

Tecnoglass Inc.  
Form 10-K/A  
November 10, 2015

**U.S. SECURITIES AND EXCHANGE COMMISSION**

**WASHINGTON, D.C. 20549**

**FORM 10-K/A**

(Amendment No. 1)

(Mark One)

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

For Fiscal Year Ended: **December 31, 2014**

**OR**

**TRANSITION REPORT PURSUANT TO UNDER 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 (IRS Employer Identification No.)  
incorporation or organization)

**Avenida Circunvalar a 100 mts de la Via 40**

**Barrios Las Flores, Barranquilla**

**Colombia**

(Address of principal executive offices) (Postal Code)

Registrant's telephone number: **(57)(5)3734000**

Securities registered under Section 12(b) of the Act:

<b><u>Title of each class</u></b>	<b><u>Name of each exchange on which registered</u></b>
-----------------------------------	---

<b>Ordinary Shares, par value \$0.0001 per share</b>	<b>The NASDAQ Stock Market LLC</b>
--	------------------------------------

Securities registered under Section 12(g) of the Act:

**None**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes  No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Exchange Act.

Yes  No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the preceding 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  No

Edgar Filing: Tecnoglass Inc. - Form 10-K/A

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

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a smaller reporting company. See the definitions of the "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   
(Do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes  No

As of June 30, 2014 (the last business day of the registrant's most recently completed second fiscal quarter), the aggregate market value of the ordinary shares held by non-affiliates of the registrant was approximately \$49,491,651 based on its last reported sales price of \$12.08 on the NASDAQ Capital Market.

As of March 20, 2015, there were 24,801,132 ordinary shares, \$0.0001 par value per share, outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

None.

## **EXPLANATORY NOTE**

Tecnoglass Inc. (the “Company” or “we”) is filing this Amendment No. 1 (the “Amendment”) to our Annual Report on Form 10-K for the fiscal year ended December 31, 2014, filed on April 15, 2015 (the “Original Filing”) to reflect certain changes to Item 9A – Controls and Procedures to state the Company’s conclusion regarding the effectiveness of internal control over financial reporting as required by Item 308(a) of Regulations S-K, to disclose additional manual procedures and analyses performed to address material weaknesses in our internal control over financial reporting and disclose that there have been no changes in internal control over financial reporting during the quarter ended December 31, 2014 rather than the fiscal year ended December 31, 2013, that has materially affected or is reasonably likely to materially affect your internal control over financial reporting.

No 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.

## **PART II**

### **ITEM 9A. 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” and “internal control over financial reporting” as of the end of the period covered by this Annual Report. Based on this evaluation, our Chief Executive Officer and Chief Financial Officer concluded that, because of the material weaknesses in our internal control over financial reporting described below, 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 December 31, 2014. To address the material weaknesses in our internal control over financial reporting described below 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 Annual Report on Form 10-K. Notwithstanding the material weaknesses in our internal control over financial reporting as of December 31, 2014 described below, we believe that the consolidated financial statements contained in this report present our financial condition, results of operations, and cash flows for the fiscal years covered thereby in all material respects.

#### **Management’s Report on Internal Control over Financial Reporting**

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as that term is defined in Rules 13a-15(f) and 15d-15(f) under the Securities Exchange Act of 1934, as amended. Under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, we conducted an evaluation of the effectiveness of our internal control over financial reporting considering certain aspects included in the *Internal Control - Integrated Framework* issued by the *Committee of Sponsoring Organizations of the Treadway Commission (COSO)* of 2013, taking into account the Company’s intention to comply with these requirements.

This Form 10-K does not include an attestation report of our independent registered certified public accounting firm regarding internal control over financial reporting. Management’s report was not subject to attestation by our

independent registered certified public accounting firm pursuant to the Sarbanes-Oxley Act of 2002, as amended, and the rules of the SEC promulgated thereunder, which permit the Company to provide only management's report in this Annual Report.

A company's internal control over financial reporting includes policies and procedures that: (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company, (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with accounting principles generally accepted in the United States, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company, and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the company's assets that could have a material effect on the financial statements.

In accordance with the internal control reporting requirements of the Securities and Exchange Commission, management, considering its intention to achieve high quality Internal Controls over Financial Reporting, used certain criteria set forth in the Internal Control-Integrated Framework by the COSO of 2013 to make its assessment. The COSO framework summarizes each of the components of a company's internal control system, including the: (i) control environment, (ii) risk assessment, (iii) information and communication, and (iv) monitoring (collectively, the "entity-level controls"), as well as a company's control activities ("process-level controls").

Based on this evaluation, our Chief Executive Officer and Chief Financial Officer concluded that, because of the material weaknesses described below, our internal control over financial reporting as defined in Rule 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934 was not effective. Management's evaluation of the design and operating effectiveness of our internal controls over financial reporting identified material weaknesses resulting from design and operating deficiencies in the internal control system. A "material weakness" is defined as a significant deficiency or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the annual or interim financial statements will not be prevented or detected. A "significant deficiency" is defined as a control deficiency, or combination of control deficiencies, that adversely affects the Company's ability to initiate, authorize, record, process, or report external financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Company's annual or interim financial statements that is more than inconsequential will not be prevented or detected.

