

The content of this promotion has not been approved by an authorised person within the meaning of the Financial Services and Markets Act 2000. Reliance on this promotion for the purpose of engaging in any investment activity may expose an individual to a significant risk of losing all of the property or other assets invested.

PLACING MEMORANDUM

THE KALASHNIKOV JOINT STOCK VODKA COMPANY (1947) PLC

If you are in any doubt about the contents of this document or the action that you should take, you are recommended immediately to consult an independent financial adviser duly authorised under the Financial Services and Markets Act 2000 (“Act”) who specialises in advising on the acquisition of shares and securities.

This document is exempt from the general restriction (in section 21 of the Act) on the communication of invitations or inducements to engage in investment activity on the grounds that it is made only to any or all of the following persons:

- (1) “investment professionals” as that term is defined in article 19(5) of The Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (“FSMA Order”);
- (2) shareholders of The Kalashnikov Joint Stock Vodka Co (1947) Plc (“Company”) in accordance with Article 43 of FSMA Order;
- (3) “certified high net worth individuals” as that term is defined in article 48(2) of FSMA Order;
- (4) high net worth companies, unincorporated associations and other persons described and referred to in article 49(2) of FSMA Order;
- (5) “certified sophisticated investors” as that term is defined in article 50(1) of FSMA Order;
- (6) “self-certified sophisticated investors” as that term is defined in article 50(A) of FSMA Order; and
- (7) associations of high net worth or sophisticated investors described and referred to in article 51 FSMA Order.

and no-one else.

The requirements that must be met for an individual to qualify as a “certified high net worth individual”, “certified sophisticated investor”, or a “self-certified sophisticated investor” are set out in the Appendix of this document.

If the recipient of this document is not (1) an “investment professional”, (2) a shareholder of the Company, (3) a “certified high net worth individual”, (4) a “high net worth person”, (5) a “certified sophisticated investor”, (6) a “self-certified sophisticated investor” or (7) “an association of high net worth or sophisticated investors or a member of such an association”, the recipient may not rely on this document and should not invest in the shares being offered for subscription in this document. It is therefore a condition of the recipient receiving this document that he, she or it falls within the relevant category of

investor described above. By subscribing for shares in the Company being offered in this document, the recipient is deemed to warrant to the Company and to its Directors that he, she or it is such a person. If the recipient is in any doubt as to whether he, she or it falls into any of the relevant categories of investor described above, he, she or it should consult independent financial adviser duly authorised under the Act who specialises in advising on the acquisition of shares and securities for guidance.

The Directors of the Company, whose names appear on page 3 of this document, accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Directors, who have taken all reasonable care to ensure that such is the case, the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

There is no listing or admission to deal on any recognised investment exchange for any shares in the Company and no application has been made. It is not intended at present to apply for any shares to be admitted to the Official List of the United Kingdom Listing Authority, to be traded on the Alternative Investment Market or otherwise admitted to dealing on a recognised investment exchange and there are not nor are there intended to be any other arrangements for there to be dealings in the shares of the Company.

VSA Capital Limited, which is authorised in the United Kingdom by the Financial Services Authority, is acting exclusively for the Company in relation to the placing of its shares as described in this document and no one else and will not be responsible to anyone other than the Company for providing the protections afforded to customers of VSA Capital Limited or for advising any other person in connection with the arrangements described in this document.

This document does not comprise a prospectus relating to the Company for the purposes of the Prospectus Regulations 2005 and the Prospectus Rules and has not been approved by or filed with the Financial Services Authority.

