

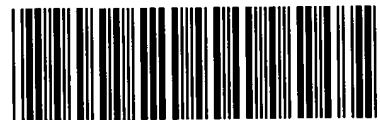
**Company Registration No. 06394100**

**Monster Energy Europe Limited**

**Annual Report and Financial Statements**

**31 December 2014**

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# MONSTER ENERGY EUROPE LIMITED

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**MONSTER ENERGY EUROPE LIMITED**

**OFFICERS AND PROFESSIONAL ADVISERS**

**DIRECTORS**

Mr Guy Carling (Managing Director)  
Mr Norman Epstein  
Mr Rodney Sacks  
Mr Hilton Schlosberg  
Mr Neil Shirley (appointed 22-09-2014)

**COMPANY SECRETARY**

Mr Norman Epstein

**REGISTERED OFFICE**

Unit 51  
Metropolitan Park  
Greenford  
UB6 8UP  
United Kingdom

**BANKERS**

HSBC Bank Plc  
City of London Branch  
60 Queen Victoria Street  
London EC4N 4TR  
United Kingdom

**SOLICITORS**

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

**AUDITOR**

Deloitte LLP  
Chartered Accountants & Statutory Auditor  
Cambridge  
United Kingdom

# MONSTER ENERGY EUROPE LIMITED

## STRATEGIC REPORT

The directors present their annual report and the audited financial statements for the year ended 31 December 2014.

### PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the Monster Energy Europe Limited ("the company") during the year has been the marketing of energy drinks across Europe, the Middle East and Africa.

The business has achieved its goals in 2014 involving further expansion and investment in support of group activities. During the year the company incorporated branches in Denmark & Estonia. The directors anticipate the continuation of this model as the group continues to expand into further new markets.

In the opinion of the directors, the key performance indicator of the company is turnover. In the year to 31 December 2014, the company's turnover decreased from £53,544,901 in 2013 to £44,592,514 in 2014 due to the full year effects of prior year restructure ("Reboot").

As at 31 December 2014, the company had net assets of £11,809,367 (2013: £7,385,466) and cash at bank and in hand of £5,890,532 (2013: £2,037,413).

On August 14, 2014, the Company and The Coca-Cola Company ("TCCC") entered into definitive agreements contemplating a long-term strategic relationship in the global energy drink category (the "TCCC Transaction"). After the transaction, (1) TCCC will acquire common shares representing approximately 16.7% of the total number of outstanding common shares of the ultimate parent company (2) TCCC will transfer all rights in and to its global energy drink business (including the NOS®, Full Throttle®, Burn®, Mother®, Play® and Power Play®, and Relentless® brands) to the Company and the Company will transfer all of its rights in and to its non-energy drink business (including the Hansen's® Natural Soda, Peace Tea®, Hubert's® Lemonade and Hansen's® Juice Product brands) to TCCC, (3) the Company and TCCC will amend the distribution coordination agreements currently existing between them to govern the transition of third parties' rights to distribute the Company's energy products in most territories in the U.S. to members of TCCC's distribution network, which consists of owned or controlled bottlers/distributors and independent bottling/distribution partners, and (4) TCCC or one of its subsidiaries will make a net cash payment to the Company of \$2.15 billion, of which up to \$625.0 million of which will be held in escrow (the "Escrow Agreement"), subject to release upon achievement of milestones relating to the transfer of distribution rights to TCCC's distribution network.

### 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 has obtained a written confirmation from its intermediate parent company guaranteeing that it will provide financial support to the company for a period of at least 12 months from the date of approving these financial statements if required. The company continues to receive a high level of commitment to the growth of the Monster Energy brand across Europe and other territories from its intermediate parent Monster Energy Company and its ultimate parent Monster Beverage Corporation, both incorporated in the USA. The directors consider that the intermediate parent company has adequate liquidity and assets to support the company for the foreseeable future and where necessary will make funds available to meet the company's obligations as they fall due.

### PRINCIPAL RISKS AND UNCERTAINTIES

The company is not directly exposed to price, competition and credit risks as the principal activity during the year has been the provision of marketing services to a group company.

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations, the company uses long term financial support from its immediate parent company, which continues to provide a high level of commitment.

There is exposure to the financial risk of changes in foreign currency exchange rates on inter-company funding and transactions in foreign currency. The company does not operate a hedging policy as its parent company bears the risk of foreign currency fluctuations.

