Tecnoglass Inc.
Form 10-Q/A
May 31, 2016

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q/A

(Amendment No. 2)

(MARK ONE)

x **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended June 30, 2015

¨ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to

Commission file number: 001-35436

TECNOGLASS INC.

(Exact Name of Registrant as Specified in Its Charter)

Cayman Islands	**N/A**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

Avenida Circunvalar a 100 mts de la Via 40, Barrio Las Flores Barranquilla, Colombia

(Address of principal executive offices)

(57)(5) 3734000

(Issuer's telephone number)

(Former name, former address and former fiscal year, if changed since last report):

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the past 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes x No ¨

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes x No ¨

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	¨	Accelerated filer	¨
Non-accelerated filer	¨	Smaller reporting company	x
(Do not check if smaller reporting company)			

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ¨ No x

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date: 26,914,764 ordinary shares as of March 31, 2016.

EXPLANATORY NOTE

Tecnoglass Inc. (the “Company” or “we”) is filing this Amendment No. 2 (the “Amendment”) to our Quarterly Report on Form 10-Q for the quarter ended June 30, 2015 (the “Original Filing”) to correct misstatements and errors in the Company’s previously issued financial statements for the six months ended June 30, 2015.

In preparing the Company’s Annual Report on Form 10-K for the fiscal year ended December 31, 2015, the Company identified six non-cash errors: (1) in the way the Company had accounted for the fair value and classification of its “earnout shares”, (2) in the classification and presentation of deferred tax assets and liabilities on the consolidated balance sheets, (3) in the classification of its shipping and handling costs in the consolidated statement of operations, (4) in the presentation of related party revenues on consolidated statements of operations and comprehensive income, (5) in the classification of purchases and sales of investments in the consolidated statements of cash flows, and (6) in the Company’s conclusion on certain variable interest entities. In accordance with accounting guidance presented in ASC 250-10 and SEC Staff Accounting Bulletin No. 99, Materiality, the Company’s management assessed the materiality of the errors on a consolidated basis and concluded they were material to the financial statements for the year ended December 31, 2014 and the quarterly periods within both 2015 and 2014. The Company reported non-reliance on previously filed financial statements on a Form 8-k filed on April 6, 2016. With respect to the financial statements for the year ended December 31, 2014, the errors have been corrected in the Company’s 2015 10-K by form of a restatement. The corrections applicable to the three- and six-month periods ended June 30, 2015 and 2014 are included in this Amendment No. 2 to the Original Filing, and are further described in Note 2, Correction of Misstatements and Errors.

No other changes have been made to the Original Filing other than to modify the information as described above. This Amendment should be read in conjunction with the Original Filing. This Amendment speaks as of the date of the Original Filing, does not reflect events that may have occurred after the date of the Original Filing and does not modify or update in any way the disclosures made in the Original Filing, except as required to reflect the revisions discussed above.

TECNOGLASS INC.

FORM 10-Q FOR THE PERIOD ENDED JUNE 30, 2015

TABLE OF CONTENTS

	Page
Part I. Financial Information	4
Item 1. Financial Statements (Unaudited)	4
Condensed Consolidated Balance Sheets	4
Condensed Consolidated Statements of Operations and Comprehensive (Loss) Income	5
Condensed Consolidated Statements of Cash Flows	6
Notes to Condensed Consolidated Financial Statements	7
Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations	24
Item 3. Quantitative and Qualitative Disclosures About Market Risk	27
Item 4. Controls and Procedures	27
Part II. Other Information	29
Item 6. Exhibits	29
Signatures	30

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

Tecnoglass Inc. and Subsidiaries

Condensed Consolidated Balance Sheets

(In thousands, except share and per share data)

(Unaudited)

	June 30, 2015 (Restated)	December 31, 2014 (Restated)
ASSETS		
Current assets:		
Cash and cash equivalents	$ 16,018	$ 15,930
Trade accounts receivable, net	53,604	44,718
Due from related parties	31,968	28,564
Inventories, net	40,097	28,965
Other current assets	21,316	17,946
Total current assets	163,003	136,123
Long term assets:		
Property, plant and equipment, net	126,340	103,980
Long term receivables from related parties	3,392	4,220
Other long term assets	5,946	6,200
Total long term assets	135,678	114,400
Total assets	$ 298,681	$ 250,523
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Trade Accounts payable	$ 43,192	$ 34,036
Due to related parties	4,113	913
Current portion of customer advances on uncompleted contracts	10,356	5,782
Short-term debt and current portion of long term debt	58,217	54,925
Note payable to shareholder	79	80
Earnout Share Liability	12,573	5,075
Other current liabilities	15,785	11,932
Total current liabilities	$ 144,315	$ 112,743

Long term liabilities:		
Warrant liability	$ 31,304	$ 19,991
Earnout Share Liability	18,395	23,986
Other Current Liabilities	121	-
Customer advances on uncompleted contracts	10,645	8,333
Long term debt	56,654	39,273
Total long term liabilities	117,119	91,583
Total liabilities	$ 261,434	$ 204,326
COMMITMENTS AND CONTINGENCIES		
Shareholders' equity		
Preferred shares, $0.0001 par value, 1,000,000 shares authorized, 0 shares issued and outstanding at June 30, 2015	$ 0	$ 0
Ordinary shares, $0.0001 par value, 100,000,000 shares authorized, 25,301,132 and 24,801,132 shares issued and outstanding at June 30, 2015 and December 31, 2014, respectively	3	2
Legal Reserves	1,367	1,367
Additional paid-in capital	31,905	26,140
Retained earnings	20,981	30,119
Accumulated other comprehensive loss	(17,009)	(11,431)
Total shareholders’ equity	37,247	46,197
Total liabilities and shareholders’ equity	$ 298,681	$ 250,523

The accompanying notes are an integral part of these condensed consolidated financial statements.

Tecnoglass Inc. and Subsidiaries

Condensed Consolidated Statements of Operations and Comprehensive (Loss) Income

(Amounts in thousands, except share and per share amounts)

(Unaudited)

	Three months ended June 30,		Six months ended June 30,	
	2015 (Restated)	2014 (Restated)	2015 (Restated)	2014 (Restated)
Operating revenues:				
External customers	$45,830	$38,043	$83,930	$72,901
Related parties	12,223	13,893	26,166	26,876
Total operating revenues	58,053	51,936	110,096	99,777
Cost of sales	37,179	33,959	70,612	66,171
Gross Profit	20,874	17,977	39,484	33,606
Operating expenses	11,566	9,558	22,174	17,330
Operating income	9,308	8,419	17,310	16,276
Loss on change in fair value of Earnout Shares	(9,653)	(6,447)	(7,672)	(11,758)
Loss on change in fair value of warrant liability	(16,391)	(4,645)	(11,313)	(13,525)
Non-operating revenues, net	1,417	1,191	5,142	2,477
Interest expense	(2,050)	(2,294)	(4,202)	(4,267)
Loss before taxes	(17,369)	(3,776)	(735)	(10,797)
Income tax provision	3,631	2,263	8,403	5,234
Net loss	$(21,000)	$(6,039)	$(9,138)	$(16,031)
Comprehensive loss:				
Net loss	$(21,000)	$(6,039)	$(9,138)	$(16,031)
Foreign currency translation adjustments	(410)	2,885	(5,577)	2,709
Total comprehensive loss	$(21,410)	$(3,154)	$(14,715)	$(13,322)
Basic loss per share	$(0.84)	$(0.25)	$(0.37)	$(0.66)
Diluted loss per share	$(0.84)	$(0.25)	$(0.37)	$(0.66)

Basic weighted average common shares outstanding	25,147,286	24,311,199	24,975,165	24,276,947
Diluted weighted average common shares outstanding	29,074,418	27,986,839	28,392,628	27,576,936

The accompanying notes are an integral part of these condensed consolidated financial statements.

Tecnoglass Inc. and Subsidiaries

Condensed Consolidated Statements of Cash Flows

(Amounts in thousands)

(Unaudited)

	Six Months Ended June 30,	
	2015 (Restated)	2014 (Restated)
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	$ (9,138)	$ (16,031)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:	-	-
Provision for bad debts	428	-
Provision for obsolete inventory, net	(281)	20
Depreciation and amortization	5,246	4,972
Equity method income	-	51
Change in value of derivative liability	(42)	(24)
Change in value of Earnout share liability	7,672	11,757
Change in fair value of warrant liability	11,313	13,525
Deferred income taxes	(854)	818
Changes in operating assets and liabilities:	-	-
Trade accounts receivables	(12,894)	(20,418)
Inventories	(13,721)	(432)
Prepaid expenses	198	(391)
Other assets	(4,297)	(6,470)
Trade accounts payable	12,685	(4,105)
Advances from customers	8,254	634
Related parties, net	(2,740)	(4,093)
Other current liabilities	5,418	(2,700)
CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	7,247	(22,887)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investments	435	337
Proceeds from sale of property and equipment	34	-
Purchase of investments	(1,148)	(869)
Acquisition of property and equipment	(15,188)	(7,282)
Restricted cash	-	3,572
CASH USED IN INVESTING ACTIVITIES	(15,867)	(4,242)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from debt	57,462	55,080
Proceeds from the sale of common stock	-	1,000
Proceeds from the exercise of warrants	-	160

Repayments of debt	(49,093)	(37,568)
Merger proceeds held in trust	-	22,519
CASH PROVIDED BY FINANCING ACTIVITIES	8,369	41,191
Effect of exchange rate changes on cash and cash equivalents	339	516
NET INCREASE IN CASH	88	14,578
CASH - Beginning of period	15,930	2,866
CASH - End of period	$ 16,018	$ 17,444
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Cash paid during the period for:		
Interest	$ 3,239	$ 3,493
Income Tax	$ 7,188	$ 5,638
NON-CASH INVESTING AND FINANCING ACTIVITIES:		
Assets acquired under capital lease	$ 20,180	$ 2,462

The accompanying notes are an integral part of these condensed consolidated financial statements.

