

Receivers' Second Report on the State of Affairs of

**Bridgecorp Limited (In Receivership)
B2B Brokers Limited (In Receivership)
BFSL 2007 Limited (In Receivership)
BNL 2007 Limited (In Receivership)
Bridgecorp Capital Limited (In Receivership)
Monice Properties Limited (In Receivership)**

For the six month period from 2 July 2007 to 1 January 2008

Pursuant to Section 24 of the Receiverships Act 1993

Company Numbers: 1126646
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March 2008

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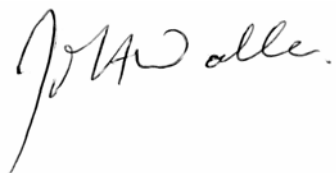
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March 2008

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B2B Brokers Limited (In Receivership)
BFSL 2007 Limited (In Receivership)
BNL 2007 Limited (In Receivership)
Bridgecorp Capital Limited (In Receivership)
Monice Properties Limited (In Receivership) – together “the Companies”

Please find attached our second report in relation to the Companies pursuant to Section 24 of the Receiverships Act 1993. A copy of this report has been sent to the Trustee, Covenant Trustee Company Limited. Secured debenture investors in the Companies were provided with a separate detailed update on 17 December 2007 and we expect to report again to secured debenture investors before the end of March 2008.

Yours faithfully
For the Companies



J A Waller
Receiver



C T McCloy
Receiver

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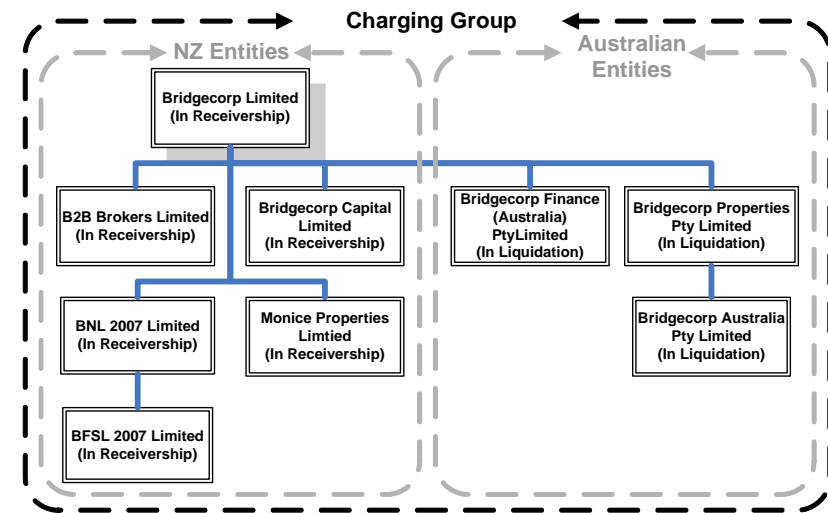
1 Introduction

- Following a breach of Bridgecorp Limited's ("Bridgecorp") Trust Deed, the Directors of Bridgecorp completed an analysis of the financial standing of Bridgecorp. As a result, the Directors concluded that it was in the best interests of Debenture holders that a receiver be appointed to the Companies.

- We, Colin Thomas McCloy and John Anthony Waller, Chartered Accountants of Auckland were appointed receivers to each of the Companies on the evening of Monday 2 July 2007 by Covenant Trustee Company Limited ("the Trustee"). We were appointed under the terms of security agreements giving the secured party a security interest over all of the assets and undertakings of the Companies. The property in receivership comprises all of the assets, property and undertakings of the Companies, including:

- Loans advanced to third parties, primarily secured by way of registered mortgages;
- Accounts receivable and funds held;
- Property assets;
- Advances to related parties; and
- Fixed assets and investments.

- Three Australian subsidiaries of Bridgecorp are also subject to the security under which receivers were appointed to the Companies, being Bridgecorp Finance (Australia) Pty Limited, Bridgecorp Australia Pty Limited and Bridgecorp Properties Pty Limited (all in Liquidation), as illustrated opposite:



- Together with the Companies, the three Australian subsidiaries form "the Charging Group" referred to in this report. Accordingly, the reported assets of the nine companies in the Charging Group have been included in this report.
- Please note that this report does not address companies outside the Charging Group, some of which are in receivership and/or liquidation.
- This report has been prepared by us in accordance with and for the purpose of Section 24 of the Receiverships Act 1993 ("the Act"). It is prepared for the sole purpose of reporting on the state of affairs with respect to the property in receivership and the conduct of the receivership for the six month period from 2 July 2007 to 1 January 2008.