**THE KALASHNIKOV JOINT STOCK VODKA COMPANY (1947)
PLC**

(Registered in England and Wales No. 4628706)

Directors:

John C Florey (Managing Director)
David C. Bromige (Creative and Brand Director)
Michael F. Davenhill (Finance Director)
Jonathan H.G.Allen (Non-Executive Director)

Registered Office:

66 Dalling Road
London
W6 0JA

Company Secretary

Michael F. Davenhill

**Placing of
up to 3,333,333 new participating shares of 5p each
at a price of 30p per share
payable in full on application**

**Share Capital following the Placing
(assuming full subscription)**

Authorised			Issued and fully paid	
Number	£		Number	£
1,050,000	£52,500	ordinary shares of 5p each	1,000,000	50,000
8,950,000	447,500	participating shares of 5p each	7,855,652	392,782.60

Placing Statistics

Placing Price per Placing Share	30p
Number of Placing Shares	3,333,333
Number of Participating Shares in issue at the date of this document	4,522,319
Number of Participating Shares in issue following the Placing (assuming full subscription)	7,855,652
Placing Shares as a percentage of the issued participating share capital (assuming full subscription)	42%
Gross proceeds of the Placing	£1,000,000

Expected Timetable

Subscription list opens	6 May 2008
Closing Date for receipt of Applications and payment (unless extended by the Directors)	23 May 2008
Despatch of Participating Share certificates	4 June 2008

Introduction

The Kalashnikov Joint Stock Vodka Co (1947) Plc (“Company”) is seeking to raise up to £1,000,000, gross of expenses, by way of a placing of up to 3,333,333 new participating shares of 5p each (Placing Shares”) in its share capital at a placing price of 30p per share (“Placing Price”).

Reasons for and background to the Placing

The funds raised are to provide the Company with sufficient working capital for the period and the purposes described below.

The Placing

The placing by the Company of to 3,333,333 new participating shares of 5p each in its share capital (“Placing”) are being offered only to (1) holders of participating shares of 5 pence each in the capital of the Company on the register of members of the Company on 30 April 2008 and (2) to certain other persons described on page 1 of this document.

The Placing is conditional upon valid applications being received for the raising of a minimum of £150,000 before deduction of expenses (“Minimum Amount”). If applications for this amount are not received, cheques or banker’s drafts received from applicants will be returned, or a cheque in favour of the first named applicant crossed “account payee” will be despatched, to the address of the first-named applicant. No Placing Shares will be issued unless valid applications are received for such number of Placing Shares as is equal to the Minimum Amount.

Applications for Placing Shares may only be made on the application form accompanying this document (“Application Form”). The terms upon which applications for Placing Shares are made are set out in the accompanying “Terms and Conditions “.

The subscription list will open at 10.00 a.m. on 6 May 2008. To be valid, duly completed Application Forms must be returned by post or by hand to the Company’s solicitors, James Stallard & Co at 19 Bedford Row, London WC1R 4EB with the appropriate remittance so as to reach James Stallard & Co as soon as possible and, in any event, so as to be received no later than 3.00 p.m. 23 May 2008 (unless extended by the Directors to a date not later than 5.00 p.m. on 30 June 2008).

Applicants under the Placing may apply for a minimum of £2,500 (8,333 Placing Shares) and thereafter in any multiple of Placing Shares. All cheques for Placing shares should be made payable to “James Stallard & Co”.

If you have any queries regarding the Application Form or payment, please contact John Florey (telephone number: 0845-302-681, email address: JCF@kalashnikovplc.co.uk).

Subject to the Minimum Amount being raised, the Placing Shares will be issued credited as fully paid and will rank *pari passu* in all respects with the existing Participating Shares in issue at the date hereof. Holders of all Placing Shares will be entitled to all dividends and other distributions declared, paid or made after the date of this document.

Marketability of Participating Shares

There is no listing or admission to deal on any recognised investment exchange for any shares in the Company and no application has been made. The Directors however intend at the appropriate stage to seek a listing or trading facility for the Company’s shares.

Research Report on the Company

Accompanying this document is a research report on the Company dated April 2008 produced by VSA Capital Limited.

2 May 2008

Appendix

The requirements that must be met for an individual to qualify as a “certified high net worth individual”, “certified sophisticated investor”, or a “self-certified sophisticated investor”.

“certified high net worth individual”

Article 48(2) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 states that:

"Certified high net worth individual" means an individual who has signed, within the period of twelve months ending with the day on which the communication is made, a statement complying with Part I of Schedule 5.