## MONSTER ENERGY EUROPE LIMITED

### STRATEGIC REPORT

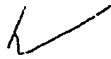
#### DISABLED EMPLOYEES

Applications for employment by disabled persons are always fully considered, bearing in mind the abilities of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the Group 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 to that of other employees.

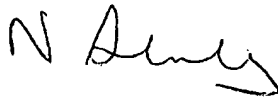
#### EMPLOYEE CONSULTATION

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, the Company website and the annual financial statements.

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



Mr Hilton Schlosberg  
Director  
24 September 2015



Mr Neil Shirley  
Director  
24 September 2015

# MONSTER ENERGY EUROPE LIMITED

## DIRECTORS' REPORT

### DIVIDENDS

Full details of the results for the year are set out in the profit and loss account on page 8. The directors do not recommend any dividend payment for the year ended 31 December 2014 (2013: £nil).

### DIRECTORS

The directors of the company during the year and to date of this report were as follows:

Mr Guy Carling  
Mr Norman Epstein  
Mr Rodney Sacks  
Mr Hilton Schlosberg  
Mr Neil Shirley (appointed 22-09-2014)

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

### AUDITOR

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

A resolution to re-appoint Deloitte LLP will be proposed at the forthcoming Annual General Meeting.

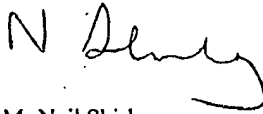
Approved by the Board of Directors  
and signed on behalf of the Board



Mr Hilton Schlosberg

Director

24 September 2015



Mr Neil Shirley

Director

24 September 2015

## **MONSTER ENERGY EUROPE LIMITED**

### **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing the Annual Report and the audited 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). Under company law the directors must not approve the financial statements unless they are satisfied that they 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 accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed; and
- 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 adequate accounting records that are sufficient to show and explain the company's transactions and 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 2006. 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of the financial statements may differ from legislation in other jurisdictions.

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MONSTER ENERGY EUROPE LIMITED**

We have audited the financial statements of Monster Energy Europe Limited for the year ended 31 December 2014 which comprise the profit and loss account, the balance sheet, and the related notes 1 to 17. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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**

As explained more fully in the Statement of Directors' Responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2014 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.



## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MONSTER ENERGY EUROPE LIMITED

### Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

*Matthew Hall*

Matthew Hall (Senior Statutory Auditor)  
For and on behalf of Deloitte LLP  
Chartered Accountants and Statutory Auditor  
Cambridge, United Kingdom  
25 September 2015

**MONSTER ENERGY EUROPE LIMITED****PROFIT AND LOSS ACCOUNT**

Year ended 31 December 2014

	Note	2014 £	2013 £
<b>TURNOVER</b>	2	44,592,514	53,544,901
Administrative expenses		(39,668,119)	(52,235,310)
<b>OPERATING PROFIT</b>		<u>4,924,395</u>	<u>1,309,591</u>
Interest receivable and similar income	5	53,729	46,668
Interest payable and similar charges	6	(975,325)	(118,055)
		<u>(921,596)</u>	<u>(71,387)</u>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	4	4,002,799	1,238,204
Tax charge on profit on ordinary activities	7	(743,168)	(463,405)
<b>PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION</b>	14	<u>3,259,631</u>	<u>774,799</u>

All amounts relate to continuing activities.

There are no recognised gains and losses for the current year or prior year 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 EUROPE LIMITED

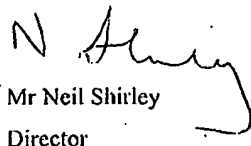
## BALANCE SHEET

As at 31 December 2014

	Note	2014 £	2013 £
<b>FIXED ASSETS</b>			
Tangible assets	8	5,374,915	4,916,519
Investments	9	396,880	396,880
		<u>5,771,795</u>	<u>5,313,399</u>
<b>CURRENT ASSETS</b>			
Debtors	10	20,182,957	24,992,612
Cash at bank and in hand		5,890,532	2,037,413
		<u>26,073,489</u>	<u>27,030,025</u>
<b>CREDITORS: amounts falling due within one year</b>	12	<u>(20,035,917)</u>	<u>(24,957,958)</u>
<b>NET CURRENT ASSETS</b>		<u>6,037,572</u>	<u>2,072,067</u>
<b>NET ASSETS</b>		<u>11,809,367</u>	<u>7,385,466</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	13	500,000	500,000
Profit and loss account	14	11,309,367	6,885,466
<b>SHAREHOLDERS' FUNDS</b>	14	<u>11,809,367</u>	<u>7,385,466</u>

