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: **June 30, 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 July 27, 2016, there were 30,064,492 shares of common stock, par value $0.0001, outstanding.

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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)

	June 30, 2016	December 31, 2015
Assets		
Current assets		
Cash	$ 88,268	$ 88,401
Marketable securities	10,101	9,824
Accounts receivable, less allowance for doubtful accounts of $336 and $184, respectively	20,835	26,774
Inventories	46,828	51,496
Prepaid and other current assets	2,487	3,337
Income tax receivable	2,507	2,550
Total current assets	171,026	182,382
Property and equipment, net	11,070	10,790
Other intangible assets, net	10,449	10,934
Indefinite lived intangible assets	22,699	22,644
Other long-term assets	438	1,843
Total assets	$ 215,682	$ 228,593
Liabilities and Stockholders' Equity		
Current liabilities		
Accounts payable and accrued liabilities	$ 19,027	$ 21,446
Income tax payable	596	-
Current portion of long-term debt	20,988	-
Total current liabilities	40,611	21,446
Long-term debt, net	-	20,133
Deferred income taxes	8,784	8,969
Other long-term liabilities	696	2,042
Total liabilities	50,091	52,590
Stockholders' Equity		
Preferred stock, $.0001 par value; 5,000 shares authorized; none issued	-	-
Common stock, $.0001 par value; 100,000 shares authorized; 32,888 and 32,884 issued and 30,294 and 31,203 outstanding, respectively	3	3
Additional paid in capital	483,849	483,698
Accumulated deficit	(306,352)	(299,168)
Treasury stock, at cost	(11,143)	(7,320)
Accumulated other comprehensive loss	(766)	(1,210)
Total stockholders' equity	165,591	176,003
Total liabilities and stockholders' equity	$ 215,682	$ 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	
	June 30, 2016	June 30, 2015
Sales		
Domestic sales	$ 16,634	$ 16,484
International sales	12,508	13,569
Total sales	29,142	30,053
Cost of goods sold	20,797	19,538
Gross profit	8,345	10,515
Operating expenses		
Selling, general and administrative	11,599	14,142
Restructuring charge	531	1,408
Transaction costs	133	243
Arbitration award	(1,967)	-
Total operating expenses	10,296	15,793
Operating loss	(1,951)	(5,278)
Other (expense) income		
Interest expense, net	(709)	(682)
Other, net	(32)	127
Total other expense, net	(741)	(555)
Loss from continuing operations before income tax	(2,692)	(5,833)
Income tax expense (benefit)	479	(1,993)
Loss from continuing operations	(3,171)	(3,840)
Discontinued operations, net of tax	-	(1,607)
Net loss	(3,171)	(5,447)
Other comprehensive income (loss), net of tax:		
Unrealized income (loss) on marketable securities	89	(12)
Foreign currency translation adjustment	(340)	2,055
Unrealized income (loss) on hedging activities	635	(1,142)
Other comprehensive income	384	901
Comprehensive loss	$ (2,787)	$ (4,546)
Loss from continuing operations per share:		
Basic	$ (0.10)	$ (0.12)
Diluted	(0.10)	(0.12)
Net loss per share:		
Basic	$ (0.10)	$ (0.17)
Diluted	(0.10)	(0.17)
Weighted average shares outstanding:		
Basic	30,617	32,723
Diluted	30,617	32,723

See accompanying notes to condensed consolidated financial statements.

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

	Six Months Ended	
	June 30, 2016	**June 30, 2015**
Sales		
Domestic sales	$ 36,251	$ 34,807
International sales	31,098	37,127
Total sales	67,349	71,934
Cost of goods sold	48,050	46,598
Gross profit	19,299	25,336
Operating expenses		
Selling, general and administrative	25,828	29,227
Restructuring charge	993	1,876
Transaction costs	269	407
Arbitration award	(1,967)	-
Total operating expenses	25,123	31,510
Operating loss	(5,824)	(6,174)
Other (expense) income		
Interest expense, net	(1,423)	(1,368)
Other, net	404	(350)
Total other expense, net	(1,019)	(1,718)
Loss from continuing operations before income tax	(6,843)	(7,892)
Income tax expense (benefit)	341	(2,307)
Loss from continuing operations	(7,184)	(5,585)
Discontinued operations, net of tax	-	(1,537)
Net loss	(7,184)	(7,122)
Other comprehensive income (loss), net of tax:		
Unrealized income on marketable securities	175	15
Foreign currency translation adjustment	346	(3,584)
Unrealized (loss) income on hedging activities	(77)	111
Other comprehensive income (loss)	444	(3,458)
Comprehensive loss	$ (6,740)	$ (10,580)
Loss from continuing operations per share:		
Basic	$ (0.23)	$ (0.17)
Diluted	(0.23)	(0.17)
Net loss per share:		
Basic	$ (0.23)	$ (0.22)
Diluted	(0.23)	(0.22)
Weighted average shares outstanding:		
Basic	30,758	32,714
Diluted	30,758	32,714

See accompanying notes to condensed consolidated financial statements.

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

	Six Months Ended	
	June 30, 2016	**June 30, 2015**
Cash Flows From Operating Activities:		
Net loss	$ (7,184)	$ (7,122)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation of property and equipment	1,176	1,884
Amortization of intangible assets	539	1,301
Accretion of notes payable	889	742
(Gain) loss on disposition of assets	(6)	37
Gain from removal of accumulated translation adjustment	95	-
Stock-based compensation	151	1,038
Deferred income taxes	(259)	(2,738)
Changes in operating assets and liabilities:		
Accounts receivable	6,124	13,441
Inventories	4,819	2,378
Prepaid and other assets	2,132	(896)
Accounts payable and accrued liabilities	(3,184)	(7,306)
Income taxes	641	3,450
Other	(190)	(351)
Net cash provided by operating activities	5,743	5,858
Cash Flows From Investing Activities:		
Payments related to the sale of POC	(921)	-
Proceeds from disposition of property and equipment	23	74
Purchase of property and equipment	(1,059)	(1,628)
Net cash used in investing activities	(1,957)	(1,554)
Cash Flows From Financing Activities:		
Net proceeds from (repayments of) revolving credit facilities	-	(971)
Repayments of long-term debt	-	(14)
Proceeds from issuance of long-term debt	-	44
Purchase of treasury stock	(3,967)	-
Proceeds from exercise of stock options	-	92
Net cash used in financing activities	(3,967)	(849)
Effect of foreign exchange rates on cash	48	(80)
Change in cash	(133)	3,375
Cash, beginning of period	88,401	31,034
Cash, end of period	$ 88,268	$ 34,409
Supplemental Disclosure of Cash Flow Information:		
Cash received for income taxes	$ (43)	$ (3,431)
Cash paid for interest	$ 631	$ 660
Supplemental Disclosures of Non-Cash Investing and Financing Activities:		
Property and equipment purchased with accounts payable	$ 406	$ 254

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 and six months ended June 30, 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 and six months ended June 30, 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") 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, below.

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 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 six months ended June 30, 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 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.

In April 2016, the FASB issued ASU 2016-10 *, Identifying Performance Obligations and Licensing.* ASU 2016-10 amends the guidance in ASU 2014-09, *Revenue from Contracts with Customers*, about identifying performance obligations and accounting for licenses of intellectual property. The provisions of ASU 2016-10 are effective on adoption of ASU 2014-09. The Company is evaluating the effect that ASU 2016-10 will have on its consolidated financial statements and related disclosures. The Company has not determined the effect of the standard on its ongoing financial reporting.

In May 2016, the FASB issued ASU 2016-12, *Narrow-Scope Improvements and Practical Expedients.* ASU 2016-12 makes narrow-scope amendments to ASU 2014-09, *Revenue from Contracts with Customers*, and provides practical expedients to simplify the transition to the new standard and to clarify certain aspects of the standard. The provisions of ASU 2016-12 are effective on adoption of ASU 2014-09. The Company is evaluating the effect that ASU 2016-12 will have on its consolidated financial statements and related disclosures. The Company has not determined the effect of the standard on its ongoing financial reporting.

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 was paid during the three months ended 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 $79 and $324, during the three and six months ended June 30, 2016, respectively, which was recorded as a reduction of selling, general and administrative expenses in our condensed consolidated financial statements for such periods.

