CHUY'S HOLDINGS, INC.
Form 10-K/A
April 22, 2014
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K/A

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

For the fiscal year ended December 29, 2013

OR

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

Commission File No. 001-35603

CHUY'S HOLDINGS, INC.
(Exact name of registrant as specified in its charter)

DELAWARE (State of Incorporation or Organization)	20-5717694 (I.R.S. Employer Identification No.)
1623 TOOMEY ROAD AUSTIN, TEXAS (Address of Principal Executive Offices)	78704 (Zip Code)

Registrant's Telephone Number, Including Area Code: (512) 473-2783

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Common Stock, par value $0.01 per share	Nasdaq Stock Market LLC

Securities registered pursuant to 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 þ

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ¨ No þ

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

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§ 229.405 of this chapter) 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, 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 (Check One):

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

As of June 28, 2013 (the last business day of our most recently completed second fiscal quarter), the aggregate market value of the registrant’s common stock held by non-affiliates was approximately $606 million.

The number of shares of the registrant’s common stock outstanding at April 14, 2014 was 16,435,687.

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EXPLANATORY NOTE

Chuy's Holdings, Inc. (the "Company," "we," "us," or "our") is filing this Amendment No. 1 on Form 10-K/A (this "Amendment No. 1") to amend our Annual Report on Form 10-K for the year ended December 29, 2013, originally filed with the Securities and Exchange Commission (the "SEC") on March 11, 2014 (the "Original Form 10-K"), to include the information required by Items 10 through 14 of Part III of Form 10-K. This information was previously omitted from the Original Form 10-K in reliance on General Instruction G(3) to Form 10-K, which permits the information in the above referenced items to be incorporated in the Form 10-K by reference from our definitive proxy statement if such statement is filed no later than 120 days after our fiscal year-end. We are filing this Amendment No. 1 to provide the information required in Part III of Form 10-K because a definitive proxy statement containing such information will not be filed by the Company within 120 days after the end of the fiscal year covered by the Form 10-K.

Pursuant to the rules of the SEC, Part IV, Item 15 has also been amended to contain the currently dated certifications from the Company's principal executive officer and principal financial officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. The certifications of the Company's principal executive officer and principal financial officer are attached to this Amendment No. 1 as Exhibits 31.1 and 31.2. Because no financial statements have been included in this Amendment No. 1 and this Amendment No. 1 does not contain or amend any disclosure with respect to Items 307 and 308 of Regulation S-K, paragraphs 3, 4 and 5 of the certifications have been omitted. We are not including the certificate under Section 906 of the Sarbanes-Oxley Act of 2002 as no financial statements are being filed with this Form 10-K/A. Part IV, Item 15 has also been amended to include certain exhibits required to be filed as part of this Amendment No. 1.

This Amendment No. 1 does not amend any other information set forth in the Original Form 10-K, and we have not updated disclosures included therein to reflect any subsequent events. This Amendment No. 1 should be read in conjunction with the Original Form 10-K and with our filings with the SEC subsequent to the Original Form 10-K.

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PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The following table sets forth certain information about our directors and executive officers as of December 29, 2013:

NAMES	AGE	POSITIONS
Steve Hislop	54	Director, President and Chief Executive Officer
Jon Howie	46	Vice President and Chief Financial Officer
Sharon Russell	58	Secretary and Chief Administrative Officer
Frank Biller	57	Vice President of Operations, Southeast Region
Michael Hatcher	53	Vice President of Real Estate and Development
Gary LaRue	47	Vice President of Operations, South Region
Phillip Lazenby	52	Vice President of Operations
Michael Young	65	Co-Chairman of the Board, Director
John Zapp	61	Co-Chairman of the Board, Director
Starlette Johnson	50	Director (1), (2)
Saed Mohseni	51	Director (1), (3)
Doug Schmick	66	Director (2), (3)
Ira Zecher	61	Director (1), (3)

(1) Member of compensation committee.

(2) Member of nominating and corporate governance committee.

(3) Member of audit committee.

Executive Officers Biographies

Steve Hislop has served as President, Chief Executive Officer and a member of our board of directors since July 2007. From July 2006 through June 2007, Steve was President and Chief Executive Officer of Sam Seltzer Steak House. Prior to that, Steve served as the Concept President and a member of the board of directors of O'Charley's Restaurants for 18 years, where he helped grow the business from 12 restaurants to a multi-concept company with 347 restaurants. Steve currently serves on the Board of Directors of Not Your Average Joe's, Inc, which is a privately held company. We have concluded that Steve should serve on our board based upon his operational expertise, knowledge of the restaurant industry and leadership experience.

Jon Howie has served as our Chief Financial Officer since August 2011 and Vice President since April of 2013. From March 2007 to July 2011, Jon served as the Chief Financial Officer of Del Frisco's Restaurant Group, LLC. Prior to that, he served 5 years as Controller and was then promoted to Chief Accounting Officer of the Lone Star Steakhouse & Saloon, Inc. Jon is a certified public accountant and prior to joining Lone Star Steakhouse & Saloon, Inc. was employed as an audit senior manager with Grant Thornton, LLP for one year and held various audit positions, including audit senior manager, at Ernst & Young LLP for ten years. At Grant Thornton and Ernst and Young, he served as an accounting and business advisor to both private and public companies and advised a number of these companies in conjunction with their initial and secondary public offerings.

Sharon Russell has served as our Secretary and Chief Administrative Officer since August 2011. Prior to becoming our Chief Administrative Officer, she supervised our accounting department from 1987 to 2006 and served as our Chief Financial Officer from 2006 to August 2011.

Frank Biller has served as our Vice President of Operations for the Southeast Region since July 2008. Prior to joining us, Frank spent 18 years as the Vice President of Operations for O'Charley's Restaurants with overall responsibility for 240 restaurants in 19 states.

Michael Hatcher has served as our Vice President of Real Estate and Development since November 2009. Michael joined Chuy's as a restaurant manager in 1987 and was promoted to General Manager from 1989 to 2002. He was Director of Purchasing and Real Estate from 2002 to 2009.

Gary LaRue has served as our Vice President of Operations for the South Region since August 2013. He joined the Company in August 2009 as an Area Supervisor. Before his promotion to Vice President of Operations, South, he oversaw seven Chuy's locations in Houston, College Station, Lubbock and San Antonio. From August 2006 until August 2009, Gary served as the Area Director of Raising Cane's Chicken Fingers for half of the company-owned restaurants and managed its company operations and partial franchise operations. Prior to joining Raising Cane's, he held positions for various companies in the restaurant and food industry, including On the Border Mexican Cantina, Central Market and Fuddruckers.

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Phillip Lazenby has served as our Vice President of Operations since February 2014. Prior to his promotion, he was Area Supervisor over multiple Chuy's locations across Austin, Dallas, Fort Worth, San Antonio and Waco. Before joining the company in June of 2008, Phillip served as a Regional Director for O'Charley's Restaurants and an Area Director for Rio Bravo Restaurants, overseeing 36 restaurants in the Atlanta market for those concepts.

Director Biographies

Michael Young, one of our founders, has served as a member of our board since November 2006 and became Co-Chairman of the Board in October 2013. We have concluded that Michael should serve on our board based upon his experience as an investor and operator of restaurant businesses as well as his intimate knowledge of our operations and culture.

John Zapp, one of our founders, has served as a member of our board since November 2006 and became Co-Chairman of the Board in October 2013. John currently serves on the Board of Directors of Briggo, Inc., a private company that operates Briggo Coffee Haus. We have concluded that John should serve on our board based upon his experience as an investor and operator of restaurant businesses as well as his intimate knowledge of our operations and culture.

Starlette Johnson has served as a member of our board since September 2012. Starlette most recently served as President and Chief Operating Officer, as well as a Director, of Dave & Buster's, Inc. from 2007 to 2010. Starlette joined Dave & Buster's as Chief Strategic Officer in 2006. Prior to joining Dave & Buster's, Starlette worked at Brinker International, where she held positions of increasing responsibility, including serving as the Executive Vice President and Chief Strategic Officer. Starlette served as a member of the Board of Directors for Tuesday Morning, Inc. from 2008 to 2011, during which time she served on the Audit Committee and the Nominating/Governance Committee. She also serves on the Advisory Board for the Hospitality & Tourism Program at Virginia Tech and is also a member of the International Women's Foundation. Starlette received a B.S. in Finance from Virginia Tech and an M.B.A. from Duke University. We have concluded that Starlette should serve on our board based upon her experience as an executive and board member and her knowledge of the restaurant industry.

Saed Mohseni has served as a member of our board since September 2012. Saed currently serves as the President and Chief Executive Officer of Bravo Brio Restaurant Group, Inc., the owner and operator of BRAVO! Cucina Italiana and BRIO Tuscan Grille. He was recruited to the Chief Executive Officer position in 2007, assumed the additional role of President in 2009 and led the company through the IPO process in 2010. Additionally, Saed has served as a director of Bravo Brio Restaurant Group, Inc. since 2006. Prior to joining Bravo Brio, Saed worked at McCormick & Schmick for 21 years, where he held positions of increasing responsibility, including serving as a Director from 2004 to 2007 and as Chief Executive Officer from 2000 to 2007. Saed attended Portland State University and Oregon State University. We have concluded that Saed should serve on our board based upon his experience as an executive and board member and his knowledge of the restaurant industry.

Doug Schmick has served as a member of our board since April 2013 and is a highly respected executive with 40 years of experience in the upscale casual dining segment as a co-founder of McCormick & Schmick's Seafood Restaurants in 1972. Mr. Schmick served on McCormick & Schmick's Board of Directors beginning in 2001 and was appointed Chairman in 2004. He also served as Chief Executive Officer of McCormick & Schmick's from 1974 through 1999, and again from 2007 through 2009. He currently serves on Cheesecake Factory's Board of Directors as a member of the Audit Committee and on Anthony's Coal Fired Pizza's Board of Directors which is a privately held company. We have concluded that Doug should serve on our board based upon his experience as an executive and board member and his knowledge of the restaurant industry.

