

THE KALASHNIKOV JOINT STOCK VODKA CO (1947) PLC
(“Company”)

TERMS AND CONDITIONS
relating to the placing by the Company (“Placing”) of up to
3,333,333 participating shares of 5 pence each in the capital of the Company
(“Placing Shares”)
at 30 pence per share (“Placing Price”) payable in full on application

Applications must be made on the attached Application Form and must be sent by post or delivered by hand to the Company’s solicitors James Stallard & Co, 19 Bedford Row, London WC1R 4EB to arrive as soon as possible, but in any case no later than **5.00 p.m. on 30th June 2008**.

The minimum amount to be raised under the Placing is £150,000 (“Minimum Amount”). If subscriptions for the Minimum Amount have not been received by 30th June 2008 (or such later date as the board may allow, but not later than 5.00 p.m. 30 June 2008 in any event) subscriptions will be returned to subscribers.

It is expected that definitive share certificates will be posted to successful applicants within two weeks of the closing of the Placing.

Applications are made on the following terms:

1. Applications must be **for a minimum of £2,500 (8,333 Placing Shares) and thereafter in any multiple of Placing Shares**. The contracts resulting from acceptances of applications under the Placing will be conditional on:
 - (a) acceptance; and
 - (b) the Minimum Amount being achieved,in each case occurring not later than 3.00 p.m. on 30th June 2008 or such later time and/or date as the Company may agree, being not later than 5.00 pm on 30 June 2008. If this condition is not satisfied, monies collected in respect of applications will be refunded by returning the applicant’s cheque or bankers draft or by sending a cheque crossed “A/C Payee” in favour of the first named applicant in each case without interest and by post to the address of the first named applicant at the risk of the applicant(s).
2. Subscription monies for Placing Shares received by the Company under the Placing will be held by the Company’s solicitors, James Stallard & Co in their client account. Cheques and banker’s drafts may be presented for payment on receipt thereof by James Stallard & Co before the condition stated in paragraph 1 above is satisfied and, pending allocation or allotment or return of application monies, will be retained by the James Stallard & Co in its client account. James Stallard & Co may retain share certificates and surplus application monies pending clearance of each applicant’s cheque or banker’s draft.

3. The basis of allocation will be determined by the Company in its absolute discretion. Applicants may be allocated Placing Shares allotted by the Company in such proportions as the Company in its absolute discretion may determine. Each acceptance of an application (whether in whole or in part) for the subscription of Placing Shares and these terms and conditions shall be construed accordingly.
4. The Company may, in its absolute discretion, reject in whole or in part or scale down any application including, without limitation, any application which is considered by the Company to have been made by a nominee, unless such application is accompanied by written confirmation of the identity of the intended beneficial owner. The Company reserves the right to reject any application in respect of which the applicant's cheque or banker's draft has not been cleared by 5pm on 30th June 2008. If any application is not accepted, or is accepted for fewer Placing Shares than the number applied for, the application monies or the balance of therein (as the case may be) will be refunded by returning the applicant's cheque or banker's draft, or by sending a cheque crossed "A/C Payee" in favour of the first named applicant, in each case by post, to the address of the first named applicant without interest at the risk of the applicant(s). The Company may treat as valid any application which has not been completed in all respects in accordance with the instructions accompanying the Application Form or which is not accompanied by a power of attorney where necessary.
5. Applications for Placing Shares must be made on the accompanying application form ("Application Form"). By completing and delivering the Application Form each applicant:
 - (1) offers to acquire the number of Placing Shares specified in the Application Form (or such smaller number for which his application may be accepted) at the Placing Price on the terms and subject to the conditions set out in the Application Form (of which these terms and conditions form part) and the Memorandum and Articles of Association of the Company;
 - (2) authorises the Company to send a share certificate for the number of Placing Shares for which his application is accepted and/or a cheque crossed "A/C Payee" for any monies returnable (without interest) by post to his address (or that of the first named applicant) as set out in his Application Form at his risk and to procure that his name together with the name(s) of any other joint applicant(s) is/are placed on the register of members of the Company in respect of such Placing Shares;
 - (3) warrants that his cheque or banker's draft will be honoured on first presentation and agrees that if the cheque or banker's draft is not so honoured he will not be entitled to receive a share certificate in respect of the Placing Shares applied for or to enjoy or receive or transfer any rights or distributions in respect of any Placing Shares unless and until payment in cleared funds is made by him for the Placing Shares and that payment is accepted by the Company (which acceptance shall be at the Company's absolute discretion and may be on the basis that he indemnifies the Company against all costs, damages, losses, expenses and liabilities arising out of or in connection with the failure of his cheque or banker's draft to be honoured on first presentation) and that at any time prior to unconditional acceptance by the Company of the late payment, the Company may (without prejudice to any other rights that it or they may have and without any liability) avoid the agreement to allocate such Placing Shares to the applicant and may re-allocate