(in thousands, except per share amounts)

Summarized results of discontinued operations for POC are as follows:

	Three Months Ended		Six Months Ended	
	June 30, 2016	June 30, 2015	June 30, 2016	June 30, 2015
Sales	$ -	$ 5,026	$ -	$ 13,408
Cost of goods sold	-	(2,682)	-	(6,889)
Selling, general and administrative	-	(3,987)	-	(8,059)
Transaction costs	-	(446)	-	(581)
Interest expense, net	-	(13)	-	(29)
Other, net	-	(35)	-	191
Loss from operations of discontinued operations	-	(2,137)	-	(1,959)
Gain on sale of discontinued operations	-	-	-	-
Loss before taxes	-	(2,137)	-	(1,959)
Income tax benefit	-	(530)	-	(422)
Loss from discontinued operations, net of tax	$ -	$ (1,607)	$ -	$ (1,537)

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

	Six Months Ended	
	June 30, 2016	June 30, 2015
Depreciation of property and equipment	-	277
Amortization of intangible assets	-	643
Stock-based compensation	-	136
Purchase of property and equipment	-	(324)

NOTE 3. INVENTORIES

Inventories, as of June 30, 2016 and December 31, 2015, were as follows:

	June 30, 2016	December 31, 2015
Finished goods	$ 37,443	$ 43,117
Work-in-process	2,189	1,730
Raw materials and supplies	7,196	6,649
	$ 46,828	$ 51,496

(in thousands, except per share amounts)

NOTE 4. PROPERTY AND EQUIPMENT

Property and equipment, net as of June 30, 2016 and December 31, 2015, were as follows:

	June 30, 2016	December 31, 2015
Land	$ 2,850	$ 2,850
Building and improvements	4,151	4,093
Furniture and fixtures	3,066	3,320
Computer hardware and software	4,687	4,729
Machinery and equipment	10,328	9,790
Construction in progress	1,113	477
	26,195	25,259
Less accumulated depreciation	(15,125)	(14,469)
	$ 11,070	$ 10,790

NOTE 5. OTHER INTANGIBLE ASSETS

Indefinite Lived Intangible Assets

The Company owns certain tradenames and trademarks which provide Black Diamond Equipment and PIEPS with the exclusive and perpetual rights to manufacture and sell their respective products. There was an increase in tradenames and trademarks during the six months ended June 30, 2016, due to the impact of foreign currency exchange rates. The following table summarizes the changes in indefinite lived intangible assets:

Balance at December 31, 2015	$ 22,644
Impact of foreign currency exchange rates	55
Balance at June 30, 2016	$ 22,699

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 six months ended June 30, 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	79
Gross balance at June 30, 2016	$ 17,209

(in thousands, except per share amounts)

Other intangible assets, net of amortization as of June 30, 2016 and December 31, 2015, were as follows:

	June 30, 2016	December 31, 2015
Customer lists and relationships	$ 14,069	$ 14,026
Product technologies	2,193	2,157
Core technologies	947	947
	17,209	17,130
Less accumulated amortization	(6,760)	(6,196)
	$ 10,449	$ 10,934

NOTE 6. LONG-TERM DEBT

Long-term debt, net as of June 30, 2016 and December 31, 2015, was as follows:

	June 30, 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)	107	105
Unamortized discount	(1,729)	(2,582)
	20,988	20,133
Less current portion	(20,988)	-
	$ -	$ 20,133

(a) As of June 30, 2016, the Company had drawn $0 on a $20,000 revolving credit facility with Zions First National Bank with a maturity date of April 1, 2017.

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

NOTE 7. OTHER LONG-TERM LIABILITIES

Other long-term liabilities were $696 and $2,042 as of June 30, 2016 and December 31, 2015, respectively, with $368 and $1,689 of the balance as of June 30, 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 decrease is primarily due to the termination of employees in Switzerland as part of the move of the Company’s Black Diamond European office from Basel, Switzerland to Innsbruck, Austria. 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 $368 and $1,689 as other long-term assets for the underfunded amount as of June 30, 2016 and December 31, 2015, respectively. The significant assumptions used in accounting for the defined benefit pension plan were as follows:

	June 30, 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%

(in thousands, except per share amounts)

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. 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.

At June 30, 2016, the Company’s derivative contracts had a remaining maturity of one and one-half years or less. 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, which is $345 as of June 30, 2016. The Company’s exposure of counterparty credit risk is limited to the aggregate unrealized gain on all contracts. At June 30, 2016, there was no such exposure to the counterparty. 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 June 30, 2016 and December 31, 2015:

	June 30, 2016	
	Notional Amount	Latest Maturity
Foreign exchange contracts – Canadian Dollars	8,955	August 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

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 transaction is recognized in earnings. Gains (losses) of $(202) and $997 were reclassified to sales during the three months ended June 30, 2016 and 2015, respectively, and $(343) and $2,596 were reclassified to sales during the six months ended June 30, 2016 and 2015, respectively. Gains of $61 and $168 were reclassified to discontinued operations, net of tax, during the three and six months ended June 30, 2015, respectively.

The Company held the following contracts not designated as hedged instruments as of June 30, 2016. There were no derivative contracts not designated as hedged instruments as of December 31, 2015.

	June 30, 2016	
	Notional Amount	Latest Maturity
Foreign exchange contracts – British Pounds	1,104	February 2017
Foreign exchange contracts – Euros	8,678	February 2017
Foreign exchange contracts – Swiss Francs	10,993	February 2017

For contracts that do not qualify as effective hedge instruments, the ineffective portion of gains and losses resulting from changes in fair value of the instruments are included in earnings. Losses of $(42) were recorded to Other, net, associated with ineffective hedge instruments during the three and six months ended June 30, 2016. There were no gains (losses) recorded to Other, net, during the three and six months ended June 30, 2015.

(in thousands, except per share amounts)

As of December 31, 2015, the Company reported an accumulated derivative instrument loss of $68. During the six months ended June 30, 2016, the Company reported accumulated other comprehensive loss of $77, as a result of the change in fair value of these contracts and reclassifications to sales and other income as discussed above, resulting in an accumulated derivative instrument loss of $145 reported as of June 30, 2016.

The following table presents the balance sheet classification and fair value of derivative instruments as of June 30, 2016 and December 31, 2015:

	Classification	June 30, 2016	December 31, 2015
Derivative instruments in asset positions:			
Forward exchange contracts	Prepaid and other current assets	$ 235	$ 893
Forward exchange contracts	Other long-term assets	$ 3	$ 12
Derivative instruments in liability positions:			
Forward exchange contracts	Accounts payable and accrued liabilities	$ 583	$ -
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 Gains (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 income (loss) before reclassifications	175	251	(462)	(36)
Amounts reclassified from other comprehensive income	-	95	385	480
Net current period other comprehensive income (loss)	175	346	(77)	444
Balance as of June 30, 2016	$ 68	$ (689)	$ (145)	$ (766)

(in thousands, except per share amounts)

The effects on net loss of amounts reclassified from unrealized gains (losses) on cash flow hedges for foreign exchange contracts and foreign currency translation adjustments for the three and six months ended June 30, 2016, were as follows:

Affected line item in the Condensed Consolidated Statement of Comprehensive Loss	Losses reclassified from AOCI to the Consolidated Statement of Comprehensive Loss — For the Three Months Ended June 30, 2016	For the Six Months Ended June 30, 2016
Foreign exchange contracts:		
Sales	$ (202)	$ (343)
Other, net	(42)	(42)
Amount reclassified, net of tax	$ (244)	$ (385)
Foreign currency translation adjustments:		
Other, net	$ (117)	$ (95)
Total reclassifications from AOCI	$ (361)	$ (480)

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.

(in thousands, except per share amounts)

Assets and liabilities measured at fair value on a recurring basis at June 30, 2016 and December 31, 2015 were as follows:

	June 30, 2016			
	Level 1	Level 2	Level 3	Total
Assets				
Marketable securities	$ 10,101	$ -	$ -	$ 10,101
Forward exchange contracts	-	238	-	238
	$ 10,101	$ 238	$ -	$ 10,339
Liabilities				
Forward exchange contracts	$ -	$ 583	$ -	$ 583
	$ -	$ 583	$ -	$ 583

	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

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 debt obligations under its revolving credit facility and senior subordinated notes payable approximate the carrying values at June 30, 2016 and December 31, 2015.

Nonrecurring Fair Value Measurements

There were no assets and liabilities measured at fair value on a nonrecurring basis at June 30, 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.