Ira Zecher has served as a member of our board since June 2011. Ira has been a professor at Rutgers University in the Graduate program since September 2010. From 1974 through December 2010, Ira was employed by Ernst & Young LLP, a registered public accounting firm, retiring as a partner. Previously, he was a senior transaction advisory services partner and Far East private equity leader for Ernst & Young LLP, where he advised clients on mergers and acquisitions across a broad range of industries. Prior to joining the transaction advisory services group, Ira provided accounting, audit and business-advisory services to both public and private clients for Ernst & Young LLP since 1974. Ira currently serves as a member of the Board of Directors for Norcraft Companies, Inc. as Chairman of the Audit Committee and a member of the Compensation Committee. He received his Bachelor's degree from Queens College. He is also a certified public accountant, a member of the American Institute of Certified Public Accountants (AICPA)

and the New York State Society of Certified Public Accountants. We have concluded that Ira should serve on our board based upon his extensive professional accounting and financial expertise, which allow him to provide key contributions to the Board on financial, accounting, corporate governance and strategic matters.

Board of Directors

Our board of directors currently consists of seven directors. Except for Ira Zecher, Starlette Johnson, Saed Mohseni and Doug Schmick, our directors were elected as directors pursuant to our stockholders' agreement. The provisions of the agreement regarding the right of certain of our stockholders to nominate and elect members of the board terminated upon the consummation of our IPO. See Item 13. “Certain Relationships and Related Transactions, and Director Independence—Stockholders Agreement.”

In connection with our IPO, our bylaws were amended and restated to provide that the authorized number of directors may be changed only by resolution of the board of directors, and our amended and restated certificate of incorporation divided our board

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into three classes with staggered three-year terms. At each annual meeting of stockholders, the successors to directors whose terms then expire will be elected to serve from the time of election and qualification until the third annual meeting following election or until their earlier death, resignation or removal.

Our amended and restated certificate of incorporation provides that directors may only be removed for cause. To remove a director for cause, 66 2/3% of the voting power of the outstanding voting stock must vote as a single class to remove the director at an annual or special meeting. The certificate also provides that, if a director is removed or if a vacancy occurs due to either an increase in the size of the board or the death, resignation, disqualification or other cause, the vacancy will be filled solely by the affirmative vote of a majority of the remaining directors then in office, even if less than a quorum remain.

This classification of the board of directors, together with the ability of the stockholders to remove our directors only for cause and the inability of stockholders to call special meetings, may have the effect of delaying or preventing a change in control or management.

Director Independence and Former Controlled Company Status

Our board of directors will review at least annually the independence of each director. During these reviews, the board will consider transactions and relationships between each director (and his or her immediate family and affiliates) and our company and its management to determine whether any such transactions or relationships are inconsistent with a determination that the director is independent. This review will be based primarily on responses of the directors to questions in a directors' and officers' questionnaire regarding employment, business, familial, compensation and other relationships with the Company and our management. Our board of directors has determined that each of Ira Zecher, Starlette Johnson, Saed Mohseni and Doug Schmick are independent within the meaning of the Nasdaq Marketplace Rules. As required by the Nasdaq Global Select Market, a majority of our directors are independent and our independent directors meet in regularly scheduled executive sessions at which only independent directors are present.

Corporate Governance

We believe that good corporate governance is important to ensure that, as a public company, we will be managed for the long-term benefit of our stockholders. We and our board of directors have been reviewing the corporate governance policies and practices of other public companies, as well as those suggested by various authorities in corporate governance. We have also considered the provisions of the Sarbanes-Oxley Act and the rules of the SEC and the Nasdaq Global Select Market.

Based on this review, we have established and adopted, charters for the audit committee, compensation committee and nominating and corporate governance committee, as well as a code of business conduct and ethics applicable to all of our directors, officers and employees.

Board Committees

Our board of directors has three standing committees: an audit committee, a compensation committee and a nominating and corporate governance committee. The composition and responsibilities of each committee are described below. Members will serve on these committees until their resignation or until otherwise determined by our board of directors.

Audit Committee

Our audit committee is a standing committee of our board of directors. The functions of our audit committee include:

- appointing and determining the compensation for our independent auditors;
- establishing procedures for the receipt, retention and treatment of complaints regarding internal accounting controls; and
- reviewing and overseeing our independent registered public accounting firm.

Our audit committee currently consists of Ira Zecher, Starlette Johnson and Saed Mohseni, with Ira Zecher serving as chairman. All of our audit committee members are independent as defined by Section 10A(m)(3) of the Securities Exchange Act of 1934 (the "Exchange Act") and the Nasdaq Marketplace Rules. We are also required to have at least one audit committee financial expert. Our board of directors has determined that Ira Zecher is an audit committee financial expert.

Our board of directors has adopted a written charter under which the audit committee operates. A copy of the charter, which satisfies the applicable standards of the SEC and the Nasdaq Global Select Market, is available on our website.

Compensation Committee

Our compensation committee is a standing committee of our board of directors. The compensation committee's functions include:

- reviewing and recommending to our board of directors the salaries and benefits for our executive officers;
- recommending overall employee compensation policies; and
- administering our equity compensation plans.

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Our compensation committee currently consists of Ira Zecher, Doug Schmick and Saed Mohseni, with Doug Schmick serving as chairman. All members of our compensation committee are independent as defined by Section 10(c) of the Exchange Act, Rule 10C of the Exchange Act Rules and the Nasdaq Marketplace Rules.

Our board of directors has adopted a written charter under which the compensation committee operates. A copy of the charter, which satisfies the applicable standards of the SEC and the Nasdaq Global Select Market, is available on our website.

Nominating and Corporate Governance Committee

Our nominating and corporate governance committee is a standing committee of our board of directors. The functions of our nominating and corporate governance committee include:

- identifying individuals qualified to serve as members of our board of directors;
- recommending to our board nominees for our annual meetings of stockholders;
- evaluating our board's performance;
- developing and recommending to our board corporate governance guidelines; and
- providing oversight with respect to corporate governance and ethical conduct.

Our nominating and corporate governance committee consists of Starlette Johnson and Doug Schmick, with Starlette Johnson serving as the committee chairman. All members of our nominating and corporate governance committee are independent as defined by the Nasdaq Marketplace rules.

Our board of directors has adopted a written charter under which the nominating and corporate governance committee will operate. A copy of the charter, which satisfies the applicable standards of the SEC and the Nasdaq Global Select Market, is available on our website.

Other Committees

Our board of directors may establish other committees as it deems necessary or appropriate from time to time.

Code of Business Conduct and Ethics

We have adopted a written code of business conduct and ethics that applies to our directors, officers and employees, including our principal executive officer, principal financial officer, principal accounting officer or controller, and persons performing similar functions ("covered persons"). A current copy of the code is posted on our website, which is located at www.chuys.com. Any amendments to or waivers from a provision of our code of conduct and ethics that applies to our covered persons and that relates to the elements of Item 406(b) of Regulation S-K will be disclosed on our Internet website promptly following the date of such amendment or waiver.

Board Leadership Structure and Board's Role in Risk Oversight

Michael Young and John Zapp serve as Non-Executive Co-Chairmen of our board of directors. We support separating the positions of Chief Executive Officer and Chairman to allow our Chief Executive Officer to focus on our day-to-day business, while allowing the Co-Chairmen to lead our board of directors in its fundamental role of providing advice to, and oversight of, management. Our board of directors recognizes the time, effort and energy that the Chief Executive Officer is required to devote to his position in the current business environment, as well as the commitment required to serve as one of our Co-Chairmen, particularly as our board of directors' oversight responsibilities continue to grow. Our board of directors also believes that this structure ensures a greater role for the non-management directors in the oversight of our company and establishing priorities and procedures for the work of our board of directors.

While our amended and restated bylaws do not require that our Co-Chairmen and Chief Executive Officer positions be separate, our board of directors believes that having separate positions and having non-employee directors serve as Co-Chairmen is the appropriate leadership structure for us at this time and demonstrates our commitment to good corporate governance.

Risk is inherent with every business and we face a number of risks as outlined in Item 1a. "Risk Factors." Management is responsible for the day-to-day management of risks we face, while our board of directors, as a whole and through our audit committee, is responsible for overseeing our management and operations, including overseeing its risk assessment and risk management functions. Our board of directors has delegated responsibility for reviewing our policies with respect to risk assessment and risk management to our audit committee through its charter. Our board of

directors has determined that this oversight responsibility can be most efficiently performed by our audit committee as part of its overall responsibility for providing independent, objective oversight with respect to our accounting and financial reporting functions, internal and external audit functions and systems of internal controls over financial reporting and legal, ethical and regulatory compliance. Our audit committee will regularly report to our board of directors with respect to its oversight of these areas.

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Limitations of Liability and Indemnification of Directors and Officers

We are incorporated under the laws of the State of Delaware. Section 145 of the Delaware General Corporation Law ("DGCL") provides that a Delaware corporation may indemnify any persons who are, or are threatened to be made, parties to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of such corporation), by reason of the fact that such person was an officer, director, employee or agent of such corporation, or is or was serving at the request of such person as an officer, director, employee or agent of another corporation or enterprise. The indemnity may include expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by such person in connection with such action, suit or proceeding, provided that such person acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the corporation's best interests and, with respect to any criminal action or proceeding, had no reasonable cause to believe that his or her conduct was illegal. A Delaware corporation may indemnify any persons who are, or are threatened to be made, a party to any threatened, pending or completed action or suit by or in the right of the corporation by reason of the fact that such person was a director, officer, employee or agent of such corporation, or is or was serving at the request of such corporation as a director, officer, employee or agent of another corporation or enterprise. The indemnity may include expenses (including attorneys' fees) actually and reasonably incurred by such person in connection with the defense or settlement of such action or suit provided such person acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the corporation's best interests except that no indemnification is permitted without judicial approval if the officer or director is adjudged to be liable to the corporation. Where an officer or director is successful on the merits or otherwise in the defense of any action referred to above, the corporation must indemnify him or her against the expenses that such officer or director has actually and reasonably incurred. Our certificate of incorporation and our bylaws provide for the indemnification of our directors and officers to the fullest extent permitted under the DGCL. Section 102(b)(7) of the DGCL permits a corporation to provide in its certificate of incorporation that a director of the corporation shall not be personally liable to the corporation or its stockholders for monetary damages for breach of fiduciary duties as a director, except for liability for any:

- transaction from which the director derives an improper personal benefit;
- act or omission not in good faith or that involves intentional misconduct or a knowing violation of law;
- unlawful payment of dividends or redemption of shares; or
- breach of a director's duty of loyalty to the corporation or its stockholders.