such Placing Shares to some other person, in which case he will be entitled only to the return of such late payment in respect of the Placing Shares.

- (4) in consideration of the Company agreeing that it will consider and process applications for the Placing Shares in accordance with the procedures referred to in this document and as a separate collateral contract between him and the Company which will become binding on despatch by post of his Application Form to or, in the case of applications delivered by hand, upon receipt of his Application Form by the Company:
 - (a) agrees that his application may not be revoked until after 30 June 2008; and
 - (b) agrees that promptly upon request being made, he will supply the Company in writing with any information reasonably requested in respect of his application;
 - (5) agrees that all applications, acceptances of applications and contracts resulting under the Placing shall be governed by and construed in accordance with English law and further submits to the exclusive jurisdiction of the English courts and agrees that nothing shall limit the rights of the Company to bring any action, suit or proceeding arising out of or in connection with any such applications, acceptances of applications or contracts in any other manner permitted by law or in any court of competent jurisdiction;
 - (6) warrants that if he signs an Application Form on behalf of any other person(s) (including a corporation) he has due authority to do so and that such person will also be bound by the terms and conditions of application and be deemed to have given the confirmations, warranties and undertakings contained in it;
 - (7) confirms that, in making his application, neither he nor any person on whose behalf he is applying is relying on any information or representation in relation to the Company or any member of the Company other than such as may be contained in the Placing Memorandum dated 2 May 2008 prepared by the Company in connection with the Placing (and any documents incorporated by reference therein) and accordingly agrees that neither the Company nor the Directors nor any other person acting on behalf of any of them nor any person responsible solely or jointly for this document or any part of this document shall have any liability for any such other information or representation;
 - (8) irrevocably authorises the Company or its agent to do all things necessary to effect registration in his name(s) of any Placing Shares agreed to be subscribed for by him and authorises any representative of the Company to execute and/or complete any document of title required for those shares;
6. To ensure compliance with the Money Laundering Regulations 2003 (“the Laundering Regulations”) the Company may, at its absolute discretion, require verification of identity from an applicant and, without prejudice to the generality of the foregoing in particular any person who either (i) tenders payment by way of a cheque or bankers’ draft drawn on an account in the name of a person or persons other than the applicant or (ii) appears to the Company to be acting on behalf of some other person.

For applicants resident in the United Kingdom, this may involve verification of names and addresses through a reputable agency. For non-United Kingdom resident applicants verification of identity may be sought from the applicant’s banks or from other reputable institutions or professional advisers in the applicant’s country of residence.

By lodging an Application Form, each applicant undertakes to provide such evidence of identity at the time of lodging an Application Form, or in the absolute discretion of the Company, within a reasonable time thereafter (in each case to be determined at the absolute discretion of the Company) as may be required to ensure compliance with the Laundering Regulations.

The Company is entitled to treat as invalid any applications for Placing Shares comprised in an Application Form if by 5.00 pm on 30th June 2008 the Company has determined pursuant to procedures maintained under the Laundering Regulations that satisfactory evidence as to identity has not been received.