145 due to the weakening of foreign currencies against the U.S. dollar during the three months ended March 31, 2016 compared to the prior period and a decrease in the quantity of new and existing ski products sold during the period.

Consolidated domestic sales increased $1,294, or 7.1%, to $19,617 during the three months ended March 31, 2016, compared to consolidated domestic sales of $18,323 during the three months ended March 31, 2015. The increase in domestic sales was primarily attributable to an increase in the quantity of new and existing climb and mountain products sold during the period.

Consolidated international sales decreased $4,968, or 21.1%, to $18,590 during the three months ended March 31, 2016, compared to consolidated international sales of $23,558 during the three months ended March 31, 2015. The decrease in international sales was primarily attributable to a decrease in sales of $2,145 due to the weakening of foreign currencies against the U.S. dollar during the three months ended March 31, 2016 compared to the prior period and a decrease in the quantity of new and existing ski products sold during the period.

Cost of Goods Sold

Consolidated cost of goods sold increased $193, or 0.7%, to $27,253 during the three months ended March 31, 2016, compared to consolidated cost of goods sold of $27,060 during the three months ended March 31, 2015. The increase in cost of goods sold was primarily attributable to an increase in the number of units sold.

Gross Profit

Consolidated gross profit decreased $3,867, or 26.1%, to $10,954 during the three months ended March 31, 2016, compared to consolidated gross profit of $14,821 during the three months ended March 31, 2015. Consolidated gross margin was 28.7% during the three months ended March 31, 2016, compared to a consolidated gross margin of 35.4% during the three months ended March 31, 2015. Consolidated gross margin during the three months ended March 31, 2016, decreased compared to the prior year due to the weakening of foreign currencies against the U.S. dollar during the three months ended March 31, 2016 compared to the prior period, additional costs associated with the continued ramping-up of the Company's manufacturing activities that were transferred from China to the United States, and the write-off of inventory shipped to certain North American accounts during the first quarter of 2016 that filed for bankruptcy reorganization in April 2016.

Selling, General and Administrative

Consolidated selling, general, and administrative expenses decreased $856, or 5.7%, to $14,229 during the three months ended March 31, 2016, compared to consolidated selling, general, and administrative expenses of $15,085 during the three months ended March 31, 2015. The decrease in selling, general and administrative expenses was attributable to the Company's realization of savings from its restructuring plan implemented during 2015 to further realign resources within the organization.

Restructuring Charges

Consolidated restructuring expense decreased $6, or 1.3%, to $462 during the three months ended March 31, 2016, compared to consolidated restructuring expense of $468 during the three months ended March 31, 2015. Restructuring expenses incurred during the three months ended March 31, 2016, primarily related to benefits provided to employees who were or will be terminated due to the Company's reduction-in-force as part of its continued realignment of resources within the organization.

Transaction Costs

Consolidated transaction expense decreased $28, or 17.1%, to $136 during the three months ended March 31, 2016, compared to consolidated transaction costs of $164 during the three months ended March 31, 2015, which consisted of expenses related to the Company's redeployment and diversification strategy.

Interest Expense, net

Consolidated interest expense, net, increased $28, or 4.1%, to $714 during the three months ended March 31, 2016, compared to consolidated interest expense, net, of $686 during the three months ended March 31, 2015. The increase in interest expense, net, was primarily attributable to the increase in accretion expense associated with the Company's 5% Senior Subordinated Notes due 2017, which accretion is being amortized utilizing the effective interest rate method.

Other, net

Consolidated other, net, increased $913, or 191.4%, to income of $436 during the three months ended March 31, 2016 compared to consolidated other, net loss of $477 during the three months ended March 31, 2015. The increase in other, net, was primarily attributable to an increase in remeasurement gains recognized on the Company's foreign denominated accounts receivable and accounts payable partially offset by losses on mark-to-market adjustments on non-hedged foreign currency contracts.

(in thousands, except per share amounts)

Income Taxes

Consolidated income tax benefit decreased $176, or 56.1%, to a benefit of $138 during the three months ended March 31, 2016, compared to a consolidated income tax benefit of $314 during the same period in 2015. The decrease in tax benefit is due to a valuation allowance provided against a portion of the net assets, because the ultimate realization of those assets does not meet the more-likely-than-not criteria. The tax benefit recorded relates to one of the Company's foreign jurisdictions where deferred tax assets are deemed to be realizable.