(in thousands, except per share amounts)

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		Six Months Ended	
	June 30, 2016	June 30, 2015	June 30, 2016	June 30, 2015
Weighted average shares outstanding – basic	30,617	32,723	30,758	32,714
Effect of dilutive stock awards	-	-	-	-
Weighted average shares outstanding – diluted	30,617	32,723	30,758	32,714
Loss from continuing operations per share:				
Basic	$ (0.10)	$ (0.12)	$ (0.23)	$ (0.17)
Diluted	(0.10)	(0.12)	(0.23)	(0.17)
Loss from discontinued operations per share:				
Basic	$ -	$ (0.05)	$ -	$ (0.05)
Diluted	-	(0.05)	-	(0.05)
Net loss per share:				
Basic	$ (0.10)	$ (0.17)	$ (0.23)	$ (0.22)
Diluted	(0.10)	(0.17)	(0.23)	(0.22)

For the three months ended June 30, 2016 and 2015, equity awards of 2,364 and 3,323, respectively, and for the six months ended June 30, 2016 and 2015, equity awards of 2,378 and 3,365, 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 may 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 six months ended June 30, 2016, the Company issued stock options for an aggregate of 38 shares under the 2015 Plan to directors of the Company, which options vest in four equal consecutive quarterly tranches from the date of grant.

For computing the fair value of the stock-based awards, the fair value of each option grant has been estimated as of the date of grant using the Black-Scholes option-pricing model with the following assumptions:

(in thousands, except per share amounts)

Options Granted During the Six Months Ended June 30, 2016

Number of options		38
Option vesting period		1 Year
Grant price	$	4.39
Dividend yield		0.00%
Expected volatility (a)		44.60%
Risk-free interest rate		1.23%
Expected life (years) (b)		5.31
Weighted average fair value	$	1.81

(a) Expected volatility is based upon the Company’s historical volatility.

(b) Because the Company does not have sufficient historical exercise data to provide a reasonable basis upon which to estimate the expected term for these grants, the Company utilized the simplified method in developing an estimate of the expected term of these options.

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 June 30, 2016 and 2015 was $115 and $531, respectively, and for the six months ended June 30, 2016 and 2015 was $151 and $902, respectively. For the three and six months ended June 30, 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 June 30, 2016, there were 260 unvested stock options and unrecognized compensation cost of $703 related to unvested stock options, as well as 290 unvested restricted stock awards and unrecognized compensation cost of $37 related to unvested restricted stock awards. As of June 30, 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 June 30, 2016 and 2015, we incurred restructuring charges of $20 and $1,408, respectively, related to the 2014 Restructuring Plan. During the six months ended June 30, 2016 and 2015, we incurred restructuring charges of $20 and $1,876, respectively. We have incurred $5,959 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 and six months ended June 30, 2016, we incurred restructuring charges of $511 and $973, respectively, related to the 2015 Restructuring Plan. There were no costs incurred related to the 2015 Restructuring Plan during the three and six months ended June 30, 2015. We have incurred $1,992 of cumulative restructuring charges since the commencement of the 2015 Restructuring Plan.

(in thousands, except per share amounts)

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	20	522	542
Other costs	-	451	451
Total restructuring charges	20	973	993
Cash payments and non-cash charges:			
Cash payments	(83)	(1,184)	(1,267)
Balance at June 30, 2016	$ 99	$ 249	$ 348

As of June 30, 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.

During the three and six months ended June 30, 2016, the Company received an arbitral award on agreed terms of $1,967, related to certain claims against the former owner of PIEPS associated with the voluntary recall of all of the PIEPS VECTOR avalanche transceivers during the year ended December 31, 2013. This concludes the arbitration in its entirety.

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 June 30, 2016 and 2015 was $257 and $404, respectively, and for the six months ended June 30, 2016 and 2015 was $622 and $843, 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 thousands, except per share amounts)

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:

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 and six months ended June 30, 2016, $182 and $363 in interest, respectively, was paid to Kanders GMP Holdings, LLC, and $94 and $188 in interest, respectively, 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 and six months ended June 30, 2016, $4 and $9 in interest, respectively, was paid to Kanders GMP Holdings, LLC, and $3 and $5 in interest, respectively, 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") 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 to the notes to the unaudited 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 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 June 30, 2016 Compared to Consolidated Three Months Ended June 30, 2015

The following presents a discussion of consolidated operations for the three months ended June 30, 2016, compared with the consolidated three months ended June 30, 2015.

	Three Months Ended	
	June 30, 2016	June 30, 2015
Sales		
Domestic sales	$ 16,634	$ 16,484
International sales	12,508	13,569
Total sales	29,142	30,053
Cost of goods sold	20,797	19,538
Gross profit	8,345	10,515
Operating expenses		
Selling, general and administrative	11,599	14,142
Restructuring charge	531	1,408
Transaction costs	133	243
Arbitration award	(1,967)	-
Total operating expenses	10,296	15,793
Operating loss	(1,951)	(5,278)
Other (expense) income		
Interest expense, net	(709)	(682)
Other, net	(32)	127
Total other expense, net	(741)	(555)
Loss from continuing operations before income tax	(2,692)	(5,833)
Income tax expense (benefit)	479	(1,993)
Loss from continuing operations	(3,171)	(3,840)
Discontinued operations, net of tax	-	(1,607)
Net loss	$ (3,171)	$ (5,447)

Sales

Consolidated sales decreased $911, or 3.0%, to $29,142 during the three months ended June 30, 2016, compared to consolidated sales of $30,053 during the three months ended June 30, 2015. The decrease in sales was primarily attributable to a decrease in sales of $1,031 due to the weakening of foreign currencies against the U.S. dollar during the three months ended June 30, 2016 compared to the prior period, which was partially offset by an increase in the quantity of new and existing climb and mountain products sold during the period.

Consolidated domestic sales increased $150, or 0.9%, to $16,634 during the three months ended June 30, 2016, compared to consolidated domestic sales of $16,484 during the three months ended June 30, 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 $1,061, or 7.8%, to $12,508 during the three months ended June 30, 2016, compared to consolidated international sales of $13,569 during the three months ended June 30, 2015. The decrease in international sales was primarily attributable to a decrease in sales of $1,031 due to the weakening of foreign currencies against the U.S. dollar during the three months ended June 30, 2016 compared to the prior period and a decrease in the quantity of new and existing climb products sold during the period.

Cost of Goods Sold

Consolidated cost of goods sold increased $1,259, or 6.4%, to $20,797 during the three months ended June 30, 2016, compared to consolidated cost of goods sold of $19,538 during the three months ended June 30, 2015. The increase in cost of goods sold was primarily attributable to an increase in the cost of the products sold as a result of the continued ramping-up of the Company's manufacturing activities that were transferred from China to the United States.

Gross Profit

Consolidated gross profit decreased $2,170, or 20.6%, to $8,345 during the three months ended June 30, 2016, compared to consolidated gross profit of $10,515 during the three months ended June 30, 2015. Consolidated gross margin was 28.6% during the three months ended June 30, 2016, compared to a consolidated gross margin of 35.0% during the three months ended June 30, 2015. Consolidated gross margin during the three months ended June 30, 2016, decreased compared to the prior year due primarily to the weakening of foreign currencies against the U.S. dollar during the three months ended June 30, 2016 compared to the prior period and additional costs associated with the continued ramping-up of the Company's manufacturing activities that were transferred from China to the United States.

Selling, General and Administrative

Consolidated selling, general and administrative expenses decreased $2,543, or 18.0%, to $11,599 during the three months ended June 30, 2016, compared to consolidated selling, general, and administrative expenses of $14,142 during the three months ended June 30, 2015. The decrease in selling, general and administrative expenses was primarily 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 $877, or 62.3%, to $531 during the three months ended June 30, 2016, compared to consolidated restructuring expense of $1,408 during the three months ended June 30, 2015. Restructuring expenses incurred during the three months ended June 30, 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, costs associated with the move of the Company's Black Diamond Equipment European office from Basel, Switzerland to Innsbruck, Austria, and costs associated with the formal closure and liquidation of the Company's Black Diamond Equipment manufacturing operations in Zhuhai, China.

Transaction Costs

Consolidated transaction expense decreased $110, or 45.3%, to $133 during the three months ended June 30, 2016, compared to consolidated transaction costs of $243 during the three months ended June 30, 2015, which consisted of expenses related to the Company's redeployment and diversification strategy.

Arbitration Award

During the three months ended June 30, 2016, the Company received an arbitral award on agreed terms of $1,967, related to certain claims against the former owner of PIEPS associated with the voluntary recall of all of the PIEPS VECTOR avalanche transceivers during the year ended December 31, 2013.