These financial statements of Monster Energy Europe Limited, registered number 06394100, were approved by the Board of Directors on 24 September 2015

Signed on behalf of the Board of Directors

  
Mr Neil Shirley  
Director

# MONSTER ENERGY EUROPE LIMITED

## NOTES TO THE ACCOUNTS

Year ended 31 December 2014

### 1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable United Kingdom accounting standards. The particular accounting policies adopted are described below. They have been applied consistently throughout the year and the preceding year.

#### Basis of accounting

The financial statements have been prepared under the historical cost convention.

#### Basis of consolidation

The financial statements contain information about Monster Energy Europe Limited as an individual company and do not contain consolidated financial information as the parent of a group. The company is exempt under Section 401 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included in the consolidated financial statements of its ultimate parent undertaking, Monster Beverage Corporation, NASDAQ listed company incorporated in the USA.

#### 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 has obtained a written confirmation from its intermediate parent company guaranteeing that it will provide financial support to the company for a period of at least 12 months from the date of approving these financial statements if required. The company continues to receive a high level of commitment to the growth of the Monster Energy brand across Europe from its intermediate parent Monster Energy Company and its ultimate parent Monster Beverage Corporation, both incorporated in the USA. The directors consider that the intermediate 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

Tangible fixed assets are stated at cost or valuation, net of depreciation and any provision for impairment.

Depreciation is provided on cost in equal annual instalments over the estimated useful lives of the assets when the asset to which it relates to is first brought into use in the production or supply of services or for administrative purposes on a continuing basis in the company's activities. Assets under construction are not depreciated until they are brought into use.

The periods of depreciation are as follows:

Leasehold improvements	Over lease term
Motor vehicles	Over 4 years
Office and computer equipment	Over 3 – 5 years
Coolers	Over 3 years
Event Equipment	Over 3 – 5 years

#### Taxation

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

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, even if the payments are not made on such basis.

# MONSTER ENERGY EUROPE LIMITED

## NOTES TO THE ACCOUNTS

Year ended 31 December 2014

### 1. ACCOUNTING POLICIES (CONTINUED)

#### 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

Certain employees of the Company have been granted Monster Beverage Corporation share options, restricted stock and restricted stock units under the Monster Beverage Corporation 2011 Omnibus Incentive Plan. This plan provided for a grant price equal to the quoted price of Monster Beverage Corporation shares at the date of grant. The vesting period is generally 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 Monster Beverage Corporation up to a ten-year period after their date of grant.

#### Cash flow statement

Under the provisions of Financial Reporting Standard No.1 (Revised), 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 services which fall within the company's ordinary activities after deduction of Value Added Tax. Turnover represents recharges for marketing services performed across Europe and other territories for another group company and is recognised on a quarterly basis.

### 3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	2014	2013
	£	£
<b>Directors' remuneration</b>		
Emoluments	422,644	342,928
Company contributions to money purchase pension scheme	14,478	12,500
	<u>437,122</u>	<u>355,428</u>
<b>Remuneration of the highest paid director</b>		
Emoluments	378,086	342,928
Company contributions to money purchase pension scheme	12,750	12,500
	<u>390,836</u>	<u>355,428</u>

Other directors are remunerated by other group Companies. The amount separable and allocated to their services to the company is £nil (2013: £nil). Two directors were members of the money purchase pension scheme during the year and the company's contribution during the year to the scheme was £14,478 (2013: £12,500). Two directors exercised the share options in 2014 (2013: 1 Director).

