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: **September 30, 2015**

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 November 2, 2015, there were 32,787,671 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)

	September 30, 2015	December 31, 2014
Assets		
Current assets		
Cash	$ 26,273	$ 29,788
Marketable securities	9,235	9,902
Accounts receivable, less allowance for doubtful accounts of $250 and $461, respectively	30,115	27,754
Inventories	54,280	56,789
Prepaid and other current assets	4,956	5,274
Income tax receivable	1,786	5,323
Deferred income taxes	2	2,482
Assets held for sale	60,105	21,248
Total current assets	186,752	158,560
Property and equipment, net	11,626	12,235
Other intangible assets, net	11,296	12,558
Indefinite lived intangible assets	22,738	22,993
Goodwill	29,327	29,628
Deferred income taxes	41	37,904
Other long-term assets	2,276	2,732
Non-current assets held for sale	-	38,930
Total assets	$ 264,056	$ 315,540
Liabilities and Stockholders' Equity		
Current liabilities		
Accounts payable and accrued liabilities	$ 21,576	$ 24,672
Deferred income taxes	77	26
Liabilities held for sale	16,734	7,842
Total current liabilities	38,387	32,540
Long-term debt	19,731	18,559
Deferred income taxes	5,973	-
Other long-term liabilities	2,412	2,142
Non-current liabilities held for sale	-	5,106
Total liabilities	66,503	58,347
Stockholders' Equity		
Preferred stock, $.0001 par value; 5,000 shares authorized; none issued	-	-
Common stock, $.0001 par value; 100,000 shares authorized; 32,884 and 32,801 issued and 32,788 and 32,704 outstanding	3	3
Additional paid in capital	484,478	482,985
Accumulated deficit	(278,438)	(223,197)
Treasury stock, at cost	(186)	(186)
Accumulated other comprehensive loss	(8,304)	(2,412)
Total stockholders' equity	197,553	257,193
Total liabilities and stockholders' equity	$ 264,056	$ 315,540

See accompanying notes to condensed consolidated financial statements.

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

	Three Months Ended	
	September 30, 2015	September 30, 2014
Sales		
Domestic sales	$ 17,185	$ 17,640
International sales	22,071	26,430
Total sales	39,256	44,070
Cost of goods sold	25,113	26,728
Gross profit	14,143	17,342
Operating expenses		
Selling, general and administrative	14,243	15,945
Restructuring charge	696	2,180
Transaction costs	39	-
Total operating expenses	14,978	18,125
Operating loss	(835)	(783)
Other (expense) income		
Interest expense, net	(705)	(650)
Other, net	696	(774)
Total other expense, net	(9)	(1,424)
Loss before income tax	(844)	(2,207)
Income tax expense (benefit)	48,382	(1,045)
Loss from continuing operations	(49,226)	(1,162)
Discontinued operations, net of tax	1,107	21,565
Net (loss) income	(48,119)	20,403
Other comprehensive loss, net of tax:		
Unrealized loss on marketable securities	(439)	-
Foreign currency translation adjustment	(1,063)	(5,026)
Unrealized (loss) income on hedging activities	(932)	1,651
Other comprehensive loss	(2,434)	(3,375)
Comprehensive (loss) income	$ (50,553)	$ 17,028
Loss from continuing operations per share:		
Basic	$ (1.50)	$ (0.04)
Diluted	(1.50)	(0.04)
Net (loss) income per share:		
Basic	$ (1.47)	$ 0.63
Diluted	(1.47)	0.63
Weighted average shares outstanding:		
Basic	32,776	32,585
Diluted	32,776	32,585

See accompanying notes to condensed consolidated financial statements.

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

	Nine Months Ended	
	September 30, 2015	September 30, 2014
Sales		
Domestic sales	$ 51,992	$ 46,176
International sales	59,198	66,168
Total sales	111,190	112,344
Cost of goods sold	71,711	70,834
Gross profit	39,479	41,510
Operating expenses		
Selling, general and administrative	43,470	46,488
Restructuring charge	2,572	2,590
Transaction costs	446	-
Total operating expenses	46,488	49,078
Operating loss	(7,009)	(7,568)
Other (expense) income		
Interest expense, net	(2,073)	(1,808)
Other, net	346	(626)
Total other expense, net	(1,727)	(2,434)
Loss before income tax	(8,736)	(10,002)
Income tax expense (benefit)	46,075	(3,503)
Loss from continuing operations	(54,811)	(6,499)
Discontinued operations, net of tax	(430)	20,592
Net (loss) income	(55,241)	14,093
Other comprehensive loss, net of tax:		
Unrealized loss on marketable securities	(424)	-
Foreign currency translation adjustment	(4,647)	(7,209)
Unrealized (loss) income on hedging activities	(821)	1,783
Other comprehensive loss	(5,892)	(5,426)
Comprehensive (loss) income	$ (61,133)	$ 8,667
Loss from continuing operations per share:		
Basic	$ (1.67)	$ (0.20)
Diluted	(1.67)	(0.20)
Net (loss) income per share:		
Basic	$ (1.69)	$ 0.43
Diluted	(1.69)	0.43
Weighted average shares outstanding:		
Basic	32,735	32,525
Diluted	32,735	32,525

See accompanying notes to condensed consolidated financial statements.

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

	Nine Months Ended	
	September 30, 2015	September 30, 2014
Cash Flows From Operating Activities:		
Net (loss) income	$ (55,241)	$ 14,093
Adjustments to reconcile net (loss) income to net cash used in operating activities:		
Depreciation of property and equipment	2,730	3,357
Amortization of intangible assets	1,829	2,495
Impairment of long-lived assets	-	2,028
Gain on sale of discontinued operation	-	(39,491)
Accretion of notes payable	1,133	985
Loss on disposition of assets	55	18
Gain from removal of accumulated translation adjustment	(606)	-
Stock-based compensation	1,229	1,387
Deferred income taxes	47,139	15,161
Changes in operating assets and liabilities:		
Accounts receivable	(678)	(12,312)
Inventories	(3,674)	(24,962)
Prepaid and other current assets	(669)	1,846
Accounts payable and accrued liabilities	(1,519)	2,988
Income taxes	3,774	-
Other	(397)	1,407
Net cash used in operating activities	(4,895)	(31,000)
Cash Flows From Investing Activities:		
Proceeds from the sale of Gregory Mountain Products	-	81,140
Proceeds from disposition of property and equipment	276	4
Purchase of property and equipment	(2,314)	(2,399)
Net cash (used in) provided by investing activities	(2,038)	78,745
Cash Flows From Financing Activities:		
Net proceeds from (repayments of) revolving credit facilities	2,276	(3,125)
Repayments of long-term debt	(21)	(9,438)
Proceeds from issuance of long-term debt	44	-
Purchase of treasury stock	-	(184)
Proceeds from exercise of stock options	264	1,303
Excess tax benefits from share-based payment arrangements	-	1,701
Net cash provided by (used in) financing activities	2,563	(9,743)
Effect of foreign exchange rates on cash	(136)	313
Change in cash	(4,506)	38,315
Cash, beginning of period	31,034	4,478
Cash, end of period	$ 26,528	$ 42,793
Supplemental Disclosure of Cash Flow Information:		
Cash (received) paid for income taxes	$ (5,217)	$ 450
Cash paid for interest	$ 1,010	$ 1,700
Supplemental Disclosures of Non-Cash Investing and Financing Activities:		
Property and equipment purchased with accounts payable	$ 280	$ 120

See accompanying notes to 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 and nine months ended September 30, 2015 and 2014, 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 disclossed) necessary for a fair presentation of the unaudited condensed consolidated financial statements have been included. The results of the three and nine months ended September 30, 2015 are not necessarily indicative of the results to be obtained for the year ending December 31, 2015. 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, 2014, filed with the Securities and Exchange Commission (the "Commission").

On July 23, 2014, the Company and Gregory Mountain Products, LLC ("Gregory" or "GMP"), its then 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 "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 Business and assumed certain specified liabilities (the "GMP Sale"). The activities of Gregory have been segregated and reported as discontinued operations for all periods presented. See Note 2. Discontinued Operations to the notes to the unaudited condensed consolidated financial statements.

On October 7, 2015, the Company and the Company's wholly owned subsidiary, Ember Scandinavia AB ("Ember"), sold ("POC Disposition") their respective equity interests in POC USA, LLC and POC Sweden AB (collectively, "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 $65,000 in cash (before purchase price adjustments of $(440) relating to net working capital and net debt) for the POC Disposition. The assets and liabilities of POC have been segregated and reported as held for sale as of September 30, 2015 and December 31, 2014. Furthermore, the activities of POC have been segregated and reported as discontinued operations for all periods presented. See Note 2. Discontinued Operations to the notes to the unaudited condensed consolidated financial statements.