Tecnoglass Inc. and Subsidiaries

Notes to Condensed Consolidated Financial Statements

(Amounts in thousands, except share and per share data)

(Unaudited)

Note 1. Organization, Plan of Business Operation

Tecnoglass Inc. (“TGI,” the “Company,” “we,” “us” or “our”) was incorporated in the Cayman Islands on September 21, 2011 under the name “Andina Acquisition Corporation” (“Andina”) as a blank check company. Andina’s objective was to acquire, through a merger, share exchange, asset acquisition, share purchase recapitalization, reorganization or other similar business combination, one or more operating businesses. On December 20, 2013, Andina consummated a merger transaction (the “Merger”) with Tecno Corporation (“Tecnoglass Holding”) as ultimate parent of Tecnoglass S.A. (“TG”) and C.I. Energía Solar S.A. ES. Windows (“ES”). The surviving entity was renamed Tecnoglass Inc. The Merger transaction was accounted for as a reverse merger and recapitalization where Tecnoglass Holding was the acquirer and TGI was the acquired company. Accordingly, the business of Tecnoglass Holding and its subsidiaries became our business. We are now a holding company operating through our direct and indirect subsidiaries.

The Company manufactures hi-specification, architectural glass and windows for the global residential and commercial construction industries. Currently the Company offers design, production, marketing, and installation of architectural systems for buildings of high, medium and low elevation size. Products include windows and doors in glass and aluminum, office partitions and interior divisions, floating façades and commercial window showcases. The Company sells to customers in North, Central and South America, and exports about half of its production to foreign countries.

TG manufactures both glass and aluminum products. Its glass products include tempered glass, laminated glass, thermo-acoustic glass, curved glass, silk-screened glass, acoustic glass and digital print glass. Its Alutions plant produces mill finished, anodized, painted aluminum profiles and rods, tubes, bars and plates. Alutions’ operations include extrusion, smelting, painting and anodizing processes, and exporting, importing and marketing aluminum products.

ES designs, manufactures, markets and installs architectural systems for high, medium and low-rise construction, glass and aluminum windows and doors, office dividers and interiors, floating facades and commercial display windows.

In 2014, the Company established two Florida limited liability companies, Tecnoglass LLC ("Tecno LLC") and Tecnoglass RE LLC ("Tecno RE") to acquire manufacturing facilities, manufacturing machinery and equipment, customer lists and exclusive design permits.

Note 2. Correction of Misstatements and Errors

The Company identified and corrected six non-cash errors in its annual financial statements for the year ended December 31, 2014.. The errors, which are also addressed in these amended condensed financial statements as of June 30, 2015, occurred: (1) in the way the Company had accounted for the fair value and classification of its EBITDA/Ordinary Share Price Shares or "earnout shares", (2) in the classification and presentation of deferred tax assets and liabilities, (3) in the classification of its shipping and handling costs, (4) in the presentation of related party revenue on consolidated statements of operations and comprehensive income, (5) in the classification of purchases and sales of investments in the consolidated statements of cash flows, and (6) in the Company's conclusion on certain variable interest entities

A description of each misstatement or error is provided below and additional detail is provided in other notes to these condensed consolidated financial statements:

(a) Earnout shares - The Company entered into an Agreement and Plan of Reorganization (the "Merger Agreement") as of August 17, 2013. Pursuant to the Merger Agreement, on the closing date of December 20, 2013, the Company issued 3,000,000 Ordinary Shares ("Earnout Shares") to be held in escrow and to be released after the closing based on the Company's achievement of specified share price targets or targets based on Tecnoglass Holding's net earnings before interest income or expense, income taxes, depreciation, amortization and any expenses arising solely from the merger charged to income ("EBITDA") in the fiscal years ending December 31, 2014, 2015 or 2016.

The following table sets forth the targets and the number of Earnout Shares issuable upon the achievement of such targets:

	Ordinary Share Price Target	EBITDA Target		Number of Earnout Shares	
		Minimum	Maximum	Minimum	**Maximum**
Fiscal year ending 12/31/14	$12.00 per share	$30,000	$ 36,000	416,667	500,000
Fiscal year ending 12/31/15	$13.00 per share	$35,000	$ 40,000	875,000	1,000,000
Fiscal year ending 12/31/16	$15.00 per share	$40,000	$ 45,000	1,333,333	1,500,000

7

Prior to December 31, 2015, the earnout shares were accounted for within equity at par value. In accordance with ASC 815 – Derivatives and Hedging, the earnout shares are not considered indexed to the Company's own stock and therefore should have been accounted for as a liability with fair value changes being recorded in the consolidated statements of operations and comprehensive income,

Correction of this error will affect the condensed consolidated financial statements in this Amendment No. 2.

(b) Deferred tax assets and liabilities – The Company was presenting deferred tax assets and liabilities on a gross basis on the balance sheet as at December 31, 2014. Per ASC 740 – Income Taxes, for a particular tax-paying component of an entity and within a particular tax jurisdiction, all current deferred tax liabilities and assets shall be offset and presented as a single amount and all noncurrent deferred tax liabilities and assets shall be offset and presented as a single amount.

Correction of this error will affect the condensed consolidated financial statements in this Amendment No. 2. The deferred tax assets and liabilities have been reclassified and presented in current and long-term assets and liabilities in the condensed consolidated balance sheets presented as of June 30, 2015 and December 31, 2014.

(c) Shipping and handling costs – For the year ended December 31, 2015, the Company recorded and presents shipping and handling costs in selling expenses whereas in prior financial statements these expenses had been partially reported in cost of sales.

Correction of this error will affect the condensed consolidated financial statements in this Amendment No. 2. The amounts of shipping and handling costs have been reclassified and are presented as operating expenses in the condensed consolidated statements of operations and comprehensive income for the three- and six-month periods ended June 30, 2015 and 2014.

(d) Related party revenue – In accordance with Rule 4-08 (k) of Regulation S-X related party revenue should be presented in the statements of operations and other comprehensive income. These amounts were included as part of total Operating Revenues in previous financial statements for the three- and six-month periods ended June 30, 2015 and 2014.

Correction of this error will affect the condensed consolidated financial statements in this Amendment No. 2. Related party revenues are now presented separately in the condensed consolidated statements of operations and

comprehensive income.

(e) Cash flow from investing activities – Cash flows from the sale and purchase of investments were presented on a net basis within cash flow from investing activities. The Company now presents the sales and purchases of investments on a gross basis within cash flow from investing activities. This did not result in a change in total cash flow from investing activities in the six-month periods ended June 30, 2015 and 2014.

(f) Variable Interest Entities - The Company’s analysis that was performed previously for the preparation of the financial statements as of December 31, 2014 concluded that these entities were VIEs. However, further analysis of the facts and circumstances surrounding the Company’s accounting of ESW LLC and VS performed during 2015 determined that the prior analysis was in error.

The correction resulted in no changes to the financial statements for the three- and nine- month periods ended September 30, 2015, other than associated related party footnote disclosures.

The following table includes the financial statements as originally reported and as adjusted and takes into account the following adjustments:

Condensed Consolidated Balance Sheets

	June 30, 2015			December 31, 2014			
	As reported	Adjustment	as Restated	As reported	Adjustment	as Restated	Reference
ASSETS							
Current assets:							
Cash and cash equivalents	16,018		16,018	15,930		15,930	
Trade accounts receivable, net	54,306	-702	53,604	44,955	-237	44,718	d
Due from related parties	31,266	702	31,968	28,327	237	28,564	d
Inventories, net	40,097		40,097	28,965		28,965	
Other current assets	26,869	-5,553	21,316	23,319	-5,373	17,946	b
Total current assets	168,556	-5,553	163,003	141,496	-5,373	136,123	
Long term assets:							
Property, plant and equipment, net	126,340		126,340	103,980		103,980	
Long term receivables from related parties	3,392		3,392	4,220		4,220	
Other long term assets	5,946		5,946	6,195	5	6,200	b
Total long term assets	135,678	0	135,678	114,395	5	114,400	
Total assets	304,234	-5,553	298,681	255,891	-5,368	250,523	
LIABILITIES AND SHAREHOLDERS' EQUITY							
Current liabilities:							
Trade Accounts payable	43,469	-277	43,192	33,493	-543	32,950	d
Due to related parties	3,836	277	4,113	1,456	543	1,999	d
Current portion of customer advances on uncompleted contracts	10,356		10,356	5,782		5,782	
Short-term debt and current portion of long term debt	58,217		58,217	54,925		54,925	
Note payable to shareholder	79		79	80		80	
Earnout Share Liability		12,573	12,573		5075	5075	a
Other current liabilities	21,459	-5,674	15,785	17,300	-5,368	11,932	b
Total current liabilities	137,416	6,899	144,315	113,036	-293	112,743	
Long term liabilities:							
Warrant liability	31,304		31,304	19,991		19,991	
Earnout Share Liability		18,395	18,395		23,986	23,986	a
Other Current Liabilities	0	121	121	0		0	b
Customer advances on uncompleted contracts	10,645		10,645	8,333		8,333	
Long term debt	56,654		56,654	39,273		39,273	
Total long term liabilities	98,603	18,516	117,119	67,597	23,986	91,583	
Total liabilities	236,019	25,415	261,434	180,633	23,693	204,326	