	2014	2013
	£	£
<b>Employee information (including directors)</b>		
Wages and salaries	11,089,116	12,409,938
Social security costs	2,140,239	2,391,539
Other pension costs	207,929	190,455
Share-based payments	1,164,270	1,070,744
Redundancy costs	-	469,257
	<u>14,601,553</u>	<u>16,531,933</u>

**MONSTER ENERGY EUROPE LIMITED**

**NOTES TO THE ACCOUNTS**

**Year ended 31 December 2014**

**3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES (CONTINUED)**

	No.	No.
<b>Average number of persons employed</b>		
Marketing	228	371
Administration	47	51
	<u>275</u>	<u>422</u>

**4. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION**

	2014	2013
	£	£
<b>This is stated after charging/(crediting):</b>		
<b>Auditors' remuneration</b>		
Fees payable for the audit of the company's annual accounts	30,000	25,000
Non-audit fees: Tax compliance services	20,976	20,975
Depreciation	2,092,780	2,342,479
(Profit)/Loss on disposal of fixed assets	(172,930)	236,664
<b>Rentals under operating leases</b>		
Land and buildings	430,633	313,316
Foreign exchange loss	922,521	67,132
Share-based payments	1,164,270	1,070,744
	<u>1,164,270</u>	<u>1,070,744</u>

**5. INTEREST RECEIVABLE AND SIMILAR INCOME**

	2014	2013
	£	£
<b>Bank interest</b>	503	-
Interest receivable from group undertakings	53,226	46,668
	<u>53,729</u>	<u>46,668</u>

**6. INTEREST PAYABLE AND SIMILAR CHARGES**

	2014	2013
	£	£
<b>Bank interest</b>	317	149
Foreign exchange loss on foreign currency borrowing	922,521	67,132
Interest payable to group undertakings	52,487	50,774
	<u>975,325</u>	<u>118,055</u>

# MONSTER ENERGY EUROPE LIMITED

## NOTES TO THE ACCOUNTS

Year ended 31 December 2014

### 7. TAX (CREDIT) / CHARGE ON PROFIT ON ORDINARY ACTIVITIES

	2014 £	2013 £
<b>Current tax</b>		
UK corporation tax at 21.5% (2013 23.25%)	636,727	561,932
Foreign tax	137,375	102,187
Double tax relief	(111,459)	(85,522)
Prior year adjustment	(24,336)	82,602
	<u>638,307</u>	<u>661,199</u>
<b>Deferred tax</b>		
Deferred tax (note 11)	104,861	(197,794)
<b>Total tax charge on profit on ordinary activities</b>	<u>743,168</u>	<u>463,405</u>

#### Factors affecting tax charge for the current year

The tax assessed for the year is higher than that resulting from applying the standard rate of corporation tax in the UK: 21.5% (2013: 23.25%). The differences are explained below:

	2014 £	2013 £
Profit on ordinary activities before tax	<u>4,002,799</u>	<u>1,238,204</u>
Tax at 21.5% (2013: 23.25%) thereon:	860,328	287,882
<b>Effects of:</b>		
- Expenses not deductible for tax purposes	245,092	194,599
- Capital allowances in excess of depreciation	8,861	265,011
- Movement in short term timing differences	3,516	(54,446)
- UK double tax credit relief for overseas tax suffered	(111,459)	(85,522)
- Foreign tax	137,375	102,187
- Share base acquisition	(481,070)	(131,114)
- Prior year adjustment	(24,336)	82,602
<b>Current tax charge for the year</b>	<u>638,307</u>	<u>661,199</u>

On 20 March 2013 the Government announced that the main rate of Corporation Tax would fall to 21% with effect from 1 April 2014, this was substantially enacted on 2 July 2013. The government also announced there would be a subsequent 1% reduction to 20% from 1 April 2015, to become unified with the small companies' rate. These rate reductions have been reflected in the calculation of deferred tax at the balance sheet date.

## MONSTER ENERGY EUROPE LIMITED

### NOTES TO THE ACCOUNTS Year ended 31 December 2014

#### 8. TANGIBLE FIXED ASSETS

	Leasehold Improvements £	Motor Vehicles £	Office & Computer Equipment £	Coolers £	Event Equipment £	Total £
<b>Cost</b>						
At 1 January 2014	803,173	6,627,927	1,523,088	1,697,243	-	10,651,431
Transfers	-	(289,910)	(712,069)	-	1,001,979	-
Additions	77,044	72,927	279,791	2,175,291	54,343	2,659,396
Disposals	-	(857,200)	(212,493)	-	-	(1,069,693)
At 31 December 2014	<u>880,217</u>	<u>5,553,744</u>	<u>878,317</u>	<u>3,872,534</u>	<u>1,056,322</u>	<u>12,241,134</u>
<b>Depreciation</b>						
At 1 January 2014	-	3,643,242	831,216	1,260,454	-	5,734,912
Transfers	-	(47,192)	(514,499)	-	561,691	-
Charge for the year	80,564	1,026,100	242,888	517,081	226,147	2,092,780
Disposals	-	(769,036)	(192,437)	-	-	(961,473)
At 31 December 2014	<u>80,564</u>	<u>3,853,114</u>	<u>367,168</u>	<u>1,777,535</u>	<u>787,838</u>	<u>6,866,219</u>
<b>Net book value</b>						
At 31 December 2013	<u>803,173</u>	<u>2,984,685</u>	<u>691,872</u>	<u>436,789</u>	<u>-</u>	<u>4,916,519</u>
At 31 December 2014	<u>799,653</u>	<u>1,700,630</u>	<u>511,149</u>	<u>2,094,999</u>	<u>268,484</u>	<u>5,374,915</u>