Our certificate of incorporation and bylaws include such a provision. Expenses incurred by any officer or director in defending any such action, suit or proceeding in advance of its final disposition shall be paid by us upon delivery to us of an undertaking, by or on behalf of such director or officer, to repay all amounts so advanced if it shall ultimately be determined that such director or officer is not entitled to be indemnified by us.

Section 174 of the DGCL provides, among other things, that a director who willfully or negligently approves of an unlawful payment of dividends or an unlawful stock purchase or redemption may be held liable for such actions. A director who was either absent when the unlawful actions were approved, or dissented at the time, may avoid liability by causing his or her dissent to such actions to be entered in the books containing minutes of the meetings of the board of directors at the time such action occurred or immediately after such absent director receives notice of the unlawful acts.

Indemnification Agreements

We have entered into indemnification agreements with each of our current directors and executive officers. These agreements require us to indemnify these individuals to the fullest extent permitted under Delaware law against liabilities that may arise by reason of their service to us, and to advance expenses incurred as a result of any proceeding against them as to which they could be indemnified. We also intend to enter into indemnification agreements with our future directors and executive officers.

Section 16(a) Beneficial Ownership Reporting Compliance

Compliance with Section 16(a) of the Securities Exchange Act of 1934, as amended, requires the Company's executive officers and directors and persons who own more than 10% of a registered class of its equity securities to file reports of ownership and changes in ownership with the SEC. Officers, directors and greater than 10% stockholders are

required by SEC rules to furnish the Company with copies of all Section 16(a) forms they file.
Based solely on a review of the copies of such forms furnished to the Company, the Company believes that during 2013, all Section 16(a) filing requirements applicable to its officers, directors and greater than 10% stockholders were in compliance with Section 16(a), except that Michael Hatcher, Susan Kittrell, Steve Hislop, Sharon Russell, and Ted Zapp were each late in filing one required report on Form 4 relating to one transaction each and Frank Biller was late in filing two required reports on Form 4 related to two transactions.

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ITEM 11. EXECUTIVE COMPENSATION

Introduction

This compensation discussion provides an overview of our executive compensation program, together with a description of the material factors underlying the decisions that resulted in the compensation provided to our chief executive officer, chief financial officer and our three other highest paid executive officers during fiscal year 2013 (collectively, the "named executive officers"), as presented in the tables which follow this discussion. This discussion contains statements regarding our performance targets and goals. These targets and goals are disclosed in the limited context of our compensation program and should not be understood to be statements of management's expectations or estimates of financial results or other guidance. We specifically caution investors not to apply these statements to other contexts.

Objective of Compensation Policy

The objective of our compensation policy is to provide a total compensation package to each named executive officer that will enable us to:

- attract, motivate and retain outstanding individuals;
- reward named executive officers for performance; and
- align the financial interests of each named executive officer with the interests of our stockholders to encourage each named executive officer to contribute to our long-term performance and success.

Overall, our compensation program is designed to reward both individual and company performance. A significant portion of each of our named executive officers' annual compensation is comprised of discretionary and performance-based bonuses. While we have not used significant amounts of equity-based compensation in the past, we intend to increase our use of long-term incentives to reward long-term company and individual performance and to promote retention through delayed vesting of awards.

Administration

Our compensation committee, which is comprised exclusively of independent directors, oversees our executive compensation program and is responsible for approving or recommending to the board the nature and amount of the compensation paid to, and any employment and related agreements entered into with, our named executive officers. The committee also administers our equity compensation plans and awards. Additionally, we are subject to Section 162(m) of the Internal Revenue Code (the "Code"), and the members of our compensation committee qualify as outside directors under Section 162(m) of the Code to enable us to maintain the deductibility of compensation we pay.

Process for Setting Total Compensation

At the first meeting of each new fiscal year, our compensation committee sets annual base salaries, determines the amount of discretionary and performance-based bonuses for the prior year and sets performance criteria for our performance-based bonuses for the following year. In making these compensation decisions, our compensation committee considers the recommendations of our chief executive officer, particularly with respect to salary adjustments, discretionary and performance-based bonus targets and awards and equity incentive awards of our other named executive officers. Our compensation committee meets with our chief executive officer at least annually to discuss and review his recommendations for compensation of our executive officers, excluding himself. When making individual compensation decisions for our named executive officers, the compensation committee takes many factors into account, including the officer's experience, responsibilities, management abilities and job performance, our performance as a whole, current market conditions and competitive pay levels for similar positions at comparable companies. These factors are considered by the compensation committee in a subjective manner without any specific formula or weighting.

When hiring named executive officers, our compensation committee sets their compensation based on the individual's position and responsibilities and their compensation package at their previous company. At the time of hire, we have granted equity awards to new executives at a level that the compensation committee believes is appropriate to motivate that named executive officer to accomplish the individual goals for their position as well as our company objectives. For new named executive officers, bonuses are pro rated based on the portion of the year during which the executive was employed by us.

During its annual review process, our compensation committee has set compensation for each named executive officer at a level we believe is appropriate considering each named executive officer's annual review, level of responsibility, the awards and compensation paid to the named executive officer in past years and progress toward or attainment of previously set personal and corporate goals and objectives, including attainment of financial performance goals and such other factors as the compensation committee has deemed appropriate and in our best interests and the best interests of our stockholders. The compensation committee has given different weight at different times to different factors for each named executive officer. Our performance criteria are discussed more fully below under the heading "—Bonus Compensation—Performance-Based Bonus." Other than with respect to our performance-based bonuses, the compensation committee has not relied on predetermined formulas or a limited set of criteria when it evaluates the performance of our named executive officers.

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The charter of the compensation committee authorizes the committee to engage independent consultants at any time at the expense of the company. The committee has retained Mercer as its independent compensation consultant for 2014. Mercer reports directly to the committee and performs no other work for the company. The committee assessed the independence of Mercer and concluded that its work did not raise any conflict of interest with the company. Mercer was engaged to:

- Advise the committee on named executive officer and director pay decisions;
- Assist in short-term and long-term incentive plan design;
- Conduct compensation reviews and make recommendations regarding both executive and director pay structures;
- Provide periodic updates on current trends, technical and regulatory developments and best practices in compensation design; and
- Perform any other tasks which the committee may request from time to time.

Elements of Compensation

Our compensation program for named executive officers consists of the following elements of compensation, each described in greater depth below:

- Base salaries.
- Discretionary and performance-based bonuses.
- Equity-based incentive compensation.
- Severance and change-in-control benefits.
- Perquisites.
- General benefits.
- Employment agreements.

We may, from time to time, enter into written agreements to reflect the terms and conditions of employment of a particular named executive officer, whether at the time of hire or thereafter. We consider entering into these agreements when it serves as a meaningful recruitment and retention mechanism. We currently have employment agreements in place with each of our named executive officers. See Item 11. “Executive Compensation—Employment Agreements” for additional information regarding our executive officer’s employment agreements.

Base Salary

NAME	2013 SALARY ($)(1)
Steve Hislop	$410,800
Jon Howie	260,000
Sharon Russell	187,200
Frank Biller	176,800
Michael Hatcher	166,400

(1) Represents each officer’s annual base salary assuming service with us for the entire fiscal year.

We pay base salaries to attract, recruit and retain qualified employees. Our compensation committee reviews and sets base salaries of our named executive officers annually. These salary levels are and will continue to be set based on the named executive officer’s experience and performance with previous employers and negotiations with individual named executive officers. The compensation committee may increase base salaries each year based on its subjective assessment of our company’s and the individual executive officer’s performance and each named executive officer’s experience, length of service and changes in responsibilities. The weight given such factors by the compensation committee may vary from one named executive officer to another.

In the first quarter of 2013, our named executive officers received an average pay increase of approximately 4%. The compensation committee determined that these raises were appropriate in light of company and individual performance, increases in individual responsibilities and the role of salary in our named executive officers’ compensation package.

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NAME	Bonus Compensation PERFORMANCE-BASED BONUS DISCRETIONARY AWARD ($)				
Change in fair value of warrants	(3,132,000)	1,038,000	(3,301,000)	(10,738,000)	(14,270,000)
Interest income	2,580	9,570	21,537	22,027	49,528
Net income (loss)	$ (3,451,785)	$ 952,536	$ (3,797,967)	$ (11,035,838)	$ (15,194,574)
Weighted average shares outstanding, basic and diluted	1,575,001	1,575,001	1,575,001	1,575,001	
Basic and diluted net loss per share	$ (2.19)	$ 0.60	$ (2.41)	$ (7.01)	

The Accompanying Notes are an Integral Part of these Condensed Consolidated Financial Statements.