- This report is subject to the restrictions set out at Appendix I. In particular, all information contained in this report is provided in accordance with Sections 26 and 27 of the Receiverships Act 1993. Furthermore, in preparing this report we have relied upon and not independently verified or audited information or explanations provided to us.

2 Events following appointment

- Upon appointment, we attended the Companies' premises to secure the assets and records, and commenced determination of the most appropriate method of realisation. Our actions to date have included:
 - Securing the key assets;
 - Providing regular communications with investors and the Trustee;
 - Undertaking investigations into the affairs of the Companies;
 - Formulating and commencing asset realisation processes; and
 - Overseeing the Companies' operations to ensure efficient and effective management.
- Following our appointment we restructured the management of the Companies. At the date of the receiverships, Bridgecorp employed thirty-seven staff. Following an assessment of ongoing requirements, staffing was initially reduced to twenty-eight. At the date of this report thirteen employees remain, incorporating:
 - A five member credit team to manage loan recoveries;

- Two investor registry staff to co-ordinate investor communications and maintain investor records;
- Five finance and administrative staff to provide analysis of Bridgecorp's financial information, assist the credit and registry teams, and complete ongoing financial and administrative requirements; and
- An internal auditor, to undertake investigations of concerns raised by the receivers, investors and third parties.

- These employees have been retained based upon their institutional knowledge of Bridgecorp, its systems, and its assets, and to ensure that the receiverships are operated as cost efficiently as possible. We take this opportunity to again thank the staff for their ongoing support and efforts in difficult circumstances.
- In addition we have retained specialist property and legal advisers to assist with our analysis and recovery of assets.
- Our preliminary estimate of returns to secured debenture investors, in July 2007, indicated potential recoveries of 25% to 74% of their original investment amount from the assets of the Charging Group. The wide range of this preliminary estimate reflected the considerable risks and uncertainties relating to the recoverability of significant loans and receivables.
- Unfortunately, deteriorating market conditions and subsequent events have had a material adverse effect on the receivers' ability to recover outstanding loans and realise assets and has regretfully reduced our assessment of potential investor recoverability. In addition significant complexity still remains in respect of recoveries from the Momi development in Fiji.

- As a consequence, in December 2007 we revised our estimate of recoveries to secured debenture investors to a range of 19% to 63% of their original investment, as set out below. Regretfully, unsecured creditors are unlikely to recover anything from the receiverships.
- We are currently in the process of updating our provisional estimate of recoveries and expect to issue our update before 31 March 2008. We note that, in the period since December 2007, the property and general credit market conditions have further worsened. This is likely to reduce our estimate of recoveries.

Charging Group Provisional Estimate of Recoveries As at December 2007 NZ\$ in 000s	Section	Jun-07 Book Value (Management Unaudited)	Jul-07 Preliminary		Dec-07 Revised	
			Low	High	Low	High
New Zealand loans	3.1	254,199				
Australian loans	3.1	32,868				
Specific Australian and other offshore loans	3.1	50,478				
Total loan assets (excluding Momi)		337,545	128,037	226,993	95,090	182,883
Property Assets	3.2/4.1	38,607	10,329	10,329	1,900	5,000
Intergroup Advances	3.3	87,546	6,500	6,500	500	4,000
Other	3.4	24,947	6,538	6,538	4,000	4,000
Total Assets (excluding Momi)		488,645	151,404	250,360	101,490	195,883
Preferential Creditors	4.3		(5,300)	(5,300)	(5,300)	(5,300)
Contingency			(30,000)	(12,500)	(10,000)	(10,000)
Estimated Recoveries (excluding Momi)			116,104	232,560	86,190	180,583
Secured Borrowings	4.2		458,738	458,738	458,738	458,738
Estimated Dividend Range (excluding Momi)			25%	51%	19%	39%
Advances in respect of the Momi Resort	3.1	106,639	-	106,639	-	106,639
Estimated Total Recoveries (prior to costs)		595,284	116,104	339,199	86,190	287,222
Secured Borrowings			458,738	458,738	458,738	458,738
Provisional Estimated Dividend Range (prior to costs)			25%	74%	19%	63%

