

Unaudited Condensed Consolidated Interim Financial Statements

**Black Diamond Group Limited**

For the three month period ended March 31, 2012 and 2011

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

(Expressed in thousands)

<b>As at</b>	<b>March 31, 2012</b>	<b>December 31, 2011</b>
	<b>\$</b>	<b>\$</b>
<b>ASSETS</b>		
<b>Current</b>		
Cash and cash equivalents	16,450	22,990
Trade and other receivables ( <i>note 3</i> )	56,737	47,641
Due from related parties	2,167	1,313
Prepaid expenses and other current assets	9,388	7,978
	<b>84,742</b>	<b>79,922</b>
<b>Non-Current</b>		
Long term receivables ( <i>note 3</i> )	78	-
Property and equipment ( <i>note 4</i> )	310,694	301,073
Intangible and other non-current assets	10,506	10,778
Goodwill	34,581	34,657
	<b>440,601</b>	<b>426,430</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Current</b>		
Accounts payable and accrued liabilities ( <i>note 8</i> )	26,322	24,708
Due to related parties	958	1,415
Dividends payable ( <i>note 12</i> )	2,083	1,771
Current income taxes payable	3,168	44
	<b>32,531</b>	<b>27,938</b>
<b>Non-Current</b>		
Long-term debt ( <i>notes 6 and 14</i> )	86,191	86,130
Deferred revenue ( <i>note 8</i> )	65	80
Risk management liability ( <i>note 14</i> )	1,658	2,074
Asset retirement obligations	1,921	1,907
Deferred tax liabilities	39,583	38,892
	<b>161,949</b>	<b>157,021</b>
<b>Shareholders' equity</b>		
Share capital ( <i>note 9</i> )	244,555	240,350
Contributed surplus ( <i>note 11</i> )	3,285	4,778
Non-controlling interest	1,876	1,359
Accumulated other comprehensive loss	(3,731)	(2,889)
Retained earnings	32,667	25,811
	<b>278,652</b>	<b>269,409</b>
	<b>440,601</b>	<b>426,430</b>

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	
	March 31, 2012	March 31, 2011
	\$	\$
<b>Revenue</b> (note 15)	58,957	55,732
<b>Direct costs</b>	25,357	27,683
<b>Gross Profit</b>	33,600	28,049
<b>Expenses</b>		
Administrative expenses (note 9 and 16)	7,689	6,627
Depreciation of property and equipment (note 4)	7,314	6,014
Amortization of intangibles	220	389
	15,223	13,030
<b>Operating profit</b>	18,377	15,019
Finance costs (note 17)	1,416	1,048
<b>Income before income taxes</b>	16,961	13,971
<b>Income tax</b>		
Current	3,120	17
Deferred	1,040	3,663
	4,160	3,680
<b>Net income</b>	12,801	10,291
Net (loss)/income attributable to non-controlling interest	(242)	394
<b>Net income attributable to Black Diamond Group Limited</b>	<b>13,043</b>	<b>9,897</b>
<b>Net income per share</b> (note 10)		
Basic	0.35	0.29
Diluted	0.34	0.29

See accompanying notes to the unaudited condensed consolidated interim financial statements

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

(Expressed in thousands)

	<b>Three month period ended</b>	
	<b>March 31, 2012</b>	<b>March 31, 2011</b>
	<b>\$</b>	<b>\$</b>
<b>Net income attributable to Black Diamond Group Limited</b>	13,043	9,897
Realized portion of derivative designated as cash flow hedge (net of tax)	117	121
Net unrealized gain in derivative financial instruments designated as cash flow hedges (net of tax)	195	132
Cumulative translation loss	(1,154)	(1,573)
<b>Comprehensive income attributable to Black Diamond Group Limited</b>	<b>12,201</b>	<b>8,577</b>

*See accompanying notes to the unaudited condensed consolidated interim financial statements*

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

(Expressed in thousands)

