

TO OUR SHAREHOLDERS

I am extremely fortunate to be able to report to you that in 2004 we had our 12th consecutive year of increased sales since our acquisition of the Hansen's® beverage business in 1992.

Sales volumes of the Company's Monster Energy™ drinks and Lo-Carb Monster Energy™ drinks increased substantially over the previous year. During the year we introduced a new Monster Energy™ Assault energy drink. At the beginning of 2004 we launched a new energy drink in a 16 ounce can under the Lost® brand name. Lost® is produced under an exclusive licensing arrangement with Lost International, LLC. We saw an alliance with Lost® as a strategic move that instantaneously put us on the radar of the skeptical, hard-to-reach generation X beverage consumer. Sales of both Monster Energy™ Assault and Lost® were in line with expectations.

Increased sales volumes of apple juice and apple grape juice, private label beverages and Energade Energy sports drinks also contributed to our record sales. The increase in sales was partially off-set by decreased sales volumes primarily of Hansen's® Energy drinks in 8.3 ounce cans, children's multi-vitamin juice drinks and teas, lemonades and juice cocktails. Sales of our new line of Blue Sky® natural tea sodas in 12 ounce cans, which were introduced late in 2004, have been encouraging. In December 2004 and continuing into 2005 we introduced Rumba™ energy juice in 15.5 ounce cans. Rumba™ is a non-carbonated 100% juice product that targets morning beverage consumers and is positioned as a substitute for coffee, caffeinated sodas and orange or other juices.

During 2005 we extended our Monster Energy™ and Lo-Carb Monster Energy™ drink lines by introducing Monster Energy™ and Lo-Carb Monster Energy™ in 8.3 ounce and 23.5 ounce size cans, Monster Energy™ Assault in 8.3 ounce cans, and further by introducing a new Monster Energy™ "Khaos" energy drink in 16 ounce cans. We are also extending the Lost® Energy drink line by introducing a new lo-carb Lost® "Perfect 10" energy drink as well as a new Lost® "Five-0" energy drink in 16 ounce cans. Both Monster Energy™ "Khaos" and Lost® "Five-0" are carbonated and contain different levels of juice.

While sales of Monster Energy™ drinks and Lost® Energy drinks continue to exceed our expectations, sales of Hansen's® Energy drinks continue to trend lower. Sales of Hansen's Deuce™ energy drinks in 16 ounce cans were also below expectations and we are in the process of discontinuing that line.

Our exclusive contracts with the State of California Department of Health Services, Women, Infants and Children ("WIC") Supplemental Nutritional Branch ("DHS") to supply 100% apple juice and 100% blended juice, in 64 ounce PET plastic bottles, commenced on July 12, 2004. As expected, these contracts resulted in substantial expansion of distribution of our apple and blended juices which has resulted in increased exposure for the Hansen's® brand. Sales achieved to date indicate that annual volumes overall will be lower than DHS's estimates. Earlier this year Hansen's® apple strawberry juice became eligible for redemption under the WIC blended juice contract.

During the first six months of 2005 the growth in the sales of Monster Energy™ energy drinks has exceeded the growth in sales of the category. We are continuing to gain market share.

We have continued to experience difficulty in securing production for our Sparkling Lemonades and Orangeades in glass bottles and our Sparkling Apple Cider line in 1.5 liter magnum glass

bottles. Consequently, sales of those products did not materialize and we will reevaluate relaunching these lines once satisfactory production capacity has been secured.

At the beginning of 2005 we introduced a controlled brand under the Joker Mad Energy™ brand name for use by a national convenience and gas chain.

Our sales outside of California grew from 47% at the end of 2003 to 56% at the end of 2004. This trend has continued in the first six months of 2005 during which period our sales outside of California grew to 60% of our overall sales.

We continue to license “Clifford the Big Red Dog” for Junior Juice and to participate in the "Save Lives Send Tabs" promotion to benefit the City of Hope Breast Cancer Research Center.

During the year we developed and a number of additional products and flavors under the Hansen's®, Blue Sky® and Monster Energy™ and Lost® Energy brand labels and intend to continue to introduce new products and flavors to complement our existing product lines both this year and in the future.

Once again, I would like to express my appreciation to my fellow directors for their counsel and support during the year and, in particular, to Mr. Hilton Schlosberg our President and Chief Operating Officer, Mr. Mark Hall, our Senior Vice President, DSD and Mr. Mike Schott, Vice President National Sales, DSD, as well as to our shareholders, employees, customers and suppliers for their continued support.

Sincerely,

Rodney C. Sacks
Chairman and Chief Executive Officer