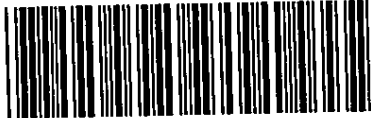


CEVA GROUP PLC

ANNUAL REPORT 2013

WEDNESDAY FRIDAY



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Company No. 5900853

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STRATEGIC REPORT

PRINCIPAL ACTIVITIES

CEVA is one of the world's leading non-asset based supply chain management companies and offers a broad spectrum of services based on market leading Freight Management and Contract Logistics expertise and capabilities, alone or in combination. CEVA designs, implements and operates complete supply chain solutions for multinational and large and medium sized companies on a national, regional and global level. CEVA operates a non-asset based model across all business units, with third parties providing the majority of the physical transportation and warehousing assets that CEVA manages and uses for the benefit of its customers. The integrated service offering spans the entire supply chain. Freight Management services that include international air, ocean and domestic freight forwarding, customs brokerage and other value-added services, and Contract Logistics services that include inbound logistics, manufacturing support, outbound/distribution logistics and aftermarket/reverse logistics. As of 31 December 2013, CEVA's combined global network comprised over 1,000 locations, utilizing a total of approximately 9 million square meters of warehousing space in over 170 countries, supported by more than 44,000 employees.

CEVA has built leading market positions by understanding its target industry sectors and applying extensive expertise to design and implement customized logistics solutions that address industry-specific supply chain requirements. CEVA has deep expertise in a range of industries, including Automotive, Consumer & Retail, Energy, Industrial and Technology. CEVA's knowledge of customers' supply chain functions and sector expertise creates competitive advantages for its customers, helps to develop more cost-effective solutions for them and puts CEVA in a strong position to grow its business.

OPERATING AND FINANCIAL REVIEW

The table below shows the Group's key consolidated financial metrics for the years ended 2013 and 2012.

€ millions	YEAR ENDED 31 DECEMBER	
	2013	2012
Revenue	6,415	7,224
Revenue growth	-11.2%	4.8%
Adjusted EBITDA	209	251
Adjusted EBITDA as a % of revenue	3.3%	3.5%
Loss before income taxes	(172)	(659)
Net capital expenditure	60	89
Net capital expenditure as a % of revenue	0.9%	1.2%
Cash generated from operations	191	145

For definitions of the terms used in the above table please refer to page 87.

The table below shows the Group's key other financial metrics as at 31 December 2013 and 2012.

€ millions	AS AT 31 DECEMBER	
	2013	2012
Net working capital	(99)	(67)
Cash and cash equivalents	416	257
Net debt	1,617	2,501

For definitions of the terms used in the above table please refer to page 87.

Revenue

Revenue decreased by 11.2% including the effect of disposals and by 10% excluding the effect of disposals, from €7,224 million in 2012 to €6,415 million in 2013. Revenue in Freight Management declined by 14.9% mainly due to lower airfreight volumes. Revenue in Contract Logistics declined by 5.6% excluding the effect of disposals and by 8.0% in 2013 after accounting for disposals. This was mainly as a result of lower volumes in some key markets, notably in Europe.

Additionally several contracts were terminated as part of the restructuring program that was launched during the last quarter of 2012. Revenues, particularly in Freight Management, were also negatively impacted by the loss of volume due to uncertainty created during the Recapitalization program which was announced and commenced on 3 April 2013 and successfully closed on 2 May 2013.

CEVA operates throughout the world and is impacted by fluctuations in foreign currency exchange rates, particularly the United States dollar, Chinese yuan and the British pound. At constant 2012 exchange rates, our revenue for the year ended 31 December 2013 would have been €6,659 million (2012: €7,224 million).

Adjusted EBITDA

Adjusted EBITDA is a key financial measure used by management to assess operational performance. It excludes the impact of specific items, such as costs incurred in the realization of our cost containment programs, other non-recurring charges and the profits or losses realized on certain non-recurring transactions. Previously this measure of performance was called EBITDA before specific items.

Adjusted EBITDA decreased by 16.7% including the effect of disposals and 6.4% excluding the effect of disposals, to €209 million in 2013 compared to €251 million in 2012. Freight Management Adjusted EBITDA in 2013 decreased by 68.6% compared to 2012, mainly due to weak air freight volumes. Contract Logistics Adjusted EBITDA increased by 45.8% excluding the effect of disposals and by 18.8% in 2013 after accounting for disposals. These improvements were driven by higher margins in the Americas and Europe region and a pension curtailment gain of €16 million in Europe. Additionally several low margin or loss making contracts were terminated as part of the restructuring program that was launched during the last quarter of 2012. Adjusted EBITDA, particularly in Freight Management, was also negatively impacted by the loss of volume due to uncertainty created during the Recapitalization program. Our Adjusted EBITDA is generally also impacted by fluctuations in foreign currencies. At constant 2012 exchange rates Adjusted EBITDA decreased by 12.4% from €251 million to €220 million.

Impairment

No goodwill impairment charges were recognized for the year ended 31 December 2013 (2012: €312 million) as a result of the annual goodwill impairment testing.

Net finance expense

Net finance expense for 2013 was €175 million including a €27 million foreign exchange loss. Net finance expense for 2012 was €348 million including €16 million foreign exchange loss. This significant decrease is mainly driven by a gain in 2013 of €97 million arising due to the debt for equity exchange completed as part of the Recapitalization and the reversal of accrued interest expenses of €71 million that had been waived as part of the Recapitalization. In addition interest expenses in the year ended 31 December 2013 were significantly lower due to lower debt levels as a result of the Recapitalization.

Loss before income taxes

Loss before income taxes in 2013 was €172 million, compared to €669 million for 2012, with the year-on-year change mainly driven by goodwill impairment €312 million in 2012 (refer to Note 12 'Intangible assets') and lower net finance expenses in 2013 as explained above.

Net capital expenditure

Our net capital expenditure was €60 million in 2013 (2012: €89 million, which represented 0.9% of revenue in the year ended 31 December 2013 and 1.2% of revenue in 2012).

The low level of expenditure relative to revenue is due to our non-asset based operating model and disciplined investment approach.

Net working capital

Our net working capital remained negative, being €(99) million as at 31 December 2013 (31 December 2012: €(67) million). This significant working capital improvement of €32 million was driven by continued management focus with further improvement in the collection of receivables and management of payables as well as reduced Freight Management volumes.

Cash and cash equivalents-

As at 31 December 2013, CEVA had €416 million (31 December 2012 €257 million) of cash on its balance sheet. With undrawn central facilities of €129 million available at 31 December 2013 (2012 €39 million), we therefore had headroom of €545 million (31 December 2012 €296 million) to service operating activities for the foreseeable future.

Net debt

Net debt, defined as total principal debt less cash and cash equivalents, has decreased by 35.3% to €161.7 million as at year end (31 December 2012 €2,501 million). This was largely a result of the Recapitalization as discussed in note 21 "Borrowings".

Segment results

The tables below show the Group's operational performance by business segment.

€ millions			2013
	Freight Management	Contract Logistics	Total
Revenue	2,843	3,572	6,415
Adjusted EBITDA	32	177	209
Adjusted EBITDA as a % of revenue	1.1%	5.0%	3.3%

€ millions			2012
	Freight Management	Contract Logistics	Total
Revenue	3,342	3,882	7,224
Adjusted EBITDA	102	149	251
Adjusted EBITDA as a % of revenue	3.1%	3.8%	3.5%

Revenue

Revenue in Freight Management decreased by 14.9% to €2,843 million in 2013 compared to €3,342 million in 2012, while at constant exchange rates revenue was €2,944 in 2013. Softness in volumes, mainly air freight, as market conditions continued to be challenging, was the main driver of this decline in revenue.

Revenue in Contract Logistics decreased by 5.6% excluding the effect of disposals and by 8% to €3,572 million in 2013 compared to €3,882 million in 2012 including the effect of disposals. At constant exchange rates revenue was €3,715 million in 2013. This was partly a result of the sale of our Container Logistics activities at the start of 2013 and lower volumes in some key markets, notably in Europe. Additionally several low margin or loss making contracts were terminated as part of the restructuring program that was launched during the last quarter of 2012.

Adjusted EBITDA

Adjusted EBITDA in Freight Management decreased to €32 million in 2013 from €102 million in 2012. This is due to lower volumes, increases in costs and changes in the customer and freight mode mix.

Adjusted EBITDA in Contract Logistics increased by 45.8% excluding the effect of disposals and by 18.8% to €177 million in 2013 compared to €149 million in 2012 including the effect of disposals. This is largely driven by higher margins in the Americas and Europe region, a pension credit and cost savings as part of the restructuring program. This was offset by the sale of our Container Logistics business at the start of 2013. Additionally several low margin or loss making contracts were terminated as part of the restructuring program that was launched during the last quarter of 2012.

Geographical information

The tables below show the results of the Group from a geographical perspective.

€ millions				2013
	Americas	Asia Pacific	Europe	Total
Revenue	1,989	1,757	2,669	6,415
Adjusted EBITDA	82	30	97	209
Adjusted EBITDA as a % of revenue	4.1%	1.7%	3.6%	3.3%

€ millions	-			2012
	Americas	Asia Pacific	Europe	Total
Revenue	2,179	2,109	2,936	7,224
Adjusted EBITDA	69	88	94	251
Adjusted EBITDA as a % of revenue	3.2%	4.2%	3.2%	3.5%

Principal risks and uncertainties

CEVA is impacted by a number of principal risks and uncertainties, some of which are not within our control. Many of the risks affecting CEVA are macro-economic and generally affect all companies, whereas others are more particular to CEVA. This section outlines the more significant risks, but is not intended to be an extensive analysis of all risks that could affect us.

Indeed, some risks may be unknown to us or more material than we currently estimate. All of them have the potential to impact CEVA and its financial performance and should be considered when reading this report. The Board of Directors of CEVA Group Plc is regularly informed about existing and new risks and the measures used to manage them. Specific risks related to our business are included below.

Adverse economic conditions

The supply chain management industry is susceptible to trends in economic activity, including but not limited to industrial production, consumer spending and retail activity, and an economic crisis or slowdown may negatively affect our business in a number of ways. In particular, our results of operations and financial condition are directly tied to the purchase and production of goods across the global economy. The primary activity of our Freight Management business is to transport goods, and our Contract Logistics business is an integral part of the production, storage and distribution of goods in many different industries. Changes in economic conditions could materially adversely impact our customers, which could in turn impact their demand for our services and the terms on which we provide them.

Availability of third-party providers

We do not in general maintain our own transportation networks. Instead, we rely on third-party transportation service providers for most of our contract logistics transport services and substantially all of our Freight Management services. Our ability to serve some of our customers depends on the availability of space on passenger and cargo airlines and ocean carriers that service the transportation lanes they use. We cannot assure you that we will be able to obtain access to preferred third-party networks at attractive rates or that these networks will have adequate available capacity to meet our needs. In addition, although we seek to pass through third-party transportation rate increases to our customers, in certain instances, we may not be able to raise prices in sufficient amounts or on a sufficiently rapid basis, which could materially adversely affect our profitability and results of operations.

Cost base

In response to the recent economic turmoil, we executed a number of initiatives to reduce our costs. In November 2012 the Company announced a three-pronged cost reduction plan that is focused on SG&A costs, Freight Management direct costs and fixing underperforming contracts, which will help to improve our profitability. In the event of another slowdown, we may need to implement further cost reduction initiatives. Despite the large variable cost component of our business model, such initiatives may not achieve the necessary cost savings to offset the potential decline of our revenues. In addition, we consistently target incremental cost savings as part of our operational improvements, however we may not achieve these targeted cost savings in the amounts or in the time frames expected or at all.

Long-term contracts

We enter into long-term contracts with many of our customers. Although we seek to retain flexibility in our contractual arrangements with our customers to adjust pricing terms or terminate contracts which become economically onerous, we sometimes bear a portion of cost increases if we are unable to adjust these terms rapidly or sufficiently.

We also enter into contracts with third parties who provide services or property to us in connection with our provision of services under our customer contracts. These supplier contracts may provide for fixed pricing and other terms which we negotiate based on our assumptions regarding our customers' scope of services and volumes, the operational efficiencies and productivity improvements we expect to achieve and other estimates. Although we seek to structure our arrangements with third parties on a back-to-back basis with the related customer arrangements—for example, by entering into lease agreements with durations and termination rights that are coterminous with the duration of the customer contracts that the leased property is used to service—or otherwise seek to require our customers to assume

these costs and commitments if they prematurely terminate their contracts with us, there may be instances where we are not able to offset or transfer such costs to our customers. Furthermore, our assumptions and estimates regarding our customers' activities may prove to be inaccurate as a result of changes to economic conditions, reductions in volumes or other developments, and as a result, our operating margins may be materially adversely affected under contracts where we bear these risks.

Changes in trend toward outsourcing

Our growth strategy is partially based on the assumption that the trend toward outsourcing of supply chain management services will continue. Third-party service providers such as ourselves are generally able to provide such services more efficiently than otherwise could be provided "in-house," primarily as a result of our expertise, technology and lower and more flexible employee cost structure. However, if this trend changes such that potential new customers decide to continue to perform their own supply chain activities, or if our customers in-source significant aspects of their supply chain operations, our business, results of operations and financial condition may be materially adversely affected.

Changes in preferred modes of freight

There is a variety of modes in which freight can be transported, including by air, ocean, road or railroad. We have differing market positions and exposure to various modes of freight, which have differing margin levels and net working capital requirements. While not all of these modes are interchangeable, depending on the origin and destination of freight our customers have substantial flexibility to choose the mode that best suits their needs in terms of type of freight, cost, speed, certainty of arrival time and other factors. Trends in preferred modes may shift over time as their characteristics change or our customers' priorities change. For example, during periods of economic contraction and inventory de-stocking, certain customers may find that speed and certainty of arrival time is less important than when inventory levels are tight. If this is the case, such customers may choose ocean freight as a lower-cost but slower alternative to air freight. We have experienced a shift in our air freight volumes to ocean freight volumes, particularly in Asia, which contributed to a softening of our overall air freight volumes and negatively impacted our margins and net working capital requirements. This trend started in 2012 and continued in 2013. While these trends may to some extent be cyclical in nature, there can be no assurance that the trend from air freight to ocean freight does not continue, and we may not be able to prepare for or predict future shifts in demand for particular transportation services, which may have a materially adverse effect on our business.

Competition and consolidation in the industry

The contract logistics and freight forwarding industries in which we operate are highly competitive, and we expect them to remain so in the foreseeable future. If we do not have sufficient market presence or are unable to differentiate ourselves from our competitors, we may not be able to compete successfully against other companies. If our competitors are able to obtain more favorable terms from suppliers, offer more comprehensive services to customers, or otherwise take actions that could increase their competitive strengths, including potentially through consolidation, our competitive position and therefore our business, results of operations and financial condition may be materially adversely affected.

Debt and covenants

Our indebtedness contains a number of covenants that impose significant operating and financial restrictions on us, including certain restrictions on our ability to incur additional debt, pay dividends, make investments and sell assets. Our senior secured credit facilities require us to maintain a net secured first lien ratio of no more than 4.0 to 1.0. Our ability to maintain this ratio and to generate sufficient cash flow from operations to make scheduled payments on our debt depends on a range of economic, competitive and business factors, many of which are outside our control.

In addition, our indebtedness may require us to dedicate a substantial portion of our cash flows from operations to the servicing of such indebtedness and may materially adversely affect the terms under which suppliers provide goods and services to us. Our flexibility in planning for and reacting to changes in our business or developments in market conditions may be limited, and we may be more vulnerable to downturns in our business or the economy, as a result of our substantial indebtedness.

If we are unable to meet our expenses and debt service obligations, we may be forced to take measures which could materially adversely affect our business and financial condition, for example, we may be forced to reduce or delay business activities and capital expenditures, sell assets, obtain additional funding, restructure or refinance all or a portion of our debt (which may be at higher interest rates or impose covenants or other restrictions on us) or take

other measures. If we are unable to meet our debt service obligations, or if we fail to comply with our debt covenants and a resulting event of default is not cured or waived, our lenders may be able to declare all outstanding borrowings to be due and payable or take other remedial actions. If our indebtedness were to be accelerated, we cannot assure you that our assets would be sufficient to repay such indebtedness in full and our lenders could foreclose on our pledged assets.

Information technology and operational systems

In order to manage our growth and improve our performance, we must maintain and continuously improve our operational systems and processes. In addition, we expect our customers will continue to demand more sophisticated and fully integrated information technology systems compatible with their own information technology environment. Our information systems must frequently interact with those of our customers and service providers and must function across multiple territories. Our future success will depend on our ability to employ software that meets industry standards and customer demands across multiple territories, and to continue to upgrade and develop our software to ensure it remains state of the art. The failure of the hardware or software that supports our information technology systems or the loss of data in the systems, or the inability to access or interact with our customers electronically through our websites, could significantly disrupt customer workflows and cause economic losses for which we could be held liable and that would damage our reputation. If we fail to meet the demands of our customers to maintain and improve our information technology and operational systems or if we fail to protect against disruptions of our own and our customers' operations, we may lose customers, which could materially adversely affect our business, results of operations and financial condition.

Credit risk

We are exposed to credit risk which is influenced mainly by the individual characteristics of each customer. The demographics of the Group's customer base, including the default risk of the industry and country in which customers operate, has less of an influence on credit risk. CEVA's credit policy determines that each new customer is analyzed individually for creditworthiness before terms and conditions are offered to the customer. The Group's review includes external ratings where available and in some cases bank references. Purchase limits are established for each customer and these limits are reviewed periodically. The Group establishes an allowance for impairment in respect of trade and other receivables. Refer to note 16 "Trade and other receivables" for details of trade receivables and provision for impairment. For banks and financial institutions, only independently rated parties with a minimum rating of 'A-' from Standard & Poor's or equivalent rating from Moody's are accepted. Group Treasury trades with its defined relationship banking group unless trading outside this banking group is required either for operational needs or provides significantly better terms and conditions.

Worldwide laws and regulations

The supply chain management services we provide are regulated by various governmental authorities and are subject to legal requirements of various countries and jurisdictions around the world, including legal obligations and prohibitions imposed by statute, regulation, common law, contract and other legal sources. A failure to comply with applicable laws and regulations and maintain appropriate authorizations could result in substantial fines, operational restrictions or possible revocations of authority to conduct operations, which could have a material adverse impact on our business, results of operations and financial condition. Future regulations or changes in existing regulations, or in the interpretation or enforcement of regulations, could require us or our customers to incur additional capital or operating expenses or modify business operations to achieve or maintain compliance. In addition, due to the cross-border nature of our activities and the large number of countries in which we operate, we must continually monitor our compliance with anti-corruption, trade control, and sanctions laws and regulations, including the U.S. Foreign Corrupt Practices Act, the U.K. Bribery Act and antitrust and competition laws. Recent years have seen a substantial increase in global enforcement of these laws, with more frequent voluntary self disclosures by companies, industry-wide investigations and criminal and civil enforcement proceedings by U.S. and other government agencies resulting in substantial fines and penalties. We may be subject to criminal and civil penalties and other remedial measures as a result of any violation of applicable anti-corruption, trade control, and sanctions laws and regulations, which could have a material adverse effect on our business, results of operations and financial condition. While we have in place policies and procedures relating to compliance with these laws, there can be no assurance that our internal policies or procedures will work effectively to ensure that we comply with such anti-corruption, trade control, and sanctions laws and regulations all of the time or to protect us against liability under such laws and regulations for actions taken by our employees and third-party service providers with respect to our business.

