UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended September 30, 2016

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

For the transition period from _____ to _____

Commission File Number: 001-36689

HYDRA INDUSTRIES ACQUISITION CORP.
(Exact name of registrant as specified in its charter)

Delaware	**47-1025534**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)
250 West 57th Street, Suite 2223 New York, NY	**10107**
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: **(646) 565-3861**

(Former name or former address, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the 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 ☒ No ☐

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer or a smaller reporting company. See 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 ☒
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 ☐

As of November 4, 2016, there were 6,584,608 shares of the Company's common stock issued and outstanding.

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Definition of Terms

References in this Quarterly Report on Form 10-Q to "we," "us" or the "Company" refer to Hydra Industries Acquisition Corp. References to our "management" or our "management team" refer to our officers and directors, and references to "Sponsors" refer to Hydra Industries Sponsor LLC (the "Hydra Sponsor") and MIHI LLC (the "Macquarie Sponsor"). The following discussion and analysis of the Company's financial condition and results of operations should be read in conjunction with the financial statements and the notes thereto contained elsewhere in this report. Certain information contained in the discussion and analysis set forth below includes forward-looking statements that involve risks and uncertainties.

Special Note Regarding 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 and Section 21E of the Securities Exchange Act of 1934 that are not historical facts, and involve risks and uncertainties that could cause actual results to differ materially from those expected and projected. All statements other than statements of historical fact included in this Form 10-Q including, without limitation, statements in the "Management's Discussion and Analysis of Financial Condition and Results of Operations" regarding the Company's financial position, business strategy and the plans and objectives of management for future operations, are forward-looking statements. Words such as "expect," "believe," "anticipate," "intend," "estimate," "seek" and variations and similar words and expressions are intended to identify such forward-looking statements. Such forward-looking statements relate to future events or future performance, but reflect management's current beliefs, based on information currently available. A number of factors could cause actual events, performance or results to differ materially from the events, performance and results discussed in the forward-looking statements. For information identifying important factors that could cause actual results to differ materially from those anticipated in the forward-looking statements, please refer to the Risk Factors section of the Company's Annual Report on Form 10-K filed with the U.S. Securities and Exchange Commission (the "SEC"). The Company's securities filings can be accessed on the EDGAR section of the SEC's website at www.sec.gov. Except as expressly required by applicable securities law, the Company disclaims any intention or obligation to update or revise any forward-looking statements whether as a result of new information, future events or otherwise.

PART I - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

HYDRA INDUSTRIES ACQUISITION CORP.

Condensed Balance Sheets

	September 30, 2016	December 31, 2015
	(Unaudited)	
ASSETS		
Current Assets		
Cash and cash equivalents	$ 218,358	$ 256,239
Prepaid expenses	23,750	62,589
Total Current Assets	242,108	318,828
Cash and marketable securities held in Trust Account	80,017,988	80,009,479
Other assets	150	1,500
TOTAL ASSETS	**$ 80,260,246**	**$ 80,329,807**
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Accounts payable and accrued expenses	$ 3,777,991	$ 2,645,838
Convertible promissory notes - related parties	500,000	-
Promissory notes – related parties	200,000	-
Total Current Liabilities	4,477,991	2,645,838
Deferred underwriting fees	2,800,000	2,800,000
Total Liabilities	**7,277,991**	**5,445,838**
Commitments and Contingencies		
Common stock subject to possible redemption, 6,796,697 and 6,987,568 shares at conversion value as of September 30, 2016 ad December 31, 2015, respectively	67,982,254	69,883,968
Stockholders' Equity		
Preferred stock, $0.0001 par value; 1,000,000 authorized, none issued and outstanding	-	-
Common stock, $0.0001 par value; 29,000,000 shares authorized; 3,203,303 and 3,012,432 shares issued and outstanding (excluding 6,796,697 and 6,987,568 shares subject to possible redemption) as of September 30, 2016 and December 31, 2015, respectively	320	301
Additional paid-in capital	10,569,130	8,667,435
Accumulated deficit	(5,569,449)	(3,667,735)
Total Stockholders' Equity	**5,000,001**	**5,000,001**
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	**$ 80,260,246**	**$ 80,329,807**

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

HYDRA INDUSTRIES ACQUISITION CORP.

Condensed Statements of Operations
(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	**2015**	**2016**	**2015**
Operating costs	$ 522,752	$ 715,863	$ 2,014,721	$ 2,805,920
Loss from operations	**(522,752)**	**(715,863)**	**(2,014,721)**	**(2,805,920)**
Other income:				
Unrealized gain (loss) on marketable securities held in Trust Account	(4,394)	(6,280)	6,473	(6,280)
Interest income	48,213	1,372	106,534	14,520
Net Loss	**$ (478,933)**	**$ (720,771)**	**$ (1,901,714)**	**$ (2,797,680)**
Weighted average shares outstanding, basic and diluted [1]	3,156,561	2,868,313	3,070,014	2,735,736
Basic and diluted net loss per common share	**$ (0.15)**	**$ (0.25)**	**$ (0.62)**	**$ (1.02)**

(1) Excludes an aggregate of up to 6,796,697 and 7,060,059 shares subject to redemption at September 30, 2016 and 2015, respectively.

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

HYDRA INDUSTRIES ACQUISITION CORP.

Condensed Statements of Cash Flows
(Unaudited)

	Nine Months Ended September 30,	
	2016	**2015**
Cash Flows from Operating Activities:		
Net loss	$ (1,901,714)	$ (2,797,680)
Adjustments to reconcile net loss to net cash used in operating activities:		
Unrealized (gain) loss on marketable securities held in Trust Account	(6,473)	6,280
Interest earned on cash and marketable securities held in Trust Account	(106,534)	(14,520)
Changes in operating assets and liabilities:		
Prepaid expenses and other current assets	38,839	69,491
Other assets	1,350	1,350
Accounts payable and accrued expenses	1,132,153	2,017,658
Net cash used in operating activities	**(842,379)**	**(717,421)**
Cash Flows from Investing Activities:		
Interest income withdrawn from Trust Account	104,498	-
Net cash provided by investing activities	**104,498**	**-**
Cash Flows from Financing Activities:		
Proceeds from convertible promissory notes – related parties	500,000	-
Proceeds from promissory notes – related parties	200,000	-
Repayment of advances from related party	-	(109)
Net cash provided by (used in) financing activities	**700,000**	**(109)**
Net Change in Cash and Cash Equivalents	**(37,881)**	**(717,530)**
Cash and Cash Equivalents – Beginning	256,239	1,123,278
Cash and Cash Equivalents – Ending	**$ 218,358**	**$ 405,748**
Supplement disclosure of cash flow information:		
Cash paid during the period for:		
Taxes	$ 13,481	$ 8,020
Non-cash investing and financing activities:		
Payment of offering costs and operational costs pursuant to related party advances	$ -	$ 44
Change in value of common stock subject to possible redemption	$ 1,901,714	$ 2,797,676

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

HYDRA INDUSTRIES ACQUISITION CORP.
NOTES TO CONDENSED FINANCIAL STATEMENTS
SEPTEMBER 30, 2016
(Unaudited)

NOTE 1. DESCRIPTION OF ORGANIZATION AND BUSINESS OPERATIONS

Hydra Industries Acquisition Corp. (the "Company") is a blank check company incorporated in Delaware on May 30, 2014. The Company was formed for the purpose of acquiring, through a merger, capital stock exchange, asset acquisition, stock purchase, reorganization, recapitalization or other similar business transaction, one or more operating businesses or assets ("Business Combination").

At September 30, 2016, the Company had not yet commenced operations. All activity through September 30, 2016 related to the Company's formation, its Initial Public Offering, which is described below, identifying a target company and engaging in due diligence for, and negotiating the terms of, a potential Business Combination.

The registration statement for the Company's initial public offering (the "Initial Public Offering") was declared effective on October 24, 2014. The Company consummated the Initial Public Offering of 8,000,000 units ("Units") at $10.00 per unit on October 29, 2014, generating gross proceeds of $80,000,000, which is described in Note 4.

Simultaneously with the closing of the Initial Public Offering, the Company consummated the private placement of 7,500,000 warrants ("Private Placement Warrants") at a price of $0.50 per warrant to certain of the Company's stockholders, generating gross proceeds of $3,750,000, which is described in Note 5.

Transaction costs amounted to $5,223,296, inclusive of $2,000,000 of underwriting fees, $2,800,000 of deferred underwriting fees (which are held in the Trust Account (defined below)) and $423,296 of Initial Public Offering costs. In addition, at October 29, 2014, cash of $1,326,704 was placed in an account outside of the Trust Account to fund operations. As of September 30, 2016, cash held outside of the Trust Account amounted to $218,358, which includes proceeds from promissory notes in the aggregate amount of $700,000 (see Note 6).

Following the closing of the Initial Public Offering on October 29, 2014, an amount of $80,000,000 ($10.00 per Unit) from the net proceeds of the sale of the Units in the Initial Public Offering and the Private Placement Warrants was placed in a trust account ("Trust Account") and subsequently invested in U.S. government securities, within the meaning set forth in Section 2(a)(16) of the Investment Company Act of 1940, as amended (the "1940 Act"), with a maturity of 180 days or less or in any open-ended investment company that holds itself out as a money market fund selected by the Company meeting the conditions of paragraphs (c)(2), (c)(3) and (c)(4) of Rule 2a-7 of the 1940 Act, and will remain invested in U.S. government securities until the earlier of: (i) the consummation of a Business Combination or (ii) the distribution of the Trust Account as described below.

As more fully described in Note 10, on October 27, 2016, the Company's stockholders approved an amendment (the "Charter Amendment") to the Amended and Restated Certificate of Incorporation to extend the date by which the Company has to consummate a Business Combination from October 29, 2016 to December 29, 2016. There were 3,415,392 shares of common stock redeemed in connection with the Charter Amendment for an aggregate value of $34,153,920. In addition, on November 1, 2016, the Sponsors (defined below), or their affiliates, deposited into the Trust Account an amount equal to $229,230, or $0.05 for each of the 4,584,608 public shares that were not redeemed in connection with the Charter Amendment. As a result of the contribution by the Sponsors (which is evidenced by a promissory note, see Note 10), and following the redemption of the common stock in connection with the Charter Amendment, the pro rata portion of the funds available in the Trust Account for shares not so redeemed increased from approximately $10.00 per share to approximately $10.05 per share.

The Company's management has broad discretion with respect to the specific application of the net proceeds of its Initial Public Offering and Private Placement Warrants, although substantially all of the net proceeds are intended to be applied generally toward consummating a Business Combination. The Company's securities are listed on the Nasdaq Capital Market ("NASDAQ"). Pursuant to the NASDAQ listing rules, the Company's Business Combination must be with a target business or businesses whose collective fair market value is equal to at least 80% of the balance in the Trust Account at the time of the execution of a definitive agreement for such Business Combination. There is no assurance that the Company will be able to successfully effect a Business Combination.

The Company, after signing a definitive agreement for the acquisition of one or more target businesses or assets, may either (i) seek stockholder approval of a Business Combination at a meeting called for such purpose at which stockholders may seek to redeem their shares, regardless of whether they vote for or against a Business Combination or (ii) provide its stockholders with the opportunity to sell their shares to the Company by means of a tender offer (and thereby avoid the need for a stockholder vote). Stockholder approval will be sought by the Company if required by law or applicable stock exchange rule or for business or other legal reasons. In the event of a proposed merger of the Company with a target company, stockholder approval is required by Delaware law. Further, under the NASDAQ listing rules, stockholder approval is required, if, for example, (a) the Company will issue common stock that will be equal to or in excess of 20% of the number of shares of its common stock outstanding, (b) any of the Company's directors, officers or substantial stockholders (as defined by NASDAQ rules) has a 5% or greater interest (or such persons collectively have a 10% or greater interest), directly, or indirectly, in the target business or assets to be acquired or otherwise and the present or potential issuance of common stock could result in an increase in outstanding common shares or voting power of 5% or more, or (c) the issuance or potential issuance of common stock will result in a change of control of the Company. The Business Combination must be approved by the board of directors. In addition, the Company's Business Combination must be approved by MIHI LLC (the "Macquarie sponsor") as a condition to the Contingent Forward Purchase Contract (as described in Note 7). In the event that the Company seeks stockholder approval in connection with a Business Combination, the Company will proceed with a Business Combination only if a majority of the outstanding shares that are voted are voted in favor of the Business Combination. In connection with such vote, the Company will provide its stockholders with the opportunity to redeem their shares of the Company's common stock upon the consummation of a Business Combination for a pro-rata portion of the amount then in the Trust Account (initially $10.00 per share (see Note 10), plus any pro rata interest earned on the funds held in the Trust Account and not previously released to pay taxes). However, in no event will the Company redeem its public shares in an amount that would cause its net tangible assets to be less than $5,000,001. Hydra Industries Sponsor LLC (the "Hydra sponsor") and the Macquarie sponsor (together with the Hydra sponsor, the "Sponsors") and the other initial stockholders of the Company have agreed, in the event the Company is required to seek stockholder approval of its Business Combination, to vote their founders shares (as defined in Note 6) and any public shares purchased, in favor of approving a Business Combination. Notwithstanding the foregoing redemption rights, if the Company seeks stockholder approval of the Business Combination and it does not conduct redemptions in connection with the

Business Combination pursuant to the tender offer rules, the Company's amended and restated certificate of incorporation provides that a public stockholder, together with any affiliate of such stockholder or any other person with whom such stockholder is acting in concert or as a "group" (as defined under Section 13 of the Securities Exchange Act of 1934, as amended (the "Exchange Act")), will be restricted from redeeming its shares with respect to an aggregate of 25% or more of the shares sold in the Initial Public Offering.