Nature of Business

Black Diamond 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 and skiers, 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 industry 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.

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

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, goodwill, 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, 2014. During the nine months ended September 30, 2015, the Company adopted Accounting Standards Update ("ASU") 2014-08, *Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity*.

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 June 2014, the FASB issued 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*. This guidance requires that a performance target that affects vesting and that could be achieved after the requisite service period be treated as a performance condition of the award. A reporting entity should apply existing guidance in Accounting Standards Codification Topic 718, *Compensation-Stock Compensation*, as it relates to such awards. The guidance is effective for fiscal years beginning after December 15, 2015, and may be applied prospectively or retrospectively. Early adoption 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 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 January 2015, the FASB issued ASU 2015-01, *Income Statement - Extraordinary and Unusual Items (Subtopic 225-20)*, which eliminates the concept of extraordinary items from U.S. GAAP as part of its simplification initiative. The ASU does not affect disclosure guidance for events or transactions that are unusual in nature or infrequent in their occurrence. The ASU is effective for interim and annual periods in fiscal years beginning after December 15, 2015. The ASU allows prospective or retrospective application. Early adoption 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 April 2015, the FASB issued ASU 2015-03, *Simplifying the Presentation of Debt Issuance Costs*, which intends to simplify the presentation of debt issuance costs. The guidance requires that debt issuance costs related to a recognized debt liability be presented in the balance sheet as a direct deduction from the carrying amount of that debt liability, consistent with debt discounts. The guidance is effective for fiscal years beginning after December 15, 2015. Early adoption is permitted. We do not believe the adoption of this guidance will have a significant impact on the Company's consolidated statements and related disclosures.

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

(in thousands, except per share amounts)

NOTE 2. DISCONTINUED OPERATIONS

As discussed above, during the year ended December 31, 2014, the Company and Gregory, its then wholly-owned subsidiary, completed the GMP Sale pursuant to the terms of the GMP Purchase Agreement. The Company received $84,135 in cash for the GMP Sale and paid $2,995 in transaction fees for net proceeds of $81,140. The Company recognized a pre-tax gain on such sale of $39,491 and tax expense of $19,424.

Additionally, as discussed above, on October 7, 2015, the Company sold POC to Dainese and the assets and liabilities of POC are classified as held for sale as of September 30, 2015 and December 31, 2014. As the POC Disposition was completed during our fourth fiscal quarter of 2015, we expect to recognize a gain on the POC Disposition during the three months ending December 31, 2015.

The carrying amounts of the assets and liabilities of POC were classified as held for sale in our condensed consolidated balance sheet. The asset and liability balances as of September 30, 2015 were classified as current as we anticipated the sale of these assets and liabilities within a one year period. The carrying amounts were as follows:

	September 30, 2015	December 31, 2014
Cash	$ 255	$ 1,246
Accounts receivable	8,899	10,980
Inventories	13,685	7,692
Prepaid and other current assets	1,070	837
Income tax receivable	-	10
Deferred income taxes	756	483
Total current assets held for sale	24,665	21,248
Property and equipment, net	1,525	1,525
Other intangible assets, net	10,599	12,354
Indefinite lived intangible assets	11,683	12,607
Goodwill	11,449	12,355
Deferred income taxes	127	-
Other long-term assets	57	89
Total assets held for sale	$ 60,105	$ 60,178
Accounts payable and accrued liabilities	$ 5,679	$ 3,967
Income tax payable	237	-
Current portion of long-term debt	5,841	3,875
Total current liabilities held for sale	11,757	7,842
Long-term debt	-	3
Deferred income taxes	4,977	5,103
Total liabilities held for sale	$ 16,734	$ 12,948

(in thousands, except per share amounts)

Summarized results of discontinued operations for both GMP and POC are as follows:

	Three Months Ended		Nine Months Ended	
	September 30, 2015	September 30, 2014	September 30, 2015	September 30, 2014
Sales	$ 10,826	$ 12,866	$ 24,234	$ 42,055
Cost of goods sold	(5,278)	(6,567)	(12,167)	(22,853)
Selling, general and administrative	(3,547)	(5,000)	(11,606)	(16,953)
Transaction costs	(847)	(1,680)	(1,428)	(2,995)
Interest expense, net	(33)	(89)	(62)	(781)
Other, net	29	3,201	220	3,217
Income (loss) from operations of discontinued operations	1,150	2,731	(809)	1,690
Gain on sale of discontinued operations	-	39,491	-	39,491
Income (loss) before taxes	1,150	42,222	(809)	41,181
Income tax expense (benefit)	43	20,657	(379)	20,589
Income (loss) from discontinued operations, net of tax	$ 1,107	$ 21,565	$ (430)	$ 20,592

In connection with the GMP Sale, all interest related to outstanding debt that was required to be repaid pursuant to the terms of the Company's amended and restated loan agreement with Zions First National Bank (the "Lender") is allocated to discontinued operations in our condensed consolidated financial statements.

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

	Nine Months Ended	
	September 30, 2015	September 30, 2014
Depreciation of property and equipment	414	440
Amortization of intangible assets	852	1,430
Stock-based compensation	201	349
Purchase of property and equipment	(578)	(682)

NOTE 3. INVENTORIES

Inventories, as of September 30, 2015 and December 31, 2014, were as follows:

	September 30, 2015	December 31, 2014
Finished goods	$ 44,272	$ 45,776
Work-in-process	1,926	1,177
Raw materials and supplies	8,082	9,836
	$ 54,280	$ 56,789

(in thousands, except per share amounts)

NOTE 4. PROPERTY AND EQUIPMENT

Property and equipment, net as of September 30, 2015 and December 31, 2014, were as follows:

	September 30, 2015	December 31, 2014
Land	$ 2,850	$ 2,850
Building and improvements	4,055	3,835
Furniture and fixtures	3,458	3,598
Computer hardware and software	4,976	4,907
Machinery and equipment	9,927	9,265
Construction in progress	571	533
	25,837	24,988
Less accumulated depreciation	(14,211)	(12,753)
	$ 11,626	$ 12,235

NOTE 5. GOODWILL AND OTHER INTANGIBLE ASSETS

Goodwill

There was a decrease in goodwill during the nine months ended September 30, 2015, from $29,628 to $29,327, due to the impact of foreign currency exchange rates. In conjunction with the POC Disposition, there was a decrease in the Company's market capitalization which was determined to be a triggering event for potential goodwill impairment. Accordingly, the Company performed a goodwill impairment analysis. The Company utilized the market capitalization, plus a reasonable control premium in the performance of its impairment test. The market capitalization was based upon the outstanding shares as of September 30, 2015 and the average market share price for three days including and following the announcement of the POC Disposition. It was determined that the fair value exceeded the carrying value. Based on the results of the Company's impairment tests completed during the third quarter, the Company determined that goodwill was not impaired. If the market capitalization decreases in the future, a reasonable possibility exists that goodwill could be impaired and that such impairment may be material to the financial statements. The following table summarizes the changes in goodwill:

Balance at December 31, 2014	$ 29,628
Impact of foreign currency exchange rates	(301)
Balance at September 30, 2015	$ 29,327

Indefinite Lived Intangible Assets

The Company owns certain tradenames and trademarks which provide Black Diamond Equipment, Ltd. ("Black Diamond Equipment" or "BDEL") and PIEPS Holding GmbH and its subsidiaries (collectively, "PIEPS") with the exclusive and perpetual rights to manufacture and sell their respective products. There was a decrease in tradenames and trademarks during the nine months ended September 30, 2015, due to the impact of foreign currency exchange rates. The following table summarizes the changes in indefinite lived intangible assets:

Balance at December 31, 2014	$ 22,993
Impact of foreign currency exchange rates	(255)
Balance at September 30, 2015	$ 22,738

(in thousands, except per share amounts)

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 a decrease in gross other intangible assets subject to amortization during the nine months ended September 30, 2015 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, 2014	$	17,633
Impact of foreign currency exchange rates		(367)
Gross balance at September 30, 2015	$	17,266

Other intangible assets, net of amortization as of September 30, 2015 and December 31, 2014, were as follows:

		September 30, 2015		December 31, 2014
Customer lists and relationships	$	14,101	$	14,306
Product technologies		2,218		2,380
Core technologies		947		947
		17,266		17,633
Less accumulated amortization		(5,970)		(5,075)
	$	11,296	$	12,558

NOTE 6. LONG-TERM DEBT

Long-term debt, net as of September 30, 2015 and December 31, 2014, was as follows:

		September 30, 2015		December 31, 2014
Revolving credit facilities (a)	$	-	$	-
Foreign credit facilities (b)		-		-
5% Senior Subordinated Notes due 2017 (refer to Note 16)		19,624		18,491
Term notes (c)		107		68
		19,731		18,559
Less current portion		-		-
	$	19,731	$	18,559

(a) As of September 30, 2015, the Company had drawn $0 on a $20,000 revolving credit facility with the Lender with a maturity date of April 1, 2017.