	Share Capital	Contributed Surplus	Non-Controlling interest	Accumulated Other Comprehensive loss	Retained earnings	Total
<b>Balance as at 1/1/2011</b>	<b>187,925</b>	<b>4,246</b>	<b>348</b>	<b>(3,151)</b>	<b>5,260</b>	<b>194,628</b>
Net income for the period	-	-	394	-	9,897	10,291
Realized derivative gain	-	-	-	121	-	121
Unrealised derivative gain	-	-	-	132	-	132
Cumulative translation adjustment	-	-	-	(1,573)	-	(1,573)
Dividends declared (note 12)	-	-	-	-	(4,705)	(4,705)
Capital transactions with partners	-	-	(318)	-	-	(318)
Share capital issued on exercise of options (note 9)	993	(497)	-	-	-	496
Purchase of shares in trust (note 9)	(74)	-	-	-	-	(74)
Share based compensation expense (note 9)	-	432	-	-	-	432
<b>Balance as at 3/31/2011</b>	<b>188,844</b>	<b>4,181</b>	<b>424</b>	<b>(4,471)</b>	<b>10,452</b>	<b>199,430</b>
<b>Balance as at 1/1/2012</b>	<b>240,350</b>	<b>4,778</b>	<b>1,359</b>	<b>(2,889)</b>	<b>25,811</b>	<b>269,409</b>
Net income/(loss) for the period (note 9)	-	-	(242)	-	13,043	12,801
Realized derivative gain	-	-	-	117	-	117
Unrealised derivative gain	-	-	-	195	-	195
Cumulative translation adjustment	-	-	-	(1,154)	-	(1,154)
Dividends declared (note 12)	-	-	-	-	(6,187)	(6,187)
Capital transactions with partners	-	-	759	-	-	759
Share capital issued on exercise of options (note 9)	5,062	(1,952)	-	-	-	3,110
Purchase of shares in trust (note 9)	(993)	-	-	-	-	(993)
Vesting of shares in trust	136	(136)	-	-	-	-
Share based compensation expense (note 9)	-	595	-	-	-	595
<b>Balance as at 3/31/2012</b>	<b>244,555</b>	<b>3,285</b>	<b>1,876</b>	<b>(3,731)</b>	<b>32,667</b>	<b>278,652</b>

See accompanying notes to the unaudited condensed consolidated interim financial statements

**Black Diamond Group Limited**  
**CONSOLIDATED STATEMENTS OF CASH FLOW**  
**(Unaudited)**

(Expressed in thousands)

	Three month period ended	
	March 31, 2012	March 31, 2011
	\$	\$
<b>Operating activities</b>		
Net income attributable to Black Diamond Group Limited	13,043	9,897
Add (deduct) non-cash items:		
Depreciation of property and equipment <i>(note 4)</i>	7,314	6,014
Amortization of intangible assets	220	389
Earnings/(loss) attributable to non-controlling interest	(242)	394
Unrealized foreign exchange (gain)/ loss <i>(note 16)</i>	(28)	8
Finance costs	1,416	1,048
Deferred income taxes	1,040	3,663
Share-based compensation expense <i>(note 16)</i>	595	432
	23,358	21,845
Book value of used fleet sales in operating activities	2,056	1,731
Change in non-cash working capital related to operating activities <i>(note 13)</i>	(5,616)	(29,005)
<b>Net cash from/ (used in) operating activities</b>	<b>19,798</b>	<b>(5,429)</b>
<b>Investing activities</b>		
Purchase of property and equipment	(19,677)	(27,810)
Change in non-cash working capital related to investing activities <i>(note 13)</i>	(1,024)	7,060
<b>Net cash used in investing activities</b>	<b>(20,701)</b>	<b>(20,750)</b>
<b>Financing activities</b>		
Proceeds from long-term debt <i>(note 6)</i>	-	36,000
Repayment of finance lease	-	(165)
Interest in period <i>(note 17)</i>	(1,340)	(1,048)
Dividend payments <i>(note 12)</i>	(5,875)	(4,617)
Distribution to non-controlling interest	-	(318)
Purchase of shares in trust <i>(note 9)</i>	(993)	(220)
Bank indebtedness	-	(4,076)
Share options exercised <i>(note 9)</i>	3,110	642
Change in non-cash working capital related to financing activities <i>(note 13)</i>	(534)	-
<b>Net cash from financing activities</b>	<b>(5,632)</b>	<b>26,198</b>
<b>Increase/ (decrease) in cash and cash equivalents</b>	<b>(6,535)</b>	<b>19</b>
Cash and cash equivalents, beginning of year	22,990	-
Effect of foreign currency rate changes on cash and cash equivalents	(5)	(19)
<b>Cash and cash equivalents, end of period</b>	<b>16,450</b>	<b>-</b>

*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 months ended March 31, 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 period ended March 31, 2012 were authorized for issue in accordance with a resolution of the Board of Directors on May 1, 2012. Black Diamond Group Limited and its controlled limited partnerships (“Black Diamond”, “Company”, and “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 and Black Diamond West Moberly 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 operating divisions: Camps and Logistics, Space Rentals and Energy Services.