If the Company is unable to complete a Business Combination within 24 months (subject to extension) from the closing of the Initial Public Offering (the "Combination Period") (see Note 10), the Company will (i) cease all operations except for the purposes of winding up its affairs; (ii) distribute the aggregate amount then on deposit in the Trust Account, including a portion of the interest earned thereon (net of any taxes payable, and less up to $50,000 of interest to pay dissolution expenses), pro rata to the Company's public stockholders by way of redemption of the Company's public shares (which redemption would completely extinguish such holders' rights as stockholders, including the right to receive further liquidation distributions, if any); and (iii) as promptly as possible following such redemption, dissolve and liquidate the balance of the Company's net assets to its remaining stockholders, as part of the Company's plan of dissolution and liquidation.

The initial stockholders have agreed to waive their redemption rights with respect to the founder shares (i) in connection with the consummation of a Business Combination, (ii) if the Company fails to consummate a Business Combination within the Combination Period, and (iii) upon the Company's liquidation upon the expiration of the Combination Period. However, if the Company's initial stockholders should acquire public shares in or after the Initial Public Offering, they will be entitled to redemption rights with respect to such public shares if the Company fails to consummate a Business Combination within the Combination Period. The underwriters have agreed to waive their rights to their deferred underwriting commissions held in the Trust Account in the event the Company does not consummate a Business Combination within the Combination Period and, in such event, such amounts will be included with the funds held in the Trust Account that will be available to fund the redemption of the Company's public shares. In the event of such distribution, it is possible that the per share value of the residual assets remaining available for distribution (including Trust Account assets) will be less than the Initial Public Offering price per Unit in the Initial Public Offering ($10.00 per share). A. Lorne Weil, the Company's Chairman and Chief Executive Officer and the managing member of the Hydra sponsor, has agreed that he will be liable to the Company, and the Macquarie sponsor has agreed to indemnify Mr. Weil for 50% of any such liability, if and to the extent any claims by a vendor for services rendered or products sold to the Company, or by a prospective target business with which the Company has discussed entering into a transaction agreement, reduce the amount of funds in the Trust Account to below $10.00 per share or such lesser amount per share of Common Stock held in the Trust Account as of the date of the liquidation of the Trust Account, due to reductions in value of the trust assets other than due to the failure to obtain such waiver, in each case net of the amount of interest which may be withdrawn to pay taxes, except as to any claims by a third party who executed a waiver of any and all rights to seek access to the Trust Account and except as to any claims under the Company's indemnity of the underwriters of the Initial Public Offering against certain liabilities, including liabilities under the Securities Act of 1933, as amended (the "Securities Act").

The Company will seek to reduce the possibility that Mr. Weil will have to indemnify the Trust Account due to claims of creditors by endeavoring to have all vendors, service providers (other than the Company's independent auditors and the provider of the Company's directors' and officers' liability insurance), prospective target businesses or other entities with which the Company does business, execute agreements with the Company waiving any right, title, interest or claim of any kind in or to monies held in the Trust Account.

NOTE 2. LIQUIDITY AND GOING CONCERN

As of September 30, 2016, the Company had $218,358 in its operating bank accounts, $80,017,988 in cash and securities held in the Trust Account to be used for a Business Combination or to repurchase or convert its common stock in connection therewith and a working capital deficit of $4,235,883. As of September 30, 2016, approximately $18,000 of the amount on deposit in the Trust Account represented interest income, which is available to be withdrawn to pay the Company's tax obligations. Since inception, the Company has withdrawn approximately $104,000 in interest income from the Trust Account to pay its tax obligations.

Until the consummation of a Business Combination, the Company will be using the funds not held in the Trust Account for identifying and evaluating prospective acquisition candidates, performing due diligence on prospective target businesses, paying for travel expenditures, selecting the target business to acquire, structuring, negotiating and consummating the Business Combination and paying for public company expenses.

For the nine months ended September 30, 2016, the Company used cash of $842,379 in operating activities. As of September 30, 2016, the Company had current liabilities of $4,477,991, primarily representing amounts owed to lawyers, accountants and consultants who have advised the Company on matters related to potential Business Combinations. There can be no assurances that the Company will be able to make payment in full of the amounts due to said advisors. Funds in the Trust Account are not available for this purpose absent an initial Business Combination. If a Business Combination is not consummated, the Company would lack the resources to pay all of the liabilities that have been incurred by the Company to date or after and the Company may lack the resources needed to consummate another Business Combination. The Company entered into fee arrangements with certain service providers and advisors in connection with a potential Business Combination ("Terminated Business Combination") pursuant to which certain fees were deferred and payable only if the Company consummated such Terminated Business Combination (see Note 7). Effective October 26, 2015, all efforts related to such Terminated Business Combination were terminated and, accordingly, all deferred contingent fees related to such Terminated Business Combination that had been previously incurred are no longer due or payable. There can be no assurances that the Company will complete a Business Combination. The Company has entered into fee arrangements with certain service providers and advisors pursuant to which certain fees incurred by the Company in connection with the Inspired Business Combination will be deferred and become payable only if the Company consummates the Inspired Business Combination. If the Inspired Business Combination does not occur, the Company will not be required to pay these contingent fees (see Note 7).

The Company may need to raise additional capital through loans or additional investments from its Sponsors, stockholders, officers, directors, or third parties. On March 16, 2016, the Sponsors loaned the Company $250,000 each and on September 29, 2016, the Sponsors loaned the Company an additional $100,000 each, for a total aggregate amount of $700,000, to fund its expenses prior to a Business Combination (see Note 6). In addition, the Company's officers, directors and Sponsors may, but are not obligated to, loan the Company funds, from time to time or at any time, in whatever amount they deem reasonable in their sole discretion, to meet the Company's working capital needs.

Other than as described above, none of the Sponsors, stockholders, officers or directors, or third parties, are under any obligation to advance funds to, or to invest in, the Company. Accordingly, the Company may not be able to obtain additional financing. If the Company is unable to raise additional capital, it may be required to take additional measures to conserve liquidity, which could include, but not necessarily be limited to, curtailing operations, suspending the pursuit of a potential transaction, and reducing overhead expenses. The Company cannot provide any assurance that new financing will be available to it on commercially acceptable terms, if at all. These conditions raise substantial doubt about the Company's ability to continue as a going concern. These financial statements do not include any adjustments relating to the recovery of the recorded assets or the classification of the liabilities that might be necessary should the Company be unable to continue as a going concern.

NOTE 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The accompanying unaudited condensed financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") for interim financial information and in accordance with the instructions to Form 10-Q and Article 10 of Regulation S-X of the Securities and Exchange Commission ("SEC"). Certain information or footnote disclosures normally included in financial statements prepared in accordance with GAAP have been condensed or omitted, pursuant to the rules and regulations of the SEC for interim financial reporting. Accordingly, they do not include all the information and footnotes necessary for a comprehensive presentation of financial position, results of operations, or cash flows. In the opinion of management, the accompanying unaudited condensed financial statements include all adjustments, consisting of a normal recurring nature, which are necessary for a fair presentation of the financial position, operating results and cash flows for the periods presented.

The accompanying unaudited condensed financial statements should be read in conjunction with the Company's Annual Report on Form 10-K for the year ended December 31, 2015 as filed with the SEC, which contains the audited financial statements and notes thereto, together with Management's Discussion and Analysis. The financial information as of December 31, 2015 is derived from the audited financial statements presented in the Company's Annual Report on Form 10-K for the year ended December 31, 2015. The interim results for the nine months ended September 30, 2016 are not necessarily indicative of the results to be expected for the year ending December 31, 2016 or for any future interim periods.

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 revenues and expenses during the reporting period.

Making estimates requires management to exercise significant judgment. It is at least reasonably possible that the estimate of the effect of a condition, situation or set of circumstances that existed at the date of the financial statements, which management considered in formulating its estimate, could change in the near term due to one or more future events. Accordingly, the actual results could differ significantly from those estimates.

Cash and cash equivalents

The Company considers all short-term investments with an original maturity of three months or less when purchased to be cash equivalents. The Company did not have any cash equivalents as of September 30, 2016 and December 31, 2015.

Cash and marketable securities held in Trust Account

The amounts held in the Trust Account represent substantially all of the proceeds of the Initial Public Offering and are classified as restricted assets since such amounts can only be used by the Company in connection with the consummation of a Business Combination. As of September 30, 2016, cash and marketable securities held in the Trust Account consisted of $80,017,988 in United States Treasury Bills with a maturity date of 180 days or less.

Common stock subject to possible redemption

The Company accounts for its common stock subject to possible redemption in accordance with the guidance in Accounting Standards Codification ("ASC") Topic 480 "Distinguishing Liabilities from Equity." Common stock subject to mandatory redemption (if any) is classified as a liability instrument and is measured at fair value. Conditionally redeemable common stock (including common stock that features redemption rights that are either within the control of the holder or subject to redemption upon the occurrence of uncertain events not solely within the Company's control) is classified as temporary equity. At all other times, common stock is classified as stockholders' equity. The Company's common stock features certain redemption rights that are considered to be outside of the Company's control and subject to occurrence of uncertain future events. Accordingly, at September 30, 2016 and December 31, 2015, common stock subject to possible redemption is presented as temporary equity, outside of the stockholders' equity section of the Company's balance sheet.

Net loss per share

The Company complies with accounting and disclosure requirements of ASC Topic 260, "Earnings Per Share." Net loss per share is computed by dividing net loss by the weighted average number of shares of common stock outstanding during the period. Shares of common stock subject to possible redemption at September 30, 2016 and 2015 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 Account earnings. The Company has not considered the effect of warrants to purchase 7,875,000 shares of common stock and rights that convert into 800,000 shares of common stock in the calculation of diluted loss per share, since the exercise of the warrants and the conversion of the rights into shares of common stock is contingent upon the occurrence of future events. As a result, diluted loss per share is the same as basic loss per share for the periods presented.

Income taxes

The Company complies with the accounting and reporting requirements of ASC Topic 740, "Income Taxes," which requires an asset and liability approach to financial accounting and reporting for income taxes. Deferred income tax assets and liabilities are computed for differences between the financial statement and tax bases of assets and liabilities that will result in future taxable or deductible amounts, based on enacted tax laws and rates applicable to the periods in which the differences are expected to affect taxable income. Valuation allowances are established, when necessary, to reduce deferred tax assets to the amount expected to be realized.

ASC Topic 740 prescribes a recognition threshold and a measurement attribute for the financial statement recognition and measurement of tax positions 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. There were no unrecognized tax benefits as of September 30, 2016. The Company is currently not aware of any issues under review that could result in significant payments, accruals or material deviation from its position.

The Company is subject to income tax examinations by various taxing authorities since its inception. These potential examinations may include questioning the timing and amount of deductions, the nexus of income among various tax jurisdictions and compliance with federal and state tax laws. The Company's management does not expect that the total amount of unrecognized tax benefits will materially change over the next twelve months.

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 September 30, 2016. Management is currently unaware of any issues under review that could result in significant payments, accruals or material deviations from its position.

Concentration of credit risk

Financial instruments that potentially subject the Company to concentration 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 September 30, 2016, the Company had not experienced losses on these accounts and management believes the Company is not exposed to significant risks on such accounts.

Fair value of financial instruments

The fair value of the Company's assets and liabilities, which qualify as financial instruments under ASC Topic 820, "Fair Value Measurements and Disclosures" ("ASC 820"), approximates the carrying amounts represented in the accompanying balance sheets, primarily due to their short-term nature.

