

January 14, 2009

CONFIDENTIAL

Mr. Robert Muller
Chairman
Tobolar Copra Processing Plant, Inc.

Dear Mr. Muller:

In planning and performing our audit of the financial statements of Tobolar Copra Processing Plant, Inc. (TCPPI) for the year ended September 30, 2007, on which we have issued our report dated January 14, 2009, we developed the following recommendations concerning certain matters related to TCPPI's internal control and certain observations and recommendations on other accounting, administrative and operating matters. Our principal recommendations are summarized below:

(1) Revenue

Tests of coconut fuel sales indicated that sales may be understated by \$30,000 for fiscal year 2007 due to unrecorded sales. We recommend that procedures be established to ensure that all sales are recorded.

(2) Cost of Sales

Of fifteen cost of sales items tested, one item (check# 37671) was for an employee's weekly living allowance; however, this was not explicitly authorized in the employment contract. We recommend that employee benefits be documented.

(3) Receivables

The September 30, 2007 accounts receivable subsidiary ledger includes \$26,132 of unidentified old balances and a long disputed balance of \$4,395.

We recommend that management review receivables and evaluate balances to ensure that invalid receivables are written off and that doubtful accounts are adequately provided for. This matter was discussed in our previous letter dated May 14, 2007.

(4) Receivables

Of seven customer accounts confirmed, one customer response indicated an overstatement of \$16,562. We were informed that the variance represented sales to another customer. We recommend that management ensure that sales are correctly billed and recorded.

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(5) Employee Receivables

At September 30, 2007, receivables from employees included credits of \$6,003, which we were informed represent excess payroll deductions. Additionally, insurance premiums paid on behalf of employees exceeded related payroll deductions by \$2,114 as of September 30, 2007. We recommend that management ensure that payroll deductions are monitored to ensure validity and accuracy.

(6) Property, Plant and Equipment

We selected four items (Toyota pickup truck, mini copra oil mill, Ford pickup double cab, and pumps 7.5hp) for existence tests and were informed that the Toyota pickup truck had been abandoned in 2004; however, the truck had not been removed from the fixed asset subsidiary register. We recommend that management ensure that the fixed asset register is updated for all disposals.

(7) Accounts Payable

The accounts payable subsidiary ledger at September 30, 2007 included \$4,766 that was due another vendor. We recommend that management ensure that amounts payable are recorded in the correct vendor subsidiary ledger accounts.

(8) Other Accrued Liabilities

At September 30, 2007, other accrued liabilities included a debit balance of \$3,457 representing advances to copra buyers that have been outstanding for several years. We recommend that management examine these accounts for collection or obtain the Board's approval for write-off if deemed uncollectible.

(9) Annual Leave

The maximum accrued leave hours as of September 30, 2007 is 56, however, two employees (#s 176 and 319) had annual leave hours of 82 and 68, respectively, as of that date. No explanation was provided for the excess hours accrued. We recommend that management ensure the accuracy of annual leave hours.

(10) Bank Reconciliations

Bank reconciliations are not reviewed and approved by an individual other than the preparer. An independent review is important to ensure that reconciliations are accurate and are prepared in a timely manner. We recommend that reconciliations be reviewed and approved by someone other than the preparer. This matter was discussed in our previous letters dated May 14, 2007 and August 2, 2006.

(11) Bank Account

A non-interest bearing bank account (#0105-041284) has been inactive since fiscal year 2004 and has been incurring inactive bank charges. We recommend that management assess the purpose and need of this bank account and minimize bank charges incurred.

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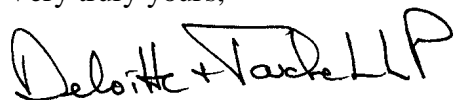
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We have also communicated certain matters noted during our audit of the financial statements of TCPPI for the year ended September 30, 2007, which we considered to be significant deficiencies in our report dated January 14, 2009.

This report is intended solely for the information and use of management and others within the organization 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, slightly stylized font. The "Deloitte" part is written in a smaller, more compact script, while "Touche LLP" is written in a larger, more flowing script. The plus sign is clearly visible between the two names.