Tecnoglass Inc. and its Subsidiary (f/k/a Andina Acquisition Corporation)

(A Company In the Development Stage)

Condensed Consolidated Statements of Changes in Shareholders' (Deficit)/Equity

(Unaudited)

	Ordinary Shares [1] [2]		Additional Paid-in Capital	Deficit Accumulated During the Development Stage	Total Shareholders' (Deficit) Equity
	Shares	Amount			
Ordinary shares issued September 21, 2011 at approximately $0.02 per share for cash	1	$ -	$ -	$ -	$ -
Ordinary shares issued October 25, 2011 at approximately $0.02 per share for cash	1,049,999	105	24,895	-	25,000
Net Loss	-	-	-	(17,327)	(17,327)
Balance at February 29, 2012	1,050,000	105	24,895	(17,327)	7,673
Sale of 4,000,000 Units on March 22, 2012, net of underwriter's discount and offering expenses (includes 3,499,999 shares subject to possible conversion)	4,000,000	400	38,322,573	-	38,322,973
Proceeds from issuance of Underwriters' Options	-	-	500,100	-	500,100
Proceeds from issuance of Insider Warrants	-	-	2,400,000	-	2,400,000
Sale of 200,000 Units on March 30, 2012, net of underwriter's discount (includes 175,000 shares	200,000	20	1,939,980	-	1,940,000

subject to possible conversion)					
Net proceeds subject to possible conversion (3,674,999)	(3,674,999)	(367)	(37,397,123)	-	(37,397,490)
Net Loss				(11,379,280)	(11,379,280)
Balance at February 28, 2013	1,575,001	158	5,790,425	(11,396,607)	(5,606,024)
Net Loss				(3,797,967)	(3,797,967)
Balance at November 30, 2013	1,575,001	$ 158	$ 5,790,425	$ (15,194,574)	$ (9,403,991)

(1) Share amounts have been retroactively restated to reflect the contribution to the Company of 287,500 ordinary shares by the Initial Shareholders on March 9, 2012 (Note 8).

(2) Reflects an aggregate of 100,000 shares forfeited by the Initial Shareholders on May 1, 2012 because the underwriters' over-allotment option was not exercised in full (Note 8).

The Accompanying Notes are an Integral Part of these Condensed Consolidated Financial Statements.

Tecnoglass Inc. and its Subsidiary (f/k/a Andina Acquisition Corporation)
(A Company In the Development Stage)

Condensed Consolidated Statements of Cash Flows
(Unaudited)

	For the nine months ended November 30, 2013	For the nine months ended November 30, 2012 (Revised)	For the period September 21, 2011 (Inception) to November 30, 2013
Cash Flow From Operating Activities			
Net Loss	$ (3,797,967)	$ (11,035,838)	$ (15,194,574)
Adjustments to reconcile net loss to net cash used in operating activities:			
Change in warrant liability	3,301,000	10,738,000	14,270,000
Accrued interest	23,883	(22,027)	(4,108)
Changes in operating assets and liabilities:			
Accounts payable	184,084	(13,224)	240,568
Net cash used in operating activities	(289,000)	(333,089)	(688,114)
Cash Flow from Investing Activities			
Investment in cash and cash equivalents held in trust	-	(42,740,000)	(42,740,000)
Net cash used in investing activities	-	(42,740,000)	(42,740,000)
Cash Flow From Financing Activities			
Proceeds from sale of ordinary shares to initial shareholders	-	-	25,000
Proceeds from Public Offering, net of offering costs of $1,449,055	-	38,550,945	38,550,945
Payment of additional offering costs	-	-	(108,722)
Proceeds from Warrant Offering	-	2,400,000	2,400,000
Proceeds from Underwriters Options	-	500,100	500,100
Proceeds from Over Allotment, net of offering costs of $60,000	-	1,940,000	1,940,000
Proceeds from note payable to shareholder	100,000	-	302,000
Proceeds from advance from shareholder	150,000	-	-
Repayment of advances from shareholder	-	(71,250)	(71,250)
Repayment of note payable to shareholder	-	(100,000)	(100,000)
Net cash provided by financing activities	250,000	43,219,795	43,438,073
Net increase (decrease) in cash and cash equivalents	(39,000)	146,706	9,959
Cash and cash equivalents, beginning of period	48,959	3,014	-
Cash and cash equivalents, ending of period	$ 9,959	$ 149,720	$ 9,959

Non cash financing activity

Payment of offering costs by shareholder and included in note payable to shareholder	$ -	$ -	$ 48,000
Payments of offering costs advanced from shareholder	$ -	$ 71,250	$ 71,250

The Accompanying Notes are an Integral Part of these Condensed Consolidated Financial Statements.

Tecnoglass Inc. and its Subsidiary (f/k/a Andina Acquisition Corporation)

(A Company In the Development Stage)

Notes to Condensed Consolidated Financial Statements

Note 1 Organization, Plan of Business Operations

Tecnoglass Inc. (f/k/a Andina Acquisition Corporation) (a company in the development stage) (the "Company") was incorporated in the Cayman Islands on September 21, 2011 as a blank check company for the purpose of effecting a merger, share exchange, asset acquisition, share purchase, recapitalization, reorganization or other similar business combination with one or more businesses or entities (a "Business Combination").

On August 2, 2013, the Company formed Andina Merger Sub, Inc. ("Merger Sub") in the Cayman Islands, solely for the purpose of effectuating a proposed Business Combination. At November 30, 2013, Merger Sub owned no material assets and did not operate any business.

On December 20, 2013, the Company held a extraordinary general meeting of shareholders (the "Extraordinary General Meeting"), at which the shareholders considered and adopted, among other matters, a Business Combination with Tecnoglass Holdings. On December 20, 2013, following the Extraordinary General Meeting, the Company consummated the Business Combination. See "Note 9 Merger Agreement" for a further discussion of the Agreement and Plan of Reorganization entered into on August 17, 2013, as amended, with Tecnoglass Holding and the consummation of the Business Combination related thereto.

All activity through November 30, 2013 related to the Company's formation, the Public Offering described below and indentifying and investigating potential target businesses with which to consummate a Business Combination. On March 19, 2012, acting by written consent, the Company's Board of Directors changed the Company's fiscal year end from June 30 to February 28 (February 29 for leap years). In connection with the Merger Agreement, on December 20, 2013, the Company's year end will be December 31 of each year.

At November 30, 2013, Company was considered to be a development stage company and, as such, the Company's condensed consolidated financial statements are prepared in accordance with the Accounting Standards Codification ("ASC") 915 "Development Stage Entities." The Company is subject to all of the risks associated with development stage companies.

The registration statement for the Company's public offering which is discussed in Note 3 ("Public Offering") was declared effective on March 16, 2012. The Company consummated the Public Offering on March 22, 2012, and received proceeds, net of transaction costs, of $38,322,973 from the sale of 4,000,000 units, $2,400,000 from the private placement ("Private Placement") of warrants to certain of the Company's shareholders prior to the Public Offering and the Company's U.S. counsel (collectively "Insider Warrants") which is described in Note 4, and $500,000

from the Additional Purchase Option discussed in Note 3. On March 30, 2012, the underwriters exercised a portion of their over-allotment option and the Company received an additional $1,940,000, net of transaction costs, discussed in Note 3. The Company's management had broad discretion with respect to the specific application of the net proceeds of the Public Offering, Insider Warrants and the Additional Purchase Option, although substantially all of the net proceeds were intended to be applied generally toward consummating a Business Combination. An amount of $42,740,000 (including the $2,900,000 of proceeds from the sale of Insider Warrants and Additional Purchase Option) was being held in a trust account ("Trust Account") and invested in U.S. treasuries having a maturity of 180 days or less until the earlier of (i) the consummation of its initial Business Combination or (ii) the Company's failure to consummate a Business Combination within the prescribed time.

Tecnoglass Inc. and its Subsidiary (f/k/a Andina Acquisition Corporation)
(A Company in the Development Stage)
Notes to Condensed Consolidated Financial Statements

***Note 1 Organization, Plan of Business Operations* - (continued)**

The Company, after signing a definitive agreement for the acquisition of a target business, was required to provide shareholders who acquired shares in the Public Offering ("Public Shareholders") with the opportunity to convert their public shares for a pro rata share of the Trust Account. In the event that shareholders owning 87.5% or more of the shares sold as part of the Units in the Public Offering exercised their conversion rights described below, the Business Combination could not be consummated. All of the Initial Shareholders agreed to vote any shares they then held in favor of any proposed Business Combination and waived any conversion rights they had in connection with the Business Combination pursuant to letter agreements executed prior to the Public Offering.

In connection with the proposed Business Combination with Tecnoglass, the Company sought shareholder approval of such Business Combination at a meeting called for such purpose at which shareholders were given the opportunity to convert their shares, regardless of whether they voted for or against the proposed Business Combination. Any Public Shareholder voting on such proposed Business Combination was entitled to demand that his shares be converted for a pro rata portion of the amount then in the Trust Account (approximately $10.18 per share).

The Company incurred a net loss from operations of $15,194,574 for the period from September 21, 2011 (inception) to November 30, 2013. At November 30, 2013, the Company had $14,067 of cash (including interest earned on Trust Account of $4,108) and a working capital deficit of $476,501. The Company's accumulated deficit aggregated $15,194,574 at November 30, 2013. The Company had principally financed its operations from inception through November 30, 2013 using proceeds from sales of its equity securities in the Public Offering (see Note 3) and loans from shareholders.

Tecnoglass Inc. and its Subsidiary (f/k/a Andina Acquisition Corporation)
(A Company in the Development Stage)
Notes to Condensed Consolidated Financial Statements

Note 2 - Significant Accounting Policies

Basis of Presentation

The accompanying unaudited condensed consolidated financial statements are presented in U.S. dollars and have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") for interim financial information and the instructions to Form 10-Q. Accordingly, they do not include all of the information and footnotes required by GAAP. In the opinion of management, all adjustments (consisting of normal accruals) considered for a fair presentation have been included. Operating results for the three months and nine months ended November 30, 2013 are not necessarily indicative of the results that may be expected for the year ending December 31, 2013 or any other period. The balance sheet data at February 28, 2013, was derived from the Company's audited financial statements but does not include all disclosures required by GAAP. The statements of operations and cash flow for the quarter ended November 30, 2012 have been revised from the original presentation to reflect the correction of an error relating to the accounting for the Company's outstanding warrants that was recorded and presented in the financial statements for the year ended February 28, 2013. The accompanying financial statements should be read in conjunction with the Company's financial statements and notes thereto included in the Company's annual report filed with the Securities and Exchange Commission on June 13, 2013.