Interest Expense, net

Consolidated interest expense, net, increased $27, or 4.0%, to $709 during the three months ended June 30, 2016, compared to consolidated interest expense, net, of $682 during the three months ended June 30, 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, decreased $159, or 125.2%, to expense of $32 during the three months ended June 30, 2016 compared to consolidated other, net income of $127 during the three months ended June 30, 2015. The decrease in other, net, was primarily attributable to a decrease in remeasurement gains recognized on the Company's foreign denominated accounts receivable and accounts payable and losses related to recognition of cumulative translation adjustments due to the substantial liquidation of a foreign entity partially offset by gains on mark-to-market adjustments on non-hedged foreign currency contracts.

Income Taxes

Consolidated income tax expense increased $2,472, or 124.0%, to an expense of $479 during the three months ended June 30, 2016, compared to a consolidated income tax benefit of $1,993 during the same period in 2015. The tax expense recorded during the three months ended June 30, 2016 includes a discrete charge for a Swiss withholding tax related to the transferring of Black Diamond Equipment's European operations from Basel, Switzerland to Innsbruck, Austria, and a discrete charge for a potential tax liability related to an on-going tax audit associated with the formal closure and liquidation of the Company's Black Diamond Equipment manufacturing operations in Zhuhai, China.

Our effective income tax rate was 17.8% for the three months ended June 30, 2016, compared to 34.2% 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 two discrete events in the amount of $597 recorded in the Company's effective income tax rate calculation for the three months ended June 30, 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 June 30, 2016, compared to a loss from discontinued operations of $1,607 during the three months ended June 30, 2015. There was no activity for POC during the three months ended June 30, 2016.

(in thousands, except per share amounts)

Results of Operations

Consolidated Six Months Ended June 30, 2016 Compared to Consolidated Six Months Ended June 30, 2015

The following presents a discussion of consolidated operations for the six months ended June 30, 2016, compared with the consolidated six months ended June 30, 2015.

	Six Months Ended	
	June 30, 2016	June 30, 2015
Sales		
Domestic sales	$ 36,251	$ 34,807
International sales	31,098	37,127
Total sales	67,349	71,934
Cost of goods sold	48,050	46,598
Gross profit	19,299	25,336
Operating expenses		
Selling, general and administrative	25,828	29,227
Restructuring charge	993	1,876
Transaction costs	269	407
Arbitration award	(1,967)	-
Total operating expenses	25,123	31,510
Operating loss	(5,824)	(6,174)
Other (expense) income		
Interest expense, net	(1,423)	(1,368)
Other, net	404	(350)
Total other expense, net	(1,019)	(1,718)
Loss from continuing operations before income tax	(6,843)	(7,892)
Income tax expense (benefit)	341	(2,307)
Loss from continuing operations	(7,184)	(5,585)
Discontinued operations, net of tax	-	(1,537)
Net loss	$ (7,184)	$ (7,122)

Sales

Consolidated sales decreased $4,585, or 6.4%, to $67,349 during the six months ended June 30, 2016, compared to consolidated sales of $71,934 during the six months ended June 30, 2015. The decrease in sales was primarily attributable to a decrease in sales of $3,176 due to the weakening of foreign currencies against the U.S. dollar during the six months ended June 30, 2016 compared to the prior period and a decrease in the quantity of new and existing ski products sold during the period. The decrease was partially offset by an increase in the quantity of new and existing climb and mountain products sold during the period.

Consolidated domestic sales increased $1,444, or 4.1%, to $36,251 during the six months ended June 30, 2016, compared to consolidated domestic sales of $34,807 during the six months ended June 30, 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 $6,029, or 16.2%, to $31,098 during the six months ended June 30, 2016, compared to consolidated international sales of $37,127 during the six months ended June 30, 2015. The decrease in international sales was primarily attributable to a decrease in sales of $3,176 due to the weakening of foreign currencies against the U.S. dollar during the six months ended June 30, 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 $1,452, or 3.1%, to $48,050 during the six months ended June 30, 2016, compared to consolidated cost of goods sold of $46,598 during the six months ended June 30, 2015. The increase in cost of goods sold was primarily attributable to an increase in the cost of the products sold as a result of the continued ramping-up of the Company's manufacturing activities that were transferred from China to the United States and an increase in the number of units sold.

Gross Profit

Consolidated gross profit decreased $6,037, or 23.8%, to $19,299 during the six months ended June 30, 2016, compared to consolidated gross profit of $25,336 during the six months ended June 30, 2015. Consolidated gross margin was 28.7% during the six months ended June 30, 2016, compared to a consolidated gross margin of 35.2% during the six months ended June 30, 2015. Consolidated gross margin during the six months ended June 30, 2016, decreased compared to the prior year primarily due to the weakening of foreign currencies against the U.S. dollar during the six months ended June 30, 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 $3,399, or 11.6%, to $25,828 during the six months ended June 30, 2016, compared to consolidated selling, general, and administrative expenses of $29,227 during the six months ended June 30, 2015. The decrease in selling, general and administrative expenses was primarily 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 $883, or 47.1%, to $993 during the six months ended June 30, 2016, compared to consolidated restructuring expense of $1,876 during the six months ended June 30, 2015. Restructuring expenses incurred during the six months ended June 30, 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, costs associated with the move of the Company's Black Diamond Equipment European office from Basel, Switzerland to Innsbruck, Austria, and costs associated with the formal closure and liquidation of the Company's Black Diamond Equipment manufacturing operations in Zhuhai, China.

Transaction Costs

Consolidated transaction expense decreased $138, or 33.9%, to $269 during the six months ended June 30, 2016, compared to consolidated transaction costs of $407 during the six months ended June 30, 2015, which consisted of expenses related to the Company's redeployment and diversification strategy.

Arbitration Award

During the six months ended June 30, 2016, the Company received an arbitral award on agreed terms of $1,967, related to certain claims against the former owner of PIEPS associated with the voluntary recall of all of the PIEPS VECTOR avalanche transceivers during the year ended December 31, 2013.

Interest Expense, net

Consolidated interest expense, net, increased $55, or 4.0%, to $1,423 during the six months ended June 30, 2016, compared to consolidated interest expense, net, of $1,368 during the six months ended June 30, 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 $754, or 215.4%, to income of $404 during the six months ended June 30, 2016 compared to consolidated other, net loss of $350 during the six months ended June 30, 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 and gains on mark-to-market adjustments on non-hedged foreign currency contracts partially offset by losses related to recognition of cumulative translation adjustments due to the substantial liquidation of a foreign entity.

Income Taxes

Consolidated income tax expense increased $2,648, or 114.8%, to an expense of $341 during the six months ended June 30, 2016, compared to a consolidated income tax benefit of $2,307 during the same period in 2015. The tax expense recorded during the six months ended June 30, 2016 includes a discrete charge for a Swiss withholding tax related to the transferring of Black Diamond Equipment's European operations from Basel, Switzerland to Innsbruck, Austria, and a discrete charge for a potential tax liability related to an on-going tax audit associated with the formal closure and liquidation of the Company's Black Diamond Equipment manufacturing operations in Zhuhai, China.

Our effective income tax rate was 5.0% for the six months ended June 30, 2016, compared to 29.2% 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 two discrete events in the amount of $597 recorded in the Company's effective income tax rate calculation for the six months ended June 30, 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 six months ended June 30, 2016, compared to a loss from discontinued operations of $1,537 during the six months ended June 30, 2015. There was no activity for POC during the six months ended June 30, 2016.

Liquidity and Capital Resources

Consolidated Six Months Ended June 30, 2016 Compared to Consolidated Six Months Ended June 30, 2015

The following presents a discussion of cash flows for the consolidated six months ended June 30, 2015, compared with the consolidated six months ended June 30, 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 June 30, 2016, we had total cash of $88,268 and marketable securities of $10,101, 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 June 30, 2016, the Company had $13,735 of the $88,268 in cash held by foreign entities, of which $150 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.

(in thousands, except per share amounts)

	Six Months Ended	
	June 30, 2016	June 30, 2015
Net cash provided by operating activities	$ 5,743	$ 5,858
Net cash used in investing activities	(1,957)	(1,554)
Net cash used in financing activities	(3,967)	(849)
Effect of foreign exchange rates on cash	48	(80)
Change in cash	(133)	3,375
Cash, beginning of period	88,401	31,034
Cash, end of period	$ 88,268	$ 34,409

Net Cash From Operating Activities

Consolidated net cash provided by operating activities was $5,743 during the six months ended June 30, 2016, compared to consolidated net cash provided by operating activities of $5,858 during the six months ended June 30, 2015. The decrease 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 $535 during the six months ended June 30, 2016, compared to the same period in 2015.