Part 1 of Schedule 5

“Statement for certified High Net Worth Individual”

I declare that I am a certified high net worth individual for the purposes of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005.

I understand that this means:

- (a) I can receive financial promotions that may not have been approved by a person authorised by the Financial Services Authority;
- (b) the content of such financial promotions may not conform to rules issued by the Financial Services Authority;
- (c) **by signing this statement I may lose significant rights;**
- (d) I may have no right to complain to either of the following—
 - (i) the Financial Services Authority; or
 - (ii) the Financial Ombudsman Scheme;
- (e) I may have no right to seek compensation from the Financial Services Compensation Scheme.

I am a certified high net worth individual because **at least one of the following applies—**

- (a) I had, during the financial year immediately preceding the date below, an annual income to the value of £100,000 or more;

- (b) I held, throughout the financial year immediately preceding the date below, net assets to the value of £250,000 or more. Net assets for these purposes do not include—
- (i) the property which is my primary residence or any loan secured on that residence;
 - (ii) any rights of mine under a qualifying contract of insurance within the meaning of the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001; or
 - (iii) any benefits (in the form of pensions or otherwise) which are payable on the termination of my service or on my death or retirement and to which I am (or my dependants are), or may be, entitled.

I accept that I can lose my property and other assets from making investment decisions based on financial promotions.

I am aware that it is open to me to seek advice from someone who specialises in advising on investments.

Signature: Date:

“certified sophisticated investor”

Article 50(1) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 states that:

"Certified sophisticated investor", in relation to any description of investment, means a person—

- (a) who has a current certificate in writing or other legible form signed by an authorised person to the effect that he is sufficiently knowledgeable to understand the risks associated with that description of investment; and
- (b) who has signed, within the period of twelve months ending with the day on which the communication is made, a statement in the following terms:

"I make this statement so that I am able to receive promotions which are exempt from the restrictions on financial promotion in the Financial Services and Markets Act 2000. The exemption relates to certified sophisticated investors and I declare that I qualify as such in relation to investments of the following kind [list them]. I accept that the contents of promotions and other material that I receive may not have been approved by an authorised person and that their content may not therefore be subject to controls which would apply if the promotion were made or approved by an authorised person. I am aware that it is open to me to seek advice from someone who specialises in advising on this kind of investment."

“self-certified sophisticated investor”

Article 50(A)(1) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 states that:

“Self-certified sophisticated investor” means an individual who has signed within the period of twelve months ending with the day on which the communication is made, a statement complying with Part II of Schedule 5.”

Part II of Schedule 5

Statement for Self-Certified Sophisticated Investors

I declare that I am a self-certified sophisticated investor for the purposes of the Financial Services and Markets Act (Financial Promotion) Order 2005.

I understand that this means:

- (a) I can receive financial promotions that may not have been approved by a person authorised by the Financial Services Authority;
- (b) the content of such financial promotions may not conform to rules issued by the Financial Services Authority;
- (c) **by signing this statement I may lose significant rights;**
- (d) I may have no right to complain to either of the following—
 - (i) the Financial Services Authority; or
 - (ii) the Financial Ombudsman Scheme;
- (e) I may have no right to seek compensation from the Financial Services Compensation Scheme.

I am a self-certified sophisticated investor because **at least one of the following applies—**

- (a) I am a member of a network or syndicate of business angels and have been so for at least the last six months prior to the date below;
- (b) I have made more than one investment in an unlisted company in the two years prior to the date below;
- (c) I am working, or have worked in the two years prior to the date below, in a professional capacity in the private equity sector, or in the provision of finance for small and medium enterprises;

(d) I am currently, or have been in the two years prior to the date below, a director of a company with an annual turnover of at least £1 million.

I accept that I can lose my property and other assets from making investment decisions based on financial promotions.

I am aware that it is open to me to seek advice from someone who specialises in advising on investments.

Signature:.....

Date: