

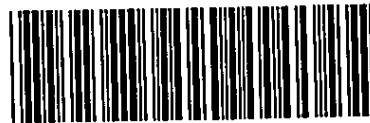
**Company Registration No. 6394100**

**Monster Energy Europe Limited**

**Report and Financial Statements**

**31 December 2011**

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COMPANIES HOUSE

# **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

**SECRETARY**

Mr Norman Epstein

**REGISTERED OFFICE**

Unit 30, Riverside Way  
Uxbridge  
Middlesex  
UB8 2 YF  
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

**AUDITOR**

Deloitte LLP  
Chartered Accountants & Statutory Auditor  
St Albans

## **MONSTER ENERGY EUROPE LIMITED**

### **DIRECTORS' REPORT**

The directors present their annual report and the audited financial statements for the year ended 31 December 2011.

#### **PRINCIPAL ACTIVITIES AND BUSINESS REVIEW**

The principal activity of the company during the year has been the marketing of energy drinks across Europe, Middle East and Africa.

The business has achieved its goals in 2011 involving rapid expansion and investment in support of group activities. This will continue in 2012 as we enter new markets in Europe and other territories. During the year the company incorporated branches and subsidiaries in Belgium, Bulgaria, Croatia, Cyprus, Dubai, Greece, Lithuania, Russia, South Africa and Turkey. 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 2011, the company's turnover increased from £22,678,884 in 2010 to £41,079,610 in line with the planned expansion.

As at 31 December 2011, the company had net assets of £2,493,776 (2010: net liabilities of £72,271) and cash at bank and in hand of £1,787,904 (2010: £538,600).

#### **DIVIDENDS AND TRANSFERS TO RESERVES**

Full details of the results for the year are set out in the profit and loss account on page 7. The directors do not recommend any dividend payment for the year ended 31 December 2011 (2010: 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.

#### **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 Hansen Beverage Company and its ultimate parent Monster Beverage Corporation (formerly Hansen Natural 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**

**DIRECTORS' REPORT**

**AUDITOR**

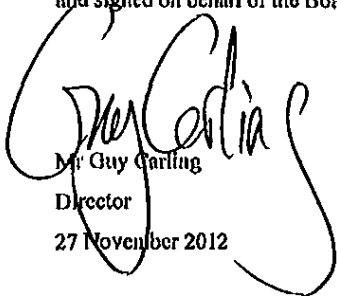
Each of the persons who is a director at the date of approval of this report confirms that:

- 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  
27 November 2012



Mr Hilton Schlosberg  
Director  
27 November 2012

## **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'S 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 2011 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 Directors' Responsibilities Statement, 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. 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 2011 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 Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

**INDEPENDENTS 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

*30 November 2012*



**MONSTER ENERGY EUROPE LIMITED****PROFIT AND LOSS ACCOUNT**  
**Year ended 31 December 2011**

	Note	2011 £	2010 £
<b>TURNOVER</b>	2	41,079,610	22,678,884
Administrative expenses		(38,745,619)	(23,081,951)
<b>OPERATING PROFIT/(LOSS)</b>		<u>2,333,991</u>	<u>(403,067)</u>
Interest receivable and similar income	5	45,280	82,443
Interest payable and similar charges	6	(257,146)	(655,412)
<b>PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	4	<u>2,122,125</u>	<u>(976,036)</u>
Tax (charge)/credit on profit/(loss) on ordinary activities	7	(439,706)	52,560
<b>PROFIT/(LOSS) ON ORDINARY ACTIVITIES AFTER TAXATION</b>	14	<u><u>1,682,419</u></u>	<u><u>(923,476)</u></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 2011**

	Note	2011 £	2010 £
<b>FIXED ASSETS</b>			
Tangible assets	8	4,974,735	3,132,215
Investments	9	153,837	90,950
		<u>5,128,572</u>	<u>3,223,165</u>
<b>CURRENT ASSETS</b>			
Debtors	10	17,581,047	19,143,101
Cash at bank and in hand		1,787,904	538,600
		<u>19,368,951</u>	<u>19,681,701</u>
<b>CREDITORS: amounts falling due within one year</b>	12	<u>(22,003,747)</u>	<u>(22,977,137)</u>
<b>NET CURRENT LIABILITIES</b>		<u>(2,634,796)</u>	<u>(3,295,436)</u>
<b>NET ASSETS / (LIABILITIES)</b>		<u>2,493,776</u>	<u>(72,271)</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	13	500,000	500,000
Profit and loss account	14	1,993,776	(572,271)
<b>SHAREHOLDERS' FUNDS / (DEFICIT)</b>		<u>2,493,776</u>	<u>(72,271)</u>

These financial statements of Monster Energy Europe Limited, registered number 6394100, were approved by the Board of Directors on 27 November 2012.