CEVA has global and regional legal personnel to manage legal risks by keeping abreast of applicable laws and

regulations and by implementing, monitoring and enforcing the Company's policies, practices and procedures (including its commercial practice policies, code of business conduct and other policies and procedures) consistent with applicable legal requirements) These efforts include development and implementation of the Company's compliance program, training in support of that program and aggressive management of legal and regulatory issues and risks as they arise in litigation and other disputes These efforts are designed to identify, assess, monitor and minimize legal risks to the Company and thereby support compliance with applicable legal requirements

Owner-operator model

Our Freight Management operations in the United States rely primarily on drivers who are independent contractor owner-operators The owner-operator model is periodically challenged by federal and state governmental and regulatory authorities, including tax authorities, as well as by individual drivers as private plaintiffs, seeking to have drivers reclassified as employees rather than independent contractors We are currently subject to claims by multiple drivers in California, as well as a regulatory action arising out of an audit by California's Employment Development Department, each in connection with the classification of independent contractor owner-operators See note 27 "Contingencies" for further details

If our independent contractor drivers were to be deemed to be employees, whether due to regulatory or judicial determinations or changes in applicable federal and state laws and regulations, it could, among other things, entitle drivers to reimbursement by us of certain expenses and to the benefit of wage-and-hour laws, subject us to employment and withholding tax and benefit liabilities, significantly increase our unemployment compensation and workers' compensation payments, and have other substantial negative financial, tax and operational impacts on our business, and would require significant changes to how our Freight Management operations are conducted As a result, our operating costs could increase significantly and our business, results of operations and financial condition could be materially adversely affected

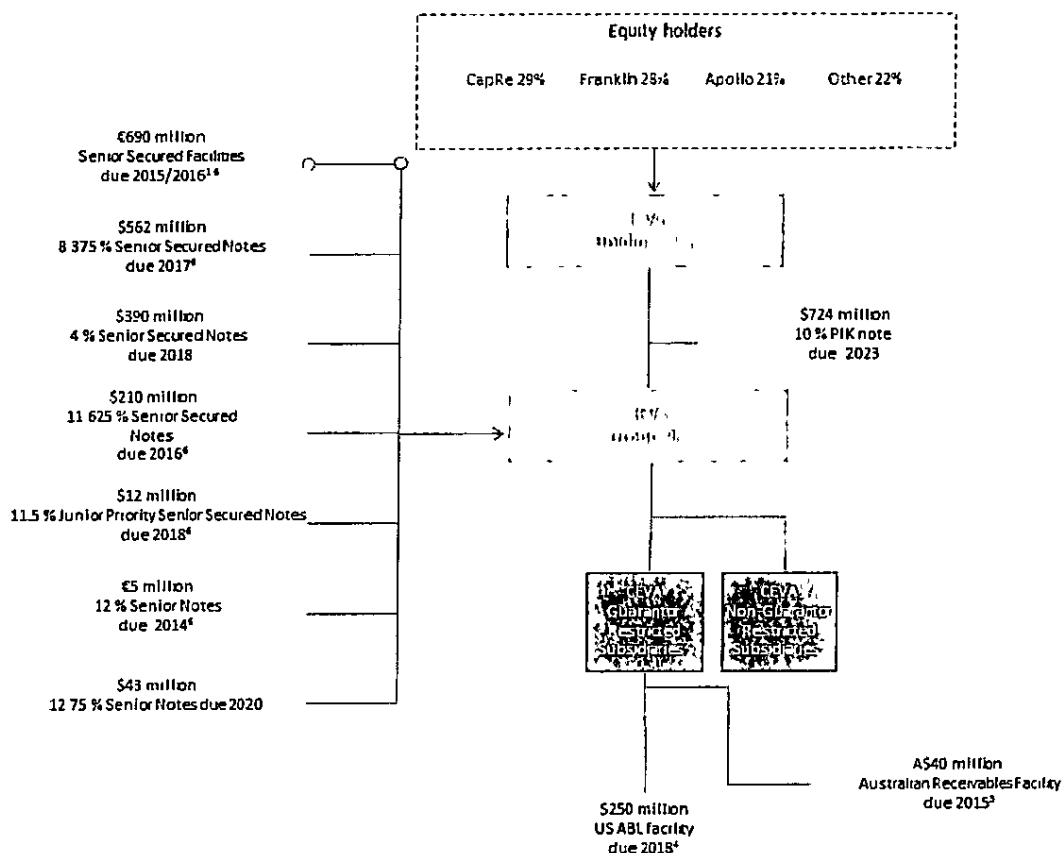
Currency fluctuation

As a result of our global operations, our business, results of operations and financial condition may be materially adversely affected by fluctuations in currency exchange rates For example, we are subject to currency risks because our revenues may be generated in different currencies from the currencies in which our related costs are incurred, and because our cash flow may be generated in currencies that do not match our debt service obligations In addition, our reporting currency is the US\$, and therefore our reporting results are subject to translational risks relating to currency exchange rate fluctuations Given the volatility of exchange rates, our failure to effectively hedge or otherwise manage such currency risks effectively may materially adversely affect our financial condition and results of operations

Joint ventures

We have entered into joint venture arrangements in multiple jurisdictions Under these arrangements, our joint venture partners have certain rights to exercise control or influence over operations and decision-making Therefore, our ability to manage and develop these operations may be limited, and we may be unable to prevent actions that we believe are not in our best interests or the best interests of the relevant joint venture The continued viability of these joint ventures depends on our relationship with, and the cooperation of, our joint venture partners

SUMMARY OF CORPORATE AND FINANCING STRUCTURE AT 31 DECEMBER 2013



*Diagram excludes other financing of €163 million comprising finance leases, bank overdrafts and other loans

1 As at 31 December 2013, € nil was drawn under the revolving credit facility (2012 €104 million) and €191 million (2012 €171 million) of letters of credit were issued but undrawn under the synthetic L/C facility and revolving credit facility. The committed senior secured facilities are secured by substantially all of the assets of CEVA Group Plc and certain of its subsidiaries. The senior secured facilities consist of facilities denominated in both US\$ and Euros. The amount of the US\$ denominated facilities have been converted to € for the above presentation based on an exchange rate of 1.3789.

2 CEVA Limited and certain of the Company's operating subsidiaries located in Australia, Belgium, Brazil, Canada, Germany, Hong Kong, Luxembourg, The Netherlands, the Cayman Islands, United Kingdom and the United States have guaranteed the notes. CEVA Group Plc and the guarantors of the notes also guarantee our senior secured facilities on a senior secured basis. The guarantors represent 56% (2012 60%) of our aggregated revenue before intercompany eliminations, 57% (2012 64%) of our aggregated Adjusted EBITDA and 52% (2012 64%) of our aggregated EBITDA for the year ended 31 December 2013. Not all of the guarantors are borrowers under each of the senior secured term facility, the revolving credit facility and the synthetic L/C facility.

3 Our non-guarantor subsidiaries accounted for 44% (2012 40%) of our total aggregated revenue before intercompany eliminations and 48% (2012 36%) of our aggregated EBITDA for the year ended 31 December 2013.

4 The obligor under the US ABL facility is CEVA US Receivables LLC, which is a bankruptcy remote entity formed in connection with the establishment of the US ABL facility. CEVA US Receivables LLC does not guarantee the Group's other indebtedness and is an unrestricted subsidiary under the Group's other debt facilities.

5 The obligor under the Australian Receivables Facility is CEVA Receivables (Australia) Pty Ltd, which is a bankruptcy remote entity formed in connection with the establishment of the Australian Receivables Facility. CEVA Receivables (Australia) Pty Ltd does not guarantee the Group's other indebtedness and is an unrestricted subsidiary under the Group's other debt facilities.

6 On 19 March 2014 CEVA Group Plc announced that it successfully completed its previously announced debt refinancing. Through this transaction, CEVA lowers the average interest rate it pays, further increases capital available to fund growth initiatives, and establishes a long-term capital structure with a weighted average maturity of 2020.

CEVA also announced the early settlement of its previously announced cash tender offers and consent solicitations for its 8 375% Senior Secured Notes due 2017, 11 625% Senior Secured Notes due 2016, 11 5% Junior Priority Senior Secured Notes due 2018 and 12% Senior Notes due 2014

In connection with financing the tender offers and consent solicitations, CEVA, among other things, (i) amended and restated its secured credit facilities, which included extending maturities and increasing the size of the facilities to an \$809 million term loan facility (maturing in 2021), a \$250 million revolving credit facility (maturing in 2019) and a \$275 million letter of credit facility (maturing in 2021), (ii) privately issued \$300 million of 7 0% First Lien Senior Secured Notes due 2021 and (iii) privately issued \$325 million of 9 0% Senior Secured Notes due 2021

SUMMAR OF FACILITIES AND NOTES

On 3 April 2013 CEVA Group Plc (referred to as "CEVA"/"the Company"/"The Group") announced a financial recapitalization plan that would reduce substantially CEVA's overall debt and interest costs, as well as increase liquidity and strengthen its capital structure (the "Recapitalization"). On 2 May 2013 the Recapitalization successfully closed. The Recapitalization enables CEVA to better serve its customers, accelerate its growth throughout the world and fund the development of new supply chain products and services. The Recapitalization reduced consolidated net debt by approximately €1.2 billion and reduces annual cash interest expense by approximately €130 million or approximately 50%. It also further strengthens CEVA's liquidity with approximately €165 million of proceeds from equity capital from our new shareholders and the issuance of approximately €65 million of additional 4% Senior Secured Notes.

Following the Recapitalization, CEVA Group Plc became a wholly-owned subsidiary of CEVA Holdings LLC. In the Recapitalization, Apollo acquired a minority stake in the equity of the CEVA Holdings LLC through exchanging CEVA debt it held and through the cash purchase of equity. However, Apollo retained control of the CEVA Holdings LLC through contractual arrangements under the Company's Amended and Restated Limited Liability Company Agreement, dated as of 2 May 2013, (as the same may be amended from time to time, the "LLC Agreement").

The Recapitalization resulted in the following:

- €518 million principal amount of 11 5% Junior Priority Senior Secured Notes exchanged for equity in Holdings, which then released the notes and received a like amount of new 10% Second Lien Secured PIK Notes
- €434 million principal amount of 12 75% Senior Notes exchanged for equity in Holdings, which then released the notes
- €6 million principal amount of 12% Senior Notes exchanged for equity in Holdings, which then released the notes
- €85 million principal amount of Senior Unsecured Loans exchanged for equity in Holdings, which then released the loans
- €69 million principal amount of Term Loans and €160 million principal amount of 8 375% Senior Secured Notes were released by one of CEVA's largest institutional investors in return for €229 million principal amount of new 4% Senior Secured Notes

Senior Secured Facilities due 2015/2016

The Group entered into senior secured facilities with certain banks to finance the acquisition of our Contract Logistics business on 4 November 2006 and our Freight Management business on 2 August 2007. The facilities were subsequently amended and restated and have been subject to various prepayments and incremental tranche add-ons. Following the above mentioned recapitalization, of the €0.7 billion total facilities as at 31 December 2013, €389 million was outstanding as term loans, €74 million of letters of credit were issued but undrawn under the €179 million revolving credit facility and €117 million of letters of credit were issued but undrawn under the €123 million synthetic L/C facility.

8 375% Senior Secured Notes due 2017

On 14 December 2010, the Group issued US\$450 million 8 375% first lien senior secured notes due 1 December 2017. Interest is payable on 1 March and 1 September each year. On 1 February 2012, the Group issued US\$325 million of additional 8 375% first lien senior secured notes. Following above mentioned recapitalization US\$562 million was outstanding as at 31 December 2013.

4% Senior Secured Notes due May 2018

As part of the Recapitalization on 2 May 2013 the Group issued US\$305 million of 4% senior secured notes due 2018. The Group issued another US\$85 million 4% senior secured notes on 18 July 2013. As at 31 December 2013 US\$390 million was outstanding.

11 625% Senior Secured Notes due 2016

On 6 October 2009, the Group issued US\$210 million 11 625% lien-and-a-half senior secured notes due 2016. As at 31 December 2013 US\$210 million was outstanding.

10% Second Lien Secured PIK Notes due May 2023

As part of the Recapitalization on May 2 CEVA Group Plc issued US\$689 million of 10% second lien secured PIK notes due 2023. The Group issued another US\$17 million on 1 August 2013 and another US\$18 million on November 1, 2013 in respect of PIK interest payments due with respect to the notes. As at 31 December 2013 US\$724 million was outstanding.

11 5% Junior Priority Senior Secured Notes due 2018

On 24 March 2010, the Group issued US\$702 million of 11 5% junior priority senior secured notes due 2018. Interest is payable on 1 April and 1 October each year. Following the Recapitalization, as at 31 December 2013 US\$12 million was outstanding.

12% Senior Notes due 2014

As at 31 December 2013 €5 million was outstanding (2012: €11 million).

12 75% Senior Notes due 2020

On 1 February 2012, CEVA Group Plc, issued US\$620 million of 12 75% senior unsecured notes due 2020. Interest is payable on March 31 and September 30. Following the Recapitalization, as at 31 December 2013 US\$43 million was outstanding.

Senior Unsecured Loan due 2018

On 2 August 2007, CEVA Group Plc entered into a US\$1.4 billion senior unsecured loan facility. This senior unsecured loan had a floating interest rate which was capped at 9.75%. The facilities were subsequently amended and restated and were partially repaid as part of the aforementioned debt and equity funded financing, on 1 February 2012. Following the Recapitalization, as at 31 December 2013, US\$0 million was outstanding.

US ABL Facility due 2018

On 19 November 2010, certain US subsidiaries of the Group ("the Originators") and a new subsidiary, CEVA US Receivables, LLC (the "Unrestricted Subsidiary"), entered into agreements establishing an Asset Backed Loan (ABL) Facility with an initial commitment amount of US\$200 million (the "ABL Facility"). On 30 November 2010, the committed amount of the ABL Facility was increased to US\$250 million. The obligations of the Unrestricted Subsidiary under the ABL Facility are secured on a first-priority basis by all currently owned and subsequently acquired assets of the Unrestricted Subsidiary, including, but not limited to, all of the accounts receivable transferred to the Unrestricted Subsidiary by the Originators. The ABL Facility was scheduled to mature on 19 November 2015, but was amended on 31 December 2013 and now matures on 31 December 2018. As at 31 December 2013, the outstanding drawn amount of the ABL Facility was US\$153 million.

Australian Receivables Facility due 2015

In October 2012, certain Australian subsidiaries of the CEVA Group Plc entered into a Receivables Purchase Agreement with a facility limit of A\$40 million maturing in September 2015. At 31 December 2013, the total amount of borrowings outstanding was A\$39 million (2012: A\$40 million).

March 2014 refinancing

As part of the debt refinancing, CEVA (i) amended and extended its senior secured credit facilities, and obtained an \$809 million term loan facility (maturing in 2021), a \$250 million revolving credit facility (maturing in 2019) and a \$275 million letter of credit facility (maturing in 2021), (ii) privately issued \$300 million of 7.0% First Lien Senior Secured Notes due 2021 and (iii) privately issued \$325 million of 9.0% Senior Secured Notes due 2021.

CEVA used the proceeds from the new notes and the term loan to (i) fund the early settlement of cash tender offers and consent solicitations for its 8.375% Senior Secured Notes due 2017 (the "8.375% Notes"), 11.625% Senior Secured Notes due 2016 (the "11.625% Notes") and 11.5% Junior Priority Senior Secured Notes due 2018 (the "Unsecured

Notes" and, together with the 8.375% Notes and the 11.625% Notes, the "Notes"), in which \$508,445,000 of 8.375% Notes (or approximately 90.4%), \$208,050,000 of 11.625% Notes (or approximately 99.1%), and \$12,190,001 of Unsecured Notes (or 100%), were tendered for respective total consideration of \$1,067.50, \$1,064.50 and \$1,063.75, in each case, per \$1,000 principal amount of notes tendered plus, in each case, accrued and unpaid interest up to, but not including, 19 March 2014, (ii) fund the redemption and discharge of all of the remaining untendered 8.375% Notes at 106.281% of principal amount and all of the remaining untendered 11.625% Notes at 105.813% of principal amount, plus, in each case, accrued and unpaid interest to the applicable redemption date, (iii) fund the redemption and discharge of all of its outstanding 12% Second-Priority Senior Secured Notes due 2014 at a redemption price of 100% of principal amount thereof, plus accrued and unpaid interest to the redemption date, and (iv) repaid term loans under its existing senior secured credit facilities, plus accrued and unpaid interest to the repayment date

DIRECTORS' REPORT

The directors present their report and the audited financial statements of CEVA Group Plc for the year ended 31 December 2013

CEVA Group Plc was incorporated in England and Wales on 9 August 2006. At the date of this document, the authorized share capital of £699,965 is divided into 3,500,000,000 ordinary shares of a par value of £0.0001 each and 350,000 deferred shares of a par value of £0.9999 each. On 2 May 2013 CEVA completed a major financial Recapitalization. CEVA Holdings LLC became the new ultimate parent company of CEVA Group Plc. As at 31 December 2013, CEVA Holdings LLC holds 3,499,650,000 ordinary shares of a par value of £0.0001 each (99%), CIL Limited (formerly known as CEVA Investments Limited) holds 349,999 ordinary shares of a par value of £0.0001 each and 349,999 deferred shares of a par value of £0.9999 each and Louis Cayman Second Holdco Limited holds 1 ordinary share of a par value of £0.0001 and 1 deferred share of a par value of £0.9999 (CIL Limited and Louis Cayman Second Holdco Limited together holding 0.01%).

The rights of the equity holders of CEVA Group Plc are contained in the Articles of Association of CEVA Group Plc. CEVA Group Plc is managed by its directors in accordance with those articles and in accordance with the laws of England and Wales.

RESULTS AND DIVIDENDS

The Group reported a loss for the year ended 31 December 2013 of €163 million (2012: a loss of €681 million).

Dividends of €2 million were paid to non-controlling interests during the year. No dividends were paid or recommended after 31 December 2013 up until the signing of this annual report.

POLITICAL DONATIONS

CEVA did not make any donations to a registered political party, or other political organization within or outside the EU or any independent election candidate (2012: nil).

OTHER DISCLOSURES

The Group did not carry out any research and development activities during the year.

GOING CONCERN ASSUMPTION

In accordance with UK company law and best practice, the directors are required to consider whether it is appropriate to prepare the financial statements under the going concern principle. CEVA prepares annual budgets, five year forecasts and regularly supplements the budgets with quarterly forecasts during the year. After reviewing this information in conjunction with our available facilities and our commitments to debt repayments, and considering the financial recapitalization, the Directors have concluded that the Group has adequate resources for the foreseeable future. Therefore the Group and the Company have continued to adopt the going concern basis in the preparation of the financial statements.

EVENTS AFTER BALANCE SHEET DATE

Please refer to note 29 "Events after balance sheet date" for further details.

BOARD OF DIRECTORS

The Board of Directors of CEVA Group Plc consists of two executive and seven non-executive directors and one alternate director. The directors and their remuneration are disclosed in note 7 "Personnel expenses". There have been no changes in directors' interests since the end of the period under review and the date of this report.