3 Particulars of assets and disposals of receivership property

3.1 Loan assets (including overseas)

- The book value of these assets and their preliminary and revised dividend estimates are represented by the following categories:

NZ\$ in 000s	Jun-07 Book Value (Management Unaudited)	Initial		Revised	
		Low	High	Low	High
New Zealand loans	254,199				
Australian loans	32,868				
Specific Australian and other offshore loans	50,478				
Total Loan Assets (excluding Momi)	337,545	128,037	226,993	95,090	182,883
Advances in respect of Momi development in Fiji	106,639	-	106,639	-	106,639
Total Loan Assets	444,184	128,037	333,632	95,090	289,522

- Our revised recovery estimate for Bridgecorp's loan assets incorporates a range from \$95.1m to \$182.9m for loan assets excluding advances in respect of the Momi development, and nil to \$106.6m for advances in respect of the Momi development.
- For confidentiality and commercial reasons we are unable to provide further details in respect of individual loans or categories regarding the movement in recovery estimates. However, we provide further detail on each of the categories and related recovery actions taken below.

New Zealand loans – direct recoveries

- We continue to work with a number of stakeholders to review realisation strategies to maximise recovery of the New Zealand loans. In the majority of instances Bridgecorp is not the first ranking mortgagee or security holder in respect of assets over which loans are secured. Thirty-two of the fifty-nine loans, representing greater than 85% of the total value of New Zealand loans, had prior security holders' interests at the date of receivership.
- From these thirty-two loans, gross recoveries of approximately \$57.0m had been realised as at 1 January 2008. Only \$4.7m of this amount was received by Bridgecorp, the balance being paid to prior ranking security holders.
- In general, prior ranking security holders have been co-operating with the receivers in formulating strategies to maximise recoveries. The extent of prior ranking securities, and the longer time periods that are required to realise large complex properties invariably reduces the funds available to Bridgecorp due to ongoing interest and other charges incurred during the realisation process.
- In respect of the remaining twenty-seven loans not subject to prior ranking securities, \$3.1m had been recovered as at 1 January 2008, bringing the total Bridgecorp receipts from New Zealand loans to \$7.8m.
- Of these twenty-seven loans, eighteen have no specific secured assets and therefore recoveries are dependent upon the pursuit of guarantors, resolution of insurance/legal claims, or extended payment plans agreed to during or prior to receivership. In addition, a number of properties have required construction to be completed before sales processes could be commenced.

- We continue to analyse all New Zealand loans on an individual basis to determine the most appropriate strategy for maximising realisations and utilise specialist property consultants, legal advisors and valuers to assist in assessing options available. Further sales and settlements are pending in December and January however realisation of loan assets continues to be complex, costly and a time consuming exercise.
- The range of realisation strategies and projected recoveries in respect of the New Zealand loans have been reduced due to a number of factors, including but not limited to:
 - Difficulties in obtaining refinance of existing facilities or completion finance for developments due to liquidity issues in the finance sector;
 - A slowing of the property market, in particular in respect of development land, resulting in greater time required for the orderly sell down of properties by the borrower and increased holding costs; and
 - Updated valuations obtained in respect of specific loan assets have not been at the levels of previous Bridgecorp valuations, resulting in a downward revision of likely recoveries.

New Zealand loans - recoveries from insurance policies held

- Bridgecorp holds insurance policies on certain qualifying loans, covering a percentage of any unrecovered principal, up to a maximum for each loan of \$3.5m, with an overall maximum claimable within a twelve month period of \$20.0m. Nineteen of the fifty-nine New Zealand loans are subject to these insurance policies.

- We have endeavoured to take account of likely insurance recoveries when assessing potential returns to secured debenture investors, based upon projected shortfalls on the recovery of the insured loans. We are in discussions with the insurers regarding the quantification of claims.