Our effective income tax rate was 3.3% for the three months ended March 31, 2016, compared to 15.3% for the same period in 2015. Factors that could cause our annual effective tax rate to differ materially from our quarterly effective tax rates include changes in the geographic mix of taxable income and discrete events that may occur. There were no meaningful discrete events recorded in the Company's effective income tax rate calculation for the three months ended March 31, 2016.

Discontinued Operations

The Company sold POC for $63,639 effective October 7, 2015 and as a result we recognized a pre-tax gain of $8,436. Discontinued operations decreased to $0 during the three months ended March 31, 2016, compared to discontinued operations of $70 during the three months ended March 31, 2015. There was no activity for POC during the three months ended March 31, 2016.

Liquidity and Capital Resources

Consolidated Three Months Ended March 31, 2016 Compared to Consolidated Three Months Ended March 31, 2015

The following presents a discussion of cash flows for the consolidated three months ended March 31, 2015, compared with the consolidated three months ended March 31, 2015. Our primary ongoing funding requirements are for working capital, expansion of our operations and general corporate needs, as well as investing activities associated with the expansion into new product categories. We plan to fund our future expansion of operations and investing activities through a combination of our future operating cash flows, revolving credit facility, and the net proceeds from the sale of GMP and POC. We believe that our liquidity requirements for at least the next 12 months will be adequately covered by existing cash, marketable securities, cash provided by operations and our existing revolving credit facility. At March 31, 2016, we had total cash of $86,335 and marketable securities of $9,910, compared with a cash balance of $88,401 and marketable securities of $9,824 at December 31, 2015, which was substantially all controlled by the Company's U.S. entities. At March 31, 2016, the Company had $13,974 of the $86,335 in cash held by foreign entities, of which $392 is considered permanently reinvested. The cash held by foreign entities is available for repatriation and would result in an estimated tax liability of $3,696. This tax liability could be offset by the Company's net operating loss carryforwards.

	Three Months Ended	
	March 31, 2016	**March 31, 2015**
Net cash provided by (used in) operating activities	$ 1,031	$ (2,973)
Net cash used in investing activities	(1,506)	(664)
Net cash used in financing activities	(1,662)	(451)
Effect of foreign exchange rates on cash	71	(103)
Change in cash	(2,066)	(4,191)
Cash, beginning of period	88,401	31,034
Cash, end of period	$ 86,335	$ 26,843

Net Cash From Operating Activities

Consolidated net cash provided by operating activities was $1,031 during the three months ended March 31, 2016, compared to consolidated net cash used in operating activities of $2,973 during the three months ended March 31, 2015. The increase in net cash provided by operating activities during 2016 is primarily due to a decrease in net operating assets or non-cash working capital of $7,050 during the three months ended March 31, 2016, compared to the same period in 2015.

(in thousands, except per share amounts)

Free cash flow, defined as net cash provided by (used in) operating activities less capital expenditures, was free cash flows provided of $428 during the three months ended March 31, 2016 compared to free cash flows used of $3,707 during the same period in 2015. The Company believes that the non-GAAP measure, free cash flow, provides an understanding of the capital required by the Company to expand its asset base. A reconciliation of free cash flows to comparable GAAP financial measures is set forth below:

	Three Months Ended	
	March 31, 2016	March 31, 2015
Net cash provided by (used in) operating activities	$ 1,031	$ (2,973)
Purchase of property and equipment	(603)	(734)
Free cash flow	$ 428	$ (3,707)

Net Cash From Investing Activities

Consolidated net cash used in investing activities was $1,506 during the three months ended March 31, 2016, compared to consolidated net cash used in investing activities of $664 during the three months ended March 31, 2015. The increase in cash used during the three months ended March 31, 2016 is due to a purchase price adjustment related to the POC sale that were paid during the three months ended March 31, 2016.

Net Cash From Financing Activities

Consolidated net cash used in financing activities was $1,662 during the three months ended March 31, 2016, compared to consolidated cash used in financing activities of $451 during the three months ended March 31, 2015. The cash used during the three months ended March 31, 2016 relates to the repurchase of its common stock. The cash used during the three months ended March 31, 2015 was primarily a result of net borrowing on the foreign credit facilities.

