

AM03

Notice of administrator's proposals



Companies House

WEDNESDAY



A6K7Y8YA

A24

29/11/2017

#387

COMPANIES HOUSE

1 Company details

Company number 08297181

Company name in full Adbrain Ltd

→ Filling in this form
Please complete in typescript or in
bold black capitals

2 Administrator's name

Full forename(s) Paul David

Surname Williams

3 Administrator's address

Building name/number The Shard

Street 32 London Bridge Street

Post town London

County/Region London

Postcode SE19SG

Country United Kingdom

4 Administrator's name

Full forename(s) Mark Gerrard

Surname Skelton

① Other administrator
Use this section to tell us about
another administrator.

5 Administrator's address

Building name/number The Shard

Street 32 London Bridge Street

Post town London

County/Region London

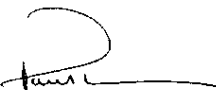
Postcode SE19SG

Country United Kingdom

② Other administrator
Use this section to tell us about
another administrator.

AM03
Notice of Administrator's Proposals

6	Statement of proposals	
	<input checked="" type="checkbox"/> I attach a copy of the statement of proposals	

7	Sign and date	
Administrator's Signature	<div>Signature ✕  ✕</div>	
Signature date	<div><div><div>d</div><div>2</div><div>d</div><div>8</div></div><div><div>m</div><div>1</div><div>m</div><div>1</div></div><div><div>y</div><div>2</div><div>y</div><div>0</div><div>y</div><div>1</div><div>y</div><div>7</div></div></div>	

AM03 Notice of Administrator's Proposals



Presenter information

You do not have to give any contact information, but if you do it will help Companies House if there is a query on the form. The contact information you give will be visible to searchers of the public record.

Contact name **Guy Chapman**

Company name **Duff & Phelps Ltd.**

Address **The Shard**

32 London Bridge Street

Post town **London**

County/Region **London**

Postcode

S	E	1		9	S	G
---	---	---	--	---	---	---

Country **United Kingdom**

DX

Telephone **020 7089 4700**



Checklist

We may return forms completed incorrectly or with information missing.

Please make sure you have remembered the following:

- ☐ The company name and number match the information held on the public Register.
- ☐ You have attached the required documents.
- ☐ You have signed and dated the form.



Important information

All information on this form will appear on the public record.



Where to send

You may return this form to any Companies House address, however for expediency we advise you to return it to the address below:

The Registrar of Companies, Companies House,
Crown Way, Cardiff, Wales, CF14 3UZ.
DX 33050 Cardiff.



Further information

For further information please see the guidance notes on the website at www.gov.uk/companieshouse or email enquiries@companieshouse.gov.uk

This form is available in an alternative format. Please visit the forms page on the website at www.gov.uk/companieshouse

Statement of Proposals

27 November 2017

Adbrain Ltd (In Administration)

Joint Administrators' Report to Creditors and Statement of Proposals for the
period 24 October 2017 to 27 November 2017

Duff & Phelps Ltd.
The Shard
32 London Bridge Street
London
SE1 9SG

Definitions	
Word or Phrase	Definition
the Act	The Insolvency Act 1986 (as amended)
the Appointment Date	24 October 2017, being the date of appointment of the Joint Administrators
the Bank	Silicon Valley Bank, with whom the Company banked and the former holder of a charge over certain of the Company's assets
BEIS	Department for Business, Energy & Industrial Strategy
Category 1 Disbursements	The Joint Administrators' external and incidental costs and expenses in dealing with the Administration
Category 2 Disbursements	The Joint Administrators' internal costs and expenses in dealing with the Administration
the Company	Adbrain Limited (In Administration) (Company Number 08297181)
DCA	Digital Capital Advisors, LLC being the Mergers and Acquisition agents advisors instructed by the Company to market the Company for sale in the months prior to the Appointment Date
the Directors	Michael Alexander Carton, Gareth Davies, Tobin Richard Ireland, Jean Frederic Lardieg, Pourya Sadeghpour and Jocelyn Christopher White, being the directors of the Company as at the Appointment Date
Duff & Phelps	Duff & Phelps Ltd , The Shard, 32 London Bridge Street, London SE1 9SG
EC Regulation	EC Regulation on Insolvency Proceedings 2000
EOS	Estimated Outcome Statement, a document prepared by the Joint Administrators showing an estimate of the outcome of the Administration
ERV	Estimated to Realise Value
Hilco	Hilco Appraisal Limited, being the agents instructed to value the Company's chattel assets prior to the Appointment Date
HMRC	HM Revenue & Customs
Inc	Adbrain Inc. being the Company's wholly owned subsidiary in the USA
the Joint Administrators	Paul David Williams and Mark Gerrard Skelton of Duff & Phelps
Kreos	Kreos Capital V (UK) Limited, the holder of a first ranking fixed and floating charge over the Company's assets

Definitions

Word or Phrase	Definition
Orrick or the Solicitors	Orrick, Herrington & Sutcliffe (UK) LLP
Prescribed Part	Pursuant to Section 176A of the Act where a floating charge is created after 15 September 2003 a designated amount of a company's net property (floating charge assets less costs of realisation) shall be made available to non-preferential unsecured creditors
the Purchaser	The UK Trade Desk Ltd, the purchaser of the business and certain assets of the Company
the Reporting Period	The period 24 October 2017 to 27 November 2017
the Rules	The Insolvency (England & Wales) Rules 2016 (as amended)
the Secured Creditors	Kreos and Octopus
SIP 9	Statement of Insolvency Practice 9 – Industry best practice for Insolvency Practitioners in relation to disclosure of remuneration and disbursements
SIP 13	Statement of Insolvency Practice 13 – Industry best practice for Insolvency Practitioners in relation to the acquisition of assets of insolvent companies by directors
SIP 16	Statement of Insolvency Practice 16 – Industry best practice for Insolvency Practitioners in relation to the requirement for disclosure of information with respect to a 'Pre-Packaged' sale of business and / or assets of the Company
SOA	Statement of Affairs, documentation to be supplied by the Directors outlining the Company's financial position as at the Appointment Date
TUPE	The Transfer of Undertaking (Protection of Employment) Regulations 2006

Contents

- 1 Introduction
- 2 Background
- 3 Events Leading up to the Administration
- 4 Purpose of the Administration
- 5 Statement of Affairs
- 6 Progress of the Administration to Date
- 7 Investigations
- 8 Liabilities and Dividends
- 9 Statement of Pre-Administration Costs
- 10 Costs and Expenses
- 11 Joint Administrators' Receipts and Payments Account
- 12 EC Regulation
- 13 Deemed Approval
- 14 End of the Administration
- 15 Joint Administrators' Proposals
- 16 Other Matters

Appendices

- 1 Statutory Information
- 2 Joint Administrators' Receipts and Payments Account
- 3 Schedule of Creditors and Summary Statement of Financial Position
- 4 Analysis of Time Charged and Expenses Incurred
- 5 Fee Estimate
- 6 Fee Narrative
- 7 Estimated Expenses of the Administration
- 8 Statement of Creditors' Rights
- 9 Proof of Debt Form
- 10 Disclosure in Accordance with Statement of Insolvency Practice 16 "Pre-Packaged Sales in Administrations"

1. Introduction

- 1.1 The Joint Administrators were appointed on the Appointment Date by the Directors. The appointment was made in the High Court of Justice, Business and Property Courts of England and Wales (Court Reference 7906 of 2017).
- 1.2 The functions of the Joint Administrators may be exercised by either of the Joint Administrators.
- 1.3 This report is the statutory Statement of Proposals of the Joint Administrators. It sets out the circumstances leading up to their appointment and their strategy for achieving the purpose of the Administration.
- 1.4 These proposals are deemed delivered to creditors on 28 November 2017, being the date that it is being delivered via the Portal in accordance with the notice issued to creditors on 31 October 2017. This is in accordance with Rule 1.50 (7) (a) of the Rules.

2. Background

- 2.1 Statutory information on the Company and a summary of its financial history is included at Appendix 1.
- 2.2 The Company was incorporated in 2012 and is a market leader in customer identity mapping, offering intelligent cross-device targeting solutions for marketers. The Company maps IDs, devices, people and places to create single customer views and allows marketers and technologists to deliver a more personalised marketing experience. The Company holds seven trademarks and five patents pending in relation to its suite of software and products.
- 2.3 The Company operated from a serviced office in London where eight staff were based. The Company traded in conjunction with Inc, its US subsidiary, which employed 13 staff across four US cities, predominantly Seattle where eight of those staff were based, being principally the software engineering team.
- 2.4 The Company has raised c£13.5 million in equity finance funded by various institutional and technology specific investors. Given the Company's nature, being a technology start-up enterprise, it has been loss-making since incorporation, with losses funded initially by the equity investment. As losses continued, funding was raised in October 2016 by secured borrowing of c \$1.67m from Kreos. In October 2016, the Company engaged DCA to source additional financing and potential buyers for the business. In April / May 2017, further funding was raised (from a group of investors, principally Octopus and Notion Capital Limited) via an issue of convertible loan notes totalling c.£2.034m, which were also secured.
- 2.5 The Company continued to operate with ongoing working capital requirements and management's cash flow projections showed that the Company would run out of cash by the end of October 2017. Given the Company's prior fundraising and cash management, it does not have significant arrears of trade creditors (approximately £396k), however the key operational constraint has been cash which resulted in the Company's forecasts showing that it would be unable to pay all employee salaries at the end of October 2017.
- 2.6 Given the above noted cash position and the lack of imminent further fundraising or share sale, the board sought insolvency advice whilst refocussing the sale process towards a creditor rather than a shareholder focussed outcome.

3. Events Leading up to the Administration

- 3.1 The Company had exhausted all of its available working capital facilities with no prospect of raising immediate additional funding in order to allow the Company to continue trading. The Directors concluded that the Company was unable to pay its debts as and when they fell due.
- 3.2 As a result of the financial position of the Company, the Directors sought independent advice and subsequently instigated insolvency proceedings.
- 3.3 Given the Company's financial position, Duff & Phelps was introduced to the Company by Orrick on 28 September 2017. The Solicitors had been providing the Company with advice in respect of the proposed fundraising or sale. Following this introduction Duff & Phelps was invited to observe the Company's board call on 29 September 2017. An engagement letter was subsequently issued on 2 October 2017 and signed by the Company on 4 October 2017.
- 3.4 In the lead up to the Administration Duff & Phelps provided advice to the Directors and the Secured Creditors in respect of their respective positions and the Directors' obligations to creditors.
- 3.5 From 11 October 2017 Duff & Phelps took a more active role in the sale of the business and assets with the Purchaser as the sale agreement was to be between the Purchaser and the Joint Administrators. This period was spent liaising with the Purchaser and Orrick about various conditions of the sale such as the treatment of the UK based employees, the residual intellectual property held in Inc and the allocation of the sale consideration.
- 3.6 During the period up to the Appointment Date time was also spent liaising with the Secured Creditors in respect of their positions and the recoverability of their indebtedness. Outcome statements were prepared and shared with the Secured Creditors to give them more information on their likely recovery in the Administration process.
- 3.7 Duff & Phelps also liaised with the Directors and the Company staff in order to obtain a greater understanding of the business, the causes of its financial position and other information to assist with the Administration process. It was also important to understand the key aspects of the business so that the sale consideration could be allocated fairly.
- 3.8 Discussions were also held with the directors of Inc and Secured Creditors in respect of Inc's financial position and Inc's directors' intentions going forward (Inc remains in the control of its directors and the Company's Administration does not impact its ongoing trade). Inc is a significant debtor of the Company and therefore its ongoing position is of interest to the Company as it could lead to a financial benefit to the Administration estate. Various options were considered by the directors of Inc, such as an insolvency process in the USA or a wind down outside of a formal insolvency procedure. The effects of these processes were reviewed in order to estimate any potential benefit to the Administration.
- 3.9 Prior to the Appointment Date the Joint Administrators instructed Hilco to value the Company's chattel assets for the purpose of ensuring a fair apportionment of the sale consideration and also in preparation of selling any assets not purchased by the Purchaser.
- 3.10 The Joint Administrators considered their position prior to accepting the appointment and having regard to the Insolvency Practitioners Association's ethical guidelines considered that there were no circumstances preventing them from accepting the appointment. Prior to the initial call on 29 September 2017 there had been no involvement between Duff & Phelps and the Company, Inc or the Directors.
- 3.11 Details of the work previously undertaken by Duff & Phelps can be found in the disclosure in accordance with Statement of Insolvency Practice 16 "Pre-Packaged Sales in Administrations" at Appendix 10, which was issued to creditors on 31 October 2017.