Free cash flow, defined as net cash provided by operating activities less capital expenditures, was free cash flows provided of $4,684 during the six months ended June 30, 2016 compared to free cash flows used of $4,230 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:

	Six Months Ended	
	June 30, 2016	June 30, 2015
Net cash provided by operating activities	$ 5,743	$ 5,858
Purchase of property and equipment	(1,059)	(1,628)
Free cash flow	$ 4,684	$ 4,230

Net Cash From Investing Activities

Consolidated net cash used in investing activities was $1,957 during the six months ended June 30, 2016, compared to consolidated net cash used in investing activities of $1,554 during the six months ended June 30, 2015. The increase in cash used during the six months ended June 30, 2016 is due to a purchase price adjustment related to the POC sale that was paid during the six months ended June 30, 2016 partially offset by a decrease in purchases of property and equipment.

Net Cash From Financing Activities

Consolidated net cash used in financing activities was $3,967 during the six months ended June 30, 2016, compared to consolidated cash used in financing activities of $849 during the six months ended June 30, 2015. The cash used during the six months ended June 30, 2016 relates to the repurchase of the Company's common stock. The cash used during the six months ended June 30, 2015 was primarily a result of net repayments of 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. 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 and six months ended June 30, 2016, $182 and $363 in interest, respectively, was paid to Kanders GMP Holdings, LLC, and $94 and $188 in interest, respectively, 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 and six months ended June 30, 2016, $4 and $9 in interest, respectively, was paid to Kanders GMP Holdings, LLC, and $3 and $5 in interest, respectively, 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 Administrative Officer/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 June 30, 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 Administrative Officer/Chief Financial Officer concluded that the Company's disclosure controls and procedures as of June 30, 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 June 30, 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 June 30, 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 second quarter of 2016, the Company purchased 553,462 shares of the Company's common stock for $2,305,082 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
April 1 to 30, 2016	-	$ -	1,944,615	21,348,810
May 1 to 31, 2016	292,188	$ 4.16	2,236,803	20,133,061
June 1 to 30, 2016	261,274	$ 4.17	2,498,077	19,043,727
Total	553,462			

ITEM 5. OTHER INFORMATION

Mark Ritchie Employment Agreement

On July 29, 2016, the Company entered into an employment agreement with Mr. Mark Ritchie (the "Ritchie Employment Agreement"), the Company's current Chief Operating Officer, which provides for Mr. Ritchie's employment as Chief Operating Officer of the Company and President of Black Diamond Equipment, Ltd., a Delaware corporation and the Company's wholly-owned subsidiary, for a term expiring on December 31, 2017, subject to certain termination rights, during which time he will receive an annual base salary of $265,000.

The Ritchie Employment Agreement contains confidentiality obligations as well as a non-competition covenant and non-interference (relating to the Company's customers), non-solicitation (relating to the Company's employees) and non-disparagement provisions effective during the term of his employment and for a period of one year after the termination of his employment with the Company, as more particularly set forth in the Ritchie Employment Agreement.

In the event that Mr. Ritchie's employment is terminated as a result of his death or disability, Mr. Ritchie or his estate will, subject to the provisions of the Ritchie Employment Agreement, generally be entitled to receive his accrued base salary through the date of such termination. In addition, all granted but unvested stock options and all unvested restricted stock held by Mr. Ritchie shall be forfeited and be null and void.

In the event that Mr. Ritchie's employment is terminated by the Company for "cause" (as defined in the Ritchie Employment Agreement), Mr. Ritchie will, subject to the provisions of the Ritchie Employment Agreement, generally be entitled to receive his accrued base salary through the date of such termination. In addition, all stock options, whether vested or unvested, and granted but unvested restricted stock held by Mr. Ritchie shall be forfeited and be null and void.

In the event that Mr. Ritchie's employment is terminated by the Company without "cause" (as defined in the Ritchie Employment Agreement) or upon expiration of the term of the Ritchie Employment Agreement, Mr. Ritchie will, subject to the provisions of the Ritchie Employment Agreement, generally be entitled to receive an amount equal to one year of his base salary payable in one lump sum within five days after the date of termination or expiration, as the case may be, and to continue in the Company's group health benefit plans in which Mr. Ritchie currently participates at the Company's sole expense or, if such continued participation is not permitted under applicable law, the Company shall reimburse any COBRA premium payments made by Mr. Ritchie during such one-year period. In addition, all granted but unvested stock options and all granted but unvested restricted stock held by Mr. Ritchie shall be forfeited and be null and void.

In the event that Mr. Ritchie's employment is terminated by Mr. Ritchie other than as a result of a "change in control" (as defined in the Ritchie Employment Agreement), Mr. Ritchie will, subject to the provisions of the Ritchie Employment Agreement, generally be entitled to receive his accrued base salary and benefits through the date of such termination. In addition, all granted but unvested stock options and all unvested restricted stock held by Mr. Ritchie shall be forfeited and be null and void.

In the event that Mr. Ritchie's employment is terminated by Mr. Ritchie, the Company or the acquirer of the Company as a result of a "change in control" (as defined in the Ritchie Employment Agreement), Mr. Ritchie will, subject to the provisions of the Ritchie Employment Agreement, generally be entitled to receive an amount equal to one year of his base salary payable in one lump sum within five days after such termination and reimbursement of any COBRA premium payments made by Mr. Ritchie during such one-year period, except that, in the event the Company or the acquirer requests Mr. Ritchie to provide up to six months of consulting services described in the Ritchie Employment Agreement, then the lump sum payment of an amount equal to one year of his base salary shall be payable upon the expiration of such consulting period and shall not be paid if Mr. Ritchie does not render such requested consulting services. During such consulting period, Mr. Ritchie will be entitled to receive consulting fees in an amount equal to the compensation he would have otherwise received under the Ritchie Employment Agreement had it been in effect during such consulting period. In addition, all granted but unvested stock options and all unvested restricted stock held by Mr. Ritchie shall be forfeited and be null and void.

In the event that Mr. Ritchie fails to comply with any of his obligations under the Ritchie Employment Agreement, including, without limitation, the non-competition covenant and the non-interference, non-solicitation and non-disparagement provisions, Mr. Ritchie will be required to repay certain previous post termination payments paid to him pursuant to the Ritchie Employment Agreement as of the date of such failure to comply and he will have no further rights in or to such payments payable to him pursuant to the Ritchie Employment Agreement.

All payments and benefits provided under the Ritchie Employment Agreement shall be subject to any compensation recovery or clawback policy as required under applicable law, rule or regulation or otherwise adopted by the Company from time to time.

The foregoing description of the Ritchie Employment Agreement does not purport to be complete and is qualified in its entirety by reference to the Ritchie Employment Agreement, which is included as Exhibit 10.2 to this Quarterly Report on Form 10-Q and incorporated herein by reference.

ITEM 6. EXHIBITS

Exhibit	Description
3.1	Amendment No. 4 to the Amended and Restated By-Laws of Black Diamond, Inc. (filed as Exhibit 3.1 to the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on June 9, 2016 and incorporated herein by reference).
10.1	Employment Agreement, dated as of May 16, 2016, between Black Diamond, Inc. and Aaron Kuehne (filed as Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on May 20, 2016 and incorporated herein by reference).
10.2	Employment Agreement, dated as of July 29, 2016, between Black Diamond, Inc. and Mark Ritchie. *
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: August 1, 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 Administrative Officer and
Chief Financial Officer
(Principal Financial Officer)
(Principal Accounting Officer)

BLACK DIAMOND, INC.

EXHIBIT INDEX

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101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document *
*	Filed herewith
**	Furnished herewith

Exhibit 10.2

EMPLOYMENT AGREEMENT

EMPLOYMENT AGREEMENT (the "Agreement"), dated as of July 29, 2016, between Black Diamond, Inc., a Delaware corporation (the "Company"), and Mark Ritchie (the "Employee").

W I T N E S S E T H :

WHEREAS, the Employee has been employed by the Company or one of its subsidiaries for over 20 years and is currently employed as the Chief Operating Officer ("COO") of the Company; and

WHEREAS, the Company now desires to continue to employ the Employee as the COO of the Company and to employ him as the President of its wholly-owned subsidiary Black Diamond Equipment, Ltd., a Delaware corporation ("BDEL"), and the Employee is willing to be so employed in such capacities subject to the terms and conditions of this Agreement.

NOW THEREFORE, in consideration of the mutual covenants and agreements set forth in this Agreement, the Company and the Employee hereby agree as follows:

1. Employment and Term.

The Company hereby employs the Employee as the COO of the Company and as the President of BDEL, and the Employee accepts such employment, upon the terms and subject to the conditions set forth in this Agreement. The term of this Agreement (the "Term") shall commence on the date hereof (the "Commencement Date") and shall terminate on December 31, 2017, subject to earlier termination as provided herein. The Employee acknowledges that the benefits described herein to the Employee include consideration for his service on behalf of BDEL as well as to the Company.