Net Operating Loss

As of December 31, 2015, the Company had net operating loss, research and experimentation credit and alternative minimum tax credit carryforwards for U.S. federal income tax purposes of $166,206 ($294 relates to excess tax benefits related to share based payment compensation, which will not be realized until an income tax payable exists), $1,408 and $56, respectively. The Company believes its U.S. Federal net operating loss ("NOL") will substantially offset its future U.S. Federal income taxes, excluding the amount subject to U.S. Federal Alternative Minimum Tax ("AMT"). AMT is calculated as 20% of AMT income. For purposes of AMT, a maximum of 90% of income is offset by available NOLs. The majority of the Company's pre-tax income is currently earned and expected to be earned in the U.S., or taxed in the U.S. as Subpart F income and will be offset with the NOL. $165,912 of net operating losses available to offset taxable income does not expire until 2021 or later, subject to compliance with Section 382 of the Internal Revenue Code of 1986, as amended.

As of December 31, 2015, the Company's gross deferred tax asset was $71,288. The Company has recorded a valuation allowance of $62,915, resulting in a net deferred tax asset of $8,373, before deferred tax liabilities of $17,342. The Company has provided a valuation allowance against a portion of the net deferred tax assets as of December 31, 2015, because the ultimate realization of those assets does not meet the more likely than not criteria. The majority of the Company's deferred tax assets consist of net operating loss carryforwards for federal tax purposes. If a change in control were to occur, these could be limited under Section 382 of the Internal Revenue Code of 1986 ("Code"), as amended.

Revolving Credit Facility

On October 31, 2014, the Company together with its direct and indirect domestic subsidiaries entered into a second amended and restated loan agreement (the "Second Amended and Restated Loan Agreement") with Zions First National Bank (the "Lender"), which matures on April 1, 2017. Under the Second Amended and Restated Loan Agreement, the Company has a $30,000 revolving line of credit (the "Revolving Line of Credit") pursuant to a second amended and restated promissory note (revolving loan) (the "Revolving Line of Credit Promissory Note") which is inclusive of a $10,000 accordion option (the "Accordion") available to the Company to increase the Revolving Line of Credit on a seasonal or permanent basis for funding general corporate needs including working capital, capital expenditures, permitted loans or investments in subsidiaries, and the issuance of letters of credit. Also pursuant to the Second Amended and Restated Loan Agreement, the Company terminated its outstanding term loan facility which previously allowed the Company to borrow up to $10,000 and certain additional changes were made to the original amended and restated loan agreement and the covenants contained therein.

All debt associated with the Second Amended and Restated Loan Agreement bears interest at one-month London Interbank Offered Rate ("LIBOR") plus an applicable margin as determined by the ratio of Total Senior Debt to Trailing Twelve Month EBITDA as follows: (i) one month LIBOR plus 4.00% per annum at all times that Total Senior Debt to Trailing Twelve Month EBITDA ratio is greater than or equal to 2.00; (ii) one month LIBOR plus 3.00% per annum at all times that Total Senior Debt to Trailing Twelve Month EBITDA ratio is greater than 1.00 and less than 2.00; and (iii) one month LIBOR plus 2.00% per annum at all times that Total Senior Debt to Trailing Twelve Month EBITDA ratio is less than 1.00 or if the Company has cash or marketable securities equal to or greater than $30,000. The Second Amended and Restated Loan Agreement requires the payment of any unused commitment fee of (i) .6% per annum at all times that Total Senior Debt to Trailing Twelve Month EBITDA ratio is greater than or equal to 2.00; (ii) .5% per annum at all times that Total Senior Debt to Trailing Twelve Month EBITDA ratio is greater than 1.00 and less than 2.00; and (iii) .4% per annum at all times that Total Senior Debt to Trailing Twelve Month EBITDA ration is less than 1.00.

The Second Amended and Restated Loan Agreement contains certain restrictive debt covenants that require the Company and its subsidiaries to maintain an EBITDA based minimum Trailing Twelve Month EBITDA, a minimum net worth, a positive amount of asset coverage, and limitations on capital expenditures all as calculated in the Second Amended and Restated Loan Agreement. In addition, the Second Amended and Restated Loan Agreement contains covenants restricting the Company and its subsidiaries from pledging or encumbering their assets, with certain exceptions, and from engaging in acquisitions other than acquisitions permitted by the Second Amended and Restated Loan Agreement. The Second Amended and Restated Loan Agreement contains customary events of default (with grace periods where customary) including, among other things, failure to pay any principal or interest when due; any materially false or misleading representation, warranty, or financial statement; failure to comply with or to perform any provision of the Second Amended and Restated Loan Agreement; and default on any debt or agreement in excess of certain amounts.