(b) The Company's foreign subsidiaries have a revolving credit facility with a financial institution which matures on January 31, 2016. As of September 30, 2015 and December 31, 2014, the revolving credit facility had a balance of $5,831 and $3,844, respectively, and is included in liabilities held for sale.

(c) Various term loans are payable to financial institutions and a government entity with interest rates ranging from 0.75% to 5.50% and monthly installments ranging from $0 to $2. The notes mature between January 2016 and March 2017, and are secured by certain equipment. As of September 30, 2015 and December 31, 2014, $10 and $34, respectively, is included in liabilities held for sale.

(in thousands, except per share amounts)

NOTE 7. OTHER LONG-TERM LIABILITIES

Other long-term liabilities were $2,412 and $2,142 as of September 30, 2015 and December 31, 2014, respectively, with $2,169 and $2,131 of the balance as of September 30, 2015 and December 31, 2014, respectively, relating to a pension liability with respect to the benefit plan maintained for the benefit of the Company's employees in Switzerland 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 expected to be recoverable. The Company has recorded a receivable of $2,169 and $2,131 as other long-term assets for the underfunded amount as of September 30, 2015 and December 31, 2014, 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 foreign currency exchange rates. The Company primarily focuses on mitigating changes in cash flows resulting from sales denominated in currencies other than the U.S. dollar. The Company manages this risk primarily by using currency forward and option contracts. If the anticipated transactions are deemed probable, the resulting relationships are formally designated as cash flow hedges.

At September 30, 2015, the Company's derivative contracts had a remaining maturity of less than one year. The counterparty to these transactions had both long-term and short-term investment grade credit ratings. The maximum net exposure of the Company's credit risk to the counterparty is generally limited to the aggregate unrealized loss of all contracts with that counterparty. At September 30, 2015 there was no such exposure to the counterparty. The Company's exposure of counterparty credit risk is limited to the aggregate unrealized gain of $3,150 on all contracts at September 30, 2015. 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 September 30, 2015 and December 31, 2014:

	September 30, 2015	
	Notional Amount	Latest Maturity
Foreign exchange contracts - Canadian Dollars	5,858	February 2016
Foreign exchange contracts - British Pounds	1,180	February 2016
Foreign exchange contracts - Euros	18,866	February 2016
Foreign exchange contracts - Swiss Francs	12,724	February 2016

	December 31, 2014	
	Notional Amount	Latest Maturity
Foreign exchange contracts - Canadian Dollars	12,053	February 2016
Foreign exchange contracts - British Pounds	2,739	February 2016
Foreign exchange contracts - Euros	36,673	February 2016
Foreign exchange contracts - Swiss Francs	31,344	February 2016

The Company accounts for these contracts as cash flow hedges and tests effectiveness by determining whether changes in the expected cash flow of the derivative offset, within a range, changes in the expected cash flow of the hedged item. For contracts that qualify as effective hedge instruments, the effective portion of gains and losses resulting from changes in fair value of the instruments are included in accumulated other comprehensive loss and reclassified to sales in the period the underlying hedged item is recognized in earnings. Gains (losses) of $1,530 and $332 were reclassified to sales during the three months ended September 30, 2015 and 2014, respectively, and $4,126 and $(218) were reclassified to sales during the nine months ended September 30, 2015 and 2014, respectively. Gains (losses) of $76 and $(31) were reclassified to discontinued operations, net of tax, during the three months ended September 30, 2015 and 2014, respectively, and $183 and $(76) were reclassified to discontinued operations, net of tax, during the nine months ended September 30, 2015 and 2014, respectively.

(in thousands, except per share amounts)

As of December 31, 2014, the Company reported an accumulated derivative instrument gain of $1,891. During the nine months ended September 30, 2015, the Company reported accumulated other comprehensive loss of $821, as a result of the change in fair value of these contracts and reclassifications to sales and discontinued operations as discussed above, resulting in an accumulated derivative instrument gain of $1,070 reported as of September 30, 2015.

The following table presents the balance sheet classification and fair value of derivative instruments as of September 30, 2015 and December 31, 2014:

	Classification	September 30, 2015	December 31, 2014
Derivative instruments in asset positions:			
Forward exchange contracts	Prepaid and other current assets	$ 2,821	$ 2,908
Forward exchange contracts	Assets held for sale	$ 329	$ 158
Forward exchange contracts	Other long-term assets	$ -	$ 446
Derivative instruments in liability positions:			
Forward exchange contracts	Accounts payable and accrued liabilities	$ -	$ 79
Forward exchange contracts	Other long-term liabilities	$ -	$ 11

NOTE 9. ACCUMULATED OTHER COMPREHENSIVE INCOME

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

	Unrealized Losses on Marketable Securities	Foreign Currency Translation Adjustments	Unrealized Gains (Losses) on Cash Flow Hedges	Total
Balance as of December 31, 2014	$ (59)	$ (4,244)	$ 1,891	$ (2,412)
Other comprehensive (loss) income before reclassifications	(424)	(4,041)	1,986	(2,479)
Amounts reclassified from other comprehensive income (loss)	-	(606)	(2,807)	(3,413)
Net current period other comprehensive loss	(424)	(4,647)	(821)	(5,892)
Balance as of September 30, 2015	$ (483)	$ (8,891)	$ 1,070	$ (8,304)

(in thousands, except per share amounts)

The effects on net loss of amounts reclassified from unrealized gains on cash flow hedges for foreign exchange contracts and foreign currency translation adjustments for the three and nine months ended September 30, 2015, were as follows:

	Gains reclassified from AOCI to the Consolidated Statement of Comprehensive Loss	
Affected line item in the Condensed Consolidated Statement of Comprehensive Loss	**For the Three Months Ended September 30, 2015**	**For the Nine Months Ended September 30, 2015**
Foreign exchange contracts:		
Sales	$ 1,530	$ 4,126
Less: Income tax expense	557	1,502
Discontinued operations, net of tax	76	183
Amount reclassified, net of tax	$ 1,049	$ 2,807
Foreign currency translation adjustments:		
Other, net	$ 606	$ 606
Total reclassificaitons from AOCI	$ 1,655	$ 3,413

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 September 30, 2015 and December 31, 2014 were as follows:

	September 30, 2015			
	Level 1	Level 2	Level 3	Total
Assets				
Marketable securities	$ 9,235	$ -	$ -	$ 9,235
Forward exchange contracts	-	3,150	-	3,150
	$ 9,235	$ 3,150	$ -	$ 12,385
Liabilities				
Forward exchange contracts	$ -	$ -	$ -	$ -
	$ -	$ -	$ -	$ -

	December 31, 2014			
	Level 1	Level 2	Level 3	Total
Assets				
Marketable securities	$ 9,902	$ -	$ -	$ 9,902
Forward exchange contracts	-	3,512	-	3,512
	$ 9,902	$ 3,512	$ -	$ 13,414
Liabilities				
Forward exchange contracts	$ -	$ 90	$ -	$ 90
	$ -	$ 90	$ -	$ 90

The carrying value of cash, accounts receivable, accounts payable and accrued liabilities approximate their respective fair values due to the short-term nature and liquidity of these financial instruments. Marketable securities are recorded at fair value based on quoted market prices. Derivative financial instruments are recorded at fair value based on current market pricing models. The Company estimates that, based on current market conditions, the fair value of its long-term debt obligations under its revolving credit facility and senior subordinated notes payable approximate the carrying values at September 30, 2015 and December 31, 2014.

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.

(in thousands, except per share amounts)

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		Nine Months Ended	
	September 30, 2015	**September 30, 2014**	**September 30, 2015**	**September 30, 2014**
Weighted average shares outstanding - basic	32,776	32,585	32,735	32,525
Effect of dilutive stock awards	-	-	-	-
Weighted average shares outstanding - diluted	32,776	32,585	32,735	32,525
Loss from continuing operations per share:				
Basic	$ (1.50)	$ (0.04)	$ (1.67)	$ (0.20)
Diluted	(1.50)	(0.04)	(1.67)	(0.20)
Income (loss) from discontinued operations per share:				
Basic	$ 0.03	$ 0.67	$ (0.02)	$ 0.63
Diluted	0.03	0.67	(0.02)	0.63
Net (loss) income per share:				
Basic	$ (1.47)	$ 0.63	$ (1.69)	$ 0.43
Diluted	(1.47)	0.63	(1.69)	0.43

For the three months ended September 30, 2015 and 2014, equity awards of 2,995 and 3,705, respectively, and for the nine months ended September 30, 2015 and 2014, equity awards of 3,241 and 3,567, 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 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 2005 Plan allowed 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 could be granted through awards under the 2005 Plan to any employee in any calendar year could not exceed 500 shares. The 2005 Plan continued in effect until June 2015 when it expired in accordance with its terms.

