UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark one)

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

For the quarterly period ended March 31, 2013

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: 0-24277

BLACK DIAMOND, INC.

(Exact name of registrant as specified in its charter)

Delaware	58-1972600
(State or other jurisdiction of incorporation or organization)	(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 definition of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. Large accelerated filer ☐ Accelerated filer ☒ Non-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 May 1, 2013, there were 31,792,747 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
(In thousands, except per share amounts)

	March 31, 2013 (Unaudited)	December 31, 2012
Assets		
Current assets		
Cash	$ 4,127	$ 5,111
Accounts receivable, less allowance for doubtful accounts of $650 and $499, respectively	35,810	30,925
Inventories	55,142	60,664
Prepaid and other current assets	4,329	4,846
Income tax receivable	151	659
Deferred income taxes	2,922	2,337
Total current assets	102,481	104,542
Property and equipment, net	17,534	17,508
Definite lived intangible assets, net	37,762	38,100
Indefinite lived intangible assets	51,317	51,462
Goodwill	57,332	57,481
Deferred income taxes	48,757	49,631
Other long-term assets	2,221	2,062
Total assets	$ 317,404	$ 320,786
Liabilities and Stockholders' Equity		
Current liabilities		
Accounts payable and accrued liabilities	$ 21,316	$ 22,178
Current portion of long-term debt	2,142	4,059
Total current liabilities	23,458	26,237
Long-term debt	39,351	36,429
Deferred income taxes	7,461	8,114
Other long-term liabilities	1,939	2,000
Total liabilities	72,209	72,780
Stockholders' Equity		
Preferred stock, $.0001 par value; 5,000 shares authorized; none issued	-	-
Common stock, $.0001 par value; 100,000 shares authorized; 31,841 and 31,838 issued and 31,766 and 31,763 outstanding	3	3
Additional paid in capital	473,998	473,628
Accumulated deficit	(234,366)	(231,334)
Treasury stock, at cost	(2)	(2)
Accumulated other comprehensive income	5,562	5,711
Total stockholders' equity	245,195	248,006
Total liabilities and stockholders' equity	$ 317,404	$ 320,786

See accompanying notes to unaudited condensed consolidated financial statements.

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

	Three Months Ended	
	March 31, 2013	**March 31, 2012**
Sales		
Domestic sales	$ 20,110	$ 18,815
International sales	30,890	27,604
Total sales	51,000	46,419
Cost of goods sold	31,784	27,803
Gross profit	19,216	18,616
Operating expenses		
Selling, general and administrative	20,878	13,775
Restructuring charge	175	-
Merger and integration	143	-
Transaction costs	54	112
Total operating expenses	21,250	13,887
Operating (loss) income	(2,034)	4,729
Other (expense) income		
Interest expense, net	(826)	(730)
Other, net	(395)	290
Total other expense, net	(1,221)	(440)
(Loss) income before income tax	(3,255)	4,289
Income tax (benefit) expense	(223)	1,699
Net (loss) income	(3,032)	2,590
Other comprehensive loss, net of tax:		
Foreign currency translation adjustment	(930)	480
Unrealized income (loss) on hedging activities	781	(538)
Other comprehensive loss	(149)	(58)
Comprehensive (loss) income	$ (3,181)	$ 2,532
(Loss) earnings per share:		
Basic	$ (0.10)	$ 0.10
Diluted	(0.10)	0.10
Weighted average shares outstanding:		
Basic	31,764	25,677
Diluted	31,764	25,984

See accompanying notes to unaudited condensed consolidated financial statements.

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

	Three Months Ended	
	March 31, 2013	**March 31, 2012**
Cash Flows From Operating Activities:		
Net (loss) income	$ (3,032)	$ 2,590
Adjustments to reconcile net (loss) income to net cash provided by operating activities:		
Depreciation of property and equipment	1,032	771
Amortization of intangible assets	900	332
Accretion of notes payable	275	246
Loss on disposition of assets	42	1
Stock-based compensation	370	404
Deferred income taxes	(753)	1,046
Changes in operating assets and liabilities:		
Accounts receivable	(4,724)	(7,114)
Inventories	5,000	2,116
Prepaid and other current assets	1,324	1,155
Accounts payable and accrued liabilities	(432)	(1,028)
Net cash provided by operating activities	2	519
Cash Flows From Investing Activities:		
Purchase of intangible assets	(750)	-
Purchase of property and equipment	(1,139)	(1,606)
Net cash used in investing activities	(1,889)	(1,606)
Cash Flows From Financing Activities:		
Net proceeds from (repayments of) long-term debt, revolving lines of credit and capital leases	648	(22,385)
Proceeds from exercise of stock options	-	30
Proceeds from the sale of common stock, net	-	62,634
Net cash provided by financing activities	648	40,279
Effect of foreign exchange rates on cash	255	52
Change in cash	(984)	39,244
Cash, beginning of period	5,111	2,400
Cash, end of period	$ 4,127	$ 41,644
Supplemental Disclosure of Cash Flow Information:		
Cash (received) paid for income taxes	$ (37)	$ 286
Cash paid for interest	$ 611	$ 495

See accompanying notes to unaudited condensed consolidated financial statements.

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

The accompanying unaudited condensed consolidated financial statements of Black Diamond, Inc. and subsidiaries (“Black Diamond” or the “Company,” which may be referred to as “we,” “us,” or “our”) as of and for the three months ended March 31, 2013 and 2012, have been prepared in accordance with U.S. generally accepted accounting principles (“U.S. GAAP”) and 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 of normal recurring accruals) necessary for a fair presentation of the unaudited condensed consolidated financial statements have been included. The results of the three months ended March 31, 2013 are not necessarily indicative of the results to be obtained for the year ending December 31, 2013. 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, 2012, filed with the Securities and Exchange Commission (the “Commission” or “SEC”).

Nature of Business

Black Diamond is a global leader in designing, manufacturing and marketing innovative active outdoor performance products for climbing, mountaineering, backpacking, skiing, cycling and a wide range of other year round outdoor recreation activities. Our principal brands include Black Diamond®, Gregory™, POC™ and PIEPS™ and are targeted not only to the demanding requirements of core climbers, skiers and cyclists, but also to the more general outdoor performance enthusiasts and consumers interested in outdoor-inspired gear for their urban activities. Our Black Diamond®, Gregory™, POC™ and PIEPS™ brands are iconic in the active outdoor industry and linked intrinsically with the modern history of the sports we serve. 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.