4. Purpose of the Administration

4.1 The purpose of an Administration is to achieve one of the following hierarchical objectives:

- Rescuing the company as a going concern, or
- Achieving a better result for the company's creditors as a whole than would be likely if the company were wound up (without first being in Administration), or
- Realising property in order to make a distribution to one or more secured or preferential creditors

4.2 The first objective will not be achieved as there are insufficient funds and assets available to enable the Company to be rescued as a going concern

4.3 The Joint Administrators are of the view that they have achieved the second objective as a better result for the Company's creditors as a whole will be achieved than if the Company had been wound up without first being in Administration. By selling the Company's business and assets via a pre-packaged Administration it has allowed for the quickest sale possible which has meant that value has been maximised in the business and assets, given the foregoing sale process. This would not have been possible had the Company been placed into Liquidation, as the employees, a key element of the Company, would have been made redundant which the Joint Administrators, and the Directors, believe would have significantly reduced the ability to sell the residual intellectual property assets individually (and reduced the quantum of any sale that might have been achievable). Accordingly, a much higher consideration has been achieved than would be expected in Liquidation.

4.4 In any case, the third objective has been achieved as distributions have been and will be made to the Secured Creditors.

4.5 The Joint Administrators' Proposals for achieving the purpose of the Administration are set out in the remainder of this report.

5. Statement of Affairs

5.1 The Joint Administrators have requested that the Directors provide a SOA. To date the SOA has not been received despite the Joint Administrators chasing for this. It is expected that the SOA will be received shortly and any comments the Joint Administrators may have will be reported in the next progress report.

5.2 In the absence of a SOA the Joint Administrators attach a schedule of creditors' names and addresses and a Summary Statement of Financial Position which can be found at Appendix 3.

5.3 Some creditor amounts shown may differ from the actual amount owed. This does not affect their claim.

6. Progress of the Administration to Date

6.1 The manner in which the affairs and business of the Company have been managed, since the Appointment Date and will continue to be managed and financed are set out below.

6.2 Since the Appointment Date the Joint Administrators have been undertaking their statutory duties, including contacting creditors, the issue of the SIP 16 Report to Creditors and obtaining further background and financial information to assist them in carrying out their statutory duties and gathering information to allow for the remaining assets to be realised.

- 6.3 During the Reporting Period the Joint Administrators have also secured the Company's trading premises and liaised with the landlord. Certain assets have been removed from the premises in order for them to be sold as part of the Administration process. Hilco has also been instructed to sell the remaining assets that were excluded from the sale agreement
- 6.4 The Joint Administrators have been liaising with the Octopus in respect of its future distributions, the likely costs of the Administration and the pre-Administration costs incurred as this will impact the recoverability of Octopus' indebtedness

Decision Not to Trade

- 6.5 A trading Administration, whereby the Company continued to trade under the supervision of the Joint Administrators until a purchaser was sought would not have been a viable option in this instance. A sale was required at the earliest opportunity to retain value in the business. The Company was also suffering from cash flow issues and it may not have been in a position to pay its staff at the end of October 2017, and would not have been in a position to settle other trade liabilities or US staff

Sale of Business via a Pre-Packaged Administration

- 6.6 The sale of the business and assets completed on the Appointment Date. The sale was completed to the Purchaser for total consideration of \$3,000,000. This has been converted to £2,264,485 which was the amount received into the Administration estate
- 6.7 The consideration was paid in full upon completion and the funds have been remitted to the Administration estate
- 6.8 In accordance with SIP 16, prescribed information should be disclosed to creditors in all cases where there is a pre-packaged sale, as far as the Joint Administrators are aware after making appropriate enquiries. Where an Insolvency Practitioner is party to a pre-packaged sale, they must disclose to creditors, where practicable, that prescribed information in respect of that pre-packaged sale when they send the first notification to creditors
- 6.9 A disclosure in accordance with SIP 16 'Pre-Packaged Sales in Administrations' is attached to this report at Appendix 10. This was issued on 31 October 2017 in accordance with SIP 16. The Proposals were not sent on the same date as the Joint Administrators were awaiting further information from the Directors, the receipt of the sale consideration and the SOA. Despite the SOA still not being received the Joint Administrators have decided to issue this report in any case as sufficient financial information has been provided
- 6.10 Further to the SIP16 disclosure, the Joint Administrators confirm that the individual employed by Hilco who carried out the valuation was Kevin Smyth AssocRICS. The SIP16 disclosure noted Mr Smyth's qualification but did provide his name therefore the Joint Administrators provide this clarification in order to be fully compliant with paragraph 18 of SIP16. The Purchaser and the Company share no common directors or shareholders, as far as the Joint Administrators are aware. Accordingly there has been no related party transaction and SIP 13 does not apply

6.11 The breakdown of the sale consideration is summarised below.

Asset	Consideration	
Intellectual Property	£	2,262,218
Chattel Assets	£	2,264
Contracts	£	1
Records	£	1
Goodwill	£	1
Total	£	2,264,485

6.12 The Joint Administrators considered that a formal valuation of the Company's intellectual property was not required. Details of this decision can be found in the SIP 16 disclosure, together with further details on the work previously undertaken in an attempt to sell the Company via a solvent merger or acquisition.

6.13 The sale proceeds may be subject to Corporation Tax which would be payable from floating charge realisations in the Administration. It will be investigated as to whether it is possible to set off against previous losses, subject to the floating charge realisations.

6.14 In addition to the sale consideration a further amount of £10,302 was received in respect of employee wages. This amount is in respect of the portion of the employee wages from the Appointment Date to the end of October 2017 as the full October payroll was paid by the Company. The Purchaser was responsible for this element of the wages. The Company's UK based employees transferred to the Purchaser under TUPE and therefore the Purchaser was responsible for these wages and any holiday arrears. The amount of £3,956 will be paid to HMRC in respect of PAYE and National Insurance.

6.15 A further balance of £2,293 plus VAT was received from the Purchaser for a two-week licence to occupy which allowed the Purchaser use of the Company's leased premises for two weeks in order to allow any handover matters. Rent for the week commencing 1 November 2017 will be paid to the landlord in due course.

Cash at Bank

6.16 As at the Appointment Date, the Company had cash at bank of £48,124, which was held at the Bank. Prior to the bank accounts being frozen, payments totalling £37,947 were made. Of this amount £30,895 related to staff salaries. Payments totalling £6,962 were remitted from the account in respect of credit card repayments, however of this £5,160 was due to the Bank, who held collateral of £20,000 and therefore this payment has not prejudiced creditors.

6.17 In addition, incoming payments totalling £371,322 have been received into the bank account. Of this £368,978 relates to a research and design tax credit, details of which can be found below.

6.18 Accordingly, the balance of £381,499 has been remitted to the Administration bank account.

6.19 In addition, the Company held a US Dollar account with a balance of \$66,836 which has been remitted to the Administration bank account, resulting in a realisation of £50,183.

6.20 As mentioned at paragraph 6.15 the Bank held £20,000 on account in respect of the Company's credit card. The amount of £18,092 has been received into the Administration estate following the deduction of charges and is included in the cash at bank figure.

6.21 The balance of £84 has also been received from the Bank in respect of the funds held in the Company's Euro bank account.

Book Debts / Accrued Income

6.22 The book debts were not part of the sale agreement and will therefore be collected by the Joint Administrators for the benefit of the Administration estate, together with any accrued income at the Appointment Date.

6.23 The books and records indicate that a balance of approximately £60,000 is owed to the Company and the Joint Administrators are currently collating the relevant information to contact the debtors shortly. An update on the collectability of the ledger will be provided in the next report.

Research and Development Tax Credit

6.24 As detailed at paragraph 6.17 the Company was due a tax credit of £368,978 in respect of research and development from HMRC. This was received into the Company's pre-appointment bank account on 25 October 2017 and has subsequently been remitted to the Administration estate.

Inter-Company Loan

6.25 According to the Company's records the Company is owed £2,147,576 by Inc. Inc is currently being wound down by its directors in the USA. At present it is not known if there will be any distribution to creditors from Inc and the Joint Administrators are in contact with the directors of Inc in respect of the recovery of the inter-company loan. A further update will be provided in the next report.

Pre-Payments

6.26 The Company's records indicate that it is due £55,139 in respect of pre-payments. This position is being reviewed and an update will be provided in the next report.

Sundry Debtors

6.27 The Company's records indicate that it could be due up to approximately £114,750 in respect of sundry debtors. This amount includes the credit card collateral of £20,000 detailed at paragraph 6.20. However, the collectability of the remaining amounts will be reviewed and an update provided in the next report.

6.28 Included in this balance are employee loan accounts totalling £73,343. It is understood from discussions with Company staff (not the relevant directors) that there are certain conditions to these loans that mean that they are unlikely to be recoverable. This position will be reviewed and a further update will be provided in due course.

6.29 A balance of £225 has been received from one of the Company's pre-Administration solicitors in respect of funds held on behalf of the Company.

7. Investigations

- 7.1 Investigations into the Company's affairs are currently ongoing. The Joint Administrators also have a duty to investigate antecedent transactions which include transactions to defraud creditors, preference payments and transactions at an undervalue.
- 7.2 The Joint Administrators have a statutory obligation to file a report with BEIS regarding the conduct of any director that held office in the three years prior to the Appointment Date. This report must be filed within three months from the Appointment Date and the content of this report is confidential.
- 7.3 To date the Joint Administrators have issued director questionnaires to all necessary directors, taken steps to secure the Company's books and records and commenced a review of the Company's bank statements.

8. Liabilities and Dividends

Secured Creditors

Kreos

- 8.1 In consideration for the monies advanced under a loan agreement the Company granted Kreos a first ranking debenture dated 20 October 2016, which confers fixed and floating charges over all of the assets of the Company.
- 8.2 As at the Appointment Date Kreos was owed \$1,661,585.43 (converted to £1,254,212) which included all accrued interest and charges. Kreos was also due £4,560 in respect of legal costs.
- 8.3 Kreos has been repaid in full under its fixed charge.

Octopus

- 8.4 In consideration for the monies advanced under the loan notes the Company granted Octopus a second ranking debenture dated 13 April 2017, which confers fixed and floating charges over all of the assets of the Company.
- 8.5 Octopus acts as a security trustee for a group of loan note holders. The total amount due to the loan note holders is approximately £2,034,000 subject to interest and charges.
- 8.6 It is currently anticipated that there will be sufficient realisations to allow a distribution to Octopus, but the secured loan notes will not be repaid in full. As security trustee, Octopus will be responsible for distributing the funds onwards to the secured loan note holders.

Preferential Creditors

- 8.7 Following the sale of the business and assets of the Company to the Purchaser, the Company's employees were transferred pursuant to TUPE to the Purchaser. Accordingly it is anticipated there will be no preferential claims in relation to the employees.

