

Unaudited Condensed Consolidated Interim Financial Statements

Black Diamond Group Limited

For the three and six month periods ended June 30, 2012 and 2011

Black Diamond Group Limited
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(Unaudited)

(Expressed in thousands)

As at	June 30, 2012	December 31, 2011
	\$	\$
ASSETS		
Current		
Cash and cash equivalents	-	22,990
Trade and other receivables (<i>note 3</i>)	56,783	47,641
Due from related parties	-	1,313
Prepaid expenses and other current assets	11,824	7,978
	68,607	79,922
Non-Current		
Property and equipment (<i>note 4</i>)	350,125	301,073
Intangible assets and other non-current assets	10,249	10,778
Goodwill	34,662	34,657
	463,643	426,430
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Operating facility (<i>note 5</i>)	4,239	-
Accounts payable and accrued liabilities (<i>note 8</i>)	30,385	24,708
Due to related parties	1,186	1,415
Dividends payable (<i>note 12</i>)	2,296	1,771
Income taxes payable	4,785	44
	42,891	27,938
Non-Current		
Long-term debt (<i>notes 6 and 14</i>)	86,249	86,130
Deferred revenue (<i>note 8</i>)	67	80
Risk management liability (<i>note 14</i>)	1,658	2,074
Asset retirement obligations	1,935	1,907
Deferred taxes	42,150	38,892
	174,950	157,021
Shareholders' equity		
Share capital (<i>note 9</i>)	248,686	240,350
Contributed surplus (<i>note 11</i>)	3,079	4,778
Non-controlling interest	2,897	1,359
Accumulated other comprehensive loss	(2,927)	(2,889)
Retained earnings	36,958	25,811
	288,693	269,409
	463,643	426,430

See accompanying notes to the unaudited condensed consolidated interim financial statements

Black Diamond Group Limited
CONSOLIDATED STATEMENT OF NET INCOME
(Unaudited)

(Expressed in thousands, except per share amounts)

	Three month period ended		Six month period ended	
	June 30, 2012	June 30, 2011	June 30, 2012	June 30, 2011
	\$	\$	\$	\$
Revenue (note 15)	61,974	56,801	120,931	112,532
Direct costs (note 16)	27,676	28,342	53,033	56,025
Gross Profit	34,298	28,459	67,898	56,507
Expenses				
Administrative expenses (notes 9 and 16)	8,683	7,368	16,374	13,994
Depreciation of property and equipment	7,895	6,641	15,209	12,655
Amortization of intangibles	220	373	440	763
	16,798	14,382	32,023	27,412
Operating profit	17,500	14,077	35,875	29,095
Finance costs (note 17)	1,331	993	2,745	2,041
Income before income taxes	16,169	13,084	33,130	27,054
Income tax				
Current	1,617	19	4,737	36
Deferred	2,352	3,129	3,392	6,793
	3,969	3,148	8,129	6,829
Net income	12,200	9,936	25,001	20,225
Net income attributable to non-controlling interest	1,224	551	982	945
Net income attributable to Black Diamond Group Limited	10,976	9,385	24,019	19,280
Net income per share (note 10)				
Basic	0.29	0.27	0.64	0.57
Diluted	0.28	0.26	0.62	0.55

See accompanying notes to the unaudited condensed consolidated interim financial statements

Black Diamond Group Limited
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
(Unaudited)

(Expressed in thousands)

	Three month period ended		Six month period ended	
	June 30, 2012	June 30, 2011	June 30, 2012	June 30, 2011
	\$	\$	\$	\$
Net income attributable to Black Diamond Group Limited	10,976	9,385	24,019	19,280
Realized portion of derivative designated as cash flow hedge (net of tax)	(344)	(692)	(227)	(571)
Unrealized gain/(loss) in derivative financial instruments designated as cash flow hedges (net of tax)	344	409	539	541
Cumulative translation adjustment	804	(393)	(350)	(1,965)
Comprehensive income attributable to Black Diamond Group Limited	11,780	8,709	23,981	17,285

Black Diamond Group Limited
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
(Unaudited)

(Expressed in thousands)

	Share capital	Contributed surplus	Non-controlling interest	Accumulated other comprehensive income	Retained earnings	Total
Balance as at 1/1/2011	187,925	4,246	348	(3,151)	5,260	194,628
Net income for the period	-	-	945	-	19,280	20,225
Unrealised loss on derivative instrument	-	-	-	(30)	-	(30)
Cumulative translation adjustment	-	-	-	(1,965)	-	(1,965)
Dividends declared (<i>note 12</i>)	-	-	-	-	(9,810)	(9,810)
Distribution to partners	-	-	(925)	-	-	(925)
Share capital issued	49,587	-	-	-	-	49,587
Share capital issued on exercise of options (<i>note 9</i>)	2,324	(1,055)	-	-	-	1,269
Purchase of shares in trust	(74)	-	-	-	-	(74)
Incurring share issue costs	-	-	-	-	-	-
Share based compensation (<i>note 9</i>)	-	901	-	-	-	901
Balance as at 6/30/2011	239,762	4,092	368	(5,146)	14,730	253,806
Balance as at 1/1/2012	240,350	4,778	1,359	(2,889)	25,811	269,409
Net income for the period	-	-	982	-	24,019	25,001
Realized derivative gain (net)	-	-	-	(227)	-	(227)
Unrealized loss on derivative instrument (net)	-	-	-	539	-	539
Cumulative translation adjustment	-	-	-	(350)	-	(350)
Dividends declared (<i>note 12</i>)	-	-	-	-	(12,872)	(12,872)
Capital transactions with partners	-	-	759	-	-	759
Distribution to partners	-	-	(203)	-	-	(203)
Share capital issued on exercise of options (<i>note 9</i>)	9,103	(3,029)	-	-	-	6,074
Purchase of shares in trust	(993)	-	-	-	-	(993)
Vesting of shares in trust	136	(136)	-	-	-	-
Sale of shares in trust	90	10	-	-	-	100
Share based compensation (<i>note 9</i>)	-	1,456	-	-	-	1,456
Balance as at 6/30/2012	248,686	3,079	2,897	(2,927)	36,958	288,693

Black Diamond Group Limited
CONSOLIDATED STATEMENT OF CASH FLOWS
(Unaudited)

(Expressed in thousands)

