

MEMORANDUM OF AGREEMENT

YUZHNO-SAKHALINSK CITY EXECUTIVE COMMITTEE here after called "the city" and UNITED PERSONS INCORPORATED, a corporation existing under and by virtue of the laws of the State of Georgia of the United States of America also registered in the USSR. Each party acknowledge hereby that each is bound committed and contracted to each other for the exclusive establishment of stock-share holding company or a joint venture company ("JVC") to improve the present and future facility for UPI's aviation and tourist development in Sakhalin Region. Additionally above mentioned parties will set up a joint venture for following development.

1. "City" will provide all necessary assistance regarding information, engineering, equipment, maps and manpower to UPI.

2. UPI will provide all know-how of development and assistance for immediate facelift and renovation of the city by starting the asphalt waste management and control, pest control, cleaning park. Public transport (people mover), entertainment facility and wide range planning for the future of city and UPI's project.

3. Exchange of personals and city specialists for training will be established.

4. UPI will consider to set-up one or more of its project in city with coordination and partnership of city.

5. UPI will supply the necessary machinery, know-how and training in exchange of the properties and buildings which will receive from the city.



6. Both parties have intentions to serve community at their best ability in the same time with understanding that UPI is a financial company and needs to have strong guarantee and return for its investment and efforts.

7. Both parties will operate all available and possible resources to ensure the long term efficiency and profitability for the benefit of Sakhalin community and the investor and developers.

8. Both parties accept to use their own sources /partners/and /or others, to reach point 6 and 7.

Both parties agree that:

Each party commits all of each one's respective resources, assets and energy, without limitation, to the use of the JVC for pursuit and successful accomplishment of the development. The parties agree that this Memorandum is the initial document in the process of forming the JVC pursuant the Soviet/Sakhalin law and each commits to the pursuit of that ultimate result. This Memorandum isn't intended to be a protokol of intent but is the first contractual step of the JVC agreement. This Memorandum is created for convience and proof of the JVC and in consideration of time constraints.

This Memorandum shall remain in effect as long as the parties agree and is not terminable at will by any of the parties. Further agreement in pursuit of the JVC agreement shall be simply amendments and additions to this Memorandum for the purpose of setting forth details of the JVC's operation and complying with Soviet/Sakhalin law. As may be allowed under Soviet law, the JVC agreement, as



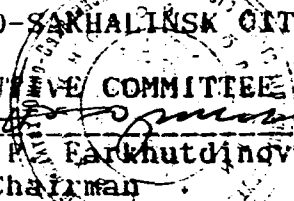
it is finally written. will reflect the date of this Memorandum as the date of initiation of the JVC. Among the terms of the final JVC agreement, the parties agree that each development shall provide for a division of equity and ownership in the assets one-sixth for Yuzhno-Sakhalinsk city Soviet Executive Committee and five-sixth for UNITED.

This Memorandum is legally binding agreement fully enforceable by any party pursuant to Soviet/Sakhalin law.

In witness of this agreement. YUZHNO - SAKHALINSK CITY SOVIET EXECUTIVE COMMITTEE and UNITED PERSONS INCORPORATED have caused each one's respective duly authorized representatives to affix the name and seal of each one's respective entities to this Memorandum of Agreement, this 31 st July 1991, doing so identical versions Russian and English.

YUZHNO-SAKHALINSK CITY SOVIET
EXECUTIVE COMMITTEE

Igor P. Farkhutdinov
Chairman



UNITED PERSONS INCORPORATED

F. K. Yazdy
President & Managing Director