#### 9. FIXED ASSET INVESTMENTS

Investments in subsidiary undertakings	2014 £	2013 £
At 1 January	396,880	280,944
Additions	-	115,936
At 31 December	<u>396,880</u>	<u>396,880</u>



## MONSTER ENERGY EUROPE LIMITED

### NOTES TO THE ACCOUNTS

Year ended 31 December 2014

#### 9. FIXED ASSET INVESTMENTS (CONTINUED)

##### Principal investment

The company has investments in the following subsidiary undertakings.

Subsidiary undertakings	Country of incorporation	Principal activity	Date of acquisition	Fair value of consideration	Holding
Monster Energy France	France	Marketing of Monster Energy	30.03.2009	£1	100%
Monster Energy Ukraine LLC	Ukraine	Marketing & distribution of Monster Energy	28.10.2010	£60,955	99%
Monster Energy Austria GmbH	Austria	Marketing of Monster Energy	01.12.2010	£29,995	100%
Monster Energy Russia LLC	Russia	Marketing of Monster Energy	20.01.2011	£254,713	100%
Monster Energy Beverage Company of South Africa (Proprietary) Limited	South Africa	Marketing & distribution of Monster Energy	01.12.2011	£83	100%
M Energy Rus LLC	Russia	Marketing of Monster Energy	06.12.2013	£54,134	100%

#### 10. DEBTORS

	2014 £	2013 £
Amounts owed by group undertaking	16,366,730	21,802,889
Prepayments	1,896,779	595,721
Other debtors	1,282,320	1,852,013
Deferred tax asset (Note 11)	637,128	741,989
	<u>20,182,957</u>	<u>24,992,612</u>

# MONSTER ENERGY EUROPE LIMITED

## NOTES TO THE ACCOUNTS Year ended 31 December 2014

### 11. DEFERRED TAX ASSET

	2014 £	2013 £
At 1 January	741,989	544,195
Profit and loss account	(104,861)	197,794
At 31 December	<u>637,128</u>	<u>741,989</u>
<b>Analysis of deferred tax balance</b>		
Capital allowances in excess of depreciation	282,952	378,423
Short term timing differences	-	3,535
Prior year adjustment	(25,503)	-
FRS 20 tax expense on outstanding share options	379,679	360,031
At 31 December	<u>637,128</u>	<u>741,989</u>

### 12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2014 £	2013 £
Trade creditors	1,904,965	1,057,984
Amounts owed to group undertakings	13,638,283	19,077,748
Taxation and social security	344,236	473,671
Other creditors	43,208	33,158
Accruals and deferred income	3,387,155	3,736,665
Corporation tax	718,070	578,732
	<u>20,035,917</u>	<u>24,957,958</u>

### 13. SHARE CAPITAL

	2014 £	2013 £
Authorised 500,000 ordinary shares of £1 each	<u>500,000</u>	<u>500,000</u>
Called up, allotted and fully paid 500,000 ordinary shares of £1 each	<u>500,000</u>	<u>500,000</u>

**MONSTER ENERGY EUROPE LIMITED**

**NOTES TO THE ACCOUNTS**

**Year ended 31 December 2014**

**14. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS AND RESERVES**

	Share Capital 2014 £	Profit and Loss account 2014 £	Shareholders' funds 2014 £	Shareholders' funds 2013 £
Opening balance	500,000	6,885,466	7,385,466	5,539,923
Profit for the year	-	3,259,631	3,259,631	774,799
Share-based payments	-	1,164,270	1,164,270	1,070,744
Closing balance	<u>500,000</u>	<u>11,309,367</u>	<u>11,809,367</u>	<u>7,385,466</u>