At the date of this report, the following persons are members of the CEVA Group Plc Board of Directors:

Marvin Schlanger (Chairman and Interim President Americas)

Michael Jupiter

Alan Miller

Stan Parker

Emanuel Pearlman
John Smith
Thomas Stallkamp
Tom White (interim COO)
Xavier Urbain (CEO)
Dawn Wetherall (Regional General Counsel – Europe and Alternative Director)

CEVA has agreed to indemnify Marvin Schlanger, Stan Parker, Tom White and Michael Jupiter for losses relating to the services contemplated by the management agreement with Apollo

BOARD COMPENSATION

Apollo and its affiliates have the power to control us and our affairs and policies, including the election of the majority of our directors. Four of the members of our Board of Directors are partners or employees of Apollo or Apollo portfolio companies. We have four independent, non-employee directors. Independent non-employee directors receive US\$25,000 for each calendar quarter of service. All other non-employee directors are paid US\$15,000 for each calendar quarter of service. Independent non-employee directors are entitled to receive two awards of restricted stock or restricted stock units of the Company each having a fair market value on the date of grant of US\$75,000. The first award is issued following appointment of the director to the Board of Directors and the second award is issued following the first board meeting in the calendar year following the manager's initial appointment to the Board of Directors. The Chairman receives €20,000 per month for his service as Chairman.

EMPLOYEES

CEVA has developed and deployed a diversity and inclusion program led by a global diversity council. Diversity is about understanding and appreciating differences – the variety of perspectives, opinions and contributions that we each bring to the business. Inclusion is about leveraging diversity to create an environment and culture that is welcoming, collaborative and productive. By embracing diversity and inclusion, CEVA is better equipped to understand demographics and thus thrive in a global market. CEVA's employees are a key asset to the business and CEVA's goal is to attract, motivate and retain the highest performing workforce in the industry. In order to realize CEVA's full potential the best talent, from any background, is allowed to rise to the top.

One of the focus areas in our global diversity and inclusion program is disability. Applications for employment by disabled persons are always fully considered bearing in mind the respective aptitudes and abilities of the applicant concerned. CEVA's policy is not to discriminate against employees on the basis of disability. In addition, it is the policy of the Company that the training, career development and promotion of a disabled person should, as far as possible, be identical to that of a person who does not suffer from a disability.

CEVA has adopted policies and processes that are designed to support effective recruitment, retention and incentivization of skilled employees and managers to fulfill their roles in the organization. CEVA provides employees with competitive salary packages with incentives tied to the operational objectives of the Company and the relevant subsidiary as well as to individual performance targets.

Our performance measurement system for Management level employees is designed to provide those employees with regular feedback on their performance and to encourage the best work performance possible.

We regularly consult with employees or their representatives with the aim of ensuring that their views are taken into consideration when decisions are made that are likely to affect their interests and that all employees are aware of the financial and economic performance of their business units and of the Company as a whole. Communication with employees continues through online and printed in-house newsletters, frequent bulletins, the global intranet and includes two way feedback mechanisms.

SHAREHOLDERS

Our substantial shareholders at 31 December 2013 are disclosed in note 28 "Related party transactions" of the financial statements.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

As required by Section 418 of the Companies Act 2006, the directors of CEVA Group Plc have approved this report and confirmed that, so far as each director is aware, there is no relevant audit information (being information needed by

the auditors in connection with preparing their audit report) of which the Company's auditors are unaware, and that they have taken all the steps reasonably required to be taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information

INDEPENDENT AUDITORS

The independent auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office, and a resolution that they be re-appointed as auditors of the Company will be proposed at the annual general meeting

STATEMENT OF RESPONSIBILITIES OF THE DIRECTORS OF CEVA GROUP PLC

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

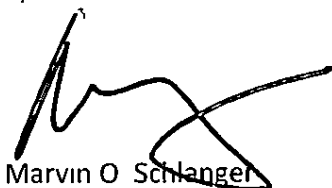
Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the Group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union, and the parent company 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 Group and the Company and of the profit or loss of the Group and the Company for that year. 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 IFRSs as adopted by the European Union (and IFRSs issued by IASB) and applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the Group and parent company financial statements respectively
- 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 the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

By order of the Board



Marvin O. Schlanger
Director

30 April 2014

FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT

€ millions	Note	YEAR ENDED 31 DECEMBER					
		2013			2012		
		Before specific items	Specific items ¹	Total	Before specific items	Specific items ¹	Total
Revenue	5	6,415		6,415	7,224	-	7,224
Work contracted out		(3,241)		(3,241)	(3,711)	-	(3,711)
Personnel expenses		(1,870)	(31)	(1,901)	(2,036)	(30)	(2,066)
Other operating expenses		(1,095)	(28)	(1,123)	(1,226)	(48)	(1,274)
Operating expenses excluding depreciation, amortization and impairment		(6,206)	(59)	(6,265)	(6,973)	(78)	(7,051)
Other income			16	16			
EBITDA		209	(43)	166	251	(78)	173
Depreciation, amortization and impairment	12 13	(163)	-	(163)	(182)	(312)	(494)
Operating income		46	(43)	3	69	(390)	(321)
Finance income (including foreign exchange movements)	9	7	112	119	5	-	5
Finance expense (including foreign exchange movements)	9	(264)	(30)	(294)	(316)	(37)	(353)
Net finance expense (including foreign exchange movements)		(257)	82	(175)	(311)	(37)	(348)
Loss before income taxes		(211)	39	(172)	(242)	(427)	(669)
Income tax (expense)/income	10	(9)	18	9	(19)	7	(12)
Loss for the year from continuing operations		(220)	57	(163)	(261)	(420)	(681)
Attributable to							
Non-controlling interests				3			4
Equity holders of the Company				(166)			(685)
Loss for the year				(163)			(681)

¹Refer to note 6 "Specific items" for details

The accompanying notes are an integral part of the consolidated financial statements

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

€ millions	YEAR ENDED 31 DECEMBER					
	2013			2012		
	Before specific items	Specific items ¹	Total	Before specific items	Specific items ¹	Total
Loss for the year	(220)	57	(163)	(261)	(420)	(681)
Items that will not be reclassified to Profit and Loss						
Actuarial gains/(losses) on retirement benefit obligations	4	-	4	(24)	-	(24)
	4	-	4	(24)	-	(24)
Items that may be reclassified subsequently to Profit and Loss						
Net investment hedges	3	-	3	9	-	9
Currency translation adjustment	(14)	-	(14)	29	-	29
Total comprehensive income/(loss) for the year, net of income tax	(227)	57	(170)	(247)	(420)	(667)
Attributable to						
Non-controlling interests			3			1
Equity holders of the Company			(173)			(668)
Total comprehensive loss for the year			(170)			(667)

¹ Refer to note 6 "Specific items" for details

The above amounts are net of income tax expense recognized in other comprehensive income of €2 million (2012: €1 million)

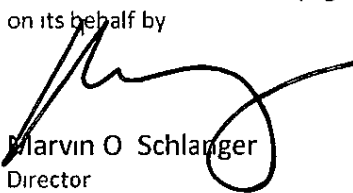
The accompanying notes are an integral part of the consolidated financial statements

CONSOLIDATED BALANCE SHEET

AS AT 31 DECEMBER			
€ millions	Note	2013	2012
ASSETS			
Non-current assets			
Intangible assets	12	1,378	1,521
Property, plant and equipment	13	211	256
Deferred income tax assets	14	6	6
Prepayments		31	35
Other non-current assets		13	17
Total non-current assets		1,639	1,835
Current assets			
Inventory	15	13	15
Trade and other receivables	16	934	1,087
Prepayments		40	46
Accrued income		152	214
Income tax receivable		8	7
Cash and cash equivalents	17	416	257
Assets held for sale	18	1	125
Total current assets		1,564	1,751
TOTAL ASSETS		3,203	3,586
EQUITY			
Capital and reserves attributable to equity holders			
Share capital	20	1	1
Share premium		382	382
Other reserves		1,146	402
Accumulated deficit		(1,774)	(1,608)
Attributable to equity holders of the Company		(245)	(823)
Non-controlling interests		11	10
Total Group equity		(234)	(813)
LIABILITIES			
Non-current liabilities			
Borrowings	21	1,884	2,563
Deferred income tax liabilities	14	26	61
Retirement benefit obligations	22	87	114
Provisions	24	52	60
Other non-current liabilities		26	30
Total non-current liabilities		2,075	2,828
Current liabilities			
Borrowings	21	116	125
Provisions	24	66	65
Trade and other payables	25	1,178	1,366
Income tax payable		2	5
Liabilities held for sale	18	-	10
Total current liabilities		1,362	1,571
TOTAL EQUITY AND LIABILITIES		3,203	3,586

The accompanying notes are an integral part of the consolidated financial statements

The financial statements on pages 18 to 77 were approved by the Board of Directors on 30 April 2014 and were signed on its behalf by


Marvin O. Schlanger
Director

CONSOLIDATED STATEMENT OF CASH FLOWS

€ millions	Note	YEAR ENDED 31 DECEMBER	
		2013	2012
Loss before Income taxes		(172)	(505)
Adjustments for			
Share based compensation		-	2
Depreciation, amortization and impairment		163	494
Finance income	9	(119)	(5)
Gain on disposal of property, plant and equipment		(2)	(2)
Foreign exchange (gains) and losses	9	27	16
Finance expense	9	266	337
Other income		(16)	-
Change in provisions			
Retirement benefit obligations	22	(15)	(9)
Provisions	24	(5)	(2)
Changes in working capital			
Inventory	15	-	8
Trade and other receivables	16	91	(58)
Prepayments and accrued income		59	(28)
Trade and other payables	25	(80)	69
Changes in non-current prepayments		(3)	(12)
Changes in non-current accrued liabilities		(3)	4
Cash generated from operations		191	145
Interest and other financing cost paid		(146)	(286)
Net income taxes paid	10	(25)	(31)
Net cash from operating activities		(171)	(317)
Divestments		129	1
Capital expenditure		(69)	(101)
Proceeds from sale of property, plant and equipment		15	17
Interest received		1	2
Net cash used in investing activities		76	(81)
Issuance of shares		167	
Repayment of borrowings	21	(551)	(818)
Proceeds from non-current borrowings	21	303	928
Proceeds from current borrowings	21	168	190
Dividends paid to non-controlling interest		(2)	-
Net cash from financing activities		85	300
Change in cash and cash equivalents		181	47
Cash and cash equivalents at beginning of period		257	217
Foreign exchange impact on cash and cash equivalents		(22)	(7)
Cash and cash equivalents at end of period	17	416	257

Refer to note 21 "Borrowings" for details of non-cash changes in borrowings and note 20 for non-cash changes in equity shares

The accompanying notes are an integral part of the consolidated financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

€ millions	Share capital	Share premium	Other reserves ²	Accumulated deficit	Attributable to equity holders of the Company	Non-controlling interests	Total Group equity
Balance at 1 January 2012	1	382	(135)	(923)	(675)	9	(666)
Currency translation adjustment	-	-	29	-	29	(3)	26
Net investment hedges	-	-	9	-	9	-	9
Capital contribution ¹	-	-	523	-	523	-	523
Actuarial losses on retirement benefit obligations	-	-	(24)	-	(24)	-	(24)
Profit/(Loss) attributable to equity holders for the year	-	-	-	(685)	(685)	4	(681)
Balance at 31 December 2012 / 1 January 2013	1	382	402	(1,608)	(823)	10	(813)
Currency translation adjustment	-	-	(14)	-	(14)	(2)	(16)
Net investment hedges	-	-	3	-	3	-	3
Capital contribution ¹	-	-	751	-	751	-	751
Actuarial losses on retirement benefit obligations	-	-	4	-	4	-	4
Profit/(Loss) attributable to equity holders for the year	-	-	-	(166)	(166)	3	(163)
Balance at 31 December 2013	1	382	1,146	(1,774)	(245)	11	(234)

¹ See note 21 "Borrowings" for details on the Capital contribution

² Includes total currency translation adjustment of €(74) million (2012 €(51) million), a total net investment hedge reserve of €(22) million (2012 €(27) million) and a cumulative actuarial loss of €(38) million (2012 €(42) million)

The accompanying notes are an integral part of the consolidated financial statements

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 GENERAL INFORMATION

CEVA Group Plc (the "Company") and its subsidiaries (together the "Group" or "CEVA") design, implement and operate complete, end-to-end Freight Management and Contract Logistics solutions for multinational and large and medium sized companies on local, regional and global level

The Company was incorporated on 9 August 2006 in England and Wales as a public company with limited liability. The address of its registered office is 20-22 Bedford Row, London WC1R 4JS, United Kingdom

On 2 May 2013 CEVA completed a major financial Recapitalization. CEVA Holdings LLC, a company formed in the Republic of the Marshall Islands, became the immediate parent of the Company. The ultimate controlling party of the Company is Apollo Global Management, LLC ('Apollo')

At 31 December 2013, the Company had senior secured, junior priority secured, second lien secured and senior notes listed on the Global Exchange Market of the Irish Stock Exchange ("ISE")

These Group consolidated financial statements were authorized for issue by the Board of Directors on 30 April 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated

2.1 Basis of preparation

The consolidated financial statements of the Company have been prepared on a going concern basis in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and in accordance with IFRIC interpretations. The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss

In accordance with best practice, company management considers whether it is appropriate to prepare the financial statements under the going concern principle. CEVA prepares annual budgets, five year forecasts and regularly supplements the budgets with quarterly forecasts during the year. After reviewing this information in conjunction with our available facilities and our commitments to debt repayments, and considering the financial recapitalization, Company management has concluded that the Group has adequate resources for the foreseeable future. Therefore the Group and the Company have continued to adopt the going concern basis in the preparation of the financial statements

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 3 "Critical accounting estimates and judgments"

The Group's operating segments are its Freight Management and Contract Logistics businesses which are the main focus of the Group's chief operating decision maker ("CODM"), the Executive Board of CEVA Group Plc (the "Executive Board"). This is the primary way in which the CODM is provided with financial information. The Group's internal organization and management structure is also aligned to the two businesses. From a practical perspective, the Group also manages its operations on a regional basis. All reporting to the CODM analyzes performance by Freight Management and Contract Logistics business activity, and resources are allocated on this basis. Disclosure has been included in the segment note to reflect these operating segments. As additional information the group has also provided geographical information on its results

Presentation of financial information

The Group's consolidated income statements and segment analysis separately identify operating results before specific items. Specific items are those that in management's judgment are exceptional by virtue of their size, nature or incidence and therefore are separately disclosed on the face of the consolidated income statements. In determining whether an event or transaction is specific, management considers quantitative as well as qualitative factors such as the frequency or predictability of occurrence. This is consistent with the way that financial performance is measured by management and reported to the Board of Managers and assists in providing a meaningful analysis of the operating results of the Group. Management believes that presentation of the Group's results in this way is relevant to an understanding of the Group's financial performance. Furthermore, the Group considers a columnar presentation to be appropriate, as it improves the clarity of the presentation and is consistent with the way that financial performance is measured by management and reported to the Board of Managers. Specific items may not be comparable to similarly titled measures used by other companies. Items that have been considered to be specific items include integration and separation costs, gains and losses on individual debt transactions, business restructuring programs, asset impairment charges and antitrust investigation costs. Specific items for the current and prior year are disclosed in note 6.

Adjusted EBITDA is a key financial measure used by management to assess operational performance. It excludes the impact of specific items. Previously this measure of performance was called EBITDA before specific items. "EBITDA" or "earnings before interest, tax, depreciation and amortization" is not a measurement of performance or liquidity under IFRS and should not be considered as a substitute for profit / (loss) for the year, operating profit, net income or any other performance measures derived in accordance with IFRS or as a substitute for cash flow from operating activities as a measure of CEVA's performance. Because not all companies calculate EBITDA identically, the presentations of EBITDA in this annual report may not be comparable to other similarly titled measures of other companies.

New and amended standards adopted by the Group

The following standards have been adopted by the group for the first time for the financial year beginning on 1 January 2013.

- IAS 19, 'Employee Benefits' was amended in June 2011. This amendment requires the Group to replace interest cost and expected return on plan assets with a net interest amount that is calculated by applying the discount rate to the net defined benefit liability (asset). The amendment to IAS 19 did not have any material impact on the Group's pension liability, expenses and disclosures.
- Amendment to IAS 1, 'Financial statement presentation' regarding other comprehensive income. The main change resulting from these amendments is a requirement for entities to group items presented in 'other comprehensive income' (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments). This has been shown in the consolidated statement of comprehensive income. The amendments do not address which items are presented in OCI.
- Amendment to IFRS 7, Financial Instruments 'Disclosures', on asset and liability offsetting. This amendment includes new disclosures to facilitate comparison between those entities that prepare IFRS financial statements to those that prepare financial statements in accordance with US GAAP.
- IFRS 13, Fair value measurement, aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements, which are largely aligned between IFRSs and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs. The Group uses level 1 and level 2 valuation methods for its fair value measurements. Level 1 refers to quoted (unadjusted) prices in active markets and level 2 refers to inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices). This standard did not have a material impact on the Group's consolidated financial statements.

New standards and interpretations not yet adopted

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2013, and have not been applied in preparing these consolidated financial statements.

- IFRS 9, 'Financial instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. IFRS 9 was issued in November 2009 and October 2010. It replaces the parts of IAS 39 that relate to the classification and measurement of financial instruments. IFRS 9 requires financial assets to be classified into two measurement categories: those measured as at fair value and those measured at amortized cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is

taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch. The Group is yet to assess IFRS 9's full impact. The Group will also consider the impact of the remaining phases of IFRS 9 when completed by the Board.

- IFRS 10, 'Consolidated financial statements', builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess.
- IFRS 11, 'Joint arrangements', focuses on the rights and obligations of the parties to the arrangement rather than its legal form. There are two types of joint arrangements: joint operations and joint ventures. Joint operations arise where the investor has rights to the assets and obligations for the liabilities of an arrangement. A joint operator accounts for its share of the assets, liabilities, revenue and expenses. Joint ventures arise where the investors have rights to the net assets of the arrangement; joint ventures are accounted for under the equity method. Proportional consolidation of joint arrangements is no longer permitted. As from 1 January 2014 the Group will no longer be consolidating Anji Automotive Logistics Company Limited ("Anji"). The impact of using proportional consolidation is disclosed in note 5 and 19. Instead the post-tax share of net income (see note 19) of Anji will be equity accounted in the consolidated financial statements of CEVA Group Plc from 2014 with comparatives restated to reflect the same accounting treatment in 2013.
- IFRS 12, 'Disclosures of interests in other entities', includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, structured entities and other off balance sheet vehicles. The Group is yet to assess IFRS 12's full impact and is required to adopt IFRS 12 no later than the accounting period beginning on or after 1 January 2014.
- IFRIC 21, 'Levies', sets out the accounting for an obligation that pay a levy that is not income tax. The interpretation addresses what the obligating event is that gives rise to pay a levy and when should a liability be recognized. The Group is not currently subjected to significant levies so the impact on the Group is not expected to be material on our annual results.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Group.

2.2 Consolidation

Subsidiaries

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The Group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognizes any non-controlling interest in the acquiree at the non-controlling interest's proportionate share of the acquiree's net assets. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill.

Intercompany transactions, balances and unrealized gains on transactions between Group companies are eliminated. Unrealized losses are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Joint ventures

Joint ventures are those entities over whose activities the Group has joint control, established by contractual agreement and requiring unanimous consent for strategic financial and operating decisions.