Prescribed Part

The Prescribed Part is calculated as a percentage of net property, as follows

Net property less than £10,000	50% unless the Joint Administrator considers that the costs of making a distribution to the non-preferential unsecured creditors would be disproportionate to the benefits
Net property greater than £10,000	50% up to £10,000 plus 20% thereafter to a maximum of £600,000.

- 8 8 The Prescribed Part is likely to apply in this case, subject to the floating charge realisations and associated costs.
- 8 9 At present the Joint Administrators have estimated the Prescribed Part to be £90,190 prior to the costs of the Administration to be borne by the floating charge. This figure is an estimate and should be treated as such
- 8 10 The Joint Administrators may consider going to Court to dis-apply the Prescribed Part depending on the costs. This may not be applicable in any case and a further update will be provided in the next report

Non-Preferential Unsecured Creditors

- 8 11 According to the Company's books and records, non-preferential unsecured creditors total £3,248,843. The non-preferential unsecured creditors can be summarised as follows

Creditor	Claim	
Trade & Expense Creditors	£	143,462
Accrued Expenses	£	221,103
HMRC	£	19,993
Sundry Creditors	£	10,948
Loans	£	3,248,843
Total	£	3,644,349

- 8 12 Based upon the current information available, it is anticipated that there will be insufficient realisations to enable a distribution to the non-preferential unsecured creditors of the Company, other than from the Prescribed Part, if any
- 8.13 Creditors of the Company should complete the Proof of Debt Form at Appendix 9 and return same to the Joint Administrators

9. Statement of Pre-Administration Costs

9.1 Pre-Administration costs are fees, charges and expenses incurred by the Joint Administrators or their firm, or another person qualified to act as an Insolvency Practitioner, before the Company entered Administration but with a view to its doing so

9.2 As previously advised Duff & Phelps was engaged by the Company in accordance with the letter of engagement signed on 4 October 2017. The scope of Duff & Phelps' work was as follows.

- Meet with the members of the management team to understand the present financial position of the Company and its subsidiaries, and assess its ongoing viability,
- Assist management meet their fiduciary duties and obligations when running the Company,
- To the extent necessary, consider and evaluate potential insolvency exit strategies and advise the members of the management team on the relevant Administration process; and
- Where applicable, with a view to the Company being placed into Administration, advise generally on any matters arising between our being engaged and running up to any subsequent appointment, providing that it does not compromise our independence or ability to accept a subsequent appointment

9.3 The engagement letter signed on 4 October 2017 agreed that Duff & Phelps be remunerated on a time cost basis, with a payment on account of £25,000 plus VAT which was paid by the Company on 4 October 2017. A further invoice for £25,000 plus VAT was raised on 20 October 2017 and settled by the Company prior to the Appointment Date. Duff & Phelps' pre-Administration time costs total £57,390, and accordingly £7,390 remains outstanding to Duff & Phelps.

9.4 The work carried out by Duff & Phelps prior to the Appointment Date is summarised as follows

- Providing advice to the Company and the Secured Creditors in respect of the Company's insolvency options and ultimately the pre-packaged Administration;
- Liaising with the Solicitors in respect of the Sale and Purchase Agreement and legal matters which may have impacted the sale,
- Liaising with the Company's management in respect of its current financial position and review of the Company's cashflows and forecasts,
- Preparing the Joint Administrators' Report to Creditors and Statement of Proposals, including the SIP 16 disclosure;
- Preparing a business teaser document to market the sale of the business as a contingency should the sale to the Purchaser not have completed; and
- Being party to board meeting calls between the Directors and other stakeholders in the lead up to the Appointment Date

9.5 Duff & Phelps has not incurred any pre-Administration expenses

- 9 6 The Solicitors were also engaged prior to the Appointment Date directly by the Company. The Solicitors were party to the same calls as Duff & Phelps and also incurred time costs liaising with the Purchaser's solicitors and Inc's solicitors in the USA in respect of drafting the Sale and Purchase Agreement. Time costs incurred by the Solicitors prior to the appointment total £192,389
- 9 7 It was also agreed that DCA, the firm that ran the Company's sale process prior to the Administration and who introduced the Purchaser would be paid \$75,000 (approximately £57,000) for their work undertaken prior to the Appointment Date
- 9 8 Prior to the Appointment Date the Company engaged Wave Partners Ltd to provide advice in respect of management, strategic finance invoiced by Wave Partners Ltd is £50,000 plus VAT
- 9 9 Prior to the Appointment Date the Joint Administrators instructed Hilco to value the Company's chattel assets that were subject to the sale, to ensure a fair allocation was given to all assets in the sale agreement. A desktop valuation was also provided in respect of the chattel assets excluded from the sale. The costs incurred by Hilco total £600 plus VAT
- 9 10 It was necessary that this work was carried out prior to the Appointment Date to allow a sale to be executed at the earliest possible opportunity. It was important that this was achievable in order to retain the value in the business and assets. Had this not occurred the sale would not have completed, staff would not have been made and the return to creditors would have been considerably reduced.
- 9 11 A breakdown of the total pre-Administration costs, both paid and unpaid are shown below

Paid pre-Administration Costs:

Duff & Phelps pre-Administration fees	£50,000 plus VAT
The Solicitors	Nil
Hilco	Nil
Wave Partners Ltd	Nil
TOTAL paid pre-Administration costs	£50,000 plus VAT

Unpaid pre-Administration Costs:

Duff & Phelps pre-Administration fees	£7,390 plus VAT
The Solicitors – Time costs	£144,292 plus VAT
The Solicitors – Disbursements	£1,135 plus VAT
Hilco	£600 plus VAT
Wave Partners Ltd	£50,000 plus VAT
DCA	\$75,000
TOTAL unpaid pre-Administration costs	£253,416 plus VAT and \$75,000

- 9 12 The Solicitors incurred time costs of £192,389 prior to the Appointment Date, however following an agreement with Octopus the Solicitors have agreed to reduce their costs by 25% to £144,292
- 9 13 The Joint Administrators confirm that payment of the unpaid pre-Administration costs, as an expense of the Administration, is subject to approval under Rule 3.52 of the Rules, and not part of the proposals subject to approval under Paragraph 53 of Schedule B1 to the Act. Accordingly, these costs are subject to the agreement of the Secured Creditors. Upon the costs being agreed with the Secured Creditors, these costs will be paid as an expense of the Administration

10. Costs & Expenses

Estimated Fees and Expenses

- 10.1 It is proposed that the Joint Administrators' fee basis is on time costs
- 10.2 The time costs already charged since appointment are analysed at Appendix 4 Time is charged in six minute units.
- 10.3 The fees will be agreed by the Secured Creditors
- 10.4 The amount proposed to be drawn in fees over the life of the case (assuming that the case ends by 23 October 2018) by the Joint Administrators is shown in Appendix 5 - Fee Estimate. The total amount indicated effectively acts as a cap on the level of fees to be drawn by the Joint Administrators
- 10.5 The Joint Administrators estimate the expenses of the Administration to total £104,940 (as shown in Appendix 7 - Estimated Expense Schedule) This schedule illustrates the estimated expenses for the whole of the Administration and is for information purposes only. No approval is required by creditors This estimate may change over the course of the Administration but creditors will be informed of any variations with associated reasons in the Joint Administrators' Progress Reports.
- 10.6 Also attached at Appendix 6 is the Fees Narrative, a summary of key issues, to assist creditors in understanding the strategy of the Joint Administrators, the associated costs and expenses of the related activities and the financial benefit to creditors Further details of assets and liabilities and the estimated return to creditors, if any, are in the body of this report
- 10.7 Details of how to obtain further information relating to the fees and disbursements of the Joint Administrators is in Appendix 8, Statement of Creditors' Rights.

11. Joint Administrators' Receipts and Payments Account

- 11.1 A Receipts and Payments Account is provided at Appendix 2 and is self-explanatory, however should you have any queries please contact this office.

12. EC Regulation

- 12.1 It is the Joint Administrators' opinion that the EC Regulation applies and these proceedings are main proceedings as defined in Article 3 of the EC Regulation

13. Deemed Approval

- 13.1 A creditors' decision on the approval of these Proposals will not be sought as the Joint Administrators believe that the Company will have insufficient property to enable a distribution to be made to non-preferential unsecured creditors, other than the Prescribed Part (if any)
 - 13.2 The Joint Administrators' proposals will be deemed approved by the creditors unless creditors whose debts amount to at least 10% of the total debts of the Company request the Joint Administrators to seek a specific decision from the Company's creditors.
 - 13.3 Further information is provided at Appendix 8, Statement of Creditors Rights
 - 13.4 The Joint Administrators are not seeking a decision from the creditors and therefore there is no obligation to offer to form a Creditors' Committee
-

14. End of the Administration

14.1 The options available to the Joint Administrators for the exit from the Administration are as follows

- Compulsory Liquidation
- Creditors' Voluntary Liquidation
- Company Voluntary Arrangement
- Return of control to the Directors
- Dissolution

14.2 Based on present information the Joint Administrators recommend that the Company should be dissolved at the end of the Administration, for the reasons set out below.

14.3 The Joint Administrators have formed the view that once all the outstanding Administration matters have been finalised, and all liabilities incurred during the Administration have been discharged, there will be insufficient funds available to allow a distribution to non-preferential unsecured creditors, other than from the Prescribed Part (if any)

14.4 Once all outstanding matters have been satisfactorily completed by the Joint Administrators, they will give notice to the Registrar of Companies to the effect that the Company has no remaining property to realise which might permit a (further) distribution to its unsecured creditors, at which stage the Administration will cease. The Company will be dissolved three months following the registration of the notice at the Registrar of Companies

14.5 You will note from the proposals section below that the Joint Administrators have left the choice of exit route from Administration open so that an alternative strategy can be adopted, should this prove more appropriate at the time.

15. Joint Administrators' Proposals

15.1 The Joint Administrators' proposals shall be deemed approved by the creditors on the expiry of the period in which a decision can be requisitioned by creditors, which is eight days from the date of deemed delivery (being the date of this report as it is being delivered via the Portal)

15.1.1 That the Joint Administrators continue the Administration to deal with such outstanding matters in relation to the Company as the Joint Administrators consider necessary until such time as the Administration ceases to have effect.

15.1.2 That the Joint Administrators do all such other things and generally exercise all of their powers as contained in Schedule 1 of the Act, as they, in their sole and absolute discretion consider desirable or expedient in order to achieve the purpose of the Administration.

15.1.3 That the Joint Administrators, once all outstanding matters have been satisfactorily completed, take the necessary steps to give notice under Paragraph 84 of Schedule B1 of the Act to the Registrar of Companies to the effect that the Company has no remaining property which might permit a distribution to its creditors, at which stage the Administration will cease.

15.1.4 That the Joint Administrators, where they consider that there are funds available to be distributed to the non-preferential unsecured creditors (other than under the Prescribed Part) take the necessary steps to put the Company into either Creditors' Voluntary Liquidation or into Compulsory Liquidation as they deem appropriate. It is proposed that the Joint Administrators, currently Paul Williams and Mark Skelton of Duff & Phelps, would act as Joint Liquidators should the Company be placed into Creditors' Voluntary

Liquidation In accordance with Paragraph 83(7) of Schedule B1 to the Act and Rule 3.60(6)(b) of the Rules creditors may nominate a different person as the proposed Liquidator, provided the nomination is received at this office prior to the approval of these proposals. In the absence of such nomination, the Joint Administrators will be appointed Joint Liquidators and in accordance with Section 231 of the Act any act required or authorised under any enactment to be done by the Joint Liquidators is to be done by all or any one or more of them

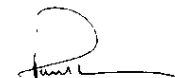
The Joint Administrators will be seeking specific agreement to the following proposals from the Secured Creditors

- 15.1.5 That the Joint Administrators be discharged from all liability pursuant to Paragraph 98 of Schedule B1 to the Insolvency Act 1986, upon filing the end of the Administration or their appointment otherwise ceasing
- 15.1.6 Where a Creditors' Committee is not established that the Joint Administrators' remuneration be fixed by reference to the time properly given by them and their staff in attending to matters arising in the Administration
- 15.1.7 Where a Creditors' Committee is not established that the Joint Administrators' Fee Estimate in the total sum of £100,000 for the period of the Administration (subject to it closing by 23 October 2018) is approved
- 15.1.8 Where a Creditors' Committee is not established that the Joint Administrators be authorised to draw their company's internal costs and expenses in dealing with the Administration (Category 2 Disbursements).
- 15.1.9 And also the following resolution (which is not part of the Proposals) where a Creditors' Committee is not established that the unpaid pre-Administration Costs totalling £7,390 plus VAT as detailed in the Joint Administrators' statement of pre-Administration costs is approved for payment as an expense of the Administration.