During the nine months ended September 30, 2015, the Company issued 10 stock options under the 2005 Plan to employees of the Company, which options granted will vest in three installments as follows: 4 shall vest on December 31, 2016, and the remaining shares shall vest equally on December 31, 2017 and December 31, 2018.

(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 Nine Months Ended September 30, 2015

Number of options		10
Option vesting period		4 Years
Grant price	$	6.67
Dividend yield		0.00%
Expected volatility (a)		53.00%
Risk-free interest rate		1.86%
Expected life (years) (b)		6.45
Weighted average fair value	$	3.53

(a) Since the Company's historical volatility was not representative of the ongoing future business, the Company's expected volatility was based on a combination of the Company's historical 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 all stock options granted during the nine months ended September 30, 2015 was $35, which is being recognized over the vesting period of the 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 September 30, 2015 and 2014 was $126 and $715, respectively, and for the nine months ended September 30, 2015 and 2014 was $1,028 and $1,038, respectively. 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 September 30, 2015, there were 638 unvested stock options and unrecognized compensation cost of $1,412 related to unvested stock options, as well as 310 unvested restricted stock awards and unrecognized compensation cost of $57 related to unvested restricted stock awards. As of September 30, 2015, 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 Plan") to realign resources within the organization and anticipates completing the plan in 2015. During the three and nine months ended September 30, 2015, we incurred restructuring charges of $427 and $2,303, respectively, related to the 2014 Plan. During the three and nine months ended September 30, 2014, we incurred restructuring charges of $2,180 and $2,590. Restructuring charges of $700 were incurred during the nine months ended September 30, 2015, which related to the write-off of inventory that was distinguishable and directly attributable to the Company's 2014 Plan and not as a result of external market factors associated with the ongoing business. We have incurred $5,886 of cumulative restructuring charges since the commencement of the 2014 Plan. We estimate that we will incur restructuring costs related to employee-related costs and facility exit costs during the remainder of 2015.

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 Plan") and anticipates completing the plan in 2016. During the three and nine months ended September 30, 2015, we incurred restructuring charges of $269 related to the 2015 Plan. There were no costs incurred related to the 2015 Plan during 2014. We have incurred $269 of cumulative restructuring charges since the commencement of the 2015 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 Plan	2015 Plan
Balance at December 31, 2014	$ 199	$ -
Charges to expense:		
Employee termination benefits	1,252	269
Inventory write-off	700	-
Other costs	351	-
Total restructuring charges	2,303	269
Cash payments and non-cash charges:		
Cash payments	(1,543)	-
Inventory write-off	(700)	-
Balance at September 30, 2015	$ 259	$ 269

As of September 30, 2015, termination costs and restructuring costs remained in accrued liabilities and are expected to be paid during the remainder of 2015.

NOTE 14. COMMITMENTS AND CONTINGENCIES

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

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

Total rent expense for continuing operations of the Company for the three months ended September 30, 2015 and 2014 was $352 and $483, respectively, and for the nine months ended September 30, 2015 and 2014 was $1,195 and $1,469, 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, 2014, the Company's gross deferred tax asset was $73,465. The Company had recorded a valuation allowance of $16,081, resulting in a net deferred tax asset of $57,384, before deferred tax liabilities of $21,644. The Company provided a valuation allowance against a portion of the net deferred tax assets as of December 31, 2014, because the ultimate realization of those assets did not meet the more likely than not criteria.

(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 three months ended September 30, 2015, the Company recorded an increase to its valuation allowance of $49,194. The change in valuation allowance resulted in a discrete charge to income tax expense of $48,335 for the three and nine months ended September 30, 2015. Certain events and circumstances transpired during the three months ended September 30, 2015, which caused the Company to conclude that the realization of some portion of its deferred tax assets does not satisfy the more-likely-than-not threshold. As a result of the POC Disposition that occurred on October 7, 2015, the assets and liabilities of POC have been segregated and reported as held for sale as of September 30, 2015 and December 31, 2014. The POC Disposition removed a substantial portion of the Company's projected future taxable income. Additionally, during the three months ended September 30, 2015, the Company made the decision to scale back its apparel initiative and announced a realignment of resources. The totality of these events and circumstances impedes management's ability to forecast future long-term taxable income to the extent that it does not meet the more likely than not threshold.

As of December 31, 2014, the Company had net operating loss, research and experimentation credit and alternative minimum tax credit carryforwards for U.S. federal income tax purposes of $167,303 ($294 relates to excess tax benefits related to share based payment compensation, which will not be recorded until an income tax payable exists), $1,337 and $56, respectively. To the extent the Company has future taxable income, 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.

NOLs available to offset taxable income, subject to compliance with Section 382 of the Internal Revenue Code, as amended (the "Code") begin to expire based upon the following schedule:

Net Operating Loss Carryforward Expiration Dates
December 31, 2014

Expiration Dates December 31,	Net Operating Loss Amount	
2021	$	32,428
2022		115,000
2023		5,712
2024		3,566
2025 and beyond		10,597
Total		167,303
Excess stock based payment tax deductions		(294)
After limitations	$	167,009

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.

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 nine months ended September 30, 2015, $181 and $544 in interest was paid to Kanders GMP Holdings, LLC, respectively, and $95 and $283 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 nine months ended September 30, 2015, $5 and $14 in interest was paid to Kanders GMP Holdings, LLC, respectively, and $2 and $7 in interest, respectively, was paid to Schiller Gregory Investment Company, LLC, pursuant to these outstanding Merger Consideration Subordinated Notes.

NOTE 17. SUBSEQUENT EVENT

Peter Metcalf

Mr. Peter Metcalf provided the Company with notice, which became effective on November 5, 2015, that he will voluntarily terminate his Employment Agreement, dated as of June 5, 2013, with the Company and will retire as the Company's Chief Executive Officer effective as of December 31, 2015. In connection therewith, Mr. Metcalf has provided a general release of the Company, and will not compete with the Company for a period of five years after the effective date of his retirement as the Company's Chief Executive Officer.

Amendment No. 1 to Second Amended and Restated Loan Agreement

On November 9, 2015, the Company together with its direct and indirect domestic subsidiaries entered into a first amendment (the "Amendment") to the second amended and restated loan agreement dated as of October 31, 2014 (the "Loan Agreement") with the Lender. Pursuant to the 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 $240,000 to $170,000 with an annual increase of $2,000 for each fiscal year thereafter, and certain additional changes were also made to the Loan Agreement.

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 “Black Diamond,” “Company,” “we,” “our” or “us”) 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 and skiers, 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 industry 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 design skis, ski poles, ski bindings, ski boots, ski skins, and ski safety products, including avalanche transceivers, shovels, and probes.

On July 23, 2014, the Company and Gregory Mountain Products, LLC (“Gregory” or “GMP”), its then 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 “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 Business and assumed certain specified liabilities (the “GMP Sale”). The activities of Gregory have been segregated and reported as discontinued operations for all periods presented. See Note 2. Discontinued Operations to the notes to the unaudited condensed consolidated financial statements.

On October 7, 2015, the Company and the Company’s wholly owned subsidiary, Ember Scandinavia AB (“Ember”), sold (“POC Disposition”) their respective equity interests in POC USA, LLC and POC Sweden AB (collectively, “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 $65,000 in cash (before purchase price adjustments of $(440) relating to net working capital and net debt) for the POC Disposition. The assets and liabilities of POC have been segregated and reported as held for sale as of September 30, 2015 and December 31, 2014. Furthermore, the activities of POC have been segregated and reported as discontinued operations for all periods presented. See Note 2. Discontinued Operations to the notes to the unaudited condensed consolidated financial statements.

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

Critical Accounting Policies and Use of Estimates

Management's discussion of our 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 ("GAAP"). 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.

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, 2014.

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 September 30, 2015 Compared to Consolidated Three Months Ended September 30, 2014

The following presents a discussion of consolidated operations for the three months ended September 30, 2015, compared with the consolidated three months ended September 30, 2014.