The Group's interests in jointly controlled entities are accounted for by proportionate consolidation. The Group

combines its share of the joint ventures' individual income and expenses, assets and liabilities and cash flows on a line-by-line basis with similar items in the Group's financial statements

Transactions with non-controlling interests

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value and any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

When the Group ceases to have control, any retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change in carrying amount recognized in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognized in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognized in other comprehensive income are reclassified to profit or loss.

Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognized at cost, and the carrying amount is increased or decreased to recognize the investor's share of the profit or loss of the investee after the date of acquisition. The Group's investment in associates includes goodwill identified on acquisition, net of any accumulated impairment loss.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognized in other comprehensive income is reclassified to profit or loss where appropriate.

The Group's share of its associates' post-acquisition profits or losses is recognized in the income statement, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the associate.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognized the amount adjacent to 'share of profit/(loss) of associates' in the income statement.

Unrealized gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealized losses are eliminated unless they provide evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

Dilution gains and losses arising in investments in associates are recognized in the income statement.

2.3 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the CODM. The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Executive Board, which makes strategic decisions. In addition, information from a geographical perspective has also been presented.

Inter-segment pricing is determined at an arm's length basis.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise corporate cost centers, borrowings and income tax assets and liabilities.

Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment and intangible assets other than goodwill, which is disclosed separately

2.4 Foreign currency translation

Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the 'functional currency'). The consolidated financial statements are presented in US Dollars ('US\$'), which is the Group's presentation currency. All values are rounded to the nearest million except where otherwise indicated.

Per IAS 21, the Company is deemed to be a "shell entity" with no operating activities and only carries out financing activities. Financing activities and equity are mainly US\$ denominated. The functional currency of the Company is therefore identified as US\$.

Transactions and balances

Foreign currency transactions in the Group's entities are translated into the functional currency of the entity using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in profit and loss of the entity concerned.

Group companies

The results and financial position of all Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the US\$ are translated into US\$ as follows:

- a) assets and liabilities for each Consolidated Balance Sheet presented are translated at the closing rate at the date of that balance sheet,
- b) income and expenses for each Consolidated Income Statement are translated at average exchange rates, and
- c) all resulting exchange differences are recognized in other comprehensive income.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognized in other comprehensive income, and presented in the translation reserve in equity. Where a subsidiary that is a foreign operation repays such a quasi-equity loan and there is no change in the parent's percentage shareholding, the Group believes that this does not represent a disposal or partial disposal and hence does not transfer the accumulated foreign exchange gains or losses in equity to the income statement when this occurs.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations and of borrowings and other currency instruments designated as hedges of such investments, are taken to other comprehensive income. When a foreign operation is disposed of or sold, exchange differences that were previously recorded in other comprehensive income are reclassified to profit and loss as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate of exchange. Exchange differences arising are recognized in other comprehensive income.

2.5 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown net of value-added tax and discounts and after eliminating sales within the Group.

The Group recognizes revenue when the amount of revenue can be reliably measured and it is probable that future economic benefits will flow to the Group. This is usually when goods and services have been delivered but is dependent upon the contractual terms agreed with the customer.

Freight Management revenue is derived from international air, ocean and domestic freight forwarding, customs brokerage, deferred air and pickup and delivery, and other value-added services. Revenue is recorded in gross terms.

when acting as an indirect carrier. Revenue is recorded net of transportation costs and freight insurance premiums when acting as a carrier's agent.

In Freight Management, the Company is primarily a non-asset based carrier and as such owns only limited transportation assets. The majority of air and ocean freight revenue is obtained through the purchase of transportation services from direct (asset-based) carriers and the resale of those services to customers as an indirect carrier, such that the Company issues customers a contract of carriage. Revenues related to shipments are recognized based on the terms in the contract of carriage, primarily when goods reach their destination.

Air and ocean freight forwarding revenue is also generated when acting as a carrier's agent. Such revenues comprise commissions and fees earned for the services performed and are recognized on completion of those services. Revenues related to customs brokerage and other services provided at origin or destination are recognized on completion of the services.

Revenue in Contract Logistics represents the revenue from services to third parties related to contracts for supply chain management, warehousing and distribution activities. Revenue is recognized net of trade discounts, credit notes and taxes levied on sales when the service is rendered based on the contract with the customer.

Accrued income represents goods delivered and services rendered which have not yet been invoiced.

2.6 Work contracted out

Work contracted out represents the cost of third party transport providers that we utilize to provide services to our customers.

2.7 Other operating expenses

Other operating expenses include cost of materials, rental expenses, maintenance and repair charges, professional fees and other miscellaneous expenses. Other operating income of US\$4 million (2012: nil) representing insurance receipts has been netted against other operating expenses on materiality grounds.

2.8 Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

Lease of property, plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalized at the lease's commencement at the lower of the fair value of the leased property and the present value of minimum lease payments.

Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in borrowings. The interest element of the finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under a finance lease are depreciated over the shorter of the useful life of the asset and the lease term.

2.9 Finance income and expenses

Finance income comprises interest income on funds invested, changes in the fair value of financial assets at fair value through profit or loss and gains on the purchase of financial liabilities. Interest income is recognized as it accrues in profit or loss.

Finance expenses comprise interest expense on borrowings and changes in the fair value of financial assets at fair value through profit or loss. Borrowing costs on qualifying assets are capitalized. All other borrowing costs are recognized in profit or loss using the effective interest method.

Foreign currency gains and losses are presented on a net basis.

2.10 Income tax

Income tax expense comprises current and deferred income tax. Income tax expense is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case

the tax is also recognized in other comprehensive income or directly in equity, respectively

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date and any adjustment to tax payable in respect of previous years

Deferred income tax is recognized using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred income tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred income tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred income tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred income tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred income tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred income tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related benefit will be realized.

Deferred income tax is not provided on the unremitted earnings of subsidiaries where the timing of the reversal of the remitting temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future or where the remittance would not give rise to incremental tax liabilities or is not taxable.

2.11 Intangible assets

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets, liabilities and contingent liabilities of the acquired subsidiary at the date of acquisition. Goodwill on acquisition of subsidiaries is included in intangible assets and is carried at cost less accumulated impairment losses.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less cost of disposal. Any impairment is recognized immediately as an expense and is not subsequently reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination. Goodwill is monitored at operating segment level.

Contractual customer relationships

Contractual customer relationships acquired in a business combination are recognized at fair value at the acquisition date. The contractual customer relationships have a finite useful life and are carried at cost less accumulated amortization. Amortization is calculated using the straight-line method to allocate the cost of the contractual customer relationships over their estimated useful lives of between 10 and 20 years.

Other intangibles

Other intangible assets mainly comprise computer software, licenses and brand names.

Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognized as intangible assets when it can be demonstrated how the software product will generate probable future economic benefits, there are adequate technical, financial and other resources to complete the development and to use the software product and the expenditure attributable to the software product during its development can be reliably measured. Costs associated with maintaining computer software programs are

recognized as an expense as incurred. Computer software development costs recognized as assets are amortized over their estimated useful lives, on average three years.

Separately acquired licenses are shown at historical cost. Licenses acquired in a business combination are recognized at fair value at the acquisition date. Licenses have a finite useful life and are carried at cost less accumulated amortization. Amortization is calculated using the straight-line method to allocate the cost of licenses over their estimated useful lives of three to five years.

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized over their estimated useful lives which do not exceed three years.

Other intangible assets that are acquired by the Group, which have finite useful lives are measured at cost less accumulated amortization and accumulated impairment losses. Other intangible assets are amortized on a straight-line basis over their estimated useful lives of three to 20 years.

2.12 Property, plant and equipment

Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. Purchased software that is integral to the functionality of the related equipment is capitalized as part of the cost of that equipment.

Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property, plant and equipment are recognized in profit or loss as incurred.

Depreciation

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost or revalued amounts to their residual values over their estimated useful economic lives (or period of finance lease, if shorter), as follows:

- | | |
|-----------------------|-------------|
| ◦ Buildings | 10-50 years |
| ◦ Plant and equipment | 2-10 years |
| ◦ Other | 3-10 years |

The assets' estimated residual values and useful economic lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Disposal

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognized in profit or loss.

2.13 Impairment of non-financial assets

Assets that have an indefinite useful life, for example goodwill, are not subject to amortization and are tested annually or earlier in response to a triggering event for impairment. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets, other than goodwill, that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

2.14 Financial assets

Classification

The Group classifies its financial assets into two categories (a) at fair value through profit or loss and (b) loans and receivables

The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are classified as held for trading unless they are designated as hedges. Assets in this category are classified as current assets.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. The Group's loans and receivables comprise trade and other receivables and cash and cash equivalents in the Consolidated Balance Sheet.

Recognition and measurement

Regular purchases and sales of financial assets are recognized on the trade date – the date on which the Group commits to purchase or sell the asset. Financial assets carried at fair value through profit or loss are initially recognized at fair value and transaction costs are expensed in the Consolidated Income Statement. Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are carried at amortized cost using the effective interest method.

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the Consolidated Income Statement within 'net financial expense' in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognized in the Consolidated Income Statement when the Group's right to receive payments is established.

If the market for a financial asset is not active (and for unlisted securities), the Group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis and option pricing models, making maximum use of market inputs and relying as little as possible on entity-specific inputs.

2.15 Derivative financial instruments and hedging activities

The Group can hold derivative financial instruments to hedge its foreign currency and interest rate risk exposures. Embedded derivatives are separated from the host contract and accounted for separately if they are not closely related, that is if the economic characteristics and risks of the host contract and the embedded derivative would meet the definition of a derivative and the combined instrument is not measured at fair value through profit or loss.

Derivatives are recognized initially at fair value; attributable transaction costs are recognized in profit or loss when incurred. Subsequent to initial recognition, derivatives are measured at fair value with changes recognized immediately in the profit or loss. The Group does not apply hedge accounting for its derivative financial instruments.

The Group uses certain borrowings to hedge net investments. The Group applies hedge accounting to foreign currency differences arising on net investment between the functional currency of the foreign operation and the functional currency of its parent or intermediate holding company, regardless of whether the net investment is held directly or through an intermediate parent.

The Group documents at the inception of the hedge the relationship between hedging instrument and hedged item, as well as its risk management objectives and strategy for undertaking the hedge. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the hedging instruments that are used are highly effective in offsetting changes in the hedged items' spot rate revaluation attributable to the hedged risk.

Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognized in other comprehensive income. The gain or loss relating to the ineffective portion is recognized in the income statement. When the hedged foreign operation is disposed of or sold, the relevant amount in the translation reserve is transferred to profit or loss as part of the profit or loss on disposal.

2.16 Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined using the first-in, first-out (FIFO) method. Net realizable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2.17 Trade receivables

Trade receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor and default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognized in profit or loss. When a trade receivable is uncollectable, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited to profit or loss.

In a non-recourse factoring arrangement, when the Group has transferred substantially all the risks and rewards of ownership of the receivables, the trade receivables are derecognized in their entirety. In a factoring of receivables with recourse, the Group recognizes the factoring arrangement as a financing transaction, that is, a liability is recognized for the amounts received from the factor.

2.18 Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the Consolidated Balance Sheet to the extent that there is no right of offset and no practice of net settlement with cash balances.

2.19 Assets (or disposal groups) held for sale

If the carrying amount of the non-current asset (or disposal group) will be recovered principally through a sale transaction rather than through continuing use, the Group will classify the asset (or disposal group) as held for sale. For this to be the case, the asset, or disposal group must be available for immediate sale in its present condition subject only to terms that are usual and customary for the sale of such assets (or disposal group) and its sale must be highly probable.

Upon classification, the assets (or disposal group) are measured at the lower of their carrying amount and fair value less costs to sell.

2.20 Share capital

Common shares

Common shares are classified as equity. Incremental costs directly attributable to the issue of common shares and share options are recognized as a deduction from equity net of any tax effects.

Authorized shares

The authorized share capital of £699,965 divided into 3,500,000,000 ordinary shares of a par value of £0.0001 each and 350,000 deferred shares of a par value of £0.9999 each.

As at 31 December 2013, CEVA Holdings LLC holds 3,499,650,000 ordinary shares of a par value of £0.0001 each (99%), CIL Limited (formerly known as CEVA Investments Limited) holds 349,999 ordinary shares of a par value of £0.0001 each and 349,999 deferred shares of a par value of £0.9999 each and Louis Cayman Second Holdco Limited holds 1 ordinary share of a par value of £0.0001 and 1 deferred share of a par value of £0.9999 (CIL Limited and Louis Cayman Second Holdco Limited together holding 0.01%). The deferred shares in the capital of CEVA Group Plc (the "Company")

have no rights, powers or benefits attached to them whatsoever and, without limitation, shall not confer on the holders of deferred rights any right

- to receive notice of any general meeting of the Company, or
- to be able to attend, speak or vote at any general meeting, or
- to share in a dividend declared by the Company, or
- to appoint a director "

2 21 Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost, any difference between the proceeds (net of transaction costs) and the redemption value is recognized in profit or loss over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until some draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a pre-payment for liquidity services and amortized over the period of the facility to which it relates.

A financial liability is derecognized when it is redeemed or otherwise extinguished, that is when the obligation is discharged, cancelled or expired. An exchange between CEVA and a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. If the new terms are not substantially different the transaction is regarded as a modification.

If a portion of a financial liability is purchased, the previous carrying amount of the financial liability is allocated between the portion that continues to be recognized and the portion that is derecognized based on the relative fair values of those respective portions on the date of the repurchase. The difference between (a) the carrying amount allocated to the part derecognized and (b) the consideration paid, including any non-cash assets transferred or liabilities assumed, for the part derecognized are recognized in profit or loss.

The fair value of the non-current interest bearing debt has been presented using the available market price at the balance sheet date or otherwise using the face value. The senior bank debt's fair value has been presented using its face value, as it is a private floating rate facility, and the fair value of current debt has been presented using its carrying value given its short-term nature.

2 22 Employee benefits

Pension obligations

The Group operates a number of defined contribution and defined benefit pension schemes.

(a) Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the Group pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognized as a personnel expense in profit or loss when they are due. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in future payments is available.

(b) Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The liability recognized in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by the yield at the reporting date on AA credit-rated bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related pension obligation.

All actuarial gains and losses arising from defined benefit plans have been recognized immediately in other

comprehensive income. Interest expense on the pension obligation and interest income on the return on assets are recognized as a net amount in finance income and expense.

Other long term employee benefits

Other long term employee obligations include long-service, sabbatical or jubilee leave, long term disability benefits and deferred compensation not payable within 12 months after the end of the period. The expected costs of these benefits are accrued over the period of employment using the same accounting methodology as used for defined benefit pension plans except for actuarial gains and losses, which are recorded in profit and loss. These obligations are valued annually by independent, qualified actuaries.

Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognizes termination benefits when it has demonstrably committed to terminate the employment of current employees according to a detailed formal plan without possibility of withdrawal or provided termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the balance sheet date are discounted to their present value.

Share based compensation

The Group operates equity-settled share based compensation plans, under which the Company receives services from employees as consideration for equity instruments (options) of the Company. The fair value of the employee services received in exchange for the grant of the options is charged by the Company and is recognized as an expense by the Company. The total amount to be expensed is recognized by reference to the fair value of the options granted, excluding the impact of any non-market service and performance vesting conditions. Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. The total amount expensed is recognized over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At each balance sheet date, the Group revises its estimates of the number of options that are expected to vest based on the non-market vesting conditions. The Group recognizes the impact of the revision to original estimates, if any, in profit or loss.

Short term benefits

Short term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognized for the amount expected to be paid under short term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

2.23 Provisions

A provision is recognized if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are measured by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

Provisions for insurance represent an estimate, based on historical experience, of the ultimate cost of settling outstanding claims and claims incurred but not reported at the balance sheet date on certain risks retained by the Group.

2.24 Trade payables

Trade payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of financial statements in accordance with generally accepted accounting principles under IFRS as adopted by the EU requires the Group to make estimates, judgments and assumptions that may affect the reported amounts of assets, liabilities, revenue and expenses and the disclosure of contingent assets and liabilities in the financial statements. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The accounting estimates will, by definition, rarely equal the related actual results. Actual results may differ significantly from these estimates, the effect of which is recognized in the period in which the facts that give rise to the revision become known. The estimates, judgments and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below.

3.1 Estimated impairment of goodwill

The Group tests annually, or earlier in response to a triggering event, whether goodwill has suffered any impairment, in accordance with the accounting policy stated in notes 2.11 "Intangible assets" and 2.13 "Impairment of non-financial assets". The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates and assumptions consistent with the most up-to-date budgets and plans that have been formally approved by management. Refer to note 12 "Intangible assets" for the key assumptions used for the value-in-use calculations.

3.2 Income taxes

The Group is subject to income taxes in numerous jurisdictions. Significant judgment is required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred income tax provisions in the period in which such determination is made.

3.3 Retirement benefits

The present value of the pension obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions will impact the carrying amount of pension obligations.

Defined benefit schemes are reappraised annually by independent actuaries based upon actuarial assumptions. Significant judgment is required in determining these actuarial assumptions. Refer to note 22 "Retirement benefit obligations" for the principal assumptions used.

3.4 Provisions and contingent liabilities

Legal proceedings covering a range of matters are pending in various jurisdictions. Due to the uncertainty inherent in such matters, it is often difficult to predict the final outcome. The cases and claims against CEVA often raise difficult and complex factual and legal issues. These are subject to many uncertainties and complexities, including but not limited to the facts and circumstances of each particular case and claim, the jurisdiction and the differences in applicable law. In the normal course of business, we consult with legal counsel and certain other experts on matters related to litigation.

We recognize a provision when it is determined that an adverse outcome is probable and the amount of the loss can be reasonably estimated. In the event that an adverse outcome is possible and an estimate is not determinable, the matter is disclosed. Refer to note 27 "Contingencies" for further information regarding contingent liabilities.

4 FINANCIAL RISK MANAGEMENT

Financial risk factors

The Group's operating activities expose it to a variety of financial risks, such as market risk (including foreign currency exchange risk, interest rate risk and commodity price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance. The Group uses derivative financial instruments to hedge certain risk exposures. Financial risk management is carried out by Group Treasury under policies approved by the Board of

Directors of CEVA Group Plc Group Treasury identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, the use of derivative financial instruments and non-derivative financial instruments and investment of excess liquidity. Although the Group enters into derivative contracts for risk hedging purposes, we do not apply hedge accounting for such derivative financial instruments.

The following analysis provides quantitative information regarding our exposure to the financial risks described above. There are certain limitations inherent in the analyses presented, primarily due to the assumption that rates change in a parallel fashion and instantaneously. In addition, the analysis is unable to reflect the complex market reactions that normally would arise from the market shifts assumed.

(a) Market risk

Foreign currency exchange risk

The Group operates internationally and is exposed to foreign currency exchange risks arising from future commercial transactions, recognized assets and liabilities, investments and divestments in foreign currencies other than the Euro, the Group's reporting currency.

The main currencies of our external hedges are the United States dollar, Chinese yuan and Euro. Significant acquisitions are typically funded in the currency of the underlying assets. We have established policies which require Group companies to manage their foreign exchange risk against their functional currency. Group companies are required to report their relevant foreign exchange risk exposure to Group Treasury. To manage their foreign exchange risk arising from future commercial transactions and recognized assets and liabilities, entities in the Group use forward contracts, transacted with Group Treasury. Foreign exchange risk arises when future commercial transactions or recognized assets or liabilities are denominated in a currency that is not the entity's functional currency.