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 assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from these estimates. 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. Some of the more significant estimates relate to derivatives, revenue recognition, income taxes, and valuation of long-lived assets, goodwill, and other intangible assets.

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, 2012.

Recent Accounting Pronouncements

In February 2013, the FASB issued Accounting Standards Update No. 2013-02, *Reporting of Amounts Reclassified Out of Accumulated Other Comprehensive Income*. ASU 2013-02 establishes new requirements for disclosing reclassifications of items out of accumulated other comprehensive income and includes identification of the line items in net earnings affected by the reclassifications. This standard is effective for annual and interim periods for fiscal years beginning after December 15, 2012 (for us this was our 2013 first quarter). The Company adopted the provisions of this update during the three months ended March 31, 2013, which provides additional detail on those financial statements as applicable, but did not have any other impact on our financial statements.

NOTE 2. ACQUISITIONS

POC Sweden AB

On July 2, 2012, the Company acquired all of the issued and outstanding shares of capital stock of POC Sweden AB (“POC”), a Stockholm-based developer and manufacturer of protective gear for action sports athletes pursuant to the terms of the Share Transfer Agreement dated as of June 7, 2012, and as amended on July 2, 2012, by and among the Company, Ember Scandinavia AB, a Swedish corporation and a wholly owned subsidiary of the Company, and the shareholders of POC.

(in thousands, except per share amounts)

PIEPS Holding GmbH

On October 1, 2012, the Company acquired all of the issued and outstanding shares of capital stock of PIEPS Holding GmbH and its subsidiaries PIEPS GmbH and Pieps Corporation (collectively, “PIEPS”), a leading Austrian designer and marketer of avalanche beacons and snow safety products pursuant to the terms of the Share Purchase Agreement dated as of September 24, 2012, by and among the Company, ADMIN BG Holding GmbH (now named Black Diamond Austria GmbH), an Austrian corporation and a wholly-owned subsidiary of the Company, and the Seidel Privatstiftung.

Pro Forma Results

The following pro forma results are based on the individual historical results of the Company and POC and PIEPS, with adjustments to give effect to the combined operations as if the acquisitions had been consummated at the beginning of the period presented. The pro forma results are intended for information purposes only and do not purport to represent what the Company’s results of operations would actually have been had the Company’s acquisitions of POC and PIEPS in fact occurred at the beginning of the earliest periods presented.

	Three Months Ended March 31, 2012
Sales	$ 51,107
Net income	$ 854
Net income per share - basic	$ 0.03
Net income per share - diluted	$ 0.03

NOTE 3. INVENTORIES

Inventories, as of March 31, 2013 and December 31, 2012, were as follows:

	March 31, 2013	December 31, 2012
Finished goods	$ 46,914	$ 53,009
Work-in-process	894	1,112
Raw materials and supplies	7,334	6,543
	$ 55,142	$ 60,664

(in thousands, except per share amounts)

NOTE 4. PROPERTY AND EQUIPMENT

Property and equipment, net as of March 31, 2013 and December 31, 2012, were as follows:

	March 31, 2013	December 31, 2012
Land	$ 2,850	$ 2,850
Building and improvements	4,924	4,568
Furniture and fixtures	4,264	4,140
Computer hardware and software	4,973	4,759
Machinery and equipment	11,813	11,718
Construction in progress	1,923	1,855
	30,747	29,890
Less accumulated depreciation	(13,213)	(12,382)
	$ 17,534	$ 17,508

NOTE 5. GOODWILL AND OTHER INTANGIBLE ASSETS

Goodwill

There was a decrease in goodwill during the three months ended March 31, 2013 from $57,481 to $57,332 due to the impact of foreign currency exchange rates. The following table summarizes the changes in goodwill:

Balance at December 31, 2012	$ 57,481
Impact of foreign currency exchange rates	(149)
Balance at March 31, 2013	$ 57,332

Indefinite Lived Intangible Assets

The Company owns certain tradenames and trademarks which provide Black Diamond Equipment, Ltd. (“Black Diamond Equipment” or “BDEL”), Gregory Mountain Products, Inc. (“Gregory” or “GMP”), POC, and PIEPS with the exclusive and perpetual rights to manufacture and sell their respective products. There was a decrease in tradenames and trademarks during the three months ended March 31, 2013 due to the impact of foreign currency exchange rates. The following table summarizes the changes in indefinite lived intangible assets:

Balance at December 31, 2012	$ 51,462
Impact of foreign currency exchange rates	(145)
Balance at March 31, 2013	$ 51,317

Definite Lived 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 definite lived intangible assets during the three months ended March 31, 2013 as a result of the Company’s purchase of customer lists and customer relationships from Kabushiki Kaisha A&F (“A&F”), the prior distributor of Gregory’s products in Japan, partially off-set by a decrease due to the impact of foreign currency exchange rates. The following table summarizes the changes in gross definite lived intangible assets:

(in thousands, except per share amounts)

Gross balance at December 31, 2012	$	42,500
Increase due to purchase of customer lists and relationships		750
Impact of foreign currency exchange rates		(203)
Gross balance at March 31, 2013	$	43,047

Intangible assets, net of amortization as of March 31, 2013 and December 31, 2012, were as follows:

	March 31, 2013		December 31, 2012	
Customer lists and relationships	$	30,528	$	29,890
Product technologies		8,782		8,868
Trade name		2,232		2,237
Core technologies		1,505		1,505
		43,047		42,500
Less accumulated amortization		(5,285)		(4,400)
	$	37,762	$	38,100

NOTE 6. LONG-TERM DEBT

Long-term debt, net as of March 31, 2013 and December 31, 2012, was as follows:

	March 31, 2013		December 31, 2012	
Revolving credit facilities (a)	$	13,374	$	20,000
Foreign credit facilities (b)		1,289		3,995
5% Senior Subordinated Notes due 2017		16,267		15,992
Capital leases		88		119
Term notes (c)		10,475		382
		41,493		40,488
Less current portion		(2,142)		(4,059)
	$	39,351	$	36,429

(a) As of March 31, 2013, the Company had drawn down $13,374 on a $30,000 revolving credit facility with Zions First National Bank (the "Lender"). On March 8, 2013, the Company entered into a new amended and restated loan agreement (the "Loan Agreement") to refinance the line of credit with a new maturity date of March 8, 2016. Under the Loan Agreement, the Company has a $30,000 Revolving Line of Credit for funding general corporate needs. The Loan Agreement also provides for an Acquisition Facility which allows the Company to borrow up to $10,000 to fund permitted acquisitions. Advances less than $1,000 will not be permitted and only interest will be payable monthly for 12 months following each advance. Subsequent to 12 months of each advance, monthly payments of interest and principal will be made based on a five year amortization. Advances under the Acquisition Facility are available through March 8, 2016, with all principal and interest due six years from the date of each advance, but no later than March 8, 2021.