Australian loans

- Seven loans, with a recorded book value of \$33.0m as at the date of receivership, were advanced by an Australian subsidiary of Bridgecorp Limited (In Receivership), Bridgecorp Finance (Australia) Pty Limited (In Liquidation) ("BFAL"). The assets of BFAL are subject to security held by Covenant Trustee Company Limited, for the benefit of Bridgecorp's secured debenture investors.
- BFAL was placed into voluntary administration on 4 July 2007, along with a number of related entities. Following the presentation of a proposed Deed of Company Arrangement by the directors of the Australian entities, a vote was held on 27 November 2007 which resulted in BFAL and the other entities being placed into liquidation. We are working with the former administrators, now liquidators, Philip Carter and Stephen Longley (of PricewaterhouseCoopers' Sydney office) to recover loans and other assets from which Bridgecorp secured debenture investors will benefit.

Specific Australian, Fijian and other offshore loans and receivables

- As previously advised, loans of \$157.1m were made by Bridgecorp to parties associated with specific developments in Australia, Fiji and other offshore locations.
- The majority of these loans and receivables, totalling \$106.6m, were advanced by Bridgecorp in respect of the Momi development in Fiji.

- We are currently working closely with the developer and existing and potential financiers of the Fijian development with the aim of securing funding to complete development works and realise this asset in an orderly manner. However, until the outcome of these negotiations is known, we believe it prudent to note this amount as a separate recovery item, with a range of nil to \$106.6m.
- In respect of the balance of \$50.5m due in respect of Australian and other offshore loans, we are working with BFAL's liquidators to recover this balance. Discussions are being held regarding the status of properties relating to these loans, to ensure returns to Bridgecorp are maximised.
- The recoverability of these amounts is complex and remains subject to commercial and political uncertainties. Potential recoveries remain uncertain and indications are the amounts will not be recovered in full.

3.2 Property assets

- This category comprises five properties held for resale, with a recorded book value of \$38.6m. These properties were subject to mortgages totalling \$28.3m at the date of receivership. Our initial estimate of recoveries was based upon the net book value of these assets (\$10.3m). After further analysis in respect of recovery options, the enforceability of existing sale and purchase agreements, amounts outstanding under the mortgages, and with the passage of time, we have revised our recovery estimate to a range of \$1.9m to \$5.0m.

3.3 Intergroup advances

- The breakdown of amounts owing to Bridgecorp as a result of intergroup advances is as follows:

NZ\$ in 000s	Jun-07 Book Value (Management Unaudited)
Parent company (Bridgecorp Holdings Limited)	20,173
Australian related entities	51,820
New Zealand related entities	15,553
Total Intergroup Advances	87,546

Parent company and Australian related entities

- We continue to work with the liquidators of the parent company, Bridgecorp Holdings Limited (In Liquidation) and other related entities, to determine the likely recoveries from the Australian entities. The final outcome of the Australian entities in respect of recoveries for Bridgecorp's secured debenture investors will become clearer in the second quarter of 2008.

New Zealand related entities

- Most of the New Zealand related entities are without material assets. Our revised dividend estimate includes a recovery range of \$0.5m to \$4.0m, based upon potential recoveries and associated risks/costs in relation to two entities, one of which is the owner of a development property which is currently under construction, with completion due late in 2008. Construction is being monitored on a regular basis in conjunction with the development's funders and is currently running on time and within budget.
- We continue to investigate potential recovery avenues from other related New Zealand entities.

3.4 Other assets

- Other assets of Bridgecorp recorded as at the date of receivership are as follows:

NZ\$ in 000s	Jun-07 Book Value (Management Unaudited)
Trade receivables	4,451
Prepaid interest, commission and expenses	2,637
Accrued loan fees	1,625
Foreign exchange contracts	961
Taxation	11,909
Fixed assets	1,194
Investments	2,010
Other	2
Total Other Assets	24,789

Trade receivables

- As at 1 January 2008, \$4.0m has been received in respect of trade receivables. Whilst we continue to pursue payment of the remaining balances, no further material recoveries are anticipated from this asset.

Prepayments, accrued loan fees and foreign exchange contracts

- Analysis of these balances has revealed them to consist primarily of standard accounting entries to spread up front costs over the life of loans and/or investments. No recoveries are anticipated.