Black Diamond was formed pursuant to the provisions of the Business Corporations Act (Alberta) to participate in a plan of arrangement involving, among others, Black Diamond’s predecessor, Black Diamond Income Fund (the “Fund”), Black Diamond and the security holders of the Fund (the “Conversion”). Effective December 31, 2009, the Conversion restructured the Fund from an unincorporated open-ended income trust to Black Diamond Group Limited, a publicly listed corporation.

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

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

## **2. SIGNIFICANT ACCOUNTING POLICES**

### **Basis of preparation**

These unaudited 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 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 unaudited financial statements for the three month period ended March 31, 2012 were prepared in accordance with IAS 34 – Interim Financial Reporting. The same accounting policies and methods of computation were followed in the preparation of these unaudited financial statements as were followed in the preparation of the unaudited financial statements for the three month period ended March 31, 2011. Accordingly, these unaudited financial statements for the three month period ended March 31, 2012 should be read together with the annual consolidated financial statements for the year ended December 31, 2011.

The interim financial statements are presented in Canadian dollars and all amounts are rounded to the nearest thousand (\$’000), except where otherwise indicated.

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

*For the three months ended March 31, 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 unsettled transactions, collectability of accounts receivable, recognition of provisions and contingent obligations, the estimated useful lives of property and equipment, the fair value of the identifiable assets acquired in business combinations, the fair value and useful lives of intangible assets for the purposes of impairment, percentage complete for 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.

**Changes in accounting policy and disclosure**

***Company as a Lessor***

Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized on a straight-line basis over the lease term.

Amounts due from leases under finance leases are recorded as receivables at the amount of the Company's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Company's net investment outstanding in respect of leases.

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**3. ACCOUNTS RECEIVABLE**

	<b>March 31, 2012</b>	<b>December 31, 2011</b>
Trade and accrued receivables	57,078	47,879
Provision for doubtful accounts	(263)	(238)
Net trade receivables	<b>56,815</b>	<b>47,641</b>
Current	56,737	47,641
Non-Current	78	-
Net trade receivables	<b>56,815</b>	<b>47,641</b>
<b>Movement in provision for doubtful accounts</b>	<b>March 31, 2012</b>	<b>December 31, 2011</b>
Balance at beginning of period	238	72
Amount provided in period	168	269
Collected in period	-	32
Written off in period	(143)	(135)
<b>Balance at end of period</b>	<b>263</b>	<b>238</b>

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 March 31, 2012, 31% 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 operating segments.

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

*For the three months ended March 31, 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 not yet due include accrued receivables and amounts invoiced but outstanding for less than 30 days. The aging of the trade and accrued receivables is as follows:

As at	<b>March 31, 2012</b>	<b>December 31, 2011</b>
Amounts not yet due	45,833	42,781
Past due not more than 30 days	2,776	2,521
Past due not more than 60 days	4,111	207
Past due not more than 90 days	3,043	925
Past due greater than 90 days	1,315	1,445
	<u>57,078</u>	<u>47,879</u>

**4. PROPERTY AND EQUIPMENT**

**Net book value**

	<b>As at 3/31/2012</b>	<b>As at 12/31/2011</b>
Computers, furniture and service equipment	4,012	3,940
Space rentals fleet equipment	79,627	78,403
Camps and workforce housing fleet equipment	169,250	159,514
Surface rental equipment	34,728	33,012
Carry-on options	1,657	1,834
Land	6,784	6,805
Leasehold improvements	7,979	8,180
Assets under Construction	-	-
Deposits on equipment	5,300	7,985
Asset retirement obligation	1,357	1,400
	<u>310,694</u>	<u>301,073</u>

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

*For the three months ended March 31, 2012 and 2011*  
*(Amounts expressed in thousands, except share and per share amounts)*