COMMITMENTS AND CONTINGENCIES							
Shareholders' equity							
Preferred shares, $0.0001 par value, 1,000,000 shares authorized, 0 shares issued and outstanding at June 30, 2015	0		0	0		0	
Ordinary shares, $0.0001 par value, 100,000,000 shares authorized, 25,301,132 and 24,801,132 shares issued and outstanding at June 30, 2015 and December 31, 2014, respectively	3		3	2		2	
Legal Reserves	1,367		1,367	1,367		1,367	
Additional paid-in capital	46,514	-14,609	31,905	46,514	-20,374	26,140	a
Retained earnings	37,340	-16,359	20,981	38,806	-8,687	30,119	a
Accumulated other comprehensive loss	-17,009	0	-17,009	-11,431	0	-11,431	
Total shareholders’ equity	68,215	-30,968	37,247	75,258	-29,061	46,197	
Total liabilities and shareholders’ equity	304,234	-5,553	298,681	255,891	-5,368	250,523	

Condensed Consolidated Statement of Operations

	Three months ended June 30, 2015			Three months ended June 30, 2014		
	As reported	Adjustment	Restated	As reported	Adjustment	Restated
Operating revenues:						
External customers	58,053	(12,223)	45,830	51,936	(13,893)	38,043
Related parties	-	12,223	12,223	-	13,893	13,893
Total operating revenues	58,053	-	58,053	51,936	-	51,936
Cost of sales	39,055	(1,876)	37,179	35,287	(1,328)	33,959
Gross Profit	18,998	1,876	20,874	16,649	1,328	17,977
Operating expenses	9,690	1,876	11,566	8,230	1,328	9,558
Operating income	9,308	-	9,308	8,419	-	8,419
Loss on change in fair value of Earnout Shares	-	(9,653)	(9,653)	-	(6,447)	(6,447)
Loss on change in fair value of warrant liability	(16,391)		(16,391)	(4,645)		(4,645)
Non-operating revenues, net	1,417		1,417	1,191		1,191
Interest expense	(2,050)		(2,050)	(2,294)		(2,294)
(Loss) Income before taxes	(7,716)	(9,653)	(17,369)	2,671	(6,447)	(3,776)
Income tax provision	3,631		3,631	2,263		2,263
Net (loss) income	(11,347)	(9,653)	(21,000)	408	(6,447)	(6,039)
Comprehensive (loss) income:						
Net (loss) income	(11,347)	(9,653)	(21,000)	408	(6,447)	(6,039)
Foreign currency translation adjustments	(410)		(410)	2,885		2,885
Total comprehensive (loss) income	(11,757)	(9,653)	(21,410)	3,293	(6,447)	(3,154)
Basic (loss) income per share	(0.45)	(0.38)	(0.84)	0.02	(0.27)	(0.25)
Diluted (loss) income per share	(0.45)	(0.38)	(0.84)	0.01	(0.26)	(0.25)
Basic weighted average common shares outstanding	25,147,286		25,147,286	24,311,199		24,311,199
	29,074,418		29,074,418	27,986,839		27,986,839

Diluted weighted average common shares outstanding	

10

	Six months ended June 30, 2015			Six months ended June 30, 2014			
	As reported	Adjustment	Restated	As reported	Adjustment	Restated	Reference
Operating revenues:							
External customers	110,096	(26,166)	83,930	99,777	(26,876)	72,901	
Related parties	-	26,166	26,166	-	26,876	26,876	
Total operating revenues	110,096	-	110,096	99,777	-	99,777	
Cost of sales	73,916	(3,304)	70,612	68,532	(2,361)	66,171	c
Gross Profit	36,180	3,304	39,484	31,245	2,361	33,606	
Operating expenses	18,870	3,304	22,174	14,969	2,361	17,330	c
Operating income	17,310	-	17,310	16,276	-	16,276	
Loss on change in fair value of Earnout Shares	-	(7,672)	(7,672)	-	(11,758)	(11,758)	a
Loss on change in fair value of warrant liability	(11,313)		(11,313)	(13,525)		(13,525)	
Non-operating revenues, net	5,142		5,142	2,477		2,477	
Interest expense	(4,202)		(4,202)	(4,267)		(4,267)	
(Loss) Income before taxes	6,937	(7,672)	(735)	961	(11,758)	(10,797)	
Income tax provision	8,403		8,403	5,234		5,234	
Net (loss) income	(1,466)	(7,672)	(9,138)	(4,273)	(11,758)	(16,031)	
Comprehensive (loss) income:							
Net (loss) income	(1,466)	(7,672)	(9,138)	(4,273)	(11,758)	(16,031)	
Foreign currency translation adjustments	(5,577)		(5,577)	2,709		2,709	
Total comprehensive (loss) income	(7,043)	(7,672)	(14,715)	(1,564)	(11,758)	(13,322)	
Basic (loss) income per share	(0.06)	(0.31)	(0.37)	(0.18)	(0.48)	(0.66)	
Diluted (loss) income per share	(0.06)	(0.31)	(0.37)	(0.18)	(0.48)	(0.66)	
Basic weighted average common shares	24,975,165		24,975,165	24,276,947		24,276,947	

outstanding				
Diluted weighted average common shares outstanding	28,392,628	28,392,628	27,576,936	27,576,936

Condensed Consolidated Statement of Cash Flows

	Six Months Ended June 30, 2015			2014			
	As reported	Adjustment	Restated	As reported	Adjustment	Restated	Reference
CASH FLOWS FROM OPERATING ACTIVITIES							
Net loss	(1,466)	(7,672)	(9,138)	(4,273)	(11,758)	(16,031)	
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:			-			-	
Provision for bad debts	428		428	-		-	
Provision for obsolete inventory, net	(281)		(281)	20		20	
Depreciation and amortization	5,246		5,246	4,972		4,972	
Equity method income	-		-	51		51	
Change in value of derivative liability	(42)		(42)	(24)		(24)	
Change in value of Earnout share liability	-	7,672	7,672	-	11,757	11,757	a
Change in fair value of warrant liability	11,313		11,313	13,525		13,525	
Deferred income taxes	(854)		(854)	818		818	
Changes in operating assets and liabilities:							
Trade accounts receivables	(13,623)	730	(12,893)	(21,027)	609	(20,418)	d
Inventories	(13,721)		(13,721)	(432)		(432)	
Prepaid expenses	198		198	(391)		(391)	
Other assets	(4,297)		(4,297)	(6,470)		(6,470)	
Trade accounts payable	12,974	(289)	12,685	(4,073)	(32)	(4,105)	d
Advances from customers	8,254		8,254	634		634	
Related parties, net	(2,300)	(441)	(2,741)	(3,517)	(576)	(4,093)	d
Other current liabilities	5,418		5,418	(2,700)		(2,700)	
CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	7,247	-	7,247	(22,887)	-	(22,887)	
CASH FLOWS FROM INVESTING ACTIVITIES							
Proceeds from sale of investments	266	169	435	337		337	
Proceeds from sale of property and equipment	34		34	-		-	
Purchase of investments	(979)	(169)	(1,148)	(869)		(869)	
Acquisition of property and equipment	(15,188)		(15,188)	(7,282)		(7,282)	
Restricted cash	-		-	3,572		3,572	

CASH USED IN INVESTING ACTIVITIES	(15,867)	-	(15,867)	(4,242)	-	(4,242)
CASH FLOWS FROM FINANCING ACTIVITIES						
Proceeds from debt	57,462		57,462	55,080		55,080
Proceeds from the sale of common stock	-		-	1,000		1,000
Proceeds from the exercise of warrants	-		-	160		160
Repayments of debt	(49,093)		(49,093)	(37,568)		(37,568)
Merger proceeds held in trust	-		-	22,519		22,519
CASH PROVIDED BY FINANCING ACTIVITIES	8,369	-	8,369	41,191	-	41,191
Effect of exchange rate changes on cash and cash equivalents	339	-	339	516	-	516
NET INCREASE IN CASH	88	-	88	14,578	-	14,578
CASH - Beginning of period	15,930	-	15,930	2,866	-	2,866
CASH - End of period	16,018	-	16,018	17,444	-	17,444
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION						
Cash paid during the period for:						
Interest	3,239	-	3,239	3,493	-	3,493
Income Tax	7,188	-	7,188	5,638	-	5,638
NON-CASH INVESTING AND FINANCING ACTIVITIES:						
Assets acquired under capital lease	20,180	-	20,180	2,462	-	2,462

Note 3. Summary of significant accounting policies

Basis of Presentation and Use of Estimates

The accompanying unaudited, condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("US GAAP") and pursuant to the accounting and disclosure rules and regulations of the Securities and Exchange Commission ("SEC"). The results reported in these unaudited condensed consolidated financial statements are not necessarily indicative of results that may be expected for the entire year. These unaudited condensed consolidated financial statements should be read in conjunction with the information contained in the Company's Annual Report on Form 10-K for the year ended December 31, 2014 (2014 Annual Report on Form 10-K). The year-end condensed balance sheet data was derived from audited financial statements, but does not include all disclosures required by US GAAP. These unaudited condensed consolidated financial statements include the consolidated results of TGI, its indirect wholly owned subsidiaries TG and ES, and its direct subsidiaries Tecno LLC and Tecno RE. Material intercompany accounts, transactions and profits are eliminated in consolidation. The unaudited condensed consolidated financial statements are prepared in accordance with the rules of the SEC for interim reporting purposes.