CEVA has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk. Currency exposure arising from the net assets of the Group's foreign operations is managed primarily through borrowings denominated in the relevant foreign currencies.

The main exchange rates are shown below:

	2013		2012	
	Year end closing	Average	Year end closing	Average
British pound	0.8323	0.8491	0.8126	0.8111
US dollar	1.3789	1.3279	1.3197	1.2856
Chinese yuan	8.3460	8.1652	8.2299	8.1126

A five percent strengthening of the following currencies against the Euro at 31 December 2013 would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2012.

€ millions	2013		2012	
	Effect on profit before tax	Effect on equity	Effect on profit before tax	Effect on equity
British pound	(1)	3	1	7
US dollar	(9)	56	(6)	59
Chinese yuan	(2)	11	1	13

A five percent weakening of the above currencies against the Euro at 31 December 2013 would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

Cash flow and fair value interest rate risk

Interest rate risk is the risk that unexpected interest rate changes negatively affect the Group's results, cash flows and equity. Hedging activities are meant to protect CEVA against changes in interest rates.

The table below shows the interest rate profile of the Group's interest-bearing financial instruments as of 31 December 2013 and 2012 (refer to note 21 "Borrowings" for further details)

€ millions	2013	2012
	Carrying value	Carrying value
Fixed Rate Instruments		
Loans and loan notes	1,386	1,837
Variable Rate Instruments		
Financial liabilities	614	851
Total	2,000	2,688

Sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased (decreased) profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis was performed on the same basis as for 2012.

€ millions	2013	2012
	Effect on profit before tax	Effect on profit before tax
Change in interest rate	before tax	before tax
Euro +100 basis points	(3)	(2)
Euro -100 basis points	3	2
US dollar +100 basis points	(5)	(5)
US dollar -100 basis points	5	5

Commodity risk

As a supply chain company, CEVA is exposed to the risk of an increase in the price of fuels, principally diesel gasoline. The Group typically has an ability to pass on fuel price increases to customers and has not therefore entered into any contract to hedge any specific commodity risk.

(b) Credit risk

The collectability of accounts receivable is assessed on a monthly basis, where the method of determining the reduction is tailored to the specific business environment and takes into consideration the history of the reporting unit. The Group is focusing strongly on the cash generating capacity of its businesses and acknowledges the importance of strong credit control which is monitored through periodic detailed analysis of overdue trade receivable balances.

Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks as well as the risk that counterparties fail to meet their contractual payment obligations through insolvency or default as well as credit exposures to customers. The credit risk of a derivatives portfolio overlaps market risk, since it is the replacement value of the portfolio that the Group is likely to lose if the counterparty fails. In order to reduce legal risk resulting from derivatives, CEVA strives to have an International Swaps and Derivative Association agreement in place before entering into derivatives. For banks and financial institutions, only independently rated parties with a minimum rating of 'A-' from Standard & Poor's or equivalent rating from Moody's are accepted. Group Treasury only trades with its defined relationship banking group unless trading outside this banking group is required either for operational needs or provides significantly better terms and conditions.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

€ millions	2013	2012
Loans and receivables	945	1,105
Cash and cash equivalents	416	257

(c) Liquidity risk

Liquidity risk is the risk that the Group does not have sufficient headroom (cash and cash equivalents plus central credit facilities described in note 21 "Borrowings") available to meet both our day-to-day operating requirements and debt servicing obligations (interest and debt repayment). As is typical of global, integrated companies such as CEVA, cash is often held in various jurisdictions in which the Group operates and may not be immediately available to Group Treasury. Group Treasury mitigates liquidity risk by seeking to ensure that CEVA has adequate funding at its disposal at all times and helping facilitate access to the money markets and capital markets. This includes relationship management with all financial stakeholders, such as banks, rating agencies and debt investors.

The recapitalization strengthened our liquidity with approximately €165 million of proceeds from equity capital from our new shareholders, issuance of approximately €65 million of additional 4% Senior Secured Notes and reduced debt levels and interest expenses.

The US ABL facility initially matured on 19 November 2015, but was refinanced on 31 December 2013 and now matures on 31 December 2018. As at 31 December 2013, the outstanding drawn amount of the US ABL Facility was €111 million.

As at 31 December 2013, CEVA Group Plc had €416 million (2012: €257 million) in cash on its Consolidated Balance Sheet. In addition to this cash, CEVA Group Plc has access to €401 million (2012: €422 million) of credit facilities held centrally, of which €272 million (2012: €383 million) was drawn. Total headroom at 31 December 2013 was therefore €545 million (2012: €296 million).

The table below analyses the amounts of interest bearing borrowings and trade and other payables into relevant maturity groupings based on the remaining period from the balance sheet date to the contractual maturity date.

€ millions	2013						
	Present value of minimum lease payments	Interest	Future minimum lease payments	Loan notes	Bank borrowings	Interest on borrowings	Trade and other payables
Less than 1 year	11	4	15	5	99	150	1,178
1-5 years	17	9	26	818	542	528	-
Thereafter	17	12	29	523	3	486	-
Total	45	25	70	1,346	644	1,164	1,178

€ millions	2012						
	Present value of minimum lease payments	Interest	Future minimum lease payments	Loan notes	Bank borrowings	Interest on borrowings	Trade and other payables
Less than 1 year	8	3	11	-	45	247	1,358
1-5 years	22	9	31	757	805	849	-
Thereafter	18	14	32	1,001	102	201	-
Total	48	26	74	1,758	952	1,297	1,358

The interest on borrowings with a variable interest rate has been calculated by using the year end rate. The tables above exclude aggregate minimum operating lease payments totaling €947 million (2012: €1,063 million) that are disclosed in note 26 "Commitments".

Capital management

The Group's objectives when managing capital, which comprises our paid in capital and borrowings, are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders, benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

As at 31 December 2013 the Group had a capital structure which utilized a high proportion of structured debt to equity, which was historically adopted because debt financing was viewed as a cheaper source of capital than equity financing. During the year the Group announced a Recapitalization that reduced consolidated net debt by approximately €1.2 billion as described in note 21 "Borrowings". The structure of our debt and facilities is a combination of long term debt secured to finance our acquisitions in 2006 of the TNT contract logistics business and in 2007 of the EGL Inc freight management business and medium term facilities which are available to support shorter term liquidity requirements. The majority of our interest rates are fixed and as of 31 December 2013 there no material debt repayments due until November 2018.

Fair value estimation

The fair value of the derivative financial instruments at 31 December 2013 is nil (2012: nil). As at 31 December 2013 there were foreign exchange and interest derivative contracts with a notional amount of €10 million (2012: 10 million).

5. SEGMENT INFORMATION

The chief operating decision maker is the Executive Board. The Executive Board reviews the Group's internal reporting to assess performance and allocate resources. Management has determined the operating segments based on these reports.

The Executive Board considers the operations from a business perspective. In addition, information from a geographical perspective has also been presented.

Operating segments

- Freight Management including the provision of international air, ocean and domestic freight forwarding, customs brokerage, deferred air and pick up and delivery, and other value-added services,
- Contract Logistics including the provision of inbound logistics, manufacturing support, outbound/distribution logistics and aftermarket logistics.

Additional information – geographical

- Americas (including the United States of America, Canada, Brazil, Argentina and Mexico),
- Asia Pacific (including Australia, China, Singapore, Thailand, Malaysia and India),
- Europe (including the United Kingdom, Ireland, the Nordics, Benelux, France, Germany, Eastern Europe, Italy, Spain, Turkey and Greece, Middle East and Africa)

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise borrowings and income tax assets and liabilities. The Group's customer base is highly diversified, with no individually significant customer.

The Executive Board assesses the performance of the operating segments based on earnings before interest, tax, depreciation and amortization ("Adjusted EBITDA"). Interest income and expenditure are not included in the result for each operating segment that is reviewed by the Executive Board. The information provided to the Executive Board is measured in a manner consistent with that in the financial statements.

Operating segments

The segment results for the year ended 31 December 2013 are as follows

€ millions			2013
	Freight Management	Contract Logistics	Total
Total segment revenue	2,843	3,593	6,436
Inter-segment revenue	-	(21)	(21)
Revenue from external customers	2,843	3,572	6,415
Operating expenses excluding depreciation, amortization and impairment	(2,811)	(3,395)	(6,206)
Adjusted EBITDA	32	177	209
Specific items	-	-	(43)
EBITDA	-	-	166
Depreciation, amortization and impairment	-	-	(163)
Operating income	-	-	3

The segment assets and liabilities at 31 December 2013 and the capital expenditure for the year then ended are as follows

€ millions				2013
	Freight Management	Contract Logistics	Unallocated	Total
Total assets	1,680	1,469	54	3,203
Total liabilities	720	1,162	1,555	3,437
Capital expenditure	17	52	-	69

The reported Adjusted EBITDA for the year ended 31 December 2013 includes €13 million (year ended 31 December 2012 €16 million), as well as revenue of €256 million (2012 €148 million), from joint ventures

The segment results for the year ended 31 December 2012 are as follows

€ millions			2012
	Freight Management	Contract Logistics	Total
Total segment revenue	3,344	3,909	7,253
Inter-segment revenue	(2)	(27)	(29)
Revenue from external customers	3,342	3,882	7,224
Operating expenses excluding depreciation, amortization and	(3,240)	(3,733)	(6,973)
Adjusted EBITDA	102	169	251
Specific items	-	-	(78)
EBITDA	-	-	173
Depreciation, amortization and impairment	-	-	(494)
Operating income	-	-	(321)

The segment assets and liabilities at 31 December 2012 and the capital expenditure for the year then ended are as follows

€ millions				2012
	Freight Management	Contract Logistics	Unallocated	Total
Total assets	1,860	1,712	14	3,586
Total liabilities	591	1,036	2,772	4,399
Capital expenditure	24	77	-	101

Additional information - geographical

The geographical results for the year ended 31 December 2013 are as follows

€ millions				2013
	Americas	Asia Pacific	Europe	Total
Total segment revenue	2,013	1,769	2,697	6,479
Inter segment revenue	(24)	(12)	(28)	(64)
Revenue from external customers	1,989	1,757	2,669	6,415
Operating expenses excluding depreciation, amortization and impairment	(1,907)	(1,727)	(2,572)	(6,206)
Adjusted EBITDA	82	30	97	209
Specific items	-	-	-	(44)
EBITDA	-	-	-	165
Depreciation, amortization and impairment	-	-	-	(163)
Operating income	-	-	-	2

The geographical assets and liabilities at 31 December 2013 and capital expenditure for the year then ended are as follows

€ millions					2013
	Americas	Asia Pacific	Europe	Unallocated	Total
Total assets	976	857	1,327	43	3,203
Total liabilities	520	425	937	1,555	3,437
Capital expenditure	24	19	26	-	69

The geographical results for the year ended 31 December 2012 are as follows

€ millions					2012
	Americas	Asia Pacific	Europe		Total
Total segment revenue	2,212	2,125	2,982		7,319
Inter-segment revenue	(33)	(16)	(46)		(95)
Revenue from external customers	2,179	2,109	2,936		7,224
Operating expenses excluding depreciation, amortization and impairment	(2,110)	(2,021)	(2,842)		(6,973)
Adjusted EBITDA	69	88	94		251
Specific items	-	-	-		(78)
EBITDA	-	-	-		173
Depreciation, amortization and impairment	-	-	-		(494)
Operating income	-	-	-		(321)

The geographical assets and liabilities at 31 December 2012 and capital expenditure for the year then ended are as follows

€ millions				2012
	Freight Management	Contract Logistics	Unallocated	Total
Total assets	1,860	1,712	14	3,586
Total liabilities	591	1,036	2,772	4,399
Capital expenditure	24	77	-	101

The entity is domiciled in the United Kingdom. The result of its revenue from external customers in the UK is €562 million (2012: €609 million), in the United States is €1,457 million (2012: €1,588 million), in China is €831 million (2012: €998 million) and in Italy is €626 million (2012: €729 million). The total revenue from external customers from other countries is €2,892 million (2012: €3,300 million).

The total of non-current assets other than financial instruments, deferred tax assets, post-employment benefit assets and rights arising under insurance contracts located in the United Kingdom is €151 million (2012: €197 million) and the total of these non-current assets located in other countries is €1,482 million (2012: €1,628 million).

6 SPECIFIC ITEMS

€ millions	2013	2012
Personnel expenses	31	30
Other operating expenses	28	48
Other income	(16)	-
Impairment	-	312
Finance income	(112)	-
Finance expense	30	37
Total (income)/expense	(39)	427

Personnel expenses

In 2013 and 2012, personnel expenses are largely related to one time severance payments as a result of site optimization and labor claims incurred in relation to the cost reduction program announced in November 2012

Other operating expenses

Other operating expenses in 2013 and 2012 include expenses related to the outsourcing and optimizing our finance processes and streamlining our freight management systems, as well as expenses related to the on-going industry wide antitrust investigation. For 2012 it also includes expenses associated with the disposal of the Intermediate Bulk Container Business that was completed in 2013

Other income

On 2 January 2013, CEVA Logistics completed the sale of its European Container Logistics business and Asia Pacific Pallecon business (together forming the Intermediate Bulk Container ("IBC") Business). The sale price of €135 million resulted in a gain on disposal of €16 million. The gain is calculated after deducting goodwill and intangibles of €85 million, transaction costs of €6 million and currency translation differences of €2 million that were previously recognized in other comprehensive income

Impairment

No goodwill impairment charges were recognized for the year ended 31 December 2013 as a result of the annual goodwill impairment testing (2012: €312 million). The prior year non-cash impairment charges were primarily driven by the impact on business valuations from significantly lower forecasted cash flows from revised internal 5 year projections, reflecting recent experiences and potential future challenging economic and competitive conditions

Finance income

On 2 May 2013, the Group successfully closed the Recapitalization announced and commenced on 3 April 2013. The Recapitalization reduced consolidated net debt by approximately €1.2 billion, further strengthened liquidity with €165 million of proceeds from equity capital from our new shareholders, and received additional liquidity of €65 million through a financing from certain funds and accounts managed by Franklin Advisers, Inc. and Franklin Templeton Investments Corp. ("Franklin")

The specific items in 2013 comprise a gain of €97 million (net of €34 million of transaction costs) arising on the debt for equity exchange referred to above and detailed in note 21 plus a gain of €41 million arising on part of the above debt exchange transaction involving an exchange of Franklin's holdings of 8.375% notes for 4% notes with Franklin as well as the reversal of accrued interest payable of €71 million that was waived as part of the Recapitalization

Finance expense

Finance expenses relate to finance charges incurred in relation to debt transactions. For the year ended 31 December 2013, finance expenses include €26 million of accelerated non-cash amortization of debt issuance costs as a result of the Recapitalization and €4 million of transaction costs. For the year ended 31 December 2012, finance expenses include €35 million of accelerated non-cash amortization of debt issuance costs in 2012 as a result of a previous refinancing completed on 1 February 2012 by the Company

7 PERSONNEL EXPENSES

€ millions	2013	2012
Wages and salaries	1,657	1,789
Employee benefits and social expenses	224	238
Pension costs - defined benefit plans (note 22) ¹	(11)	9
Pension costs - defined contribution plans	30	29
Share options granted to Directors and employees	1	1
Total personnel costs	1,901	2,066

¹ Pension costs from defined benefit plan includes negative past service cost of €16 million in Europe

Average number of people employed

The average number of persons (including executive directors) employed by the Group during the year was as follows

	2013	2012
Freight Management	10,213	12,016
Contract Logistics	36,360	38,433
Total	46,573	50,449

The above disclosure excludes the total average headcount at Anji of 7,841 in 2013 (2012 8,774)

Directors and executive management emoluments

€ thousands	2013	2012
Marvin Schlanger	1,086	333
Marc Becker	22	-
Tom White	508	53
Michael Jupiter	22	39
Stan Parker	22	36
Alan Miller	38	-
Emanuel Pearlman	38	-
John Smith	38	-
Dawn Wetherall	150	-
Other executive management	3,670	4,933
	5,594	5,394

Directors and other executive management (key management) emoluments include salaries of €4 million (2012 €5 million), accrued bonus provisions of €1 million (2012 nil) and share option expenses of nil (2012 nil). Managers and other executive management received €357 thousand (2012 €120 thousand) for pension related costs.

Share options and restricted stock units granted to the Directors of CEVA Group Plc and other executive management are shown in the table below

	Outstanding at 31 December 2012/1 January 2013	Granted during the year	Exercised during the year	Forfeited during the year	Outstanding at 31 December 2013 ¹	Weighted average exercise price in € ²
Number of share options						
Marvin Schlanger	-	3,205	-	-	3,205	725.20
Tom White	-	1,477	-	-	1,477	725.20
Alan Miller	-	75	-	-	75	-
Emanuel Pearlman	-	75	-	-	75	-
John Smith	-	75	-	-	75	-
Dawn Wetherall	-	87	-	-	87	433.46
Other executive management	-	6,516	-	-	6,516	595.21
Total	-	11,510	-	-	11,510	644.58

¹ Includes a total of 2,172 restricted stock units

² the share options granted are exercisable US\$ and translated into € using the closing exchange rate

The restricted stock units are related to CEVA Holdings LLC stock units and will be converted into common shares upon vesting.

8. INDEPENDENT AUDITOR REMUNERATION

During the year, the Group obtained the following services from its independent auditor, PricewaterhouseCoopers LLP and its associates

€ millions	2013	2012
Fees payable to the Company's auditor and its associates for the audit of the consolidated financial statements	2	2
The audit of the Company's subsidiaries pursuant to legislation	2	2
Fees paid to the Company's auditor for other services		
Tax services	1	1
Tax advisory services		1
Services relating to corporate finance transactions not covered above	-	-
All other services	2	-
Total	7	6

Independent auditor remuneration is recognized in other operating expenses in the Consolidated Income Statement

9 FINANCE INCOME AND EXPENSE

€ millions	2013	2012
Interest income	78	5
Other financial income	41	-
Finance income	119	5
Interest expense on bank borrowings	(198)	(255)
Interest on finance lease liabilities	(4)	(4)
Net foreign exchange losses	(27)	(16)
Interest expense on retirement benefit obligations	(2)	(3)
Other financial expense	(63)	(75)
Finance expense	(294)	(353)
Net finance expense	(175)	(348)

Other financial expense includes the amortization of debt issuance costs of €40 million (2012 €42 million)

During 2013, the Group continued to define certain net investment hedge relationships, whereby foreign exchange movements pertaining to these defined relationships are recognized directly in other comprehensive income rather than in profit and loss. As at 31 December 2013 €133 million (31 December 2012 €525 million) of borrowings was designated as a net investment hedge.

Other financial income comprise specific items in 2013 which includes a gain of €97 million (net of €34 million of transaction costs) arising on the debt for equity exchange, plus a gain of €41 million arising on part of the above debt exchange transaction (involving an exchange of Franklin's holdings of 8.375% notes for 4% notes with Franklin). The transaction also included the reversal of accrued interest payable of €71 million that was waived as part of the Recapitalization, which is included in the line item "Interest income".