**4. PROPERTY AND EQUIPMENT (continued)**

<u>Cost</u>	As at 1/1/2012	Additions	Disposals	Transfers	Exchange rate adjustment	As at 3/31/2012
Computers, furniture and service equipment	7,419	262	-	71	(46)	7,706
Space rentals fleet equipment	90,593	4,207	(1,150)	(71)	(713)	92,866
Camps and workforce housing fleet equipment	200,088	14,589	(1,116)	-	-	213,561
Surface rental equipment	39,118	2,891	-	25	-	42,034
Carry-on options	4,266	265	(2)	(25)	(3)	4,501
Land	6,805	-	-	-	(21)	6,784
Leasehold improvements	10,377	146	-	-	(8)	10,515
Deposits on equipment	7,985	(2,683)	-	-	(1)	5,301
Asset retirement obligation	1,780	-	-	-	2	1,782
<b>Total Cost</b>	<b>368,431</b>	<b>19,677</b>	<b>(2,268)</b>	<b>-</b>	<b>(790)</b>	<b>385,050</b>

<u>Accumulated Depreciation</u>	As at 1/1/2012	Charge for the period	Disposals	Transfers	Exchange rate adjustment	As at 3/31/2012
Computers, furniture and service equipment	3,479	232	-	16	(33)	3,694
Space rentals fleet equipment	12,190	1,312	(182)	(16)	(65)	13,239
Camps and workforce housing fleet equipment	40,574	3,764	(28)	-	-	44,310
Surface rental equipment	6,106	1,174	-	25	-	7,305
Carry-on options	2,432	441	(1)	(25)	(2)	2,845
Leasehold improvements	2,197	345	-	-	(5)	2,537
Asset retirement obligation	380	46	-	-	-	426
<b>Total Accumulated Depreciation</b>	<b>67,358</b>	<b>7,314</b>	<b>(211)</b>	<b>-</b>	<b>(105)</b>	<b>74,356</b>

<u>Cost</u>	As at 1/1/2011	Additions	Disposals	Transfers	Exchange rate adjustment	As at 12/31/2011
Computers, furniture and service equipment	5,796	1,411	(248)	409	51	7,419
Space rentals fleet equipment	80,687	14,062	(4,761)	(1)	606	90,593
Camps and workforce housing fleet equipment	168,018	45,347	(10,897)	(2,482)	102	200,088
Surface rental equipment	18,634	21,116	(3,069)	2,437	-	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	1,236	-	(463)	(3)	10,377
Deposits on equipment	2,299	5,689	-	-	(3)	7,985
Asset retirement obligation	1,692	88	-	-	-	1,780
<b>Total Cost</b>	<b>293,113</b>	<b>94,737</b>	<b>(20,192)</b>	<b>-</b>	<b>773</b>	<b>368,431</b>

**Black Diamond Group Limited**  
**NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL**  
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**4. PROPERTY AND EQUIPMENT (continued)**

<u>Accumulated Depreciation</u>	As at 1/1/2011	Charge for the period	Disposals	Transfers	Exchange rate adjustment	As at 12/31/2011
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
<b>Total Accumulated Depreciation</b>	<b>45,953</b>	<b>27,285</b>	<b>(6,021)</b>	<b>-</b>	<b>141</b>	<b>67,358</b>

Land, deposit on equipment and assets under construction are not subject to depreciation.

**Black Diamond Group Limited**  
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**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 recoverable Canadian accounts receivable and 60% of recoverable US 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 March 31, 2012, the maximum of \$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 <sup>(1)</sup> and is established in concert with each of the Company's quarterly financial statements. At March 31, 2012, the rate charged on this facility is bank prime plus 1.00% (December 31, 2011 - 1.25%) for an effective rate of 4.00% (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.

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, all of which was available at March 31, 2012. The facility bears interest at a rate of US prime plus 1% subject to a 5% minimum rate. At March 31, 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 March 31, 2012 there was \$nil (December 31, 2011 - \$nil) drawn on the Nortex facility.

- (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**  
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*(Amounts expressed in thousands, except share and per share amounts)*

**6. LONG-TERM DEBT**

	<b>March 31, 2012</b>	<b>December 31, 2011</b>
	\$	\$
Committed Revolving Capex facility bearing interest at an effective variable rate of 4.00%, as at March 31, 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 March 31, 2012, \$114,680 (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, will be reduced in 2014 by equal quarterly reductions in an amount equal to 1/16 <sup>th</sup> 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	140	79
Amounts payable within one year	86,191	86,130
	<b>86,191</b>	<b>86,130</b>

At March 31, 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 March 31, 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.