The long-term debt agreements contain certain restrictive debt covenants that require the Company and its subsidiaries to maintain a minimum trailing twelve month earnings before interest, taxes, depreciation, and amortization ("EBITDA"), a positive amount of asset coverage, a minimum net worth, and a fixed charge coverage ratio. At March 31, 2013, the Company was in compliance with all associated covenants.

(b) The Company's foreign subsidiaries have revolving credit facilities with various financial institutions. The Company had $1,895 and $1,488 in letters of credit as of March 31, 2013 and December 31, 2012, respectively.

(in thousands, except per share amounts)

(c) The Loan Agreement also provides for a Term Facility pursuant to which the Lender has made available $15,000 for funding permanent working capital, of which $10,000 was used upon the close of the Loan Agreement to reduce amounts owed on the already existing revolving credit facility. The remaining $5,000 is available to fund existing term debt of foreign subsidiaries or to reduce the Revolving Line of Credit Facility. The Term Facility is due and payable in monthly payments of principal and interest based on a 10 year amortization from March 8, 2013 and is adjusted monthly based on new advances. Advances under the Term Facility are available through March 8, 2016, with the all principal and interest due March 8, 2023. Other various term loans are payable to financial institutions and a government entity with interest rates ranging from 2.00% to 5.50% and monthly installments ranging from $0 to $4. The notes mature between October 2013 and December 2016 and are secured by equipment.

NOTE 7. OTHER LONG-TERM LIABILITIES

Other long-term liabilities were $1,939 and $2,000 as of March 31, 2013 and December 31, 2012, respectively. $1,419 and $1,479 of the balance as of March 31, 2013 and December 31, 2012, respectively, relate to a pension liability of the benefit plan for the Company's Swiss employees that, under U.S. GAAP, is considered to be a defined benefit plan. The Company also has an insurance policy whereby any underfunded amounts related to the pension liability are recoverable from the insurance company. The Company has recorded a receivable of $1,419 and $1,479 as other long-term assets for the underfunded amount as of March 31, 2013 and December 31, 2012, respectively.

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 exchange rates. The Company primarily focuses on mitigating changes in cash flows resulting from sales denominated in currencies other than the U.S. dollar. The Company manages this risk primarily by using currency forward and option contracts. If the anticipated transactions are deemed probable, the resulting relationships are formally designated as cash flow hedges.

At March 31, 2013, the Company's derivative contracts had a remaining maturity of less than one year. The counterparty to these transactions had both long-term and short-term investment grade credit ratings. The maximum net exposure to the counterparty is generally limited to the aggregate unrealized loss of all contracts with that counterparty. At March 31, 2013 there was no such exposure to the counterparty. The Company's exposure is limited to the aggregate unrealized gain of $1,209 on all contracts at March 31, 2013. However, the Company's derivative counterparty has strong credit ratings and as a result, the Company does not require collateral to facilitate transactions.

The Company held the following contracts designated as hedged instruments as of March 31, 2013 and December 31, 2012:

	March 31, 2013	
	Notional Amount	Latest Maturity
Foreign exchange contracts - Norwegian Kroners	6,883	February-14
Foreign exchange contracts - British Pounds	1,161	February-14
Foreign exchange contracts - Euros	14,470	February-14
Foreign exchange contracts - Swiss Francs	20,110	February-14
Foreign exchange contracts - Canadian Dollars	8,750	February-14
Foreign exchange contracts - Japanese Yen	553,175	February-14

(in thousands, except per share amounts)

	December 31, 2012	
	Notional Amount	Latest Maturity
Foreign exchange contracts - Norwegian Kroners	7,131	February-14
Foreign exchange contracts - British Pounds	1,452	February-14
Foreign exchange contracts - Euros	17,186	February-14
Foreign exchange contracts - Swiss Francs	23,838	February-14
Foreign exchange contracts - Canadian Dollars	10,499	February-14

The Company accounts for these contracts as cash flow hedges and tests effectiveness by determining whether changes in the cash flow of the derivative offset, within a range, changes in the cash flow of the hedged item. For contracts that qualify as effective hedge instruments, the effective portion of gains and losses resulting from changes in fair value of the instruments are included in accumulated other comprehensive income and reclassified to sales in the period the underlying hedge item is recognized in earnings. $171 and $1 were reclassified to sales during the three months ended March 31, 2013 and 2012, respectively.

As of December 31, 2012, the Company reported an accumulated derivative instrument loss of $169. During the three months ended March 31, 2013, the Company reported an adjustment to accumulated other comprehensive income of $781, as a result of the change in fair value of these contracts and reclassifications to sales, resulting in an accumulated derivative instrument gain of $612 reported as of March 31, 2013.

The following table presents the balance sheet classification and fair value of derivative instruments as of March 31, 2013 and December 31, 2012:

	Classification	March 31, 2013	December 31, 2012
Derivative instruments in asset positions:			
Forward exchange contracts	Prepaid and other current assets	$ 1,467	$ 680
Derivative instruments in liability positions:			
Forward exchange contracts	Accounts payable and accrued liabilities	$ 258	$ 918

NOTE 9. ACCUMULATED OTHER COMPREHENSIVE INCOME

Accumulated other comprehensive income ("AOCI") primarily consists of foreign currency translation adjustments and changes in our forward foreign exchange contracts. The components of AOCI, net of tax, were as follows:

	Foreign Currency Translation Adjustments	Unrealized Gains (Losses) on Cash Flow Hedges	Total
Balance as of December 31, 2012	$ 5,880	$ (169)	$ 5,711
Other comprehensive income (loss) before reclassifications	(930)	890	(40)
Amounts reclassified from other comprehensive income	-	(109)	(109)
Net current period other comprehensive (loss) income	(930)	781	(149)
Balance as of March 31, 2013	$ 4,950	$ 612	$ 5,562

(in thousands, except per share amounts)

The effects on net income of amounts reclassified from unrealized gains on cash flow hedges for foreign exchange contracts for the three months ended March 31, 2013 were as follows:

Affected line item in the Consolidated Statement of Comprehensive (Loss) Income	Gains reclassified from AOCI to the Consolidated Statement of Comprehensive (Loss) Income
Sales	$ 171
Income tax (benefit) expense	62
Amount reclassified net of tax	$ 109