	Three Months Ended	
	September 30, 2015	September 30, 2014
Sales		
Domestic sales	$ 17,185	$ 17,640
International sales	22,071	26,430
Total sales	39,256	44,070
Cost of goods sold	25,113	26,728
Gross profit	14,143	17,342
Operating expenses		
Selling, general and administrative	14,243	15,945
Restructuring charge	696	2,180
Transaction costs	39	-
Total operating expenses	14,978	18,125
Operating loss	(835)	(783)
Other (expense) income		
Interest expense, net	(705)	(650)
Other, net	696	(774)
Total other expense, net	(9)	(1,424)
Loss before income tax	(844)	(2,207)
Income tax expense (benefit)	48,382	(1,045)
Loss from continuing operations	(49,226)	(1,162)
Discontinued operations, net of tax	1,107	21,565
Net (loss) income	$ (48,119)	$ 20,403

Sales

Consolidated sales decreased $4,814, or 10.9%, to $39,256 during the three months ended September 30, 2015, compared to consolidated sales of $44,070 during the three months ended September 30, 2014. The decrease in sales was primarily attributable to a decrease in sales of $2,441 due to the weakening of foreign currencies against the U.S. dollar during the three months ended September 30, 2015 compared to the prior period and a decrease in the quantity of new and existing climb and ski products sold during the period.

Consolidated domestic sales decreased $455, or 2.6%, to $17,185 during the three months ended September 30, 2015, compared to consolidated domestic sales of $17,640 during the three months ended September 30, 2014. The decrease in domestic sales was primarily attributable to a decrease in the quantity of new and existing climb and ski products sold during the period, which was partially offset by an increase in mountain products sold during the period.

Consolidated international sales decreased $4,359, or 16.5%, to $22,071 during the three months ended September 30, 2015, compared to consolidated international sales of $26,430 during the three months ended September 30, 2014. The decrease in international sales was primarily attributable to a decrease in sales of $2,441 due to the weakening of foreign currencies against the U.S. dollar during the three months ended September 30, 2015 compared to the prior period and a decrease in the quantity of new and existing climb, mountain, and ski products sold during the period.

Cost of Goods Sold

Consolidated cost of goods sold decreased $1,615, or 6.0%, to $25,113 during the three months ended September 30, 2015, compared to consolidated cost of goods sold of $26,728 during the three months ended September 30, 2014. The decrease in cost of goods sold was primarily attributable to a decrease in sales.

Gross Profit

Consolidated gross profit decreased $3,199, or 18.4%, to $14,143 during the three months ended September 30, 2015, compared to consolidated gross profit of $17,342 during the three months ended September 30, 2014. Consolidated gross margin was 36.0% during the three months ended September 30, 2015, compared to a consolidated gross margin of 39.4% during the three months ended September 30, 2014. Consolidated gross margin during the three months ended September 30, 2015, decreased compared to the prior year due to the weakening of foreign currencies against the U.S. dollar during the three months ended September 30, 2015 compared to the prior period.

Selling, General and Administrative

Consolidated selling, general, and administrative expenses decreased $1,702, or 10.7%, to $14,243 during the three months ended September 30, 2015, compared to consolidated selling, general, and administrative expenses of $15,945 during the three months ended September 30, 2014. The decrease in selling, general and administrative expenses was attributable to the Company's realization of savings from its restructuring plan implemented during 2014 to realign resources within the organization.

Restructuring Charges

Consolidated restructuring expense decreased $1,484, or 68.1%, to $696 during the three months ended September 30, 2015, compared to consolidated restructuring expense of $2,180 during the three months ended September 30, 2014. Restructuring expenses incurred during the three months ended September 30, 2015, primarily related to benefits provided to employees who were or will be terminated due to the Company's reduction-in-force as part of its continued realignment of resources within the organization.

Transaction Costs

Consolidated transaction expense increased to $39 during the three months ended September 30, 2015, compared to consolidated transaction expense of $0 during the three months ended September 30, 2014, which consisted of expenses related to the Company's exploration of a full range of strategic alternatives for each of the Company's brands.

Interest Expense, net

Consolidated interest expense, net, increased $55, or 8.5%, to $705 during the three months ended September 30, 2015, compared to consolidated interest expense, net, of $650 during the three months ended September 30, 2014. 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 $1,470, or 189.9%, to income of $696 during the three months ended September 30, 2015 compared to consolidated other, net loss of $774 during the three months ended September 30, 2014. The increase in other, net, was primarily attributable to gains on mark-to-market adjustment on non-hedged foreign currency contracts, cumulative translation adjustment gains attributable to the substantial liquidation of a foreign entity, and a decrease in remeasurement losses recognized on the Company's foreign denominated accounts receivable and accounts payable.

Income Taxes

Consolidated income tax expense increased $49,427, or 4,729.9%, to an expense of $48,382 during the three months ended September 30, 2015, compared to a consolidated income tax benefit of $1,045 during the same period in 2014. The increase in tax expense is due to the Company recording an increase in its valuation allowance of $49,194 during the three months ended September 30, 2015. The change in valuation allowance resulted in a discrete charge to income tax expense of $48,335 for the three months ended September 30, 2015. Certain events and circumstances transpired during the three months ended September 30, 2015, which caused the Company to conclude that realization of some portion of deferred tax assets does not satisfy the more-likely-than-not threshold.

Our effective income tax rate was 5,732.5% for the three months ended September 30, 2015, compared to 47.3% for the same period in 2014. 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. As mentioned above, the change in valuation allowance resulted in a discrete charge to income tax expense of $48,335 for the three months ended September 30, 2015.

Discontinued Operations

Discontinued operations decreased $20,458, or 94.9%, to income of $1,107 during the three months ended September 30, 2015, compared to discontinued operations income of $21,565 during the three months ended September 30, 2014. During the three months ended September 30, 2015, the Company recorded the activities of POC as discontinued operations. Whereas, during the three months ended September 30, 2014, the Company sold the assets and liabilities of Gregory for $84,135 effective July 23, 2014 and as a result we recognized a pre-tax gain of $39,491. There was no activity for Gregory during the three months ended September 30, 2015. As a result, the decrease was due primarily to recording the gain on sale, net of tax, of $19,558 in discontinued operations in our September 30, 2014 condensed consolidated financial statements as a result of the GMP Sale.

(in thousands, except per share amounts)

Consolidated Nine Months Ended September 30, 2015 Compared to Consolidated Nine Months Ended September 30, 2014

The following presents a discussion of consolidated operations for the nine months ended September 30, 2015, compared with the consolidated nine months ended September 30, 2014.

	Nine Months Ended	
	September 30, 2015	**September 30, 2014**
Sales		
Domestic sales	$ 51,992	$ 46,176
International sales	59,198	66,168
Total sales	111,190	112,344
Cost of goods sold	71,711	70,834
Gross profit	39,479	41,510
Operating expenses		
Selling, general and administrative	43,470	46,488
Restructuring charge	2,572	2,590
Transaction costs	446	-
Total operating expenses	46,488	49,078
Operating loss	(7,009)	(7,568)
Other (expense) income		
Interest expense, net	(2,073)	(1,808)
Other, net	346	(626)
Total other expense, net	(1,727)	(2,434)
Loss before income tax	(8,736)	(10,002)
Income tax expense (benefit)	46,075	(3,503)
Loss from continuing operations	(54,811)	(6,499)
Discontinued operations, net of tax	(430)	20,592
Net (loss) income	$ (55,241)	$ 14,093

Sales

Consolidated sales decreased $1,154, or 1.0%, to $111,190 during the nine months ended September 30, 2015, compared to consolidated sales of $112,344 during the nine months ended September 30, 2014. The decrease in sales was primarily attributable to a decrease in sales of $4,760 due to the weakening of foreign currencies against the U.S. dollar during the nine months ended September 30, 2015 compared to the prior period. This decrease was offset by an increase in the quantity of new and existing climb and mountain products sold during the period, which included additional apparel products sold by Black Diamond Equipment.

Consolidated domestic sales increased $5,816, or 12.6%, to $51,992 during the nine months ended September 30, 2015, compared to consolidated domestic sales of $46,176 during the nine months ended September 30, 2014. The increase in domestic sales was primarily attributable to an increase in the quantity of new and existing mountain, climb, and ski products sold during the period, which included additional apparel products sold by Black Diamond Equipment.

Consolidated international sales decreased $6,970, or 10.5%, to $59,198 during the nine months ended September 30, 2015, compared to consolidated international sales of $66,168 during the nine months ended September 30, 2014. The decrease in international sales was primarily attributable to a decrease in sales of $4,760 due to the weakening of foreign currencies against the U.S. dollar during the nine months ended September 30, 2015 compared to the prior period and a decrease in the quantity of new and existing climb, mountain, and ski products sold during the period.

Cost of Goods Sold

Consolidated cost of goods sold increased $877, or 1.2%, to $71,711 during the nine months ended September 30, 2015, compared to consolidated cost of goods sold of $70,834 during the nine months ended September 30, 2014. The increase in cost of goods sold was primarily attributable to an increase in the number of units sold.