Management identified the following material weaknesses in our internal control over financial reporting as of December 31, 2014:

Financial Closing and Reporting Process - We have not established an adequate control system for the preparation and revelation of financial information related to the process of the identification, classification and nature of non-routine, unusual transactions, inclusive of significant related party transactions and for policies related to management evaluation of certain accounting estimates

Significant related party transactions require adequate and frequent reconciliation in order to determine the appropriate recording in the financial statements.

Entity-Level Control - We have not established the proper design of Entity Level Controls which supports the effectiveness of the internal control of the financial reporting. Deficiencies in Entity Level Controls, will not assure the proper control environment for risk management and fraud.

Considering Information Technology General Controls (ITGC's) are part of the Entity Level Control, we acknowledge that we have not established the design and effectiveness of these controls to prevent detect and correct errors or prevent frauds of the Information Technology.

Revenue Accounting - We have not developed an adequate internal control that includes the validation sources of information of fixed price contracts, which is one of the parameter required to apply the Percentage of Completion (POC) method.

#### **Management's Actions to Remediate Material Weaknesses**

Management took the following steps to remediate some material weaknesses:

Increased by 50% the financial and reporting headcount department with the requisite background, education, English language and experience.

Implemented procedures and controls that allowed a more accurate and reliable information related to revenue accounting such as projects information oversight and costs and sales prices updated recording.

Implemented formal procedures for estimating valuation allowances for inventories and formal review processes which consist on using an ERP transaction that allows identifying the slow moving inventories and subsequent analyses are performed by the logistic department in order to determine obsolete inventories.

Developed procedures that improved the interim and annual review and reconciliation process for certain key balance sheet accounts such as accounts receivable, inventories, property, plant and equipment, payables and debt.



Designed a formal training and education program under USGAAP for our international finance and accounting personnel considering relevant topics according the company's transactions (i.e. revenue recognition, inventories, long-lived assets, financial instruments, deferred taxes, hedge accounting, etc.).

### **Management's Plan to Remediate Material Weaknesses**

Management will be taking the following steps to remediate the remaining material weaknesses as follows:

Continue structuring internal controls for obtaining key automatized information related to revenue accounting as well as continue formal revenue recognition training sessions for key accounting and sales personnel.

Implementing formal procedures for the consistent processing of and accounting for fixed asset transactions, including a formal review process.

Selecting a recognized audit and advisory firm to receive feedback about implementing a standard financial statement reporting process, such as an accounting and close check-list, and a formal reporting package, to be used by all departments in order for them to report information accurately, timely and in a standard format to our finance department.

Implementing a formalized accounting policy that addresses the appropriate procedures for significant, non-routine, unusual, or complex events or transactions.

Increased management oversight by creating a new Disclosure Committee comprised of senior managers with responsibility for responding to issues raised during the financial reporting process.

### **Changes in Internal Control Over Financial Reporting**

For the quarter ended December 31, 2014, 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 except as described above.

### **Item 15. Exhibits**

The following Exhibits are being filed with this Annual Report on Form 10-K/A:

<b>Exhibit No.</b>	<b>Description</b>
31.1	Certification of Chief Executive Officer, pursuant to SEC Rules 13a-14(a) and 15d-14(a), adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2	Certification of Chief Financial Officer, pursuant to SEC Rules 13a-14(a) and 15d-14(a), adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32	Certification of Chief Executive Officer and Chief Financial Officer, pursuant to 18 U.S.C. Section 1350, adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

## SIGNATURES

Pursuant to the requirements of the Section 13 or 15 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized on the 10 day of November, 2015.

TECNOGLASS INC.

By: /s/ Joaquin Fernandez  
Name: Chief Financial Officer  
Title: Chief Financial Officer (Principal  
Financial and Accounting Officer)

## POWER OF ATTORNEY

The undersigned directors and officers of Tecnoglass Inc. hereby constitute and appoint Jose Daes and Joaquin Fernandez with full power to act as our true and lawful attorney-in-fact with full power to execute in our name and behalf in the capacities indicated below, this annual report on Form 10-K and any and all amendments thereto and to file the same, with all exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, and hereby ratify and confirm all that such attorneys-in-fact, or any of them, or their substitutes shall lawfully do or cause to be done by virtue hereof.

In accordance with the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Name	Title	Date
/s/ Jose M. Daes Jose M. Daes	Chief Executive Officer (Principal Executive Officer)	November 10, 2015
/s/ Christian T. Daes Christian T. Daes	Chief Operating Officer	November 10, 2015
/s/ Joaquin Fernandez Joaquin Fernandez	Chief Financial Officer (Principal Financial and Accounting Officer)	November 10, 2015

Edgar Filing: Tecnoglass Inc. - Form 10-K/A

/s/ A. Lorne Weil A. Lorne Weil	Director (Non-Executive Chairman)	November 10, 2015
/s/ Samuel R. Azout Samuel R. Azout	Director	November 10, 2015
/s/ Juan Carlos Vilarino Juan Carlos Vilarino	Director	November 10, 2015
/s/ Martha Byorum Martha Byorum	Director	November 10, 2015
/s/ Julio A. Torres Julio A. Torres	Director	November 10, 2015