16. Other Matters

- 16.1 If any creditor has any information concerning the Company's affairs that they would like to bring to the Joint Administrators' attention, then they would be pleased to hear from them.
- 16.2 If you require further information or assistance, please do not hesitate to contact Guy Chapman

Yours faithfully
For and on behalf of
Adbrain Ltd



Paul Williams
Joint Administrator

Enc

The affairs, business and property of the Company are being managed by the Joint Administrators, Paul Williams and Mark Skelton, who act as agents for the Company and without personal liability. Both are licensed by the Insolvency Practitioners Association and are bound by the Insolvency Code of Ethics

Appendix 1

Statutory Information

Statutory Information

Date of Incorporation 19 November 2012

Registered Number 08297181

Company Directors Michael Alexander Carton
Gareth Davies
Tobin Richard Ireland
Jean Frederic Lardieg
Pourya Sadeghpour
Christopher Jocelyn White

Company Secretary Mark Yates

Shareholders A schedule of the Company's shareholders is shown overleaf. Shareholdings held by the Directors or the secretary are marked with an asterix (*)

Trading Address 201 Borough High Street
London
SE1 1JA

Registered Office **Current:**
The Shard
32 London Bridge Street
London
SE1 9SG

Former:
201 Borough High Street
London
SE1 1JA

Any Other Trading Names Not Applicable

Adbrain Ltd (In Administration)**Shareholder Listing**

Name of Shareholder	Current Director	No. of Shares Held	Nominal Value £	Details of Shares held
Alex Mouradian		46,948	4.69	Ordinary A1 Shares
Anil Hansjee		10,300	1.03	Ordinary Shares
Christopher Mairs		25,800	2.58	Ordinary Shares
Christopher Scollo		3,781	0.38	Ordinary Shares
Cisco Systems International BV		234,742	23.47	Ordinary A1 Shares
David Sear		14,092	1.41	Ordinary A1 Shares
Elia Videtta		354,212	50	A Shares and Deferred Shares
Felix Malpartida		2,818	0.28	Ordinary A1 Shares
Firestartr Nominees Ltd		15,382	1.54	Ordinary A1 Shares
Gareth Davies	*	1,000,000	100	A Shares
Ismail Ghandour		9,393	0.94	Ordinary A1 Shares
Ivan Mazour		51,600	5.16	Ordinary Shares
James Hilton		9,864	0.97	Ordinary A1 Shares
Jean-Frederic Lardieg	*	20,573	2.06	Ordinary Shares and Ordinary A1
Michael Carton	*	263,900	26.39	A Shares and Ordinary Shares
Mohamed Rashid		329,844	50	A Shares and Deferred Shares
Nicholas Hynes		85,050	8.51	A Shares, Ordinary Shares and
Nihal Mehta		4,932	0.49	Ordinary A1 Shares
Notion Nominees UK Ltd		1,641,531	164.15	Ordinary Shares and Ordinary A1
Notion Capital 2 LP		2,817	0.28	Ordinary A1 Shares
Octopus Investments Nominees Ltd		583,311	58.33	Ordinary A1 Shares
Octopus Titan VCT Plc		1,179,498	117.95	Ordinary A1 Shares
Pourya Sadeghpour	*	450,500	50	A Shares and Deferred Shares
Rabin Yaghoubi		5,636	0.56	Ordinary A1 Shares
Schneider Investments Associates LLP		63,337	6.33	Ordinary Shares and Ordinary A1
Sean Cornwell		5,636	0.56	Ordinary A1 Shares
Simon Torrance		4,227	0.42	Ordinary A1 Shares
Tanya Field		5,636	0.56	Ordinary A1 Shares
Tobin Ireland	*	56,532	5.65	Ordinary Shares and Ordinary A1
TT Partnership Holdings Ltd		160,800	16.08	A Shares
Wendy Becker		5,636	0.56	Ordinary A1 Shares
		6,648,328	701.34	

Financial Information

Balance Sheet

		As at 31 August 2017 (Management)		As at 31 December 2016 (Unaudited)
Fixed Assets*	£	394,287	£	9,292
Current Assets				
Debtors / Sundry Debtors	£	396,795	£	732,944
Inter-Company	£	2,147,576	£	Nil
Cash at Bank	£	239,223	£	733,641
Pre-Payments	£	55,139	£	Nil
Accrued Revenue	£	72,180	£	Nil
	£	2,910,913	£	1,466,585
Current Liabilities				
Loans	£	(3,248,843)	£	Nil
Trade Creditors / Sundry Creditors	£	(154,410)	£	(1,030,092)
Accruals	£	(221,103)	£	Nil
Taxation	£	(19,993)	£	Nil
	£	(3,644,348)	£	(1,030,092)
Net Current Assets	£	(733,435)	£	(436,493)
Total Assets less Current Liabilities	£	(339,149)	£	(445,785)
Long Term Liabilities**	£	Nil	£	(1,101,367)
Total Assets less Total Liabilities	£	(339,149)	£	(655,582)
Capital and Reserves				
Share Capital	£	702	£	701
Share Premium	£	13,194,106	£	13,182,106
Retained Earnings	£	(11,986,514)	£	Nil
Profit and Loss Account	£	(1,547,442)	£	(13,838,389)
	£	(339,149)	£	(655,582)

* The Company wrote down its investment in Inc to £1 for the purposes of its accounts filed at Companies House. The amount in the Management Accounts is £386,688.

** The Company did not account for the split between current and non-current liabilities in the monthly Management Accounts. This was a year-end statutory adjustment. The balance in the Statutory Accounts relates to the Kreos loan repayable more than 1 year after the balance sheet date.

Profit and Loss

	For the 8 Months Ended 31 August 2017 (Management)		Year Ended 31 December 2016 (Unaudited)*	
Turnover	£	1,020,135	£	Not Known
Overheads				
Marketing and Promotion	£	(92,992)	£	Not Known
Staffing	£	(1,392,454)	£	Not Known
Office Costs	£	(76,309)	£	Not Known
Legal and Professional	£	(97,996)	£	Not Known
Travel and Entertainment	£	(87,511)	£	Not Known
	£	(1,747,265)	£	Not Known
EBITDA	£	(727,129)	£	Not Known
Other Indirect (Costs) / Gains	£	80,922	£	Not Known
Retained Profit / (Loss) for the Year	£	(646,207)	£	Not Known

* No Profit and Loss account was filed at Companies House for the year ended 31 December 2016 as there was no statutory requirement for the Company to file full accounts with a Profit and Loss account. Filleted accounts were filed in accordance with FRS 102 Section 1A - small entities.

Appendix 2

Receipts and Payments Account

Adbrain Ltd (In Administration)**Joint Administrators' Receipts and Payments Account****Statement
of Affairs ERV*****Reporting Period
24 October 2017
to 27 November 2017**

£

£

Assets Subject to a Fixed Charge

Intellectual Property	2,262,217 80
Goodwill	1 00
Investment in Adbrain Inc	0 00
	2,262,218.80

Cost of Realisations

Pre-Administration Legal Fees	(144,291 75)
Legal Fees	(9,310 50)
Legal Disbursements	(1,134 62)
	(154,736.87)

Secured Creditors

Kreos	(1,258 771 92)
Octopus	0 00
	(1,258,771.92)

Total Fixed Charge Account**848,710.01****Assets Subject to a Floating Charge**

Cash at Bank	431,766 03
Sundry Debtors (Including Credit Card Collateral)	18 092 39
Payroll Contribution from the Purchaser	10 301 68
Licence to Occupy	2,292 64
Chattel Assets (Subject to the Sale Agreement)	2,264 49
Pre-Appointment Refund	224 79
Books and Records	1 00
Customer Contracts	1 00
Research and Design Refund	0 00
Book Debts	0 00
Inter-Company Book Debts	0 00
Pre-payments	0 00
Accrued Revenue	0 00
Chattel Assets (Not Subject to the Sale Agreement)	0 00
	464,944.02

Cost of Realisations

Insurance	(305 08)
Statutory Advertising	(84 60)
	(389.68)

Preferential Creditors

Preferential Creditors	0 00
	0.00

Unsecured Non-Preferential Creditors

Trade and Expense Creditors	0 00
	0.00

Total Floating Charge Account**464,554.34****Total of Fixed and Floating Accounts****1,313,264.35****Represented By:**

Held on Trust by the Solicitors	0 00
Fixed Bank Account	817,772 64
Floating / Main Current Account	464,995 95
Floating Charge VAT Receivable	16 92
Floating Charge VAT Payable	(458 53)
Fixed Charge VAT Receivable	30 937 37

Balance**1,313,264.35**

Appendix 3

Schedule of Creditors and Estimated Outcome Statement

Adbrain Ltd (In Administration)

Summary Statement of Financial Position as at the Appointment Date

	Book Value £	ERV £
Assets Subject to a Fixed Charge:		
Intellectual Property	-	2 262,218
Shares in Adbrain Inc	386,688	-
Goodwill	-	1
Less Fixed Charge Holder - Kreos	(1,258 772)	(1 258,772)
Less Fixed Charge Holder - Octopus	(2 034 000)	(2,034,000)
Surplus / (Deficit) to fixed charge holders		(1,030,553)
Assets Subject to a Floating Charge:		
Cash at Bank	239 223	62,704
HMRC Refund	360,000	368,978
Pre-Payments	55,139	Uncertain
Accrued Revenue	72,180	Uncertain
Book Debts	108,184	Uncertain
Inter-Company Debt	2,147,576	Uncertain
Sundry Debtors	288,611	Uncertain
Office and Computer Equipment	7,599	4,264
Books and Records & Contracts	-	2
Total:	3,278,512	435,948
Estimated Assets Available to Preferential Creditors		435,948
Preferential Creditors		-
Estimated Surplus as Regards to Preferential Creditors		435,948
Estimated Prescribed Part of Net Property		(90,190)
Estimated Total Assets Available for Floating Charge Holder		345,758
Less Debts secured to floating charge holder		(2,034,000)
Funds Available to Unsecured Non-Preferential Creditors		(1,688,242)
Non-Preferential Unsecured Creditors		
Accounts Payable		(143,462)
Accrued Expenses		(221,103)
HM Revenue & Customs		(19,993)
Sundry Creditors		(10,948)
Loans		(3,248,843)
Total:		(3,644,349)
Add Prescribed Part brought down		90,190
Estimated Deficit as Regards to Non-Preferential Unsecured Creditors		(3,554,159)
Funds Available to Members		(5,242,401)
Equity:		
Capital		(702)
Share Premium		(13,194,106)
Retained Earnings		(11,986,514)
Current Year Profit / Loss		(1 547,442)
Total:		(26,728,764)
Estimated Total Deficiency		(31,971,165)

Notes

The balances have been taken from the August 2017 Management Accounts. Where assets have been realised actual figures are used.