	Three month period ended		Six month period ended	
	June 30, 2012	June 30, 2011	June 30, 2012	June 30, 2011
	\$	\$	\$	\$
Operating activities				
Net income attributable to Black Diamond Group Limited	10,976	9,385	24,019	19,280
Add (deduct) non-cash items:				
Depreciation of property and equipment <i>(note 4)</i>	7,895	6,641	15,209	12,655
Amortization of intangible assets	220	373	440	763
Net income attributable to non-controlling interest	1,224	551	982	945
Unrealized foreign exchange (gain)/loss <i>(note 16)</i>	(14)	(12)	(42)	(4)
Finance costs	1,331	993	2,745	2,041
Deferred income taxes	2,352	3,129	3,392	6,793
Share-based compensation expense <i>(note 9)</i>	861	469	1,456	901
	24,845	21,529	48,201	43,374
Book value of used fleet sales in operating activities	1,400	1,667	3,458	3,398
Change in non-cash working capital related to operating activities <i>(note 13)</i>	(2,802)	(8,583)	(8,419)	(37,864)
Net cash from/ (used in) operating activities	23,443	14,613	43,240	8,908
Investing activities				
Purchase of property and equipment	(47,928)	(20,723)	(67,605)	(48,533)
Change in non-cash working capital related to investing activities <i>(note 13)</i>	7,982	(774)	6,958	6,286
Net cash used in investing activities	(39,946)	(21,497)	(60,647)	(42,247)
Financing activities				
Proceeds from long-term debt <i>(note 6)</i>	-	10,000	-	46,000
Repayment of long-term debt	-	(49,031)	-	(49,031)
Sale of shares held in trust	100	-	100	0
Repayment of finance lease	-	(182)	-	(347)
Interest in period <i>(note 17)</i>	(1,253)	(975)	(2,597)	(2,006)
Net proceeds from issuance of shares	-	48,889	-	48,889
Dividend payments <i>(note 12)</i>	(6,471)	(4,909)	(12,346)	(9,526)
Distribution to non-controlling interests	(393)	(607)	(393)	(925)
Purchase of shares in trust <i>(note 9)</i>	-	-	(993)	(74)
Share options exercised <i>(note 9)</i>	2,964	782	6,074	1,269
Advances/(repayment) of operating facility	4,239	2,336	4,239	(1,740)
Change in non-cash working capital related to financing activities <i>(note 13)</i>	915	579	381	847
Net cash from/(used in) financing activities	101	6,882	(5,535)	33,356
Increase/ (decrease) in cash and cash equivalents	(16,402)	(2)	(22,942)	17
Cash and cash equivalents, beginning of year	16,450	-	22,990	-
Effect of foreign currency rate changes on cash and cash equivalents	(48)	2	(48)	(17)
Cash and cash equivalents, end of period	-	-	-	-

See accompanying notes to the unaudited condensed consolidated interim financial statements

Black Diamond Group Limited
NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL
STATEMENTS

For the three and six month periods ended June 30, 2012 and 2011
(Amounts expressed in thousands, except share and per share amounts)

1. GENERAL INFORMATION

The condensed consolidated interim financial statements of Black Diamond Group Limited for the three and six months ended June 30, 2012 were authorized for issue in accordance with a resolution of the Board of Directors on August 8, 2012. Black Diamond Group Limited and its controlled limited partnerships (“Black Diamond”, “Company”, and the “Group”) are headquartered and incorporated in Calgary, Alberta. The address of the Company’s registered office is Suite 2000, 715 – 5th Avenue S.W., Calgary, Alberta, Canada. The business of Black Diamond, through its subsidiary companies, BOXX Modular Inc., Nortex Modular Space, Black Diamond Energy Services Inc. and Black Diamond Limited Partnership, and limited partnerships with third parties, Black Diamond Dene Limited Partnership, Black Diamond West Moberly Limited Partnership, and Black Diamond Nehiyawak Limited Partnership, is to rent modular structures for use as workforce accommodation and temporary workspace, rent various types of oilfield equipment used in the exploration and production of oil and gas and to provide complementary services including transportation, installation, dismantling, repair and maintenance of modular structures and oilfield rental equipment. The business of Black Diamond is conducted through three reportable segments: Camps and Logistics, Space Rentals and Energy Services.

The common shares of the Company are listed on the Toronto Stock Exchange.

All comparative share capital and earnings per share amounts have been adjusted from amounts previously reported for the two for one share split that occurred August 25, 2011.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

These unaudited consolidated interim financial statements are in accordance with IAS 34 – Interim Financial Reporting, as issued by the International Accounting Standards Board (IASB) and its interpretations. Accordingly, these unaudited consolidated interim financial statements do not include all of the information and footnotes required by International Financial Reporting Standards (IFRS) for complete financial statements for year-end reporting purposes.

The same accounting policies and methods of computation were followed in the preparation of these unaudited consolidated interim financial statements as were followed in the preparation of the annual consolidated financial statements for the two years ended December 31, 2011. Accordingly, these unaudited consolidated interim financial statements for the three and six months ended June 30, 2012 should be read together with the annual consolidated financial statements for the year ended December 31, 2011.

The unaudited consolidated interim financial statements are presented in Canadian dollars and all amounts are rounded to the nearest thousand (\$’000), except where otherwise indicated. Certain figures in the prior year’s financial statements have reclassified to conform to the current year’s presentation.

Black Diamond Group Limited
NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

*For the three and six month periods ended June 30, 2012 and 2011
(Amounts expressed in thousands, except share and per share amounts)*

2. SIGNIFICANT ACCOUNTING POLICES (continued)

Significant accounting judgments, estimates and assumptions

The nature of the business and timely preparation of consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions, and use judgment regarding assets, liabilities, revenues and expenses. Such estimates primarily relate to the accrual of unsettled transactions, collectability of accounts receivable, recognition of provisions and contingent obligations, the estimated useful lives of property and equipment, useful lives of intangible assets, percentage complete for certain types of revenue recognition, the fair value of share-based compensation awards and the future cash flows used to estimate the fair value of cash-generating units for goodwill impairment purposes. Accordingly, actual results may differ from estimated amounts. Management has also used judgment in the determination of control, definition of a business, determination of cash generating units, effectiveness of hedging relationships and determination of functional currency.

If the underlying estimates and assumptions, upon which the condensed consolidated interim financial statements are based, change in future periods, actual amounts may differ from those included in the accompanying condensed consolidated interim financial statements.

Basis of consolidation

Included in these condensed consolidated interim financial statements are the financial statements of Black Diamond and all of its subsidiary companies and limited partnerships. Certain of these entities have non-controlling interests presented separately in these condensed consolidated interim financial statements. The results of combined business operations are included in these condensed consolidated interim financial statements from their effective dates of combination. All inter-entity balances, transactions and unrealized gains or losses have been eliminated upon consolidation.

Management determines control to exist where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Where the Company has control but the Company's interest is less than one hundred percent, the interest attributable to partners is reflected in non-controlling interests.

Black Diamond Group Limited
NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL
STATEMENTS

For the three and six month periods ended June 30, 2012 and 2011
(Amounts expressed in thousands, except share and per share amounts)

3. ACCOUNTS RECEIVABLE

	June 30, 2012	December 31, 2011
Trade and accrued receivables	57,022	47,879
Provision for doubtful debts	(239)	(238)
Net trade receivables	56,783	47,641

Movement in provision for doubtful accounts	June 30, 2012	December 31, 2011
Balance at January 1, 2012 and 2011	238	72
Amount provided in the period	105	269
Collected in period	-	32
Written off in period	(104)	(135)
Balance at end of period	239	238

Credit risk arises from the possibility that the entities to which Black Diamond provides rentals and/or services are unable to meet their obligations. Black Diamond manages this risk by assessing the creditworthiness of its customers on an ongoing basis and by monitoring the age of receivable balances outstanding. To date, Black Diamond's bad debts have been within expectations and are limited to specific customer circumstances.

