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August 15, 2008

CONFIDENTIAL

Mr. Jack Chong Gum
Executive Director
RMI Ports Authority

Dear Mr. Chong Gum:

In planning and performing our audit of the financial statements of the RMI Ports Authority (the Authority) as of and for the year ended September 30, 2007, on which we have issued our report dated August 15, 2008, we developed the following recommendations concerning certain matters related to the Authority's internal control and certain observations and recommendations on other accounting, administrative and operating matters. Our principal recommendations are summarized below:

(1) Undeposited Collections

The Authority recorded a total of $8,533 in undeposited funds as of September 30, 2007. These funds relate to collections from September 27 to 30 that were deposited on October 2, 2007. However, only $6,497 was actually deposited. This resulted in an unexplained variance of $2,036. We recommend that management ensure that collections are verified against supporting receipts and deposited intact in a timely manner. We also recommend that a detailed report on this discrepancy be undertaken.

(2) Accounts Receivable with Credit Balances

Accounts receivable as of September 30, 2007 includes credit balances as follows:

Age Category	Total Credit Balance
1-30 days	$ 403.00
31-60 days	1,274.00
Over 90 days	4,714.00
Total	$ 6,391.00

We recommend that management ensure that these credits are reviewed and adjusted on a timely manner.

(3) Receivable from a Related Party

During the year ended September 30, 2007, the Airport Division billed an affiliate for use of terminal space. The affiliate disputed the billing based on a RepMar Cabinet Minute from February 1998, which authorized the transfer of the cargo hangar to the affiliate. We recommend that management determine the propriety of this receivable. This matter was discussed in our previous letters dated March 31, 2006 and June 20, 2007.

(4) Advances to Suppliers

As of September 30, 2007, prior year advances paid to suppliers of $17,503 remain outstanding. We recommend that management implement procedures to ensure that goods or services related to advance payments are received. Further, we recommend that management ensure that long-outstanding advances are reviewed and adjusted in a timely manner.

(5) Inventory

The September 30, 2007 inventory balance is the same as of September 30, 2006. Further, an inventory valuation report based on actual count was not available. We recommend that management ensure that physical counts of inventory are conducted on a regular basis. Further, we recommend that inventory be adjusted based on the results of the count.

(6) Fixed Assets

Fixed asset records delineate the source of the equipment by division, cost, acquisition date, etc. These records, however, are not effectively maintained. Updates to the records occur only at the end of each fiscal year or during the physical inventory count, which does not occur regularly. The Authority did not conduct physical count of fixed asset in fiscal years 2007 and 2006. As the fixed asset records are not effectively updated, it does not appear that the Authority has effectively developed means to ensure that fixed assets are adequately safeguarded from loss, damage, theft, or that investigations of such losses could reasonably occur. Further, the Authority does not have established policies on property maintenance and has not effectively implemented an entity-wide maintenance plan. We recommend that management ensure that regular physical count of fixed asset is conducted. We further recommend that equipment listings be compiled and procedures implemented that provide maintenance and safeguards against loss, damage or theft of property are implemented. This matter was discussed in our previous letter June 20, 2007.

(7) Accounts Payable

As of September 30, 2007 and 2006, the Authority recorded a payable to RepMar for prior year utility bills of $78,957. No formal agreement has been made with RepMar to establish the validity of this liability. We recommend that management determine the propriety of this liability. This matter was discussed in our previous letter June 20, 2007.

(8) Accrued Payroll

A $15,975 accrual for salaries had not been recorded as of September 30, 2007. This was corrected through a proposed audit adjustment. We recommend that management ensure that all necessary accruals are made at year end.

(9) Meram, Inc.

On November 22, 2001, Seaport Division advanced $173,555 to Meram, Inc. for boat operations. The November 20, 2001 minutes of former MIPA Board of Directors indicated that this advance was fully guaranteed by the RepMar Ministry of Transportation and Communication. No agreement exists with the Ministry of Transportation and Communication documenting terms and conditions of the advance. As of September 30, 2007, these amounts have not been repaid and a full allowance has been recorded against these balances. We recommend that management continue their collection efforts for this advance, including forwarding this matter to the attorney general. Additionally, we recommend that RMIPA obtain a written agreement with the Ministry of Transportation and Communication documenting terms and conditions of the advance. This matter was discussed in our previous letters March 31, 2006 and June 20, 2007.

(10) Departure Fees

For three departure fees (receipts #172561, #056685, and #056898), collections reported in the daily sales reports exceed the amount of attached receipts. We recommend that management ensure that receipts are issued for all departure fee collections.

(11) Lease Agreement

During the year ended September 30, 2007, RMIPA did not have a valid lease agreement with one airport tenant. Additionally, one lease expired in August 2006 but the renewed lease could not be provided. We recommend that management utilize signed agreements with all airport tenants.

(12) Payroll

For one overtime payment, the supporting timecard was not approved by the employee's immediate manager. We recommend that management ensure that timecards are approved by the appropriate manager.

(13) Journal Entries

Two journal vouchers did not reflect evidence of review and approval. We recommend that management ensure that all journal vouchers are, documented as to such review and approval.

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We have also communicated matters noted during our audit of the financial statements of the Authority for the year ended September 30, 2007, which we considered to be significant deficiencies in our report dated August 15, 2008.

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 audit. Should you have any questions regarding the matters discussed herein, please contact our office at your convenience.

Very truly yours,

Deloitte + Touche LLP