The preparation of these unaudited, condensed consolidated financial statements requires the Company to make estimates and judgments that affect the reported amounts of assets and liabilities, revenues and expenses, and related disclosures of contingent assets and liabilities at the date of the Company's financial statements. Actual results may differ from these estimates under different assumptions or conditions. Estimates inherent in the preparation of these, condensed consolidated financial statements relate to the collectability of account receivables, the valuation of inventories, estimated earnings on uncompleted contracts, useful lives and potential impairment of long-lived assets, and valuation of warrants, earnout share liability and other derivative financial instruments. Based on information known before these unaudited, condensed consolidated financial statements were available to be issued, there are no estimates included in these statements for which it is reasonably possible that the estimate will change in the near term up to one year from the date of these financial statements and the effect of the change will be material, except for warrant liability and earnout share liability further discussed below in this note and Note 10 and 11.

Foreign Currency Translation

The consolidated financial statements are presented in U.S. Dollars, the reporting currency. Our foreign subsidiaries' local currency is the Colombian Peso, which is also their functional currency as determined by the analysis markets, costs and expenses, assets, liabilities, financing and cash flow indicators. As such, our subsidiaries' assets and liabilities are translated at the exchange rate in effect at the balance sheet date, with equity being translated at the historical rates. Revenues and expenses of our foreign subsidiaries are translated at the average exchange rates for the period. The resulting cumulative foreign currency translation adjustments from this process are included as a component of accumulated other comprehensive income (loss). Therefore, the U.S. Dollar value of these items in our financial statements fluctuates from period to period.

Also, exchange gains and losses arising from transactions denominated in a currency other than the functional currency are included in the consolidated statement of operations as foreign exchange gains and losses within non-operating income, net.

Revenue Recognition

Our principal sources of revenue are derived from product sales of manufactured glass and aluminum products. Revenue is recognized when (i) persuasive evidence of an arrangement exists in the form of a signed purchase order or contract, (ii) delivery has occurred per contracted terms, (iii) fees and prices are fixed and determinable, and (iv) collectability of the sale is reasonably assured. All revenue is recognized net of discounts, returns and allowances. The Company recognizes revenue when goods are shipped, which is "FOB shipping point". Delivery to the customer is deemed to have occurred when the customer takes title to the product. Generally, title passes to the customer upon shipment, but title transfer may occur when the customer receives the product based on the terms of the agreement with the customer.

Revenues from fixed price contracts are recognized using the percentage-of-completion method, measured by the percentage of costs incurred to date to total estimated costs for each contract. Revenues recognized in advance of amounts billable pursuant to contracts terms are recorded as unbilled receivables on uncompleted contracts based on work performed and costs to date. Unbilled receivables on uncompleted contracts are billable upon various events, including the attainment of performance milestones, delivery of product and/or services, or completion of the contract. Revisions to cost estimates as contracts progress have the effect of increasing or decreasing expected profits each period. Changes in contract estimates occur for a variety of reasons, including changes in contract scope, estimated revenue and estimated costs to complete. Provisions for estimated losses on uncompleted contracts are made in the period in which such losses are determined. Changes in contract performance and estimated profitability may result in revisions to costs and income and are recognized in the period in which the revisions are determined and do not have a material effect on the Company's financial statements.

Property, Plant and Equipment

Property, plant and equipment are recorded at cost. Significant improvements and renewals that extend the useful life of the asset are capitalized. Interest caused while acquired property is under construction and installation are capitalized. Repairs and maintenance are charged to expense as incurred. When property is retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts and any related gains or losses are included in income as a reduction to, or increase in selling, general and administrative expenses. Depreciation is computed on a straight-line basis, based on the following estimated useful lives:

Buildings	20 years
Machinery and equipment	10 years
Furniture and fixtures	10 years
Office equipment and software	5 years
Vehicles	5 years

Earnout shares liability (Restated)

In accordance with ASC 815 – Derivatives and hedging, the Company's EBITDA/Ordinary Share Price Shares ("Earnout Shares") are not considered indexed to the Company's own stock and therefore are accounted for as a liability with fair value changes being recorded in the consolidated statements of operations and comprehensive income. This liability is subject to re-measurement at each balance sheet date and adjusted at each reporting period until released or until the expiration of the liability in December 31, 2016 under the governing agreement, and any change in fair value is recognized in the Company's condensed consolidated statement of operations.

When the earnout shares are released from the escrow account upon achievement of the conditions set forth in the earnout share agreement, the Company records the fair value of the released shares out of the earnout share liability and into common stock and additional paid-in capital within the shareholders equity section of the Company's condensed consolidated balance sheets.

Warrant liability

An aggregate 9,200,000 warrants were issued as a result of the Public Offering, the Private Placement and the Merger. Of the aggregate total, 4,200,000 warrants were issued in connection with the Public Offering ("IPO Warrants"), 4,800,000 warrants were issued in connection with the Private Placement ("Insider Warrants"), and 200,000 warrants were issued upon conversion of a promissory note at the closing of the Merger ("Working Capital Warrants"). The Company classifies the warrant instruments as a liability at their fair value because the warrants do not meet the criteria for equity treatment under guidance contained in ASC 815-40-15-7D. The aggregate liability is subject to re-measurement at each balance sheet date and adjusted at each reporting period until exercised or expired, and any change in fair value is recognized in the Company's consolidated statement of operations.

The Company determines the fair value of warrant liability at each reporting period using the Binomial Lattice options pricing model. In general, the inputs used are unobservable and the fair value measurement of the warrant liability is classified as a Level 3 measurement under guidance for fair value measurements hierarchy of categorization to reflect the level of judgment and observability of the inputs involved in estimating fair values. Refer to Note 11 for additional details about the Company's warrants.

When the warrants are exercised for ordinary shares, the Company re-measures the fair value of the exercised warrants as of the date of exercise using available fair value methods and records the change in fair value in the consolidated statement of operations, and records the fair value of the exercised warrants as additional paid in capital in the shareholders equity section of the Company's consolidated balance sheet.

Unit Purchase Options

The Unit Purchase Options ("UPOs") are derivative contracts in the entity's own equity in accordance with guidance in ASC 815-40, paragraphs 15-5 through 15-8 and are not accounted for as assets or liabilities requiring fair value estimates for the derivative contract in each reporting period. The Company accounted for the UPOs, at issuance date in March 2012, at fair value calculated using a Black-Scholes option-pricing model, including the amount of $500,100 received in cash payments, as an expense of the Public Offering resulting with a charge directly to shareholders equity. In November and December 2015, holders of UPOs exercised 803,468 unit options (one share and one warrant) and simultaneously exercised the underlying warrants on a cashless basis, resulting in the issuance of 592,656 ordinary shares. No cash was received in this simultaneous transaction. Because the UPOs are accounted for in shareholders' equity as instruments indexed to the Company's own equity, and no cash or other consideration was received or liabilities were settled, there is no measurement or re-measurement of fair value for the purposes of reclassification out of retained earnings into additional paid in capital.

Income Taxes

The Company's operations in Colombia are subject to the taxing jurisdiction of the Republic of Colombia. Tecno LLC and Tecno RE are subject to the taxing jurisdiction of the United States. TGI and Tecnoglass Holding are subject to the taxing jurisdiction of the Cayman Islands.

The Company recognizes deferred tax assets and liabilities for the expected impact of differences between the financial statements and tax bases of assets and liabilities and for the expected future tax benefit to be derived from tax losses and tax credit carry forwards if any.

The Company believes that its income tax positions and deductions used in its tax filings would be sustained on audit and does not anticipate any adjustments that would result in a material changes to its financial position.

Earnings per Share

Basic earnings per share is computed by dividing net income by the weighted-average number of ordinary shares outstanding during the period, excluding the effects of any potentially dilutive securities. Income per share assuming dilution (diluted earnings per share) would give effect to dilutive options, warrants, and other potential ordinary shares outstanding during the period. Basic loss per share is computed by dividing loss available to common shareholders by the weighted-average number of common shares outstanding. Diluted loss per share is computed similar to basic loss per share except that the denominator is increased to include the number of additional common shares that would have been outstanding if the potential common shares had been issued and if the additional common shares were dilutive. The computation of diluted earnings per share excludes the effects 3,419,463 and 3,299,989 dilutive options for the six months ended June 30, 2015 and 2014, as well as 3,927,132 and 3,675,640 dilutive options, warrants and other potentially dilutive securities for the three month period ended June 30, 2015, because their inclusion, given a net loss for the period, would be anti-dilutive. Earnings per share here presented differ from previously reported earnings per share as net income changed as explained in Note 2. Correction of Misstatements and Errors.

The following table sets forth the computation of the basic and diluted earnings per share for the three- and six-month periods ended June 30, 2015 and 2014:

	Three months ended June 30,		Six months ended June 30,	
	2015	2014	2015	2014
Net (Loss) Income	$(21,000)	$(6,039)	$(9,138)	$(16,031)
Denominator				
Denominator for basic earnings per ordinary share - weighted average shares outstanding	25,147,286	24,311,199	24,975,165	24,276,947
Effect of dilutive warrants and earnout shares	3,927,132	3,675,640	3,417,463	3,299,989
Denominator for diluted earnings per ordinary share - weighted average shares outstanding	29,074,418	27,986,839	28,392,628	27,576,936
Basic earnings per ordinary share	$(0.84)	$(0.25)	$(0.37)	$(0.66)
Diluted earnings per ordinary share	$(0.84)	$(0.25)	$(0.37)	$(0.66)

Product Warranties

The Company offers product warranties in connection with the sale and installation of its products that are competitive in the markets in which the products are sold. Standard warranties depend upon the product and service, and are generally from five to ten years for architectural glass, curtain wall, laminated and tempered glass, window and door products. Warranties are not priced or sold separately and do not provide the customer with services or coverages in addition to the assurance that the product complies with original agreed-upon specifications. Claims are settled by replacement of the warrantied products. The Company evaluated historical information regarding claims for replacements under warranties and concluded that the costs that the Company have incurred in relation to these warranties have not been material.