2. Duties.

(a) During the Term of this Agreement, the Employee shall serve as the COO of the Company and the President of BDEL and shall perform all duties commensurate with his positions and as may be assigned to him by the Executive Chairman or the Executive Vice Chairman of the Board or their designees. The Employee shall devote his full business time and energies to the business and affairs of the Company and BDEL and shall use his best efforts, skills and abilities to promote the interests of the Company and BDEL, and to diligently and competently perform the duties of his positions.

(b) The Employee shall report to the Board, and shall communicate regularly with the Executive Chairman of the Board, the Executive Vice Chairman of the Board or their designees.

3. **Compensation, Bonus, Benefits, etc.**

(a) **Salary**. Effective as of June 7, 2016, and for the duration of the Term of this Agreement, the Company shall pay to the Employee, and the Employee shall accept from the Company, as compensation for the performance of services under this Agreement and the Employee's observance and performance of all of the provisions hereof, an annual salary at the rate of $265,000 (the "Base Compensation"). The Base Compensation shall be payable in accordance with the normal payroll practices of the Company.

(b) **Benefits**. During the Term of this Agreement, the Employee shall be entitled to participate in or benefit from, in accordance with the eligibility and other provisions thereof, the Company's medical insurance and other fringe benefit plans or policies as the Company may make available to, or have in effect for, its senior executive officers from time to time. The Company and its affiliates retain the right to terminate or alter any such plans or policies from time to time. The Employee shall also be entitled to four weeks paid vacation each year, pro-rated for any partial periods, sick leave and other similar benefits in accordance with policies of the Company from time to time in effect for its senior executive officers. The Company shall pay the Employee for all accrued but unused vacation days as of the termination of the Employee's employment, except in the case of a termination for Cause, and in the event that the Term continues past December 31, 2016, the Employee shall be entitled to carryover into 2017 any accrued but unused vacation days as of December 31, 2016.

(c) **Reimbursement of Business Expenses.** During the Term of this Agreement, upon submission of proper invoices, receipts or other supporting documentation reasonably satisfactory to the Company and in accordance with and subject to the Company's expense reimbursement policies, the Employee shall be reimbursed by the Company for all reasonable business expenses actually and necessarily incurred by the Employee on behalf of the Company in connection with the performance of services under this Agreement.

(d) **Taxes.** The Base Compensation and any other compensation paid to Employee, including, without limitation, any bonus, shall be subject to withholding for applicable taxes and other amounts.

(e) **Expenses.** Each party shall bear its own expenses in connection with the negotiation of this Agreement, except that the Company shall reimburse the Employee up to $5,000 for legal expenses incurred by the Employee upon the submission by the Employee to the Company of invoices evidencing such expenditures.

4. **Representations of Employee.**

(a) The Employee represents and warrants that he is not party to, or bound by, any agreement or commitment, or subject to any restriction, including but not limited to agreements related to previous employment containing confidentiality or noncompetition covenants, which limit the ability of the Employee to perform his duties under this Agreement.

(b) The Employee represents and warrants that he has complied in all material respects with all applicable laws and Company policies in connection with his employment by the Company and covenants that he will continue to so comply with applicable laws and Company policies in respect of his employment during the Term.

5. <u>Confidentiality, Noncompetition, Nonsolicitation and Non-Disparagement.</u>

For purposes of this Section 5, all references to the Company shall be deemed to include the Company's affiliates and subsidiaries and their respective subsidiaries, whether now existing or hereafter established or acquired. In consideration for the compensation and benefits provided to the Employee pursuant to this Agreement, the Employee agrees with the provisions of this Section 5.

(a) **<u>Confidential Information</u>**.

(i) The Employee acknowledges that as a result of his retention by the Company, the Employee has and will continue to have knowledge of, and access to, proprietary and confidential information of the Company including, without limitation, research and development plans and results, software, databases, technology, inventions, trade secrets, technical information, know-how, plans, specifications, methods of operations, product and service information, product and service availability, pricing information (including pricing strategies), financial, business and marketing information and plans, and the identity of customers, clients and suppliers (collectively, the "Confidential Information"), and that the Confidential Information, even though it may be contributed, developed or acquired by the Employee, constitutes valuable, special and unique assets of the Company developed at great expense which are the exclusive property of the Company. Accordingly, the Employee shall not, at any time, either during or subsequent to the Term of this Agreement, use, reveal, report, publish, transfer or otherwise disclose to any person, corporation, or other entity, any of the Confidential Information without the prior written consent of the Company, except to responsible officers and employees of the Company and other responsible persons who are in a contractual or fiduciary relationship with the Company and who have a need for such Confidential Information for purposes in the best interests of the Company, and except for such Confidential Information which is or becomes of general public knowledge from authorized sources other than by or through the Employee.

(ii) The Employee acknowledges that the Company would not enter into this Agreement without the assurance that all the Confidential Information will be used for the exclusive benefit of the Company.

(b) **<u>Return of Confidential Information</u>**. Upon the termination of this Agreement or upon the request of the Company, the Employee shall promptly return to the Company all Confidential Information in his possession or control, including but not limited to all drawings, manuals, computer printouts, computer databases, disks, data, files, lists, memoranda, letters, notes, notebooks, reports and other writings and copies thereof and all other materials relating to the Company's business, including, without limitation, any materials incorporating Confidential Information.

(c) **Inventions, etc**. During the Term and for a period of one year thereafter, the Employee will promptly disclose to the Company all designs, processes, inventions, improvements, developments, discoveries, processes, techniques, and other information related to the business of the Company conceived, developed, acquired, or reduced to practice by him alone or with others during the Term of this Agreement, whether or not conceived during regular working hours, through the use of Company time, material or facilities or otherwise ("Inventions").

The Employee agrees that all copyrights created in conjunction with his service to the Company and other Inventions, are "works made for hire" (as that term is defined under the Copyright Act of 1976, as amended). All such copyrights, trademarks, and other Inventions shall be the sole and exclusive property of the Company, and the Company shall be the sole owner of all patents, copyrights, trademarks, trade secrets, and other rights and protection in connection therewith. To the extent any such copyright and other Inventions may not be works for hire, the Employee hereby assigns to the Company any and all rights he now has or may hereafter acquire in such copyrights and any other Inventions. Upon request the Employee shall deliver to the Company all drawings, models and other data and records relating to such copyrights, trademarks and Inventions. The Employee further agrees as to all such Inventions, to assist the Company in every proper way (but at the Company's expense) to obtain, register, and from time to time enforce patents, copyrights, trademarks, trade secrets, and other rights and protection relating to said Inventions in any and all countries, and to that end the Employee shall execute all documents for use in applying for and obtaining such patents, copyrights, trademarks, trade secrets and other rights and protection on and enforcing such Inventions, as the Company may reasonably request, together with any assignments thereof to the Company or persons designated by it. Such obligation to assist the Company shall continue beyond the termination of the Employee's service to the Company, but the Company shall compensate the Employee at a reasonable rate after termination of service for time actually spent by the Employee at the Company's request for such assistance. In the event the Company is unable, after reasonable effort, to secure the Employee's signature on any document or documents needed to apply for or prosecute any patent, copyright, trademark, trade secret, or other right or protection relating to an Invention, whether because of the Employee's physical or mental incapacity or for any other reason whatsoever, the Employee hereby irrevocably designates and appoints the Company and its duly authorized officers and agents, during the Term of this Agreement and for a period of two years after termination of this Agreement, as his agent coupled with an interest and attorney-in-fact, to act for and in his behalf and stead to execute and file any such application or applications and to do all other lawfully permitted acts to further the prosecution and issuance of patents, copyrights, trademarks, trade secrets, or similar rights or protection thereon with the same legal force and effect as if executed by the Employee.

(d) **Non-Competition**. The Employee agrees not to utilize his special knowledge of the Business and his relationships with customers, prospective customers, suppliers and others or otherwise to compete with the Company in the Business during the Restricted Period. During the Restricted Period, the Employee shall not, and shall not permit any of his respective employees, agents or others under his control, directly or indirectly, on behalf of the Employee or any other Person, to engage or have an interest, anywhere in the world in which the Company conducts business or markets or sells its products, alone or in association with others, as principal, officer, agent, employee, director, partner or stockholder (except as an owner of two percent or less of the stock of any company listed on a national securities exchange or traded in the over-the-counter market), whether through the investment of capital, lending of money or property, rendering of services or capital, or otherwise, in any Competitive Business. During the Restricted Period, the Employee shall not, and shall not permit any of his respective employees, agents or others under his control, directly or indirectly, on behalf of the Employee or any other Person, to accept Competitive Business from, or solicit the Competitive Business of any Person who is a customer of the Business conducted by the Company, or, to the Employee's knowledge, is a customer of the Business conducted by the Company at any time during the Restricted Period.