Provisions for impairment of receivables are made and have two components:

- A provision for amounts that have been individually determined not to be collectible in full, because of known financial difficulties of the debtor or evidence of default or delinquency in payment; and
- A provision based on historic experience of non-collectability of receivables.

As at June 30, 2012, 27% of Black Diamond's consolidated accounts receivable are due from two customers, each with an outstanding balance greater than \$5 million and 10% of the consolidated total. These customers are significant companies in the oil and gas industry and are considered to have high creditworthiness, with the revenue recognised in both the Space Rentals and Camps and Logistics segments.

Black Diamond Group Limited
NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

*For the three and six month periods ended June 30, 2012 and 2011
(Amounts expressed in thousands, except share and per share amounts)*

3. ACCOUNTS RECEIVABLE (continued)

Trade and accrued receivables are aged with respect to the payment terms specified in the terms and conditions established with customers. Amounts are not due until invoiced, with normal invoicing terms being net 30 days. The aging of the trade and accrued receivables is as follows:

<u>As at</u>	<u>June 30, 2012</u>	<u>December 31, 2011</u>
Amounts not yet due	46,714	42,781
Past due not more than 30 days	3,293	2,521
Past due not more than 60 days	2,390	207
Past due not more than 90 days	1,248	925
Past due greater than 90 days	3,138	1,207
	<u>56,783</u>	<u>47,641</u>

4. PROPERTY AND EQUIPMENT

Net book value

	<u>As at 6/30/2012</u>	<u>As at 12/31/2011</u>
Computers, furniture and service equipment	3,589	3,940
Space rentals fleet equipment	88,854	78,403
Camps and workforce housing fleet equipment	186,356	159,514
Surface rental equipment	46,092	33,012
Carry-on options	1,356	1,834
Land	6,779	6,805
Building	1,570	
Leasehold improvements	8,271	8,180
Deposits on equipment	5,947	7,985
Asset retirement obligation	1,311	1,400
	<u>350,125</u>	<u>301,073</u>

Black Diamond Group Limited
NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL
STATEMENTS

For the three and six month periods ended June 30, 2012 and 2011
(Amounts expressed in thousands, except share and per share amounts)

4. PROPERTY AND EQUIPMENT (continued)

<u>Cost</u>	As at				Exchange	As at
	1/1/2012	Additions	Disposals	Transfers	rate	6/30/2012
					adjustment	
Computers, furniture and service equipment	7,419	644	(26)	(626)	4	7,415
Space rentals fleet equipment	90,593	13,048	(1,568)	1,449	121	103,643
Camps and workforce housing fleet equipment	200,088	36,335	(3,675)	832	4	233,584
Surface rental equipment	39,118	10,841	(9)	4,408	-	54,358
Carry-on options	4,266	411	(2)	(31)	-	4,644
Land	6,805	(26)	-	-	-	6,779
Building	-	277	-	1,300	-	1,577
Leasehold improvements	10,377	137	-	650	-	11,164
Deposits on equipment	7,985	5,938	(2)	(7,982)	8	5,947
Asset retirement obligation	1,780	-	-	-	2	1,782
	<u>368,431</u>	<u>67,605</u>	<u>(5,282)</u>	<u>-</u>	<u>139</u>	<u>430,893</u>

<u>Accumulated Depreciation</u>	As at	Charge			Exchange	As at
	1/1/2012	for the	Disposals	Transfers	rate	6/30/2012
		period			adjustment	
Computers, furniture and service equipment	3,479	483	(7)	(133)	4	3,826
Space rentals fleet equipment	12,190	2,698	(251)	131	21	14,789
Camps and workforce housing fleet equipment	40,574	7,899	(1,563)	318	-	47,228
Surface rental equipment	6,106	2,445	(2)	(283)	-	8,266
Carry-on options	2,432	890	(1)	(33)	-	3,288
Buildings	-	7	-	-	-	7
Leasehold improvements	2,197	696	-	-	-	2,893
Asset retirement obligation	380	91	-	-	-	471
	<u>67,358</u>	<u>15,209</u>	<u>(1,824)</u>	<u>-</u>	<u>25</u>	<u>80,768</u>

Black Diamond Group Limited
NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

*For the three and six month periods ended June 30, 2012 and 2011
(Amounts expressed in thousands, except share and per share amounts)*

4. PROPERTY AND EQUIPMENT (continued)

<u>Cost</u>	<u>As at</u> <u>1/1/2011</u>	<u>Additions</u>	<u>Disposals</u>	<u>Transfers</u>	<u>Exchange</u> <u>rate</u> <u>adjustment</u>	<u>As at</u> <u>12/31/2011</u>
Computers, furniture and service equipment	5,796	1,411	(248)	409	51	7,419
Space rentals fleet equipment	80,687	13,303	(4,761)	758	606	90,593
Camps and workforce housing fleet equipment	168,018	44,174	(10,897)	(1,309)	102	200,088
Surface rental equipment	18,634	20,989	(3,069)	2,564	-	39,118
Carry-on options	4,102	1,279	(1,217)	100	2	4,266
Land	2,278	4,509	-	-	18	6,805
Leasehold improvements	9,607	996	-	(223)	(3)	10,377
Deposits on equipment	2,299	7,985	-	(2,299)	-	7,985
Asset retirement obligation	1,692	88	-	-	-	1,780
	<u>293,113</u>	<u>94,734</u>	<u>(20,192)</u>	<u>-</u>	<u>776</u>	<u>368,431</u>

<u>Accumulated Depreciation</u>	<u>As at</u> <u>1/1/2011</u>	<u>Charge</u> <u>for the</u> <u>period</u>	<u>Disposals</u>	<u>Transfers</u>	<u>Exchange</u> <u>rate</u> <u>adjustment</u>	<u>As at</u> <u>12/31/2011</u>
Computers, furniture and service equipment	2,589	861	(71)	67	33	3,479
Space rentals fleet equipment	7,789	5,101	(699)	(102)	101	12,190
Camps and workforce housing fleet equipment	28,682	15,396	(2,843)	(661)	-	40,574
Surface rental equipment	3,740	2,916	(1,207)	657	-	6,106
Carry-on options	2,037	1,556	(1,201)	39	1	2,432
Leasehold improvements	960	1,231	-	-	6	2,197
Asset retirement obligation	156	224	-	-	-	380
	<u>45,953</u>	<u>27,285</u>	<u>(6,021)</u>	<u>-</u>	<u>141</u>	<u>67,358</u>

Land and deposits on equipment are not subject to depreciation.