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**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 <sup>(1)</sup> ratio, and the Dividends/ (EBITDA – interest expense) ratio. The first ratio is calculated using interest bearing net debt net of cash and cash equivalents per the Statement of Financial Position and EBITDA, which is defined as follows:

	<b>Three month period ended</b>	
	<b>March 31, 2012</b>	<b>March 31, 2011</b>
	<b>\$</b>	<b>\$</b>
Net income	13,043	9,897
Add/(deduct):		
Depreciation, amortization	7,534	6,403
Finance costs	1,416	1,048
Unrealized foreign exchange loss	(28)	8
Deferred income taxes	1,040	3,663
Current income taxes	3,120	17
Non-controlling interest	(242)	394
Share-based compensation	595	432
<b>EBITDA</b>	<b>26,478</b>	<b>21,862</b>

The Company targets to maintain the first ratio at a level below 2.0. At March 31, 2012, the ratio is 0.71 (December 31, 2011 - 0.67). The second ratio uses dividends per Note 12 to the consolidated financial statements, EBITDA as defined above, and interest on long-term debt per Note 17 to the consolidated financial statements. Black Diamond targets to maintain this ratio below a level of 0.6. For the period ended March 31, 2012 the ratio is 0.25 (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.

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**8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

	As at 3/31/2012	As at 12/31/2011
<i>Current</i>	\$	\$
Trade payables	10,898	8,624
Accrued payables	11,767	12,330
Deferred revenue	298	1,992
Other payables	3,359	1,762
	<u>26,322</u>	<u>24,708</u>
<i>Non-current</i>		
Deferred revenue	<u>65</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 15.

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**9. SHARE CAPITAL**

a) Share capital

Authorized: An unlimited number of voting common shares without nominal or par value and an unlimited number of preferred shares.

Issued - Common shares	Number	Amount \$
<b>Balance January 1, 2011</b>	<b>16,429,439</b>	<b>187,925</b>
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	-
<b>Balance after share split</b>	<b>37,214,786</b>	<b>240,148</b>
Issued on exercise of options ( <i>note 9 (b)</i> )	26,800	127
Transfer from contributed surplus	-	75
<b>Balance December 31, 2011</b>	<b>37,241,586</b>	<b>240,350</b>
Issued on exercise of options ( <i>note 9 (b)</i> )	593,603	3,110
Purchase of shares in Trust ( <i>note 9 (c)</i> )	(47,300)	(993)
Vesting of shares in trust	22,640	136
Transfer from contributed surplus	-	1,952
<b>Balance March 31, 2012</b>	<b>37,810,529</b>	<b>244,555</b>

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 March 31, 2012, there are 40,000 shares held in escrow as a result of the terms of the Nortex acquisition completed in January 2010.

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**9. SHARE CAPITAL (continued)**

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.

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 March 31, 2012, there were 3,428,337 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 model 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 common shares.

Grant date	Number of options outstanding	Exercise price	Remaining contractual life (years)	Number exercisable	Weighted average exercise price for exercisable options
May 2, 2007	50,000	\$3.40	0.08	50,000	\$0.18
October 1, 2007	55,000	\$4.74	0.50	55,000	\$0.28
March 20, 2008	60,002	\$5.87	0.97	60,002	\$0.37
March 9, 2009	222,668	\$2.81	1.94	222,668	\$0.66
April 1, 2010	986,667	\$9.81	3.00	236,667	\$2.45
March 25, 2011	1,004,000	\$12.97	3.99	322,667	\$4.42
March 22, 2012	1,050,000	\$20.61	4.98	-	\$0.00
<b>Balance, March 31, 2012</b>	<b>3,428,337</b>			<b>947,004</b>	
<b>Weighted average</b>		<b>\$17.78</b>	<b>3.71</b>		<b>\$8.36</b>

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**9. SHARE CAPITAL (continued)**

Black Diamond recorded the following share option activity during 2011 and 2010:

	Number of options outsanding	Weighted average exercise price
<b>Balance, December 31, 2010</b>	<b>1,163,801</b>	<b>\$13.42</b>
Granted	511,000	\$25.94
Exercised	(175,431)	\$8.71
Effect of share split	1,499,370	\$0.00
<b>Balance after share split</b>	<b>2,998,740</b>	
Exercised	(26,800)	\$4.73
<b>Balance, December 31, 2011</b>	<b>2,971,940</b>	<b>\$9.16</b>
Granted	1,050,000	\$20.61
Exercised	(593,603)	\$5.24
<b>Balance, March 31, 2012</b>	<b>3,428,337</b>	<b>\$17.78</b>

During the three month period ended March 31, 2012, the Company recorded share-based compensation expense of \$426 (2011 – \$389) related to options granted under the Plan. Options granted in the quarter ended March 31, 2012 have an estimated fair value of \$3.93 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:

<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>
May 2, 2007	6.86	35	1.41	0.333
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

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.

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**9. SHARE CAPITAL (continued)**

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 month period ended March 31, 2012, the Company recorded share-based compensation expense of \$169 (2011 – \$43) 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 three month period ended March 31, 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.

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.

**10. EARNINGS PER SHARE**

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

**Reconciliation of weighted average number of shares**

	<b><u>As at March 31,</u></b>	<b><u>As at March 31,</u></b>
	<b><u>2012</u></b>	<b><u>2011</u></b>
Weighted average common shares outstanding- basic	37,319,716	32,910,396
Effect of share option plan	1,060,760	710,438
Weighted average common shares outstanding- diluted	<u>38,380,476</u>	<u>33,620,834</u>

All amounts have been adjusted for the two for one share split that occurred during the prior year, including prior year balances for comparative purposes.

Excluded from diluted weighted average number of shares are 1,050,000 anti-dilutive options for the period ended March 31, 2012 (2011- 1,022,000).

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**11. CONTRIBUTED SURPLUS**

	<b>\$</b>
<b>Balance, January 1, 2011</b>	<b>4,246</b>
Share-based compensation	1,668
LTIP expense	175
Vesting of LTIP	(153)
Gain on sale of LTIP	135
Options exercised in the period	(1,293)
<b>Balance, December 31, 2011</b>	<b>4,778</b>
Share-based compensation	426
LTIP expense	169
Vesting of LTIP	(136)
Options exercised in the period	(1,952)
<b>Balance, March 31, 2012</b>	<b>3,285</b>

**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 15<sup>th</sup> day of the month following the record date. The cash dividends are entirely discretionary. All per share amounts have been adjusted for the share split that occurred on August 25, 2011, including prior year amounts. During the three month period ended March 31, 2012 and 2011, Black Diamond's dividends on common shares of record were as follows:

	2012		2011	
	Dividend	Dividends	Dividend	Dividends
	per share		per share	
Record date	\$	\$	\$	\$
January 31	0.055	2,052	0.0475	1,567
February 29	0.055	2,052	0.0475	1,567
March 31	0.055	2,083	0.0475	1,571
Total dividends declared		6,187		4,705

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**13. SUPPLEMENTAL CASH FLOW INFORMATION**

Changes in non-cash working capital were as follows:

	Three month period ended	
	March 31, 2012	March 31, 2011
	\$	\$
Accounts receivable	(9,613)	(22,177)
Prepaid expenses and other current assets	(1,367)	(1,635)
Accounts payable and accrued liabilities	682	1,850
Current taxes payable	3,124	17
	(7,174)	(21,945)
<b>Attributable to operating activities</b>	<b>(5,616)</b>	<b>(29,005)</b>
<b>Attributable to investing activities</b>	<b>(1,024)</b>	<b>7,060</b>
<b>Attributable to financing activities</b>	<b>(534)</b>	<b>-</b>

**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 March 31, 2012 or December 31, 2011.

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**14. FINANCIAL INSTRUMENTS (continued)**

<b>As at March 31, 2012</b>	<b>Loans and receivables at amortized cost</b>	<b>Financial liabilities measured at amortized cost</b>	<b>Derivatives used for hedging</b>
Long term debt	-	86,191	-
Accounts receivable	56,815	-	-
Due from related parties	2,167	-	-
Accounts payable ( <i>note 8</i> )	-	26,024	-
Due to related parties	-	958	-
Dividends payable	-	2,083	-
Risk management liability	-	-	1,658
	58,982	115,256	1,658
<b>As at December 31, 2011</b>	<b>Loans and receivables at amortized cost</b>	<b>Financial liabilities measured at amortized cost</b>	<b>Derivatives used for hedging</b>
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

**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. Financial instruments classified as derivatives used for hedging are measured in the Statement of Financial Position at fair value. Effective April 2010, the Company adopted the amendment to IFRS 7 for such financial instruments. This requires the disclosure of fair value measurements by 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.