NOTE 10. FAIR VALUE OF MEASUREMENTS

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

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

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

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

Assets and liabilities measured at fair value on a recurring basis at March 31, 2013 and December 31, 2012 were as follows:

	March 31, 2013			
	Level 1	Level 2	Level 3	Total
Assets				
Forward exchange contracts	$ -	$ 1,467	$ -	$ 1,467
	$ -	$ 1,467	$ -	$ 1,467
Liabilities				
Forward exchange contracts	$ -	$ 258	$ -	$ 258
	$ -	$ 258	$ -	$ 258

	December 31, 2012			
	Level 1	Level 2	Level 3	Total
Assets				
Forward exchange contracts	$ -	$ 680	$ -	$ 680
	$ -	$ 680	$ -	$ 680
Liabilities				
Forward exchange contracts	$ -	$ 918	$ -	$ 918
	$ -	$ 918	$ -	$ 918

(in thousands, except per share amounts)

NOTE 11. EARNINGS PER SHARE

Basic earnings per share is computed by dividing earnings by the weighted average number of common shares outstanding during each period. Diluted earnings per share is computed by dividing earnings by the total of the weighted average number of shares of common stock outstanding during each period, plus the effect of 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.

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

	Three Months Ended	
	March 31, 2013	March 31, 2012
Weighted average shares outstanding - basic	31,764	25,677
Effect of dilutive stock awards	-	307
Weighted average shares outstanding - diluted	31,764	25,984
Earnings per share:		
Basic	$ (0.10)	$ 0.10
Diluted	(0.10)	0.10

For the three months ended March 31, 2013, basic net loss per share was the same as diluted net loss per share because all potentially dilutive securities were anti-dilutive due to the net loss for the period. Options to purchase 1,581 shares of common stock were outstanding and anti-dilutive due to the net loss for the period. Additionally, options to purchase 1,159 shares of common stock were outstanding and anti-dilutive because the exercise prices were higher than the average market price of the Company’s common stock for the three months ended March 31, 2013 and 750 shares of unvested restricted stock were outstanding and excluded as their required performance or market conditions were not met.

For the three months ended March 31, 2012, diluted earnings per share excludes the anti-dilutive effect of options to purchase 430 shares of common stock whose exercise prices were higher than the average market price of the Company’s common stock for the three months ended March 31, 2012 and 750 shares of unvested restricted stock as their required performance or market conditions were not met.

NOTE 12. STOCK-BASED COMPENSATION PLAN

Under the Company’s 2005 Stock Incentive Plan (the “2005 Plan”), the Board of Directors has 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 2005 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 2005 Plan to any employee in any calendar year may not exceed 500 shares. The 2005 Plan will continue in effect until June 2015 unless terminated sooner.

During the three months ended March 31, 2013, the Company issued 33 stock options, under the Company’s 2005 Plan, to employees of the Company, which options granted will vest in three installments as follows: 13 shall vest on December 31, 2015 and the remaining shares shall vest equally on December 31, 2016 and December 31, 2017.

(in thousands, except per share amounts)

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:

Options Granted During the Three Months Ended March 31, 2013

Number of options	33
Option vesting period	5 Years
Grant price	\$8.02 - \$8.20
Dividend yield	0.00%
Expected volatility (a)	54.8% - 55.2%
Risk-free interest rate	1.25% - 1.40%
Expected life (years) (b)	6.95
Weighted average fair value	\$4.46 - \$4.51

(a) Since the Company's historical volatility was not representative of the ongoing future business, the Company's historical volatility was based on a combination of the Company's volatility and the historical volatility of a peer group of companies within similar industries and similar size as the Company.

(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.

Using these assumptions, the fair value of the stock options granted during the three months ended March 31, 2013 was $146, which will be amortized over the vesting period of the options.

During the three months ended March 31, 2013, the Company awarded 3 shares of common stock to an employee. At the date the awards were issued the common stock was valued at $7.85 per share.

The total non-cash stock compensation expense related to restricted stock, stock options, and stock awards recorded by the Company during the three months ended March 31, 2013 and 2012, respectively, was as follows:

	Three Months Ended	
	March 31, 2013	March 31, 2012
Restricted stock	$ -	$ 203
Stock options	345	201
Stock awards	25	-
Total	$ 370	$ 404

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. As of March 31, 2013, there were 1,198 unvested stock options and unrecognized compensation cost of $3,510 related to unvested stock options, as well as 750 unvested restricted stock awards for which the compensation cost has been fully recognized.

NOTE 13. 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. It is possible that, as additional information becomes available, the impact on the Company could have a different effect.

(in thousands, except per share amounts)

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 consolidated balance sheets.

Total rent expense of the Company for the three months ended March 31, 2013 and 2012 was $579 and $414, respectively.

NOTE 14. INCOME TAXES

The Company’s foreign operations that are considered to be permanently reinvested have statutory tax rates of approximately 19% - 39%.

As of December 31, 2012, the Company’s gross deferred tax asset was $91,976. The Company has recorded a valuation allowance, resulting in a net deferred tax asset of $74,366, excluding deferred tax liabilities. Management has provided a valuation allowance against some of the net deferred income tax assets as of December 31, 2012, because the ultimate realization of those benefits and assets does not meet the more likely than not criteria.

As of December 31, 2012, the Company had net operating loss, research and experimentation credit and alternative minimum tax credit carryforwards for U.S. federal income tax purposes of $214,195 ($1,853, relates to tax windfall, which will not be realized until an income tax payable exists), $1,640 and $291, 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.

Of the $212,342 of net operating losses available to offset taxable income, all of which does not expire until 2020 or later, subject to compliance with Section 382 of the Internal Revenue Code, as amended (the “Code”) as indicated by the following schedule:

Net Operating Loss Carryforward Expiration Dates
December 31, 2012

Expiration Dates December 31,		Net Operating Loss Amount
2020	$	27,465
2021		50,430
2022		115,000
2023		5,712
2024		3,566
2025		1,707
2026		476
2028		1,360
2029		4,074
2030		4,405
Total		214,195
Tax windfall		(1,853)
After limitations	$	212,342

NOTE 15. 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 on May 28, 2010, the Company issued $14,517 and $7,539 in 5% Unsecured Subordinated Notes due May 28, 2017 (the "Merger Consideration Subordinated Notes") to Kanders GMP Holdings, LLC, and Schiller Gregory Investment Company, LLC, 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 principle 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 anytime; (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. 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.