Black Diamond Group Limited
NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL
STATEMENTS

For the three and six month periods ended June 30, 2012 and 2011
(Amounts expressed in thousands, except share and per share amounts)

5. OPERATING FACILITY

Black Diamond has a committed revolving operating loan facility authorized to a maximum of the lesser of (i) \$10,000 and (ii) 75% of Canadian trade accounts receivable and 60% of US trade accounts receivable, in each case, less than 90 days old. The operating facility is accessible in multiples of \$100 and matures on December 31, 2013. By December 31, 2012, the Company may elect to request a one year extension. As at June 30, 2012, \$10,000 was available under the facility and the Company had drawn \$nil (December 31, 2011 - \$10,000 available and \$nil drawn). The facility bears interest at a rate that is on a sliding scale depending on the ratio of funded debt to EBITDA ⁽¹⁾ and is established in concert with each of the Company's quarterly financial statements. At June 30, 2012, the rate charged on this facility is bank prime plus 1.00% (December 31, 2011 – bank prime plus 1.25%) for an effective rate of 4% (December 31, 2011 - 4.25%). The facility is collateralized by a general security agreement from Black Diamond, a guarantee and general security agreement from each of its material subsidiaries and a pledge of the shares or equity interests of such material subsidiaries.

Black Diamond also has a hedging credit facility with its lenders authorizing it to enter into non-speculative interest rate hedges and/or foreign currency hedges with its lenders, and providing credit against losses on the hedge instruments up to a maximum of \$5,000. All hedges subject to this arrangement are collateralized by the same security and guarantees as the operating and capex facilities (*note 6*).

Black Diamond, through its wholly owned subsidiary, Nortex, also has a US \$3,000 committed revolving loan facility to fund working capital requirements of Nortex. The facility bears interest at a rate of US prime plus 1% subject to a 5% minimum rate. At June 30, 2012, the effective rate was 5% (December 31, 2011 – 5%). Interest on drawings is to be paid monthly with any principal outstanding to be repaid upon maturity. The facility is collateralized by a letter of credit issued by the Company's Canadian lenders under the capex facility. At June 30, 2012 there was US \$1,500 (December 31, 2011 - \$nil) drawn on the Nortex facility.

The June 30, 2012 balance consists of \$2,712 for cheques drawn in excess of cash balance and \$1,527 drawn on the Nortex facility (December 31, 2011 - \$nil).

- (1) EBITDA is not a recognized measure under GAAP. Management believes that in addition to net earnings, EBITDA is a useful supplemental measure as it provides an indication of the Company's ability to generate cash flow in order to fund working capital, service debt and fund capital programs, and it is regularly provided to the Chief Operating Decision Maker. The Company's method of calculating EBITDA may differ from other entities and accordingly, may not be comparable to measures used by other entities.

Black Diamond Group Limited
NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL
STATEMENTS

*For the three and six month periods ended June 30, 2012 and 2011
(Amounts expressed in thousands, except share and per share amounts)*

6. LONG-TERM DEBT

	June 30, 2012	December 31, 2011
	\$	\$
Committed Revolving Capex facility bearing interest at an effective variable rate of 4.00%, as at June 30, 2012. The interest rate is determined using a sliding scale depending on the ratio of funded debt to EBITDA and is established in concert with each of the Company's quarterly financial statements. The committed facility of \$115,000 (December 31, 2011- \$115,000) is available to December 31, 2013 and may not exceed 60% of the net book value of tangible capital property and equipment less the principal and any accrued and unpaid interest on the Senior Secured Notes. As at June 30, 2012, \$115,000 (December 31, 2011- \$106,580) was available. The facility is interest only payable monthly in arrears until December 31, 2013 and, if not extended by one year by December 31, 2012, the facility in aggregate will be reduced beginning in 2014 by equal quarterly reductions in an amount equal to 1/16 th of the commitment on December 31, 2012. The facility is collateralized by a general security agreement from Black Diamond, a guarantee and general security agreement from each of its material subsidiaries and a pledge of the shares or equity interests of such material subsidiaries.	25,000	25,000
Private placement of Senior Secured notes, ranked pari passu with the senior credit facilities with the same collateral, at an interest rate of 5.44% per annum and maturing on July 8, 2019. The amortizing scheduled annual repayment of the notes begins on July 7, 2015.	62,000	62,000
Costs associated with issue of Senior Secured notes	(949)	(949)
Amortization of costs associated with issue	198	79
Amounts payable within one year	86,249	86,130
	86,249	86,130

At June 30, 2012, Black Diamond was in compliance with all of its debt covenants. Breach of any term or condition of the facilities described above and in Note 5 would result in an event of default in which case Black Diamond may have available specific cure periods to remedy such default. If the default is not remedied or waived, the lenders have the option to declare the obligations of Black Diamond under the credit facilities to be immediately due and payable without presentment, demand, protest or further notice of any kind.

At June 30, 2012, the Company issued and has outstanding letters of credit in the amount of US \$3,000 (December 31, 2011 – US \$3,000) which mature December 31, 2012.

Black Diamond Group Limited
NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

*For the three and six month periods ended June 30, 2012 and 2011
(Amounts expressed in thousands, except share and per share amounts)*

7. CAPITAL DISCLOSURE

Black Diamond's objectives when managing capital are:

- to maintain the strength of its statement of financial position, ensuring Black Diamond's strategic objectives are met, while retaining an appropriate amount of leverage;
- to provide an appropriate return to shareholders relative to the risk of Black Diamond's underlying assets; and
- to maintain a credit rating that Black Diamond considers appropriate for its circumstances.

Black Diamond manages its capital structure within guidelines approved by the Board of Directors. Black Diamond considers its capital structure to include shareholders' equity, short and long term credit facilities and working capital. Black Diamond makes adjustments to its capital structure based on changes in economic conditions and Black Diamond's planned requirements. Black Diamond has the ability to adjust its capital structure by issuing new equity or debt, selling assets to reduce debt, controlling the amount it dividends to the shareholders and making adjustments to its capital expenditure program. The only restriction Black Diamond has on its capital is in respect of certain financial covenants with regards to the credit facilities disclosed in Notes 5 and 6.

Black Diamond monitors capital using the Funded Debt/EBITDA ⁽¹⁾ ratio, and the Dividends/ (EBITDA – interest expense) ratio. The first ratio is calculated using interest bearing debt net of cash and cash equivalents per the Statement of Financial Position and EBITDA, which is defined as follows:

	Three month period ended		Six month period ended	
	June 30,	June 30,	June 30,	June 30,
	2012	2011	2012	2011
	\$	\$	\$	\$
Net income attributable to Black Diamond Group Limited	10,976	9,385	24,019	19,280
Add:				
Depreciation, amortization	8,115	7,014	15,649	13,418
Finance costs	1,331	993	2,745	2,041
Foreign exchange gain-(unrealized)	(14)	(12)	(42)	(4)
Deferred income taxes	2,352	3,129	3,392	6,793
Current income taxes	1,617	19	4,737	36
Non-controlling interest	1,224	551	982	945
Share-based compensation	861	469	1,456	901
EBITDA	<u>26,462</u>	<u>21,548</u>	<u>52,938</u>	<u>43,410</u>

Black Diamond Group Limited
NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

*For the three and six month periods ended June 30, 2012 and 2011
(Amounts expressed in thousands, except share and per share amounts)*

7. CAPITAL DISCLOSURE (continued)

The Company targets to maintain the first ratio at a level below 2.0. At June 30, 2012, the ratio is 0.86 (December 31, 2011 - 0.67). The second ratio uses dividends per Note 12, EBITDA as defined above, and interest on long-term debt per Note 17. Black Diamond targets to maintain this ratio below a level of 0.6. For the three and six month periods ended June 30, 2012 the ratios are 0.26 and 0.24, respectively (year ended December 31, 2011 - 0.27).