Principles of Consolidation

The accompanying Condensed Consolidated Financial Statements include the accounts of the Company and its wholly-owned subsidiary. All intercompany balances and transactions have been eliminated in consolidation.

Cash and Cash Equivalents

The Company considers all short-term investments with a maturity of three months or less when purchased to be cash equivalents. The Company maintains its cash deposits with major financial institutions.

Income Taxes

The Company accounts for income taxes under ASC 740 Income Taxes ("ASC 740"). ASC 740 requires the recognition of deferred tax assets and liabilities for both the expected impact of differences between the financial statements and tax basis of assets and liabilities and for the expected future tax benefit to be derived from tax loss and tax credit carry forwards. ASC 740 additionally requires a valuation allowance to be established when it is more likely than not that all or a portion of deferred tax assets will not be realized.

ASC 740 also clarifies the accounting for uncertainty in income taxes recognized in an enterprise's financial statements and prescribes a recognition threshold and measurement process for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. For those benefits to be recognized, a tax position must be more-likely-than-not to be sustained upon examination by taxing authorities. ASC 740 also provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. The Company had identified the Cayman Islands as its only 'major' tax jurisdiction. Based on the Company's evaluation, it has been concluded that there are no significant uncertain tax positions requiring recognition in the Company's condensed consolidated financial statements. All periods since inception are subject to examination. The Company believes that its income tax positions and deductions would be sustained on audit and does not anticipate any adjustments that would result in a material changes to its financial position.

The Company’s policy for recording interest and penalties associated with audits is to record such expense as a component of income tax expense. There were no amounts accrued for penalties or interest as of or during the period ended November 30, 2013. Management is currently unaware of any issues under review that could result in significant payments, accruals or material deviations from its position.

Tecnoglass Inc. and its Subsidiary (f/k/a Andina Acquisition Corporation)
(A Company in the Development Stage)
Notes to Condensed Consolidated Financial Statements

***Note 2 - Significant Accounting Policies*- (continued)**

Earnings Per Share

The Company complies with accounting and disclosure requirements of ASC 260, "Earnings per Share." Net loss per share is computed by dividing net income (loss) by the weighted-average number of ordinary shares outstanding during the period. Ordinary shares subject to possible redemption at November 30, 2013 of 3,674,999 have been excluded from the calculation of basic loss per share since such shares, if redeemed, only participate in their pro rata share of the Trust earnings. Income (loss) per share assuming dilution would give effect to dilutive options, warrants, and other potential ordinary shares outstanding during the period. At November 30, 2013, the Company had not considered the effect of warrants to purchase 9,000,000 ordinary shares and the effect of Unit Purchase Options to purchase 900,000 units in the calculation of diluted income (loss) per share, since the exercise of the Unit Purchase Options and warrants were contingent upon the occurrence of future events. During the nine months ended November 30, 2013 and 2012, there were no outstanding dilutive options, warrants, or other potential ordinary shares which would affect the fully diluted income (loss) per share.

Concentration of credit risk

Financial instruments that potentially subject the Company to concentrations of credit risk consist of cash accounts in a financial institution, which at times, may exceed the Federal depository insurance coverage of $250,000. At November 30, 2013, the Company had not experienced losses on these accounts and management believed the Company was not exposed to significant risks on such accounts.

Securities held in Trust Account

At November 30, 2013 and February 28, 2013, the assets in the Trust Account were held in cash and U.S. Treasury Securities with maturities of less than 180 days.

Tecnoglass Inc. and its Subsidiary (f/k/a Andina Acquisition Corporation)
(A Company in the Development Stage)
Notes to Condensed Consolidated Financial Statements

Note 2 - Significant Accounting Policies- (continued)

Fair value measurements

Fair value is defined as an exit price, representing the amount that would be received upon the sale of an asset or payment to transfer a liability in an orderly transaction between market participants. Fair value is a market-based measurement that is determined based on assumptions that market participants would use in pricing an asset or liability. A three-tier fair value hierarchy is used to prioritize the inputs in measuring fair value as follows:

- Level 1. Observable inputs such as quoted prices in active markets;
- Level 2. Inputs, other than quoted prices in active markets, that are observable either directly or indirectly; and
- Level 3. Unobservable inputs for which there is little or no market data, which require the reporting entity to develop its own assumptions.

Assets and liabilities measured at fair value are based on one or more of three valuation techniques identified in the tables below. The valuation techniques are as follows:

(a). Market approach. Prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities;
(b). Cost approach. Amount that would be required to replace the service capacity of an asset (replacement cost); and
(c). Income approach. Techniques to convert future amounts to a single present amount based on market expectations (including present value techniques, option-pricing and excess earnings models).

Assets and Liabilities Measured at Fair Value on a Recurring Basis

	November 30, 2013	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Restricted cash and cash equivalents held in Trust Account and accrued interest	$ 42,744,108	$ 42,744,108	$ -	$
Warrant Liability	$ 14,270,000	$ -	$ -	$ 14,270,000

	February 28, 2013	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Restricted cash and cash equivalents held in Trust Account and accrued interest	$ 42,767,991	$ 42,767,991	$ -	$
Warrant Liability	$ 10,969,000	$ -	$ -	$ 10,969,000

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Tecnoglass Inc. and its Subsidiary (f/k/a Andina Acquisition Corporation)
(A Company in the Development Stage)
Notes to Condensed Consolidated Financial Statements

Note 2 - Significant Accounting Policies- (continued)

Fair value measurements (continued)

For fair value measurements categorized within Level 3 of the fair value hierarchy, the Company's principal executive, determines its valuation policies and procedures. The development and determination of the unobservable inputs for Level 3 fair value measurements and fair value calculations are the responsibility of the Company's management.

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

Balance February 28, 2013	$ 10,969,000
Fair Value adjustment	3,301,000
Balance November 30, 2013	$ 14,270,000

Warrant liability

The Company accounts for the 4,200,000 warrants issued in connection with the Public Offering, and the 4,800,000 warrants issued in connection with the Private Placement in accordance with the guidance contained in ASC 815-40-15-7D whereby under that provision they do not meet the criteria for equity treatment and must be recorded as a liability. Accordingly, the Company classifies the warrant instrument as a liability at its fair value and adjusts the instrument to fair value at each reporting period. This liability is subject to re-measurement at each balance sheet date until exercised, and any change in fair value is recognized in the Company's statement of operations.

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 as a result 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 along with the Company's historical volatility.

The inputs to the model were as follows:

	November 30, 2013		February 28, 2013	
The Company's stock price	$ 10.17		$ 9.90	
Dividend yield (per share)	N/A		N/A	
Risk-free interest rate	0.56	%	0.77	%
Expected term	3.08 years		3.84 years	
Expected volatility rate	15.0	%	17.0	%

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Tecnoglass Inc. and its Subsidiary (f/k/a Andina Acquisition Corporation)
(A Company in the Development Stage)
Notes to Condensed Consolidated Financial Statements

Note 2 - Significant Accounting Policies- (continued)

Ordinary shares subject to possible conversion

The Company accounted for its shares subject to possible conversion in accordance with the guidance enumerated in ASC 480 "Distinguishing Liabilities from Equity". Ordinary shares subject to mandatory conversion (if any) are classified as a liability instrument and is measured at fair value. Conditionally convertible ordinary shares (including ordinary shares that features conversion rights that are either within the control of the holder or subject to conversion upon the occurrence of uncertain events not solely within the Company's control) are classified as temporary equity. At all other times, ordinary shares are classified as shareholders' equity. The Company's ordinary shares featured certain conversion rights that were considered by the Company to be outside of the Company's control and subject to the occurrence of uncertain future events. Accordingly at November 30, 2013, the ordinary shares subject to possible conversion are presented as temporary equity, outside of the shareholders' equity section of the Company's balance sheet.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of expenses during the reporting period. Actual results could differ from those estimates. Significant estimates include the valuation of the warrant liability and value of the unit purchase options issued to the underwriter in the Public Offering.

Recent Accounting Pronouncements

Management does not believe that any recently issued, but not yet effective, accounting standards if currently adopted would have a material effect on the accompanying condensed consolidated financial statements.

Subsequent Events

Management has evaluated subsequent events that have occurred after the balance sheet date through the date the condensed consolidated financial statements were publically available to determine if events or transactions occurring require potential adjustment to or disclosure in the condensed consolidated financial statements and has concluded that no subsequent events, other than the Merger Agreement discussed in Note 9, have occurred that would require recognition in the condensed consolidated financial statements.

Note 3 - Public Offering

On March 22, 2012, the Company sold 4,000,000 units ("Units") at a price of $10.00 per unit in the Public Offering. Each Unit consisted of one ordinary share of the Company and one Warrant to purchase one ordinary share of the Company ("Warrants"). On March 30, 2012, the underwriter exercised a portion of its over-allotment option and purchased 200,000 units at a price of $10.00 per unit. The net proceeds received by the Company from the partial exercise of the over-allotment option was $1,940,000 (underwriting discount of $60,000). Each Warrant entitles the holder to purchase one ordinary share at a price of $8.00 commencing on December 20, 2013 (the consummation of the Business Combination with Tecnoglass Holding) and expiring December 19, 2016 (three years from the completion of the Business Combination with Tecnoglass Holding), or earlier upon redemption. The Warrants may be

exercised for cash or on a “cashless basis,” at the holders’ option, by surrendering the Warrants for that number of ordinary shares equal to the quotient obtained by dividing (x) the product of the number of ordinary shares underlying the Warrants, multiplied by the difference between the exercise price of the Warrants and the “fair market value” (defined below) by (y) the fair market value. The “fair market value” shall mean the average reported last sale price of the ordinary shares for the 10 trading days ending on the day prior to the date of exercise; provided, however, that in the event the Warrants are being called for redemption, the “fair market value” shall mean the average reported last sale price of the ordinary shares for the 10 trading days ending on the third day prior to the date on which the notice of redemption is sent to the holders of the Warrants. The Company may redeem the Warrants at a price of $0.01 per Warrant upon 30 days’ notice, only in the event that the last sale price of the ordinary shares (or the closing bid price in the event the ordinary shares are not traded on any specific trading day) is at least $14.00 per share for any 20 trading days within a 30-trading day period (“30-Day Trading Period”) ending on the third day prior to the date on which notice of redemption is given and there is a current registration statement in effect with respect to the ordinary shares underlying such Warrants commencing five business days prior to the 30-Day Trading Period and continuing each day thereafter until the date of redemption. The Company determined that its outstanding warrants should be accounted for as a liability and recorded at fair value and that this warrant liability should be re-measured at each reporting period with changes in fair value being reflected in the statement of operations. The determination of this accounting methodology was made as a result of potential adjustments to the exercise price of the warrants in certain circumstances as described in the warrant agreement which do not meet the criteria for equity treatment described in ASC 815-45-7D. In accordance with the warrant agreement relating to the Warrants sold and issued in the Public Offering, the Company is only required to use its best efforts to maintain the effectiveness of the registration statement covering the Warrants. There are no contractual penalties for failure to deliver securities if a registration statement is not effective at the time of exercise. Additionally, in the event that a registration statement is not effective at the time of exercise, the holder of such Warrant shall not be entitled to exercise such Warrant for cash and in no event (whether in the case of a registration statement not being effective or otherwise) will the Company be required to net cash settle the Warrant exercise. The Warrants have been accounted for as a liability amounting to $6,434,000 and $4,907,000 at November 30, 2013 and February 28, 2013, respectively.

