

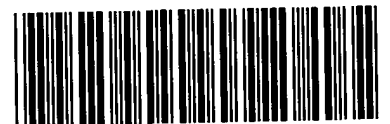
Company Registration No. 6394100

Monster Energy Europe Limited

Annual Report and Financial Statements

31 December 2013

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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

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
St Albans
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 2013.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of 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 2013 involving rapid expansion and investment in support of group activities. This has continued in 2014 as we intend to enter the new markets in East Europe and Middle East & Africa. During the year the company incorporated a branch in Albania and set up a new entity in Russia. 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 2013, the company's turnover increased from £44,969,463 in 2012 to £53,544,901 in 2013 in line with the planned expansion.

As at 31 December 2013, the company had net assets of £7,385,466 (2012: £5,539,923) and cash at bank and in hand of £2,037,413 (2012: £1,718,036).

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.

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.

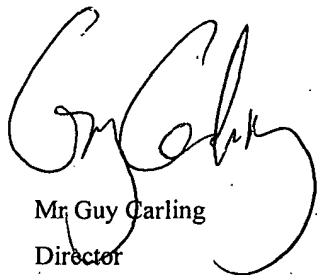
MONSTER ENERGY EUROPE LIMITED

STRATEGIC REPORT

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 Guy Carling
Director

22 September 2014



Mr Norman Epstein
Director

22 September 2014

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 2013 (2012: £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

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

AUDITOR

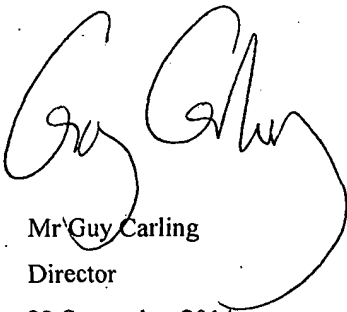
Each of the persons who is a director at the date of approval of this report confirms that:

- 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.

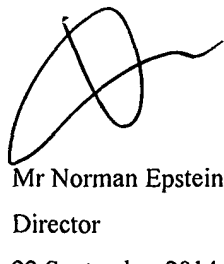
This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

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 Guy Carling
Director
22 September 2014



Mr Norman Epstein
Director
22 September 2014

MONSTER ENERGY EUROPE LIMITED

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). 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.

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 2013 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 2013 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 FCA (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
St Albans, United Kingdom

24th September 2014

MONSTER ENERGY EUROPE LIMITED

PROFIT AND LOSS ACCOUNT

Year ended 31 December 2013

	Note	2013 £	2012 £
TURNOVER	2	53,544,901	44,969,463
Administrative expenses		(52,235,310)	(43,820,762)
OPERATING PROFIT		<u>1,309,591</u>	<u>1,148,701</u>
Interest receivable and similar income	5	46,668	613,695
Interest payable and similar charges	6	(118,055)	(30,485)
		<u>(71,387)</u>	<u>583,210</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	4	1,238,204	1,731,911
Tax (charge)/credit on profit on ordinary activities	7	(463,405)	126,724
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION	14	<u>774,799</u>	<u>1,858,635</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 2013

	Note	2013 £	2012 £
FIXED ASSETS			
Tangible assets	8	4,916,519	4,495,532
Investments	9	396,880	280,944
		<u>5,313,399</u>	<u>4,776,476</u>
CURRENT ASSETS			
Debtors	10	24,992,612	18,390,651
Cash at bank and in hand		2,037,413	1,718,036
		<u>27,030,025</u>	<u>20,108,687</u>
CREDITORS: amounts falling due within one year	12	<u>(24,957,958)</u>	<u>(19,345,240)</u>
NET CURRENT ASSETS		<u>2,072,067</u>	<u>763,447</u>
NET ASSETS		<u>7,385,466</u>	<u>5,539,923</u>
CAPITAL AND RESERVES			
Called up share capital	13	500,000	500,000
Profit and loss account	14	6,885,466	5,039,923
		<u>7,385,466</u>	<u>5,539,923</u>
SHAREHOLDERS' FUNDS		<u>7,385,466</u>	<u>5,539,923</u>

These financial statements of Monster Energy Europe Limited, registered number 6394100, were approved by the Board of Directors on 22 September 2014

Signed on behalf of the Board of Directors


Mr Guy Carling
Director

MONSTER ENERGY EUROPE LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2013

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 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

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.

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.

MONSTER ENERGY EUROPE LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2013

1. ACCOUNTING POLICIES (CONTINUED)

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 as performed.