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**14. FINANCIAL INSTRUMENTS (continued)**

**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 interest rate 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 a portion of 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 March 31, 2012, Black Diamond had the following interest rate swap contract outstanding:

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

All interest rate related derivative financial instruments designated as hedges at March 31, 2012 were classified as cash flow hedges.

The Company is not exposed to interest rate risk on its long term debt as it is either at fixed interest rates or is fully hedged.

**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

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**14. FINANCIAL INSTRUMENTS (continued)**

<b>As at March 31, 2012</b>	<b>On demand</b>	<b>Less than 3 months</b>	<b>3-12 months</b>	<b>1-5 years</b>	<b>Greater than 5 years</b>	<b>Total</b>
Trade and other payables	-	26,024	-	-	-	26,024
Due to related parties	-	958	-	-	-	958
Long term debt	-	-	-	49,800	36,391	86,191
Asset retirement obligation	-	-	-	-	1,921	1,921
Risk management liability	-	-	-	1,658	-	1,658
	-	26,982	-	51,458	38,312	116,752

  

<b>As at December 31, 2011</b>	<b>On demand</b>	<b>Less than 3 months</b>	<b>3-12 months</b>	<b>1-5 years</b>	<b>Greater than 5 years</b>	<b>Total</b>
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 Black Diamond has the liquidity to meet these obligations.

**15. REVENUE**

	<b>Three month period ended</b>	
	<b>March 31, 2012</b>	<b>March 31, 2011</b>
Rental revenue	25,210	19,595
Lodging revenue	12,941	11,483
Non-rental revenue	20,806	24,654
	58,957	55,732

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**16. AMOUNTS CHARGED IN ARRIVING AT OPERATING PROFIT**

	<b>Three month period ended</b>	
	<b>March 31, 2012</b>	<b>March 31, 2011</b>
<b>Direct costs of operations</b>	25,357	27,683
<b><u>Administrative expenses</u></b>		
Personnel costs	4,203	3,507
Administrative expenses	1,813	1,718
Occupancy and insurance	1,106	962
Share based compensation	595	432
Unrealized foreign exchange (gain)/ loss	(28)	8
<b>Total Administrative expenses</b>	<u>7,689</u>	<u>6,627</u>
Depreciation of property and equipment	7,314	6,014
Amortization of intangibles	220	389
	<u>40,580</u>	<u>40,713</u>

**17. FINANCE COSTS**

	<b>Three month period ended</b>	
	<b>March 31, 2012</b>	<b>March 31, 2011</b>
Interest expense on:		
- Operating facility	2	39
- Long term debt	1,338	985
- Capital lease	-	7
<b>Total interest expense</b>	<u>1,340</u>	<u>1,031</u>
Amortization of senior secured note set-up costs	61	-
Accretion of asset retirement obligation	15	17
<b>Total finance costs</b>	<u>1,416</u>	<u>1,048</u>

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**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 operates Sunday Creek Lodge where the Company 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 (“U.S.”). 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 material assets and operations in the US. As such, segmentation by principal business as well as geographic region is presented.

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**18. SEGMENTED INFORMATION (continued)**