- (1) EBITDA is not a recognized measure under GAAP. Management believes that in addition to net earnings, EBITDA is a useful supplemental measure as it provides an indication of the Company's ability to generate cash flow in order to fund working capital, service debt and fund capital programs, and it is regularly provided to the Chief Operating Decision Maker. The Company's method of calculating EBITDA may differ from other entities and accordingly, may not be comparable to measures used by other entities.

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	As at 6/30/2012	As at 12/31/2011
<i>Current</i>	\$	\$
Trade payables	14,424	8,624
Accruals	12,832	12,330
Deferred revenue	369	1,992
Other payables	2,760	1,762
	<u>30,385</u>	<u>24,708</u>
<i>Non-current</i>		
Customer deposits	<u>67</u>	<u>80</u>

Terms and conditions of the above financial liabilities:

- Trade payables are non-interest bearing and are normally settled on 30-day terms
- Accruals are trade payables where the invoices have not yet been received but goods and services have been delivered.
- Deferred revenue is non-interest bearing and has an average term of six months
- Other payables are non-interest bearing and are normally settled within six months.

For explanations on the Company's credit risk management process, refer to note 14.

Black Diamond Group Limited
NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

*For the three and six month periods ended June 30, 2012 and 2011
(Amounts expressed in thousands, except share and per share amounts)*

9. SHARE CAPITAL

a) Share capital

Authorized: An unlimited number of voting common shares with nominal or no par value and an unlimited number of preferred shares.

Issued - Common shares	Number	Amount \$
Balance January 1, 2011	16,429,439	187,925
Issued on public offering, net of costs	1,980,000	48,772
Tax savings from share issuance costs	-	698
Issued on exercise of options <i>(note 9 (b))</i>	175,431	1,528
Purchase of shares in Trust <i>(note 9 (c))</i>	(7,718)	(220)
Sale of shares in trust	8,483	74
Vesting of shares in trust	21,758	153
Transfer from contributed surplus	-	1,218
Effect of share split	18,607,393	-
Balance after share split	37,214,786	240,148
Issued on exercise of options <i>(note 9 (b))</i>	26,800	127
Transfer from contributed surplus	-	75
Balance December 31, 2011	37,241,586	240,350
Issued on exercise of options <i>(note 9 (b))</i>	983,272	6,074
Purchase of shares in Trust <i>(note 9 (c))</i>	(47,300)	(993)
Vesting of shares in trust	22,640	136
Sale of shares in trust	4,649	90
Transfer from contributed surplus	-	3,029
Balance June 30, 2012	38,204,847	248,686

On August 25, 2011 the Company completed a split of all of the issued and outstanding common shares on a basis of two common shares for every one existing common share held.

As at June 30, 2012, there are 40,000 shares held in escrow as a result of the terms of the Nortex acquisition completed in January 2010.

b) Share Option Plan

Black Diamond has established a Share Option Plan (the “Plan”) pursuant to which options may be granted to directors, officers, employees and consultants of Black Diamond in order to provide an opportunity for these individuals to obtain a proprietary interest in Black Diamond’s long-term success.

Due to the share split mentioned previously, the number of options outstanding, their fair value and their exercise price were also adjusted on a basis of two options for every one existing option held, as reflected in the table below.

Black Diamond Group Limited
NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL
STATEMENTS

For the three and six month periods ended June 30, 2012 and 2011
(Amounts expressed in thousands, except share and per share amounts)

9. SHARE CAPITAL (continued)

The aggregate number of common shares that may be issued pursuant to the exercise of options granted under the Plan and all other share compensation arrangements of Black Diamond shall not exceed 10% of the outstanding common shares from time to time. At June 30, 2012, there were 3,583,712 common shares reserved for issuance upon the exercise of options granted pursuant to the Plan. The exercise price of each option equals the weighted average trading price of the common shares for the five trading days preceding the date of the grant. This exercise price is not substantially different than the market value on the date of the grant. Options granted under the Plan to date vest on a straight line basis over three years and the option term is five years from the date of grant. Option holders, when exercising their options, have the election, if permitted by the Board of Directors of Black Diamond, to receive the net difference between the exercise price and the then market value of the common shares issued to them in cash.

Black Diamond recorded the following share option activity during 2012 and 2011:

	Number of options outstanding	Weighted average exercise price
Balance, December 31, 2010	1,163,801	\$13.42
Granted	511,000	\$25.94
Exercised	(175,431)	\$8.71
Effect of share split	1,499,370	\$0.00
Balance after share split	2,998,740	
Exercised	(26,800)	\$4.73
Balance, December 31, 2011	2,971,940	\$9.16
Granted	1,674,377	\$20.47
Exercised	(983,272)	\$6.25
Cancelled	(79,333)	\$11.77
Balance, June 30, 2012	3,583,712	\$19.61

During the three and six month periods ended June 30, 2012, the Company recorded share-based compensation expense of \$726 and \$1,152, respectively (2011 – \$426 and \$815) related to options granted under the Plan. Options granted in the six month period ended June 30, 2012 have an estimated fair value of \$2.55 per option (2011 - \$1.73).

The Black-Scholes option pricing model was used in determining the fair values of these options using a forfeiture rate of 5%, based on historical experience, and the following assumptions:

Black Diamond Group Limited
NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

*For the three and six month periods ended June 30, 2012 and 2011
(Amounts expressed in thousands, except share and per share amounts)*

9. SHARE CAPITAL (continued)

<u>Date of grant</u>	<u>Dividend yield</u>	<u>Expected average volatility</u>	<u>Average risk-free rate</u>	<u>Expected life</u>
	<u>%</u>	<u>%</u>	<u>%</u>	<u>(years)</u>
October 1, 2007	6.86	35	1.41	0.75
March 20, 2008	6.86	37	1.41	1.25
March 9, 2009	6.86	39	1.41	2.25
April 1, 2010	5.51	30	1.62	3.00
March 25, 2011	4.41	30	1.69	3.00
March 22, 2012	3.34	30	1.24	3.00
April 5, 2012	3.61	34	1.19	3.00
May 15, 2012	3.66	34	1.42	3.00
June 6, 2012	3.19	36	1.10	3.00

The expected life of the options is based on historical data and current expectations and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may not necessarily be the actual outcome.

c) Long Term Incentive Plan (“LTIP”)

Black Diamond has implemented an LTIP pursuant to which common shares are purchased in trust for the participants. One-third of the shares that are the subject of a right granted under the LTIP will vest on each anniversary of the grant over a three year period. During the three and six month period ended June 30, 2012, the Company recorded share-based compensation expense of \$135 and \$304 (2011 – \$43 and \$86) related to shares granted under the LTIP.