On November 9, 2015, the Company together with its direct and indirect domestic subsidiaries entered into a first amendment (the "First Amendment") to the Second Amended and Restated Loan Agreement with the Lender. Pursuant to the First Amendment the minimum net worth financial covenant required to be maintained by the Company and each of its domestic wholly-owned subsidiaries was reduced and certain additional changes were also made to the Second Amended and Restated Loan Agreement.

On March 11, 2016, the Company together with its direct and indirect domestic subsidiaries entered into a second amendment (the "Second Amendment") to the Second Amended and Restated Loan Agreement as amended by the First Amendment with the Lender. Pursuant to the Second Amendment the minimum net worth financial covenant required to be maintained by the Company and each of its domestic wholly-owned subsidiaries for the year ending December 31, 2015 was reduced from $170,000 to $140,000 with an annual increase of $2,000 for each fiscal year thereafter, and certain additional changes were also made to the Second Amended and Restated Loan Agreement.

5% Senior Subordinated Notes due May 28, 2017

As part of the consideration payable to the stockholders of Gregory when the Company acquired Gregory, the Company issued $14,517, $7,539, and $554 in 5% Unsecured Subordinated Notes due May 28, 2017 (the "Merger Consideration Subordinated Notes") to Kanders GMP Holdings, LLC, Schiller Gregory Investment Company, LLC, and five former employees of Gregory, respectively. Mr. Warren B. Kanders, the Company's Executive Chairman and a member of its Board of Directors, is a majority member and a trustee of the manager of Kanders GMP Holdings, LLC. The sole manager of Schiller Gregory Investment Company, LLC is Mr. Robert R. Schiller, the Company's Executive Vice Chairman and a member of its Board of Directors. The principal terms of the Merger Consideration Subordinated Notes are as follows: (i) the principal amount is due and payable on May 28, 2017 and is prepayable by the Company at any time; (ii) interest will accrue on the principal amount at the rate of 5% per annum and shall be payable quarterly in cash; (iii) the default interest rate shall accrue at the rate of 10% per annum during the occurrence of an event of default; and (iv) events of default, which can only be triggered with the consent of Kanders GMP Holdings, LLC, are: (a) the default by the Company on any payment due under a Merger Consideration Subordinated Note; (b) the Company's failure to perform or observe any other material covenant or agreement contained in the Merger Consideration Subordinated Notes; or (c) the Company's instituting or becoming subject to a proceeding under the Bankruptcy Code (as defined in the Merger Consideration Subordinated Notes). The Merger Consideration Subordinated Notes are junior to all senior indebtedness of the Company, except that payments of interest continue to be made under the Merger Consideration Subordinated Notes as long as no event of default exists under any senior indebtedness.

Given the below market interest rate for comparably secured notes and the relative illiquidity of the Merger Consideration Subordinated Notes, we have discounted the notes to $8,640, $4,487 and $316, respectively, at the date of acquisition. We are accreting the discount on the Merger Consideration Subordinated Notes to interest expense using the effective interest method over the term of the Merger Consideration Subordinated Notes.

On April 7, 2011, Schiller Gregory Investment Company, LLC transferred its Merger Consideration Subordinated Note in equal amounts to the Robert R. Schiller Cornerstone Trust and the Deborah Schiller 2005 Revocable Trust. On June 24, 2013, the Robert R. Schiller Cornerstone Trust dated September 9, 2010 transferred its Merger Consideration Subordinated Note in the amount of $3,769 to the Robert R. Schiller 2013 Cornerstone Trust dated June 24, 2013. During the three months ended March 31, 2016, $181 in interest was paid to Kanders GMP Holdings, LLC, and $94 in interest was paid to the Robert R. Schiller 2013 Cornerstone Trust and the Deborah Schiller 2005 Revocable Trust pursuant to the outstanding Merger Consideration Subordinated Notes.