Tecnoglass Inc. and its Subsidiary (f/k/a Andina Acquisition Corporation)
(A Company in the Development Stage)
Notes to Condensed Consolidated Financial Statements

Note 3 - Public Offering - (continued)

The Company paid the underwriters in the Public Offering an underwriting discount of 3.0% ($1,200,000) of the gross proceeds of the Public Offering. The Company also issued a Unit Purchase Option ("Unit Purchase Option") to purchase 400,000 units to EarlyBirdCapital, Inc. ("EBC") (and/or its designees) for $100 at an exercise price of $11.00 per unit. The Company also issued a second Unit Purchase Option (the "Additional Purchase Option") and, together with the Unit Purchase Option, the "Underwriters Options") to EBC (and/or its designees) to purchase 500,000 units at an exercise price of $10.00 per unit for $500,000. The units issuable upon exercise of the Underwriter Options were identical to the units sold in the Public Offering. The Company accounted for the fair value of the Unit Purchase Option, inclusive of the receipt of $100 cash payment, as an expense of the Public Offering resulting in a charge directly to shareholders' equity. The Company estimated that the fair value of this Unit Purchase Option was approximately $1,178,000, or ($2.95 per unit) using a Black-Scholes option-pricing model. The fair value of the Unit Purchase Option granted to the underwriter was estimated as of the date of grant using the following assumptions: (1) expected volatility of 35%, (2) risk-free interest rate of 1.13% and (3) expected life of five years. The Company accounted for the fair value of the Additional Purchase Option, inclusive of the receipt of $500,000 cash payment, as a cost of the Public Offering resulting in a charge directly to shareholders' equity. The Company estimated that the fair value of this Additional Purchase Option was approximately $1,638,000 (or $3.28 per unit) using a Black-Scholes option-pricing model. The fair value of the Additional Purchase Option granted to the underwriter was estimated as of the date of grant using the following assumptions: (1) expected volatility of 35%, (2) risk-free interest rate of 1.13% and (3) expected life of five years. The Underwriter Options may be exercised for cash or on a "cashless" basis, at the holder's option (except in the case of a forced cashless exercise upon the Company's redemption of the Warrants, as described above), such that the holder may use the appreciated value of the Underwriter Options (the difference between the exercise prices of the unit purchase option and the underlying Warrants and the market price of the Units and underlying ordinary shares) to exercise the Underwriter Options without the payment of any cash. The Company will have no obligation to net cash settle the exercise of the Unit Purchase Option or the Warrants underlying the Unit Purchase Option. The holder of the Underwriter Options will not be entitled to exercise the Underwriter Options or the Warrants underlying the Underwriter Options unless a registration statement covering the securities underlying the Underwriter Options is effective or an exemption from registration is available. If the holder is unable to exercise the Underwriter Options or underlying Warrants, the Underwriter Options or Warrants, as applicable, will expire worthless.

Tecnoglass Inc. and its Subsidiary (f/k/a Andina Acquisition Corporation)
(A Company in the Development Stage)
Notes to Condensed Consolidated Financial Statements

Note 3 - Public Offering - (continued)

The holders of the Underwriter Options have registration rights. The holders of a majority of each option and the securities underlying such option are entitled to make one demand that the Company register the options and/or the securities underlying the options. The demand for registration may be made at any time during a period of five years beginning on March 16, 2012. In addition, the holders have certain “piggy-back” registration rights with respect to registration statements filed during the seven year period commencing on the effective date of the Public Offering. The Company will bear the expenses incurred in connection with the filing of any such registration statements, other than any underwriting commissions which will be paid by the holders themselves.

On November 12, 2013, the Company notified The NASDAQ Stock Market LLC (“NASDAQ”) that, effective November 25, 2013, the Units would cease to exist and be mandatorily separated into their components.

Note 4 - Insider Warrants

Simultaneously with the Public Offering, certain of the Initial Shareholders (or their affiliates) of the Company and the Company’s U.S. counsel purchased 4,800,000 Insider Warrants at $0.50 per warrant (for an aggregate purchase price of $2,400,000) from the Company. All of the proceeds received from these purchases were placed in the Trust Account. The Insider Warrants are identical to the warrants underlying the Units sold in the Public Offering except that: (i) the Insider Warrants were purchased pursuant to an exemption from the registration requirements of the Securities Act, (ii) the Insider Warrants are non-redeemable and (iii) the Insider Warrants are exercisable for cash or on a ‘‘cashless’’ basis, in each case, if held by the initial holders or permitted transferees.

The Initial Shareholders and the holders of the Insider Warrants (or underlying shares) have registration rights with respect to the initial shares and the Insider Warrants (or underlying ordinary shares) pursuant to agreements signed prior to Public Offering. The holders of the majority of the initial shares are entitled to demand that the Company register these shares at any time commencing three months prior to the first anniversary of the consummation of a Business Combination. The holders of the Insider Warrants (or underlying ordinary shares) are entitled to demand that the Company register these securities at any time after the Company consummates a Business Combination. In addition, the Initial Shareholders and holders of the Insider Warrants (or underlying ordinary shares) have certain ‘‘piggy-back’’ registration rights on registration statements filed after the Company’s consummation of a Business Combination. The Insider Warrants have been accounted for as a liability amounting to $7,836,000 and $6,062,000 at November 30, 2013 and February 28, 2013, respectively.

Tecnoglass Inc. and its Subsidiary (f/k/a Andina Acquisition Corporation)
(A Company in the Development Stage)
Notes to Condensed Consolidated Financial Statements

Note 5 - Note Payable to Shareholder and Advance from Shareholder

The Company issued a $100,000 principal amount unsecured promissory note to A. Lorne Weil, one of the Company's Initial Shareholders and its Non-Executive Chairman of the Board, on November 8, 2011. The note was non-interest bearing and was payable on the earlier of (i) November 8, 2012, (ii) the consummation of the Public Offering or (iii) the date on which the Company determined not to proceed with the Public Offering. The parties to the notes informally agreed to extend their payable date past the Public Offering. The note was repaid in full on May 25, 2012.

In addition, on March 15, 2012, the shareholder paid expenses on behalf of the Company in the amount of $71,250 for various NASDAQ fees. The liability was repaid in full on August 24, 2012.

On May 20, 2013, the A. Lorne Weil 2006 Irrevocable Trust-Family Investment Trust (the "Trust"), a trust of which the Chairman of the Board of the Company, his spouse and his descendants are among the beneficiaries, loaned the Company $100,000. The loan was evidenced by an unsecured promissory note issued to the Trust. The promissory note was non-interest bearing and was payable by the Company at the consummation by the Company of a Business Combination. Upon consummation of a Business Combination, the principal balance of the note was entitled to be converted, in whole or in part, at the holder's option, to warrants of the Company at a price of $0.50 per warrant. In connection with the consummation of the Business Combination with Tecnoglass Holding, the Trust elected to convert the entire principal amount of the note into warrants (or an aggregate of 200,000 warrants). The terms of the warrants are identical to the Insider Warrants.

During the period, $150,000 was advanced to the Company from a shareholder for operating expenses. At January 15, 2014, $70,500 was paid back to the shareholder.

Note 6 Commitments and Contingency

The Company occupied office space provided by an affiliate of an Initial Shareholder. Such affiliate agreed that until the Company consummated a Business Combination, it would make such office space, as well as certain office and secretarial services, available to the Company as may be required by the Company from time to time at no charge to the Company. This arrangement ceased upon consummation of the Business Combination with Tecnoglass Holding.

In connection with the Public Offering, the Company engaged EBC, on a non-exclusive basis, to act as the Company's advisor and investment banker in connection with its initial Business Combination to provide it with assistance in negotiating and structuring the terms of its initial Business Combination. The Company agreed to pay EBC an aggregate cash fee of $1,610,000 for such services upon the consummation of its initial Business Combination. This fee was paid upon consummation of the Business Combination with Tecnoglass Holding.

On August 3, 2012, the Company entered into a non-exclusive financial services agreement with Correval S.A. ("Correval") through which it was introduced to a number of Latin American companies including Tecnoglass Holding. The agreement with Correval provided that upon consummation of the Business Combination, the Company would pay Correval an amount equal to 0.8% of all amounts retained in Andina's trust fund after taking into account shareholders who elected to have their shares converted to cash in accordance with the provisions of the Company's second amended and restated memorandum and articles of association. Upon consummation of the Business Combination with Tecnoglass Holding, the Company paid Correval $210,744 for such services.