Recent Accounting Pronouncements

In August 2014, the FASB issued ASU 2014-15, "Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern" ("ASU 2014-15"). ASU 2014-15 provides guidance on management's responsibility in evaluating whether there is substantial doubt about a company's ability to continue as a going concern and about related footnote disclosures. For each reporting period, management will be required to evaluate whether there are conditions or events that raise substantial doubt about a company's ability to continue as a going concern within one year from the date the financial statements are issued. The amendments in ASU 2014-15 are effective for annual reporting periods ending after December 15, 2016, and for annual and interim periods thereafter. Early adoption is permitted. The Company adopted the methodologies prescribed by ASU 2014-15 as of January 1, 2016. The adoption of ASU 2014-15 did not have a material effect on its financial position or results of operations.

NOTE 4. INITIAL PUBLIC OFFERING

On October 29, 2014, the Company sold 8,000,000 Units at a purchase price of $10.00 per Unit in its Initial Public Offering. Each Unit consists of one share of the Company's common stock, $0.0001 par value ("Common Stock"), one right ("Public Right") and one redeemable common stock purchase warrant ("Public Warrant"). Each Public Right will convert into one-tenth (1/10) of one share of Common Stock upon the consummation of a Business Combination. The Company did not register the shares of Common Stock issuable upon exercise of the Public Warrants. However, the Company has agreed to use its best efforts to file within 15 business days of the closing of a Business Combination and have an effective registration statement within 60 business days of the closing of a Business Combination covering the shares of Common Stock issuable upon exercise of the Public Warrants, to maintain a current prospectus relating to those shares of Common Stock until the earlier of the date the Public Warrants expire or are redeemed and, the date on which all of the Public Warrants have been exercised and to qualify the resale of such shares under state blue sky laws, to the extent an exemption is not available. Each Public Warrant entitles the holder to purchase one-half share of Common Stock at an exercise price of $5.75 ($11.50 per whole share). The Public Warrants may be exercised only for a whole number of shares of Common Stock. No fractional shares will be issued upon exercise of the Public Warrants. The Public Warrants will become exercisable on the later of (a) 30 days after the consummation of a Business Combination, or (b) 12 months from the closing of the Initial Public Offering. The Public Warrants will expire five years after the consummation of a Business Combination or earlier upon redemption or liquidation. The Public Warrants will be redeemable by the Company at a price of $0.01 per warrant upon 30 days' prior written notice after the Public Warrants become exercisable, only in the event that the last sale price of the Common Stock equals or exceeds $24.00 per share for any 20 trading days within a 30-trading day period ending on the third trading day prior to the date on which notice of redemption is given. The Company will not redeem the Public Warrants unless an effective registration statement under the Securities Act covering the shares of Common Stock issuable upon exercise of the Public Warrants is effective and a current prospectus relating to those shares of Common Stock is available throughout the 30-day redemption period except if the Public Warrants may be exercised on a cashless basis and such cashless exercise is exempt from registration under the Securities Act. If and when the Public Warrants become redeemable by the Company, the Company may exercise its redemption right even if it is unable to register or qualify the underlying securities for sale under all applicable state securities laws.

If the Company calls the Public Warrants for redemption, management will have the option to require all holders that wish to exercise the Public Warrants to do so on a "cashless basis." In such event, each holder would pay the exercise price by surrendering the Public Warrants for that number of shares of Common Stock equal to the quotient obtained by dividing (x) the product of the number of shares of Common Stock underlying the Public Warrants, multiplied by the difference between the exercise price of the Public Warrants and the "fair market value" by (y) the fair market value. The "fair market value" shall mean the average reported last sale price of the Common Stock for the 10 trading days ending on the third trading day prior to the date on which the notice of redemption is sent to the holders of Public Warrants.

NOTE 5. PRIVATE PLACEMENT

Simultaneously with the Initial Public Offering, Mr. Weil, the Macquarie sponsor and Martin E. Schloss, the Company's Executive Vice President, General Counsel and Secretary, purchased an aggregate of 7,500,000 Private Placement Warrants at a price of $0.50 per warrant ($3,750,000 in the aggregate) in a private placement. Each Private Placement Warrant is exercisable to purchase one-half share of Common Stock at $5.75 per half share. The Private Placement Warrants may be exercised only for a whole number of shares of Common Stock. No fractional shares will be issued upon exercise of the Private Placement Warrants. The purchase price of the Private Placement Warrants was added to the net proceeds from the Initial Public Offering held in the Trust Account. If the Company does not complete a Business Combination within the Combination Period, the proceeds of the sale of the Private Placement Warrants will be used, in part, to fund the redemption of the Company's public shares (subject to the requirements of applicable law). There will be no redemption rights or liquidating distributions with respect to the Private Placement Warrants.

The Sponsors have agreed that the Private Placement Warrants and the Common Stock issuable upon exercise of the Private Placement Warrants will not be transferable, assignable or salable until 30 days following consummation of a Business Combination, subject to certain limited exceptions. Additionally, the Private Placement Warrants will be non-redeemable so long as they are held by the initial purchasers or such purchasers' permitted transferees. If the Private Placement Warrants are held by someone other than the initial purchasers or such purchasers' permitted transferees, the Private Placement Warrants will be redeemable by the Company and exercisable by such holders on the same basis as the Public Warrants. If the Company does not complete a Business Combination, then the proceeds will be part of the liquidating distribution to the public stockholders and the Private Placement Warrants will expire worthless.

NOTE 6. RELATED PARTY TRANSACTIONS

Founder Shares

On July 11, 2014, the Company issued 2,875,000 shares of Common Stock to the Sponsors, of which an aggregate of 575,000 shares were returned to the Company and subsequently cancelled (the "founder shares") on October 24, 2014, for an aggregate purchase price of $25,000. As a result of the underwriters' determination not to exercise their over-allotment option, an additional 300,000 founder shares were forfeited. The founder shares are identical to the shares of Common Stock included in the Units sold in the Initial Public Offering, except that (1) the founder shares are subject to certain transfer restrictions, as described in more detail below, and (2) the Company's initial stockholders have agreed: (i) to waive their redemption rights with respect to their founder shares in connection with the consummation of a Business Combination and (ii) to waive their redemption rights with respect to their founder shares if the Company fails to complete a Business Combination within the Combination Period. However, the Company's initial stockholders will be entitled to redemption rights with respect to any public shares they hold by way of public market purchase if the Company fails to consummate a Business Combination within such time period. If the Company submits a Business Combination to its public stockholders for a vote, the initial stockholders have agreed to vote their founder shares and any public shares purchased in favor of a Business Combination.

The Company's initial stockholders have agreed not to transfer, assign or sell any of their founder shares until the earlier to occur of: (1) one year after a Business Combination or (2) the date on which the Company completes a liquidation, merger, stock exchange or other similar transaction after a Business Combination that results in all of the Company's stockholders having the right to exchange their shares of Common Stock for cash, securities or other property (the "Lock Up Period"). Notwithstanding the foregoing, if the last sale price of the Common Stock equals or exceeds $12.00 per share (as adjusted for stock splits, stock dividends, reorganizations, recapitalizations and the like) for any 20 trading days within any 30-trading day period commencing at least 150 days after a Business Combination, the founder shares will be released from the lock-up.

Convertible Promissory Notes

On March 16, 2016, the Company entered into convertible promissory notes with the Sponsors, whereby the Sponsors loaned the Company an aggregate of $500,000 (the "Convertible Promissory Notes") in order to finance transaction costs in connection with a Business Combination. The Convertible Promissory Notes are non-interest bearing, and due on the date on which the Company consummates a Business Combination. In the event that a Business Combination does not occur, the Sponsors would become general unsecured creditors of the Company. Each of the Convertible Promissory Notes are convertible, in whole or in part, at the election of the Sponsor holding such note, upon the consummation of a Business Combination. Upon such election, the Convertible Promissory Notes will convert into warrants, at a price of $0.50 per warrant. These warrants will be identical to the Private Placement Warrants. As such, each warrant is exercisable for one-half of one share of the Company's common stock at an exercise price of $5.75 per half share.

The Convertible Promissory Notes were issued pursuant to the Expense Advancement Agreement, dated as of October 24, 2014, by and among the Company and the Sponsors, pursuant to which each Sponsor committed to fund up to $250,000 to the Company for the Company's expenses relating to investigating and selecting a target business and other working capital requirements. In the event that the Business Combination does not close, the Company may use a portion of the working capital held outside the Trust Account to repay such loaned amounts but no proceeds from the Trust Account may be used for such repayment.

As of September 30, 2016, $500,000 was outstanding under the Convertible Promissory Notes.

Promissory Notes – Non-Convertible

On September 29, 2016, the Company entered into non-convertible promissory notes with the Sponsors, whereby the Sponsors loaned the Company an aggregate of $200,000 (the "Promissory Notes") in order to finance transaction costs in connection with a Business Combination. The Promissory Notes are non-interest bearing, and payable as promptly as possible upon the consummation of a Business Combination by the Company, in accordance with the documents setting out the terms of its Initial Public Offering, but in no event later than thirty (30) days after the date of such consummation. As of September 30, 2016, $200,000 was outstanding under the Promissory Notes.

NOTE 7. COMMITMENTS & CONTINGENCIES

Terminated Transaction Fee Arrangements

The Company entered into fee arrangements with certain service providers and advisors pursuant to which certain fees incurred by the Company in connection with a Terminated Business Combination would be deferred and become payable only if the Company consummated such Terminated Business Combination. If the Terminated Business Combination did not occur, the Company would not be required to pay these contingent fees. Effective October 26, 2015, all efforts related to such Terminated Business Combination were terminated and, accordingly, all contingent fees that had been previously incurred are no longer due or payable.

Potential Transaction Fee Arrangements

The Company has entered into fee arrangements with certain service providers and advisors pursuant to which certain fees incurred by the Company in connection with the Inspired Business Combination will be deferred and become payable only if the Company consummates the Inspired Business Combination. If the Inspired Business Combination does not occur, the Company will not be required to pay these contingent fees. As of September 30, 2016, the Company incurred approximately $1,300,000 of fees, of which approximately $650,000 is included in accounts payable and accrued expenses in the accompanying condensed balance sheet and $973,000 has not been accrued since it is contingent upon the closing of the Inspired Business Combination. A portion of the contingent fees that have not been accrued as of September 30, 2016, amounting to $323,000, are subject to an agreement between the Company and its advisor, pursuant to which the Company has agreed to pay 150% of fees incurred upon closing of the Inspired Business Combination. The Company anticipates incurring a significant amount of additional costs in connection with the Inspired Business Combination. There can be no assurances that the Company will complete this or any other Business Combination.

Administrative Services Agreement

The Company entered into an Administrative Services Agreement commencing on October 24, 2014 pursuant to which the Company pays an affiliate of the Hydra Sponsor a total of $10,000 per month for office space, utilities and secretarial support. Upon the completion of a Business Combination or the Company's liquidation, the Company will cease paying these monthly fees. The Company paid $30,000 in fees during the three months ended September 30, 2016 and 2015 and paid $90,000 in fees during the nine months ended September 30, 2016 and 2015.

Contingent Forward Purchase Contract

On October 24, 2014, the Macquarie sponsor entered into a contingent forward purchase contract with the Company (the "Contingent Forward Purchase Contract") to purchase, in a private placement for gross proceeds of approximately $20,000,000 to occur concurrently with the consummation of the Business Combination, 2,000,000 Units on the same terms as the sale of the Units in the Initial Public Offering at $10.00 per Unit (which includes 2,000,000 rights which will be exchanged for 200,000 shares of Common Stock) ("Private Placement Units"), and 500,000 shares of the Company's Common Stock on the same terms as the sale of the founder shares to the Sponsors prior to the Initial Public Offering ("Private Placement Shares"). The funds from the sale of the Private Placement Units and the Private Placement Shares will be used as part of the consideration to the sellers in the Business Combination; any excess funds from the Private Placement Units will be used for working capital in the post-transaction company. This commitment is independent of the percentage of stockholders electing to redeem their public shares.

As a closing condition to the Contingent Forward Purchase Contract, the Company has agreed not to consummate a Business Combination without the Macquarie sponsor's consent; provided, however, that if the Company fails to consummate a Business Combination within the Combination Period, and the Company's board of directors (other than the Macquarie sponsor designee) unanimously votes in favor of a proposed Business Combination and the Macquarie sponsor decides to withhold its vote on the Business Combination, the Macquarie sponsor will be, subject to customary conditions, obligated to pay a $740,000 fee to the Hydra sponsor. In such event, the Private Placement Warrants will expire worthless. Notwithstanding the foregoing, in the event the Macquarie sponsor withholds consent to consummate a Business Combination because of regulatory reasons or the Business Combination involves a competitor to the Macquarie sponsor, its affiliates, or an entity in which the Macquarie sponsor or an affiliate has an equity interest, then the Macquarie sponsor is not obligated to pay the $740,000 fee, the Company may proceed with such Business Combination, the Macquarie sponsor will be permitted to sell its Private Placement Warrants and founder shares (provided that the transferee agrees to be bound by the transfer restrictions, lock-up provisions, registration rights, voting obligations and other such restrictions and rights of the transferred Private Placement Warrants and founder shares), the Hydra sponsor will use its best efforts to facilitate a sale of the Macquarie sponsor's Private Placement Warrants and founder shares, and the term of the Macquarie sponsor's nominee for the Board of Directors will automatically terminate and such board seat will remain vacant until filled by a successor duly appointed by the Hydra sponsor. The Macquarie Sponsor has approved the Inspired Business Combination, more fully discussed below.