(e) **Non-Disparagement and Non-Interference.** The Employee shall not, either directly or indirectly, (i) during the Restricted Period, make or cause to be made, any statements that are disparaging or derogatory concerning the Company or its business, reputation or prospects; (ii) during the Restricted Period, request, suggest, influence or cause any party, directly or indirectly, to cease doing business with or to reduce its business with the Company or do or say anything which could reasonably be expected to damage the business relationships of the Company; or (iii) at any time during or after the Restricted Period, use or purport to authorize any Person to use any intellectual property owned by the Company or exclusively licensed to the Company or to otherwise infringe on the intellectual property rights of the Company.

(f) **Non-Solicitation.** During the Restricted Period, the Employee shall not recruit or otherwise solicit or induce any Person who is an employee or consultant of, or otherwise engaged by Company, to terminate his or her employment or other relationship with the Company, or such successor, or hire any person who has left the employ of the Company during the preceding one year.

(g) **Certain Definitions.** For purposes of this Agreement: (i) the term "Business" shall mean the business of designing, manufacturing, assembling, licensing, distributing, marketing and selling active outdoor performance products and apparel for climbing, mountaineering, backpacking, skiing, cycling and other outdoor recreation activities, avalanche transceiver technology, alpine safety products, and any other business that the Company or its subsidiaries may be engaged in during the Term of this Agreement; (ii) the term "Competitive Business" shall mean any business competitive with the Business; and (iii) the term "Restricted Period" shall mean the Term of this Agreement and a period of one year after termination of this Agreement; provided, that, if Employee breaches the covenants set forth in this Section 5, the Restricted Period shall be extended for a period equal to the period that a court having jurisdiction has determined that such covenant has been breached. "Person" shall mean an individual, a partnership, a joint venture, a corporation, a limited liability company, a trust, an unincorporated organization or other entity and a government or any department or agency thereof.

6. Remedies. The restrictions set forth in Section 5 are considered by the parties to be fair and reasonable. The Employee acknowledges that the restrictions contained in Section 5 will not prevent him from earning a livelihood. The Employee further acknowledges that the Company would be irreparably harmed and that monetary damages would not provide an adequate remedy in the event of a breach of the provisions of Section 5. Accordingly, the Employee agrees that, in addition to any other remedies available to the Company, the Company shall be entitled to injunctive and other equitable relief to secure the enforcement of these provisions. In connection with seeking any such equitable remedy, including, but not limited to, an injunction or specific performance, the Company shall not be required to post a bond as a condition to obtaining such remedy. In any such litigation, the prevailing party shall be entitled to receive an award of reasonable attorneys' fees and costs. If any provisions of Sections 5 or 6 relating to the time period, scope of activities or geographic area of restrictions is declared by a court of competent jurisdiction to exceed the maximum permissible time period, scope of activities or geographic area, the maximum time period, scope of activities or geographic area, as the case may be, shall be reduced to the maximum which such court deems enforceable. If any provisions of Sections 5 or 6 other than those described in the preceding sentence are adjudicated to be invalid or unenforceable, the invalid or unenforceable provisions shall be deemed amended (with respect only to the jurisdiction in which such adjudication is made) in such manner as to render them enforceable and to effectuate as nearly as possible the original intentions and agreement of the parties. For purposes of this Section 6, all references to the Company shall be deemed to include the Company's affiliates and subsidiaries, whether now existing or hereafter established or acquired.

7. Termination. This Agreement shall terminate at the end of the Term set forth in Section 1. In addition, this Agreement may be terminated prior to the end of the Term set forth in Section 1 upon the occurrence of any of the events set forth in, and subject to the terms of, this Section 7.

(a) **Death or Permanent Disability.** If the Employee dies or becomes permanently disabled, this Agreement shall terminate effective upon the Employee's death or when his disability is deemed to have become permanent. If the Employee is unable to perform his normal duties for the Company because of illness or incapacity (whether physical or mental) for 45 consecutive days during the Term of this Agreement, or for 60 days (whether or not consecutive) out of any calendar year during the Term of this Agreement, his disability shall be deemed to have become permanent. If this Agreement is terminated on account of the death or permanent disability of the Employee, then the Employee or his estate shall be entitled to receive accrued Base Compensation through the date of such termination, all granted but unvested stock options and unvested restricted stock held by the Employee shall be forfeited and be null and void and the Employee or the Employee's estate, as applicable, shall have no further entitlement to Base Compensation, bonus, stock options, Severance Amount or benefits from the Company following the effective date of such termination.

(b) **Cause**. This Agreement may be terminated at the Company's option, immediately upon notice to the Employee, upon the occurrence of any of the following ("Cause"): (i) breach by the Employee of any material provision of this Agreement and the expiration of a 10-business day cure period for such breach after written notice thereof has been given to the Employee (which cure period shall not be applicable to clauses (ii) through (v) of this Section 7(b)); (ii) gross negligence or willful misconduct of the Employee in connection with the performance of his duties under this Agreement; (iii) Employee's failure to perform any reasonable directive of the Board; (iv) fraud, criminal conduct, dishonesty or embezzlement by the Employee; or (v) Employee's misappropriation for personal use of any assets (having in excess of nominal value) or business opportunities of the Company. If this Agreement is terminated by the Company for Cause, then the Employee shall be entitled to receive accrued Base Compensation through the date of such termination, all stock options, whether vested or unvested, held by the Employee shall be forfeited and be null and void, all granted but unvested restricted stock held by the Employee shall be forfeited and be null and void and the Employee shall have no further entitlement to Base Compensation, bonus, stock options, Severance Amount or benefits from the Company following the effective date of such termination.

(c) **Without Cause; Expiration of the Term**. This Agreement may be terminated, at any time by the Company without Cause upon giving 30 days' advance written notice to the Employee of such termination. In recognition of the Employee's more than 20 years of service to the Company and its subsidiaries, and in consideration of the Employee's entering into this Agreement and performing his obligations hereunder, upon the termination of this Agreement by the Company without Cause, or if the Term expires in accordance with the terms hereof, the Employee shall be entitled to receive one year of Base Compensation (the "Severance Amount"), and for a one-year period the Employee shall be entitled to continue in the Company's group health benefit plans in which the Employee currently participates at the Company's sole expense or, if such continued participation is not permitted under applicable law, the Company shall reimburse any COBRA premium payments made by the Employee during such one-year period upon receipt of a COBRA billing statement, in each case subject to withholding for applicable taxes and other amounts. If the Employee's employment terminates as described in this Section 7(c), the Employee shall receive the entire Severance Amount in one lump sum within five days of the termination date of the Employee's employment with the Company, less withholdings for applicable taxes and other amounts, all granted but unvested stock options held by the Employee and all granted but unvested restricted stock held by the Employee shall be forfeited and be null and void.

(d) **By Employee**. The Employee may terminate this Agreement at anytime upon providing the Company with 90 days' prior written notice. If this Agreement is terminated by the Employee pursuant to this Section 7(d), then the Employee shall be entitled to receive his accrued Base Compensation and benefits through the effective date of such termination, all granted but unvested stock options and unvested restricted stock shall be forfeited and be null and void and the Employee shall have no further entitlement to Base Compensation, bonus, stock options, Severance Amount or benefits from the Company following the effective date of such termination.