10. INCOME TAX EXPENSE

€ millions	2013	2012
Current tax expense	26	20
Deferred tax expense	(35)	(8)
Income tax expense	(9)	12

Income tax expense recognized in other comprehensive income is €2 million (2012 €1 million)

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the tax rates applicable in the United Kingdom on the profits of the consolidated entities as follows

€ millions	2013	2012
Theoretical tax charge / (income)	(40) 23.4%	(164) 24.5%
Permanent differences		
Non deductible other costs	5 (2.9)%	2 (0.3)%
Non deductible write off of goodwill		76 (11.4)%
Non taxable repurchase of debt	-	11 (1.6)%
Difference between local and UK tax rate	(24) 14.0%	(18) (2.7)%
Other movements		
Deferred tax assets not recognized on temporary differences	39 (22.8)%	60 (9.0)%
Deferred taxes not recognized on losses	8 (4.7)%	55 (8.2)%
Other income tax expense ¹	3 (1.8)%	(10) 1.5%
Actual tax charge	(9) 5.3%	12 (1.8)%

The 2013 effective tax rate is 5.3% (2012 (1.8)%). The 2013 and 2012 rate was impacted by uncertainty over the future utilization of losses and the Company's debt and equity financing. The 2013 rate was also impacted by the non-taxable gain on the sale of the Container Logistics Business and the 2012 rate was impacted by the impairment of goodwill.

11 BUSINESS COMBINATIONS

The Company did not complete any material acquisitions in 2013 and 2012.

12. INTANGIBLE ASSETS

€ millions	Goodwill	Contractual customer relationships	Other intangibles	Total
Net book amount at 1 January 2012	1,540	432	27	1,999
Additions	-	-	24	24
Amortization	-	(73)	(17)	(90)
Impairment	(312)	-	-	(312)
Transferred to disposal group classified as held for sale	(85)	(1)	-	(86)
Exchange rate differences	(9)	(4)	(1)	(14)
Transfers	-	-	-	-
Closing net book amount at 31 December 2012	1,134	354	33	1,521
Historical cost	1,462	771	301	2,534
Accumulated amortization and impairment	(328)	(417)	(268)	(1,013)
Net book amount at 31 December 2012 / 1 January 2013	1,134	354	33	1,521
Additions	-	-	17	17
Amortization	-	(74)	(20)	(94)
Disposal	-	-	(1)	(1)
Transferred to disposal group classified as held for sale	-	-	(1)	(1)
Exchange rate differences	(52)	(12)	(1)	(65)
Closing net book amount at 31 December 2013	1,082	268	28	1,378
Historical cost	1,410	759	316	2,485
Accumulated amortization and impairment	(328)	(491)	(288)	(1,107)
Net book amount at 31 December 2013	1,082	268	28	1,378

Impairment tests for goodwill

Goodwill is subject to annual impairment reviews. These reviews are carried out using the following criteria. An amount of goodwill is attributed to each of the operating segments. Such operating segments are determined to be a "Cash Generating Unit" (CGU) as determined by IAS 36 "Impairment of Assets". The recoverable amount of each CGU is determined based on calculating its value in use. The value in use is calculated by applying discounted cash flow modeling to management's own projections covering a five year period. Cash flows beyond the five year period are extrapolated using a long term growth rate of 2% which does not exceed the estimated long term GDP growth rates for the most relevant territories in which the businesses operate.

The carrying amount of goodwill at 31 December as allocated to each of the Group's two identified CGUs is as follows

€ millions	2013	2012
Freight management	805	847
Contract Logistics	277	287
Total goodwill	1,082	1,134

Management's five year projections have been prepared on the basis of strategic plans, knowledge of the market, performance of competitors and management's views on achievable growth in market share over the longer term.

The impairment charges in 2012 were primarily driven by the impact on business valuations from significantly lower cash flows from revised internal projections reflecting recent experiences and potential future challenging economic and competitive conditions.

The projections for Freight Management demonstrate a robust market position, however, the uncertainty concerning the outlook for the economy around the world has suppressed the projections such that the remaining value of goodwill was impaired to €847 million in 2012. No impairment losses were recognized for the year ended 31 December 2013.

The revised projections for Contract Logistics incorporate the increasing weaknesses in various key markets,

particularly in the Southern European economies, while also considering management's actions on costs. The remaining value of goodwill was impaired to €287 million in 2012. No impairment losses were recognized for the year ended December 2013.

Key assumptions

The key assumptions used in determining the value in use are:

Growth rates and discount rates used

	2013		2012	
	Growth rate beyond five years	Pre-tax discount rate	Growth rate beyond five years	Pre-tax discount rate
Freight Management	2.0%	13.4%	2.0%	14.1%
Contract Logistics	2.0%	13.4%	2.0%	14.1%

After five years of management projections, a long-term growth rate into perpetuity of 2% has been determined by an estimated nominal Gross Domestic Product (GDP) growth rate.

The discount rates applied to cash flows is based on the Group's weighted average cost of capital (WACC) adjusted for income tax. The WACC is calculated based on a weighted average of the post-tax interest rates paid on our loans, and a return on equity based on the equity market risk premium (that is the required increased return required over and above a risk free rate by an investor who is investing in the market as a whole) and the risk adjustment, beta, applied to reflect the risk of the Group relative to the market as a whole. The beta used is based on an average of the betas of what management considers to be the most comparable listed logistics companies.

Projected EBITDA

The five year projections for Adjusted EBITDA have been prepared using strategic plans which include key assumptions for growth in sales and costs over this period. These assumptions take into account knowledge of the current markets in our Freight Management and Contract Logistics segments, management's views on the development of our services relative to the market and the impact of the cost reduction activities that were carried out in 2012 and 2013.

Budgeted capital expenditure

The cash flow forecasts for capital expenditure are based on past experience and include the ongoing capital expenditure required to implement new projects and maintain existing activities in our Contract Logistics segment and grow and maintain our Freight Management network. Capital expenditure includes cash outflows for the purchase of property, plant and equipment and computer software.

Net Working Capital (NWC) levels

Projections for NWC levels are based on the actual NWC needs of the Freight Management and Contract Logistics segments during the last three years.

Result

No goodwill impairment losses were recognized for the year ended 31 December 2013 (2012: €312 million) as a result of the goodwill impairment testing.

Sensitivities

A sensitivity analysis has been performed on each of the base case assumptions used for assessing the goodwill with other variables held constant. Consideration of sensitivities to key assumptions can evolve from one financial year to the next.

The table below shows the sensitivity impact of changes in key assumptions by CGU

€ millions	Freight Management	Contract Logistics	2013 Total
Decrease in long term growth rate of 0.5%	(53)	(62)	(115)
Increase in pre-tax discount rate of 1%	(96)	(100)	(196)
Decrease in projected EBITDA of 5%	(73)	(89)	(162)
Worsening in the projected NWC levels of 10%	(7)	(26)	(33)
Increase in projected capital expenditure of 10%	(31)	(81)	(112)

The table above shows the change in headroom as a result of a change in assumptions affecting the headroom. None of these would individually lead to an impairment for either the Contract Logistics or Freight Management segment. The recoverable amount of the Freight Management segment is €1,144 million and of the Contract Logistics segment is €1,462 million.

13 PROPERTY, PLANT AND EQUIPMENT

€ millions	Land and buildings	Plant and equipment	Other	Under construction	Total
Net book amount at 1 January 2012	129	123	54	3	309
Additions	15	33	23	6	77
Disposals	(2)	(10)	(2)	-	(14)
Depreciation	(18)	(47)	(27)	-	(92)
Impairment	-	-	-	-	-
Exchange rate differences	1	-	1	-	2
Acquisitions	-	-	-	-	-
Transferred to disposal group classified as held for sale	(1)	(25)	-	-	(26)
Transfers	-	-	1	(5)	-
Closing net book amount at 31 December 2012	128	74	50	4	256
Historical cost	239	324	205	4	772
Accumulated depreciation and impairment	(111)	(250)	(155)	-	(516)
Net book amount at 31 December 2012 / 1 January 2013	128	74	50	4	256
Additions	7	19	20	7	53
Disposals	(1)	(4)	(8)	-	(13)
Depreciation	(18)	(23)	(25)	-	(66)
Impairment	(3)	-	-	-	(3)
Exchange rate differences	(6)	(5)	(3)	(1)	(15)
Transferred to disposal group classified as held for sale	(1)	-	-	-	(1)
Transfers	-	-	5	(5)	-
Closing net book amount at 31 December 2013	106	61	39	5	211
Historical cost	239	334	219	5	797
Accumulated depreciation and impairment	(133)	(273)	(180)	-	(586)
Net book amount at 31 December 2013	106	61	39	5	211

Finance leases

The following assets held under finance leases are included in property, plant and equipment

€ millions	Land and buildings	Plant and equipment	Other	Total
Under finance lease 31 December 2012	30	17	1	48
Under finance lease 31 December 2013	16	15	1	31

14. DEFERRED INCOME TAX

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset and when the deferred income taxes relate to the same fiscal authority. The amounts are as follows:

€ millions	2013	2012
Before offsets		
Deferred income tax assets	(41)	(51)
Deferred income tax liabilities	61	106
Net deferred income tax liabilities	20	55
After offsets		
Deferred income tax assets	(6)	(6)
Deferred income tax liabilities	26	61
Net deferred income tax liabilities	20	55

The movement in deferred income tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

Deferred income tax assets

€ millions	Provisions	Goodwill and other intangibles	Losses carried forward	Other	Total
Balance at 1 January 2012	29	25	18	-	72
Transfers	9	(3)	3	1	10
Exchange rate differences	(1)	(1)	-	1	(1)
Income statement effect	(6)	(12)	(13)	1	(30)
Deferred income tax assets at 31 December 2012 / 1 January 2013	31	9	8	3	51
Transfers	(1)	10	(11)	3	1
Exchange rate differences	(2)	-	-	(3)	(5)
Income statement effect	(5)	(11)	13	(3)	(6)
Deferred income tax assets at 31 December 2013	23	8	10	-	41

Deferred income tax liabilities

€ millions	Property, plant and equipment	Intangibles	Other	Total
Balance at 1 January 2012	4	142	(1)	145
Transfers	10	(12)	1	(1)
Exchange rate differences	-	(1)	1	-
Income statement effect	(13)	(24)	(1)	(38)
Deferred income tax liabilities at 31 December 2012 / 1 January 2013	1	105	-	106
Transfers	9	(28)	20	1
Exchange rate differences	-	(4)	(1)	(5)
Income statement effect	(1)	(22)	(18)	(41)
Deferred income tax liabilities at 31 December 2013	9	51	1	61

Deferred income tax assets are recognized for tax losses carried forward to the extent that the realization of the related tax benefit through future taxable profits is considered more likely than not. The Group did not recognize deferred income tax assets of €8 million (2012: €55 million) in respect of losses amounting to €47 million (2012: €216 million) that can be carried forward against future taxable income for a period between one year and an indefinite period.

period of time

15. INVENTORY

€ millions	2013	2012
Raw materials and supplies	10	12
Finished goods	3	3
Total inventory	13	15

The provision for inventory obsolescence is nil (2012 nil)

Movements in inventory are recorded in other operating expenses in the Consolidated Income Statement

16. TRADE AND OTHER RECEIVABLES

€ millions	2013	2012
Trade receivables	842	1,050
Provision for impairment of trade receivables	(27)	(36)
Trade accounts receivable - net	815	1,014
VAT receivable	25	30
Other	94	43
Other receivables	119	73
Total trade and other receivables	934	1,087

Other receivables include amounts receivable from insurance companies and from tax authorities

The fair value of trade and other receivables approximates its carrying amount

At 31 December 2013 non-recourse factoring resulted in the derecognition of €70 million (2012 €102 million) of trade receivables

The Group has liabilities of €138 million (2012 €158 million) related to financing secured by receivables which it includes in bank borrowings. These relate to arrangements in which the Group remains exposed to some or all of the bad debt risk related to these trade receivables. Based on the borrowing bases and advance rates of these arrangements, over €167 million (2012 over €190 million) of trade receivables are financed pursuant to these arrangements. The Group has not derecognized these trade receivables as it may incur losses in respect of poor collection performance and retains the benefits of collections in excess of the factoring liabilities.

During October 2012, certain Australian subsidiaries of the Group entered into a Receivables Purchase Agreement with a facility limit of A\$40 million maturing in September 2015. Receivables sold under this agreement are not derecognized and the related liabilities are included in bank borrowings.

On 19 November 2010, certain US subsidiaries of the Group and a new subsidiary CEVA US Receivables LLC (Unrestricted Subsidiary) entered into agreements establishing an Asset Backed Loan (ABL) Facility with an initial commitment amount of US\$200 million. On 30 November 2010, the committed amount of the ABL Facility was increased to US\$250 million. The obligations of the Unrestricted Subsidiary under the ABL Facility are secured on a first-priority basis by all currently owned and subsequently acquired assets of the Unrestricted Subsidiary, including, but not limited to, all of the accounts receivable transferred to the Unrestricted Subsidiary by the US subsidiaries. On 31 December 2013, CEVA closed the refinancing of this instrument resulting in a maturity extension and increased availability. The ABL Facility matures on 31 December 2018. As at 31 December 2013, the outstanding drawn amount of the ABL Facility was US\$153 million. The transaction has been accounted for as collateralized borrowing (refer to

note 21 "Borrowings") Following an event of default by the Unrestricted Subsidiary under the ABL Facility loan agreement or if a specified liquidity event occurs, the lenders have the right to receive the cash flows from the pledged receivables to repay the outstanding loans under the ABL Facility. Absent an event default or liquidity event, the Unrestricted Subsidiary will collect the receivables and all new receivables transferred to the Unrestricted Subsidiary by the US subsidiaries will be collateral. Receivables sold under this agreement are not derecognized and the related liabilities are included in bank borrowings.

As at 31 December 2013, trade receivables of €114 million (2012: €196 million) were past due but not impaired. These receivables relate to a number of independent customers for whom there is no history of default. The ageing profile of trade receivables past due but not impaired is as follows:

€ millions	2013	2012
Past due 0-30 days	67	109
Past due 31-60 days	18	32
Past due 61-90 days	8	16
Past due 91-120 days	5	10
Past due more than 121 days	16	29
Total	114	196

Due to our continued focus on collections in this area, our overdue receivables have decreased as a percentage of total receivables. This was primarily driven by our continued efforts to collect outstanding debt as soon as it is due.

The carrying amount of the Group's trade and other receivables are denominated in the following currencies:

€ millions	2013	2012
Euro	226	270
US dollar	279	301
UK pound sterling	63	61
Other currencies	393	491
Total	961	1,123

Movements on the Group provision for impairment of trade receivables are as follows:

€ millions	2013	2012
At 1 January	36	32
Charged to other operating expenses	17	11
Receivables written off during the year as uncollectable	(25)	(7)
Unused amounts reversed	(1)	-
At 31 December	27	36

The creation and release of the provision for impaired receivables has been included in other operating expenses in the Consolidated Income Statement. Amounts charged to the allowance account are generally written off when there is no expectation of recovery.

The other classes within trade and other receivables do not contain impaired assets.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivables mentioned above.

17. CASH AND CASH EQUIVALENTS

€ millions	2013	2012
Cash at bank	261	152
Current bank deposits	155	105
Total cash and cash equivalents	416	257

Cash and cash equivalents are available for use by the Group. Bank overdrafts are included within interest bearing borrowings (note 21 "Borrowings")

18 ASSETS AND LIABILITIES HELD FOR SALE

Following the commitment of the Group's management, a property in Asia Pacific was classified as held for sale as at 31 December 2013. The assets and liabilities held for sale as per 31 December 2012 related to the CEVA Logistics European Container Logistics business and Asia Pacific Pallexon business (together forming the Intermediate Bulk Container Business) which was sold on 2 January 2013.

The assets classified as held for sale are presented below

€ millions	AS AT 31 DECEMBER 2013
ASSETS	
Non-current assets	
Intangible assets	-
Property, plant and equipment	1
Prepayments	-
Total non-current assets	1
Current assets	
Inventory	-
Trade and other receivables	-
Other current assets	-
Total current assets	-
TOTAL ASSETS	1

19. JOINT VENTURES

The Group has one significant joint venture being a 50% interest in Anji Automotive Logistics Company Ltd, a company which is incorporated in China and provides contract logistics services. The following amounts represent the Group's 50% share of the assets and liabilities, sales and results of the joint venture. They are included using proportional consolidation in the Consolidated Balance Sheet and Consolidated Income Statement of the Group.

€ millions	2013	2012
Assets		
Non-current assets	48	28
Current assets	96	78
Liabilities		
Current liabilities	79	76
Net assets	65	30
Revenue	256	148
Depreciation and amortisation	(6)	(2)
Financial income	1	-
Other expenses ¹	(242)	(136)
Profit / (loss) after income tax	9	10
Adjusted EBITDA	13	16
Proportionate interest in joint venture's commitments	14	14

¹ Included in other expenses is €0 million (2012: €4 million) tax expense

The joint venture had no contingent liabilities as at 31 December 2013 (2012: nil)

20 SHARE CAPITAL

	Number of ordinary shares	Deferred shares	Nominal value per share £
1 January 2013	350,000	-	1
Re-classified during the year	(350,000)	350,000	0.9999
Issued during the year	3,500,000,000		0.0001
Authorized share capital per 31 December 2013	3,500,000,000	350,000	

At 31 December 2013 the authorized and issued share capital comprised 3,500,000,000 ordinary shares (2012: 350,000) and 350,000 deferred shares (2012: 0), reclassified from ordinary shares. The ordinary shares have a nominal value of £0.0001 each (2012: £1). As at 31 December 2013, CEVA Holdings LLC holds 3,499,650,000 ordinary shares of a par value of £0.0001 each (99%), CIL Limited (formerly known as CEVA Investments Limited) holds 349,999 ordinary shares of a par value of £0.0001 each and 349,999 deferred shares of a par value of £0.9999 each.

Louis Cayman Second Holdco Limited holds 1 ordinary share of a par value of £0.0001 and 1 deferred share of a par value of £0.9999 (CIL Limited and Louis Cayman Second Holdco Limited together holding 0.01%).

Each deferred share has the right to a return of capital upon a winding up after the holders of ordinary shares have received the amount paid up on such ordinary shares plus a premium of £10,000 per ordinary share. The deferred shares in the capital of CEVA Group Plc (the "Company") have no rights, powers or benefits attached to them whatsoever and, without limitation, does not confer on the holders of deferred rights any right

- to receive notice of any general meeting of the Company, or
- to be able to attend, speak or vote at any general meeting, or
- to share in a dividend declared by the Company, or
- to appoint a director

21. BORROWINGS

The carrying amounts and fair value of borrowings are as follows:

€ millions	2013		2012	
	Carrying value	Fair value	Carrying value	Fair value
Non-current				
Bank borrowings	531	542	818	835
Loan notes	1,319	1,313	1,705	1,560
Finance leases	34	34	40	40
Total non-current borrowings	1,884	1,889	2,563	2,435
Current				
Bank overdrafts	82	82	98	98
Bank borrowings	17	17	19	19
Loan notes	5	5	-	-
Finance leases	12	12	8	8
Total current borrowings	116	116	125	125
Total borrowings	2,000	2,005	2,688	2,560
Unamortized debt issuance costs	33		70	
Total principal debt	2,033		2,758	

Non-current borrowings

The fair value of the non-current interest bearing debt has been presented using the available market price (level 1) at the balance sheet date or otherwise using the face value. The senior bank debt's fair value has been presented using its face value, as it is a private floating rate facility, and the fair value of current debt has been presented using its carrying value given its short-term nature. The average floating interest rate for the year was 5.2% (2012: 5.0%) and 4.9% (2012: 5.7%) for Euro and for US\$ denominated loans respectively.