To satisfy the Company’s obligation to deliver shares, the Company purchased 47,300 common shares (2011-7,718) on the open market for \$993 (2011 - \$200) during the six month period ended June 30, 2012.

These common shares are held in trust until the common shares vest to the participants. The Company is not exposed to fluctuations in the stock price in respect of the common shares held by the trustee, except when unvested shares are forfeited by the employee and sold in the open market. The Company sold 4,649 common shares for \$100, with \$90 being recorded to Share capital and \$10 to Contributed surplus, as a result forfeitures (2011 - \$nil). During the six months ended June 30, 2012, 22,640 shares with a value of \$136 vested to participants.

For accounting purposes, the cost of the purchase of common shares held in trust has been accounted for as a reduction in outstanding common shares and the trust has been consolidated as it meets the definition of a special purpose entity with the Company as the primary beneficiary.

Black Diamond Group Limited
NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL
STATEMENTS

For the three and six month periods ended June 30, 2012 and 2011
(Amounts expressed in thousands, except share and per share amounts)

10. EARNINGS PER SHARE

Basic and diluted earnings per share from continuing operations are calculated on the net profit attributable to Black Diamond per the consolidated statement of income for the period.

Reconciliation of weighted average number of shares

	Three month period ended		Six month period ended	
	June 30, 2012	June 30, 2011	June 30, 2012	June 30, 2011
Weighted average common shares outstanding- basic	37,842,197	35,262,564	37,703,660	34,106,176
Effect of share option plan	921,761	921,218	881,201	806,694
Weighted average common shares outstanding- diluted	<u>38,763,958</u>	<u>36,183,782</u>	<u>38,584,861</u>	<u>34,912,870</u>

Excluded from diluted weighted average number of shares are anti-dilutive options of 1,674,377 for the three and six month periods ended June 30, 2012 (511,000 – June 30, 2011).

11. CONTRIBUTED SURPLUS

	\$
Balance, January 1, 2011	4,246
Share-based compensation	1,668
LTIP expense	175
Vesting of LTIP	(153)
LTIP resale	135
Options exercised in the period	(1,293)
Balance, December 31, 2011	4,778
Share-based compensation	1,152
LTIP expense	304
Vesting of LTIP	(136)
LTIP resale	10
Options exercised in the period	(3,029)
Balance, June 30, 2012	3,079

12. DIVIDENDS

At the Board of Directors' discretion, cash dividends are paid by Black Diamond on a monthly basis to shareholders of record on the last business day of each month. Dividends are payable on or about the 15th day of the month following the record date. The cash dividends are entirely discretionary. All per share amounts have been adjusted

Black Diamond Group Limited
NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL
STATEMENTS

For the three and six month periods ended June 30, 2012 and 2011
(Amounts expressed in thousands, except share and per share amounts)

12. DIVIDENDS (continued)

for the share split that occurred on August 25, 2011, including prior year amounts. During the six month period ended June 30, 2012 and 2011, Black Diamond's dividends on common shares of record were as follows:

Record date	2012		2011	
	Dividend	Dividends	Dividends	Dividends
	per share		per share	
	\$	\$	\$	\$
January 31	0.055	2,052	0.0475	1,567
February 28	0.055	2,052	0.0475	1,567
March 31	0.055	2,083	0.0475	1,571
April 30	0.055	2,093	0.0475	1,573
May 31	0.060	2,296	0.0475	1,765
June 30	0.060	2,296	0.0475	1,767
Total dividends declared		12,872		9,810

13. SUPPLEMENTAL CASH FLOW INFORMATION

Changes in non-cash working capital were as follows:

	Three month period ended		Six month period ended	
	June 30,	June 30,	June 30,	June 30,
	2012	2011	2012	2011
	\$	\$	\$	\$
Trade and other receivables	1,770	(745)	(7,843)	(22,922)
Prepaid expenses and other current assets	(2,516)	(6,370)	(3,883)	(8,005)
Accounts payable and accrued liabilities	4,969	52	6,134	186
Due to related parties	255	(120)	(229)	59
Income taxes payable	1,617	(1,595)	4,741	(49)
	6,095	(8,778)	(1,080)	(30,731)
Attributable to operating activities	(2,802)	(8,583)	(8,419)	(37,864)
Attributable to investing activities	7,982	(774)	6,958	6,286
Attributable to financing activities	915	579	381	847

Black Diamond Group Limited
NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL
STATEMENTS

For the three and six month periods ended June 30, 2012 and 2011
(Amounts expressed in thousands, except share and per share amounts)

14. FINANCIAL INSTRUMENTS

a) Analysis of financial assets and liabilities

Financial instruments classified as loans and receivables, and other financial liabilities are measured at amortized cost. Derivatives held for hedging are recorded on the Consolidated Statement of Financial Position at fair value, with changes in the fair values recognized in other comprehensive income. Black Diamond had no held to maturity investments, available for sale financial assets, or liabilities at fair value through profit or loss at June 30, 2012 or December 31, 2011.

As at June 30, 2012	Loans and receivables at amortized cost	Financial liabilities measured at amortized cost	Derivatives used for hedging
Long term debt	-	86,249	-
Accounts receivable	56,783	-	-
Due from related parties	-	-	-
Operating facility (<i>note 5</i>)	-	4,239	-
Accounts payable (<i>note 8</i>)	-	30,016	-
Due to related parties	-	1,186	-
Dividends payable	-	2,296	-
Risk management liability	-	-	1,658
	56,783	123,986	1,658
As at December 31, 2011	Loans and receivables at amortized cost	Financial liabilities measured at amortized cost	Derivatives used for hedging
Long term debt	-	86,130	-
Accounts receivable	47,641	-	-
Due from related parties	1,313	-	-
Accounts payable (<i>note 8</i>)	-	22,716	-
Due to related parties	-	1,415	-
Dividends payable	-	1,771	-
Risk management liability	-	-	2,074
	48,954	112,032	2,074

Black Diamond Group Limited
NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

*For the three and six month periods ended June 30, 2012 and 2011
(Amounts expressed in thousands, except share and per share amounts)*

14. FINANCIAL INSTRUMENTS (continued)

b) Fair value of financial instruments

There are no significant differences in the carrying amounts of those instruments classified as loans and receivables or financial liabilities measured at amortized cost and their estimated fair values due to their short-term nature, except for long-term debt at fixed interest. The difference between the fair value and the carrying value is immaterial.

Financial instruments classified as derivatives used for hedging are measured in the Statement of Financial Position at fair value and by using the following fair value measurement hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1)
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly (level 2)
- Inputs for the asset or liability that are not based on observable market data (level 3).