**15. OPERATING LEASES**

At 31 December 2014 the Company was committed to making the following payments during the next year in respect of non-cancellable operating leases:

	2014 Land and Buildings £	2013 Land and Buildings £
Leases which expire:		
Within one year	157,945	101,616
Between two and five years	86,653	57,357
After five years	64,643	112,700
	<u>309,241</u>	<u>271,673</u>

## MONSTER ENERGY EUROPE LIMITED

### NOTES TO THE ACCOUNTS

Year ended 31 December 2014

#### 16. SHARE BASED PAYMENTS

##### Equity settled share option plan

Certain employees of the Company have been granted Monster Beverage Corporation share options, restricted stock and restricted stock units under the Monster Beverage Corporation 2011 Omnibus Incentive Plan. This plan provided for a grant price equal to the quoted price of Monster Beverage Corporation shares at the date of grant. The vesting period is generally 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 Monster Beverage 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.

The company recognised a total expense of £1,164,270 (2013: £1,070,744) related to equity-settled share based payment transactions in the year.

##### Stock Options

Details of the Monster Beverage Corporation share options granted to Monster Energy Europe Limited employees during the year ended 31 December 2014 and 2013 are outstanding are as follows:

	2014		2013	
	Options	Weighted average exercise price US \$	Options	Weighted average exercise price US \$
Outstanding at beginning of year	374,050	41.46	409,900	29.87
Granted during the year	93,000	71.63	166,000	49.67
Forfeited during the year	(38,650)	50.31	(128,700)	25.61
Adjustment	19,000	-	-	-
Exercised during the year	(84,992)	27.88	(73,150)	23.01
Outstanding at the end of the year	362,408	52.01	374,050	41.46
Exercisable at the end of the year	55,458	29.40	86,850	24.10

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 2014 had a weighted average exercise price of \$52.01 (2013: \$41.46) and a weighted average remaining contractual life of 7.87 (2013: 7.89 years). In the year to 31 December 2014 options were granted on a number of dates. The aggregate of the estimated fair values of the options granted on those dates is \$2,495,509 (2013: \$3,515,796).

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

	2014	2013
Weighted average share price (US \$)	26.83	21.18
Weighted average exercise price (US \$)	71.63	49.67
Expected volatility	38.09%	46.79%
Expected life (years)	5.55	5.36
Risk free rate	1.58%	0.98%
Expected dividend yield	0.00%	0.00%

Expected volatility was determined by calculating the historical volatility of Monster Beverage Corporation share price over a period of time equivalent to the expected term of option. 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.

## MONSTER ENERGY EUROPE LIMITED

### NOTES TO THE ACCOUNTS

Year ended 31 December 2014

#### 16. SHARE BASED PAYMENTS (CONTINUED)

##### Restricted Stock Awards and Restricted Stock Units

Stock based compensation cost for restricted stock awards and restricted stock units is measured based on the closing fair market value of the Company's common stock at the date of grant. In the event that the Company has the option and intent to settle a restricted stock unit in cash, the award is classified as a liability and revalued at each balance sheet date.

The following table summarizes the Company's activities with respect to non-vested restricted stock awards and non-vested restricted stock units as follows:

	Number of Shares	Weighted Average Grant - Date Fair Value
Non-vested at 1 January 2014	42,650	\$56.64
Granted	-	-
Vested	(7,050)	\$51.22
Forfeited/cancelled	(8,100)	\$50.84
Non-vested at 31 December 2014	<u>27,500</u>	\$59.40

There were no restricted stock unit or restricted stock awards granted during the years ended 31 December 2014. As of 31 December 2014, 0.02 million of restricted stock units and restricted stock awards are expected to vest.

At 31 December 2014, total unrecognised compensation expense relating to non-vested restricted stock awards and non-vested restricted stock units was \$1.07 million, which is expected to be recognized over a weighted-average period 2.5 years.

#### 17. ULTIMATE PARENT COMPANY AND RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption available in Financial Reporting Standard 8 relating to the disclosures of transactions with group companies.

The Company's ultimate parent company and controlling party and the parent company of the smallest and largest group in which the company is a member, for which consolidated accounts are prepared, is Monster Beverage Corporation, a NASDAQ listed company incorporated in the USA. Copies of the Group Financial Statements of Monster Beverage Corporation are available from [monsterbevecorp.com](http://monsterbevecorp.com).