

Company Registration No. 6394100

Monster Energy UK Limited

Report and Financial Statements

From 9 October 2007 to 31 December 2008

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MONSTER ENERGY UK LTD

REPORT AND FINANCIAL STATEMENTS 2008

CONTENTS	Page
Officers and professional advisers	1
Directors' report	2
Independent auditors' report	5
Profit and loss account	6
Balance sheet	7
Notes to the accounts	8

MONSTER ENERGY UK LTD

REPORT AND FINANCIAL STATEMENTS 2008

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

Mr Guy Carling (Managing Director)
(appointed 6 April 2008)
Mr Norman Epstein
(appointed 9 October 2007)
Mr Rodney Sacks
(appointed 9 October 2007)
Mr Hilton Schlosberg
(appointed 9 October 2007)
A C Directors Limited
(appointed and resigned 9 October 2007)

SECRETARY

Mr Norman Epstein
(appointed 9 October 2007)

REGISTERED OFFICE

Stanmore House
2nd Floor
15/19 Church Road
Stanmore
Middlesex HA7 4AR
United Kingdom

BANKERS

Barclays Commercial Bank
Multi National Corporate Centre
1 Churchill Place
London E14 5HP
United Kingdom

SOLICITORS

Berwin Leighton Paisner LLP
Adelaide House
London Bridge
London EC4R 9HA
United Kingdom

AUDITORS

Deloitte LLP
Chartered Accountants & Registered Auditors
St Albans

MONSTER ENERGY UK LTD

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the period 9 October 2007 to 31 December 2008.

ACTIVITIES

The principal activity of the company during the period has been the sale, distribution and marketing of energy drinks across Europe.

On 1 October 2008 Monster Energy Limited, a company registered in Ireland, assumed all the rights and obligations of Monster Energy UK Limited with respect to certain distribution agreements. Consequently on 31 December 2008, all the inventory of Monster Energy UK Limited was transferred to Monster Energy Limited and Monster Energy UK Limited ceased its trade as a sale and distribution company and continued its marketing activity of energy drinks across Europe.

DIVIDENDS AND TRANSFERS TO RESERVES

Full details of the results for the period are set out in the profit and loss account on page 6.

DIRECTORS AND THEIR INTERESTS

The directors of the company during the period were as follows:

Mr Guy Carling
Mr Norman Epstein
Mr Rodney Sacks
Mr Hilton Schlosberg
A C Directors Limited (resigned 9 October 2007)

None of the directors of the company who served during the period held any beneficial interests in the shares of the company or any other UK group company.

The Company Secretary of the company throughout the period was Mr Norman Epstein.

DISABLED EMPLOYEES

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the company continues and that appropriate training is arranged. It is the policy of the company that the training, career, development and promotion of disabled persons should, as far as possible, be identical with that of other employees.

EMPLOYEE CONSULTATION

The company places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the company. This is achieved through formal and informal meetings.

GOING CONCERN

The directors view the company as continuing in business for the foreseeable future with neither the intention nor the necessity of liquidation, ceasing trading or seeking protection from creditors. The company continues to receive a high level of commitment to the growth of the Monster Energy brand across Europe from its immediate parent Hansen Beverage Company and its ultimate parent Hansen Natural Corporation, both incorporated in the USA. The directors consider that the parent company has adequate liquidity and assets to support the company in the foreseeable future and where necessary will make funds available to meet the company's obligations as they fall due.

DIRECTORS' REPORT

AUDITORS

In the case of each of the persons who are directors of the company at the date when this report is approved:

- so far as each of the directors is aware, there is no relevant audit information (as defined in the Companies Act 1985) of which the company's auditors are unaware; and
- each of the directors has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information (as defined) and to establish that the company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provision of S234ZA of the Companies Act 1985.