Adbrain Ltd (In Administration)

Loan Note Holders

Loan Note Holder	Date Issued	Certificate Category	Value Issued £	Converted £	Value Outstanding £	Notion Notes £	Investor Notes £	Notes £	Total £	% of Notes	Major Noteholder £	% of Major Notes	Redemption Premium £	Total Repayable £
Notion Capital 2 LP	22/05/2017	Notion 1	412,000.00	12,000.00	400,000.00	400,000.00	-	-	400,000.00	18.16%	400,000.00	19.53%	600,000.00	1,000,000.00
Octopus Titan VCT plc	22/05/2017	Investor 1	1,548,458.00	-	1,548,458.00	-	1,548,458.00	-	1,548,458.00	70.29%	1,548,458.00	75.59%	2,322,687.00	3,871,145.00
Octopus Investments Nominees Ltd	22/05/2017	Investor 2	51,542.00	-	51,542.00	-	51,542.00	-	51,542.00	2.34%	-	-	77,313.00	128,855.00
Octopus Administrative Services Ltd	22/05/2017	Investor 3	9,000.00	-	9,000.00	-	9,000.00	-	9,000.00	0.41%	-	-	13,500.00	22,500.00
Ogmenta Ltd	22/05/2017	Investor 4	7,500.00	-	7,500.00	-	7,500.00	-	7,500.00	0.34%	-	-	11,250.00	18,750.00
Mobile Value Partners (Advisors) Ltd	22/05/2017	Investor 5	18,333.00	-	18,333.00	-	18,333.00	-	18,333.00	0.85%	-	-	27,499.50	45,832.50
Schneider Investments	TBC	TBC Notes	100,000.00	-	100,000.00	-	-	100,000.00	100,000.00	4.54%	100,000.00	4.88%	150,000.00	250,000.00
Wendy Becker	TBC	TBC Notes	20,000.00	-	20,000.00	-	-	20,000.00	20,000.00	0.91%	-	-	30,000.00	50,000.00
Anil Hansjee	TBC	TBC Notes	10,000.00	-	10,000.00	-	-	10,000.00	10,000.00	0.45%	-	-	15,000.00	25,000.00
Chris Mairs	TBC	TBC Notes	10,000.00	-	10,000.00	-	-	10,000.00	10,000.00	0.45%	-	-	15,000.00	25,000.00
Kevin McGovern	TBC	TBC Notes	28,250.00	-	28,250.00	-	-	28,250.00	28,250.00	1.26%	-	-	42,375.00	70,625.00
Headroom	TBC	TBC Notes	631,750.00	-	631,750.00	-	-	631,750.00	-	0.00%	-	-	-	-
			2,846,833.00	12,000.00	2,834,833.00	400,000.00	1,634,833.00	800,000.00	2,203,083.00	100.00%	2,048,458.00	100.00%	3,304,624.50	5,507,707.50

Adbrain Ltd (In Administration)

Schedule of Creditors

Creditor Name	Amount £
Mobilewalla Inc	67,191 60
Amazon Web Services Inc	66,423 31
Acxiom LiveRamp Inc	59,529 10
Wave Partners Ltd	30,250.00
Digital Envoy	14,195 40
MHA MacIntyre Hudson	12,600.00
Kochava Inc	12,358 51
Fyxr Ltd	8,145 72
Sumo Logic Inc	6,540.96
IAB (UK) Ltd	6,300 00
ePrivacy GmbH	3,115 74
Mobile Value Partners	2,666 80
Made by Patricia Ltd	2,000.00
Kreos Capital V (Export	1,600 50
Streets Accountants	846 00
SMB Partners Ltd	777 60
Kristian Carter	750.00
Safari Books Online LLC	620 00
Basck Ltd	420 00
Mark Yates	340.64
Jiefei Ma	230 46
LBAS (Lenham Bookkeeping	220 00
Sushane Nair	20.85
Jane Carter	10 95
City Sprint	5 10
Wendy Becker	-
DMH Stallard LLP	-
EE Limited	-
HM Revenue & Customs	-
Anil Hansjee	-
Chris Mairs	-
Kevin McGovern	-
Mobile Value Partners	-
Ogmenta Ltd	-
NJ Stringer Ltd	-
Octopus Investments	-
Octopus Titan VCT Plc	-
Octopus Administrative	-
Redundancy Payments	-
Schneider Investments	-
The Office Group	-
Xero Limited	-
Laura Devine LLP	(5,179 39)
	291,979.85

Appendix 4

Analysis of Time Charged and Expenses Incurred

Adbrain Ltd (In Administration)

Analysis of the Joint Administrators' Time Costs for the Reporting Period

Classification of Work Function	Hours					Support	Total Hours	Time Cost £	Avg Hourly Rate £
	Managing Director	Manager	Senior	Assistant					
Administration and Planning									
Case Review & Case Diary Management	0.40	2.10	1.50	2.90		0.00	6.90	2,382.00	345.22
Cashiering & Accounting	0.00	0.60	0.30	2.10		0.00	3.00	814.00	271.33
Dealings with Directors & Management	0.00	1.20	3.50	3.30		0.00	8.00	2,541.50	317.69
IPS Set Up & Maintenance	0.00	0.10	0.00	0.60		0.00	0.70	189.00	270.00
Insurance	0.00	0.10	0.60	0.00		0.00	0.70	252.00	360.00
Statement of Affairs	0.00	0.30	0.00	0.20		0.00	0.50	191.00	382.00
Statutory Matters (Meetings, Reports & Notices)	2.50	2.50	11.20	6.20		0.00	22.40	7,887.00	352.10
Strategy, Planning & Control	1.50	11.60	3.90	8.20		0.00	25.20	9,456.50	375.26
Tax Compliance / Planning	0.00	0.50	1.20	1.20		0.00	2.90	930.00	320.69
Creditors									
Communications with Creditors / Employees	0.00	10.40	0.70	5.20		0.00	16.30	6,164.50	378.19
Non-Preferential Creditors / Employee Claims Handl	0.00	0.00	0.00	5.40		0.00	5.40	1,269.00	235.00
Secured Creditors	0.00	9.90	0.10	0.00		0.00	10.00	4,786.00	478.60
Investigations									
CDDA Reports & Communication	0.00	0.10	2.40	0.00		0.00	2.50	364.00	345.60
Realisation of Assets									
Freehold & Leasehold Property	0.00	1.70	0.00	1.60		0.00	3.30	1,192.00	361.21
Other Intangible Assets	0.00	0.80	0.00	0.00		0.00	0.80	384.00	480.00
Other Tangible Assets	0.00	2.10	1.20	0.00		0.00	3.30	1,416.00	429.09
Sale of Business	0.00	5.50	1.90	0.00		0.00	7.40	3,286.00	444.05
Total Hours:	4.40	49.50	28.50	36.90		0.00	119.30		368.86
Total Fees Claimed: £	2,640.00	23,724.00	9,688.00	7,952.50		0.00		44,004.50	

Adbrain Ltd (In Administration)

Analysis of Duff & Phelps' Pre-Administration Time Costs

Classification of Work	Hours				Support	Total Hours	Time Cost £	Avg Hourly Rate £
	Managing Director	Manager	Senior	Assistant				
Administration and Planning								
Cashiering & Accounting	0.00	0.00	0.30	0.00	0.00	0.30	102.00	340.00
Dealing with Notice of Intention to Appoint	0.00	0.00	1.50	0.00	0.00	1.50	510.00	340.00
Dealings with Directors & Management	0.00	9.70	1.50	0.00	0.00	11.20	5,166.00	461.25
Financial Review	0.00	0.20	0.00	0.00	0.00	0.20	96.00	480.00
IPS Set Up & Maintenance	0.00	0.00	0.20	0.00	0.00	0.20	68.00	340.00
Insurance	0.00	0.00	0.20	0.00	0.00	0.20	68.00	340.00
Strategy, Planning & Control	22.30	14.80	30.40	0.00	0.00	67.50	30,820.00	456.59
Creditors								
Secured Creditors	0.00	7.70	1.70	0.00	0.00	9.40	4,274.00	454.68
Realisation of Assets								
Sale of Business	1.50	31.70	0.50	0.00	0.00	33.70	16,286.00	482.84
Total Hours:	23.80	64.10	36.30	0.00	0.00	124.20		462.08
Total Fees Claimed: £	14,280.00	30,768.00	12,376.00	0.00	0.00		57,390.00	

Appendix 5

Fee Estimate

Adbrain Ltd (In Administration)

Joint Administrators' Fee Estimate for the Period 24 October 2017 to 23 October 2018

Classification of Work Function	Hours					Total Hours	Time Cost £	Avg. Hourly Rate £
	Managing Director	Manager	Senior	Assistant	Support			
Administration & Planning								
Case Review & Case Diary Management	0.50	5.00	7.00	10.00	0.00	22.50	6,970.00	309.78
Cashiering & Accounting	0.50	5.00	5.00	5.00	0.00	15.50	5,350.00	345.16
Closing Matters	0.50	2.00	2.00	2.00	0.00	6.50	2,320.00	356.92
Dealings with Directors & Management	1.00	10.00	3.00	2.00	0.00	16.00	6,800.00	425.00
Insurance	0.00	2.00	3.00	0.00	0.00	5.00	1,980.00	396.00
IPS Set Up & Maintenance	0.00	1.00	2.00	2.00	0.00	5.00	1,540.00	308.00
Statement of Affairs	0.00	1.00	1.00	3.00	0.00	5.00	1,390.00	278.00
Statutory Matters (Meetings, Reports & Notices)	1.00	5.00	10.00	10.00	0.00	26.00	8,300.00	319.23
Strategy, Planning & Control	5.00	10.00	5.00	5.00	0.00	25.00	10,450.00	418.00
Tax Compliance / Planning	0.00	5.00	5.00	0.00	0.00	10.00	4,100.00	410.00
Creditors								
Communications with Creditors / Employees	0.00	2.00	8.00	20.00	0.00	30.00	7,480.00	249.33
Non Pref Creditors / Employee Claims Handling	0.00	4.00	4.00	2.00	0.00	10.00	3,660.00	366.00
Pref Creditors / Employee Claims Handling	0.00	0.00	1.00	0.00	0.00	1.00	340.00	340.00
Secured Creditors	3.00	10.00	5.00	0.00	0.00	18.00	8,300.00	461.11
Investigations								
CDDA Report & Communication	0.50	2.00	7.00	5.00	0.00	14.50	4,590.00	316.55
Financial Review & Investigations (S238/239 etc)	0.00	2.00	5.00	5.00	0.00	12.00	3,610.00	300.83
Realisation of Assets								
Book Debts	0.00	2.00	5.00	5.00	0.00	12.00	3,610.00	300.83
Freehold & Leasehold Property	0.00	5.00	5.00	5.00	0.00	15.00	5,050.00	336.67
Goodwill & Intellectual Property Rights	1.00	2.00	2.00	0.00	0.00	5.00	2,240.00	448.00
Other Intangible Assets	0.00	1.00	5.00	0.00	0.00	6.00	2,180.00	363.33
Other Tangible Assets	1.00	3.00	5.00	5.00	0.00	14.00	4,690.00	335.00
Sale of Business	0.00	5.00	5.00	5.00	0.00	15.00	5,050.00	336.67
Total Estimated Hours	14.00	84.00	100.00	91.00	0.00	289.00		346.02
Total Estimated Fees £	8,400.00	40,320.00	34,000.00	17,280.00	0.00		100,000.00	

Note This Fee Estimate is an estimate of the time costs likely to be incurred in the Administration, on the basis that it is closed by 23 October 2018

Appendix 6

Fee Narrative

Adbrain Ltd (In Administration)**Fee Estimate from 24 October 2017 to 23 October 2018**

Paul David Williams and Mark Gerald Skelton were appointed Joint Administrators of the Company on 24 October 2017

Introduction

The following information is provided to creditors to enable them to consider and approve the Joint Administrators' remuneration. It is a summary of key issues, to assist creditors in understanding the strategy of the Joint Administrators, the associated costs and expenses of the related activities and the financial benefit to creditors.