Current borrowings

The carrying amounts of current borrowings approximate their fair value.

Terms and debt repayment schedule

	Currency	Nominal interest rate	Maturity	Amount drawn at 31 December 2013 (millions)	Amount drawn at 31 December 2012 (millions)
Senior secured facilities - tranche B	Euro	EURIBOR + 5%	August 2016	€ 103	€ 103
Senior secured facilities - tranche B	US dollar	US LIBOR + 5%	August 2016	\$393	\$485
Senior secured facilities - revolver	Euro	EURIBOR + 4%	November 2015	-	€ 65
Senior secured facilities - revolver	US dollar	Prime Rate + 1.5%	November 2015	-	\$52
First lien senior secured notes	US dollar	8.375%	December 2017	\$562	\$775
First and a half priority lien senior	US dollar	11.625%	October 2016	\$210	\$210
Junior priority lien senior secured	US dollar	11.50%	April 2018	\$12	\$702
12% senior notes	Euro	12.00%	September 2014	€ 5	€ 11
12.75% senior notes	US dollar	12.75%	March 2020	\$43	\$620
Senior unsecured loans	US dollar	9.75%	June 2018	-	\$113
US ABL facility	US dollar	US LIBOR + (2% - 2.5%)	December 2018	\$153	\$164
Australian receivables facility	AU dollar	BBSY + 5.28%	September 2015	A\$39	A\$40
Bank overdrafts	Various	Various	Various	€ 82	€ 111
Finance lease liabilities	Various	Various	Various	€ 45	€ 47
10% second lien PIK indenture	US dollar	10%	May 2023	\$724	€ 0
Other loans	Various	Various	Various	€ 36	€ 24
4% senior notes	US dollar	4%	May 2018	\$390	-

The carrying amounts of the Group's borrowings are denominated in the following currencies:

€ millions	2013	2012
Euro	147	742
US dollar	1,709	1,832
Other currencies	144	114
Total	2,000	2,688

Debt and equity funded financing in 2013

On 3 April 2013 CEVA Group Plc announced and commenced a financial recapitalization plan that would reduce substantially CEVA's overall debt and interest costs, as well as increase liquidity and strengthen its capital structure (the "Recapitalization"). On 2 May 2013 the Recapitalization successfully closed. The Recapitalization enables CEVA to serve its customers better, accelerate its growth throughout the world and fund the development of new supply chain products and services. The Recapitalization reduced consolidated net debt by approximately €1.2 billion, is expected to reduce annual cash interest expense by over €130 million or approximately 50%, further strengthened liquidity with €165 million of proceeds from equity capital from our new shareholders, and received additional liquidity of €65 million through the financing from certain funds and accounts managed by Franklin Advisers, Inc. and Franklin Templeton Investments Corp. ("Franklin"), one of our largest institutional investors. CEVA utilized the new money for investment in its business plan.

Following the Recapitalization, CEVA Holdings LLC became the 99.99% shareholder of CEVA Group Plc. In the Recapitalization, equity interests held by affiliates of Apollo in CIL Limited, the former parent of CEVA Group Plc, were eliminated, and Apollo affiliates acquired a stake of 21.4% in the equity of the Company through exchanging CEVA Group Plc debt it held and through the cash purchase of equity, while Franklin acquired a stake of 27.8%, and funds

affiliated with Capital Research and Management Company ("CapRe") acquired a stake in excess of 15% both through exchanging CEVA Group Plc debt. Upon receipt of regulatory approvals, CapRe's stake became 28.9%. No other shareholder holds 5% or more of the equity of the Company. Pursuant to the LLC Agreement, Apollo affiliates hold a majority of the voting power of the Company and have the right to elect a majority of the respective boards of the Company and CEVA Group Plc.

The Recapitalization involved the following transactions:

- €518 million principal amount of Junior Priority Senior Secured Notes exchanged for equity in CEVA Holdings LLC, which then released the notes and received a like amount of new junior priority senior secured 10% PIK notes due May 2023 issued by the Company. Each US\$1,000 of Junior Priority Senior Secured Notes validly tendered by eligible holders received 0.4855082 CEVA Holdings LLC Series A-2 Convertible Preferred Shares and 0.2242813 CEVA Holdings LLC Common Shares.
- €434 million principal amount of 12.75% Senior Notes exchanged for equity in CEVA Holdings LLC, which then released the notes. Each US\$1,000 of 12.75% Senior Notes validly tendered by eligible holders received 0.4144362 CEVA Holdings LLC Common Shares.
- €6 million (US\$8 million) principal amount of 12% Senior Notes exchanged for equity in CEVA Holdings LLC, which then released the notes. Each €1,000 (US\$1,307) of 12% Senior Notes validly tendered by eligible holders received 0.5035416 CEVA Holdings LLC Common Shares.
- €85 million principal amount of Senior Unsecured Loans exchanged for equity in CEVA Holdings LLC, which then released the loans. Each US\$1,000 of Senior Unsecured Loans validly tendered by eligible holders received 0.3929161 CEVA Holdings LLC Common Shares.
- €69 million principal amount of Term Loans and €160 million principal amount of 8.375% Senior Secured Notes were released by Franklin in return for €229 million principal amount of new 4% Senior Secured Notes.
 - CEVA also obtained a commitment from this investor to purchase an additional principal amount of new 4% Senior Secured Notes equal to the US\$ equivalent of €65 million at CEVA's option.
- €165 million capital injection was received from CEVA's new ultimate shareholders for the issue of Series A-1 Convertible Preferred Shares of CEVA Holdings LLC.
- Interest payments were made on the Junior Priority Senior Secured Notes and 12.75% Senior Notes remaining outstanding after the Recapitalization in respect of amounts due 1 April 2013.
- Payments of accrued interest amounting to €71 million were not made on the Term Loans and 8.375% Senior Secured Notes being released and this amount has been reversed (see note 6).
- The exchange of Term Loans and 8.375% Senior Secured Notes held by Franklin for new 4% Senior Secured Notes, whose terms were otherwise unchanged, has been accounted for as an extinguishment of the old debt and issue of new debt with a resulting gain on extinguishment of €41 million (see note 6). A fee of €2 million was paid to Franklin in the form of common shares as a commitment fee, treated as a debt issuance cost, to purchase additional 4% Senior Secured Notes in a principal amount of approximately €65 million from CEVA. This facility was drawn down during the year.
- A 10% PIK ("Pay in Kind") note, due May 2023 is included in the total amount listed for loan notes, which comprises a principal of €557 million and interest of €9 million. The fair value (excluding accrued interest) of the note was €512 million. Interest on the note is added to the principal until maturity.
- The capital contribution of €751 million arising as a result of the restructuring and recapitalization, was calculated based on the capital injection and the elements of debt in this transaction that were released with holders receiving a like amount of CEVA Holdings LLC shares.

Bank borrowings

As at 31 December 2013 the Company has drawn €74 million (2012: US\$104 million) under the revolving credit facility.

In addition to the term bank loans, the Group has a €123 million (2012: €126 million) synthetic letter of credit facility which is available for the issuance of letters of credit and bank guarantees. On 2 May 2012, the Group completed a refinancing of its synthetic letter of credit facility due 2013 by increasing its existing term loan due 2016 by €114 million.

Approximately €191 million of letters of credit in various currencies were issued but undrawn on 31 December 2013 (2012: €171 million) under the synthetic letter of credit facility and revolving credit facility. The remaining amount unissued under our synthetic letter of credit facility as at 31 December 2013 is €6 million (2012: €7 million).

The Group has the following undrawn borrowing facilities which expire beyond one year

€ millions	2013	2012
Floating rate	135	46
Fixed rate	-	-
Total	135	46

As at 31 December 2013, the Company had €416 million (2012 €257 million) in cash on its Consolidated Balance Sheet. In addition to this cash, the Company LLC has access to €401 million (2012 €422 million) of credit facilities held centrally, as described above, of which €272 million (2012 €383 million) was drawn. Total headroom at 31 December 2013 was therefore €545 million (2012 €296 million).

Certain covenants and events of default

Our indebtedness contains, and any future indebtedness we may incur would likely contain, a number of restrictive covenants that will impose significant operating and financial restrictions on us, including restrictions on our ability to, amongst others, incur or guarantee additional debt, pay dividends and make other restricted payments, create or incur certain liens, make certain investments, engage in sales of assets and subsidiary stock, enter into transactions with affiliates and transfer all or substantially all of our assets or enter into merger or consolidation transactions. In addition, our senior secured credit facilities require us to maintain a maximum ratio of secured first lien net debt to covenant EBITDA of 4.0 to 1.0, calculated for the trailing four quarters (as determined under our senior secured credit facility). The definition of covenant EBITDA allows us to add back certain non-cash or non-recurring charges that are deducted in determining net income (for example, restructuring costs) and to add the future benefit of specific cost reduction programs. As at 31 December 2013 the Group had significant headroom on this covenant.

Interest rate and fees

The interest rates applicable to loans under the senior secured facilities are, at our option, equal to either an alternate base rate or an adjusted LIBOR for a one, two, three or six-month interest period, or a nine or 12 month period, if available from all relevant lenders, in each case, plus an applicable margin.

Notes

The Group's secured notes are senior obligations of the issuer and the guarantors, secured by liens on certain of the issuer's and the guarantors' existing and future assets. The liens securing the 8.375% first lien senior secured notes and the senior secured facilities rank senior to the liens securing the other secured notes. The liens securing the Group's lien-and-a-half priority senior secured notes ranks senior to the liens securing the junior-priority senior secured notes but junior to the liens securing the first lien debt. The Group's senior notes and senior unsecured loans are unsecured senior obligations of the issuer and the guarantors.

Each series of notes contains customary covenants and events of default that, among other things, restrict, subject to certain exceptions, our ability and the ability of our subsidiaries, to incur indebtedness, sell assets, make investments, engage in acquisitions, mergers or consolidations and make dividend and other restricted payments.

Each series of notes may be redeemed at our option at certain redemption prices, plus accrued interest. Upon the occurrence of certain change of control events, each holder of notes may require us to repurchase all or a portion of its notes at a purchase price equal to 101% of the principal amount of its notes, plus accrued interest.

On 21 November 2011, we entered into amendments to the agreements governing the Senior Unsecured Facility, the Extended Senior Notes and the Extended Senior Subordinated Notes. Pursuant to such amendments, instead of receiving scheduled interest payments in the fourth quarter of 2011, Apollo agreed to receive accrued and unpaid interest on 1 February 2012 in exchange for a nominal consent fee, the purpose of which was to improve the balance of the timing of CEVA's interest payments.

US ABL facility due 2018

On 19 November 2010, certain US subsidiaries of the Group and a new subsidiary CEVA US Receivables LLC (Unrestricted Subsidiary) entered into agreements establishing an Asset Backed Loan (ABL) Facility with an initial commitment amount of US\$200 million. On 30 November 2010, the committed amount of the ABL Facility was increased to US\$250 million. The obligations of the Unrestricted Subsidiary under the ABL Facility are secured on a first-priority basis by all currently owned and subsequently acquired assets of the Unrestricted Subsidiary, including, but not limited to, all of the accounts receivable transferred to the Unrestricted Subsidiary by the US subsidiaries. On 31 December 2013, CEVA closed the refinancing of this instrument resulting in a maturity extension and increased availability. The ABL Facility matures on 31 December 2018. As at 31 December 2013, the outstanding drawn amount of the ABL Facility was US\$153 million.

Australian Receivables Facility due 2015

On 1 October 2012, certain Australian subsidiaries of the Group completed a A\$40 million receivables purchase facility due 2015. As at 31 December 2013, the outstanding drawn amount was A\$39 million (A\$40 million).

We also refer to Note 29 for details on the post balance sheet refinancing.

22 RETIREMENT BENEFIT OBLIGATIONS

The Group operates a number of pension plans around the world, most of which are defined contribution plans. CEVA has a small number of defined benefit plans of which the main ones are based in Italy, the Netherlands, the United Kingdom and the United States. The plans in the United Kingdom and the United States are closed to new members. The majority of benefit payments are from trustee-administration funds, however, there are also a number of unfunded plans where the company meets the benefit payment as it falls due.

Amounts recognized in the Consolidated Balance Sheet

€ millions	2013	2012
Present value of funded obligations	189	211
Fair value of plan assets	103	99
Total	86	112
Reimbursement right	1	2
Liability in the balance sheet	87	114

Italian pension plan

In accordance with the Trattamento di Fine Rapporto ('TFR') legislation in Italy, employees are entitled to a termination payment on leaving the company. The TFR regulation changed from 1 January 2007 and employees were given the option to either remain under the prior regulation or to transfer the future accruals to external pension funds. The funded provision for TFR maturing after 1 January 2007 is treated as a defined contribution plan under both options. An amount of €14 million at 31 December 2013 (2012: €18 million) has been recognized in the provision for pension liabilities in accordance with this legislation, which is unfunded. As part of the retirement benefit obligation the Group also reports a liability ("Cassa Vincolata Passiva") of €24 million at 31 December 2013 (2012: €26 million) that represents the right of current employers of former CEVA employees to claim TFR payments. Similarly, the Group also has an asset ("Cassa Vincolata Attiva") of €1 million (2012: €2 million) that is included in non-current prepayments. This asset reflects the right of the Group to claim TFR payments for certain employees from their prior employers.

Movement in defined benefit obligations

€ millions	2013	2012
At 1 January	211	177
Service costs	2	9
Other costs	-	1
Interest costs	5	7
Actuarial loss	1	27
Exchange rate differences	(4)	1
Benefits paid	(8)	(12)
Negative past service cost	(16)	-
Settlements	(2)	-
Transfers	-	1
At 31 December	189	211

Movement in plan assets

€ millions	2013	2012
At 1 January	99	84
Expected return on plan assets	3	4
Actuarial gain	5	3
Exchange rate differences	(2)	1
Employer contribution	3	10
Benefits paid	(3)	(5)
Settlements	-	2
Transfers	(2)	-
At 31 December	103	99

Expense recognized in the Consolidated Income Statement

€ millions	2013	2012
Recognized in personnel expenses (note 7)		
Service costs	2	9
Other costs	3	-
Negative past service costs ¹	(16)	-
Recognized in finance expense (note 9)		
Expected return on plan assets	(3)	(4)
Interest costs	5	7
Employer pension (income)/expense for the year	(9)	12

¹ The gain is related to negative past service cost of a defined benefit plan in Europe

Amounts recognized in the Statement of Other Comprehensive Income

€millions	2013	2012
Actuarial (gains) / losses recognized in the statement of other comprehensive income in the period (before tax)	(4)	24
Cumulative actuarial losses recognized in the statement of other comprehensive income (before tax)	38	42

The actual return on plan assets was an €6 million gain (2012 €8 million gain)

Principal actuarial assumptions

	2013	2012
Discount rate	3.7%	3.7%
Rate of compensation increase	2.2%	2.2%
Inflation	1.8%	2.0%

Percentages indicated are weighted averages

Assumptions regarding future mortality experience are set based on actuarial advice in accordance with public statistics and experience in each territory. Mortality assumptions for our most important funds are based on the following post-retirement mortality tables:

- United Kingdom: for males the assumption is 98% of the SAPS Series 1 ("S1PA") table with year of birth medium cohort projections and floors subject to a minimum annual rate of improvement of 1.5% and for females it is 100% of the S1PA table with year of birth medium cohort projections subject to a minimum annual rate of improvement of 1.0%
- The Netherlands: age adjustment based on the ES-P2A table published by the Dutch Actuarial Society, the GBM/GBV 2012-2062 mortality table
- United States: RP2000 Combined Healthy table, Fully Generational

These tables translate into an average life expectancy in years of a pensioner retiring at age 65

	2013			2012		
	UK	NL	US	UK	NL	US
Retiring at the end of the reporting period						
Male	22.8	21.6	19.5	22.4	21.5	19.6
Female	24.3	23.3	21.3	24.1	23.3	21.4
Retiring 20 years after the end of the reporting period						
Male	25.0	23.4	21.0	25.3	23.3	21.0
Female	25.9	24.4	22.2	25.9	24.4	22.4

Other key assumptions inherent to the valuation of the Group's pensions and the determination of our pension cost include employee turnover, discount rates, expected long term returns on plan assets and future wage increases. The expected return on plan assets is determined by considering the expected returns available on assets underlying the current investments policy. These assumptions are given a weighted average and are based on independent actuarial advice and are updated on an annual basis. Actual circumstances may vary from these assumptions giving rise to a different pension liability.

Through its defined benefit pension plans and post-employment medical plans, the group is exposed to a number of risks, the most significant of which are detailed below:

- Asset volatility, The plan liabilities are calculated using a discount rate set with reference to corporate bond yields, if plan assets underperform this yield, this will create a deficit
- Inflation risk, The main part of the Group's pension obligations are linked to inflation, and higher inflation will lead to higher liabilities. The majority of the plan's assets are either unaffected by or loosely correlated with inflation, meaning that an increase in inflation will also increase the deficit
- Life expectancy, The majority of the plans' obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the plans' liabilities

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is

	Change in assumption	Increase in assumption	Decrease in assumption
Discount rate	0.50%	Decrease by 7.2%	Increase by 7.8%
Life expectancy	1 year	Increase by 4.3%	Decrease by 4.3%

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the pension liability recognized within the statement of financial position.

The weighted average duration of the defined benefit obligation is 15.4 years.

Expected employer contributions to post-employment benefit plans for the year ending 31 December 2014 are €1 million. The expected employer contribution for the year ended 31 December 2014 is lower compared to the actual employer contribution for the year ended 2013 mainly due to a curtailment of the pension plan in Europe.

Plan assets do not include any investments in the Group and are comprised as follows:

	2013	2012
Equity	28%	30%
Fixed interest	15%	34%
Real estate	0%	2%
Cash	2%	1%
Other	55%	33%
Total	100%	100%

The experience adjustment to the pension plans are as follows:

€ millions	2013	2012	2011	2010	2009
At 31 December present value of defined benefit obligation	189	211	177	164	130
Fair value of plan assets	103	99	84	74	56
Deficit in the plan's funded status	86	112	93	90	74
Experience adjustment on plan liabilities	(2)	2	1	(2)	14
Experience adjustment on plan assets	3	3	5	1	4

23. SHARE BASED PAYMENTS

CEVA Holdings LLC implemented a new share-based equity plan effective 11 June 2013 that replaces the stock-based compensation issued from the CEVA Investments Limited 2006 Long Term Incentive Plan which was terminated as part of the Recapitalization.

The new management equity plan, comprising rights to receive shares in the Company and deferred cash compensation, has been put in place. In addition new option and share award plans have been implemented.

CEVA Recap Equity-Based Compensation Plan

CEVA Holdings LLC implemented a new share-based compensation plan effective 11 June 2013, referred to as "CEVA Recap Equity-Based Compensation Plan". This new equity plan gives selected employees rights to receive shares of the Company free of charge at specified dates. Such rights vest in three equal installments at the 3rd, 4th and 5th anniversary.

CEVA Recap Cash-Based Compensation Plan

CEVA Holdings LLC implemented a new cash-based compensation plan effective 11 June 2013, referred to as "CEVA Recap Cash-Based Compensation Plan". This new deferred cash plan gives selected employees rights to receive cash from Company at specified dates. Such rights vest in three equal installments at the 3rd, 4th and 5th anniversary.