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. During the three months ended March 31, 2013, $181 in interest was paid to Kanders GMP Holdings, LLC, and $94 in interest was paid to the Robert R. Schiller 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 Mountain Products exercised certain sales rights and sold the Company's outstanding 5% Unsecured Subordinated Notes due May 28, 2017 held by them (the "Gregory Subordinated Notes") in the aggregate principal amount of approximately $365 to Kanders GMP Holdings, LLC and in the aggregate principal amount of approximately $189 to Schiller Gregory Investment Company, LLC. During the three months ended March 31, 2013, $5 in interest was paid to Kanders GMP Holdings, LLC, and $3 in interest was paid to Schiller Gregory Investment Company, LLC.

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 growth strategy; the Company's ability to successfully integrate and grow acquisitions; 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 and other intellectual property rights; fluctuations in the price, availability and quality of raw materials and contracted products; 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 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 “Black Diamond,” “Company,” “we,” “our,” or “us,”) is a global leader in designing, manufacturing, and marketing innovative active outdoor performance products for climbing, mountaineering, backpacking, skiing, cycling, and a wide range of other year round outdoor recreation activities. Our principal brands include Black Diamond®, Gregory™, POC™, and PIEPS™ and are targeted not only to the demanding requirements of core climbers, skiers and cyclists, but also to the more general outdoor performance enthusiasts, and consumers interested in outdoor-inspired gear for their urban activities. Our Black Diamond®, Gregory™, POC™ and PIEPS™ brands are iconic in the active outdoor industry and linked intrinsically with the modern history of the sports we serve. 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: rock-climbing equipment (such as carabiners, protection devices, harnesses, belay devices, helmets, and ice-climbing gear), technical backpacks and high-end day packs, travel luggage, lifestyle packs, tents, trekking poles, headlamps and lanterns, and gloves and mittens. We also offer advanced design helmets, body armor, and goggles for skiing, mountain and road cycling, eyewear, skis, ski poles, ski bindings, ski boots, ski skins, and ski safety products, including avalanche transceivers, shovels, and probes, as well as satellite-based devices for messaging, tracking, and navigation.

In June 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”).

Critical Accounting Policies and Use of Estimates

Management’s discussion of financial condition and results of operations is based on the consolidated financial statements, which have been prepared in accordance with U.S. generally accepted accounting principles. The preparation of the 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 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, goodwill, 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.

BLACK DIAMOND, INC.
MANAGEMENT DISCUSSION AND ANALYSIS
(in thousands, except per share amounts)

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, 2012.

Recent Accounting Pronouncements

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

Results of Operations

Consolidated Three Months Ended March 31, 2013 Compared to Consolidated Three Months Ended March 31, 2012

The following presents a discussion of consolidated operations for the three months ended March 31, 2013, compared with the consolidated three months ended March 31, 2012.

	Three Months Ended	
	March 31, 2013	March 31, 2012
Sales		
Domestic sales	$ 20,110	$ 18,815
International sales	30,890	27,604
Total sales	51,000	46,419
Cost of goods sold	31,784	27,803
Gross profit	19,216	18,616
Operating expenses		
Selling, general and administrative	20,878	13,775
Restructuring charge	175	-
Merger and integration	143	-
Transaction costs	54	112
Total operating expenses	21,250	13,887
Operating (loss) income	(2,034)	4,729
Other (expense) income		
Interest expense, net	(826)	(730)
Other, net	(395)	290
Total other expense, net	(1,221)	(440)
(Loss) income before income tax	(3,255)	4,289
Income tax (benefit) expense	(223)	1,699
Net (loss) income	$ (3,032)	$ 2,590

Sales

Consolidated sales increased $4,581, or 9.9%, to $51,000 during the three months ended March 31, 2013 compared to consolidated sales of $46,419 during the three months ended March 31, 2012. The increase in sales was primarily attributable to the inclusion of POC and PIEPS and an increase in the quantity and average sales price of new and existing climb products sold during the period, partially off-set by the expected decline in Gregory's sales in Japan as a result of the transition of the Japanese distribution of Gregory's products from Kabushiki Kaisha A&F ("A&F"), the prior distributor of Gregory's products in Japan, to Gregory, as well as delayed spring/summer orders resulting from an extended late winter season. We also experienced a decrease in sales of $188 due to the weakening of foreign currencies against the U.S. dollar.

Consolidated domestic sales increased $1,295, or 6.9%, to $20,110 during the three months ended March 31, 2013 compared to consolidated domestic sales of $18,815 during the three months ended March 31, 2012. The increase in domestic sales was primarily attributable to the inclusion of POC and an increase in the quantity of new and existing climb products sold during the period, partially off-set by delayed spring/summer orders resulting from an extended late winter season.

Consolidated international sales increased $3,286, or 11.9%, to $30,890 during the three months ended March 31, 2013 compared to consolidated international sales of $27,604 during the three months ended March 31, 2012. The increase in international sales was primarily attributable to the inclusion of POC and PIEPS and an increase in the quantity and average sales price per unit of new and existing climb products sold during the period, partially off-set by the expected decline in Gregory's sales in Japan as a result of the transition of the Japanese distribution of Gregory's products from Kabushiki Kaisha A&F ("A&F"), the prior distributor of Gregory's products in Japan, to Gregory, as well as delayed spring/summer orders resulting from an extended late winter season. We also experienced a decrease in sales of $188 due to the weakening of foreign currencies against the U.S. dollar.

Cost of Goods Sold

Consolidated cost of goods sold increased $3,981, or 14.3%, to $31,784 during the three months ended March 31, 2013 compared to consolidated cost of goods sold of $27,803 during the three months ended March 31, 2012. The increase in cost of goods sold was primarily attributable to an increase in sales both organically and from the inclusion of POC and PIEPS.

Gross Profit

Consolidated gross profit increased $600, or 3.2%, to $19,216 during the three months ended March 31, 2013 compared to consolidated gross profit of $18,616 during the three months ended March 31, 2012. Consolidated gross margin was 37.7% during the three months ended March 31, 2013 compared to a consolidated gross margin of 40.1% during the three months ended March 31, 2012. Consolidated gross margin during the three months ended March 31, 2013 decreased compared to the prior year due to an unfavorable product mix in lower margin products and a higher level of close-out and promotional activity on winter seasonal inventory as a result of the slow start to the 2012/2013 winter season. The strengthening of the U.S. dollar compared to the Japanese Yen also had a negative input on both sales and gross margin.