Deloitte and Touche LLP was appointed as auditor to Monster Energy UK Limited during the period. On 1 December 2008 Deloitte & Touche LLP changed its name to Deloitte LLP. A resolution to re-appoint Deloitte LLP will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors
and signed on behalf of the Board



Mr Guy Carling

7/8/

2009



Mr Norman Epstein

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MONSTER ENERGY UK LIMITED

We have audited the financial statements of Monster Energy UK Limited for the period ended 31 December 2008 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 17. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2008 and of its loss for the period then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

Deloitte LLP

Deloitte LLP
Chartered Accountants and Registered Auditors
St Albans, United Kingdom
6 August 2009

MONSTER ENERGY UK LTD

PROFIT AND LOSS ACCOUNT

From 9 October 2007 to 31 December 2008

	Note	Continuing Operations 2008 £	Discontinued Operations 2008 £	Total 2008 £
TURNOVER	2	5,111,903	8,554,051	13,665,954
Cost of sales (including foreign exchange loss of £1,332,045)		-	(9,320,332)	(9,320,332)
GROSS PROFIT/(LOSS)		5,111,903	(766,281)	4,345,622
Administrative expenses		(4,953,735)	(735,273)	(5,689,008)
OPERATING PROFIT/(LOSS)	4	158,168	(1,501,554)	(1,343,386)
Interest receivable and similar income	5			6,309
Interest payable and similar charges	6			
Interest payable				(254)
Foreign exchange loss				(1,762,493)
				(1,762,747)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION				(3,099,824)
Tax charge on loss on ordinary activities	7			(152,589)
LOSS ON ORDINARY ACTIVITIES AFTER TAXATION				(3,252,413)

There are no recognised gains and losses for the current period other than those passing through the profit and loss account. Accordingly, a statement of total recognised gains and losses has not been presented.

MONSTER ENERGY UK LTD

BALANCE SHEET As at 31 December 2008

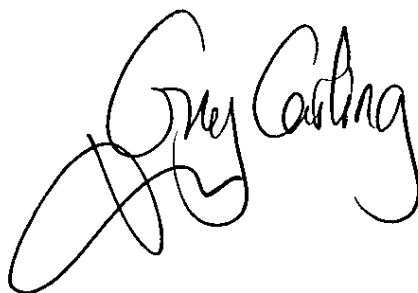
	Note	2008 £
FIXED ASSETS		
Tangible assets	8	<u>632,991</u>
CURRENT ASSETS		
Debtors	9	12,031,765
Cash at bank and in hand		<u>216,312</u>
		12,248,077
CREDITORS: amounts falling due within one year	11	(15,136,177)
NET CURRENT LIABILITIES		<u>(2,888,100)</u>
NET LIABILITIES		<u>(2,255,109)</u>
CAPITAL AND RESERVES		
Called up share capital	12	500,000
Profit and loss account	13	<u>(2,755,109)</u>
SHAREHOLDERS' DEFICIT		<u>(2,255,109)</u>

These financial statements were approved by the Board of Directors on
Signed on behalf of the Board of Directors

4/8 2009.

Mr Guy Carling

Mr Norman Epstein



NOTES TO THE ACCOUNTS

From 9 October 2007 to 31 December 2008

1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable United Kingdom accounting standards. The particular accounting policies adopted are described below.

Accounting convention

The financial statements are prepared under the historical cost convention.

Going concern

The directors view the company as continuing in business for the foreseeable future with neither the intention nor the necessity of liquidation, ceasing trading or seeking protection from creditors. The company continues to receive a high level of commitment to the growth of the Monster Energy brand across Europe from its immediate parent Hansen Beverage Company and its ultimate parent Hansen Natural Corporation, both incorporated in the USA. The directors consider that the parent company has adequate liquidity and assets to support the company in the foreseeable future and where necessary will make funds available to meet the company's obligations as they fall due.

Tangible fixed assets

Depreciation is provided on cost in equal annual instalments over the estimated useful lives of the assets.

The periods of depreciation are as follows:

Display and computer equipment	Over 3 years
Motor vehicles	Over 4 years

Deferred taxation

Deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets are not discounted.

Leases

Operating lease rentals are charged to income in equal annual amounts over the lease term.

Foreign exchange

Monetary assets and liabilities in foreign currencies are translated into sterling at the rate of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken to the profit and loss account.