(e) **Change in Control.** Upon the occurrence of a Change in Control (as hereinafter defined), the Employee shall have the right to terminate this Agreement within 30 days of the occurrence of such Change in Control; provided, however, that if requested to do so by the Company or the acquiror of the business of the Company in such Change of Control, the Employee shall provide consulting services to the Company or such acquiror, as applicable, for transition purposes for a period of six months following the effective date of such Change in Control and his termination of this Agreement, and the Company or such acquiror shall pay consulting fees to the Employee for such six month period in an amount equal to the compensation he would have otherwise received under this Agreement had it been in effect for such six month period. Upon the termination of this Agreement by either party within 30 days of the occurrence of a Change in Control (other than a termination by the Company for Cause during such period, in which event the provisions of Section 7(b) shall apply), the Employee shall be entitled to receive the Severance Amount in one lump sum within five days of the effective date of such termination and reimbursement of any COBRA premium payments made by the Employee during such one-year period upon receipt of a COBRA billing statement, subject to withholding for applicable taxes and other amounts, and all granted but unvested stock options and unvested restricted stock held by the Employee shall be forfeited and be null and void; provided, however, that if the Company or the acquiror described above requests Employee to provide the consulting services described above, then the Severance Amount that is payable in one lump sum shall become due and payable in one lump sum upon the expiration of such consulting period, and shall not be payable if the Employee does not render such consulting services. For purposes of this Agreement, a "Change in Control" of the Company shall be deemed to have occurred in the event that: (i) individuals who, as of the date hereof, constitute the Board cease for any reason to constitute at least a majority of the Board; provided, however, that any individual becoming a director subsequent to the date hereof whose election, or nomination for election by the Company's stockholders, was approved by a vote of at least a majority of the directors then comprising the Board shall be considered as though such individual was a member of the Board as of the date hereof; (ii) the Company shall have been sold by either (A) a sale of all or substantially all its assets, or (B) a merger or consolidation, other than any merger or consolidation pursuant to which the Company acquires another entity, or (C) a tender offer, whether solicited or unsolicited; or (iii) any party, other than the Company, is or becomes the "beneficial owner" (as defined in Rule 13d-3 under the Securities Exchange Act of 1934, as amended), directly or indirectly, of voting securities of the Company representing 50% or more of the total voting power of all the then-outstanding voting securities of the Company.

(f) **Return of Payments and Cancellation of Benefits.** In the event that the Employee fails to comply with any of his obligations under this Agreement, including, without limitation, the covenants contained in Section 5 hereof and the consulting obligations under Section 7(e), the Employee shall repay to the Company any payments received by the Company in respect of the Severance Amount required to be paid pursuant to Section 7(c) or Section 7(e) hereof as of the date of such failure to comply, the Company's obligation to provide the remainder, if any, of such Severance Amount shall terminate and be null and void as of such date, and the Employee will have no further rights in or to such amounts and benefits.

(g) **Other Effects of Termination.** Other than in the event of a termination for Cause in accordance with Section 7(b) or a termination by the Employee pursuant to Section 7(d), following the termination of the Employee's employment, to the extent and for so long as deemed appropriate by the Board:

(i) the Employee shall be entitled to continue to participate in any employee discount purchase program in respect of the Company's products in which he was eligible to participate as of the date of termination to the extent that such programs are then in effect and maintained by the Company for its employees; and

(ii) the Company shall forward periodically from time to time emails addressed to the Employee that the Company deems appropriate for such forwarding.

8. Miscellaneous.

(a) **Survival.** The provisions of Sections 4, 5, 6, 7 and 8 shall survive the termination of this Agreement.

(b) **Entire Agreement.** This Agreement sets forth the entire understanding of the parties and, except as specifically set forth herein, merges and supersedes any prior or contemporaneous agreements between the parties pertaining to the subject matter hereof.

(c) **Modification.** This Agreement may not be modified or terminated orally, and no modification, termination or attempted waiver of any of the provisions hereof shall be binding unless in writing and signed by the party against whom the same is sought to be enforced.

(d) **Waiver.** Failure of a party to enforce one or more of the provisions of this Agreement or to require at any time performance of any of the obligations hereof shall not be construed to be a waiver of such provisions by such party nor to in any way affect the validity of this Agreement or such party's right thereafter to enforce any provision of this Agreement, nor to preclude such party from taking any other action at any time which it would legally be entitled to take.

(e) **Successors and Assigns.** Neither party shall have the right to assign this Agreement, or any rights or obligations hereunder, without the consent of the other party; provided, however, that upon the sale of all or substantially all of the assets, business and goodwill of the Company to another company, or upon the merger or consolidation of the Company with another company, this Agreement shall inure to the benefit of, and be binding upon, both Employee and the company purchasing such assets, business and goodwill, or surviving such merger or consolidation, as the case may be, in the same manner and to the same extent as though such other company were the Company; and provided, further, that the Company shall have the right to assign this Agreement to any affiliate or subsidiary of the Company. Subject to the foregoing, this Agreement shall inure to the benefit of, and be binding upon, the parties hereto and their legal representatives, heirs, successors and assigns.

(f) **Communications.** All notices, requests, demands and other communications under this Agreement shall be in writing and shall be deemed to have been given at the time personally delivered or when mailed in any United States post office enclosed in a registered or certified postage prepaid envelope and addressed to the addresses set forth below, or to such other address as any party may specify by notice to the other party; provided, however, that any notice of change of address shall be effective only upon receipt.

If to the Company:

Black Diamond, Inc.
2084 East 3900 South
Salt Lake City, Utah 84124
Facsimile: (801) 278-5544
Attention: Warren B. Kanders

With a copy to:

Kane Kessler, P.C.
1350 Avenue of the Americas
New York, New York 10019
Facsimile: (212) 245-3009
Attention: Robert L. Lawrence, Esq.

If to the Employee:

Mark Ritchie
[*Address*]

(g) **Severability.** If any provision of this Agreement is held to be invalid or unenforceable by a court of competent jurisdiction, such invalidity or unenforceability shall not affect the validity and enforceability of the other provisions of this Agreement and the provisions held to be invalid or unenforceable shall be enforced as nearly as possible according to its original terms and intent to eliminate such invalidity or unenforceability.

(h) **Jurisdiction; Venue.** This Agreement shall be subject to the non-exclusive jurisdiction of the federal courts or state courts of the State of Delaware, County of New Castle, for the purpose of resolving any disputes among them relating to this Agreement or the transactions contemplated by this Agreement and waive any objections on the grounds of forum non conveniens or otherwise. The parties hereto agree to service of process by certified or registered United States mail, postage prepaid, addressed to the party in question.

(i) **Governing Law.** This Agreement is made and executed and shall be governed by the laws of the State of Delaware, without regard to the conflicts of law principles thereof.

(j) **Counterparts.** This Agreement may be executed in any number of counterparts (and by facsimile or other electronic signature), but all counterparts will together constitute but one agreement.

(k) **Third Party Beneficiaries.** This Agreement is for the sole and exclusive benefit of the parties hereto and, except as provided herein, shall not be deemed for the benefit of any other person or entity.

(l) **Headings and References.** The headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement. References in this Agreement to any section refer to such section of this Agreement unless the context otherwise requires.

(m) **IRC Section 409A.** The parties to this Agreement intend that the Agreement complies with Section 409A of the Internal Revenue Code of 1986, as amended (the "Code"), where applicable, and this Agreement shall be interpreted in a manner consistent with that intention. To the extent not otherwise provided by this Agreement, and solely to the extent required by Section 409A of the Code, no payment or other distribution required to be made to the Employee hereunder (including any payment of cash, any transfer of property and any provision of taxable benefits) as a result of his termination of employment with the Company shall be made earlier than the date that is six (6) months and one day following the date on which the Employee separates from service with the Company and its affiliates (within the meaning of Section 409A of the Code).

(n) **Recovery of Compensation.** All payments and benefits provided under this Agreement shall be subject to any compensation recovery or clawback policy as required under applicable law, rule or regulation or otherwise adopted by the Company from time to time.

(o) **Participation of the Parties.** The parties hereto acknowledge and agree that (i) this Agreement and all matters contemplated herein have been negotiated among all parties hereto and their respective legal counsel, if any, (ii) each party has had, or has been afforded the opportunity to have, this Agreement and the transactions contemplated hereby reviewed by independent counsel of its own choosing, (iii) all such parties have participated in the drafting and preparation of this Agreement from the commencement of negotiations at all times through the execution hereof, and (iv) any ambiguities contained in this Agreement shall not be construed against any party hereto.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, each of the parties hereto has duly executed this Employment Agreement as of the date set forth above.

Black Diamond, Inc.	**Employee**
By: /s/ Aaron Kuehne Name: Aaron Kuehne Title: Chief Administrative Officer & Chief Financial Officer	/s/ Mark Ritchie Mark Ritchie

(Signature Page to Employment Agreement of Mark Ritchie)

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: August 1, 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: August 1, 2016	By:	/s/ Aaron J. Kuehne
	Name:	Aaron J. Kuehne
	Title:	Chief Administrative Officer and 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 June 30, 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: August 1, 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 June 30, 2016 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Aaron Kuehne, Chief Administrative Officer and 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: August 1, 2016	By:	/s/ Aaron J. Kuehne
	Name:	Aaron J. Kuehne
	Title:	Chief Administrative Officer and Chief Financial Officer (Principal Financial Officer)