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Tecnoglass Inc. and its Subsidiary (f/k/a Andina Acquisition Corporation)
(A Company in the Development Stage)
Notes to Condensed Consolidated Financial Statements

Note 6 Commitments and Contingency (continued)

On September 4, 2012, the Company entered into a non-exclusive investment banking advisory agreement with Morgan Joseph TriArtisan, LLC ("MJTA"). The agreement with MJTA provided for the Company to pay MJTA a fee of $500,000 upon consummation of the Business Combination with Tecnoglass Holding. Such fee was paid upon such consummation.

Note 7 Investment in Trust Account

Subsequent to the Public Offering, an amount of $42,740,000 of the net proceeds of the Public Offering was deposited in the Trust Account and was held as cash and/or invested in United States treasuries having a maturity of 180 days or less.

As of November 30, 2013, investment securities in the Company's Trust Account consisted of $42,740,000 in United States Treasury Bills and $4,108 in a "held as cash" account. As of February 28, 2013, investment securities in the Company's Trust Account consisted of $42,740,000 in United States Treasury Bills and $27,991 in a "held as cash" account. The Company classifies its United States Treasury and equivalent securities as held-to-maturity in accordance with ASC 320, "Investments - Debt and Equity Securities." Held-to-maturity securities are those securities which the Company has the ability and intent to hold until maturity. Held-to-maturity treasury securities are recorded at amortized cost on the accompanying balance sheets and adjusted for the amortization or accretion of premiums or discounts.

The proceeds held in the Trust Account were released from trust upon consummation of the Business Combination with Tecnoglass Holding.

Note 8 - Shareholders' Equity

Preferred Shares

The Company is authorized to issue 1,000,000 preferred shares with a par value of $0.0001 per share with such designation, rights and preferences as may be determined from time to time by the Company's board of directors.

As of November 30, 2013, there are no preferred shares issued or outstanding.

Ordinary Shares

The Company is authorized to issue 100,000,000 ordinary shares with a par value of $0.0001 per share.

In connection with the organization of the Company, a total of 1,437,500 ordinary shares were sold to the Initial Shareholders at a price of approximately $0.02 per share for an aggregate of $25,000 (the "Founder's Shares") of which 150,000 shares were subject to forfeiture to the extent that the underwriters' over-allotment option was not exercised in full so that the Company's Initial Shareholders will own 20% of the issued and outstanding shares after the Public Offering. On March 9, 2012, the Initial Shareholders contributed an aggregate of 287,500 ordinary shares to the Company at no cost for cancellation. On March 30, 2012, the underwriter exercised a portion of its over-allotment option. After the partial exercise of the over-allotment option an aggregate of 100,000 of the shares held by the Initial Shareholders were forfeited which resulted in the Initial Shareholders owning an aggregate of 1,050,000 ordinary

shares.

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Tecnoglass Inc. and its Subsidiary (f/k/a Andina Acquisition Corporation)
(A Company in the Development Stage)
Notes to Condensed Consolidated Financial Statements

Note 9 Merger Agreement

On August 17, 2013, the Company and Andina Merger Sub, Inc., its wholly-owned subsidiary ("Merger Sub"), entered into an Agreement and Plan of Reorganization, as amended as of November 6, 2013 (the "Merger Agreement"), with Tecnoglass S.A., a Colombian company ("Tecnoglass"), C.I. Energia Solar S.A. E.S. Windows, a Colombian company ("ES"), and Tecnoglass Holding, the ultimate parent of Tecnoglass and ES. The Merger Agreement provided for the merger of Merger Sub with and into Tecnoglass Holding, with Tecnoglass Holding surviving and becoming the Company's wholly-owned subsidiary (the "Merger"), operating through Tecngolass and ES.

Tecnoglass and ES are leading manufacturers of hi-spec, architectural glass and windows for the western hemisphere residential and commercial construction industry, headquartered in Barranquilla, Colombia.

On December 20, 2013, the Company held the Extraordinary General Meeting, at which the shareholders considered and adopted, among other matters, the Merger Agreement. At the Extraordinary General Meeting, holders of 2,251,853 Ordinary Shares of the Company issued in its initial public offering ("public shares") exercised their rights to convert those shares to cash at a conversion price of approximately $10.18 per share, or an aggregate of approximately $22.9 million. The conversion price for holders of public shares electing conversion was paid from of the Company's Trust Account, which had a balance immediately prior to the Closing of approximately $42.7 million. The remaining trust account funds were used to pay transaction expenses of approximately $3.1 million, with the balance available for working capital.

On December 20, 2013, following the Extraordinary General Meeting, the parties to the Merger Agreement consummated the Merger. In connection with the consummation of the Merger, effective upon the Closing, the Company changed its name to Tecnoglass Inc. The surviving entity in the Merger, Tecnoglass Holding, did not change its name. Tecnoglass and ES are indirect subsidiaries of Tecnoglass Holding. Thus, the Company is the holding company that operates through its direct and indirect subsidiaries, Tecnoglass Holding, Tecnoglass and ES.

In the Merger, the former Tecnoglass Holding shareholders, in exchange for all of the ordinary shares of Tecnoglass Holding outstanding immediately prior to the Merger, received from the Company:

- an aggregate of 20,567,141ordinary shares of the Company, subject to adjustment upon certain events; and
- an aggregate of 3,000,000 ordinary shares (the "Earnout Shares") to be released upon the achievement of certain targets described below.

The Earnout Shares were issued upon completion of the Merger and placed in escrow to be released to the former Tecnoglass Holding shareholders upon the Company's achievement of specified share price targets or targets based on the Company'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.

Tecnoglass Inc. and its Subsidiary (f/k/a Andina Acquisition Corporation)
(A Company in the Development Stage)
Notes to Condensed Consolidated Financial Statements

Note 9 Merger Agreement (continued)

The following table sets forth the targets and the number of Earnout Shares issuable to the former Tecnoglass Holding shareholders 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	$ 30,000,000	$ 36,000,000	416,667	500,000
Fiscal year ending 12/31/15	$ 13.00 per share	$ 35,000,000	$ 40,000,000	875,000	1,000,000
Fiscal year ending 12/31/16	$ 15.00 per share	$ 40,000,000	$ 45,000,000	1,333,333	1,500,000

If either the ordinary share target or the maximum EBITDA target is met in any fiscal year, the former Tecnoglass Holding shareholders receive the maximum number of Earnout Shares indicated for the year.

In the event the ordinary share target is not met but the EBITDA falls within the minimum and maximum EBITDA target for a specified year, the number of Earnout Shares to be issued will be interpolated between such targets.

In the event neither the ordinary share target nor the minimum EBITDA target is met in a particular year, but a subsequent year's share price or EBITDA target is met, the former Tecnoglass Holding shareholders will earn the Earnout Shares for the previous year as if the prior year's target had been met.

The former shareholders of Tecnoglass Holding will not be able to sell any of the ordinary shares of the Company that they received in the Merger until December 20, 2014, subject to certain exceptions.

On December 19, 2013, the Company and the Trust entered into an agreement with a third party shareholder of the Company (the "Holder") pursuant to which the Holder agreed to use commercially reasonable efforts to purchase up to 1,000,000 ordinary shares of the Company in the open market and agreed that it would not seek conversion or redemption of any such purchased shares in connection with the Merger Agreement. The Holder and its affiliates purchased an aggregate of 985,896 Ordinary Shares of the Company pursuant to this agreement. Pursuant to the agreement, the Trust transferred to the Holder an aggregate of 2,167,867 warrants to purchase Ordinary Shares of the Company. Additionally, EBC transferred to the Holder certain unit purchase options, each to purchase one Ordinary Share and one warrant to purchase one Ordinary Share. The Company has agreed to file a registration statement with the Securities and Exchange Commission covering the resale of the warrants and shares underlying the warrants, as well as the unit purchase options and underlying securities, transferred to the Holder. In the event the registration statement is not filed by April 1, 2014 or declared effective by June 1, 2014, the Company will be required to pay the Holder a cash penalty of $0.20 per security transferred to the Holder for each month until the registration statement has been filed or declared effective, as the case may be.

Also on December 19, 2013, the Company entered into subscription agreements with two investors pursuant to which such investors agreed to purchase an aggregate of 649,382 Ordinary Shares at $10.18 per Share, or an aggregate of $6,610,709. This transaction closed on January 16, 2014.

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Tecnoglass Inc. and its Subsidiary (f/k/a Andina Acquisition Corporation)
(A Technoglass Holdings in the Development Stage)
Notes to Condensed Consolidated Financial Statements

Note 9 Merger Agreement (continued)

An aggregate of 890,000 Ordinary Shares of the Company payable as merger consideration were placed in escrow at the Closing pursuant to an escrow agreement among the Company, Jose Daes, as representative of the former Tecnoglass Holding shareholders (the "Representative"), A. Lorne Weil and Martha L. Byorum, acting as the committee representing the Company (the "Committee") and Continental Stock Transfer & Trust Tecnoglass Holdings, as escrow agent (the "Indemnity Escrow Agreement"), to secure the indemnification obligations owed to the Company under the Merger Agreement.

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 registration statement for our initial public offering was declared effective on March 16, 2012. We consummated the offering on March 22, 2012, and received proceeds net of transaction costs of $38,322,973 and $2,400,000 from the sale of warrants to certain of our initial shareholders and our U.S. counsel and $500,000 from the sale of a unit purchase option to EarlyBirdCapital, Inc. ("EBC"), the representative of the underwriters in the offering. On March 30, 2012, the underwriters exercised a portion of their over-allotment option and on March 30, 2012 we received an additional $1,940,000 net of transaction costs. Our management has broad discretion with respect to the specific application of the net proceeds of the offering, insider warrants and unit purchase option, although substantially all of the net proceeds are intended to be generally applied toward consummating a business combination with one or more businesses or entities.

