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July 26, 2006

CONFIDENTIAL

Mr. Glen Joseph
Director
Marshall Islands Marine Resources Authority

Dear Mr. Joseph:

In planning our audit of the financial statements of the Marshall Islands Marine Resources Authority (MIMRA) as of and for the year ended September 30, 2005, on which we have issued our report dated July 26, 2006, we developed the following recommendations concerning certain matters related to MIMRA's internal control. Our principal recommendations are summarized below:

(1) Compensated Absences

As of September 30, 2005, MIMRA does not have an established limit for sick leave accrual. We recommend that MIMRA establish a maximum limit for which sick leave hours can be accrued. This matter was discussed in our previous letters dated August 15, 2005, November 14, 2003, May 28, 2003, March 19, 2002 and December 19, 2001.

(2) Compensated Absences

Of three accrued annual leave balances tested, we noted that the accrued hours at September 30, 2005 for one employee totaling 160 should have been 168. We recommend that management ensure that accrued annual leave hours are correct.

(3) Receivable from Affiliates

At September 30, 2005, MIMRA recorded an advance of $423,288 due from the government of the Republic of the Marshall Islands (RepMar). This advance was authorized pursuant to RepMar Cabinet Minute C.M. 188(2000) and is supported by a promissory note which specifies terms and conditions of the advance. The promissory note stated that payment to MIMRA was due on September 20, 2001 and that 16% and 24% interest and penalty, respectively, shall apply if the loan remains unpaid at due date. As of July 26, 2006, MIMRA has not been reimbursed for this advance. Accordingly, $423,288 has been recorded in the allowance for doubtful accounts. We recommend that MIMRA consider applying the $423,288 to future transfers with RepMar. This matter was discussed in our previous letters dated August 15, 2005, November 14, 2003 and May 28, 2003.

(4) RMI Withholding Taxes

As of September 30, 2005, MIMRA recorded withholding taxes (A/c # 2112, totaling $47,276) and related penalties and interest (A/c # 2017, totaling $14,258) that have not been paid for over a year. We recommend that management ensure that withholding taxes owed are paid. This matter was discussed in our previous letter dated August 15, 2005.

(5) Capitalization Policy

MIMRA currently does not have a formal capitalization policy for improvements and equipment. We recommend that management establish a formal capitalization policy for the recording of capital assets. This matter was discussed in our previous letter dated August 15, 2005.

(6) General Accounting

Journal entries and adjustments should be approved and recorded in the general ledger by separate individuals to ensure accuracy and authorization. Journal entries and adjustments were initiated and recorded by the same accounting personnel with no independent review. We recommend that management ensure that all journal entries and adjustments recorded in the general ledger are properly reviewed and approved. This matter was discussed in our previous letter dated August 15, 2005.

(7) Lease Agreement

The lease agreement for land leased on Likiep Atoll expired on September 20, 2005 and the agreement has not been renewed. MIMRA continues to utilize and pay rent on the property. We recommend that management ensure that a renewed lease agreement on the property is executed.

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We have also communicated one matter noted during our audit of the financial statements of MIMRA for the year ended September 30, 2005, which we considered to be a reportable condition in our report dated July 26, 2006.

This report is intended solely for the information and use of the Board of Directors 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 engagement. Should you have any questions regarding the matters discussed herein, please contact our office at your convenience.

Very truly yours,

Deloitte & Touche LLP