Non-Operating Revenues

The Company recognizes non -operating revenues from foreign currency transaction gains and losses, interest income on receivables, proceeds from sales of scrap materials and other activities not related to the Company’s operations. Foreign currency transaction gains and losses occur when monetary assets, liabilities, payments and receipts that are denominated in currencies other than the Company’s functional currency are recorded in the Colombian peso accounts of the Company in Colombia. The Company´s non-operating revenues for the six months ended June 30, 2015 and 2014 were $5,142 and $2,477, respectively. During the six months ended June 30, 2015 and 2014, the Company recorded net gains from foreign currency transactions of $3,373 and $1,404, respectively.

Shipping and Handling Costs (Restated)

The Company classifies amounts billed to customers related to shipping and handling as product revenues. The Company records and presents shipping and handling costs in selling expenses. Shipping and handling costs for the six month periods ended June 30, 2015 and 2014 were $5,105 and $3,730, respectively. The Company reclassified presentation of shipping and handling expenses compared to previously reported financial statements as discussed in Note 2. Correction of Misstatements and Errors.

Recently Issued Accounting Pronouncements

On February 25, 2016, the FASB released ASU 2016-02, “Leases – ASC 842”, completing its project to overhaul lease accounting under ASC 840. The new guidance requires the recognition of most leases on its balance sheet. Also, a modified retrospective transition will be required, although there are significant elective transition reliefs available for both lessors and lessees. This standard is effective for public companies in fiscal years beginning after December 15, 2018. Early adoption is permitted. The Company is in the process of analyzing the new standard.

Note 4. Inventories, net

Inventories are comprised of the following:

	June 30, 2015	December 31, 2014
Raw materials	$30,986	$ 22,421
Work in process	3,511	2,136
Finished goods	2,879	2,158
Stores and spares	2,562	2,371
Packing material	159	171
	40,097	29,257
Less: inventory allowances	-	(292)
Total inventories, net	$40,097	$ 28,965

Note 5. Property, Plant and Equipment, Net

Property, plant and equipment, net consist of the following:

	June 30, 2015	December 31, 2014
Building	$37,871	$ 36,228
Machinery and equipment	94,770	76,497
Office equipment and software	4,347	2,868
Vehicles	1,528	1,412
Furniture and fixtures	1,534	1,651
Total property, plant and equipment	140,050	118,656
Accumulated depreciation and amortization	(33,484)	(31,646)
Net value of property and equipment	106,566	87,010
Land	19,774	16,970
Total property, plant and equipment, net	$126,340	$ 103,980

Depreciation and amortization expense, inclusive of capital lease amortization, for the three month periods ended June 30, 2015 and 2014 was $2,745 and $3,020, respectively, and for the six month periods ended June 30, 2015 and 2014 was $5,246 and $4,972 respectively.

Note 6. Long-Term Debt

At June 30, 2015, the Company owed approximately $114 million under its various borrowing arrangements with several banks in Colombia, Panama and the United States and including obligations under various capital leases. The bank obligations have maturities ranging from six months to 15 years that bear interest at rates ranging from 2.9% to 12.03%. These loans are generally secured by substantially all of the Company’s accounts receivable or inventory.

The mortgage loan from TD Bank N.A. for real property acquired in December 2014 by Tecno RE includes requirements that the Company has to maintain debt service coverage ratios to be evaluated annually, as well a loan-to-value ratio evaluation from time to

time by the bank.

	June 30, 2015	December 31, 2014
Obligations under borrowing arrangements	$114,871	$ 94,198
Less: Current portion of long-term debt and other current borrowings	58,217	54,925
Long-term debt	$56,654	$ 39,273

Maturities of long-term debt and other current borrowings are as follows as of June 30, 2015:

12 months ending June 30,	
2017	$22,706
2018	12,210
2019	7,410
2020	6,785
Thereafter	7,543
Total	$56,654

Revolving Lines of Credit

The Company has approximately $8.5 million available in two lines of credit under a revolving note arrangement as of June 30, 2015. The floating interest rates on the revolving notes are between DTF+6% and DTF+7%. DTF is the primary measure of interest rates in Colombia. At June 30, 2015 and December 31, 2014, $7,823 and $375 was outstanding under these lines, respectively.

Proceeds from debt and repayments of debt for the six months ended June 30, 2015 and 2014 are as follows:

	2015	2014
Proceeds from debt	$57,462	$55,080
Repayments of debt	$49,093	$37,568

The Company acquired assets under capital leases for the six months ended June 30, 2015 and 2014 for $20,180 and $2,462, respectively.

The Company had $7,186 and $7,362 of property, plant and equipment as well as $402 and $435 of other long term assets pledged to secure $ 36,575 and $26,856 under various lines of credit as of September 30, 2015 and December 31, 2014, respectively.

Interest expense for the six-month periods ended June 30, 2015 and 2014 was $4,202 and $4,267, respectively.

Note 7. Income Taxes

The Company files income tax returns for TG and ES in the Republic of Colombia. Colombia’s Tax Statute was reformed on December 23, 2014. A general corporate income Tax Rate applies at 25% and a CREE Tax based on taxable income applies at a rate of 9% to certain taxpayers including the Company. Prior to the reform, the CREE Tax would only apply up to tax years 2015. The reform makes the CREE tax rate of 9% permanent and an additional CREE Surtax will apply for the years 2015 through 2018 at varying rates.

The following table summarizes income tax rates under the tax reform law:

	2015	2016	2017	2018	2019
Income Tax	25 %	25 %	25 %	25 %	25 %
CREE Tax	9 %	9 %	9 %	9 %	9 %
CREE Surtax	5 %	6 %	8 %	9 %	-
Total Tax on Income	39 %	40 %	42 %	43 %	34 %

The components of income tax expense (benefit) are as follows:

	Three months ended June 30,		Six months ended June 30,	
	2015	2014	2015	2014
Current income tax				
Foreign	$ 4,328	$ 1,900	$ 9,257	$ 4,416
Deferred income tax				
Foreign	(697)	363	(854)	818
Total Provision for Income tax	$ 3,631	$ 2,263	$ 8,403	$ 5,234
Effective tax rate	-20.9 %	-59.9 %	-1,143.3 %	-48,5 %

The Company's effective tax rates for the three and six-month periods ended June 30, 2015 and 2014 reflect the non-cash, non-deductible losses and non-taxable gains from changes in the fair values of the Company’s warrant and earnout shares liabilities in the table below:

	Three months ended June 30,		Six months ended June 30,	
	2015	2014	2015	2014
Change in fair value of warrant liability	16,392	4,585	11,313	13,465
Change in fair value of earnout shares liability	9,652	7,213	7,672	11,757
Total non-cash, nontaxable effects of changes in fair value of liabilities	26,044	11,798	18,985	25,222

In addition, the Company’s statutory tax rate increased from 34% in 2014 to 39% in 2014 because of the tax reform mentioned above.

Note 8. Fair Value Measurements

The Company accounts for financial assets and liabilities in accordance with accounting standards that define fair value and establish a framework for measuring fair value. The hierarchy prioritizes the inputs into three broad levels. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 2 inputs are quoted prices for similar assets and liabilities in active markets or inputs that are observable for the asset or liability, either directly or indirectly through market corroboration, for substantially the full term of the financial instrument. Level 3 inputs are unobservable inputs based on the Company's assumptions used to measure assets and liabilities at fair value. The classification of a financial asset or liability within the hierarchy is determined by the lowest level inputs that are significant to the fair value measurement.

Assets and Liabilities recognized or disclosed at Fair Value on a Recurring Basis at June 30, 2015:

	Quotes Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Warrant Liability	$ -	$ -	$ 31,304
Earnout shares liability	$ -	$ -	$ 30,968
Interest Rate Swap Derivative Liability	$ -	$ 84	$ -
Long term debt	$ -	$ 62,803	$ -

Assets and Liabilities recognized or disclosed at Fair Value on a Recurring Basis at December 31, 2014:

	Quotes Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Warrant Liability	$ -	$ -	$ 19,991
Earnout shares liability	$ -	$ -	29,061
Interest Rate Swap Derivative Liability	$ -	$ 134	$ -
Long term debt	$ -	$ 43,266	$ -

Note 9. Segment and Geographic Information

The Company operates a single segment business for product sales consisting of four geographical sales territories as follows:

	Three months ended June 30,		Six months ended June 30,	
	2015	2014	2015	2014
Colombia	$ 21,869	$ 21,797	$ 39,251	$ 42,752
United States	33,344	26,041	65,022	47,908
Panama	1,355	3,418	2,823	7,833
Other	1,485	680	3,000	1,284
Total Revenues	$ 58,053	$ 51,936	$ 110,096	$ 99,777

Note 10. Earnout shares liability (Restated)

Otros indicados en comentarios insertados

The earnout shares liability is subject to re-measurement at each balance sheet date until the shares are released or until the expiration of the liability at December 31, 2016 under the governing agreement, and any change in fair value is recognized in the Company’s condensed consolidated statement of operations.