Selling, General and Administrative

Consolidated selling, general, and administrative expenses increased $7,103, or 51.6%, to $20,878 during the three months ended March 31, 2013 compared to consolidated selling, general, and administrative expenses of $13,775 during the three months ended March 31, 2012. The increase in selling, general, and administrative expenses was primarily attributable to the inclusion of POC, PIEPS, Black Diamond Japan GK, and the Company's investments in its strategic initiatives, such as apparel, and infrastructure to support both current and anticipated future growth.

Restructuring Charges

Consolidated restructuring expense increased to $175 during the three months ended March 31, 2013 compared to consolidated restructuring expense of $0 during the same period in 2012. The restructuring expenses incurred during the three months ended March 31, 2013 relate to the relocation of POC's Portsmouth, NH facility to the Company's U.S. distribution facilities in Salt Lake City, UT.

Merger and Integration Costs

Consolidated merger and integration expense increased to $143 during the three months ended March 31, 2013 compared to consolidated merger and integration expense of $0 during the same period in 2012, which consisted of expenses related to the integration of POC and PIEPS. We expect to incur additional merger and integration expenses throughout the year related to our ongoing integration of POC and PIEPS.

Transaction Costs

Consolidated transaction expense decreased $58, or 51.8%, to $54 during the three months ended March 31, 2013 compared to consolidated transaction expense of $112 during the three months ended March 31, 2012, which primarily consisted of professional accounting fees related to the Company's acquisitions of POC and PIEPS.

(in thousands, except per share amounts)

Interest Expense, net

Consolidated interest expense increased $96, or 13.2%, to $826 during the three months ended March 31, 2013 compared to consolidated interest expense of $730 during the three months ended March 31, 2012. The increase in interest expense was primarily attributable to debt amounts assumed in connection with the Company's acquisition of POC and PIEPS.

Other, net

Consolidated other, net, decreased to expense of $395 during the three months ended March 31, 2013 compared to a consolidated other, net income of $290 during the three months ended March 31, 2012. The decrease in other, net, was primarily attributable to the remeasurement losses recognized on the Company's foreign denominated accounts receivable and accounts payable partially off-set by gains on mark-to-market adjustments on non-hedged foreign currency contracts.

Income Taxes

Consolidated income tax expense decreased $1,922, or 113.1%, to a benefit of $223 during the three months ended March 31, 2013 compared to a consolidated income tax expense of $1,699 during the same period in 2012. The decrease in tax expense is due to the decrease in pre-tax income and effective income tax rate recorded during the three months ended March 31, 2012.

Our effective income tax rate was 6.9% for the three months ended March 31, 2013 compared to 39.6% for the same period in 2012. 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 in various quarters. During the three months ended March 31, 2013, a benefit of $230 was recorded as a discrete event for the 2012 federal research credit that was retroactively reinstated in 2013.

Liquidity and Capital Resources

Consolidated Three months ended March 31, 2013 Compared to Consolidated Three months ended March 31, 2012

The following presents a discussion of cash flows for the consolidated three months ended March 31, 2013 compared with the consolidated three months ended March 31, 2012. Our primary ongoing funding requirements are for working capital, expansion of our operations, and general corporate needs, as well as investing activities associated with targeted, strategic acquisitions and expansion into new product categories. We plan to fund our future expansion of operations and investing activities through a combination of our operating cash flows, revolving credit facility, and equity offerings. We believe that our liquidity requirements for at least the next 12 months will be adequately covered by existing cash, cash provided by operations, and our existing revolving credit facility. At March 31, 2013, we had total cash of $4,127 compared with a cash balance of $5,111 at December 31, 2012, which was substantially all controlled by the Company's U.S. entities. At March 31, 2013 the Company had $1,059 of the $4,127 in cash held by foreign entities; however, this cash is available for repatriation without significant tax consequence.

	Three Months Ended	
	March 31, 2013	March 31, 2012
Net cash provided by operating activities	$ 2	$ 519
Net cash used in investing activities	(1,889)	(1,606)
Net cash provided by financing activities	648	40,279
Effect of foreign exchange rates on cash	255	52
Change in cash	(984)	39,244
Cash, beginning of period	5,111	2,400
Cash, end of period	$ 4,127	$ 41,644

Net Cash From Operating Activities

Consolidated net cash provided by operating activities was $2 during the three months ended March 31, 2013 compared to consolidated net cash provided by operating activities of $519 during the three months ended March 31, 2012. The decrease in net cash provided by operating activities during 2013 is primarily due to decreased profitability, which was partially off-set by timing differences of when accounts receivable were collected, inventory purchased, and accounts payable were paid during the three months ended March 31, 2013 compared to the same period in 2012.

(in thousands, except per share amounts)

Free cash flow, defined as net cash provided by operating activities less capital expenditures, was free cash flows used of $1,137 during the three months ended March 31, 2013 compared to free cash flows used of $1,087 during the same period in 2012. The Company believes that the non-GAAP measure, free cash flow, provides an understanding of the capital required by the Company to expand its asset base. A reconciliation of free cash flows to comparable GAAP financial measures is set forth below:

	Three Months Ended	
	March 31, 2013	March 31, 2012
Net cash provided by operating activities	$ 2	$ 519
Purchase of property and equipment	(1,139)	(1,606)
Free cash flow	$ (1,137)	$ (1,087)

Net Cash From Investing Activities

Consolidated net cash used in investing activities increased by $283 to $1,889 during the three months ended March 31, 2013 compared to $1,606 during the three months ended March 31, 2012. The increase is a result of the Company's acquisition of Gregory's Japanese distribution assets from A&F, the prior distributor of Gregory's products in Japan, for $750, partially offset by a decrease in capital expenditures.

Net Cash From Financing Activities

Consolidated net cash provided by financing activities decreased by $39,631 to $648 during the three months ended March 31, 2013 compared to consolidated cash provided by financing activities of $40,279 during the three months ended March 31, 2012. The financing activities during the three months ended March 31, 2012 were comprised of: (i) proceeds from the sale of stock and proceeds from the exercise of stock options $62,634 and $30, respectively, and (ii) net payments on the Company's debt line of credit of $22,385. The absence of these activities during the three months ended March 31, 2013 generated a decrease in net cash provided by financing compared to the three months ended March 31, 2012.

Net Operating Loss

As of December 31, 2012, the Company had net operating loss, research and experimentation credit, and alternative minimum tax credit carryforwards for U.S. federal income tax purposes of $214,195 ($1,853 relates to tax windfall, which will not be realized until an income tax payable exists), $1,640 and $291, 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. The $212,342 of net operating losses available to offset taxable income does not expire until 2020 or later, subject to compliance with Section 382 of the Internal Revenue Code of 1986, as amended.