On August 17, 2013 and as amended on November 6, 2013, we entered into an Agreement and Plan of Reorganization (the "Merger Agreement") with Andina Merger Sub, Inc. ("Merger Sub"), Tecnoglass S.A. ("Tecnoglass"), C.I. Energia Solar S.A. E.S. Windows ("ES") and Tecno Corporation, the ultimate parent of Tecnoglass and ES. The Merger Agreement provided for the merger of Merger Sub with and into Tecnoglass Holding, with Tecnoglass Holding surviving and continuing as a wholly owned subsidiary of ours (the "Merger"). The Merger was consummated on December 20, 2013. See Note 9 in the Company's financial statements. Accordingly, we are now a holding company operating through our direct and indirect subsidiaries.

Tecnoglass and ES are leading manufacturers of hi-spec, architectural glass and windows for the western hemisphere residential and commercial construction industries. Headquartered in Barranquilla, Colombia, Tecnoglass and ES operate out of a 1.2 million square foot vertically-integrated, state-of-the-art manufacturing complex that provides easy access to the Americas, the Caribbean, and the Pacific. Tecnoglass and ES export 43% of their production to foreign countries and sell to more than 300 customers in North, Central and South America. The United States accounted for approximately 30% of their combined revenues in 2012. Tecnoglass' and ES's tailored, high-end products are found on some of the world's most distinctive properties, including the El Dorado Airport (Bogota), Imbanaco Medical Center (Cali), Trump Plaza (Panama), Trump Tower (Miami), and The Woodlands (Houston).

Results of Operations

Our entire activity from inception up to the closing of our initial public offering on March 22, 2012 was in preparation for that event. From the offering through December 20, 2013 (the date we consummated the Merger), our activity was limited to the evaluation of business combination candidates, and we did not generate any operating revenues during that time. Until December 20, 2013, we generated small amounts of non-operating income in the form of interest income on cash and cash equivalents. Interest income was not significant in view of current low interest rates on risk-free investments (treasury securities).

We had net loss of $3,451,785 for the quarter ended November 30, 2013. This net loss was a result of operating activity composed of $300,000 of professional fees, $13,000 of travel, and a loss of $3,132,000 related to the fair value of warrants which were offset by $2,580 of interest income for the quarter ended November 30, 2013.

We had net income of $952,536 for the quarter ended November 30, 2012. This net income was a result of operating activity composed of approximately $48,000 of legal and professional fees, $42,000 of insurance fees, and $3,000 of travel expenses, offset by interest income of approximately $9,500 and a gain of $1,038,000 related to the fair value of warrants.

We had net loss of $3,797,967 for the nine months ended November 30, 2013. This net loss was a result of operating activity composed of approximately $467,000 of professional fees, $36,000 of travel, and a loss of $3,301,000 related to the fair value of warrants which were offset by approximately $21,000 of interest income for the nine months ended November 30, 2013.

We had net loss of $11,035,838 for the nine months ended November 30, 2012. This net loss was a largely composed of a loss of $10,738,000 related to the fair value of warrants, and additional expenses of printing, insurance, professional fees and travel; which were offset by approximately $22,027 of interest income for the nine months ended November 30, 2012.

During the period from September 21, 2011 (inception) to November 30, 2013, we incurred a net loss of $15,194,574, which was largely composed of $14,270,000 loss related to the fair value of warrants $619,000 of professional fees, $42,000 of Nasdaq fees, insurance of $10,000, $54,000 of printing expense and travel expenses of $127,000 offset by interest income of approximately $49,000.

Liquidity and Capital Resources

As of November 30, 2013, we had $9,959 in our operating bank account. We had $42,744,108 (including $4,108 of interest earned that is eligible for working capital) in restricted cash and equivalents held in trust to be used for a business combination. We used the proceeds not held in the trust account plus the interest earned on the funds held in the trust account that may be released to us to fund our working capital requirements. As of November 30, 2013, U.S Treasury Bills with one month and three month maturities were yielding approximately .05% and .06%, respectively.

Until consummation of our initial business combination, we used the funds not held in the trust account, as well as loans made by our shareholders or their affiliates, for identifying and evaluating prospective acquisition candidates, performing business due diligence on prospective target businesses, traveling to and from the offices, plants or similar locations of prospective target businesses, reviewing corporate documents and material agreements of prospective target businesses, selecting the target business to acquire and structuring, negotiating and consummating the business combination.

At the extraordinary general meeting of shareholders held to approve the proposed business combination with Tecnoglass Holding (the “Extraordinary General Meeting”), holders of 2,251,853 Ordinary Shares issued in our initial public offering (“public shares”) exercised their rights to convert those shares to cash at a conversion price of approximately $10.18 per share, or an aggregate of approximately $22.9 million. The conversion price for holders of public shares electing conversion was paid out of the trust account, which had a balance immediately prior to the closing of approximately $42.7 million. The remaining trust account funds were used to pay transaction expenses of approximately $3.1 million, with the balance available for working capital.

Off-Balance Sheet Arrangements

We did not have any off-balance sheet arrangements as of November 30, 2013.

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Item 3. Quantitative and Qualitative Disclosures About Market Risk

The net proceeds of our initial public offering, including amounts in the Trust Account, have been held as cash and/or invested in U.S. government treasury bills with a maturity of 180 days or less. Due to the short-term nature of these investments, we believe there will be no associated material exposure to interest rate risk.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Disclosure controls and procedures are designed to ensure that information required to be disclosed by us in our Exchange Act reports is recorded, processed, summarized, and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to our management, including our principal executive and accounting officer or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure.

Our management, with the participation of our principal executive officer and principal financial and accounting officer, evaluated the effectiveness of our disclosure controls and procedures, as of November 30, 2013. Based on this evaluation, our principal executive officer and principal financial and accounting officer, concluded that our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934) were not effective as of the end of the period covered by this report because we did not employ an individual with the necessary qualifications to prepare a complete set of condensed consolidated financial statements and related footnotes in accordance with generally accepted accounting principles including all applicable Securities and Exchange Commission pronouncements which resulted in an error related to the accounting for our outstanding warrants.

Changes in Internal Control over Financial Reporting

There was no change in our internal control over financial reporting that occurred during the fiscal quarter covered by this Quarterly Report on Form 10-Q that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II - OTHER INFORMATION

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

In September 2011, we issued one ordinary share to A. Lorne Weil in connection with our formation and then issued an aggregate of 1,437,499 ordinary shares to the individuals set forth below in October 2011. The foregoing shares were issued for an aggregate of $25,000 in cash, at a purchase price of approximately $0.02 per share.

Name	Number of Shares
A. Lorne Weil	717,499
Julio A. Torres	50,000
Martha L. Byorum	50,000
Capital Advisory Partners L.A.	50,000
Eduardo Robayo	50,000
B. Luke Weil	460,000
Eric Carrera	2,500
Robert Stevens	7,500
LWEH LLC	50,000

All such shares were issued in connection with our organization pursuant to the exemption from registration contained in Section 4(2) of the Securities Act as they were sold to accredited investors.

In November 2011, A. Lorne Weil transferred his shares to trusts for the benefit of his children and B. Luke Weil transferred 230,000 shares to a trust for his benefit.

In March 2012, our initial shareholders contributed an aggregate of 287,500 ordinary shares to us at no cost for cancellation.

On March 22, 2012, we consummated our initial public offering of 4,000,000 units. Each unit consisted of one ordinary share and one warrant, each to purchase one ordinary share at an exercise price of $8.00 per share. The units were sold at an offering price of $10.00 per unit, generating gross proceeds of $40,000,000. EBC acted as the lead managing underwriter of the initial public offering. The securities sold in the offering were registered under the Securities Act of 1933 on a registration statement on Form S-1 (No. 333-178061). The Securities and Exchange Commission declared the registration statement effective on March 16, 2012.

Simultaneously with the consummation of the initial public offering, we consummated the private placement of 4,800,000 warrants at a price of $0.50 per warrant, generating total proceeds of $2,400,000, and the private placement of a unit purchase option at $1.00 per unit underlying the purchase option, generating total proceeds of $500,000. These issuances were made pursuant to the exemption from registration contained in Section 4(2) of the Securities Act. The insider warrants are identical to the warrants underlying the units except that the insider warrants are exercisable for cash or on a cashless basis, at the holder’s option, and are not be redeemable by us, in each case so long as they are still held by the initial purchasers or their permitted transferees. The units issuable upon exercise of the unit purchase option are identical to those sold in the initial public offering, except that the warrants included in the units are not redeemable by us so long as they are held by EBC or its affiliates. The purchasers have agreed that these securities will not be sold or transferred by them (except to certain permitted transferees) until after we have completed an initial business combination.

On March 28, 2012, EBC notified us that it exercised its over-allotment option to the extent of 200,000 additional units. On March 30, 2012, we consummated the closing of the over-allotment option. The units sold pursuant to the over-allotment option were sold at an offering price of $10.00 per unit, generating gross proceeds of $2,000,000.

We paid a total of $1,260,000 in underwriting discounts and commissions and $477,427 for other costs and expenses related to the offering.

After deducting the underwriting discounts and commissions and the offering expenses, the total net proceeds to us from the offering and the private placements were $43,163,073. Of this amount, $42,740,000 was deposited into the trust account.

At the Extraordinary General Meeting, holders of 2,251,853 public shares exercised their rights to convert those shares to cash at a conversion price of approximately $10.18 per share, or an aggregate of approximately $22.9 million. After giving effect to the issuance of the Ordinary Shares to the former Tecnoglass Holding shareholders at the closing of the Merger (excluding the Earnout Shares) and the conversion of 2,251,853 of the public shares, there were 23,565,288 Ordinary Shares outstanding as of December 23, 2013.

The conversion price for holders of public shares electing conversion was paid out of the Registrant’s trust account, which had a balance immediately prior to the Closing of approximately $42.7 million. The remaining trust account funds were used to pay transaction expenses of approximately $3.1 million, with the balance available for working capital.

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 November 30, 2013, 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 *

* As provided in Rule 406T of Regulation S-T, this information shall not be deemed “filed” for purposes of Section 11 and 12 of the Securities Act of 1933 and Section 18 of the Securities Exchange Act of 1934 or otherwise subject to liability under those sections.

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: January 21, 2014