As at each reporting date, financial instruments classified as derivatives used for hedging were level 2 on the hierarchy. Those assets classified as loans and receivables and financial liabilities measured at amortized cost do not require input into the hierarchy analysis.

c) Interest rate risk

Interest rate risk arises from the possibility of the future cash flows of a financial instrument fluctuating as a result of changes in the market rates of interest. Black Diamond is subject to both cash flow interest rate risk on its Capex facility, and fair value risk on the senior secured notes based on their fixed rate of interest.

The required cash flow to service certain credit facilities will fluctuate as a result of changes in market rates. Black Diamond has entered into an interest rate swap contract to fix its floating rate interest on long-term debt. The interest rate swap contract requires the periodic exchange of payments without the exchange of the notional principal amounts on which the payment is based. At June 30, 2012, Black Diamond had the following interest rate swap contract outstanding:

	Remaining term	Notional amount	Fixed rate	Floating rate
Swaps - floating to fixed	July 2012 - April 2015	\$25,000	3.63%	30 day CDOR

All interest rate related derivative financial instruments designated as hedges at June 30, 2012 were classified as cash flow hedges.

Black Diamond Group Limited
NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL
STATEMENTS

For the three and six month periods ended June 30, 2012 and 2011
(Amounts expressed in thousands, except share and per share amounts)

14. FINANCIAL INSTRUMENTS (continued)

d) Liquidity risk

Black Diamond is exposed to liquidity risk, which is the risk that the Company may be unable to generate or obtain sufficient cash resources to meet its commitments as they come due. Black Diamond mitigates this risk through its management of cash, debt and its level of dividends.

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments

As at June 30, 2012	Less than 3		Greater than 5			
	On demand	months	3-12 months	1-5 years	years	Total
Trade and other payables	-	30,016	-	-	-	30,016
Due to related parties	-	1,186	-	-	-	1,186
Operating facility	-	-	-	4,239	-	4,239
Long term debt	-	-	-	49,800	36,449	86,249
Asset retirement obligation	-	-	-	-	1,935	1,935
Risk management liability	-	-	-	1,658	-	1,658
	-	31,202	-	55,697	38,384	125,283
<hr/>						
As at December 31, 2011	Less than 3		Greater than 5			
	On demand	months	3-12 months	1-5 years	years	Total
Trade and other payables	-	22,716	-	-	-	22,716
Due to related parties	-	1,415	-	-	-	1,415
Long term debt	-	-	-	49,800	36,330	86,130
Asset retirement obligation	-	-	-	-	1,907	1,907
Risk management liability	-	-	-	2,074	-	2,074
	-	24,131	-	51,874	38,237	114,242

Black Diamond maintains sufficient unused capacity in its revolving credit facilities to meet short-term working capital requirements. Black Diamond manages its liquidity requirements through the use of short and long-term cash forecasts maintaining conservative working capital balances as well as a conservative payout ratio in respect of its dividends.

On a regular basis management monitors its ability to meet long-term debt, capital lease and asset retirement obligations as well as the commitments as disclosed in Note 19. Due to the nature of contracted revenue Black Diamond has in future periods and the unused capacity in the committed revolving Capex facility, management is confident the Company has the liquidity to meet these obligations.

Black Diamond Group Limited
NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

*For the three and six month periods ended June 30, 2012 and 2011
(Amounts expressed in thousands, except share and per share amounts)*

15. REVENUE

	Three month period ended		Six month period ended	
	June 30, 2012	June 30, 2011	June 30, 2012	June 30, 2011
Rental revenue	23,334	18,194	48,544	37,540
Lodging revenue	15,159	12,284	28,100	23,768
Non-rental revenue	23,481	26,323	44,287	51,224
	<u>61,974</u>	<u>56,801</u>	<u>120,931</u>	<u>112,532</u>

16. AMOUNTS CHARGED IN ARRIVING AT OPERATING PROFIT

	Three month period ended		Six month period ended	
	June 30, 2012	June 30, 2011	June 30, 2012	June 30, 2011
Direct costs of operations	27,676	28,342	53,033	56,025
<u>Administrative expenses</u>				
Personnel costs	4,592	4,184	8,795	7,691
Office and other expenses	2,171	2,064	3,986	3,781
Occupancy and insurance	1,073	663	2,179	1,625
Share based compensation	861	469	1,456	901
Foreign exchange gain- (unrealized)	(14)	(12)	(42)	(4)
Total Administrative expenses	<u>8,683</u>	<u>7,368</u>	<u>16,374</u>	<u>13,994</u>
Depreciation of property and equipment	7,895	6,641	15,209	12,655
Amortization of intangibles	220	373	440	763
	<u>44,474</u>	<u>42,724</u>	<u>85,056</u>	<u>83,437</u>

Black Diamond Group Limited
NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

*For the three and six month periods ended June 30, 2012 and 2011
(Amounts expressed in thousands, except share and per share amounts)*

17. FINANCE COSTS

	Three month period ended		Six month period ended	
	June 30, 2012	June 30, 2011	June 30, 2012	June 30, 2011
Interest related to				
- Operating facility	-	37	2	76
- Long term debt	1,253	932	2,595	1,917
- Capital lease	-	6	-	13
Total interest expense	<u>1,253</u>	<u>975</u>	<u>2,597</u>	<u>2,006</u>
Amortization of senior secured note set-up costs	64	-	119	-
Accretion of asset retirement obligation	14	18	29	35
	<u>1,331</u>	<u>993</u>	<u>2,745</u>	<u>2,041</u>

18. SEGMENTED INFORMATION

Black Diamond determines its reportable segments based on the structure of its operations in a manner consistent with the internal reporting provided to the chief operating decision maker. Operations are primarily focused in three business segments – Camps and Logistics, Space Rentals, and Energy Services. This determination is based primarily on product offering.

Camps and Logistics provides modular structures designed for remote site accommodation. The structures, when assembled together, form large dormitories, kitchen/dining facilities and recreation complexes. Within this segment, Black Diamond also owns and operates remote lodging facilities. The majority of the business activity within this segment occurs in Western Canada.

Space Rentals rents and sells a broad range of modular workspace solutions to a diverse customer base in Canada and the United States (“USA”). The structures provided include office units, storage units, office complexes, training facilities, lavatories and custom manufactured structures.

Energy Services provides an accommodations fleet for drill camps, geologist/engineer quarters and staff quarters. Energy Services also provides a complement of surface rental assets that would typically support a drilling or completions operation such as solid and liquids containment, rig matting, and support equipment. Activity levels of Energy Services have been directly impacted by the seasonality of drilling operations, whereby activity is traditionally higher in the first and fourth quarters of the year and lower in the second and third quarters.

The Company has assets and operations in the USA. As such, segmentation by principal business as well as geographic region is presented.