Share options

Employees of the company have been granted Hansen Natural Corporation share options under the Hansen Natural Corporation share option plan. The company has applied the requirements of FRS 20 Share-based Payment. The fair value of options granted is calculated at the date the grant is made and is charged to the profit and loss account over the vesting period of the options. The value of the options granted is credited directly to reserves.

NOTES TO THE ACCOUNTS

From 9 October 2007 to 31 December 2008

1. ACCOUNTING POLICIES (CONTINUED)

Cash flow statement

Under the provisions of Financial Reporting Standard No.1 (revised 1996), the company is exempt from the requirement to prepare a cash flow statement since its ultimate parent company prepares consolidated accounts including the results of the company, which include a cash flow statement and are available to the public.

2. TURNOVER

Turnover represents amounts derived from the provision of goods and services which fall within the company's ordinary activities after deduction Value Added Tax. Continuing turnover represents marketing recharges to a group company.

3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	2008
	£
Directors' remuneration	
Emoluments	121,500
	<u>121,500</u>
	2008
	£
Employee information (including directors)	
Wages and salaries	1,193,128
Social security costs	131,835
Share-based payments	497,304
	<u>1,822,267</u>
	No.
Average number of persons employed	<u>20</u>

4. OPERATING PROFIT/(LOSS)

	2008
	£
Operating profit/(loss) is after charging:	
Auditors' remuneration	
Audit fees	15,000
Non-audit fees: Taxation	5,000
Depreciation	102,158
Rentals under operating leases	
Land and buildings	108,974
Share-based payments	497,304
	<u>728,436</u>

MONSTER ENERGY UK LTD

NOTES TO THE ACCOUNTS

From 9 October 2007 to 31 December 2008

5. INTEREST RECEIVABLE AND SIMILAR INCOME

	2008 £
Bank interest	6,309

6. INTEREST PAYABLE AND SIMILAR CHARGES

	2008 £
Bank interest	254
Foreign exchange loss	1,762,493
	<u>1,762,747</u>

7. TAX CHARGE ON LOSS ON ORDINARY ACTIVITIES

	2008 £
United Kingdom Corporation tax based on the loss for the period at 28.71%	171,544
Deferred tax asset (note 10)	(18,955)
	<u>152,589</u>

Factors affecting tax charge for the current period

The tax assessed for the period is higher than that resulting from applying the standard rate of corporation tax in the UK: 28.71%. The differences are explained below:

	2008 £
Loss on ordinary activities before tax	(3,099,824)
Tax at 28.71% thereon:	(889,959)
Effects of:	
- Expenses not deductible for tax purposes	166,457
- Capital allowances in excess of depreciation	(9,275)
- Movement in short term timing differences	28,712
- Foreign exchange losses not deductible for tax purposes	885,609
Current tax charge for the period	<u>171,544</u>

MONSTER ENERGY UK LTD

NOTES TO THE ACCOUNTS

From 9 October 2007 to 31 December 2008

8. TANGIBLE FIXED ASSETS

	Display Equipment £	Motor Vehicles £	Computer Equipment £	Total £
Cost				
Additions	148,267	541,131	45,751	735,149
At 31 December 2008	148,267	541,131	45,751	735,149
Accumulated depreciation				
Charge for the period	26,260	73,526	2,372	102,158
At 31 December 2008	26,260	73,526	2,372	102,158
Net book value				
At 31 December 2008	122,007	467,605	43,379	632,991

9. DEBTORS

	2008 £
Trade debtors	987,981
Amounts owed by fellow subsidiary	10,892,683
Prepayments	14,829
Other debtors	117,317
Deferred tax asset (note 10)	18,955
	<u>12,031,765</u>

10. DEFERRED TAX ASSET

	2008 £
Credit to profit and loss account	18,955
At 31 December	<u>18,955</u>
Analysis of deferred tax balance	
Capital allowances in excess of depreciation	(9,045)
Short term timing differences	28,000
At 31 December	<u>18,955</u>

MONSTER ENERGY UK LTD

NOTES TO THE ACCOUNTS

From 9 October 2007 to 31 December 2008

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2008 £
Trade creditors	477,290
Amounts owed to parent company	13,178,680
Taxation and social security	50,523
Other creditors	1,189
Accruals and deferred income	1,256,951
Corporation tax	171,544
	<u>15,136,177</u>