Gross Profit

Consolidated gross profit decreased $2,031, or 4.9%, to $39,479 during the nine months ended September 30, 2015, compared to consolidated gross profit of $41,510 during the nine months ended September 30, 2014. Consolidated gross margin was 35.5% during the nine months ended September 30, 2015, compared to a consolidated gross margin of 36.9% during the nine months ended September 30, 2014. Consolidated gross margin during the nine months ended September 30, 2015, decreased compared to the prior year due to the weakening of foreign currencies against the U.S. dollar during the nine months ended September 30, 2015 compared to the prior period.

Selling, General and Administrative

Consolidated selling, general, and administrative expenses decreased $3,018, or 6.5%, to $43,470 during the nine months ended September 30, 2015, compared to consolidated selling, general, and administrative expenses of $46,488 during the nine months ended September 30, 2014. The decrease in selling, general and administrative expenses was attributable to the Company’s realization of savings from its restructuring plan implemented during 2014 to realign resources within the organization.

Restructuring Charges

Consolidated restructuring expense decreased $18, or 0.7%, to $2,572 during the nine months ended September 30, 2015, compared to consolidated restructuring expense of $2,590 during the nine months ended September 30, 2014. Restructuring expenses incurred during the nine months ended September 30, 2015, 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 of $1,521, the write-off of inventory that was directly attributable to the Company’s restructuring plan of $700, and other restructuring costs of $351.

Transaction Costs

Consolidated transaction expense increased to $446 during the nine months ended September 30, 2015, compared to consolidated transaction expense of $0 during the nine months ended September 30, 2014, which consisted of expenses related to the Company’s exploration of a full range of strategic alternatives for each of the Company’s brands.

Interest Expense, net

Consolidated interest expense, net, increased $265, or 14.7%, to $2,073 during the nine months ended September 30, 2015, compared to consolidated interest expense, net, of $1,808 during the nine months ended September 30, 2014. 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 to income of $346 during the nine months ended September 30, 2015 compared to consolidated other, net loss of $626 during the nine months ended September 30, 2014. The increase in other, net, was primarily attributable to gains on mark-to-market adjustments on non-hedged foreign currency contracts and cumulative translation adjustment gains, partially offset by remeasurement losses recognized on the Company’s foreign denominated accounts receivable and accounts payable.

(in thousands, except per share amounts)

Income Taxes

Consolidated income tax expense increased $49,578, or 1,415.3%, to an expense of $46,075 during the nine months ended September 30, 2015, compared to a consolidated income tax benefit of $3,503 during the same period in 2014. The increase in tax expense is due the Company recording an increase in its valuation allowance of $49,194 during the nine months ended September 30, 2015. The change in valuation allowance resulted in a discrete charge to income tax expense of $48,335 for the three months ended September 30, 2015. Certain events and circumstances transpired during the three months ended September 30, 2015, which caused the Company to conclude that realization of some portion of deferred tax assets does not satisfy the more-likely-than-not threshold.

Our effective income tax rate was 527.4% for the nine months ended September 30, 2015, compared to 35.0% for the same period in 2014. 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. As mentioned above, the change in valuation allowance resulted in a discrete charge to income tax expense of $48,335 for the nine months ended September 30, 2015.

Discontinued Operations

Discontinued operations decreased $21,022, or 102.1%, to loss of $430 during the nine months ended September 30, 2015, compared to discontinued operations income of $20,592 during the nine months ended September 30, 2014. During the nine months ended September 30, 2015, the Company recorded the activities of POC as discontinued operations. Whereas, during the nine months ended September 30, 2014, the Company sold the assets and liabilities of Gregory for $84,135 effective July 23, 2014 and as a result we recognized a pre-tax gain of $39,491. There was no activity for Gregory during the nine months ended September 30, 2015. As a result, the decrease was due primarily to recording the gain on sale, net of tax, of $19,558 in discontinued operations in our September 30, 2014 condensed consolidated financial statements as a result of the GMP Sale.

Liquidity and Capital Resources

Consolidated Nine months ended September 30, 2015 Compared to Consolidated Nine months ended September 30, 2014

The following presents a discussion of cash flows for the consolidated nine months ended September 30, 2015, compared with the consolidated nine months ended September 30, 2014. 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 September 30, 2015, we had total cash of $26,528 ($255 included in assets held for sale) and marketable securities of $9,235, compared with a cash balance of $31,034 ($1,246 included in assets held for sale) and marketable securities of $9,902 at December 31, 2014, which was substantially all controlled by the Company's U.S. entities. At September 30, 2015, the Company had $563 of the $26,528 in cash held by foreign entities; however, this cash is available for repatriation without significant tax consequence.

	Nine Months Ended	
	September 30, 2015	**September 30, 2014**
Net cash used in operating activities	$ (4,895)	$ (31,000)
Net cash (used in) provided by investing activities	(2,038)	78,745
Net cash provided by (used in) financing activities	2,563	(9,743)
Effect of foreign exchange rates on cash	(136)	313
Change in cash	(4,506)	38,315
Cash, beginning of period	31,034	4,478
Cash, end of period	$ 26,528	$ 42,793

(in thousands, except per share amounts)

Net Cash From Operating Activities

Consolidated net cash used in operating activities was $4,895 during the nine months ended September 30, 2015, compared to consolidated net cash used in operating activities of $31,000 during the nine months ended September 30, 2014. The decrease in net cash used in operating activities during 2015 is primarily due to a decrease in net operating assets or non-cash working capital of $29,674 during the nine months ended September 30, 2015, compared to the same period in 2014.

Free cash flow, defined as net cash used in operating activities less capital expenditures, was free cash flows used of $7,209 during the nine months ended September 30, 2015 compared to free cash flows used of $33,399 during the same period in 2014. 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:

	Nine Months Ended	
	September 30, 2015	September 30, 2014
Net cash used in operating activities	$ (4,895)	$ (31,000)
Purchase of property and equipment	(2,314)	(2,399)
Free cash flow	$ (7,209)	$ (33,399)

Net Cash From Investing Activities

Consolidated net cash used in investing activities was $2,038 during the nine months ended September 30, 2015, compared to consolidated net cash provided by investing activities of $78,745 during the nine months ended September 30, 2014. The cash provided during the nine months September 30, 2014 relates to the $81,140 of net proceeds we received for the sale of Gregory.

Net Cash From Financing Activities

Consolidated net cash provided by financing activities was $2,563 during the nine months ended September 30, 2015, compared to consolidated cash used in financing activities of $9,743 during the nine months ended September 30, 2014. The cash used during the nine months ended September 30, 2014 relates to the debt payments made using the proceeds from the GMP Sale. The cash provided during the nine months ended September 30, 2015 was primarily a result of net borrowing on the foreign credit facilities.

Net Operating Loss

As of December 31, 2014, the Company had net operating loss, research and experimentation credit and alternative minimum tax credit carryforwards for U.S. federal income tax purposes of $167,303 ($294 relates to excess tax benefits related to share based payment compensation, which will not be realized until an income tax payable exists), $1,337 and $56, respectively. To the extent the Company has future taxable income, 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.

As of December 31, 2014, the Company’s gross deferred tax asset was $73,465. The Company had recorded a valuation allowance of $16,081, resulting in a net deferred tax asset of $57,384, before deferred tax liabilities of $21,644. The Company provided a valuation allowance against a portion of the net deferred tax assets as of December 31, 2014, because the ultimate realization of those assets does not meet the more likely than not criteria. The need for a valuation allowance is reassessed at each interim reporting period. During the three months ended September 30, 2015, the Company recorded an increase to its valuation allowance of $49,194. The change in valuation allowance resulted in a discrete charge to income tax expense of $48,335 for the three and nine months ended September 30, 2015. Certain events and circumstances transpired during the three months ended September 30, 2015, which caused the Company to conclude that the realization of some portion of its deferred tax assets does not satisfy the more-likely-than-not threshold. As part of the POC Disposition that occurred on October 7, 2015, the assets and liabilities of POC have been segregated and reported as held for sale as of September 30, 2015 and December 31, 2014. The POC Disposition removed a substantial portion of the Company’s projected future taxable income. Additionally, during the three months ended September 30, 2015, the Company made the decision to scale back its apparel initiative and announced a realignment of resources. The totality of these events and circumstances impedes management’s ability to forecast future long-term taxable income to the extent that it does not meet the more likely than not threshold.

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 $20,000 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") and 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 ratio 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 "Amendment") to the Second Amended and Restated Loan Agreement. Pursuant to the 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 $240,000 to $170,000, with an annual increase of $2,000 for each fiscal year thereafter and certain additional changes were also made to the Second Amended and Restated Loan Agreement.