Signed on behalf of the Board of Directors

Mr Guy Carling  
Director



**MONSTER ENERGY EUROPE LIMITED**

**NOTES TO THE ACCOUNTS**

Year ended 31 December 2011

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

	2011 £	2010 £
<b>Current tax</b>		
UK Corporation tax (26%)	229,415	-
Foreign tax	79,775	-
	<u>309,190</u>	<u>-</u>
<b>Deferred tax</b>		
Deferred tax (note 11)	130,517	(52,560)
	<u>439,706</u>	<u>(52,560)</u>

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

The tax assessed for the year is lower than that resulting from applying the standard rate of corporation tax in the UK 26% (2010: 28%). The differences are explained below:

	2011 £	2010 £
Profit/(loss) on ordinary activities before tax	<u>2,122,125</u>	<u>(976,036)</u>
Tax at 26% (2010: 28%) thereon.	562,363	(273,290)
<b>Effects of:</b>		
- Expenses not deductible for tax purposes	148,494	264,181
- Capital allowances in excess of depreciation	83,549	(51,327)
- Movement in short term timing differences	24,622	(8,970)
- Overseas branches tax expensed	(38,815)	-
- Share base acquisition	(338,554)	-
- Other adjustments	-	69,406
- B/F Losses utilized this period	<u>(212,244)</u>	<u>-</u>
Current tax charge/(credit) for the year	<u>229,415</u>	<u>-</u>

**MONSTER ENERGY EUROPE LIMITED**

**NOTES TO THE ACCOUNTS**

**Year ended 31 December 2011**

**4. PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION**

	2011	2010
	£	£
This is stated after charging:		
Auditor's remuneration		
Audit fees	29,750	25,000
Non-audit fees: Tax services	15,000	18,989
Depreciation	1,562,024	574,336
Loss on disposal of fixed asset	4,437	2,261
Rentals under operating leases		
Land and buildings	359,757	197,764
Foreign exchange loss	191,325	561,030
Share-based payments	883,628	695,247
	<u>                    </u>	<u>                    </u>

**5. INTEREST RECEIVABLE AND SIMILAR INCOME**

	2011	2010
	£	£
Bank interest	253	218
Interest receivable from group undertakings	45,027	82,225
	<u>                    </u>	<u>                    </u>
	45,280	82,443
	<u>                    </u>	<u>                    </u>

**6. INTEREST PAYABLE AND SIMILAR CHARGES**

	2011	2010
	£	£
Foreign exchange loss on foreign currency borrowing	191,325	561,030
Interest payable to group undertakings	65,821	94,382
	<u>                    </u>	<u>                    </u>
	257,146	655,412
	<u>                    </u>	<u>                    </u>

# MONSTER ENERGY EUROPE LIMITED

## NOTES TO THE ACCOUNTS

Year ended 31 December 2011

### 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 Hansen Natural Corporation share options under the Hansen Natural Corporation share option plan. The company has applied the requirements of PRS 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.

#### 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.

### 3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	2011 £	2010 £
Directors' remuneration		
Emoluments	<u>287,973</u>	<u>253,149</u>

#### Remuneration of the highest paid director

Emoluments	<u>287,973</u>	<u>253,149</u>
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Other directors are remunerated by other group Companies. The amount separable and allocated to their services to the Company is £nil (2010: £nil).

One director was a member of the money purchase pension scheme during the year and the company's contribution during the year to the scheme was £10,000 (2010: £9,125).

	2011 £	2010 £
Employee information (including directors)		
Wages and salaries	9,081,151	4,821,359
Social security costs	1,601,042	648,896
Pension costs	140,316	121,410
Share-based payments	883,630	695,247
	<u>11,706,139</u>	<u>6,286,912</u>

#### Average number of persons employed

	No.	No.
Marketing	218	99
Administration	193	112
	<u>411</u>	<u>211</u>

# MONSTER ENERGY EUROPE LIMITED

## NOTES TO THE ACCOUNTS

Year ended 31 December 2011

### 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, Hansen Natural 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 Hansen Beverage Company and its ultimate parent Hansen Natural 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.

**MONSTER ENERGY EUROPE LIMITED**

**NOTES TO THE ACCOUNTS**

Year ended 31 December 2011

**8. TANGIBLE FIXED ASSETS**

	Leasehold Improvements	Motor Vehicles	Office & Computer Equipment	Assets under construction	Coolers	Total
	£	£	£	£	£	£
<b>Cost</b>						
At 1 January 2011	161,663	2,392,164	890,709	562,626	-	4,007,162
Additions	55,922	1,625,357	586,012	-	1,316,184	3,583,475
Transfers	-	562,626	-	(562,626)	-	-
Disposals	-	(46,741)	(9,624)	-	(168,707)	(225,072)
<b>At 31 December 2011</b>	<b>217,585</b>	<b>4,533,406</b>	<b>1,467,097</b>	<b>-</b>	<b>1,147,477</b>	<b>7,365,565</b>
At 1 January 2011	19,062	541,879	314,006	-	-	874,947
Charge for the year	17,462	818,037	329,128	-	396,497	1,562,024
Disposals	-	(6,080)	(2,675)	-	(37,386)	(46,141)
<b>At 31 December 2011</b>	<b>36,524</b>	<b>1,354,736</b>	<b>640,459</b>	<b>-</b>	<b>359,111</b>	<b>2,390,830</b>
<b>Net book value</b>						
At 31 December 2011	181,061	3,178,670	826,638	-	788,366	4,974,735
At 31 December 2010	142,601	1,850,285	576,703	562,626	-	3,132,215

