

May 18, 2006

CONFIDENTIAL

Ms. Justina Langidrik
Secretary of Health
Republic of the Marshall Islands

Dear Ms. Langidrik:

In planning and performing our audit of the financial statements of the Health Care Revenue Fund (the Fund), a special revenue fund of the Republic of the Marshall Islands (RepMar), as of and for the year ended September 30, 2005, on which we have issued our report dated May 18, 2006, we developed the following recommendations concerning certain matters related to the Fund's internal control and certain observations and recommendations on other accounting, administrative and operating matters. Our principal recommendations are summarized below:

(1) Bank Reconciliation

Check #2302 issued on February 23, 2005 amounting to \$42,305 and outstanding in the bank reconciliation for eight (8) months was assumed to have been lost in the mail and was voided at September 30, 2005. However, as of May 18, 2006, no stop payment has been initiated for the missing check nor has a replacement been issued. We recommend that management ensure that bank reconciling items are resolved in a timely manner.

(2) Due to RepMar

The Fund has not remitted to RepMar the balance due of \$56,713 for unused ADB Imprest Account-RMI share for Loan #1316 received by the Fund on November 1, 2002. The balance has been outstanding for over three years because management was not aware of its existence. We recommend that management ensure that review of the accounts payable ledger is performed on a regular basis and that any issues be resolved in a timely fashion.

(3) Accounts Receivable - Others

At September 30, 2004, the Fund recorded \$3,300 as due from the Ministry of Finance. This receivable represents rewards paid to retirees. However, as of this date, no collection has occurred. We recommend that management pursue collection of this receivable. We recommended the same in our letter dated March 31, 2006 in relation to the audit of fiscal year 2004.

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Page 2

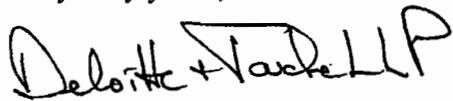
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We have also communicated matters noted during our audit of the financial statements of the Fund for the year ended September 30, 2005, which we considered to be reportable conditions in our report dated May 18, 2006.

This report is intended solely for the information and use of the Ministry of Health and management and is not intended to be and should not be used by anyone other than these specified parties.

We would like to thank the accounting staff and management for their assistance during the course of our audit. Should you have any questions regarding the matters discussed herein, please contact our office at your convenience.

Very truly yours,

A handwritten signature in black ink that reads "Deloitte + Touche LLP". The signature is written in a cursive, stylized font.