3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	2013	2012
	£	£
Directors' remuneration		
Emoluments	342,928	332,937
Company contributions to money purchase pension scheme	12,500	10,250
	<u>355,428</u>	<u>343,187</u>
Remuneration of the highest paid director		
Emoluments	342,928	332,937
Company contributions to money purchase pension scheme	12,500	10,250
	<u>355,428</u>	<u>343,187</u>

Other directors are remunerated by other group Companies. The amount separable and allocated to their services to the company is £nil (2012: £nil). 3 directors exercised share options in 2013 (2012: 3 directors)

MONSTER ENERGY EUROPE LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2013

3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES (CONTINUED)

	2013 £	2012 £
Employee information (including directors)		
Wages and salaries	12,409,938	9,982,386
Social security costs	2,391,539	1,891,008
Other pension costs	190,455	296,236
Share-based payments	1,070,744	1,187,512
Redundancy costs	469,257	-
	<u>16,531,933</u>	<u>13,357,142</u>
Average number of persons employed		
	No.	No.
Marketing	371	302
Administration	51	32
	<u>422</u>	<u>334</u>

4. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	2013 £	2012 £
This is stated after charging/(crediting):		
Auditors' remuneration		
Fees payable for the audit of the company's annual accounts	25,000	30,750
Non-audit fees: Tax compliance services	20,975	17,500
Depreciation	2,343,935	1,987,187
Loss on disposal of fixed assets	236,664	3,384
Rentals under operating leases		
Other - Land and buildings	313,316	313,316
Foreign exchange loss/(gain)	67,132	(586,628)
Share-based payments	<u>1,070,744</u>	<u>1,187,512</u>

5. INTEREST RECEIVABLE AND SIMILAR INCOME

	2013 £	2012 £
Bank interest	-	291
Interest receivable from group undertakings	46,668	26,776
Foreign exchange gain on foreign currency borrowing	-	586,628
	<u>46,668</u>	<u>613,695</u>

MONSTER ENERGY EUROPE LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2013

6. INTEREST PAYABLE AND SIMILAR CHARGES

	2013	2012
	£	£
Bank interest	149	-
Foreign exchange loss on foreign currency borrowing	67,132	-
Interest payable to group undertakings	50,774	30,485
	<u>118,055</u>	<u>30,485</u>

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

	2013	2012
	£	£
Current tax		
UK corporation tax at 23.25% (2012: 24.5%)	561,932	340,806
Foreign tax	102,187	125,906
Double tax relief	(85,522)	(63,266)
Prior year adjustment	82,602	-
	<u>661,199</u>	<u>403,446</u>
Deferred tax (note 11)		
Credit to the profit and loss	(197,794)	(530,170)
	<u>463,405</u>	<u>(126,724)</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: 23.25% (2012: 24.5%). The differences are explained below:

	2013	2012
	£	£
Profit on ordinary activities before tax	<u>1,238,204</u>	<u>1,731,911</u>
Tax at 23.25% (2012: 24.5%) thereon:	287,882	424,318
Effects of:		
- Expenses not deductible for tax purposes	194,599	18,697
- Capital allowances in excess of depreciation	265,011	220,265
- Movement in short term timing differences	(54,446)	(98,355)
- UK double tax credit relief for overseas tax suffered	(85,522)	(63,266)
- Foreign tax	102,187	125,906
- Share base acquisition	(131,114)	(224,119)
- Prior year adjustment	82,602	-
	<u>661,199</u>	<u>403,446</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 2013

8. TANGIBLE FIXED ASSETS

	Leasehold Improvements £	Motor Vehicles £	Office & Computer Equipment £	Coolers £	Total £
Cost					
At 1 January 2013	217,585	5,271,913	1,777,204	1,500,764	8,767,466
Additions	803,173	1,422,470	502,721	290,447	3,018,811
Disposals	(217,585)	(66,456)	(756,837)	(93,968)	(1,134,846)
At 31 December 2013	<u>803,173</u>	<u>6,627,927</u>	<u>1,523,088</u>	<u>1,697,243</u>	<u>10,651,431</u>
Depreciation					
At 1 January 2013	58,060	2,424,705	1,044,407	744,762	4,271,934
Charge for the year	19,945	1,261,624	459,473	602,893	2,343,935
Disposals	(78,005)	(43,087)	(672,664)	(87,201)	(880,957)
At 31 December 2013	<u>-</u>	<u>3,643,242</u>	<u>831,216</u>	<u>1,260,454</u>	<u>5,734,912</u>
Net book value					
At 31 December 2012	<u>159,525</u>	<u>2,847,208</u>	<u>732,797</u>	<u>756,002</u>	<u>4,495,532</u>
At 31 December 2013	<u><u>803,173</u></u>	<u><u>2,984,685</u></u>	<u><u>691,872</u></u>	<u><u>436,789</u></u>	<u><u>4,916,519</u></u>

MONSTER ENERGY EUROPE LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2013

9. FIXED ASSET INVESTMENTS

Investments in subsidiary undertakings	2013 £	2012 £
At 1 January 2013	280,944	153,837
Additions*	115,936	127,107
At 31 December 2013	396,880	280,944

*Additions in 2013 relate to increased holding in Monster Energy Russia LLC & M Energy Rus LLC during the year.