As of December 31, 2012, the Company's gross deferred tax asset was $91,976. The Company has recorded a valuation allowance, resulting in a net deferred tax asset of $74,366, excluding deferred tax liabilities. Management has provided a valuation allowance against some of the net deferred income tax assets as of December 31, 2012, because the ultimate realization of those benefits and assets does not meet the more likely than not criteria.

Revolving Credit Facility

On March 8, 2013, the Company together with its direct and indirect domestic subsidiaries entered into an amended and restated loan agreement (the "Loan Agreement") with Zions First National Bank to refinance the line of credit with a new maturity date of March 8, 2016. Under the Loan Agreement, the Company has a $30,000 Revolving Line of Credit for funding general corporate needs. In addition to the Revolving Line of Credit, the Company obtained a Term Facility and Acquisition Facility from the Lender. Under the Term Facility, the Lender has made available $15,000 for funding permanent working capital, of which $10,000 was used upon the close of the Loan Agreement to reduce amounts owed on the already existing revolving credit facility. The remaining $5,000 is available to fund existing term debt of foreign subsidiaries or to reduce the Revolving Line of Credit Facility. The term loan is due and payable in monthly payments of principal and interest based on a 10 year amortization from the closing date and is adjusted monthly based on new advances. Advances under the Term Facility are available through March 8, 2016, with the all principal and interest due March 8, 2023. The Acquisition Facility allows the Company to borrow up to $10,000 to fund permitted acquisitions. Advances less than $1,000 will not be permitted and only interest will be payable monthly for 12 months following each advance. Subsequent to 12 months of each advance, monthly payments of interest and principal will be made based on a five year amortization. Advances under the Acquisition Facility are available through March 8, 2016, with all principal and interest due six years from the date of each advance, but no later than March 8, 2021. Interest on all facilities is based on the one-month LIBOR rate plus an applicable margin as determined by the ratio of Total Senior Debt (as calculated in the Loan Agreement) to Trailing Twelve Month EBITDA (as calculated in the Loan Agreement). As of March 31, 2013, the Company had drawn down $13,374, $10,000, and $0 on the Revolving Line of Credit, Term Facility, and Acquisition Facility, respectively. As of March 31, 2013, the Company had the availability to draw on $16,626, $5,000, and $10,000 on the Revolving Line of Credit, Term Facility, and Acquisition Facility, respectively.

5% Senior Subordinated Notes due May 28, 2017

As part of the consideration payable to the Stockholders of GMP when the Company acquired GMP, the Company issued $14,517, $7,539, and $554 in 5% seven year subordinated promissory 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 Mountain Products, 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 principle 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 anytime; (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. 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. Additionally, an uncured event of default under the Merger Consideration Subordinated Notes may result in an event of default under the Loan Agreement discussed above.

Given the below market interest rate for comparably secured notes and the relative illiquidity of the 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 notes to interest expense using the effective interest method over the term of the notes.

On April 7, 2011, Schiller Gregory Investment Company, LLC transferred its Merger Consideration Subordinated Note in equal amounts to the Robert R. Schiller Cornerstone Trust and the Deborah Schiller 2005 Revocable Trust. During the three months ended March 31, 2013, $181 in interest was paid to Kanders GMP Holdings, LLC, and $94 in interest was paid to the Robert R. Schiller 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 Mountain Products exercised certain sales rights and sold the Company's outstanding 5% Unsecured Subordinated Notes due May 28, 2017 held by them (the "Gregory 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. The principal amounts due under the outstanding Gregory Subordinated Notes are due and payable on May 28, 2017 and are prepayable by the Company at anytime. Interest accrues on the principal amount of the outstanding Gregory Subordinated Notes at the rate of 5% per annum and are payable quarterly in cash. During the three months ended March 31, 2013, $5 in interest was paid to Kanders GMP Holdings, LLC, and $3 in interest was paid to Schiller Gregory Investment Company, LLC.

Shelf Registration Statements

On February 1, 2011, our shelf registration statement on Form S-3 (File No. 333-171164) (the "Form S-3") filed with the Securities and Exchange Commission was declared effective whereby we may offer, issue, and sell, from time to time, in one or more offerings and series, together or separately, shares of common stock, shares of preferred stock, debt securities or guarantees of debt securities up to an aggregate amount of $250,000. The proceeds of any offering are anticipated to be used in the strategic development and growth of our business, both organically and through acquisitions. On February 22, 2012, we consummated the closing of a public offering (the "Offering") of 7,750 shares of the Company's common stock, plus an additional 1,163 shares of common stock to cover an over-allotment option granted to the underwriters, at a price to the public of $7.50 per share (the "Offering Price"). Included in the total number of shares of common stock sold in the Offering were 1,333 shares of common stock purchased at the Offering Price by certain of the Company's officers, directors and employees (the "Reserved Shares"). The Reserved Shares were subject to lock-up agreements restricting the sales of such shares for a period of 90 days, subject to extension under certain circumstances. The underwriters received an underwriting discount of 6%, or $0.45 per share, in connection with the sale of the shares of common stock in the Offering, other than with respect to the sale of the Reserved Shares, for which the underwriters did not receive any underwriting discount. The underwriters exercised the over-allotment option in full at the closing of the Offering. The net proceeds to the Company from the Offering, before expenses, were approximately $63,400. The common stock was offered and sold pursuant to a prospectus dated February 1, 2011, a preliminary prospectus supplement filed with the Securities and Exchange Commission on February 15, 2012 and a prospectus supplement filed with the Securities and Exchange Commission on February 17, 2012, in connection with a takedown from the Company's Form S-3. After the Offering, we may offer, issue and sell, from time to time, in one or more offerings and series, together or separately, shares of our common stock, shares of our preferred stock, debt securities or guarantees of debt securities up to an aggregate amount of $183,156 pursuant to the Form S-3.

On August 19, 2011, our shelf registration statement on Form S-4 (File No. 333-175695) (the "Form S-4") filed with the Securities and Exchange Commission was declared effective whereby we may issue an aggregate of 5,750 shares of common stock, which may be issued from time to time by the Company in connection with acquisitions by the Company of assets, businesses or securities.

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, 2012.

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 Chief Executive Officer and Interim Chief Financial Officer/Vice President of Finance, its principal executive officer and principal financial officer, respectively, of the effectiveness of the design and operation of the Company's disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended ("Exchange Act")) as of March 31, 2013, 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 Chief Executive Officer and Interim Chief Financial Officer/Vice President of Finance concluded that the Company's disclosure controls and procedures as of March 31, 2013 are effective.