Right of First Refusal

Pursuant to an agreement dated October 24, 2014, the Company has granted Macquarie Capital (USA) Inc. ("Macquarie Capital"), an affiliate of the Macquarie sponsor, a right of first refusal for a period of 36 months from the closing of the Initial Public Offering to provide certain financial advisory, underwriting, capital raising, and other services for which they may receive fees. The amount of fees the Company pays to Macquarie Capital will be based upon the prevailing market for similar services rendered by global full-service investment banks for such transactions, and will be subject to the review of the Company's Audit Committee pursuant to the Audit Committee's policies and procedures relating to transactions that may present conflicts of interest.

Transaction Services Agreement

In connection with the Inspired Business Combination, pursuant to the right of first refusal agreement entered into on October 24, 2014 noted above, the Company entered into a transaction services agreement with Macquarie Capital dated June 21, 2016, pursuant to which Macquarie Capital will provide advisory services to the Company in connection with the Inspired Business Combination. The Company has agreed to pay Macquarie Capital a fee of $3,150,000, payable only upon the consummation of the Inspired Business Combination and a fee equal to 10% of fees, net of any expenses incurred by the Company in conjunction with the Inspired Business Combination, received by the Company or any of its affiliates in connection with the termination or abandonment of the Inspired Business Combination.

Registration Rights

Pursuant to a registration rights agreement entered into on October 24, 2014 with the Company's initial stockholders and purchasers of the Private Placement Warrants and the Contingent Forward Purchase Contract, the Company is required to register certain securities for sale under the Securities Act. Each of the sponsors will be entitled to make up to three demands, excluding short form registration demands, that the Company register such securities for sale under the Securities Act and to have the securities covered thereby registered for resale pursuant to Rule 415 under the Securities Act. In addition, these holders will have "piggy-back" registration rights to include their securities in other registration statements filed by the Company. However, the registration rights agreement provides that the Company will not permit any registration statement filed under the Securities Act to become effective until termination of the applicable Lock Up Period. The Company will bear the expenses incurred in connection with the filing of any such registration statements.

Underwriting Agreement

The underwriters were entitled to an underwriting discount of up to 6.0%, of which two and one-half percent (2.5%), or $2,000,000, was paid in cash at the closing of the Initial Public Offering on October 29, 2014, and up to three and one-half percent (3.5%), or $2,800,000, has been deferred. The deferred fee will be payable in cash upon the closing of a Business Combination. The deferred fee will become payable to the underwriters from the amounts held in the Trust Account solely in the event that the Company completes a Business Combination, subject to the terms of the underwriting agreement.

Inspired Business Combination

On July 13, 2016, the Company entered into a definitive agreement to acquire London based Inspired Gaming Group and its affiliates (the "Inspired Group") from funds managed by Vitruvian Partners LLP (a London headquartered private equity firm) and its co-investors.

The Share Sale Agreement, dated as of July 13, 2016, by and among the Company, the Vendors named on Schedule 1 thereto, DMWSL 633 Limited ("Target Parent"), DMWSL 632 Limited and Gaming Acquisitions Limited (the "Sale Agreement"), provides for the acquisition by the Company from the Vendors of all of the equity and shareholder loan notes of Target Parent and the Inspired Group (the "Inspired Business Combination").

The Sale Agreement reflects a transaction value for the Inspired Business Combination of £200 million/$264 million, plus an earn-out of up to $25 million (up to 2.5 million of the Company's shares), expected to represent approximately £96 million/$126 million of equity value after adjusting for the maintenance of debt and certain other liabilities (the foregoing conversions from GBP to USD are based on the current USD/GBP exchange rate of $1.32/£1.00 as of July 13, 2016. Although equivalent amounts are also expressed in both UK pounds and US dollars, the payments will be made in UK pounds in the amounts stated.). Exclusive of the potential earn-out, the consideration to be paid for the equity and shareholder loan notes of the Target Parent and the Inspired Group will be the aggregate of the Base Consideration (as defined below), less a fixed amount of Accruing Negative Consideration (£21,500 per day from but excluding July 2, 2016 through and including the closing of the Inspired Business Combination).

The "Base Consideration" to be paid for the equity and shareholder loan notes pursuant to the Sale Agreement will equal (i) £100,363,394/$132,479,680, plus (ii) any amount by which the Company's transaction expenses ("Purchaser Costs") referred to in Schedule 6 to the Sale Agreement exceeds £8,237,909/$10,874,040, minus (iii) certain expenses of the Vendors noticed by the Institutional Vendors' Representative, not to exceed £3,000,000/$3,960,000, minus (iv) certain excess interest payments owing on the Inspired Group's existing financing arrangements.

The Vendors will be paid the Base Consideration, adjusted for the Accruing Negative Consideration (the "Completion Payment"), partially in cash (the "Cash Consideration"), to the extent available after the payment of transaction expenses and working capital adjustments, if any, and partially in newly-issued shares of Company common stock ("Purchaser Shares") at a value of $10.00 per share (the "Stock Consideration"), as follows:

a. The Cash Consideration represents the cash the Company will have available at closing to pay the Completion Payment. The Cash Consideration will equal (i) the Company's current cash in trust, the $20 million proceeds of a private placement to Macquarie Capital, and any other available funds, minus (ii) an agreed amount of Purchaser Costs (including expenses incurred in connection with the preparation of the proxy statement and meetings with the Company's stockholders), minus (iii) an agreed amount of the Vendors' transaction expenses, minus (iv) the amount of repayment required under certain of the Inspired Group's financing arrangements, minus (v) £5 million for the purposes of retaining cash on the Company's balance sheet.

b. The Stock Consideration will equal the Completion Payment minus the Cash Consideration, divided by $10.00 per share.

The earn-out payment of up to $25,000,000 (the "Earn-out Consideration") shall be paid to the Vendors exclusively in Purchaser Shares and will be determined based on Inspired's performance in certain jurisdictions through September 30, 2018 pursuant to a formula set forth in Schedule 5 to the Sale Agreement.

The consummation of the Inspired Business Combination is conditioned upon the approval of the Company's stockholders, certain regulatory approvals pertaining to the gaming industry and other customary closing conditions.

NOTE 8. STOCKHOLDERS' EQUITY

Preferred Stock — The Company is authorized to issue 1,000,000 shares of preferred stock with a par value of $0.0001 per share in one or more series. The Company's board of directors will be authorized to fix the voting rights, if any, designations, powers, preferences, the relative, participating, optional or other special rights and any qualifications, limitations and restrictions thereof, applicable to the shares of each series. At September 30, 2016, there were no shares of preferred stock issued or outstanding.

Common Stock — The Company is authorized to issue 29,000,000 shares of Common Stock with a par value of $0.0001 per share. Holders of the Company's Common Stock are entitled to one vote for each common share. At September 30, 2016, there were 3,203,303 shares of Common Stock issued and outstanding (excluding 6,796,697 shares of Common Stock subject to possible redemption).

NOTE 9. FAIR VALUE MEASUREMENTS

The Company follows the guidance in ASC 820 for its financial assets and liabilities that are re-measured and reported at fair value at each reporting period, and non-financial assets and liabilities that are re-measured and reported at fair value at least annually.

The fair value of the Company's financial assets and liabilities reflects management's estimate of amounts that the Company would have received in connection with the sale of the assets or paid in connection with the transfer of the liabilities in an orderly transaction between market participants at the measurement date. In connection with measuring the fair value of its assets and liabilities, the Company seeks to maximize the use of observable inputs (market data obtained from independent sources) and to minimize the use of unobservable inputs (internal assumptions about how market participants would price assets and liabilities). The following fair value hierarchy is used to classify assets and liabilities based on the observable inputs and unobservable inputs used in order to value the assets and liabilities:

Level 1: Quoted prices in active markets for identical assets or liabilities. An active market for an asset or liability is a market in which transactions for the asset or liability occur with sufficient frequency and volume to provide pricing information on an ongoing basis.
Level 2: Observable inputs other than Level 1 inputs. Examples of Level 2 inputs include quoted prices in active markets for similar assets or liabilities and quoted prices for identical assets or liabilities in markets that are not active.
Level 3: Unobservable inputs based on our assessment of the assumptions that market participants would use in pricing the asset or liability.

The following table presents information about the Company's assets that are measured at fair value on a recurring basis at September 30, 2016 and December 31, 2015, and indicates the fair value hierarchy of the valuation inputs the Company utilized to determine such fair value:

Description	Level	September 30, 2016	December 31, 2015
Assets:			
Cash and marketable securities held in Trust Account	1	$ 80,017,988	$ 80,009,479

NOTE 10. SUBSEQUENT EVENTS

The Company evaluates subsequent events and transactions that occur after the balance sheet date up to the date that the financial statements were issued for potential recognition or disclosure. Other than as described below, the Company did not identify any subsequent events that would have required adjustment or disclosure in the financial statements.

On October 27, 2016, the Company's stockholders approved the Charter Amendment to extend the date by which the Company has to consummate a Business Combination from October 29, 2016 to December 29, 2016 in order to allow the Company more time to complete the Inspired Business Combination. There were 3,415,392 shares of common stock redeemed in connection with the Charter Amendment for an aggregate value of $34,153,920. In addition, on November 1, 2016, the Sponsors, or their affiliates, deposited into the Trust Account an amount equal to $229,230, or $0.05 for each of the 4,584,608 public shares of the Company that were not redeemed in connection with the Charter Amendment. As a result of the contribution by the Sponsors, and following the redemption of the common stock in connection with the Charter Amendment, the pro rata portion of the funds available in the Trust Account for shares not so redeemed increased from approximately $10.00 per share to approximately $10.05 per share.

On November 1, 2016, the Company entered into non-convertible promissory notes with the Sponsors, whereby the Sponsors loaned the Company an aggregate of $229,230 (the "Contribution Promissory Notes") in order to fund the amounts deposited into the Trust Account for the public shares that were not redeemed in connection with the Charter Amendment. The Contribution Promissory Notes are non-interest bearing, and payable as promptly as possible upon the consummation of a Business Combination by the Company, in accordance with the documents setting out the terms of its Initial Public Offering, but in no event later than thirty (30) days after the date of such consummation.

As disclosed in the Company's Preliminary Proxy Statement filed with the SEC on September 19, 2016, the Company intends to increase the number of shares authorized common stock from 29,000,000 to 49,000,000.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Overview

We are a blank check company incorporated on May 30, 2014 as a Delaware corporation and formed for the purpose of acquiring, through a merger, capital stock exchange, asset acquisition, stock purchase, reorganization, recapitalization or other similar business transaction, one or more operating businesses or assets. We intend to effectuate our Business Combination using cash from the proceeds of our initial public offering and a sale of warrants in a private placement that occurred simultaneously with the completion of our initial public offering, our capital stock, debt or a combination of cash, stock and debt.

The issuance of additional shares of our stock in a Business Combination:

- may significantly dilute the equity interest of existing stockholders;
- may subordinate the rights of holders of common stock if preferred stock is issued with rights senior to those afforded our common stock;
- could cause a change of control if a substantial number of shares of our common stock are issued, which may affect, among other things, our ability to use our net operating loss carry forwards, if any, and could result in the resignation or removal of our present officers and directors;
- may have the effect of delaying or preventing a change of control of us by diluting the stock ownership or voting rights of a person seeking to obtain control of us; and
- may adversely affect prevailing market prices for our common stock, rights and/or warrants.

Similarly, if we issue debt securities, it could result in:

- default and foreclosure on our assets if our cash flows after an initial Business Combination are insufficient to repay our debt obligations;
- acceleration of our obligations to repay the indebtedness even if we make all principal and interest payments when due if we breach certain covenants that require the maintenance of certain financial ratios or reserves without a waiver or renegotiation of such covenants;
- our immediate repayment of all principal and accrued interest, if any, if the debt security is payable on demand;
- our inability to obtain necessary additional financing if the debt security contains covenants restricting our ability to obtain such financing while the debt security is outstanding;
- our inability to pay dividends on our common stock;
- using a substantial portion of our cash flow to pay principal and interest on our debt, which will reduce the funds available for dividends on our common stock, if declared, expenses, capital expenditures, acquisitions and other general corporate purposes;
- limitations on our flexibility in planning for and reacting to changes in our business and in the industry in which we operate;
- increased vulnerability to adverse changes in general economic, industry and competitive conditions and adverse changes in government regulation; and
- limitations on our ability to borrow additional amounts for expenses, capital expenditures, acquisitions, debt service requirements, execution of our strategy and other purposes and other disadvantages compared to our competitors who have less debt.