For the period ended	March 31, 2012			March 31, 2011		
	Canada \$	USA \$	Total \$	Canada \$	USA \$	Total \$
Revenue						
Camps and Logistics	39,700	-	39,700	34,550	-	34,550
Space Rentals	10,604	2,909	13,513	5,816	6,451	12,267
Energy Services	12,016	-	12,016	8,696	-	8,696
Intersegment eliminations <sup>(1)</sup>	(6,272)	-	(6,272)	219	-	219
	<u>56,048</u>	<u>2,909</u>	<u>58,957</u>	<u>49,281</u>	<u>6,451</u>	<u>55,732</u>
<sup>(1)</sup> All intersegment revenue eliminated is in respect to inter-divisional services provided within the Company.						
Depreciation of Property and Equipment						
Camps and Logistics	4,342	-	4,342	3,757	-	3,757
Space Rentals	794	700	1,494	683	705	1,388
Energy Services	1,231	-	1,231	762	-	762
Corporate	247	-	247	107	-	107
	<u>6,614</u>	<u>700</u>	<u>7,314</u>	<u>5,309</u>	<u>705</u>	<u>6,014</u>
Finance costs						
Camps and Logistics	792	-	792	611	-	611
Space Rentals	229	161	390	173	136	309
Energy Services	234	-	234	128	-	128
	<u>1,255</u>	<u>161</u>	<u>1,416</u>	<u>912</u>	<u>136</u>	<u>1,048</u>
Net Income (Loss) attributable to Black Diamond Group Limited						
Camps and Logistics	10,089	-	10,089	9,370	-	9,370
Space Rentals	2,808	(413)	2,395	1,474	133	1,607
Energy Services	3,259	-	3,259	2,208	-	2,208
Corporate	(2,700)	-	(2,700)	(3,288)	-	(3,288)
	<u>13,456</u>	<u>(413)</u>	<u>13,043</u>	<u>9,764</u>	<u>133</u>	<u>9,897</u>
Capital Expenditures (gross)						
Camps and Logistics	10,525	-	10,525	19,158	-	19,158
Space Rentals	2,851	1,131	3,982	2,379	1,494	3,873
Energy Services	3,486	-	3,486	3,660	-	3,660
Corporate	1,684	-	1,684	1,119	-	1,119
	<u>18,546</u>	<u>1,131</u>	<u>19,677</u>	<u>26,316</u>	<u>1,494</u>	<u>27,810</u>

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

*For the three months ended March 31, 2012 and 2011  
(Amounts expressed in thousands, except share and per share amounts)*

**18. SEGMENTED INFORMATION (continued)**

As at	March 31, 2012			December 31, 2011		
	Canada \$	USA \$	Total \$	Canada \$	USA \$	Total \$
<b>Property and Equipment</b>						
Camps and Logistics	164,771	-	164,771	159,677	-	159,677
Space Rentals	48,952	34,382	83,334	47,087	35,448	82,535
Energy Services	49,916	-	49,916	47,661	-	47,661
Corporate	12,673	-	12,673	11,200	-	11,200
	<u>276,312</u>	<u>34,382</u>	<u>310,694</u>	<u>265,625</u>	<u>35,448</u>	<u>301,073</u>
<b>Intangible Assets</b>						
Camps and Logistics	7,790	-	7,790	7,924	-	7,924
Space Rentals	-	2,623	2,623	-	2,758	2,758
Energy Services	88	-	88	90	-	90
Corporate	5	-	5	6	-	6
	<u>7,883</u>	<u>2,623</u>	<u>10,506</u>	<u>8,020</u>	<u>2,758</u>	<u>10,778</u>
<b>Goodwill</b>						
Camps and Logistics	24,471	-	24,471	24,471	-	24,471
Space Rentals	4,845	3,896	8,741	4,845	3,972	8,817
Energy Services	1,369	-	1,369	1,369	-	1,369
	<u>30,685</u>	<u>3,896</u>	<u>34,581</u>	<u>30,685</u>	<u>3,972</u>	<u>34,657</u>
<b>Total Assets</b>						
Camps and Logistics	228,447	-	228,447	221,860	-	221,860
Space Rentals	66,352	42,725	109,077	60,647	45,112	105,759
Energy Services	65,028	-	65,028	62,201	-	62,201
Corporate	38,049	-	38,049	36,610	-	36,610
	<u>397,876</u>	<u>42,725</u>	<u>440,601</u>	<u>381,318</u>	<u>45,112</u>	<u>426,430</u>

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

*For the three months ended March 31, 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>	<b>March 31, 2012</b>	<b>December 31, 2011</b>
	\$	\$
Due within one year	1,950	2,009
Due later than one year and less than five	4,742	5,163
Due after five years	232	232
	<u>6,924</u>	<u>7,404</u>

Black Diamond has committed to purchase \$41,760 of fleet equipment for delivery in 2012. These purchases will be financed through a combination of operating cash flow and draws on Black Diamond's credit facilities.