12. SHARE CAPITAL

	2008 £
Authorised	
500,000 ordinary shares of £1 each	<u>500,000</u>
Called up, allotted and fully paid	
500,000 ordinary shares of £1 each	<u>500,000</u>

13. RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENT ON RESERVES

	Share Capital £	Profit and Loss account £	Total share- holders' funds £
Loss for the period	-	(3,252,413)	(3,252,413)
Issued during the period	500,000	-	500,000
Share-based payments		497,304	497,304
	<u>500,000</u>	<u>(2,755,109)</u>	<u>(2,255,109)</u>
Closing shareholders' funds			

14. OPERATING LEASES

At 31 December 2008 the Company was committed to making the following payments during the next year in respect of non-cancellable operating leases:

	2008 Land and Buildings £
Leases which expire:	
Within one year	<u>26,319</u>

NOTES TO THE ACCOUNTS

From 9 October 2007 to 31 December 2008

15. SHARE BASED PAYMENTS

Equity settled share option plan

Employees of the Company have been granted Hansen Natural Corporation share options under the Hansen Natural Corporation Amended and Restated 2001 Stock Option Plan. This plan provided for a grant price equal to the quoted price of Hansen Natural Corporation shares at the date of grant. The vesting period is five years. These options are exercisable at such time and in such amounts as determined by the Compensation Committee of the Board of Directors of Hansen Natural Corporation up to a ten-year period after their date of grant.

If the options remain unexercised after a period of ten years from the date of grant the options expire. Options are forfeited if the employee leaves the Group before the options vest.

Details of the Hansen Natural Corporation share options granted to Monster Energy UK Limited employees since 9 October 2007 which are outstanding are as follows:

	Options	Weighted average exercise price US \$
Outstanding at beginning of period	-	-
Granted during the period	157,000	37.51
Forfeited during the period	-	-
Exercised during the period	-	-
	<hr/>	<hr/>
Outstanding at the end of the period	157,000	37.51
	<hr/>	<hr/>
Exercisable at the end of the period	13,000	44.48
	<hr/>	<hr/>

The weighted average exercise price has been expressed in US dollars, as that is the currency in which the options strike price has been granted.

The options outstanding at 31 December 2008 had a weighted average exercise price of \$44.48 and a weighted average remaining contractual life of 8.92 years. In the period to 31 December 2008 options were granted on a number of dates. The aggregate of the estimated fair values of the options granted on those dates is \$1,754,011.

The inputs into the Black-Scholes-Merton Options Pricing Formula are as follows:

Weighted average share price (US \$)	19.07
Weighted average exercise price (US \$)	37.51
Expected volatility	62.63%
Expected life (years)	5.75
Risk free rate	3.20%
Expected dividend yield	0.0%

Expected volatility was determined by calculating the historical volatility of Hansen Natural Corporation share price over the previous 6 years. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

The company recognised a total expense of £497,304 related to equity-settled share based payment transactions in the period.

NOTES TO THE ACCOUNTS

From 9 October 2007 to 31 December 2008

16. TRANSFER OF INVENTORY

On 1 October 2008 Monster Energy Limited, a company registered in Ireland, assumed all the rights and obligations of Monster Energy UK Limited with respect to certain distribution agreements. Consequently on 31 December 2008 all the inventory of Monster Energy UK Limited was transferred to Monster Energy Limited and Monster Energy UK Limited ceased its trade as a sale and distribution company and continued its marketing activity of energy drinks across Europe.

17. ULTIMATE PARENT COMPANY AND RELATED PARTY TRANSACTIONS

The Company has taken advantage of the exemption available under FRS8 "Related Party Disclosures" to a subsidiary undertaking 90 per cent or more of whose voting rights are controlled within the group.

The Company's ultimate parent company and controlling party and the parent company of the largest group in which the company is a member, is Hansen Natural Corporation, a NASDAQ listed company incorporated in the USA. Copies of the Group Financial Statements of Hansen Natural Corporation are available from Hansens.com.

The parent company of the smallest group in which the company is a member is Hansen Beverage Company, incorporated in the USA.