This document should be read in conjunction with the Joint Administrators' Report to Creditors and Statement of Proposals which provides further details of the assets, liabilities and estimated return to creditors, if any. Particular reference is made to the Appendices entitled 'Analysis of Time Charged and Expenses Incurred', 'Fee Estimate' and 'Estimated Expenses of the Administration'.

It should be noted that the Fee Estimate is an estimate of the Joint Administrators' time costs that the Joint Administrators expect to incur, and the level of fees drawn will be dependent on the asset realisations and agreement of creditors

Estimated Fees and Expenses

The Joint Administrators propose that their fees will be based on their time costs incurred

The amount of time costs expected to be incurred, for the period 24 October 2017 to 23 October 2018, is shown in Appendix 5 - Fee Estimate

The Joint Administrators estimate the expenses of the Administration to total approximately £25,199 as shown in Appendix 7 - Estimated Expenses of the Administration. This Appendix illustrates the estimated expenses for the whole of the Administration and is for information purposes, and does not require approval by any class of creditor. This estimate may change over the course of the Administration but creditors will be informed of any variations with associated reasons in the Joint Administrators' Progress Reports.

As detailed in paragraphs 15.1.5-15.1.9 of the main report, as part of the Proposals Report creditors are asked to approve the fee basis (time costs) and also the Fee Estimate in the total sum of £100,000

Estimated Return to Creditors

On present information, it is unlikely that there will be a dividend paid to non-preferential unsecured creditors, except via the Prescribed Part (if any). The quantum and timing of any returns to creditors will be wholly dependent on the floating charge realisations and costs incurred in this process.

Please see below how the Joint Administrators expect to incur their time costs

Asset Realisations

The vast majority of the value in the Company relates to the intellectual property held in the Company. Most of this has been sold as part of the pre-packaged Administration, however, there will still be residual matters to deal with such as novation of certain contracts and intellectual property in the Company's name. It is also likely that time will be spent dealing with the Purchaser going forward, answering their queries and assisting where it can be reasonably expected in accordance with the Sale and Purchase Agreement.

The Company also has a number of assets that have been excluded from the sale, including cash at bank, book debts, pre-payments, sundry debtors and the inter-company position with Inc. It is likely that time will be incurred in pursuing the realisations of these assets, in particular liaising with the directors of Inc.

Asset realisations also includes dealing with the Company's property. The Company leased a property in London. Time will be incurred liaising with landlord to vacate the property, dealing with the licences to occupy granted in the Sale and Purchase Agreement and also recovering any rent deposit that may be due to the Company.

This work will result in a benefit to the Administration estate, and may lead to an increased return to Octopus under its floating charge. Depending on the quantum of realisations and the associated costs it could also lead to a distribution to non-preferential unsecured creditors, via the Prescribed Part.

On present information it is estimated that the Joint Administrators' time costs in realising assets will be £22,820. Time costs totalling £6,278 have been incurred to date. Expenses may be incurred if the book debt collections are outsourced, but this will be decided at a later date. Any book debt collection agent will be remunerated on a percentage of collections.

Creditors

The Joint Administrators and their staff incur time costs in liaising with creditors. Naturally creditors will have queries in respect of the Administration and it is the responsibility of the Joint Administrators to respond to these queries and assist creditors as necessary. Although this will not provide a direct financial return to creditors, it is a role required to be undertaken by the Joint Administrators.

If a dividend is paid, time costs will be incurred in reviewing all Proof of Debt Forms and supporting documentation, and arranging for the dividend to be paid. In this event, this work will result in a financial return to the Company's creditors.

On present information it is estimated that the Joint Administrators' time costs in respect of liaising with creditors regarding their queries will be £11,140. Time costs totalling £7,530 have been incurred to date.

Employees

All staff transferred to the Purchaser under TUPE. Accordingly minimal time costs are expected to be incurred in dealing with employee queries.

On present information, it is estimated that the Joint Administrators' time costs in liaising with the former employees will be £340. No time costs have been incurred to date.

Secured Creditor

As the largest creditors and holders of security, the Secured Creditors will require regular updates on the progress of the Administration.

As the vast majority of the sale of the business proceeds relates to fixed charge assets (goodwill and intellectual property), the beneficiaries will be the Secured Creditors. Therefore, it is appropriate to keep them informed.

Accordingly, the Joint Administrators and their staff will liaise with Kreos (until it is repaid in full) and Octopus on a regular basis, to discuss the ongoing matters and update in respect of their position. They will also be consulted on the strategy as incurred further costs is likely to impact its position. It is anticipated that regular calls and written correspondence will be required to keep the Secured Creditors aware of their positions.

Time costs are estimated at £8,300 in respect of liaising with the Secured Creditors. Time costs totalling £4,786 have been incurred to date. This work may result in a direct return to non-preferential unsecured creditors, as liaising with the Secured Creditors with respect to costs and asset recovery exercises, it may increase the funds available to non-preferential unsecured creditors by increasing the value of the Prescribed Part (if any).

Dealings with Management

Throughout the course of the Administration, especially during the earlier stages, the Joint Administrators are in regular contact with management, to help understand the Company's financial position, and obtain the information necessary to perform their duties. Although some of this was dealt with in the lead up to

the Administration, there are still further matters where the Directors can assist the Joint Administrators, both in respect of their statutory duties and in respect of assistance with asset realisations. The time spent to date has been in respect of this process. It is anticipated that there will be further chasing for relevant information. In addition, time will be incurred in respect of the SOA, when it is provided by the Directors. Time costs are estimated at £8,190 for the above areas, time costs totalling £2,733 have been incurred to date.

Although this does not provide a direct return to the Administration estate in respect of a cash into the Administration estate, it will assist in realising value in the Company's business and assets, as it is important that the Joint Administrators understand the financial position and realisable asset values.

Investigations

It is a statutory requirement that the Joint Administrators provide a report to BEIS on the conduct of all the directors of the Company in the three-year period prior to the Appointment Date. The Joint Administrators will investigate their management of the Company to determine their appropriateness to act in such a role. This will entail a broad level of investigation to ensure that best practice standards are met and the Fee Estimate reflects this standard. If the Secretary of State then instigates Directors Disqualification proceedings, further time may be expended in providing supporting documents, witness statements etc. Such investigations may or may not lead to further asset recovery so creditors should not assume that this activity will provide a monetary benefit to the Administration estate.

Full details of the investigations to be conducted cannot be disclosed at this stage in order to avoid prejudicing any potential recovery or action in this regard. The investigations will largely include bank statement analysis to try and identify any antecedent transactions. Creditors are invited to submit any information that they feel may be relevant to this exercise.

Time costs are estimated at £8,200 for the above areas. Time costs totalling £864 have been incurred to date.

Statutory Compliance

The role of an Administrator is highly regulated, being required to conform to insolvency legislation, industry Best Practice policies (Statements of Insolvency Practice) and relevant case law. Consequently, the Joint Administrators are obliged to undertake many activities that do not provide a financial benefit to creditors. Such matters will include, but are not restricted to Anti Money Laundering, Bribery Act and Ethical considerations and checks, statutory advertising, regular reporting to creditors including fee agreement procedures, obtaining and securing company books and records, pension review and liaison with the Pension Protection Fund, Companies House filing, completion and release of insolvency bond and various Treasury functions. Time costs are estimated at £34,930 for the above areas. Time costs totalling £20,729 have been incurred to date.

Professional Matters

As detailed at Appendix 7 - Estimated Expenses of the Administration, the Joint Administrators are obliged to have insurance in place to protect the Company's assets, as well as the Joint Administrators, and obtain appropriate advice in dealing with the Company's tax matters. These are necessary under insolvency legislation and for the Joint Administrators to undertake their role in accordance with the Act and the Rules. Time costs are estimated at £6,080 for the above areas. Time costs totalling £1,182 have been incurred to date.

The Joint Administrators will also liaise with tax advisors in respect of corporation tax compliance, chargeable gains and the research and design tax credit received, which if successful could result in a significant return to the Administration.

Notes:

Please refer to Appendix 7 - Estimated Expenses of the Administration for details in respect of expenses expected to be incurred.

The fees noted above will only be drawn should there be sufficient realisations. This Fee Estimate acts as a cap to the Joint Administrators' proposed fees, although can be increased if further creditor approval is obtained.

Appendix 7

Estimated Expenses of the Administration

Adrain Ltd (In Administration)

Joint Administrators' Estimated Expenses for the period 24 October 2017 to 23 October 2018

Notes	Company / Person	Activity	Date of Instruction	Fee Basis	Incurred to Date £	Anticipated Total Cost £
1	Professional Advisors					
2	Ornick Herrington & Sutcliffe (UK) LLP	Legal costs and disbursements	24 October 2017	Time costs	9,310.50	20,000.00
3	MHA MacIntyre Hudson	Accountant's fees	Not yet instructed	Time costs	0.00	2,000.00
4	Hilco Appraisal Limited	Agent's Fees	24 October 2017	Time costs	0.00	2,000.00
	Total Professional Advisors Costs				9,310.50	24,000.00
5	Other Expenses					
6	Total Data Management Limited	Storage costs	Not yet instructed	Cost per unit	0.00	200.00
7	Courts Advertising Limited	Statutory advertising	24 October 2017	Fixed fee	84.60	253.80
	AUA Insolvency Risk Solutions Limited	Insurance	24 October 2017	Cost per unit	305.08	305.08
	Total Other Expenses				389.68	758.88
	Total Expenses				9,700.18	24,758.88
8	Disbursements					
9	Category 1 Disbursements					
10	Bond premium	Statutory requirement	24 October 2017	Fixed fee	225.00	225.00
11	Land Registry fees	Statutory requirement	Not Applicable	Cost per unit	0.00	11.00
	Mail redirection	Statutory requirement	Not Applicable	Cost per unit	204.00	204.00
	Total Category 1 Disbursements				429.00	440.00
12	Category 2 Disbursements					
	There are no known Category Two Disbursements					
	Total Category 2 Disbursements				0.00	0.00
	Total Estimated Expenses				10,129.18	25,198.88
	TOTAL				10,129.18	25,198.88

Notes to Estimated Expenses Schedule

- The Joint Administrators' choice of professional advisors will be based on their perception of the experience and ability of the respective firms / individuals to perform their work, the complexity and nature of the assignment and the basis of their fees
- Legal costs and disbursements in respect of the appointment process debenture and loan facility agreement, sale of business process and ad-hoc legal advice The Solicitors have agreed to reduce their fees incurred to date by 25% and the amount shown is the amount billed to date
- Preparation of Corporation Tax returns in the Administration period and other general tax advice that may be required
- The Company's chattel assets require valuation both for the correct allocation in the sale and also for the chattel assets excluded from the sale to be valued and sold for the benefit of the Administration
- Books and records of the Company will be stored off site with an external provider for at least the duration of the Administration plus one year In addition it is a statutory requirement that books and records of the Joint Administrators must be kept for six years after the conclusion of the Administration
- Statutory advertising in the London Gazette is required under insolvency legislation
- The cost of insuring the assets will depend on the value and risk of the assets as well as the time the assets were insured
- Category 1 Disbursements** are payments to independent third parties where there is specific expenditure directly referable to the Administration
- This is a statutory requirement and cost is based on the value of assets
- Land Registry searches are required to confirm details of any premises (ownership holding charges plans leases etc and extent of property ownership)
- The Joint Administrators have put in place a mail redirection from the Company's former registered office in order to have any post delivered to the Joint Administrators' office, so it can be dealt with accordingly
- Category 2 Disbursements** are costs that are directly referable to the Administration but not to a payment to an independent third party No Category 2 Disbursements are expected

The total anticipated expenses is an estimate based on information at the commencement of the appointment The estimate should therefore be treated with caution as matters are likely to change over the life of the Administration.

The above costs exclude VAT

27 November 2017

Appendix 8

Statement of Creditors' Rights

STATEMENT OF CREDITORS RIGHTS

Rule numbers refer to Insolvency (England & Wales) Rules 2016 (as amended)

Section or paragraph numbers refer to Insolvency Act 1986

If you require a copy of any relevant rule or section, Guy Chapman on 020 7089 4777 or
Guy.Chapman@duffandphelps.com

This notice is accompanied by the Joint Administrators' Report to Creditors and Statement of
Proposals

Information for creditors on remuneration and disbursements of administrators

Information regarding the fees and disbursements of administrators, including details of Duff & Phelps' disbursements policy and hourly charge out rates for each grade of staff that may undertake work on this case, is in a document called "A Creditors' Guide to Administrators' Fees". This can be viewed and downloaded from Duff & Phelps' website at <http://www.duffandphelps.com/uk-restructuring/creditor-guides> (click on the document 'Administration (appointment from 1 October 2015)'). Should you require a copy, please contact this office.

Creditors may requisition a decision to be made by all of the creditors for approval of the Joint Administrator' Proposals under para 52(2) Schedule B1 Insolvency Act 1986

The Joint Administrators shall seek a decision from the Company's creditors as to whether they approve the proposals if requested by creditors of the Company, whose debts amount to at least 10% of the total debts of the Company. Such a request must be received by the Joint Administrators within eight business days of the date on which the Joint Administrators' Report to Creditors and Statement of Proposals is delivered.

The request for a requisitioned decision must include a statement of the purpose of the proposed decision and either

(a) a statement of the requesting creditor's claim together with

- a list of the creditors or contributories concurring with the request and of the amounts of their respective claims or values, and
- confirmation of concurrence from each creditor, or

(b) a statement of the requesting creditor's debt and that that alone is sufficient without the concurrence of other creditors

Creditors may be requested to meet the costs of a requisitioned decision and a deposit will be required for this purpose. These costs may be ordered to be paid as an expense of the Administration if the creditors so resolve.

A requisitioned decision must be made within 28 days of receiving the deposit or the expiry of 14 days without the Administrator informing the requesting creditor of the deposit sum.

Appendix 9

Proof of Debt Form

Proof of Debt – General Form

Adbrain Limited (In Administration) Company Number: 08297181		
Date of Administration 24 October 2017		
1	Name of creditor (If a company please also give company registration number)	
2	For correspondence Address of creditor	
	Contact telephone number of creditor	
	Email address of creditor	
3	Total amount of claim including any Value Added Tax and outstanding uncapitalised interest as at the date the company went into Administration	
4	Details of any documents by reference to which the debt can be substantiated (Note There is no need to attach them now but the Joint Administrators may call for any document or evidence to substantiate the claim at his discretion as may the chairman or convenor of any meeting)	
5	If amount in 3 above includes outstanding uncapitalised interest please state amount	£
6	Particulars of how and when debt incurred (If you need more space append a continuation sheet to this form)	
7	Particulars of any security held, the value of the security, and the date it was given	
8	Particulars of any reservation of title claimed in respect of goods supplied to which the claim relates	
9	Signature of creditor or person authorised to act on his behalf	
	Name in BLOCK LETTERS	
	Position with or in relation to creditor	
	Address of person signing (if different from 2 above)	
For Administrators' Use only		
Admitted to vote for		Admitted for dividend for
£		£
Date		Date
Administrator		Administrator

Appendix 10

Disclosure in Accordance with Statement of Insolvency Practice 16 Pre-Packaged Sales in Administrations

SIP16

Adbrain Ltd

(In Administration)

Disclosure in Accordance with Statement of Insolvency Practice 16
"Pre-Packaged Sales in Administrations"

Duff & Phelps Ltd.
The Shard
32 London Bridge Street
London
SE1 9SG

Definitions	
Word or Phrase	Definition
the Appointment Date	24 October 2017 being the date of appointment of the Joint Administrators
the Bank	Silicon Valley Bank with whom the Company banked and the former holder of a charge over certain of the Company's assets
the Company	Adbrain Limited (In Administration) (Company Number: 08297181)
DCA	Digital Capital Advisors, LLC being the Mergers & Acquisition agents advisors instructed by the Company to market the Company for sale in the months prior to the Appointment Date
the Directors	Michael Alexander Carton, Gareth Davies, Tobin Richard Ireland, Jean Frederic Lardieg, Pourya Sadeghpour and Jocelyn Christopher White, being the directors of the Company as at the Appointment Date
Duff & Phelps	Duff & Phelps Ltd, The Shard, 32 London Bridge Street, London SE1 9SG
Inc	Adbrain Inc. being the Company's wholly owned subsidiary in the USA
the Joint Administrators	Paul David Williams and Mark Gerard Skelton of Duff & Phelps
Kreos	Kreos Capital V (UK) Limited, the holder of a first ranking fixed and floating charge over the Company's assets
Octopus	Octopus Investments Limited, the holder of a second ranking fixed and floating charge over the Company's assets as Security Trustee
the Purchaser	The UK Trade Desk Ltd, the purchaser of the business and certain assets of the Company
the Secured Creditors	Kreos and Octopus
SIP 13	Statement of Insolvency Practice 13 – Industry best practice for Insolvency Practitioners in relation to the acquisition of assets of insolvent companies by directors
SIP 16	Statement of Insolvency Practice 16 – Industry best practice for Insolvency Practitioners in relation to the requirement for disclosure of information with respect to a 'Pre-Packaged' sale of business and / or assets of the Company
Orrick or the Solicitors	Orrick, Herrington & Sutcliffe (Europe) LLP

Joint Administrators' report on the Pre-Packaged sale of the Company's business and assets

Outlined below are details of the sale of the business and assets of the Company in accordance with SIP 16

Creditors should be aware of the differing roles of an Insolvency Practitioner associated with an Administration that involves a pre-packaged sale of a company's business and assets. Prior to the formal appointment, the Insolvency Practitioner will have been instructed by the company and / or a secured creditor to provide advice although will act at all times independent of the directors who will remain responsible for the affairs of the company. That advice will normally include consideration of potential insolvency exit strategies and to assist the directors meet their fiduciary duties and obligations when running a company with particular attention being paid to any proposed pre-packaged Administration sale scenario. On formal appointment, the Joint Administrators, who are officers of the Court and agents of the company will manage the company's affairs, business and property for the benefit of creditors as a whole.

Background information

The Company was incorporated in 2012 and is a market leader in customer identity mapping, offering intelligent cross-device targeting solutions for marketers. The Company maps IDs, devices, people and places to create single customer views and allows marketers and technologists to deliver a more personalised marketing experience. The Company holds seven trademarks and five patents pending in relation to its suite of software and products.

The Company operated from a serviced office in London where eight staff were based. The Company traded in conjunction with Inc, its US subsidiary, which employed 13 staff across four US cities, predominantly Seattle where eight of those staff were based, being principally the software engineering team.

The Company has raised c£13.5million in equity finance funded by various institutional and technology specific investors. Given the Company's nature, being a technology start-up enterprise, it has been loss-making since incorporation, with losses funded initially by the equity investment. As losses continued, funding was raised in October 2016 by secured borrowing of c \$1.67m from Kreos. In October 2016, the Company engaged DCA to source additional financing and potential buyers for the business. In April / May 2017, further funding was raised (from a group of investors, principally Octopus and Notion Capital) via an issue of convertible loan notes totalling c £2.034m, which were also secured.

The Company continued to operate with ongoing working capital requirements and management's cash flow projections showed that the Company would run out of cash by the end of October 2017. Given the Company's prior fundraising and cash management, it does not have significant arrears of trade creditors (approximately £396k), however the key operational constraint has been cash which resulted in the Company's forecasts showing that it would be unable to pay all employee salaries at the end of October 2017.

Given the above noted cash position and the lack of imminent further fundraising or share sale, the board sought insolvency advice whilst refocussing the sale process towards a creditor rather than a shareholder focussed outcome.

Initial Introductions

Given the Company's financial position, Duff & Phelps was introduced to the Company by Orrick on 28 September 2017. The Solicitors had been providing the Company with advice in respect of the proposed fundraising or sale. Following this introduction Duff & Phelps was invited to observe the Company's board call on 29 September 2017. An engagement letter was subsequently issued on 2 October 2017 and signed by the Company on 4 October 2017.

Pre-Appointment Matters

Prior to the initial introduction from the Solicitors and the call on 29 September 2017 there had been no involvement between the Company, Inc or the Directors with Duff & Phelps. Duff & Phelps undertook its internal conflict checks and established that there was no conflict to prevent it advising the Company in the lead up to, and dealing with, the Administration.

Between 29 September 2017 and the Appointment Date, Duff & Phelps provided advice to the Company by liaising with the Directors and management and attending board calls as an observer. Duff & Phelps also liaised with Kreos in respect of the Company's position.

From 29 September 2017 to 11 October 2017 the Directors led the correspondence with the Purchaser and DCA. Following correspondence on 11 October 2017 it was recommended to the Directors that Duff & Phelps take a more active role in these negotiations as upon the Company entering Administration it would be the Joint Administrators completing the sale with the Purchaser and not the Directors. In addition to this Duff & Phelps have considerable experience in dealing with these processes, given the short timeframe in which a deal had to be completed.

Whilst no formal options report was prepared it was apparent that if no further funds could be raised, the Company was cash flow insolvent. Other possible formal insolvency options were clearly not appropriate for the Company, as noted below.

Creditors' Voluntary Liquidation ("CVL")

A CVL is a terminal insolvency process which entails an immediate cessation of trade, which would include redundancies of all employees due to lack of available funds to pay them. This in turn would result in a lack of customer service and an obsolescence of the core product offerings. This would have meant that the Insolvency Practitioners would be unable to save the business (which has now been achieved via a pre-packaged Administration). The Company's principal assets are its intellectual property and know-how of key staff. One of the conditions of the Purchaser (as set out in their initial letter of intent on 10 October 2017) was the retention of key staff. Had the staff been made redundant in a CVL and therefore had not been retained by the Purchaser, the realisations for the benefit of creditors would have been significantly less than the going concern sale of business and assets achieved by a pre-packaged Administration.

Company Voluntary Arrangement ("CVA")

A CVA is where a company comes to an agreement with its creditors to repay them an agreed percentage of their debt over an agreed period of time. A CVA was not considered an appropriate option for the Company for the following reasons:

- Given the impending cash shortfall and the time taken, due to statutory notice period for the issuing of a CVA proposal to creditors, there was inadequate time to make such a proposal before the Company ran out of cash and would have been unable to pay salaries,
- Given that the majority of the Company's debts were to secured creditors who would not be bound by a CVA this would not be an effective debt restructuring process,
- In any event, any rescheduling of debts contemplated by a CVA would still require working capital funding and the Company had no access to new funding from existing lenders, nor were any external interested parties offering to fund a CVA.

Trading Administration

A trading Administration, whereby a company continues to trade under the supervision of Administrators whilst a purchaser was sought would not have been a viable option. The Company had insufficient cash to support ongoing trading post-Administration and no funding was obtainable for this proposed strategy. In addition, given the marketing exercise undertaken by the Company (noted

in more detail below), it appeared unlikely that further time to market the business afforded by trading-on during Administration would result in any greater interest in the business from potential acquirors. Accordingly, a trading Administration was not feasible.