When the earnout shares are released from the escrow account upon achievement of the conditions set forth in the earnout share agreement, the Company records the fair value of the released shares out of the earnout share liability and into common stock and additional paid-in capital within the shareholders equity section of the Company’s condensed consolidated balance sheets.

The Company determines the fair value of the earnout share liability using a Monte Carlo simulation, which models future EBITDA and ordinary share stock prices during the earn-out period using the Geometric Brownian Motion. This model is dependent upon several variables such as the earnout share agreement's expected term, expected risk-free interest rate over the expected term, the equity volatility of the Company's stock price over the expected term, the asset volatility, and the Company's forecasted EBITDA. The expected term represents the period of time that the earnout shares agreement is expected to be outstanding. The risk-free rates are based on U.S. Treasury securities with similar maturities as the expected term of the earnout share agreement at the date of valuation. The Company measures volatility using a blended weighted average of the volatility rates for a number of similar publicly-traded companies. The inputs to the model were stock price, risk-free rate, expected term and volatility. In general, the inputs used are unobservable; therefore unless indicated otherwise, the earnout share liability is classified as Level 3 under guidance for fair value measurements hierarchy.

The table below provides a reconciliation of the beginning and ending balances for the earnout shares liability measured using significant unobservable inputs (Level 3):

Balance - December 31, 2014	$29,061
Fair value adjustment - three months ended March 31, 2015	-1,981
Balance - March 31, 2015	27,080
Fair value adjustment - three months ended June 30, 2015	9,653
Reclassification to Additional Paid-In Capital on release of 2014 Earnout shares	-5,765
Balance - June 30, 2015	$30,968

Note 11. Warrant Liability

Prior to the Merger on December 20, 2013 the Company issued an aggregate of 9,200,000 warrants to purchase its ordinary shares as follows: 4,200,000 warrants issued in connection with Andina's Initial Public Offering, 4,800,000 warrants issued in connection with a Private Placement simultaneous with the Initial Public Offering and 200,000 working capital warrants issued upon conversion of a promissory note at the closing of the Merger. Following the Notice of Effectiveness of its Registration Statement on June 16, 2014, an aggregate of 102,570 warrants have been exercised by investors resulting in a net 9,097,430 warrants outstanding as of June 30, 2015. The fair value of the warrant liability was determined by the Company using the Binomial Lattice pricing model. This model is dependent upon several variables such as the instrument's expected term, expected strike price, expected risk-free interest rate over the expected instrument term, the expected dividend yield rate over the expected instrument term and the expected volatility of the Company's stock price over the expected term. The expected term represents the period of time that the instruments granted are expected to be outstanding. The expected strike price is based upon a weighted average probability analysis of the strike price changes expected during the term because of the down round protection. The risk-free rates are based on U.S. Treasury securities with similar maturities as the expected terms of the options at the date of valuation. Expected dividend yield is based on historical trends. The Company measures volatility using a blended weighted average of the volatility rates for a number of similar publicly traded companies.

The inputs to the model were as follows:

	June 30, 2015		December 31, 2014	
Stock Price	$ 12.63		$ 10.15	
Dividend Yield	$ 0.125		N/A	
Risk-free rate	0.46	%	0.67	%
Expected Term	1.72		1.97	
Expected Volatility	32.69	%	33.62	%

The table below provides a reconciliation of the beginning and ending balances for the warrant liability measured using significant unobservable inputs (Level 3):

Balance - December 31, 2014	$19,991
Fair value adjustment - three months ended March 31, 2015	(5,078)
Balance - March 31, 2015	14,913
Fair value adjustment - three months ended June 30, 2015	16,391
Balance - June 30, 2015	$31,304

The Company’s equity warrants are exercisable by the warrant holder in either of two modes: (i) by making a cash payment at the exercise price and receiving ordinary shares (“cash exercise”), or (ii) by applying a formula in the warrant agreement that is based on the market price of the shares on the NASDAQ market in order to receive ordinary shares for the warrant with no cash payment (“cashless exercise”).

When the warrants are exercised for ordinary shares, the Company re-measures the fair value of the exercised warrants as of the date of exercise using quoted prices on the OTC Pink Markets and records the change in fair value in the consolidated statement of operations, and records the fair value of the exercised warrants as additional paid-in capital in the shareholders equity section of the Company's balance sheet.

In June 2014, warrant holders exercised 20,045 warrants on a cash basis. Cash proceeds of $160 were recorded in additional paid-in capital.

Note 12. Related Parties

The Company's major related party entities are: ESW LLC, a Florida limited liability company partially owned by the Company's Chief Executive Officer and Chief Operating Officer, VS, an importer and installer based in Panama owned by related party family members, and Union Temporal ESW ("UT ESW"), a temporary contractual joint venture under Colombian law with Ventanar S. A. managed by related parties that expires at the end of its applicable contracts.

The following is a summary of assets, liabilities, and income and expense transactions with all related parties, shareholders, directors and managers:

	June 30, 2015	December 31, 2014
Assets		
Due from ESW LLC	$ 18,629	$ 13,814
Due from VS	7,849	7,979
Due from UT ESW	1,420	2,000
Due from other related parties	4,070	4,771
	$ 31,968	$ 28,564
Long term payment agreement from VS	$ 3,392	$ 4,220
Liabilities		
Due to A Construir S.A.	$ 3,219	$ 995
Due to other related parties	894	1,004
	$ 4,113	$ 1,999

	Three months ended June 30,		Six months ended June 30,	
	2015	2014	2015	2014

Revenues				
Sales to ESW LLC	$ 11,027	$ 9,638	$ 22,898	$ 18,151
Sales to VS	1,553	3,571	2,599	7,236
Sales to other related parties	(357)	684	669	1,489
	12,223	13,893	26,166	26,876
Expenses				
Fees paid to directors and officers	$ 388	$ 621	$ 777	$ 621
Payments to other related parties*	396	1,192	865	1,171

Sales to other related parties were less than 0.1 million in the three months ended and six months ended June 30, 2015 and 2014.

Payments to other related parties in 2015 and 2014 consists primarily of donations to Fundación Tecnoglass.

In December 2014, the Company and VS executed a three-year payment agreement for recovery of trade receivables outstanding for $6.6 million with an interest rate of Libor + 4.7% paid semiannually. The payment agreement was accounted for at fair value.

In 2013, the Company guaranteed a loan for $163 used to develop a lot adjacent to the Alutions plant into a related party fuel service station Santa Maria del Mar S.A. At June 30, 2015, the guarantee was in good standing and no liabilities have been recorded, and the Company was in the process of restructuring the guarantee to exclude the involvement of Tecnoglass, S.A., as required by the merger agreement.

In December 2014, ESW LLC guaranteed a mortgage loan for $3,920 for the acquisition of real properties in Miami-Dade County, Florida in favor of Tecnoglass RE, a wholly owned subsidiary of the Company.

Analysis of Variable Interest Entities

The Company conducted an evaluation as a reporting entity of its involvement with certain significant related party business entities as of June 30, 2015 in order to determine whether these entities were variable interest entities requiring consolidation or disclosures in the financial statements of the Company. The Company evaluated the purpose for which these entities were created and the nature of the risks in the entities as required by the guidance under ASC 810-10-25 - Consolidation and related Subsections.

From all the entities analyzed, only two entities, ESW LLC and VS, resulted in having variable interests. However, as of the date of the initial evaluation and for the three and six months ended June 30, 2015, the Company concluded that both entities are not deemed VIEs and as such these entities should not be consolidated within the Company's consolidated financial statements.

The Company's analysis that was performed previously for the preparation of the financial statements as of December 31, 2014 concluded that these entities were VIEs. However, further analysis of the facts and circumstances surrounding the Company's accounting of ESW LLC and VS performed during 2015 determined that the prior analysis was in error. The Company considered a quantitative and qualitative materiality assessment of the disclosure error and concluded it was not material to the Company's previously reported financial statements.

Note 13. Note Payable to Shareholder

From September 5, 2013 to November 7, 2013, A. Lorne Weil loaned the Company $150 of which $70 was paid at closing of the Merger and $80 remained unpaid as of December 31, 2014. During the second quarter of 2015, the Company paid $1, remaining $79 unpaid as of June 30, 2015.

Note 14. Derivative Financial Instruments

In 2012, the Company entered into two interest rate swap (IRS) contracts as economic hedges against interest rate risk through 2017. Hedge accounting treatment per guidance in ASC 815-10 and related Subsections was not pursued at inception of the contracts. The derivative contracts are recorded on the balance sheet as liabilities at an aggregate fair value of $84 and $134 as of June 30, 2015 and December 31, 2014, respectively. Changes in the fair value of the derivatives are recorded in current earnings.

Note 15. Commitments and Contingencies

Guarantees

Guarantees on behalf of or from related parties are disclosed in Note 12. - Related Parties

Legal Matters

Tecnoglass S.A. is also a named defendant in the matter of Diplomat Properties, Limited Partnership as assignee of Shower Concepts, Inc. v. Tecnoglass Colombia, S.A. in the 17th Judicial Circuit in and for Broward County, Florida. Plaintiff Diplomat Properties, Limited ("Diplomat") has asserted a claim for indemnification against TG and Tecnoglass USA, Inc. The claim arises from the supplying of glass shower doors to a hotel/spa in Broward County, Florida. Specifically, in 2006, Diplomat commenced arbitration against Shower Concepts, Inc. seeking damages for breach of contract due to fractures in the installed glass shower doors. Diplomat initiated a complaint asserting various claims, which were dismissed with prejudice. The only remaining claim against the Tecnoglass entities is common law indemnification. TG denies liability and asserts that Shower Concepts was at fault and that as a joint tort feasor, it cannot sue for indemnity. A trial date has not yet been set for this case. Management and TG's counsel believes that a liability in this claim is remote and immaterial and there are no significant reasonably estimated amounts for a possible loss.