On May 29, 2012 and August 13, 2012, five former employees of Gregory exercised certain sales rights and sold Merger Consideration Subordinated Notes in the aggregate principal amount of approximately $365 to Kanders GMP Holdings, LLC and in the aggregate principal amount of approximately $189 to Schiller Gregory Investment Company, LLC. During the three months ended March 31, 2016, $5 in interest was paid to Kanders GMP Holdings, LLC, and $2 in interest was paid to Schiller Gregory Investment Company, LLC, pursuant to these outstanding Merger Consideration Subordinated Notes.

Off-Balance Sheet Arrangements

We do not engage in any transactions or have relationships or other arrangements with unconsolidated entities. These include special purpose and similar entities or other off-balance sheet arrangements. We also do not engage in energy, weather or other commodity-based contracts.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

There has not been any material change in the market risk disclosure contained in our Annual Report on Form 10-K for the year ended December 31, 2015.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

The Company’s management carried out an evaluation, under the supervision and with the participation of the Company’s Executive Chairman and Chief Financial Officer, its principal executive officer and principal financial officer, respectively, of the effectiveness of the design and operation of the Company’s disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (“Exchange Act”)) as of March 31, 2016, pursuant to Exchange Act Rule 13a-15. Such disclosure controls and procedures are designed to ensure that information required to be disclosed by the Company is accumulated and communicated to the appropriate management on a basis that permits timely decisions regarding disclosure. Based upon that evaluation, the Company’s Executive Chairman and Chief Financial Officer concluded that the Company’s disclosure controls and procedures as of March 31, 2016, were effective.

Changes in Internal Control over Financial Reporting

There has been no change in our internal control over financial reporting that occurred during our fiscal quarter ended March 31, 2016, that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

Legal Proceedings

The Company is involved in various legal disputes and other legal proceedings that arise from time to time in the ordinary course of business. Based on currently available information, the Company does not believe that it is reasonably possible that the disposition of any of the legal disputes the Company or its subsidiaries is currently involved in will have a material adverse effect upon the Company's consolidated financial condition, results of operations or cash flows. There is a reasonable possibility of loss from contingencies in excess of the amounts accrued by the Company in the accompanying condensed consolidated balance sheets; however, the actual amounts of such possible losses cannot currently be reasonably estimated by the Company at this time. It is possible that, as additional information becomes available, the impact on the Company could have a different effect.

Litigation

The Company is involved in various lawsuits arising from time to time that the Company considers ordinary routine litigation incidental to its business. Amounts accrued for litigation matters represent the anticipated costs (damages and/or settlement amounts) in connection with pending litigation and claims. The costs are accrued when it is both probable that a liability has been incurred and the amount can be reasonably estimated. The accruals are based upon the Company's assessment, after consultation with counsel (if deemed appropriate), of probable loss based on the facts and circumstances of each case, the legal issues involved, the nature of the claim made, the nature of the damages sought and any relevant information about the plaintiffs and other significant factors that vary by case. When it is not possible to estimate a specific expected cost to be incurred, the Company evaluates the range of probable loss and records the minimum end of the range. Based on current information, the Company believes that the ultimate conclusion of the various pending litigations of the Company, in the aggregate, will not have a material adverse effect on the Company's consolidated financial position, results of operations or cash flows.

Product Liability

As a consumer goods manufacturer and distributor, the Company faces the risk of product liability and related lawsuits involving claims for substantial money damages, product recall actions and higher than anticipated rates of warranty returns or other returns of goods. The Company is therefore vulnerable to various personal injury and property damage lawsuits relating to its products and incidental to its business.

Based on current information, there are no pending product liability claims and lawsuits of the Company, which the Company believes in the aggregate will have a material adverse effect on the Company's consolidated financial position, results of operations or cash flows.

ITEM 1A. RISK FACTORS

There have been no material changes in our risk factors from those disclosed in Part I, Item 1A. of the Company's Annual Report on Form 10-K for the year ended December 31, 2015.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

Unregistered Sales of Equity Securities

The Company did not sell any securities during the quarter ended March 31, 2016 that were not registered under the Securities Act of 1933, as amended.

Issuer Repurchases of Equity Securities

On November 9, 2015, the Company announced that its Board of Directors authorized a stock repurchase program that allows the repurchase of up to $30,000,000 of the Company's outstanding common stock. During the first quarter 2016, the Company purchased 360,221 shares of the Company's common stock for $1,517,842 under the Company's authorized stock repurchase program.