Changes in Internal Control over Financial Reporting

There has been no change in our control over financial reporting that occurred during our fiscal quarter ended March 31, 2013 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. 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 and related anticipated legal fees for defending such actions. 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, 2012.

BLACK DIAMOND, INC.

ITEM 6. EXHIBITS

Exhibit	Description
10.1	Amended and Restated Loan Agreement, effective as of March 8, 2013, by and among Zions First National Bank, a national banking association, as Lender, and Black Diamond, Inc.; Black Diamond Equipment, Ltd.; Black Diamond Retail, Inc.; Everest/Sapphire Acquisition, LLC; Gregory Mountain Products, LLC; POC USA, LLC; Pieps Corporation; PIEPS Service, LLC; and BD European Holdings, LLC, as Borrowers (filed as Exhibit 10.35 to the Company's Annual Report on Form 10-K, filed with the Securities and Exchange Commission on March 12, 2013 and incorporated herein by reference).
10.2	Promissory Note (Term Loan) dated as of March 8, 2013, by and among Black Diamond, Inc.; Black Diamond Equipment, Ltd.; Black Diamond Retail, Inc.; Everest/Sapphire Acquisition, LLC; Gregory Mountain Products, LLC; POC USA, LLC; Pieps Corporation; PIEPS Service, LLC; and BD European Holdings, LLC (filed as Exhibit 10.36 to the Company's Annual Report on Form 10-K, filed with the Securities and Exchange Commission on March 12, 2013 and incorporated herein by reference).
10.3	Promissory Note (Revolving Loan) dated as of March 8, 2013, by and among Black Diamond, Inc.; Black Diamond Equipment, Ltd.; Black Diamond Retail, Inc.; Everest/Sapphire Acquisition, LLC; Gregory Mountain Products, LLC; POC USA, LLC; Pieps Corporation; PIEPS Service, LLC; and BD European Holdings, LLC(filed as Exhibit 10.37 to the Company's Annual Report on Form 10-K, filed with the Securities and Exchange Commission on March 12, 2013 and incorporated herein by reference).
10.4	Promissory Note (Acquisition Loan) dated as of March 8, 2013, by and among Black Diamond, Inc.; Black Diamond Equipment, Ltd.; Black Diamond Retail, Inc.; Everest/Sapphire Acquisition, LLC; Gregory Mountain Products, LLC; POC USA, LLC; Pieps Corporation; PIEPS Service, LLC; and BD European Holdings, LLC(filed as Exhibit 10.38 to the Company's Annual Report on Form 10-K, filed with the Securities and Exchange Commission on March 12, 2013 and incorporated herein by reference).
10.5	Subordination Agreement dated as of March 8, 2013, by and among Deborah Schiller 2005 Revocable Trust Dated September 27, 2005; Robert R. Schiller Cornerstone Trust Dated September 9, 2010; Schiller Gregory Investment Company, LLC; Black Diamond, Inc.; Black Diamond Equipment, Ltd.; Black Diamond Retail, Inc.; Everest/Sapphire Acquisition, LLC; Gregory Mountain Products, LLC; POC USA, LLC; Pieps Corporation; PIEPS Service, LLC; and BD European Holdings, LLC (filed as Exhibit 10.39 to the Company's Annual Report on Form 10-K, filed with the Securities and Exchange Commission on March 12, 2013 and incorporated herein by reference).
10.6	Subordination Agreement dated as of March 8, 2013, by and among Kanders GMP Holdings, LLC; Black Diamond, Inc.; Black Diamond Equipment, Ltd.; Black Diamond Retail, Inc.; Everest/Sapphire Acquisition, LLC; Gregory Mountain Products, LLC; POC USA, LLC; Pieps Corporation; PIEPS Service, LLC; and BD European Holdings, LLC (filed as Exhibit 10.40 to the Company's Annual Report on Form 10-K, filed with the Securities and Exchange Commission on March 12, 2013 and incorporated herein by reference).

BLACK DIAMOND, INC.

SIGNATURE

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 hereunto duly authorized.

BLACK DIAMOND, INC.

Date: May 7, 2013

/s/ Peter Metcalf
Name: Peter R. Metcalf
Title: President and Chief Executive Officer
(Principal Executive Officer)

/s/ Aaron J. Kuehne
Name: Aaron J. Kuehne,
Title: Interim Chief Financial Officer and
Vice President of Finance
(Principal Financial Officer and
Chief Accounting Officer)

BLACK DIAMOND, INC.

EXHIBIT INDEX

Exhibit	Description
31.1	Certification of Principal Executive Officer pursuant to Rule 13a-14(a) as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of Principal Financial Officer pursuant to Rule 13a-14(a) as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification of Principal Executive Officer pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification of Principal Financial Officer pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

EXHIBIT 31.1

BLACK DIAMOND, INC.

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER

I, Peter R. Metcalf, certify that:

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

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

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

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

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

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

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

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

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

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

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

Date: May 7, 2013	By:	/s/ Peter R. Metcalf
	Name:	Peter R. Metcalf
	Title:	President and Chief Executive Officer (Principal Executive Officer)

EXHIBIT 31.2

BLACK DIAMOND, INC.

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER

I, Aaron J. Kuehne, certify that:

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

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

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

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

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

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

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

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

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

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

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

Date: May 7, 2013	By:	/s/ Aaron J. Kuehne
	Name:	Aaron J. Kuehne
	Title:	Interim Chief Financial Officer and Vice President of Finance (Principal Financial Officer)

Exhibit 32.1

BLACK DIAMOND, INC.

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

In connection with the Quarterly Report of Black Diamond, Inc. (the "Company") on Form 10-Q for the period ended March 31, 2013 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Peter R. Metcalf, President and Chief Executive Officer, certify to my knowledge, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

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

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

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

Date: May 7, 2013	By:	/s/ Peter R. Metcalf
	Name:	Peter R. Metcalf
	Title:	President and Chief Executive Officer (Principal Executive Officer)

Exhibit 32.2

BLACK DIAMOND, INC.

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

In connection with the Quarterly Report of Black Diamond, Inc. (the "Company") on Form 10-Q for the period ended March 31, 2013 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Aaron Kuehne, Interim Chief Financial Officer and Vice President of Finance, certify to my knowledge, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

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

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

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

Date: May 7, 2013	By:	/s/ Aaron J. Kuehne
	Name:	Aaron J. Kuehne
	Title:	Interim Chief Financial Officer and Vice President of Finance (Principal Financial Officer)