5% Senior Subordinated Notes due May 28, 2017

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

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

On April 7, 2011, Schiller Gregory Investment Company, LLC transferred its Merger Consideration Subordinated Note in equal amounts to the Robert R. Schiller Cornerstone Trust and the Deborah Schiller 2005 Revocable Trust. On June 24, 2013, the Robert R. Schiller Cornerstone Trust dated September 9, 2010 transferred its Merger Consideration Subordinated Note in the amount of $3,769 to the Robert R. Schiller 2013 Cornerstone Trust dated June 24, 2013. During the three and nine months ended September 30, 2015, $181 and $544 in interest was paid to Kanders GMP Holdings, LLC, respectively, and $95 and $283 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 nine months ended September 30, 2015, $5 and $14 in interest was paid to Kanders GMP Holdings, LLC, respectively, and $2 and $7 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, 2014.

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 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 September 30, 2015, 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 Chief Financial Officer concluded that the Company's disclosure controls and procedures as of September 30, 2015, 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 September 30, 2015, 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, 2014.

ITEM 5. OTHER INFORMATION

Peter Metcalf – Retirement

Mr. Peter Metcalf provided the Company with notice, which became effective on November 5, 2015, that he will voluntarily terminate his Employment Agreement, dated as of June 5, 2013, with the Company and will retire as the Company's Chief Executive Officer effective as of December 31, 2015. In connection therewith, Mr. Metcalf has provided a general release of the Company, and will not compete with the Company for a period of five years after the effective date of his retirement as the Company's Chief Executive Officer.

Warren B. Kanders – Principal Executive Officer

Following the retirement of Mr. Metcalf effective on December 31, 2015, Mr. Warren B. Kanders is expected to serve as the Company's principal executive officer. Mr. Kanders, who is 58 years of age, has served as one of our directors since June 2002 and as Executive Chairman of our Board of Directors since December 2002. Since 1990, Mr. Kanders has served as the President of Kanders & Company, Inc., a private investment firm principally owned and controlled by Mr. Kanders, that makes investments in and provides consulting services to public and private entities. From January 1996 until its sale to BAE Systems plc on July 31, 2007, Mr. Kanders served as the Chairman of the Board of Directors, and as the Chief Executive Officer from April 2003, of Armor Holdings, Inc., formerly a New York Stock Exchange-listed company and a manufacturer and supplier of military vehicles, armored vehicles and safety and survivability products and systems to the aerospace and defense, public safety, homeland security and commercial markets. Since 2012, Mr. Kanders has served as the Chairman of the Board of Directors and as the Chief Executive Officer of Maui Acquisition Corp., the sole equity owner of Safariland, LLC, a manufacturer and supplier of safety and survivability products to the public safety, homeland security and commercial markets. Mr. Kanders graduated with an A.B. degree in Economics from Brown University. Mr. Kanders also serves on the board of trustees of the Whitney Museum of American Art, the Winston Churchill Foundation and the Hospital for Special Surgery, and is a member of the Advisory Council of The Institute at Brown for Environment and Society. Mr. Kanders also was a former trustee of the Choate Rosemary Hall School.

Amendment No. 1 to Second Amended and Restated Loan Agreement

On November 9, 2015, the Company together with its direct and indirect domestic subsidiaries entered into a first amendment (the “Amendment”) to the second amended and restated loan agreement dated as of October 31, 2014 (the “Loan Agreement”) with Zions First National Bank (the “Lender”). Pursuant to the 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 $240,000 to $170,000, with an annual increase of $2,000 for each fiscal year thereafter, and certain additional changes were also made to the Loan Agreement.

A copy of the Amendment is attached to this Quarterly Report on Form 10-Q as Exhibit 10.1 and is incorporated herein by reference as though fully set forth herein. The foregoing summary description of the Amendment is not intended to be complete and is qualified in its entirety by the complete text of the Amendment.

ITEM 6. EXHIBITS

Exhibit	Description
2.1	Purchase Agreement dated as of October 7, 2015, by and among Black Diamond, Inc. and Ember Scandinavia AB, as sellers, and Dainese S.p.A. and Dainese U.S.A., Inc., as purchasers (filed as Exhibit 2.1 to the Company's Current Report on Form 8-K, filed with the Commission on October 14, 2015 and incorporated herein by reference).
10.1	First Amendment dated as of November 9, 2015, to Second Amended and Restated Loan Agreement, dated as of October 31, 2014, by and among Zions First National Bank, a national banking association, as Lender, and Black Diamond, Inc.; Black Diamond Equipment, Ltd.; Black Diamond Retail, Inc.; Everest/Sapphire Acquisition, LLC; BD North American Holdings, LLC, PIEPS Service, LLC; and BD European Holdings, LLC, as Borrowers.*
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: November 9, 2015

By: */s/ Peter R. Metcalf*
Name: Peter R. Metcalf
Title: Chief Executive Officer
(Principal Executive Officer)

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

BLACK DIAMOND, INC.

EXHIBIT INDEX

Exhibit	Description
10.1	First Amendment dated as of November 9, 2015, to Second Amended and Restated Loan Agreement, dated as of October 31, 2014, by and among Zions First National Bank, a national banking association, as Lender, and Black Diamond, Inc.; Black Diamond Equipment, Ltd.; Black Diamond Retail, Inc.; Everest/Sapphire Acquisition, LLC; BD North American Holdings, LLC, PIEPS Service, LLC; and BD European Holdings, LLC, as Borrowers.*
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101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document *
*	Filed herewith
**	Furnished herewith

FIRST AMENDMENT TO SECOND AMENDED AND RESTATED LOAN AGREEMENT

This First Amendment to Second Amended and Restated Loan Agreement (the "Amendment") is made and entered into as of November 9, 2015 by and among Black Diamond, Inc., a Delaware corporation, Black Diamond Equipment, Ltd., a Delaware corporation, Black Diamond Retail, Inc., a Delaware corporation, Everest/Sapphire Acquisition, LLC, a Delaware limited liability company, BD North American Holdings, LLC, a Delaware limited liability company, PIEPS Service, LLC, a Delaware limited liability company, and BD European Holdings, LLC, a Delaware limited liability company (collectively, the "Borrowers"), and Zions First National Bank, a national banking association (the "Lender").

Recitals

1. Lender has previously extended a loan to the Borrowers consisting of a revolving loan in the maximum principal amount of $30,000,000 (the "Loan"), which is governed by that certain Second Amended and Restated Loan Agreement dated as of October 31, 2014 (as amended from time to time, the "Loan Agreement") among the Borrowers, the other Loan Parties from time to time party thereto and the Lender. The Loan is evidenced by that certain Second Amended and Restated Promissory Note (Revolving Loan) dated October 31, 2014 executed by the Borrowers in favor of the Lender in the maximum principal amount of $30,000,000 (the "Note").

2. On October 7, 2015, Black Diamond, Inc. sold all of the issued and outstanding membership interests of POC USA, LLC, previously a "Borrower" under the Loan Agreement, as consented to by the Lender pursuant to a consent letter dated as of October 5, 2015.

3. The Borrowers and the Lender desire to modify and amend the Loan Agreement as provided herein.

Amendment

For good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Lender and the Borrowers hereby agree and amend and modify the Loan Agreement as follows:

1. Recitals. Each of the Borrowers and the Lender hereby acknowledges the accuracy of the Recitals, which are incorporated herein by reference.

2. Definitions. Except as otherwise provided herein, terms defined in the Loan Agreement shall have the same meaning when used herein. Terms defined in the singular shall have the same meaning when used in the plural and vice versa.

3. Amendment of Loan Agreement. The Loan Agreement is hereby modified and amended as follows:

(a) Net Worth. Section 6.14(b) Net Worth is hereby amended and restated in its entirety to read as follows:

b. Net Worth. Black Diamond and its Subsidiaries, on a Consolidated basis, will maintain a Net Worth, measured at each reporting period set forth in Section 6.7 Financial Statements and Reports, of not less than $170,000,000 through the Fiscal Year End for 2015, plus an increase of $2,000,000 during each Fiscal Year thereafter.

(b) Duplicate Originals; Counterpart Execution. Section 10.24 Duplicate Originals; Counterpart Execution is hereby amended and restated in its entirety to read as follows:

10.24 Duplicate Originals; Counterpart Execution; Electronic Copies

Two or more duplicate originals of the Loan Documents may be signed by the parties, each duplicate of which shall be an original but all of which together shall constitute one and the same instrument. Any of the Loan Documents may be executed in several counterparts, without the requirement that all parties sign each counterpart. Each of such counterparts shall be an original, but all counterparts together shall constitute one and the same instrument. Receipt by Lender and the Loan Parties of an executed copy of this Agreement by facsimile or electronic mail shall constitute conclusive evidence of execution and delivery of this Agreement by the signatory thereto.