General Legal Matters

From time to time, the Company is involved in legal matters arising in the ordinary course of business. While management believes that such matters are currently not material, there can be no assurance that matters arising in the ordinary course of business for which the Company is, or could be, involved in litigation, will not have a material adverse effect on its business, financial condition or results of operations.

Note 16. Shareholders Equity

Pursuant to the merger agreement and plan of reorganization and on filing of financial statements for the fiscal year ended December 31, 2014, Energy Holding Corporation received an aggregate of 500,000 ordinary shares in April 2015 based on the Company's achievement of specified EBITDA targets set forth in such agreement.

22

On April 14, 2015, the Company´s Board of Directors authorized the payment of regular quarterly dividends to holders of its ordinary shares at a quarterly rate of $0.125 per share (or $0.50 per share on annual basis).

Note 17. Subsequent Events

On July 9, 2015, the Company filed a Registration Statement on Form S-4 with the Securities and Exchange Commission (“SEC”) in connection with a proposed exchange of its warrants for its ordinary shares. Under the terms of the warrant exchange offer, each of Tecnoglass’ warrant holders will have the opportunity to receive one Tecnoglass ordinary share in exchange for every 2.6 of the Company’s outstanding warrants tendered by the holder and exchanged pursuant to the offer. The Exchange Offer will commence as soon as practicable after the registration statement becomes effective and is expected to remain open for not less than 30 days.

Management concluded that no additional subsequent events required disclosure other than those disclosed in these financial statements.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Forward-Looking Statements

This Quarterly Report on Form 10-Q includes forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). We have based these forward-looking statements on our current expectations and projections about future events. These forward-looking statements are subject to known and unknown risks, uncertainties and assumptions about us that may cause our actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by such forward-looking statements. In some cases, you can identify forward-looking statements by terminology such as "may," "should," "could," "would," "expect," "plan," "anticipate," "believe," "estimate," "continue," or the negative of such te similar expressions. Factors that might cause or contribute to such a discrepancy include, but are not limited to, those described in our other Securities and Exchange Commission ("SEC") filings. References to "we", "us" or "our" are to Tecnoglass Inc. (formerly Andina Acquisition Corporation), except where the context requires otherwise. The following discussion should be read in conjunction with our condensed consolidated financial statements and related notes thereto included elsewhere in this report.

Overview

The Company is a holding company operating through its indirect, wholly owned subsidiaries: TG, which manufactures, markets and exports a variety of glass products since 1994 and established the Alutions plant in 2007 for aluminum products, and ES, a leader in the production of high-end windows and architectural glass systems. We have more than 30 years' experience in the glass and aluminum structure assembly market in Colombia.

The Company manufactures hi-specification, architectural glass and windows for the global residential and commercial construction industries. Currently the Company offers design, production, marketing, and installation of architectural systems for buildings of high, medium and low elevation size. Products include windows and doors in glass and aluminum, office partitions and interior divisions, floating façades and commercial window showcases. The Company sells to more than 800 customers in North, Central and South America, and exports almost half of its production to foreign countries.

In Panama, ES sells products primarily to companies participating in large construction projects in the higher income areas of the city. ES products were supplied in the Soho Plaza, a complex of a shopping mall and two skyscrapers that brought in approximately $18 million in revenues to the Company since the inception of the contract in 2012.

TG sells to its customers using several sales teams based out of Colombia to specifically target regional markets in South, Central and North America. In addition, TG has approximately ten free-lance sales representatives based in North America.

ES sells its products through four sales teams based out of Colombia, Peru, Panama and the US. The Colombia sales team is the largest sales group and has deep contacts throughout the construction industry, and markets ES's products and installation services.

The sales team in Peru is responsible for sales in South America excluding Colombia. Sales forces in Panama and the US are not through subsidiaries but arms-length agreements with sales representatives.

Liquidity

As of June 30, 2015 and December 31, 2014, the Company had cash and cash equivalents of approximately $16.0 million and $15.9 million, respectively. The Company expects that cash flow from operations, proceeds from borrowings under the Company's lines of credit will be sufficient to fund the Company's cash requirements for the next twelve months. As of June 30, 2015, the Company has approximately $60 million in additional loan availability for any additional working capital or capital expenditure requirements. During the year 2014, the proceeds from the merger were considered one of its primary sources of liquidity as well.

Additionally, until the redemption of certain warrants and unit purchase options or their expiration in December 2016, we could receive up to $89.4 million from the exercise of warrants and unit purchase options comprised of: up to $40 million upon the exercise of all of the insider warrants and working capital warrants, up to $9.4 million upon the exercise of the unit purchase options, up to $7.2 million upon the exercise of the warrants underlying such unit purchase options and up to $32.8 million upon the exercise of the warrants issued in our IPO. As of June 30, 2015, 102,570 warrants have been exercised for proceeds of $0.8 million.

Capital Resources

New technology investments

During the six months ended in June 30, 2015, the Company made significant capital expenditures of approximately $35.3 million. This included the creation of a complete jumbo glass production line that includes washing, tempering,

laminating, insulating, silk screening and cutting of glass pieces of up to three meters by six meters. In addition, four new state of the art glass tempering ovens were purchased which increased the plant efficiency and the quality of the finished products.

Results of Operations

	Three Months Ended June 30 2015	Three Months Ended June 30 2014	Six Months Ended June 30 2015	Six Months Ended June 30 2014
Operating Revenues	$ 58,053	51,936	110,096	99,777
Cost of sales	37,179	33,959	70,612	66,171
Gross profit	20,874	17,977	39,484	33,606
Operating expenses	11,566	9,558	22,174	17,330
Operating income	9,308	8,419	17,310	16,276
Non-operating revenues, net	1,417	1,191	5,142	2,477
Interest Expense	(2,050)	(2,294)	(4,202)	(4,267)
Change in fair value of earnout shares liability	(9,653)	(6,447)	(7,672)	(11,758)
Change in fair value of warrant liability	(16,391)	(4,645)	(11,313)	(13,525)
Income tax provision	(3,631)	(2,263)	(8,403)	(5,234)
Net loss	$ (21,000)	(6,039)	(9,138)	(16,031)

Comparison of quarterly periods ended June 30, 2015 and June 30, 2014

Revenues

The Company's net operating revenues increased $6.1 million or 11.8% from $52.0 million to $58.1 million for the quarterly period ended June 30, 2015 compared the quarterly period ended June 30, 2014.

Sales in the U.S. market for the quarterly period ended June 30, 2015 increased $7.3 million or 28.0% when compared to the quarterly period ended June 30, 2014. The Company continued expansion of sales outside of traditional base in the South Florida region and is now selling in several regions including Baltimore-Washington, California, Texas, New York and New Jersey on the basis of timely delivery, competitive prices, and high quality. Sales in the Colombian market, with a significant participation of long-term contracts priced in local currency, increased 34.9% in terms of local currency, but because of unfavorable change in exchange rates, sales in Colombia increased less than $0.1 million or 0.3% for the quarters ended June 30, 2015 compared to the same period of 2014. Sales to Panama decreased by $2.0 million, or 60.3% from the first quarter of 2015 compared to the first quarter of 2014 as large projects the Company had in Panama were finalized.

Margins

Sales margins increased to 36% from 35% in the quarterly periods ended June 30, 2015 and 2014. This variation is within normal fluctuations experienced by the Company depending on varied product mix over short periods of time. The sales margin for the six-month period ended June 30 , 2015 shows a slight improvement over 2014, as further discussed below.

Expenses

Selling and Administrative Expenses increased 21% from $9.6 million to $11.5 million in the quarterly period ended June 30, 2015 when compared to the quarterly period ended June 30, 2014. The increase was primarily the result of $0.5 million higher sales commissions as part of the Company’s stategy to grow sales and $0.8 million shipping costs as sales to more distant markets increase..

Loss - Warrants Liability

A non-cash, non-operating loss of $16.4 million arose from the increase in the fair value of the warrant liability in the three-month period ended June 30, 2015 relative to its fair value at the end of the previous quarter ended March 31, 2015. The fair value of the warrants liability changes in response to market factors not directly controlled by the Company such as the market price of the Company’s shares and the volatility index of comparable companies. There are no income tax effects as the Company is registered in the Cayman Islands. See the footnotes to the financial statements.

Management does not consider the effects of the change in the warrant liability to be indicative of the results of the Company’s operations.

Loss – Earnout Shares Liability

A non-cash, non-operating loss of $2.5 million arose from the increase in the fair value of the earnout shares liability in the three-month period ended June 30, 2015 relative to its fair value at the end of the previous quarter ended June 30, 2015. The fair value of the earnout shares liability changes in response to market factors not directly controlled by the Company such as the market price of the Company's shares and the volatility index of comparable companies. There are no income tax effects as the Company is registered in the Cayman Islands. See the footnotes to the financial statements.

Management does not consider the effects of the change in the warrant liability to be indicative of the results of the Company's operations.

Income Taxes

The Company's effective tax rates were (20.9%) and (59.9%) for the quarterly periods ended June 30, 2015 and 2014. The Company's effective tax rate for the three month periodsended June 30, 2015 reflect non-deductible losses of $16,391 and $9,653 from the change in fair value of warrant liability and Earnout share liability as of June 30, 2015, compared with a non-deductible loss of $4,645 and $9,558 for the same period ended June 30, 2014.