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs
January 1 to 31, 2016	345,254	$ 4.22	1,929,648	21,410,738
February 1 to 29, 2016	13,867	$ 4.12	1,943,515	21,353,626
March 1 to 31, 2016	1,100	$ 4.38	1,944,615	21,348,810
Total	360,221			

ITEM 6. EXHIBITS

Exhibit	Description
10.15	Second Amendment dated as of March 11, 2016, to Second Amended and Restated Loan Agreement, dated as of October 31, 2014 and as amended by the First Amendment to the Second Amended and Restated Loan Agreement dated November 9, 2015, by and among Zions First National Bank, a national banking association, as Lender, and Black Diamond, Inc.; Black Diamond Equipment, Ltd.; Black Diamond Retail, Inc.; Everest/Sapphire Acquisition, LLC; BD North American Holdings, LLC, PIEPS Service, LLC; and BD European Holdings, LLC, as Borrowers (filed as Exhibit 10.15 to the Company's Annual Report on Form 10-K, filed with the Securities and Exchange Commission on March 15, 2016 and incorporated herein by reference).
31.1	Certification of Principal Executive Officer pursuant to Rule 13a-14(a) as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. *
31.2	Certification of Principal Financial Officer pursuant to Rule 13a-14(a) as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. *
32.1	Certification of Principal Executive Officer pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. **
32.2	Certification of Principal Financial Officer pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. **
101.INS	XBRL Instance Document *
101.SCH	XBRL Taxonomy Extension Schema Document *
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document*
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document *
101.LAB	XBRL Taxonomy Extension Label Linkbase Document *
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document *
*	Filed herewith
**	Furnished herewith

BLACK DIAMOND, INC.

SIGNATURES

Pursuant to the requirements of the Securities and Exchange Act of 1934, as amended, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

BLACK DIAMOND, INC.

Date: May 2, 2016

By: */s/ Warren B. Kanders*
Name: Warren B. Kanders
Title: Executive Chairman
(Principal Executive Officer)

By: */s/ Aaron J. Kuehne*
Name: Aaron J. Kuehne
Title: Chief Financial Officer
(Principal Financial Officer)
(Principal Accounting Officer)

BLACK DIAMOND, INC.

EXHIBIT INDEX

Exhibit	Description
31.1	Certification of Principal Executive Officer pursuant to Rule 13a-14(a) as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. *
31.2	Certification of Principal Financial Officer pursuant to Rule 13a-14(a) as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. *
32.1	Certification of Principal Executive Officer pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. **
32.2	Certification of Principal Financial Officer pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. **
101.INS	XBRL Instance Document *
101.SCH	XBRL Taxonomy Extension Schema Document *
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document *
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document *
101.LAB	XBRL Taxonomy Extension Label Linkbase Document *
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document *
*	Filed herewith
**	Furnished herewith

BLACK DIAMOND, INC.

EXHIBIT 31.1

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER

I, Warren B. Kanders, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Black Diamond, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 2, 2016	By:	/s/ Warren B. Kanders
	Name:	Warren B. Kanders
	Title:	Executive Chairman (Principal Executive Officer)

BLACK DIAMOND, INC.

EXHIBIT 31.2

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER

I, Aaron J. Kuehne, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Black Diamond, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 2, 2016

By:	/s/ Aaron J. Kuehne	
Name:	Aaron J. Kuehne	
Title:	Chief Financial Officer (Principal Financial Officer)	

BLACK DIAMOND, INC.

Exhibit 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Black Diamond, Inc. (the "Company") on Form 10-Q for the period ended March 31, 2016 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Warren B. Kanders, Executive Chairman, certify to my knowledge, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

Date: May 2, 2016	By:	/s/ Warren B. Kanders
	Name:	Warren B. Kanders
	Title:	Executive Chairman (Principal Executive Officer)

BLACK DIAMOND, INC.

Exhibit 32.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Black Diamond, Inc. (the “Company”) on Form 10-Q for the period ended March 31, 2016 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Aaron Kuehne, Chief Financial Officer, certify to my knowledge, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

Date: May 2, 2016	By:	/s/ Aaron J. Kuehne
	Name:	Aaron J. Kuehne
	Title:	Chief Financial Officer (Principal Financial Officer)