Taxation

- Bridgecorp's accounts show a tax asset of \$11.9m as at 30 June 2007. However, there is a corresponding taxation liability recorded in Bridgecorp accounts for \$11.1m. No recoveries are anticipated from the tax asset.

Fixed assets and investments

- Fixed assets comprise primarily leasehold improvements, office fixtures, and fittings. No material recoveries are anticipated from these assets. Bridgecorp holds a \$2.0m subordinated investment in a related entity. The value of this investment is uncertain and we have not included recovery of this amount in our revised estimate.

4 Particulars of debts and liabilities outstanding and requiring to be satisfied from the property in receivership

4.1 Secured Creditors

Direct borrowing against assets

- Loans totalling \$28.3m were secured directly against specific assets of the Companies and will be required to be repaid from the proceeds of those assets.

Secured debenture investors

- Secured debenture investors represent approximately 19,000 investments held by 14,367 secured debenture holders, totalling \$459m.
- We wrote to investors on 6 July 2007 advising them of our appointment as receivers and requesting their confirmation of the amounts recorded as outstanding in respect of their investments. We have received 13,987 confirmations to date. We continue to seek the remaining 380 responses outstanding, representing approximately 3% of investors.
- Updates on the status of the receiverships were distributed to secured debenture investors in July, September and December 2007. A further update will be released by 31 March 2008.
- The timing of distributions to secured debenture investors remains uncertain due to the nature of Bridgecorp's assets. Cash in-flows are dependent upon the completion or sale of large properties. This factor, combined with the current status of the development property and finance markets, make it extremely difficult to assess the timing of realisations.

Resolution of many of these issues could take at least twelve to eighteen months.

- The receivers appreciate investors' ongoing patience regarding the logistical difficulties in maintaining communication with 14,500 investors and other parties. We will continue to keep investors updated on a regular basis via our website. A further formal update will be distributed prior to the end of March 2008 and quarterly thereafter.
- A list of frequently asked questions for investors, last updated on 4 March 2008, is available on our website at: www.pwc.com/nz/Bridgecorp.

4.2 Preferential creditors

Employee entitlements

- Based on the information available from the Companies' records, employee preferential entitlements relating to salaries and wages, accrued holiday entitlements and redundancy entitlements as at the date of receivership are estimated to be approximately \$334k.
- \$239k of these entitlements had been distributed as at 1 January 2008, with a number of employees electing to carry over their holiday entitlement into the receivership.

Inland Revenue Department ("IRD")

- The preferential entitlements of the IRD preferential claims are in relation to PAYE, Goods and Services Tax ("GST") and Resident Withholding Tax ("RWT") unpaid at the date of receivership.

- The outstanding amounts in relation to the above remain subject to review in conjunction with the IRD. Accordingly, the current allowance of approximately \$5m is an estimate only.

4.3 Unsecured liabilities

- Given the estimated returns to secured investors, we have regretfully advised that there are unlikely to be any amounts available for payment to unsecured creditors.

5 Receipts and payments

- The table opposite sets out the receipts and payments for the Company from 2 July 2007 to 1 January 2008.
- We note the following in respect of the payments summarised in the table:
 - As noted earlier in this report, thirty-two loan/property assets are subject to prior chargeholders' interests. Gross recoveries of approximately \$57.0m had been realised in respect of these assets as at 1 January 2008, of which only \$4.7m was received by Bridgecorp, the balance being paid to prior ranking security holders.
 - Direct loan/property expenditure includes, where required, payment for body corporate fees, local authority levies, insurance, marketing, maintenance, valuation, professional and completion costs in preparation for realisation. Recoveries from the assets for which these costs were incurred are yet to occur in a number of instances.
 - Operational costs include, but are not limited to, staffing, premises, communications, electricity and administration costs.
 - Legal services to date include general receivership advice, loan specific legal requirements, litigation as required, property administration and transfer, and loan documentation.
 - Other professional fees include advice obtained from specialist property, accounting and tax consultants.