## MONSTER ENERGY EUROPE LIMITED

### NOTES TO THE ACCOUNTS Year ended 31 December 2011

#### 9. FIXED ASSET INVESTMENTS

Investments in subsidiary undertakings	2011 £	2010 £
At 1 January 2011	90,950	-
Additions	62,887	90,950
At 31 December 2011	<u>153,837</u>	<u>90,950</u>

#### Principal investment

The company have 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 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	£62,806	100%
Monster Energy Beverage Company of South Africa (Proprietary) Limited	South Africa	Marketing of Monster Energy	01.12.2011	£80	100%

#### 10. DEBTORS

	2011 £	2010 £
Amounts owed by group undertaking	15,670,109	17,552,520
Prepayments	939,425	254,871
Other debtors	957,488	1,191,168
Deferred tax asset (Note 11)	14,025	144,542
	<u>17,581,047</u>	<u>19,143,101</u>



**MONSTER ENERGY EUROPE LIMITED**

**NOTES TO THE ACCOUNTS**

Year ended 31 December 2011

**11. DEFERRED TAX ASSET**

	2011 £	2010 £
At 1 January	144,542	91,982
Profit and loss account	<u>(130,517)</u>	<u>52,560</u>
At 31 December	<u>14,025</u>	<u>144,542</u>
<b>Analysis of deferred tax balance</b>		
Capital allowances in excess of depreciation	(82,936)	(95,302)
Short term timing differences	96,961	75,604
Tax losses available	-	164,240
At 31 December	<u>14,025</u>	<u>144,542</u>

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

	2011 £	2010 £
Trade creditors	1,861,342	1,841,732
Amounts owed to group undertaking	17,044,930	19,087,179
Taxation and social security	560,592	180,976
Other creditors	308,388	51,596
Accruals and deferred income	1,998,872	1,815,446
Corporation tax	229,623	208
	<u>22,003,747</u>	<u>22,977,137</u>

**13. SHARE CAPITAL**

	2011 £	2010 £
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 2011**

**14. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS/ (DEFICIT) AND RESERVES**

	Share Capital	Profit and Loss account	Share- holders' (deficit)/ funds	Share- holders' (deficit)/ funds
	2011	2011	2011	2010
	£	£	£	£
Opening balance	500,000	(572,271)	(72,271)	155,958
Profit/(loss) for the year	-	1,682,419	1,682,419	(923,476)
Capital contribution	-	883,628	883,628	695,247
Closing balance	<u>500,000</u>	<u>1,993,776</u>	<u>2,493,776</u>	<u>(72,271)</u>

**15. OPERATING LEASES**

At 31 December 2011 the Company was committed to making the following payments during the next year in respect of non-cancellable operating leases:

	2011	2010
	Land and Buildings £	Land and Buildings £
Leases which expire:		
Within one year	53,579	52,523
Between one and five years	56,977	49,960
After five years	<u>135,240</u>	<u>112,700</u>

# MONSTER ENERGY EUROPE LIMITED

## NOTES TO THE ACCOUNTS Year ended 31 December 2011

### 16. SHARE BASED PAYMENTS

#### Equity settled share option plan

Certain 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 Europe Limited employees during the year ended 31 December 2011 are outstanding are as follows:

	2011		2010	
	Options	Weighted average exercise price US \$	Options	Weighted average exercise price US \$
Outstanding at beginning of year	326,900	41.26	208,500	37.31
Granted during the year	16,000	43.43	150,000	44.71
Forfeited during the year	-	-	(22,000)	31.98
Exercised during the year	(114,900)	40.42	(9,600)	33.29
Outstanding at the end of the year	228,000	45.35	326,900	42.25
Exercisable at the end of the year	17,000	41.55	66,900	39.96

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 2011 had a weighted average exercise price of \$45.35 (2010: \$42.25) and a weighted average remaining contractual life of 8.11 years (2010: 8.55 years). In the year to 31 December 2011 options were granted on a number of dates. The aggregate of the estimated fair values of the options granted on those dates is \$694,933 (2010: \$3,655,975).

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

	2011	2010
Weighted average share price (US \$)	21.72	24.37
Weighted average exercise price (US \$)	46.04	44.71
Expected volatility	51.46%	58.20%
Expected life (years)	5.59	5.84
Risk free rate	0.97%	2.00%
Expected dividend yield	0.00%	0.00%

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 £883,628 (2010: £695,247) related to equity-settled share based payment transactions in the year.

On 11 January 2012 the Board of Hansen Natural Corporation approved a share split and the Company's shares began trading on a post-split basis. This will double the number of share options whilst halving the share price.

**MONSTER ENERGY EUROPE LIMITED**

**NOTES TO THE ACCOUNTS**

**Year ended 31 December 2011**

**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 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](http://Hansens.com).

On 5 January 2012 Hansen Natural Corporation changed its name to Monster Beverage Corporation.