We expect to continue to incur significant costs in the pursuit of our acquisition plans. We cannot assure you that our plans to raise capital or to complete our initial Business Combination will be successful.

Recent Developments

On July 13, 2016, we entered into a definitive agreement to acquire the Inspired Group from funds managed by Vitruvian Partners LLP (a London headquartered private equity firm) and its co-investors.

The Share Sale Agreement, dated as of July 13, 2016, by and among the Company, the Vendors named on Schedule 1 thereto, the Target Parent, DMWSL 632 Limited and Gaming Acquisitions Limited (the "Sale Agreement"), provides for the acquisition by the Company from the Vendors of all of the equity and shareholder loan notes of Target Parent and the Inspired Group (the "Inspired Business Combination").

The Sale Agreement reflects a transaction value for the Inspired Business Combination of £200 million/$264 million, plus an earn-out of up to $25 million (up to 2.5 million of the Company's shares), expected to represent approximately £96 million/$126 million of equity value after adjusting for the maintenance of debt and certain other liabilities (the foregoing conversions from GBP to USD are based on the current USD/GBP exchange rate of $1.32/£1.00 as of July 13, 2016. Although equivalent amounts are also expressed in both UK pounds and US dollars, the payments will be made in UK pounds in the amounts stated.). Exclusive of the potential earn-out, the consideration to be paid for the equity and shareholder loan notes of the Target Parent and the Inspired Group will be the aggregate of the Base Consideration (as defined below), less a fixed amount of Accruing Negative Consideration (£21,500 per day from but excluding July 2, 2016 through and including the closing of the Inspired Business Combination).

The "Base Consideration" to be paid for the equity and shareholder loan notes pursuant to the Sale Agreement will equal (i) £100,363,394/$132,479,680, plus (ii) any amount by which the Company's transaction expenses ("Purchaser Costs") referred to in Schedule 6 to the Sale Agreement exceeds £8,237,909/$10,874,040, minus (iii) certain expenses of the Vendors noticed by the Institutional Vendors' Representative, not to exceed £3,000,000/$3,960,000, minus (iv) certain excess interest payments owing on the Inspired Group's existing financing arrangements.

The Vendors will be paid the Base Consideration, adjusted for the Accruing Negative Consideration (the "Completion Payment"), partially in cash (the "Cash Consideration"), to the extent available after the payment of transaction expenses and working capital adjustments, if any, and partially in newly-issued shares of Company common stock ("Purchaser Shares") at a value of $10.00 per share (the "Stock Consideration"), as follows:

a. The Cash Consideration represents the cash the Company will have available at closing to pay the Completion Payment. The Cash Consideration will equal (i) the Company's current cash in trust, the $20 million proceeds of a private placement to Macquarie Capital, and any other available funds, minus (ii) an agreed amount of Purchaser Costs (including expenses incurred in connection with the preparation of the proxy statement and meetings with the Company's stockholders), minus (iii) an agreed amount of the Vendors' transaction expenses, minus (iv) the amount of repayment required under certain of the Inspired Group's financing arrangements, minus (v) £5 million for the purposes of retaining cash on the Company's balance sheet.

b. The Stock Consideration will equal the Completion Payment minus the Cash Consideration, divided by $10.00 per share.

The earn-out payment of up to $25,000,000 (the "Earn-out Consideration") shall be paid to the Vendors exclusively in Purchaser Shares and will be determined based on Inspired's performance in certain jurisdictions through September 30, 2018 pursuant to a formula set forth in Schedule 5 to the Sale Agreement.

The consummation of the Inspired Business Combination is conditioned upon the approval of the Company's stockholders, certain regulatory approvals pertaining to the gaming industry and other customary closing conditions.

In connection with our IPO, we entered into letter agreements with each of our initial stockholders pursuant to which the initial stockholders agreed to vote any shares of our common stock owned by them in favor of a future business combination proposal. Concurrently with the execution of the Sale Agreement, our Sponsors each entered into Voting and Support Letter Agreements, which, among other things, confirmed their obligations under such prior letter agreements to vote their shares in favor of the transaction. The Voting and Support Letter Agreements also contain, among other things, covenants by our Sponsors not to solicit any alternative business combinations during the pendency of the Inspired Business Combination.

The foregoing descriptions of the Sale Agreement and the Voting and Support Letter Agreements do not purport to be complete and are qualified in their entirety by the full text of such Agreements, copies of which, along with the Warranty Deed delivered in connection with the Sale Agreement, are filed, or incorporated by reference, as exhibits to this Quarterly Report on Form 10-Q.

On October 27, 2016, our stockholders approved an amendment (the "Charter Amendment") to the Amended and Restated Certificate of Incorporation to extend the date by which we have to consummate a Business Combination from October 29, 2016 to December 29, 2016 in order to allow us more time to complete the Inspired Business Combination. There were 3,415,392 shares of common stock redeemed in connection with the Charter Amendment for an aggregate value of $34,153,920. In addition, on November 1, 2016, the Sponsors, or their affiliates, deposited into the trust account an amount equal to $229,230, or $0.05 for each of the 4,584,608 public shares that were not redeemed in connection with the Charter Amendment. As a result of the contribution by the Sponsors (which is evidenced by a promissory note), and following the redemption of the common stock in connection with the Charter Amendment, the pro rata portion of the funds available in the trust account for shares not so redeemed increased from approximately $10.00 per share to approximately $10.05 per share.

Results of Operations

We have neither engaged in any operations nor generated any operating revenues to date. All activity from inception to September 30, 2016 relates to our formation, our initial public offering and private placement, the identification and evaluation of prospective candidates and negotiating the terms of a Business Combination. Since the completion of our initial public offering, we have not generated any operating revenues and will not generate such revenues until after the completion of our Business Combination. We generate non-operating income in the form of interest income on cash and securities held, which we expect to be insignificant in view of the low yields on short-term government securities. We expect to continue to incur increased expenses as a result of being a public company (for legal, financial reporting, accounting and auditing compliance), as well as for due diligence expenses.

For the three and nine months ended September 30, 2016, we had a net loss of $478,933 and $1,901,714, respectively, consisting of $522,752 and $2,014,721, respectively, of target identification expenses, operating costs and due diligence expenses, offset by $48,213 and $106,534, respectively, of interest income and $(4,394) and $6,473, respectively, of unrealized (loss) gains on marketable securities held in the Trust Account.

For the three and nine months ended September 30, 2015, we had a net loss of $720,771 and $2,797,680, respectively, primarily consisting of target identification expenses, operating costs and due diligence expenses.

Liquidity and Capital Resources

On October 29, 2014, we consummated our initial public offering of 8,000,000 units at a price of $10.00 per unit generating gross proceeds of $80,000,000. Simultaneously with the closing of our initial public offering, we consummated the private sale of an aggregate of 7,500,000 placement warrants, each exercisable to purchase one-half of one share of our common stock at $5.75 per half share ($11.50 per whole share), to Mr. Weil, our Macquarie sponsor and Mr. Schloss at a price of $0.50 per warrant, generating gross proceeds of $3,750,000. We received net proceeds from our initial public offering and sale of the placement warrants of $81,326,704, net of $2,000,000 cash paid for underwriting fees and $423,296 cash paid for offering costs. In addition, up to $2,800,000 of underwriting fees were deferred until the closing of a Business Combination. Upon the closing of our initial public offering and the private placement, $80,000,000 was placed into a trust account, while the remaining funds of $1,326,704 were placed in an account outside of the trust account for working capital purposes.

As of September 30, 2016, we had cash and securities held in the trust account of $80,017,988, substantially all of which is invested in U.S. treasury bills with a maturity of 180 days or less. Interest income on the balance in the trust account may be available to us to pay taxes and up to $50,000 of our dissolution expenses. Through September 30, 2016, we withdrew approximately $104,000 of interest earned on the trust account to pay our tax obligations. Other than deferred underwriting fees payable in the event of a Business Combination, no amounts are payable to the underwriters of our initial public offering.

As of September 30, 2016, we had cash of $218,358 held outside the trust account (mainly from the proceeds of convertible promissory notes), which is available for use by us to cover the costs associated with identifying a target business, negotiating a Business Combination, due diligence procedures and other general corporate uses.

We intend to use the funds held outside the trust account primarily to identify and evaluate target businesses, perform business due diligence on prospective target businesses, pay for travel expenditures, structure, negotiate and complete a Business Combination and pay taxes to the extent the interest earned on the trust account is insufficient to pay our taxes.

For the nine months ended September 30, 2016, cash used in operating activities amounted to $842,379, mainly resulting from a net loss of $1,901,714 and interest income of $106,534, offset by an increase in our accounts payable and accrued expenses. As of September 30, 2016, we had current liabilities of $4,477,991, primarily representing amounts owed to lawyers, accountants and consultants who have advised the Company on matters related to potential Business Combinations. There can be no assurance that we will be able to make payment in full of the amounts due to said advisors. Funds in the trust account are not available for this purpose absent an initial Business Combination. If a Business Combination is not consummated, we would lack the resources to pay all of the liabilities that have been incurred by us to date or after and we may lack the resources needed to consummate another Business Combination. We entered into fee arrangements with certain service providers and advisors pursuant to which certain fees incurred by us in connection with a Terminated Business Combination would be deferred and become payable only if we consummated such Terminated Business Combination. If the Terminated Business Combination did not occur, we would not be required to pay these contingent fees. Effective October 26, 2015, all efforts related to such Terminated Business Combination were terminated and, accordingly, all contingent fees that had been previously incurred are no longer due and payable. We have also entered into other fee arrangements with certain service providers and advisors pursuant to which certain fees incurred by us in connection with another potential Business Combination will be deferred and become payable only if we consummate such potential Business Combination. If the potential Business Combination does not occur, we will not be required to pay these contingent fees. As of September 30, 2016, we incurred approximately $1,300,000 of fees, of which approximately $650,000 is included in accounts payable and accrued expenses and $973,000 has not been accrued since it is contingent upon the closing of the proposed Business Combination. A portion of the contingent fees that have not been accrued as of September 30, 2016, amounting to $323,000, are subject to an agreement, pursuant to which we have agreed to pay 150% of fees incurred upon closing of the proposed Business Combination. There can be no assurances that we will complete a Business Combination.

We intend to use substantially all of the funds held in the trust account (less amounts used to pay taxes and deferred underwriting commissions) to complete our Business Combination. We estimate our annual franchise tax obligations, based on our assets and the number of shares of our common stock authorized and outstanding after the completion of the initial public offering, to be approximately $85,000. Our annual income tax obligations will depend on the amount of interest income earned in the trust account. We do not expect the interest earned on the amount in the trust account will be sufficient to pay all of our tax obligations. To the extent that our capital stock or debt is used, in whole or in part, as consideration to complete our Business Combination, the remaining proceeds held in the trust account will be used as working capital to finance the operations of the target business or businesses, make other acquisitions and pursue our growth strategies.

Our Macquarie sponsor entered into a contingent forward purchase contract to purchase, in a private placement for gross proceeds of approximately $20,000,000 to occur concurrently with the consummation of our initial Business Combination, 2,000,000 Private Placement Units (which includes 2,000,000 rights which will be exchanged for 200,000 shares of common stock) on substantially the same terms as the sale of units in our initial public offering at $10.00 per unit and 500,000 shares of common stock on the same terms as the sale of shares of common stock to our sponsors prior to our initial public offering. The funds from the sale of the Private Placement Units may be used as part of the consideration to the sellers in the initial Business Combination; any excess funds from this private placement may be used for working capital in the post-transaction company. This commitment is independent of the percentage of stockholders electing to redeem their shares and provides us with an increased minimum funding level for the initial Business Combination. The contingent forward purchase contract is contingent upon, among other things, our Macquarie sponsor approving the Business Combination, which approval can be withheld for any reason.

We may need to raise additional capital through loans or additional investments from our Sponsors, stockholders, officers, directors, or third parties. On March 16, 2016, we entered into convertible promissory notes with the Sponsors, whereby the Sponsors loaned us an aggregate of $500,000 ("Convertible Promissory Notes") in order to finance transaction costs in connection with a Business Combination. In the event that a Business Combination does not occur, the Sponsors would become general unsecured creditors of the Company. The Convertible Promissory Notes are non-interest bearing, and due on the date on which we consummate a Business Combination. Each of the Convertible Promissory Notes are convertible, in whole or in part, at the election of the Sponsor holding such note, upon the consummation of a Business Combination. Upon such election, the Convertible Promissory Notes will convert into warrants, at a price of $0.50 per warrant. These warrants will be identical to the Private Placement Warrants. As such, each warrant is exercisable for one-half of one share of common stock at an exercise price of $5.75 per half share.

On September 29, 2016, we entered into non-convertible promissory notes with the Sponsors, whereby the Sponsors loaned the Company an aggregate of $200,000 (the "Promissory Notes") in order to finance transaction costs in connection with a Business Combination. The Promissory Notes are non-interest bearing, and payable as promptly as possible upon the consummation of a Business Combination, in accordance with the documents setting out the terms of our Initial Public Offering, but in no event later than thirty (30) days after the date of such consummation.

Other than as described above, our officers and directors may, but are not obligated to, loan us funds, from time to time or at any time, in whatever amount they deem reasonable in their sole discretion, to meet our working capital needs.

Other than as described above, none of the Sponsors, stockholders, officers or directors, or third parties, are under any obligation to advance us funds, or to invest in us. Accordingly, we may not be able to obtain additional financing. If we are unable to raise additional capital, we may be required to take additional measures to conserve liquidity, which could include, but not necessarily be limited to, curtailing operations, suspending the pursuit of our business plan, and reducing overhead expenses. We cannot provide any assurance that new financing will be available to us on commercially acceptable terms, if at all. These conditions raise substantial doubt about our ability to continue as a going concern.

If we complete our initial Business Combination, we expect to repay such loaned amounts out of the proceeds of the trust account released to us. Otherwise, such loans would be repaid only out of funds held outside the trust account. In the event that our initial Business Combination does not close, we may use a portion of the working capital held outside the trust account to repay such loaned amounts but no proceeds from our trust account may be used for such repayment. Up to $1,000,000 (including the $500,000 of convertible promissory notes discussed above) of all loans made to us are convertible at the option of the lender into warrants of the post-Business Combination entity at a price of $0.50 per warrant. The warrants would be identical to the Private Placement Warrants. The terms of such loans, if any, by our officers and directors (other than the $500,000 in loans which our sponsors have committed to make in the aggregate) have not been determined and no written agreements exist with respect to such loans.

Off-balance sheet financing arrangements

We have no obligations, assets or liabilities which would be considered off-balance sheet arrangements. We have not entered into any off-balance sheet financing arrangements, established any special purpose entities, guaranteed any debt or commitments of other entities, or purchased any non-financial assets.

Contractual obligations

We do not have any long-term debt, capital lease obligations, operating lease obligations or long-term liabilities other than an agreement to pay an affiliate of our Hydra sponsor a monthly fee of $10,000 for office space, utilities and administrative support provided to us. We began incurring these fees on October 24, 2014 and will continue to incur these fees monthly until the earlier of the completion of the Business Combination or the Company's liquidation.

Significant Accounting Policies

The preparation of financial statements and related disclosures in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and income and expenses during the periods reported. Actual results could materially differ from those estimates. We have identified the following significant accounting policy:

Common stock subject to possible redemption

We account for our common stock subject to possible conversion in accordance with the guidance in Accounting Standards Codification ("ASC") Topic 480 "Distinguishing Liabilities from Equity." Common stock subject to mandatory redemption (if any) is classified as a liability instrument and is measured at fair value. Conditionally redeemable common stock (including common stock that features redemption rights that are either within the control of the holder or subject to redemption upon the occurrence of uncertain events not solely within our control) is classified as temporary equity. At all other times, common stock is classified as stockholders' equity. Our common stock features certain redemption rights that are considered to be outside of our control and subject to occurrence of uncertain future events. Accordingly, at September 30, 2016 and December 31, 2015, the common stock subject to possible redemption is presented as temporary equity, outside of the stockholders' equity section of our balance sheet.

Recent accounting pronouncements

In August 2014, the FASB issued ASU 2014-15, "Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern" ("ASU 2014-15"). ASU 2014-15 provides guidance on management's responsibility in evaluating whether there is substantial doubt about a company's ability to continue as a going concern and about related footnote disclosures. For each reporting period, management will be required to evaluate whether there are conditions or events that raise substantial doubt about a company's ability to continue as a going concern within one year from the date the financial statements are issued. The amendments in ASU 2014-15 are effective for annual reporting periods ending after December 15, 2016, and for annual and interim periods thereafter. Early adoption is permitted. We adopted the methodologies prescribed by ASU 2014-15 as of January 1, 2016. The adoption of ASU 2014-15 did not have a material effect on our financial position or results of operations.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The net proceeds of our initial public offering and the sale of the Private Placement Warrants held in the trust account are invested in U.S. government treasury bills with a maturity of 180 days or less or in money market funds meeting certain conditions under Rule 2a-7 under the Investment Company Act which invest only in direct U.S. government treasury obligations. 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

Under the supervision and with the participation of our management, including our Chief Executive Officer and our Chief Financial Officer (together, the "Certifying Officers"), we carried out an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act. Based on the foregoing, our Certifying Officers concluded that our disclosure controls and procedures were effective as of the end of the period covered by this Report.

Disclosure controls and procedures are controls and other procedures designed to ensure that information required to be disclosed in our reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed in our reports filed or submitted under the Exchange Act is accumulated and communicated to management, including our Certifying Officers, or persons performing similar functions, as appropriate, to allow timely decisions regarding required disclosure.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) of the Exchange Act) during the most recent fiscal quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

None.

ITEM 1A. RISK FACTORS

Factors that could cause our actual results to differ materially from those in this report are any of the risks described in our Annual Report on Form 10-K filed with the SEC. Any of these factors could result in a significant or material adverse effect on our results of operations or financial condition. Additional risk factors not presently known to us or that we currently deem immaterial may also impair our business or results of operations. As of the date of this Report, there have been no material changes to the risk factors disclosed in Annual Report on Form 10-K filed with the SEC.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

The following exhibits are filed as part of, or incorporated by reference into, this Quarterly Report on Form 10-Q.

Exhibit Number	Description
10.1	Share Sale Agreement, dated as of July 13, 2016, by and among Hydra Industries Acquisition Corp., the Vendors named on Schedule 1 thereto, DMWSL 633 Limited, DMWSL 632 Limited and Gaming Acquisitions Limited (incorporated by reference to the registrant's Current Report on Form 8-K/A filed with the Securities and Exchange Commission on July 20, 2016).
10.2*	Letter Agreement, dated as of June 21, 2016, by and among Hydra Industries Acquisition Corp. and Macquarie Capital (USA), Inc.
31.1*	Certification of the Chief Executive Officer required by Rule 13a-14(a) or Rule 15d-14(a).
31.2*	Certification of the Chief Financial Officer required by Rule 13a-14(a) or Rule 15d-14(a).
32.1**	Certification of the Chief Executive Officer required by Rule 13a-14(b) or Rule 15d-14(b) and 18 U.S.C. 1350.
32.2**	Certification of the Chief Financial Officer required by Rule 13a-14(b) or Rule 15d-14(b) and 18 U.S.C. 1350.
101.INS*	XBRL Instance Document
101.SCH*	XBRL Taxonomy Extension Schema
101.CAL*	XBRL Taxonomy Extension Calculation Linkbase
101.DEF*	XBRL Taxonomy Extension Definition Linkbase
101.LAB*	XBRL Taxonomy Extension Label Linkbase
101.PRE*	XBRL Taxonomy Extension Presentation Linkbase

* Filed herewith.
** Furnished herewith.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

HYDRA INDUSTRIES ACQUISITION CORP.

Date: November 10, 2016

/s/ A. Lorne Weil
Name: A. Lorne Weil
Title: Chief Executive Officer and Chairman
(Principal Executive Officer)

Date: November 10, 2016

/s/ George Peng
Name: George Peng
Title: Chief Financial Officer
(Principal Financial and Accounting Officer)

Exhibit 99.2

Macquarie Capital (USA) Inc.
A Member of the Macquarie Group of Companies

125 West 55th Street
New York, NY 10019

Telephone (212) 231-1000
Tollfree (800) 648-2878
Facsimile (212) 231-1717
Internet www.macquarie.com

June 21, 2016

STRICTLY CONFIDENTIAL

A Lorne Weil
Chairman and Chief Executive Officer
Hydra Industries Acquisition Corp.
250 West 57th Street, 30th Floor
New York, New York 10107

Dear Mr. Weil:

This letter agreement (including Attachment A hereto, this "Letter Agreement") confirms the understanding between Hydra Industries Acquisition Corp. (together with its affiliates, subsidiaries and any entity formed or invested in to effect a Transaction (as defined below), collectively, the "Company" or "you") and Macquarie Capital (USA) Inc. ("Macquarie Capital" or "we") with regard to the engagement of Macquarie Capital to act as non-exclusive financial advisor to the Company in connection with the proposed acquisition ("Transaction"), whether in one or a series of transactions, directly or indirectly, of all or a material portion of the business, assets or equity securities of, or any other effort by the Company to obtain control of or a material investment in, Inspired Gaming Group Limited and/or its subsidiaries (collectively, the "Target"), whether by way of a merger, consolidation, business combination, recapitalization, reorganization, restructuring, tender or exchange offer, purchase or investment, leveraged buyout, partnership, joint venture, acquisition or lease of assets, or any other similar transaction however structured.

Macquarie Capital's Services

1. Subject to the terms and conditions of this Letter Agreement, Macquarie Capital shall provide advisory services that are customary for financial advisory engagements of this type and as mutually agreed upon by the Company and Macquarie Capital. For the avoidance of doubt, such services shall include advising the Company with respect to any financing, including amendments to the Target's existing debt agreements associated with the Transaction.

Fees and Expenses

2. As consideration for the services to be performed under this Letter Agreement, the Company shall pay Macquarie Capital the following non-refundable cash fees:

a. a fee (the "Transaction Fee") of $3,150,000, below), payable only upon consummation of a Transaction ("Closing"); and

b. a fee equal to 10% of the following fees, payments, compensation, or profits, net of any expenses incurred by the Company in conjunction with the proposed Transaction (the "Break-up Share") received by the Company or any of its affiliates in connection with the termination or abandonment of a proposed Transaction with the Target, payable promptly upon receipt thereof by the Company or any of its affiliates: (i) any so-called "termination," "break-up," "topping," or similar fee or payment (including, without limitation, any fee or payment characterized as expense reimbursement to the extent in excess of the actual, documented and reasonable out-of-pocket expenses of the Company), (ii) any judgment for damages or amount in settlement of any dispute as a result of any termination or other failure to consummate the proposed Transaction, or (iii) any profit arising from any shares (or option to acquire shares or assets) of the Target or any of its affiliates acquired in connection with the Transaction (whether newly issued, treasury shares or third-party); provided that in no event shall the Break-up Share exceed the Transaction Fee that would have been payable to Macquarie Capital had such Transaction been consummated.

3. The Company (meaning the SPAC) agrees to reimburse Macquarie Capital periodically, upon request, and upon termination of our services pursuant to this Letter Agreement for our reasonable expenses, including, without limitation, the fees and disbursements of our third-party attorneys (for advice in connection with the performance of advisory services), arising in connection with any matter referred to in this Letter Agreement. The provisions of this Section shall not in any way limit the Company's obligations pursuant to Attachment A hereto. For the avoidance of doubt, the foregoing is not intended to modify the expense sharing provisions of that certain letter agreement, dated as of October 24, 2014, between Hydra Industries Sponsor LLC, MIHI LLC and Hydra Industries Acquisition Corp.

Termination

4. Macquarie Capital's engagement under this Letter Agreement may be terminated at any time by either Macquarie Capital or the Company, upon written notice to that effect to the other party. In the event of any termination of this Letter Agreement the provisions set forth under the first paragraph, Section 2, Section 3, Section 4, Section 5, and each subsequent Section of this Letter Agreement, and Attachment A hereto, shall survive any such termination. In addition, in the event of any termination of this Letter Agreement by Hydra, Macquarie Capital shall continue to be entitled to receive (a) all fees described in this Letter Agreement that have accrued prior to such termination, (b) reimbursement for expenses incurred prior to termination and (c) the Transaction Fee, in the event that at any time prior to the date falling on the first anniversary of such termination (i) a Transaction with the Target is consummated or (ii) a definitive agreement, letter of intent or agreement in principle with respect to a Transaction with the Target or another transaction that has substantially the same effect as, a Transaction with the Target (a "Similar Transaction"), is entered into and such definitive agreement, letter of intent or agreement in principle at any time subsequently results in a Transaction with the Target or a Similar Transaction that is consummated, which Transaction Fee shall be payable promptly upon consummation of such Transaction or Similar Transaction.

Information

5. The Company will furnish or arrange to have furnished to Macquarie Capital (including, if requested by Macquarie Capital, from the Target) such information as Macquarie Capital reasonably requests in connection with the services to be performed hereunder. The Company recognizes and acknowledges that Macquarie Capital (a) may rely on all such information as well as publicly available information without any obligation to independently verify the same, (b) does not assume responsibility for the accuracy or completeness of any such information and has no obligation to investigate such accuracy or completeness, (c) with respect to any financial forecasts (including, without limitation, with respect to costs, savings and synergies) that may be furnished to or discussed with Macquarie Capital by or on behalf of the Company or the Target, will assume that such forecasts have been reasonably prepared and reflect the best then-currently available estimates and judgment of the Company's (and the Target's) management, and (d) has no obligation to undertake an independent evaluation or appraisal of any assets or liabilities, or evaluate the solvency, of the Company, the Target or any other party. The Company further agrees to notify Macquarie Capital promptly of any material change in any information furnished by or on behalf of the Company.

6. The Company represents and agrees that all information furnished to Macquarie Capital by or on behalf of the Company and any other information or documents (including, without limitation, any descriptive memoranda) furnished by or on behalf of the Company to third parties (a) will not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in light of the circumstances in which they were made, not be false or misleading, and (b) will be true, complete and correct in all material respects.

Confidentiality

7. Macquarie Capital's role as advisor to the Company and the terms and conditions of this Letter Agreement may not be disclosed by the Company nor may any references to Macquarie Capital be made without the prior written consent of Macquarie Capital, except as required by law or the rules and regulations of the Securities Exchange Commission or any exchange on which the securities of the Company are listed. Any advice, analysis, opinion or documentation (whether written or oral) rendered or provided by Macquarie Capital in its role as advisor to the Company will be solely for the confidential use of the Board of Directors of the Company and may not be disclosed, quoted, reproduced, summarized, described or referred to without the prior written consent of Macquarie Capital (provided, however, that the Company may disclose such information to its officers and representatives on a need to know basis).

8. Macquarie Capital agrees to keep all information furnished by or on behalf of the Company to Macquarie Capital in connection with this engagement confidential; provided that (a) such information may be disclosed by Macquarie Capital to its affiliates and to its and their respective directors, officers, employees, advisors, counsel and other representatives (such persons receiving such confidential information hereunder, our "Representatives") and otherwise to the extent necessary for Macquarie Capital to perform its duties under this Letter Agreement and (b) Macquarie Capital or its Representatives shall not be obligated to keep such information confidential to the extent that it (i) is or becomes publicly available through a source other than Macquarie Capital, (ii) was known to Macquarie Capital or its Representatives at the time such information was furnished to Macquarie Capital or its Representatives (except as to information heretofore provided to Macquarie Capital in its position as a sponsor of the Company in connection with the Company's initial public offering (the "IPO")), (iii) is independently developed by Macquarie Capital or its Representatives without reference to such information, (iv) is learned from a third party that does not impose an obligation of confidentiality upon Macquarie Capital and its Representatives, (v) is requested or required to be disclosed pursuant to applicable law or regulation, stock exchange or self regulatory organization requirements, government or regulatory authority, duly authorized subpoena or court order or directive, or (vi) is approved for disclosure by prior consent of the Company. The obligations of Macquarie Capital under the immediately preceding sentence shall terminate upon the second anniversary of the date Macquarie Capital ceases to perform services for the Company under this Letter Agreement.

Other Provisions

9. Macquarie Capital in its capacity as an advisor to the Company is not assuming any responsibility for the Company's underlying business decision to pursue or not to pursue any business strategy or to effect or not to effect any Transaction. The Company acknowledges and agrees that it is responsible for making its own independent judgment with respect to any Transaction. Notwithstanding the services provided by Macquarie Capital, the Company will retain complete and final control of all key decisions in connection with the Transaction, including, without limitation, those decisions concerning: (a) Transaction strategy and pricing; (b) the structure and form of the Transaction; (c) any descriptive memorandum and other information presented to potential providers of debt or equity; (d) the entities or persons permitted to receive the descriptive memorandum; (e) the submission of non-binding expressions of interest or letter of intent; and (f) the entry into a definitive agreement. In addition, Macquarie Capital will not be responsible for setting the scope of or for reviewing the Company's due diligence exercise. The Company understands and acknowledges that Macquarie Capital cannot provide any assurance that Macquarie Capital's services will result in any Transaction or that a Transaction will be consummated.

10. The Company and the Target will be the issuer of and shall be responsible for any descriptive memorandum, and such descriptive memorandum shall be based exclusively upon information provided by the Company and the Target. The Company and the Target shall be exclusively responsible for the accuracy and completeness of the descriptive memorandum, and Macquarie Capital may rely upon the accuracy and completeness of all such information without independent verification. The Company acknowledges and agrees that the Company is solely responsible for ensuring that it complies with all applicable law, including, without limitation, that any offer or sale of securities is made in compliance with the registration requirements of the Securities Act of 1933 and the requirements of any applicable state securities laws or qualifies for an exemption from such registration requirements and/or such state securities laws.

11. The Company will be responsible for obtaining its own professional advice on legal, regulatory, accounting, and taxation matters.

12. This Letter Agreement does not constitute an underwriting agreement, a commitment on the part of Macquarie Capital to subscribe for securities or to provide or arrange debt or a commitment to invest in any way in any transaction.

13. It is understood and agreed that Macquarie Capital will act under this Letter Agreement as an independent contractor with duties solely to the Company and nothing in this Letter Agreement or the nature of our services in connection with this engagement or otherwise shall be deemed to create a fiduciary duty or fiduciary or agency relationship between or among Macquarie Capital, the Company or its security holders, employees, creditors, or any other person or entity and the Company agrees that it shall not make, and hereby waives, any claim based on an assertion of any such fiduciary duty or other relationship.

14. As further consideration for the services provided pursuant to this Letter Agreement, the Company agrees to the provisions of Attachment A, the terms of which are incorporated herein in full. Attachment A is an integral part of this Letter Agreement and shall survive any termination or expiration of this Letter Agreement.

15. All payments due to Macquarie Capital under this Letter Agreement shall be quoted and payable in cash in U.S. dollars by wire transfer of immediately available funds without set-off and without deduction for any withholding, stamp, value added or other taxes, fees or charges.

16. Upon the earlier of the public announcement of a Transaction or the consummation of a Transaction, Macquarie Capital may, at its option and expense, disclose to any party or publicly announce its role as financial advisor to the Company, including the material terms of the Transaction, in any form of media or in Macquarie Capital's presentations or other marketing materials (including placing "tombstone" advertisements in financial and other publications and media), which in each case may include the name and logo of the Company.

17. Macquarie Capital and its affiliates are engaged in a broad range of securities activities and financial advisory services. Macquarie Capital and its affiliates carry on a range of businesses on their own account and for their clients, including providing stock brokerage, investment advisory, investment management, proprietary financings and custodial services. It is possible that the various divisions, business groups and affiliates of Macquarie Capital which provide these services, and employees of any of them, may hold long, short or derivative positions in securities or obligations of the Company and its affiliates and/or securities or obligations of other companies which are or may be involved in any transaction contemplated hereby and may effect transactions in those securities or obligations for their own account or for the account of their clients. Accordingly, there may be situations where these divisions, business groups and affiliates and/or their clients either now have or may in the future have interests, or take actions, that may conflict with the interests of the Company, and the Company agrees that such divisions, business groups and affiliates, and their clients, may hold such positions, effect such transactions and take such other actions without regard to the Company's interests. In addition, research analysts of Macquarie Capital and its affiliates may hold and make statements or investment recommendations and/or publish research reports with respect to the Company, the transactions contemplated by this Letter Agreement or any other party involved in such transactions that differ from or are inconsistent with the views or advice communicated by the Macquarie Capital division of Macquarie Capital. The Company agrees that Macquarie Capital and its affiliates are not required to restrict their activities as a result of this engagement, and may undertake any business activity (including, without limitation, providing debt financing, equity capital, or other services (including financial advisory services) for other clients which may have conflicting interests in respect of the Transaction or otherwise) without further consultation with or notification to the Company and hereby waives and releases any claims that the Company has with respect to any conflict of interest arising from such transactions, activities, investments or holdings, or arising from the absence of such consultation or notification. Furthermore, the Company agrees that Macquarie Capital shall not have a duty to disclose to the Company or use on behalf of the Company any information whatsoever about, relating to or derived from those activities (except as otherwise required as law).

18. The Company hereby acknowledges that Macquarie Capital and/or its affiliates(i) currently own shares of the Company's common stock and warrants to purchase shares of the Company's common stock, and (ii) have entered into a contingent forward purchase contract with the Company to purchase, in a private placement for gross proceeds of approximately $20,000,000 to occur concurrently with the consummation of the Company's initial business combination, 2,000,000 of the Company's units on substantially the same terms as the sale of units in the Company's IPO at $10.00 per unit, and 500,000 shares of common stock on the same terms as the sale of shares of common stock to the Company's sponsors prior to its IPO. The Company acknowledges that such other roles of Macquarie or its affiliates described in the foregoing sentence may involve interests that differ from the Company's interests and the Company waives any claims that it may now or in the future have against Macquarie, its affiliates or the other Indemnified Parties (as defined in Attachment A hereto) relating to the engagement of Macquarie hereunder and as a result of such other roles and agrees that Macquarie, such affiliates and the other Indemnified Parties shall not have any liability (whether direct or indirect) to the Company in respect of any such claim or to any person asserting any such claim on behalf of the Company, including its equity owners or creditors. The Company acknowledges and agrees Macquarie may disclose confidential information obtained from the Company to the extent that such disclosure is required by Macquarie or any of its affiliates for such other roles. In addition, the Company agrees that each of Macquarie and its affiliates shall be entitled to act as it deems appropriate to protect its interests as an investor, underwriter, creditor or in other financing roles or capacities including, without limitation, by exercising any power, discretion, right or remedy; withholding any agreement, consent, waiver or approval; or making any other decision or determination in connection with any such other roles. No such action shall subject Macquarie or its affiliates to liability hereunder or otherwise.

19. Macquarie Capital, as a registered broker-dealer and FINRA member, is required to obtain, verify and record certain information regarding the individuals or entities with which Macquarie Capital does business. The Company agrees to provide Macquarie Capital with the Company's tax identification number and/or other identifying information, as necessary to enable Macquarie Capital to comply with applicable law or regulation. The Company may also be asked to provide documents to verify its identity, including a copy of its constituent documents (i.e., articles of incorporation, partnership agreement, limited liability company agreement, trust agreement or government-issued business license).

20. This Letter Agreement constitutes the entire agreement between the Company and Macquarie Capital relating to this engagement, and supersedes any and all prior agreements between the parties relating to this engagement, except for, for the avoidance of doubt, that certain letter agreement, dated as of October 24, 2014 between the Company and Macquarie Capital (attached hereto as an Exhibit). No waiver, amendment or other modification of this Letter Agreement shall be effective unless in writing and signed by each party intended to be bound thereby. If any portion of this Letter Agreement is held to be void, invalid or otherwise unenforceable, in whole or in part, the remaining portions of this Letter Agreement shall remain in effect, whereupon the parties shall negotiate in good faith to replace the void, invalid or otherwise unenforceable provision with a valid and enforceable provision that effects the original intent of the parties to the fullest extent possible.

21. The Company acknowledges that Macquarie Capital may carry out the services contemplated hereunder through or in conjunction with one or more affiliates. Unless otherwise agreed in writing by the parties, any such services performed by any such affiliate shall be subject to the terms and conditions of this Letter Agreement (including, without limitation, Attachment A hereto).

22. This Letter Agreement may not be assigned by the Company or Macquarie Capital, except with the written consent of the non-assigning party; provided that Macquarie Capital may assign its rights and obligations hereunder to any affiliate of Macquarie Capital upon written notice to the Company of such assignment. Any attempted assignment in violation of the provisions hereof shall be void and of no effect. The benefits of this Letter Agreement shall inure to the Company, Macquarie Capital, the Indemnified Parties (as defined in Attachment A hereto) and their respective successors and permitted assigns, and the obligations and liabilities assumed in this Letter Agreement by the parties hereto (including, without limitation, Attachment A hereto) shall be binding upon their respective successors and permitted assigns. Neither this Letter Agreement nor the delivery of any advice in connection with this Letter Agreement confers or is intended to confer upon any person or entity not a party hereto (including, without limitation, security holders, employees or creditors of the Company or any other person) any rights or remedies hereunder, or by reason hereof, as against Macquarie Capital or the other Indemnified Parties.

23. To the extent that the Company requests that Macquarie Capital perform additional services not contemplated by this Letter Agreement, the scope and fees for such services shall be mutually agreed upon by Macquarie Capital and the Company, in writing, in advance of any performance of such services.

24. This Letter Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which shall constitute the same agreement. Transmission by telecopy, facsimile, email or other form of electronic transmission of an executed counterpart of this Letter Agreement shall be deemed to constitute due and sufficient delivery of such counterpart.

25. This Letter Agreement shall be governed by, and construed in accordance with, the laws of the state of New York applicable to contracts executed in and to be performed in that state. The Company hereby (a) irrevocably consents to personal jurisdiction in the Supreme Court of the State of New York in New York County, Commercial Part, or any Federal court sitting in the Southern District of New York, for the purposes of any suit, action or other proceeding arising out of this Letter Agreement or any of the agreements or transactions referred to herein or contemplated hereby, which is brought by or against the Company, (b) waives any objection to venue with respect thereto, and (c) agrees that all claims in respect of any such suit, action or proceeding may be heard and determined in any such court, and that such courts shall have jurisdiction over any claims arising out of or relating to the Letter Agreement or such agreements or transactions, and agrees not to commence any suit, action or proceeding arising out of or relating to the Letter Agreement except in such courts. The Company hereby irrevocably consents to the service of process of any of the aforementioned courts in any such suit, action or proceeding by the mailing of copies thereof by registered or certified mail, postage prepaid, to the Company at its address set forth above, such service to become effective ten (10) days after such mailing. ANY RIGHT TO TRIAL BY JURY WITH RESPECT TO ANY CLAIM OR ACTION ARISING OUT OF THIS LETTER AGREEMENT OR CONDUCT IN CONNECTION WITH THIS ENGAGEMENT IS HEREBY WAIVED.

26. Reference is made to the final prospectus of the Company, filed with the Securities Exchange Commission (File No. 333-198236) (the "Prospectus"), and dated as of October 24, 2014 (the "Effective Date"). Macquarie Capital warrants and represents that it has read the Prospectus and understands that the Company has established a trust account containing the proceeds of its IPO and from certain private placements occurring simultaneously with the IPO (collectively, with interest accrued from time to time thereon, the "Trust Fund") initially in an amount of $80,000,000 for the benefit of the Company's public stockholders (the "public stockholders") and certain parties (including the underwriters of the IPO) and that the Company may disburse monies from the Trust Fund only: (i) to the public stockholders in the event they elect to redeem the shares of common stock of the Company in connection with the consummation of the Company's initial business combination (as such term is used in the Prospectus) (the "Business Combination"), (ii) to the public stockholders if the Company fails to consummate a Business Combination within 24 months from the closing of the IPO, (iii) any interest earned on the amounts held in the Trust Fund necessary to pay any taxes or (iv) to the Company after or concurrently with the consummation of a Business Combination. [REDACTED]

[Signature Page Follows]

This engagement is important to us and we appreciate the opportunity to be of service to the Company. If the Company is in agreement with the terms set forth herein, please indicate by signing and returning the enclosed copy of this Letter Agreement to us. If you have any questions about this Letter Agreement or wish to discuss these matters further, please contact Charles Protell at (310) 557-4347.

Very truly yours,

MACQUARIE CAPITAL (USA) INC.

By: /s/ Duncan Murdoch
Name: Duncan Murdoch
Title: Senior Managing Director

By: /s/ Charles Protell
Name: Charles Protell
Title: Managing Director

Agreed to and Accepted as of
the date first written above by:

HYDRA INDUSTRIES ACQUISITION CORP.

By: /s/ A. Lorne Weil
Name: A. Lorne Weil
Title: CEO

Enclosure/Attachment

ATTACHMENT A
to Letter Agreement

Indemnification and Limitation of Liability Provisions

The Company agrees to indemnify and hold harmless Macquarie Capital and its affiliates, and its and their respective directors, officers, managers, members, partners, employees, agents, and controlling persons (Macquarie Capital and each such person being an "Indemnified Party") from and against any and all losses, damages, liabilities, claims, actions, investigations, proceedings or expenses ("Claims," and each a "Claim"), joint or several, to which any Indemnified Party may become subject (a) in connection with, related to or arising out of (i) oral or written information provided by or at the request of the Company, its affiliates or their respective directors, officers, employees or agents, which information either they or Macquarie Capital provides to any actual or potential purchasers, sellers, investors or offerees or (ii) any other action or failure to act by the Company, its affiliates or their respective directors, officers, employees or agents, or by any Indemnified Party at the request, direction, or with the consent of, the Company or one or more members of its board of directors (or other governing body), or (b) otherwise in connection with, related to or arising out of any Transaction or transactions contemplated by this Letter Agreement, the engagement described in this Letter Agreement, or the performance by Macquarie Capital of the services or any transactions contemplated by this Letter Agreement. The Company will also promptly reimburse each Indemnified Party for all expenses (including reasonably incurred fees and expenses of legal counsel) as such expenses are incurred in connection with investigating, preparing to defend, or defending such Claims, whether or not such Indemnified Party is a party and whether or not such Claim is initiated or brought by or on behalf of the Company. The Company will not, however, be responsible to indemnify an Indemnified Party pursuant to this Attachment A for any Claim referred to in clause (b) above or to reimburse pursuant to this Attachment A expenses relating thereto, to the extent such Claim is judicially determined by final non-appealable order issued by a court of competent jurisdiction to have resulted primarily from the gross negligence or willful misconduct of such Indemnified Party.

In the event that the foregoing indemnification is for any reason unavailable to any Indemnified Party or insufficient to hold it harmless, the Company agrees to contribute to the Claims for which such indemnification is unavailable or insufficient (a) in such proportion as is appropriate to reflect the relative benefits received (or sought to be received) by the Company, its affiliates, and its security holders, on the one hand, and the Indemnified Party, on the other hand, from the actual or proposed transaction (whether or not such transaction is consummated) or (b) if (but only if) the allocation provided for in clause (a) of this paragraph is judicially determined not to be permitted, in such proportion as is appropriate to reflect not only the relative benefits referred to in such clause (a) but also the relative fault of the Company, on the one hand, and the Indemnified Party, on the other hand, as well as any other relevant equitable considerations; provided that in no event shall the Indemnified Parties be responsible for or required to contribute an aggregate amount in excess of the aggregate fees actually paid to, and retained by, Macquarie Capital under this Letter Agreement (exclusive of amounts paid for reimbursement of expenses under this Letter Agreement or amounts paid to an Indemnified Party under this Attachment A). The Company agrees that for the purposes of this paragraph, the relative benefits to the Company, its affiliates, and its security holders, on the one hand, and Macquarie Capital, on the other hand, shall be deemed to be in the same proportion that the total value actually or contemplated to be paid, issued, exchanged or transferred in connection with the actual or proposed transaction (whether or not such transaction is consummated) bears to the fees actually paid to, and retained by, Macquarie Capital under this Letter Agreement (exclusive of amounts paid for reimbursement

of expenses under this Letter Agreement or amounts paid to an Indemnified Party under this Attachment A). The Company and Macquarie Capital agree that it would not be just and equitable if contribution were determined by pro rata allocation or by any other method of allocation that does not take account of the equitable considerations referred to above.

The Company agrees that, without Macquarie Capital's prior written consent, it will not (a) settle, compromise or consent to the entry of any judgment in any pending or threatened claim, action or proceeding in respect of Claims (whether or not Macquarie Capital or any other Indemnified Party is an actual or potential party to such claim, action or proceeding) or (b) participate in or otherwise facilitate any such settlement, compromise or consent with respect to its general partner, managing member or one or more members of the board of directors (or other governing body) of the Company, in each case unless such settlement, compromise or consent includes an unconditional release of each Indemnified Party from all liability arising out of such claim, action or proceeding and Macquarie Capital's engagement and conduct in connection therewith and does not include any admission or assumption of fault on the part of any Indemnified Party.

In the event that any Indemnified Party is requested or authorized by the Company or is required by government regulation, subpoena, or other legal process to produce Macquarie Capital's documents as evidence or personnel as witnesses with respect to Macquarie Capital's services for the Company, the Company will reimburse Macquarie Capital for its professional time and expenses, including the reasonably incurred fees and expenses of its counsel, incurred in responding to such requests.

The Company will also promptly reimburse Indemnified Parties for reasonably incurred expenses (including reasonably incurred counsel fees and expenses) as they are incurred in connection with enforcing this Attachment A.

In no event shall any Indemnified Party have any liability (whether direct or indirect, in contract or tort or otherwise) to the Company or any of its affiliates, security holders or creditors related to, arising out of or in connection with Macquarie Capital's engagement, performance of any service in connection therewith or any transaction contemplated thereby, other than with respect to any Claim that is judicially determined by final non-appealable order issued by a court of competent jurisdiction to have resulted primarily from such Indemnified Party's gross negligence or willful misconduct (other than an action or failure to act undertaken at the request or with the consent of the Company). Neither party shall be liable to the other for consequential, incidental, indirect, punitive or special damages (including loss of profits, data, business or goodwill), regardless of the legal theory advanced or of any notice given as to the likelihood of such damages; provided that (a) this provision shall not limit an Indemnified Party's indemnity or contribution rights as provided for in this Letter Agreement or applicable law and (b) damages required to be paid by an Indemnified Party to any third party that is not an Indemnified Party shall be considered direct damages to such Indemnified Party. The Company's recourse with respect to any liability or obligation of Macquarie Capital hereunder shall be limited to the assets of Macquarie Capital, and the Company shall have no recourse against, and expressly waives its right to bring any claim against, any other Indemnified Party or any of their assets.

Prior to entering into any agreement or arrangement with respect to, or effecting, any merger, statutory exchange or other business combination or proposed sale or exchange, dividend or other distribution or liquidation of all or a significant portion of its assets in one or a series of transactions or any significant recapitalization or reclassification of its outstanding securities that does not directly or indirectly provide for the assumption of the obligations of the Company set

forth herein, the Company will promptly notify Macquarie Capital in writing thereof and, if requested by Macquarie Capital, shall arrange in connection therewith alternative means of providing for the obligations of the Company set forth herein, including the assumption of such obligations by another party, insurance, surety bonds or the creation of an escrow, in each case in an amount and on terms and conditions satisfactory to Macquarie Capital.

The foregoing provisions of this Attachment A are in addition to rights Macquarie Capital may have at common law or otherwise, shall inure to the benefit of the Indemnified Parties and their respective successors and assigns and shall be binding on any successor or assign of the Company and successors or assigns to the Company's business or assets. The provisions of this Attachment A shall apply to any amendments, modifications or future additions to the engagement described in this Letter Agreement and related activities prior to the date of this Letter Agreement and shall remain in full force and effect notwithstanding any termination or expiration of this Letter Agreement.

* * *

EXHIBIT 31.1

CERTIFICATION

I, A. Lorne Weil, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Hydra Industries Acquisition Corp.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statement made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal controls over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls over financial reporting.

Date: November 10, 2016

/s/ A. Lorne Weil
A. Lorne Weil
Chief Executive Officer and Chairman
(Principal Executive Officer)

EXHIBIT 31.2

CERTIFICATION

I, George Peng, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Hydra Industries Acquisition Corp.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statement made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles; and

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal controls over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls over financial reporting.

Date: November 10, 2016

/s/ George Peng
George Peng
Chief Financial Officer
(Principal Financial and Accounting Officer)

Exhibit 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADDED BY
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Hydra Industries Acquisition Corp. (the "Company") on Form 10-Q for the quarterly period ended September 30, 2016, as filed with the Securities and Exchange Commission (the "Report"), I, A. Lorne Weil, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. §1350, as added by §906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. To my knowledge, the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company as of and for the period covered by the Report.

Dated: November 10, 2016

By: /s/ A. Lorne Weil
A. Lorne Weil
Chief Executive Officer and Chairman
(Principal Executive Officer)

A signed original of this written statement required by Section 906 of the Sarbanes-Oxley Act of 2002 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

Exhibit 32.2

18 U.S.C. SECTION 1350,
AS ADDED BY
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Hydra Industries Acquisition Corp. (the "Company") on Form 10-Q for the quarterly period ended September 30, 2016, as filed with the Securities and Exchange Commission (the "Report"), I, George Peng, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. §1350, as added by §906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. To my knowledge, the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: November 10, 2016

By: /s/ George Peng
George Peng
Chief Financial Officer
(Principal Financial and Accounting Officer)

A signed original of this written statement required by Section 906 of the Sarbanes-Oxley Act of 2002 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.