Bridgecorp Limited and subsidiaries (In Receivership) Receipts and Payments Summary For the period from 2 July 2007 to 1 January 2008

	NZ\$ in 000s
Receipts	
Loan/property receipts - assets subject to prior chargeholders <i>(Gross borrower receipts approx \$57m)</i>	4,697
Loan/property receipts - no prior charges	3,143
Accounts receivable collected	4,000
Funds received on behalf of related party	883
Deposits received	200
Rental received	390
Interest received	198
Other receipts	246
GST on receipts	49
Total receipts	13,807
Payments	
Net repayment of secured debt	1,859
Direct loan/property expenditure	1,605
Advances to reduce prior charges	1,291
Interest paid	688
Fees and commissions	153
Marketing of assets	87
Insurance	52
Operational costs	1,628
Legal fees and associated costs	1,153
Other professional fees and associated costs	270
Receivers' fees	996
Receivers' disbursements	97
Resident withholding tax paid	22
Other payments	91
GST on payments	582
Total payments	10,574
Net funds on hand	3,233

6 Other matters

6.1 Investigations

- As previously advised, upon our appointment, all records of Bridgecorp held at their premises were secured and a full electronic back-up of computer records was obtained. The receivers are conscious of a number of concerns raised by investors and other parties in respect of the activities of Bridgecorp and third parties prior to receivership. Accordingly, a thorough investigation is being undertaken of matters raised, including (but not limited to) examination of the following:
 - Specific transactions entered into by Bridgecorp;
 - Bridgecorp conduct in respect of investors, including the treatment of funds received, maturing investments and associated dealings with third parties;
 - The conduct of third parties in specific dealings with Bridgecorp;
 - The activities and conduct of Bridgecorp, the officers of Bridgecorp, and third parties leading up to the appointment of receivers;
 - The financial reporting practices of Bridgecorp;
 - The compliance of Bridgecorp with the requirements of the Trust Deed and applicable legislation, including the Securities and Companies Acts; and
 - Additional matters raised by investors and other parties as they are received.

- Due to the nature of these investigations and potential legal consequences, we are unable to provide details regarding individual issues or our findings to date because doing so could prejudice any proceedings which may be taken. Potential breaches of Legislation or Bridgecorp's Trust Deed identified during the course of our investigations have and will be referred to the appropriate Government authorities. A number of such matters have now been formally referred to those authorities.
- Furthermore, where our investigations result in the identification of actions which may be taken by the receivers directly, such actions will be pursued based upon an assessment of the legal position and available remedies, including (but not limited to) any potential recoveries for secured debenture investors through court action.

6.2 Further reporting

- Our next statutory report under Section 24 of the Receiverships Act 1993, covering the period from 2 January 2008 to 1 July 2008, will be issued in September 2008.
- As noted above, a further formal update to the secured debenture investors of the Companies is anticipated prior to the end of March 2008 and thereafter on a quarterly basis. In the interim, should investors or other stakeholders have any queries arising from this report, please contact us in writing via our website, facsimile, or private bag address, as follows:

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Website: www.pwc.com/nz/Bridgecorp.

Appendix I

Restrictions

- All information contained in this report is provided in accordance with Sections 26 and 27 of the Receiverships Act 1993.
- The statements and opinions expressed herein have been made in good faith, and on the basis that all information relied upon is true and accurate in all material respects, and not misleading by reason of omission or otherwise.
- We have not independently verified the accuracy of information provided to us, and have not conducted any form of audit in respect of the Companies or the Charging Group. Accordingly, we express no opinion on the reliability, accuracy, or completeness of the information provided to us and upon which we have relied. Whilst all care and attention has been taken in compiling this report, we do not accept any liability whatsoever arising from this report.
- The statements and opinions expressed in this report are based on information available as at the date of the report.
- We reserve the right, but will be under no obligation, to review or amend our report, if any additional information, which was in existence on the date of this report was not brought to our attention, or subsequently comes to light.
- We have relied on forecasts and assumptions prepared by the Companies about future events which, by their nature, are not able to be independently verified. Inevitably, some assumptions may not materialise and unanticipated events and

circumstances are likely to occur. Therefore, actual results in the future will vary from the forecasts upon which we have relied. These variations may be material.

- In addition the following should be noted:
 - Certain numbers included in tables throughout this report have been rounded and therefore do not add exactly.
 - Unless otherwise stated all amounts are stated in New Zealand dollars.