Furthermore, Lender shall be entitled, in its sole discretion, to image or make copies of all or any selection of the agreements, instruments, documents, and items and records governing, arising from or relating to the Loan, including, without limitation, this Agreement and the other Loan Documents, and Lender may destroy (other than any promissory note) or archive the paper originals. Each of the Borrowers hereto (i) waives any right to insist or require that Lender produce paper originals (other than in respect of any promissory note), (ii) agrees that such images shall be accorded the same force and effect as the paper originals (other than negotiability in respect of any promissory note), (iii) agrees that Lender is entitled to use such images in lieu of destroyed or archived originals for any purpose (other than negotiability in respect of any promissory note), including as admissible evidence in any demand, presentment or other proceedings, and (iv) further agrees that any executed facsimile (faxed), scanned, or other imaged copy of this Agreement or any other Loan Document shall be deemed to be of the same force and effect as the original manually executed document (other than negotiability in respect of any promissory note).

4. Conditions Precedent to Closing this Amendment. This Amendment shall not become effective until the following conditions have been completed and proof of their completion has been provided to the Lender:

(a) On or prior to the execution and delivery of this Amendment, the Borrowers shall have executed and delivered, or caused to be executed and delivered, to the Lender, each in form and substance satisfactory to the Lender, such other documents, instruments, resolutions, subordinations, and other agreements as the Lender may require in its sole discretion.

(b) Each of the Borrowers shall perform all of the obligations of such Borrower under the Loan Documents or this Amendment to be performed contemporaneously with the execution and delivery of this Amendment.

(c) The Borrowers shall pay the Lender an amendment fee in the amount of $5,000 in cash. No portion of such fee shall be refunded in the event of early termination of the Loan Documents or any termination or reduction of the right of the Borrowers to request advances under the Loan Documents. The Lender is authorized and directed to disburse a sufficient amount of the Loan proceeds to pay this amendment fee in full.

(d) The Borrowers shall pay all fees and expenses in accordance with Section 6.

All conditions precedent set forth in this Amendment are for the sole benefit of the Lender and may be waived unilaterally by the Lender.

5. Conforming Modifications. Each of the Loan Documents is modified to be consistent herewith and to provide that it shall be a default or an Event of Default thereunder if the Borrowers shall fail to comply with any of the covenants of the Borrowers herein or if any representation or warranty by the Borrowers herein is materially incomplete, incorrect, or misleading as of the date hereof.

6. Fees and Expenses; Closing Fee

(a) Fees and Expenses. In consideration of the Lender's agreement to amend and modify the Loan and the Loan Documents, each of the Borrowers has agreed to pay to the Lender (i) all reasonable legal fees and expenses incurred by the Lender in connection herewith or with the Loan and the Loan Documents accrued and unpaid as of the date hereof and (ii) all other reasonable costs and expenses incurred by the Lender in connection with this Amendment.

(b) Method of Payment. The foregoing fees and expenses shall be paid by the Borrowers to the Lender on the date hereof or at such later date as such fees, costs and expenses are incurred by the Lender; provided, however, that if such fees and expenses are not promptly paid, the Lender is authorized and directed, upon execution of this Amendment and fulfillment of all conditions precedent hereunder, to disburse a sufficient amount of the Loan to pay these fees and expenses in full. Each of the Borrowers acknowledges and agrees that such fees, costs, and expenses are fully earned and nonrefundable as of the date this Amendment is executed and delivered by the parties hereto, and that no portion of such fee shall be refunded in the event of early termination of the Loan Agreement or any termination or reduction of the right of any Borrower to request advances under the Loan Agreement or the Note.

7. Borrowers Representations and Warranties. Each of the Borrowers hereby affirms and again makes the representations and warranties set forth in Section 5 of the Loan Agreement as of the date of this Amendment, except to the extent that any such representations and warranties refer specifically to an earlier date.

8. Borrowers Covenants

(a) The Borrowers shall execute, deliver, and provide to the Lender such additional agreements, documents, and instruments as reasonably required by the Lender to effectuate the intent of this Amendment.

(b) Each of the Borrowers fully, finally, and forever releases and discharges the Lender and its successors, assigns, directors, officers, employees, agents, and representatives from any and all actions, causes of action, claims, debts, demands, liabilities, obligations, and suits, of whatever kind or nature, in law or equity, that such Borrower has or in the future may have, whether known or unknown, in respect of the Loan, the Loan Documents, or the actions or omissions of the Lender in respect of the Loan or the Loan Documents arising from events occurring prior to the date of this Amendment.

9. Loan Documents Remain in Full Force and Effect; Collateral. The Loan Documents are ratified and affirmed by each of the Borrowers and shall remain in full force and effect as modified hereby. Any property rights or rights to or interests in property granted as security in the Loan Documents shall remain as security for the Loan and the obligations of the Borrowers in the Loan Documents.

10. Integrated Agreement; Amendment. This Amendment, together with the Loan Agreement and the other Loan Documents, constitutes the entire agreement between the Lender and the Borrowers concerning the subject matter hereof, and may not be altered or amended except by written agreement signed by Lender. PURSUANT TO UTAH CODE SECTION 25-5-4, EACH BORROWER IS NOTIFIED THAT THESE AGREEMENTS ARE A FINAL EXPRESSION OF THE AGREEMENT BETWEEN THE LENDER AND THE BORROWERS AND THESE AGREEMENTS MAY NOT BE CONTRADICTED BY EVIDENCE OF ANY ALLEGED ORAL AGREEMENT.

11. GOVERNING LAW. THIS AMENDMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS (WITHOUT REGARD TO THE CONFLICT OF LAWS PROVISIONS) OF THE STATE OF UTAH.

12. Time. Time is of the essence with respect to this Amendment.

13. Counterpart Execution. This Amendment may be executed in one or more counterparts, each of which shall be deemed an original and all of which together shall constitute one and the same document. Signature pages may be detached from the counterparts and attached to a single copy of this Amendment to physically form one document. Receipt by the Lender of an executed copy of this Amendment by facsimile or electronic mail shall constitute conclusive evidence of execution and delivery of this Amendment by the signatory thereto.

All other prior and contemporaneous agreements, arrangements, and understandings between the parties hereto as to the subject matter hereof are, except as otherwise expressly provided herein, rescinded.

This Amendment and the Loan Agreement (together with any other amendment thereto) shall be read and interpreted together as one agreement.

IN WITNESS WHEREOF, this Amendment has been executed and becomes effective as of the date first written above.

Lenders:

Zions First National Bank

By: /s/ Michael R. Brough
Name: Michael R. Brough
Title: Senior Vice President

Borrower:

Black Diamond, Inc.

By:/s/ Aaron J. Kuehne
Name: Aaron J. Kuehne
Title: Chief Financial Officer, Treasurer and Secretary

Black Diamond Equipment, Ltd.

By:/s/ Aaron J. Kuehne
Name: Aaron J. Kuehne
Title: Chief Financial Officer and Secretary

Black Diamond Retail, Inc.

By:/s/ Aaron J. Kuehne
Name: Aaron J. Kuehne
Title: Chief Financial Officer and Secretary

Everest/Sapphire Acquisition, LLC

By: /s/ Aaron J. Kuehne
Name: Aaron J. Kuehne
Title: Treasurer and Secretary

BD North American Holdings, LLC

By: /s/ Aaron J. Kuehne
Name: Aaron J. Kuehne
Title: Treasurer

PIEPS Service, LLC

By: /s/ Aaron J. Kuehne
Name: Aaron J. Kuehne
Title: Treasurer and Secretary

BD European Holdings, LLC

By: /s/ Aaron J. Kuehne
Name: Aaron J. Kuehne
Title: Treasurer and Secretary

BLACK DIAMOND, INC.

EXHIBIT 31.1

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: November 9, 2015

By:	/s/ Peter R. Metcalf
Name:	Peter R. Metcalf
Title:	Chief Executive Officer (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: November 9, 2015	By:	/s/ Aaron J. Kuehne
	Name:	Aaron J. Kuehne
	Title:	Chief Financial Officer (Principal Financial Officer)

BLACK DIAMOND, INC.

Exhibit 32.1

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

In connection with the Quarterly Report of Black Diamond, Inc. (the “Company”) on Form 10-Q for the period ended September 30, 2015 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Peter R. Metcalf, 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: November 9, 2015	By:	/s/ Peter R. Metcalf
	Name:	Peter R. Metcalf
	Title:	Chief Executive Officer (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 September 30, 2015 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Aaron Kuehne, Chief Financial Officer, certify to my knowledge, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

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

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

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

Date: November 9, 2015	By:	/s/ Aaron J. Kuehne
	Name:	Aaron J. Kuehne
	Title:	Chief Financial Officer (Principal Financial Officer)