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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.

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- (2) “investment professionals” as that term is defined in article 19(5) of FSMA Order; and
- (3) high net worth companies, unincorporated associations and other persons described and referred to in article 49(2) of FSMA Order.

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As a consequence of legal restrictions, the release, publication or distribution of this document in certain jurisdictions or to certain persons may be restricted or unlawful. All persons resident outside the United Kingdom who wish to subscribe for shares in the Company pursuant to the Placing described below, must first satisfy themselves that they are not subject to any local requirements that prohibit or restrict them from doing so and

should inform themselves of, and observe, any applicable legal or regulatory requirements applicable in their jurisdiction. In particular, if you are (or you act on behalf of someone who is a) resident in a country that renders subscription for shares in the Company pursuant to the Placing described herein illegal, whether or not subject to making certain notifications or taking other action, you should not act upon this document.

In particular, unless otherwise determined by the Company and permitted by applicable law and regulation, it is not intended that this document be accessible by persons located in the United States or by persons located in Canada, France, Japan, Malaysia, New Zealand, South Africa or Switzerland or in any other jurisdiction where it would be unlawful to do so.

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You should not forward, transmit or show the information or documents contained in or referred to in this document to any person. In particular, you should not forward or transmit this document or documents contained or referred to therein to any jurisdiction where it would be unlawful to do so.

The information contained in this document does not constitute or form part of any offer or invitation to sell or issue, or any solicitation of any offer to acquire, Placing Shares in any jurisdiction in which such an offer or solicitation is unlawful. The Placing Shares have not been and will not be registered under the Securities Act or under any relevant securities laws of any state or other jurisdiction of the United States and may not be offered, directly or indirectly, within the United States or to, or for the account of, US persons absent registration or an applicable exemption from the registration requirements of the Securities Act and in compliance with state securities laws. The Placing Shares have not been approved or disapproved by the SEC, any state securities commission in the United States or any other US regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of the offering of the Placing Shares or the accuracy or adequacy of the information contained in this document. Any representation to the contrary is a criminal offence in the United States. In addition, none of the Placing Shares will qualify for distribution under any of the relevant securities laws of Canada, France, Japan, Malaysia, New Zealand, South Africa or Switzerland. Accordingly, the Placing Shares may not be offered, transferred or delivered, directly or indirectly, within Canada, France, Japan, Malaysia, New Zealand, South Africa or Switzerland.

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