Close Down Administration

A Close Down Administration is where a business is shut down on day one of an Administration with the intention of selling the Company's assets thereafter, essentially the same as the Liquidation scenario as outlined above and the subsequent impact on likely realisations for the benefit of creditors.

Accordingly, a swift sale was required to retain the value in the Company's assets. Therefore, it was concluded that the preferred insolvency process was a pre-packaged Administration as this would allow for a sale to be completed immediately on appointment of Administrators thus maximising the outcome for the benefit of creditors.

Consultation with Creditors

Three significant institutional investors who hold equity and secured convertible loan notes, being Octopus (and related entities), Notion Nominees UK Limited and Cisco Systems International BV all have a seat on the board as a result of their lending. Duff & Phelps were in regular correspondence with the board and therefore in regular consultation with these creditors.

Kreos did not have a seat on the board, however they had a right to observe board meetings and calls, accordingly Duff & Phelps were in consultation with Kreos indirectly and in addition, Duff & Phelps had separate calls and a meeting with Kreos.

It was apparent from board discussions, in which the Secured Creditors were participants, that no further funding for working capital requirements was available from the existing funders, nor had any new potential funders been sourced from the marketing process discussed below. It had been deemed that a pre-packaged Administration would be the most appropriate course of action given the position outlined above due to it being able to achieve a quick sale which was vital to protect the value in Company's intellectual property and employees. Further funding to allow a trading Administration, or for the Company to continue to trade for a further period prior to Administration, would not have definitely been able to enhance the realisations for creditors.

Details of the Secured Creditors' Registered Charges

<u>Secured Creditor</u>	<u>Date Charge Created</u>	<u>Date Charge Registered</u>
Kreos	20 October 2016	24 October 2016
Octopus	13 April 2017	27 April 2017

In addition, the Bank held a charge over certain of the Company's assets, however this was satisfied at Companies House on 10 October 2017.

The Company has not previously entered into any formal insolvency procedure.

Marketing of the Business and Assets

The Company engaged DCA on 21 October 2016 to undertake a process of securing finance (whether equity or debt) and / or the sale of the Company (in whole or part). Over the following eleven months (to the end of September 2017), DCA and the Company conducted a thorough marketing exercise to identify and engage with parties who might finance or acquire the Company or its business and assets.

DCA drew up a target list of in excess of 200 financial and strategic buyers who were the subject of an outreach exercise. Parties showing interest were invited to a data room managed by DCA. The Joint Administrators are content that this exercise, given it was led by an independent advisory firm who

specialise in the technology and media sectors, was sufficient to achieve the best available outcome for the creditors as a whole in the circumstances and that it met the marketing essentials as prescribed by SIP16

Subsequent to the Joint Administrators' pre-appointment involvement from 29 September 2017, the outcome of the above marketing exercise was a short-list of six interested parties, with the Purchaser being the most likely as they had made the strongest representations previously with regard to making a written offer.

On 3 October 2017, the Company issued a process letter with a draft letter of intent, requesting those parties to confirm their interest (or otherwise) by 5 October 2017, whilst continuing dialogue with the Purchaser. The Directors maintained discussions with several interested parties, reporting to the (then proposed) Joint Administrators. Ultimately, only one party was able to make an offer to pay consideration for the business and assets. All other parties confirmed they would not make an offer, or that they would not be able to make an offer in the timescale stipulated. One party indicated that it may be able to make an offer, but that this would be for no consideration on completion with any value to be paid on a deferred basis.

On 10 October 2017, the Purchaser submitted a non-binding offer for \$3m. Given this was the only written offer submitted, the Company and the (proposed) Joint Administrators were minded to accept the offer, subject to clarification of certain terms.

The Directors continued to engage other parties that had not fully withdrawn their interest, however no written offers were submitted.

In addition, the Joint Administrators took informal advice from Pagemill Partners, the technology investment banking team of Duff & Phelps, who confirmed that the list of targets prepared by DCA was adequate.

The Joint Administrators did not market the business for sale via their own separate process, as this was deemed unnecessary for the same reasons noted above – that the Company had undertaken a detailed sale process in the lead up to the Administration which had not resulted in a sale prior to the cashflow position dictating a pre-packaged insolvency sale. Accordingly, by the time the letter of intent had been received from the Purchaser, it was deemed unwise to disrupt this process and risk a failure to complete the offer available, given that no successful sale had been achieved in the previous eleven months and given the likely realisations in the event of a close down Administration or Liquidation.

Valuation of the Business and Assets

The Joint Administrators considered that a formal valuation of the entire business and assets was not required. This decision was taken for the following reasons:

- A valuation had been undertaken by Silicon Valley Bank on behalf of the Company in June 2016. The subsequent sale process has proved that the valuation provided (on a \$ per share basis) was not attainable in the current market.
- The Company had been on the market for sale for eleven months prior to appointment with, as described above, a thorough marketing process conducted by the Company itself and independent M&A advisors. This process ultimately led to several expressions of interest but no successful sale on a share basis and only one written offer for the business and assets.

The Joint Administrators are content that given the length and depth of the marketing process conducted by DCA and the Company, and the resultant single offer, that the market value had been reached by virtue of this process. A formal valuation would in this instance have provided a valuation to which there would be limited steps that could be taken, and limited time available to do so, to attempt to achieve that valuation, given the exhaustive process to source a buyer already undertaken.

Accordingly, a valuation was deemed unnecessary given there was only one offer which, given the Company's cash flow position, was required to be accepted and progressed, considering the likely outcome of a cessation of trading and Administration or Liquidation appointment.

For these reasons, the Joint Administrators are satisfied as to the value of the assets, being the value obtained in the sale

Valuation of Tangible Assets

In order to apportion a fair value to the IT Hardware, as these are floating charge assets, the Joint Administrators instructed Hilco Global to undertake a valuation of the Company's IT equipment. The valuation was conducted by a AssocRICS qualified valuer who has confirmed his independence and that Hilco Global carries adequate professional indemnity insurance

The Transaction

The sale of the Company's business and assets was completed on 24 October 2017

Purchaser and Related Parties

The Purchaser of the Company's business and assets is The UK Trade Desk Ltd, a company registered in England (registered company number 08539108) The Purchaser is a 100% owned subsidiary of The Trade Desk, Inc, a company registered in Delaware and listed on NASDAQ

The Joint Administrators are not aware of any connections between the Purchaser and the Directors, shareholders or secured creditors or their associates.

The Joint Administrators are not aware of any of the Directors, former directors of the Company (or their associates) being involved in the management, financing or ownership of the Purchaser or its parent. There are no directors or shareholders in common Accordingly, no SIP 13 disclosure is required.

The only known connection between the Purchaser and Company is that the Purchaser is a significant customer of the Company

The Joint Administrators are not aware of any personal guarantees provided by any of the Directors to financiers, nor that any of the Company's financiers provide finance to the Purchaser or its parent

Assets

The nature of the transaction is a sale of the business and certain assets of the Company by the Joint Administrators in a pre-packaged transaction

The following assets, were sold to the Purchaser:

Business Intellectual Property Rights	\$2,996,997
Goodwill	\$1
IT Hardware	\$3,000
Seller's Records	\$1
Transferred Contracts	\$1

The consideration is noted in US Dollars as the Purchaser submitted its offer in US Dollars

Sale Consideration

The sale consideration was US\$3,000,000 The sale consideration was paid in full on completion There are no conditions that could materially affect the consideration

The sale consideration has been apportioned across asset categories, and split between fixed and floating charge realisations, as follows.

<u>Asset Description</u>	<u>Sale Consideration (\$)</u>	<u>Fixed or Floating Charge</u>
Intellectual Property Rights	\$2,996,997	Fixed
Goodwill	\$1	Fixed
IT Hardware	\$3,000	Floating
Seller Records	\$1	Floating
Transferred Contracts	\$1	Floating

The inherent value in the Company's business and the interest of the Purchaser lies in the intellectual property. Accordingly, the majority of the sale consideration has been apportioned to these assets as negotiated with the Purchaser. These realisations flow directly to the Secured Creditors.

The apportionment to IT Hardware was agreed in relation to the valuation provided by Hilco Global as noted above. The valuation obtained for the IT Hardware provided values of £3,650 (c.\$4,800) on an in situ basis, or £1,950 (c.\$2,500) on an ex situ basis. Given the IT Hardware consists of nine laptops and all are to be used ex situ by the Purchaser, and given they are not a material portion of the total sale consideration, the Joint Administrators are content that the apportionment to IT Hardware above is fair.

In addition to the sale consideration, the Purchaser also paid the following sums:

- £2,571.17 which is a licence fee with regard to a two week licence to occupy the Company's London office to allow a short transition period,
- £10,301.68 relating to gross contribution to employee salaries for October 2017. The full monthly salaries were paid by the Company on 25 October 2017 and in accordance with the sale agreement, the Seller and Purchaser were to each fund their own portion of the monthly salaries apportioned around the date of the transaction.

The above amounts were not elements of sale consideration for the purchase of the assets, but further amounts in accordance with the sale agreement and are standard for this form of transaction.

There are no options, buy-back agreements, deferred consideration or other conditions attached to the transaction. The sale has been completed with no warranties and no security is from the Purchaser is required as there is no deferred consideration.

Wider Transaction

An agreement has also been completed in respect of Inc whereby the Purchaser acquired certain IT and office equipment assets from Inc and in addition hired certain of Inc's staff whilst agreeing to fund severance payments to those employees of Inc that it did not hire and who subsequently left Inc. This agreement was completed by the directors of Inc in parallel with the Purchaser's acquisition of the Company's business and assets. This transaction also completed on the Appointment Date between Inc and the Purchaser.

The shares in Inc remain owned by the Company and will be reviewed by the Joint Administrators in due course, together with an intercompany debt due to the Company.

Connected Party Transactions

As noted above, the Joint Administrations do not believe this is a transaction with a connected party and therefore no specific further details are required in accordance with SIP16, specifically there was no requirement for the Purchaser to refer to the Pre-Pack Pool or provide a viability statement.

Statutory Purpose

The statutory purpose of the Administration is to achieve one of the following hierarchical objectives.

- Rescuing the company as a going concern, or
- Achieving a better result for the company's creditors as a whole than would be likely if the company were wound up (without first being in Administration); or
- Realising property in order to make a distribution to one or more secured or preferential creditors

The first objective will not be achieved as there are insufficient funds and assets available to enable the Company to be rescued as a going concern.

The Joint Administrators are of the view that they have achieved the second objective as a better result for the Company's creditors as a whole will be achieved than if the Company had been wound up without first being in Administration. By selling the Company via a pre-packaged Administration it has allowed for the quickest sale possible which has meant that value has been maximised in the business and assets, given the foregoing sale process. This would not have been possible had the Company been placed into Liquidation, as the employees, a key element of the Company, would have been made redundant which the Joint Administrators, and the Directors, believe would have significantly reduced the ability to sell the residual intellectual property assets individually (and reduced the quantum of any sale that might have been achievable). Accordingly, a much higher consideration has been achieved than would be expected in Liquidation.

In any case, the third objective will be achieved in due course as distributions will be made to the Secured Creditors.

Consequently, the transaction has enabled the statutory purpose of an Administration to be achieved.

The Joint Administrators consider that the sale price achieved was the best reasonably obtainable in all the circumstances.

Should you have any queries regarding this report, please contact Katie Baldwin of this office.

Yours faithfully
For and on behalf of
Adbrain Ltd



Paul Williams
Joint Administrator

The affairs, business and property of the Company is being managed by the Joint Administrators, Paul Williams and Mark Skelton, who act as agents for the Company and without personal liability. They are both licensed in the UK by the Insolvency Practitioners Association and bound by the Insolvency Code of Ethics.