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	£51,134	100%

10. DEBTORS

	2013 £	2012 £
Amounts owed by group undertaking	21,802,889	15,358,982
Prepayments	595,721	325,205
Other debtors	1,852,013	2,162,269
Deferred tax asset (Note 11)	741,989	544,195
	<u>24,992,612</u>	<u>18,390,651</u>

MONSTER ENERGY EUROPE LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2013

11. DEFERRED TAX ASSET

	2013 £	2012 £
At 1 January	544,195	14,025
Profit and loss account	197,794	530,170
At 31 December	<u>741,989</u>	<u>544,195</u>
Analysis of deferred tax balance		
Capital allowances in excess of depreciation	378,423	152,302
Short term timing differences	3,535	(6,560)
FRS 20 tax expense on outstanding share options	360,031	398,453
At 31 December	<u>741,989</u>	<u>544,195</u>

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2013 £	2012 £
Trade creditors	1,057,984	1,393,630
Amounts owed to group undertakings	19,077,748	14,915,192
Taxation and social security	473,671	251,978
Other creditors	33,158	61,572
Accruals and deferred income	3,736,665	2,376,270
Corporation tax	578,732	346,598
	<u>24,957,958</u>	<u>19,345,240</u>

13. CALLED-UP SHARE CAPITAL

	2013 £	2012 £
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 2013

14. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS AND RESERVES

	Share Capital 2013 £	Profit and Loss account 2013 £	Shareholders' funds 2013 £	Shareholders' funds 2012 £
Opening balance	500,000	5,039,923	5,539,923	2,493,776
Profit for the year	-	774,799	774,799	1,858,635
Share-based payments	-	1,070,744	1,070,744	1,187,512
Closing balance	500,000	6,885,466	7,385,466	5,539,923

15. OPERATING LEASES

At 31 December 2013 the Company was committed to making the following payments during the next year in respect of non-cancellable operating leases:

	2013 Land and Buildings £	2012 Land and Buildings £
Leases which expire:		
Within one year	101,616	57,883
Between two and five years	57,357	41,599
After five years	112,700	154,404
	271,673	253,886

MONSTER ENERGY EUROPE LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2013

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 £1,070,744 (2012: £1,187,512) 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 2013 and 2012 are outstanding are as follows:

	2013		2012	
	Options	Weighted average exercise price US \$	Options	Weighted average exercise price US \$
Outstanding at beginning of year	409,900	29.87	444,000	22.68
Granted during the year	166,000	49.67	64,000	57.82
Forfeited during the year	(128,700)	25.61	(45,600)	21.10
Adjustment	-	-	5,000	-
Exercised during the year	(73,150)	23.01	(57,500)	20.77
Outstanding at the end of the year	374,050	41.46	409,900	29.87
Exercisable at the end of the year	86,850	24.10	98,900	23.31

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 2013 had a weighted average exercise price of \$41.46 (2012: \$29.87) and a weighted average remaining contractual life of 7.89 (2012: 6.27 years). In the year to 31 December 2013 options were granted on a number of dates. The aggregate of the estimated fair values of the options granted on those dates is \$3,515,796 (2012: \$1,605,900).

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

	2013	2012
Weighted average share price (US \$)	21.18	25.09
Weighted average exercise price (US \$)	49.67	57.82
Expected volatility	46.79%	48.32%
Expected life (years)	5.36	5.38
Risk free rate	0.98%	0.62%
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.

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NOTES TO THE ACCOUNTS

Year ended 31 December 2013

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:

	<u>Number of Shares</u>	<u>Weighted Average Grant - Date Fair Value</u>
Non-vested at 1 January 2013	53,350	\$45.53
Granted	5,000	\$52.97
Vested	(10,250)	\$47.08
Forfeited/cancelled	(5,450)	\$55.89
Non-vested at 31 December 2013	<u>42,650</u>	\$56.64

The weighted-average grant-date fair value of restricted stock units and restricted stock awards granted during the years ended 31 December 2013 was \$52.97 per share, respectively. As of 31 December 2013, 0.04 million of restricted stock units and restricted stock awards are expected to vest.

At 31 December 2013, total unrecognised compensation expense relating to non-vested restricted stock awards and non-vested restricted stock units was \$1.9 million, which is expected to be recognized over a weighted-average period 3.4 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 monsterbevcorp.com.