Results of operations for the six months ended June 30, 2015 and 2014

Revenues

The Company's net operating revenues increased $10.3 million or 10.3% from $99.8 million to $110.1 million for the six-month period ended June 30, 2015 compared the same period ended June 30, 2014.

Growth was driven by sales the U.S. market, which increased $17.1 million, or 35.7% in the six months ended June 30, 2015 when compared to the quarterly period ended June 30, 2014, which were offset by sales in other markets. The Company continued its expansion of sales outside of its traditional base in the South Florida region and is with direct and contract sales in several regions including Baltimore-Washington, California, Texas, New York and New Jersey based on timely delivery, competitive prices, high quality and strategic alliances with major industry. Sales in

the Colombian market, with a significant participation of long-term contracts priced in local currency, increased 17.7% in terms of local currency, but because of unfavorable changes in exchange rates, sales in Colombia declined $3.5 million, or 8.2% for the six months ended June 30, 2015 compared to the same period of 2014.

Margins

Sales margins increased from 33.7% to 35.9% in the six month periods ended June 30, 2015 and 2014. The Company believes the slight increase in sales margin is a result of a higher degree of vertical manufacturing integration and increased exports to markets in the United States where strict building codes require products with higher specification.

Expenses

During the six month periods ended June 30, 2015 and 2014, general selling and administrative increased $4.8 million, or 28%, from $17.3 million to $22.2 million. The increase was primarily due to several factors that include a capital tax levied on the Company's Colombian subsidiaries and amounted to approximately $0.8 million in 2015, with no comparable expense in 2014. Selling, general and administrative expenses also increased as a result of $0.9 million higher sales commissions, $0.8 million in amortization of intangible assets purchased during the second half of 2014, and an increase of $1.0 million in shipping expense as sales to more distant markets increase.

During the six month periods ended June 30, 2015 and 2014, interest expense remained stable at $4.2 million. The Company has been able to attract offers from several domestic and foreign banks to improve the structure of debt at better terms.

Loss – Earnout Shares Liability

A non-cash, non-operating loss of $10.2 million arose from the increase in the fair value of the earnout shares liability in the six-month period ended June 30, 2015 relative to its fair value at December 31, 2014. The fair value of the earnout shares liability changes in response to market factors not directly controlled by the Company such as the market price of the Company's shares and the volatility index of comparable companies. There are no income tax effects as the Company is registered in the Cayman Islands. See the footnotes to the financial statements.

Non-operating Revenues

During the six-month periods ended June 30, 2015 and 2014, the Company recorded net non-operating revenues of $5.1 million and $2.5 million respectively. The Company’s non-operating revenues are comprised primarily of net gains on foreign currency transactions that increased by $2.0 million to $3.4 million for the periods ended June 30, 2015 compared to $1.4 million during the same period of 2014 as an effect of the devaluation of the Colombian Peso, the functional currency of the Company’s operating subsidiaries TG and ES.

Loss - Warrants Liability

A non-cash, non-operating loss of $11.3 million arose from the increase in the fair value of the warrant liability in the six-month period ended June 30, 2015. The fair value of the warrant liability changes in response to market factors not directly controlled by the Company such as the market price of the Company's shares and the volatility index of comparable companies. There are no income tax effects as the Company is registered in the Cayman Islands. See the footnotes to the financial statements.

Income Taxes

The Company's effective tax rates were (1,143%) and (48%) for the six-month periods ended June 30, 2015 and 2014. The Company's effective tax rate for the six month periods ended June 30, 2015 reflect non-deductible losses of $11,313 and $ 7,672 from the change in fair value of warrant liability and earnout share liability as of June 30, 2015, compared with a non-deductible loss of $13,525 and 11,758 for the same period ended June 30, 2014.

Cash Flow from Operations, Investing and Financing Activities

During the six month periods ended June 30, 2015 and 2014, $7.2 million and $22.9 million, respectively, were generated and used in operating activities. The principal use of cash was trade accounts receivable in both periods. During the six months ended June 30, 2015, the principal uses of cash were trade accounts receivable and inventories with cash flows of approximately $13.6 million and $13.7 million, respectively, partially offset by accounts payable and accrued expenses which generated $13.0 million, as well as advances from customers which generated $8.3 million due to new projects in the first half of 2015.

The Company used $15.9 million and $4.2 million in investing activities during the six months ended June 30, 2015 and 2014 respectively. Principal use of cash for both periods has been purchase of fixed assets as part of the Company's growth strategy that requires investments in state of the art manufacturing equipment and facilities discussed under the Capital Resources section of this Management Discussion and Analysis.

Cash generated from financing activities was $8.4 million and $41.2 million during the six month periods ended June 30, 2015 and 2014, respectively. Cash flow from financing activities in the six month period ended June 30, 2014 included $22.5 million of proceeds from the merger in December 2013 that were received in January 2014.

	Six months ended	
	June 30,	**June 30,**
	2015	**2014**
Cash Flow from Operating Activities	$7,247	$(22,887)
Cash Flow from Investing Activities	(15,867)	(4,242)
Cash Flow from Financing Activities	8,369	41,191
Effect of exchange rates on cash and cash equivalents	339	516
Cash Balance - Beginning of Period	15,930	2,866
Cash Balance - End of Period	$16,018	$17,444

Off-Balance Sheet Arrangements

None

Item 3. Quantitative and Qualitative Disclosures about Market Risk

None

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

We carried out an evaluation required by Rule 13a-15 of the Securities Exchange Act of 1934 under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of Tecnoglass, Inc. “disclosure controls and procedures” as of the end of the period covered by this Quarterly Report. Based on this evaluation, our Chief Executive Officer and Chief Financial Officer concluded that, because of certain material weaknesses in our internal control over financial reporting as described in our Annual Report on Form 10-K for the year ended December 31, 2014, our disclosure controls and procedures as defined in Rule 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934 were not effective as of March 31, 2015. To address the material weaknesses in our internal control over financial reporting the Company performed additional manual procedures and analysis such as validation of sources of information that impact financial statements including revenue recognition, receivables, disbursements, reconciliation of accounting modules versus the general ledger, inventory count review and analysis, related party reconciliations, analytical reviews of property plant and equipment, gross margins, payroll and translation of financial statements into USGAAP and other post-closing procedures in order to prepare the consolidated financial statements included in this Quarterly

Report on Form 10-Q.

27

Additionally, in preparing the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2015, we identified several controls deficiencies that resulted in audit adjustments to the Company´s consolidated financial statements regarding, earnout shares, shipping costs, netting of deferred taxes and, in the presentation of related party revenue on consolidated statements of operations and comprehensive income and the identification of certain related parties in the classification of purchases and sales of investments in the consolidated statements of cash flows, and in the conclusion on certain variable interest entities. The corrections of these errors are being addressed within the 2015 Annual Report on Form 10-K (and corresponding 2014 period) and the amended quarterly reports on Form 10-Q for 2015 (and the corresponding 2014 periods).

Notwithstanding the material weaknesses in our internal control over financial reporting, we believe that the consolidated financial statements contained in this report present our financial condition, results of operations, and cash flows for the periods covered thereby in all material respects.

Changes in Internal Control Over Financial Reporting

For the quarter ended March 31, 2015, there has been no change in our internal control over financial reporting that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II OTHER INFORMATION

Item 1. Legal Proceedings

Tecnoglass S.A. is also a named defendant in in the matter of Diplomat Properties, Limited Partnership as assignee of Shower Concepts, Inc. v. Tecnoglass Colombia, S.A. in the 17th Judicial Circuit in and for Broward County, Florida. Plaintiff Diplomat Properties, Limited ("Diplomat") has asserted a claim for indemnification against TG and Tecnoglass USA, Inc. The claim arises from the supplying of glass shower doors to a hotel/spa in Broward County, Florida. Specifically, in 2006, Diplomat commenced arbitration against Shower Concepts, Inc. seeking damages for breach of contract due to fractures in the installed glass shower doors. Diplomat initiated a complaint asserting various claims, which were dismissed with prejudice. The only remaining claim against the Tecnoglass entities is common law indemnification. TG denies liability and asserts that Shower Concepts was at fault and that as a joint tort feasor, it cannot sue for indemnity. A trial date has not yet been set for this case. Management and TG's counsel believes that a liability in this claim is remote and immaterial and there are no significant reasonably estimated amounts for a possible loss.

General Legal Matters

From time to time, the Company is involved in legal matters arising in the ordinary course of business. While management believes that such matters are currently not material, there can be no assurance that matters arising in the ordinary course of business for which the Company is, or could be, involved in litigation, will not have a material adverse effect on its business, financial condition or results of operations.

PART II-OTHER INFORMATION

Item 6. Exhibits

Exhibit No.	Description
31.1	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32	Certification of Chief Executive Officers pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101	Financial statements from the Quarterly Report on Form 10-Q of Tecnoglass Inc. for the quarter ended June 30, 2015, formatted in XBRL: (i) Condensed Consolidated Balance Sheets, (ii) Condensed Consolidated Statements of Operations, (iii) Condensed Consolidated Statement of Changes in Stockholders' Equity, (iv) Condensed Consolidated Statement of Cash Flows and (v) Notes to Unaudited Condensed Consolidated Financial Statements, as blocks of text and in detail.
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document

SIGNATURES

In accordance with the requirements of the Exchange Act, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

TECNOGLASS INC.

By: /s/ Jose M. Daes
Jose M. Daes
Chief Executive Officer
(Principal executive officer)

By: /s/ Joaquin Fernandez
Joaquin Fernandez
Chief Financial Officer
(Principal financial and accounting officer)

Date: May 31, 2016