Black Diamond Group Limited
NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL
STATEMENTS

For the three and six month periods ended June 30, 2012 and 2011
(Amounts expressed in thousands, except share and per share amounts)

18. SEGMENTED INFORMATION (continued)

**For the three month period
ended**

	June 30, 2012			June 30, 2011		
	Canada	USA	Total	Canada	USA	Total
	\$	\$	\$	\$	\$	\$
Revenue						
Camps and Logistics	40,392	-	40,392	36,271	-	36,271
Space Rentals	9,290	4,707	13,997	10,317	5,417	15,734
Energy Services	7,646	-	7,646	5,990	-	5,990
Intersegment eliminations ⁽¹⁾	(61)	-	(61)	(1,194)	-	(1,194)
	<u>57,267</u>	<u>4,707</u>	<u>61,974</u>	<u>51,384</u>	<u>5,417</u>	<u>56,801</u>

⁽¹⁾ All intersegment revenue eliminated is in respect to inter-divisional services provided within the Company.

Depreciation of Property and Equipment

Camps and Logistics	4,658	-	4,658	4,150	-	4,150
Space Rentals	857	-	857	724	692	1,416
Energy Services	1,403	726	2,129	865	-	865
Corporate	251	-	251	210	-	210
	<u>7,169</u>	<u>726</u>	<u>7,895</u>	<u>5,949</u>	<u>692</u>	<u>6,641</u>

Finance costs

Camps and Logistics	752	-	752	572	-	572
Space Rentals	222	135	357	156	124	280
Energy Services	222	-	222	141	-	141
	<u>1,196</u>	<u>135</u>	<u>1,331</u>	<u>869</u>	<u>124</u>	<u>993</u>

Net Income (Loss) attributable to Black Diamond Group Limited

Camps and Logistics	15,079	-	15,079	9,489	-	9,489
Space Rentals	3,276	(177)	3,099	2,469	215	2,684
Energy Services	637	-	637	254	-	254
Corporate	(7,839)	-	(7,839)	(3,042)	-	(3,042)
	<u>11,153</u>	<u>(177)</u>	<u>10,976</u>	<u>9,170</u>	<u>215</u>	<u>9,385</u>

Capital Expenditures

Camps and Logistics	29,928	-	29,928	9,463	-	9,463
Space Rentals	7,201	2,328	9,529	1,883	316	2,199
Energy Services	8,291	-	8,291	4,281	-	4,281
Corporate	180	-	180	4,780	-	4,780
	<u>45,600</u>	<u>2,328</u>	<u>47,928</u>	<u>20,407</u>	<u>316</u>	<u>20,723</u>

Black Diamond Group Limited
NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL
STATEMENTS

For the three and six month periods ended June 30, 2012 and 2011
(Amounts expressed in thousands, except share and per share amounts)

18. SEGMENTED INFORMATION (continued)

**For the six month period
ended**

	June 30, 2012			June 30, 2011		
	Canada	USA	Total	Canada	USA	Total
	\$	\$	\$	\$	\$	\$
Revenue						
Camps and Logistics	73,897	-	73,897	70,821	-	70,821
Space Rentals	19,894	7,616	27,510	16,133	11,868	28,001
Energy Services	19,662	-	19,662	14,686	-	14,686
Intersegment eliminations ⁽¹⁾	(138)	-	(138)	(976)	-	(976)
	113,315	7,616	120,931	100,664	11,868	112,532
Depreciation of Property and Equipment						
Camps and Logistics	8,970	-	8,970	7,907	-	7,907
Space Rentals	1,651	1,426	3,077	1,407	1,397	2,804
Energy Services	2,634	-	2,634	1,627	-	1,627
Corporate	528	-	528	317	-	317
	13,783	1,426	15,209	11,258	1,397	12,655
Finance costs						
Camps and Logistics	1,538	-	1,538	1,183	-	1,183
Space Rentals	452	297	749	329	260	589
Energy Services	458	-	458	269	-	269
	2,448	297	2,745	1,781	260	2,041
Net Income (Loss) attributable to Black Diamond Group Limited						
Camps and Logistics	28,790	-	28,790	18,859	-	18,859
Space Rentals	6,655	(434)	6,221	3,943	348	4,291
Energy Services	4,542	-	4,542	2,462	-	2,462
Corporate	(15,534)	-	(15,534)	(6,332)	-	(6,332)
	24,453	(434)	24,019	18,932	348	19,280
Capital Expenditures						
Camps and Logistics	40,453	-	40,453	28,621	-	28,621
Space Rentals	10,052	3,459	13,511	4,262	1,810	6,072
Energy Services	11,777	-	11,777	7,940	-	7,940
Corporate	1,864	-	1,864	5,900	-	5,900
	64,146	3,459	67,605	46,723	1,810	48,533

Black Diamond Group Limited
NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL
STATEMENTS

For the three and six month periods ended June 30, 2012 and 2011
(Amounts expressed in thousands, except share and per share amounts)

18. SEGMENTED INFORMATION (continued)

As at	June 30, 2012			December 31, 2011		
	Canada \$	USA \$	Total \$	Canada \$	USA \$	Total \$
Property and Equipment						
Camps and Logistics	189,493	-	189,493	159,677	-	159,677
Space Rentals	55,678	36,581	92,259	47,087	35,448	82,535
Energy Services	56,347	-	56,347	47,661	-	47,661
Corporate	12,026	-	12,026	11,200	-	11,200
	313,544	36,581	350,125	265,625	35,448	301,073
Intangible Assets						
Camps and Logistics	7,656	-	7,656	7,924	-	7,924
Space Rentals	-	2,503	2,503	-	2,758	2,758
Energy Services	85	-	85	90	-	90
Corporate	5	-	5	6	-	6
	7,746	2,503	10,249	8,020	2,758	10,778
Goodwill						
Camps and Logistics	24,471	-	24,471	24,471	-	24,471
Space Rentals	4,845	3,977	8,822	4,845	3,972	8,817
Energy Services	1,369	-	1,369	1,369	-	1,369
	30,685	3,977	34,662	30,685	3,972	34,657
Total Assets						
Camps and Logistics	267,635	-	267,635	221,860	-	221,860
Space Rentals	71,795	46,618	118,413	60,647	45,112	105,759
Energy Services	64,171	-	64,171	62,201	-	62,201
Corporate	13,424	-	13,424	36,610	-	36,610
	417,025	46,618	463,643	381,318	45,112	426,430

Black Diamond Group Limited
NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

*For the three and six month periods ended June 30, 2012 and 2011
(Amounts expressed in thousands, except share and per share amounts)*

19. COMMITMENTS

Black Diamond rents premises and vehicles under multiple operating leases with varying expiration dates. No arrangements have been entered into for contingent rental payments. The minimum lease payments over the next five fiscal years and thereafter are as follows:

<u>As at</u>	June 30, 2012	December 31, 2011
	\$	\$
Due within one year	1,455	2,009
Due later than one year and less than five	4,715	5,163
Due after five years	232	232
	<u>6,402</u>	<u>7,404</u>

Black Diamond has committed to purchase \$64,619 of fleet equipment for delivery in 2012 and into early 2013. These purchases will be financed through a combination of operating cash flow and draws on Black Diamond's credit facilities.

20. SUBSEQUENT EVENT

Subsequent to June 30, 2012, Black Diamond completed a share issuance of 2.75 million common shares at \$22.15 per share for aggregate gross proceeds of \$60.9 million with net proceeds estimated to be \$57.5 million.