CEVA New Option Awards

CEVA Holdings LLC implemented a new share-based option plan effective 11 June 2013, referred to as "CEVA New Option Award plan". This new option plan gives selected employees rights to acquire shares of the Company at the fair market value of the grant date provided specified vesting conditions are met. Such rights partly vest over time and partly when specified company metrics are met.

New Investor Awards

CEVA Holdings LLC implemented a new share-based investments plan effective 2 October 2013, referred to as "CEVA New Investor Award plan". This new plan gives selected employees rights to purchase shares of the Company at fair market value of the award date.

All performance based options and shares vest at change of a qualified change in control and are subsequently locked for trading for a minimum period of 180 days. Change in control can be an acquisition of beneficial ownership of the Group, merger, consolidation or recapitalization.

The number and weighted average exercise price of share options are as follows

	2013	
	Number	Weighted average exercise price in €
Outstanding at 1 January	-	-
Granted during the year	27,638	594.11
Forfeited	-	-
Exercised	-	-
Outstanding at 31 December	27,638	594.11
Exercisable at the end of the year	-	-

The options outstanding at 31 December 2013 have a weighted average exercise price of €594.11 and a remaining weighted average contractual life of 9.47 years. As at 31 December 2013 a total of 4,455 restricted stock units were outstanding.

The fair value for services received in return for share options granted is based on the fair value of share options granted. The weighted average fair value of the share options granted during the period determined using the Black-Scholes Merton valuation model was €405.43 per option. The significant inputs into the model were a weighted average share price of €725, exercise price as shown above, average volatility during the year of 42.77%, a weighted average expected option life of 6.99 years and a risk free interest rate of 1.51% based on the SEC rates on each grant date in 2013. Expected volatility is estimated by considering the historic average share price volatility of our industry peers.

In the absence of a public market for common shares, the share price was determined by the Group based on a number of valuation methods incorporating factors and assumptions that the Group believes knowledgeable, willing market participants would consider in setting the share price, including consideration of industry peers and other quantitative and qualitative factors.

There are no expected dividends.

Refer to note 7 "Personnel expenses" for the share option expense and the details of the options granted to directors and executive management.

24. PROVISIONS

€ millions	Legal claims	Insurance	Restructuring	Other	Total
Balance at 1 January 2013	46	36	14	29	125
Raised during the year	24	21	23	10	78
Utilized during the year	(26)	(15)	(11)	(7)	(59)
Reversed during the year	(10)	-	(4)	(7)	(20)
Exchange rate differences	(1)	-	-	-	(1)
Balance at 31 December 2013	32	42	23	25	122
Of which non-current	19	15	1	17	51
Of which current	11	26	21	8	66

The economic outflow of non-current provisions is expected to occur within one to five years. The impact of discounting was not considered to be material.

Legal claims

A number of legal claims are pending against the Group. They consist of provisions for claims related to labor and employment matters, commercial arrangements, personal injury and property damage claims (including claims seeking to hold us liable for accidents involving our independent owner-operators), international trade, intellectual property, environmental, health, and safety, tariff enforcement, property damage, subrogation claims and various other matters arising from CEVA's ordinary business activities.

While the outcome of these disputes cannot be predicted with certainty, management believes that, based upon legal advice and information received, the final decision will not materially affect the consolidated position of the Group. To the extent management has been able to reliably estimate the expected outcome of these claims, a provision has been recorded as at 31 December 2013. Where the expected outcome cannot be reliably estimated disclosure of the matter is given in note 27 "Contingencies".

Insurance

The insurance provision includes amounts provided in respect of self insurance schemes which represent estimates, based on historical experience, of the ultimate cost of settling outstanding claims and claims incurred but not reported at the balance sheet date on risks retained by the Group.

Restructuring

These provisions relate to various restructuring projects initiated as part of the Group's cost containment programs. They include staff redundancy costs, and site closure costs.

Other

Other provisions largely comprise provisions for dilapidations and dismantling costs, employee benefit obligations, onerous contracts, tax and other related costs.

25. TRADE AND OTHER PAYABLES

€ millions	2013	2012
Trade payables	637	678
Personnel related accruals	107	104
Social security and other taxes	72	80
Accrued liabilities	362	504
Total trade and other payables	1,178	1,366

26. COMMITMENTS

Capital commitments

Capital expenditure for the acquisition of tangible and intangible fixed assets contracted for at the Balance Sheet date but not yet incurred totals €17 million (2012 €13 million)

Operating lease commitments

The Group leases various offices and warehouses under non-cancellable operating lease agreements. The lease terms are generally between one and six years and the majority of lease agreements are renewable at the end of the lease period at market rates.

The Group also leases various motor vehicles, office and computer equipment under operating lease agreements.

During the year ended 31 December 2013, €299 million was recognized as an expense in the Consolidated Income Statement in respect of operating leases (2012 €304 million).

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

€ millions	2013	2012
Less than 1 year	234	254
1-5 years	517	510
Thereafter	196	299
Total	947	1,063
Of which guaranteed by third party / customers	72	93

Of the future lease payments, €675 million (2012 €775 million) relates to commitments in relation to multi user/ shared facilities, while the remaining €272 million (2012 €288 million) is dedicated to specific customers.

Guarantees

The Group has issued guarantees on behalf of its subsidiaries in the ordinary course of business in connection with lease agreements, customs duty deferment and local credit lines amounting to €276 million (2012 €263 million), of which €117 million (2012 €119 million) was issued but undrawn under our synthetic letter of credit facility and €74 million (2012 €52 million) issued but undrawn under our revolving credit facility. The remaining amount unissued under the synthetic letter of credit facility was €6 million (2012 €7 million). The obligations under the guarantees issued by banks and other financial institutions have been secured by CEVA and certain of its subsidiaries.

27. CONTINGENCIES

Litigation and Legal Proceedings

The Company is involved in several legal proceedings relating to the normal conduct of our business. While the outcome of these legal proceedings is uncertain, the Company believes that it has provided for all probable and estimable liabilities arising from the normal course of business, and we therefore do not expect any liability arising from any of these legal proceedings to have a material impact on our results of operations, liquidity, capital resources or financial position.

Surcharge Antitrust Investigation and Litigation

Several CEVA subsidiaries and certain current and former employees have been or are subject to, and cooperating with, investigations by the European Commission ("EC") and the governments of Brazil and Singapore for possible price-fixing and other improper collusive activity with respect to certain accessorial and other charges, along with several other entities in the freight forwarding industry. Several investigations (including by the U.S. Department of Justice ("DOJ") and by authorities in Canada, Japan, New Zealand, and Switzerland) have been resolved.

CEVA has also reached a settlement agreement with the plaintiffs in a putative class action lawsuit against EGL, Inc. and EGL Eagle Global Logistics, LP, styled Precision Associates, Inc., et al. v. Panalpina World Transport (Holding) Ltd, et al., filed in the U.S. District Court for the Eastern District of New York. On 23 September 2013, the court approved the

settlement agreement and dismissed with prejudice the case against the EGL entities. All settlement funds have now been paid.

In February 2010, we received a statement of objections from the EC concerning our alleged participation in certain price-fixing cartels in the air freight forwarding business in violation of the European Union antitrust rules. We submitted a response, and on 28 March 2012, the EC issued its ruling. The EC ruled that EGL, Inc. and two of its subsidiaries (now known as CEVA Freight (UK) Limited and CEVA Freight Shanghai Limited) had violated European Union competition law by participating in two infringements of competition law in relation to the pricing of two discrete fees. The EC imposed a total fine of approximately US\$4 million (€3 million) on EGL, Inc. and its subsidiaries, which we have now paid, pending our appeal, which has now been filed. The Company cooperated with the EC throughout its investigation and received substantial reductions in its fines as a result.

With regard to the Brazilian investigation, on 6 August 2010, the Brazilian antitrust enforcement authorities announced an administrative proceeding against numerous freight forwarding companies, including CEVA Logistics Holdings B.V. and CEVA Logistics Ltda., and against numerous individuals, including one current and one former employee of CEVA. Pursuant to the applicable administrative process, we intend to submit a response. At this time, the extent of the potential claims identified by the Brazilian authorities that are being alleged as to the Company's subsidiaries is not clear. It is not possible to predict the timing or outcome of the investigation or the potential financial impact on the Company, which could involve the imposition of administrative or civil fines, penalties, damages or other sanctions that could have a material adverse impact on the Company.

The Competition Commission of Singapore ("CCS") issued a formal request for information in November 2012 which appears to be focused on the subject matters of the DOJ plea agreement, the New Zealand Commerce Commission settlement, and the EC statement of objections. We are cooperating with the CCS to provide requested information. We cannot determine the timing or outcome of the governmental investigations that remain pending. These investigations could result in the imposition of administrative or civil sanctions, including fines, penalties, damages and debarment from federal contracting in the U.S. or other sanctions which could have a material adverse effect on our financial position, results of operations, operating cash flows and business activities.

We are also the subject of an investigation by the Italian competition authority related to possible price-fixing and other improper collusive activity with respect to international road freight forwarding to and from Italy. On 16 June 2011, we were notified that the Italian competition authority has found an infringement of Italian law and imposed fines and penalties against a number of freight-forwarders, including a subsidiary of CEVA. As a result of the fines being imposed, we have previously recorded a provision in connection with this investigation, paid the fine, and appealed, our initial appeal was rejected, but we have filed a further appeal. Management believes the amounts in question are not material to the financial performance of the Company.

Independent Contractor-Related Proceedings

The classification of drivers as independent contractors—which we believe to be a common practice in our industry in the U.S.—is challenged from time to time by federal and state governmental and regulatory authorities, including tax authorities, as well as by individual drivers who seek to have drivers reclassified as employees. We are currently party to a lawsuit styled *Mohit Narayan, et al. v. EGL, Inc. and CEVA Freight, LLC*, in which the plaintiffs filed a putative class action, seeking a declaratory judgment, restitution, damages and other relief. The case is currently on remand from the Ninth Circuit Court of Appeals to the federal district court in the Northern District of California. In September 2012, the district court denied the plaintiffs' request to certify the lawsuit as a class action. The plaintiffs asked the Ninth Circuit Court of Appeals to review that ruling, but the court denied that request. That means individual members of the former putative class must pursue their own individual claims, which some are doing.

In addition, in October 2009, the California Employment Development Department ("EDD"), based on a worker classification audit, determined that such individuals should be reclassified as employees for purposes of state unemployment tax, employment training tax, disability insurance contributions, and personal income tax, and the EDD issued a tax assessment. We have petitioned the EDD to review its assessment, with a potential for abating a majority of the assessed taxes.

While we cannot provide assurances with respect to the outcome of these cases and it is possible that we could incur a material loss in connection with any of these matters, we intend to vigorously defend ourselves in these proceedings and do not at this time believe that a loss in these cases is probable or reasonably estimable.

Tax Proceedings

We are involved in tax audits in various jurisdictions relating to the normal conduct of our business. While the outcome of these audits is uncertain, we believe that we have provided for all probable and estimable tax liabilities arising from its normal course of business, and we therefore do not expect any liability arising from these audits to have a material impact on our results of operations, liquidity, capital resources or financial position.

Other Proceedings

From time to time, we are involved in a variety of legal proceedings and disputes arising in the ordinary course of business. For example, we have been and currently are subject to numerous labour and employment proceedings and disputes in both Italy and Brazil alleging various causes of action and raising other legal challenges to our labour and employment practices. Such proceedings include individual claims and lawsuits, disputes with unions, class action claims, and governmental or quasi-governmental investigations. While the outcome of these legal proceedings is uncertain and may not be capable of estimation, we believe that resolution of these matters and the incurrence of their related costs and expenses should not have a material adverse effect on our results of operations, liquidity, capital resources or financial position.

28 RELATED PARTY TRANSACTIONS

Parent company

The immediate parent of CEVA Group Plc at 31 December 2013 was CEVA Holdings LLC, a company formed in the Republic of the Marshall Islands. The following table sets forth the shareholders of the CEVA Holding LLC as at 31 December 2013.

	Number of shares beneficially owned			2013
	A-1 preference shares	A-2 preference shares	Common shares	Ownership percentage ²
Apollo	87,428	12,737	105,010	21.5%
Franklin	4,126	172,100	128,613	27.8%
CapRe	100,879	50,239	130,623	28.9%
Other ¹	45,211	99,752	78,860	21.8%
Total	237,644	334,828	443,106	100.0%

¹ None of the other individual shareholders own more than 5% of the shares in CEVA Holdings LLC.

² Assuming preference shares convert to common shares.

Franklin Advisers, Inc. and Franklin Templeton Investments Corp. (together, "Franklin") are related parties by virtue of the fact that they manage certain funds and accounts which together own 27.8% of the Company's shares outstanding assuming all preferred shares are converted to common shares.

Capital Research and Management Company ("CapRe") is a related party by virtue of the fact that it manages certain funds which together control 28.9% of CEVA Holdings LLC's shares outstanding assuming all preferred shares are converted to common shares.

Apollo is a related party by virtue of the fact that it manages certain funds which together own 21.5% of CEVA Holdings LLC's shares outstanding assuming all preferred shares are converted to common shares, possesses 50.1% of the aggregate share votes and has the right to designate a majority of the Board of Managers of CEVA Holdings LLC.

CEVA Holdings LLC owns 99.99% of the equity of CEVA Group Plc, 0.01% is held by CIL Limited (formerly CEVA Investment Limited, the former parent of CEVA Group Plc), and one share is held by Louis Cayman Second Holdco Limited, a wholly owned subsidiary of CIL Limited. In addition, CIL Limited holds 349,999 deferred shares and Louis Cayman Second Holdco Limited owns 1 deferred share (which has the right to a return of capital upon a winding up after the holders of ordinary shares have received the amount paid up on such ordinary shares plus a premium of £10,000 per ordinary share).

An affiliate of CEVA Group Plc has a service agreement with Apollo for the provision of management and support.

services. The annual fee is equal to the greater of €3 million per annum and 1.5% of the Group's EBITDA. Fees and expenses of nil (2012: €4 million) are included in the income statement for the year ended 31 December 2013 because these were waived by Apollo through the end of 2013.

Marvin Schlanger, Michael Jupiter, Stan Parker, Tom White and Xavier Urbain are Managers of CEVA Holdings LLC. The Managers of CEVA Holdings LLC are also the Directors of CEVA Group Plc. Marvin Schlanger, Michael Jupiter, Stan Parker and Tom White also hold senior positions at Apollo or Apollo portfolio companies. CapRe and Franklin jointly appointed Alan Miller, Emanuel Pearlman, John Smith and Thomas Stallkamp as Managers of CEVA Holdings LLC and Directors of CEVA Group Plc.

At 31 December 2013, CEVA Group Plc has booked a payable, which is disputed by CEVA Group Plc both as to validity and amount, to CIL Limited, amounting to €13 million (31 December 2012: €14 million). This relates to intercompany cash pooling arrangements and is included within trade and other payables in the Consolidated Balance Sheet. CIL Limited was the former parent company of CEVA Group Plc and has been placed in liquidation as part of the Recapitalization. CIL Limited is involved in an official liquidation proceeding in the Republic of the Cayman Islands and a Chapter 7 proceeding in the Bankruptcy Court for the Southern District of New York. Third party holders of PIK notes with a face amount of €105 million in CIL Limited were offered an exchange for common shares of the Company as part of the Recapitalization.

CEVA has agreed to indemnify Marvin Schlanger, Stan Parker, Tom White and Michael Jupiter, as well as Franklin and CapRe, for losses relating to the services contemplated by the management agreement with Apollo.

Trading transactions

During the year, Group entities entered into the following trading transactions with related parties that are not members of the Group:

€ millions	2013				2012			
	Sales of goods	Purchases of goods	Amounts owed by related parties	Amounts owed to related parties	Sales of goods	Purchases of goods	Amounts owed by related parties	Amounts owed to related parties
Joint ventures	15	1	3	3	4	3	-	1

Financing

From time to time, depending upon market, pricing and other conditions, as well as our cash balances and liquidity, we or our affiliates, including Apollo, Franklin and/or CapRe, may seek to acquire or sell notes or other indebtedness of CEVA through open market purchases or sales, privately negotiated transactions, tender offers, redemption or otherwise, upon such terms and at such prices as we or our affiliates may determine (or as may be provided for in the indentures or other documents governing the notes or other indebtedness), for cash or other consideration. In addition, we have considered and will continue to evaluate potential transactions to reduce our outstanding debt (such as debt for debt exchanges and other similar transactions), to extend our debt maturities or enter into alternative financing arrangements, as well as potential transactions pursuant to which third parties, including our affiliates may provide financing to CEVA or otherwise engage in transactions to provide liquidity to CEVA. There can be no assurance as to which, if any, of these alternatives or combinations thereof we or our affiliates may choose to pursue in the future as the pursuit of any alternative will depend upon numerous factors such as market conditions, our financial performance and the limitations applicable to such transactions under our financing documents.

At 31 December 2013, funds managed by Capital Research and Management Company ("CapRe") held €21 million par value of CEVA's 8.375% notes due 2017 and €38 million par value of CEVA's 11.625% notes due 2016.

At 31 December 2012, CapRe held €70 million par value of CEVA's 11.5% notes due 2018 and €180 million par value of CEVA's 12.75% notes due 2020 which were all reduced to nil through participation in the Recapitalization.

At 31 March 2014, funds and accounts managed by Franklin Advisers, Inc. and Franklin Templeton Investment Corporation held approximately (i) US\$209.3 million of CEVA's 4% First Lien Senior Secured Notes due 2018, (ii)

US\$27.1 million of CEVA's Tranche B Pre-Funded Letter of Credit, (iii) US\$20 million of CEVA's 7% First Lien Senior Secured Notes due 2021, (iv) US\$25 million of CEVA's 9% Senior Secured Notes due to 2021, (v) US\$28.6 million of CEVA's 6.50% Dutch BV Term Loan, (vi) \$4.9 million of CEVA's 6.50% Canadian Term Loan, and (vi) US\$39.4 million of CEVA's 6.50% US Term Loan

At 31 December 2013 funds managed by Apollo held none of 11.5% junior priority senior secured notes due 2018 (31 December 2012 US\$26 million), none of the senior unsecured loan facility due 2018 (31 December 2012 US\$113 million) and none of the 12.75% senior notes due 2020 (31 December 2012 US\$132 million). These holdings were all reduced to nil through participation in the Recapitalization.

A 10% PIK note, due May 2023 is included in the total amount listed for loan notes, which comprises a principle of US\$723,572,788, interest of US\$12,055,556 and a fair value (excluding accrued interest) of US\$666,298,625.

Ultimate controlling party

The ultimate controlling party of the Company is Apollo in accordance with the terms of the LLC Agreement.

Other related party transactions

Remuneration of key management, being the Managers and executive management is disclosed in note 7. A new management equity plan comprising rights to receive shares in the Company and deferred cash compensation has been put in place which replaced the previous plan that was administered by CIL Limited and cancelled as part of the Recapitalization. In addition new option and share award plans have been implemented (see note 23).

29 EVENTS AFTER BALANCE SHEET DATE

CEO transition

Marvin O. Schlanger retired as CEO effective 2 January 2014 and is succeeded by Xavier Urban as from that date. Mr Urban has had a long and outstanding career in the Supply Chain industry serving on the Management Board and Board of Directors and in several senior executive positions within multinational companies. Mr Urban has been elected a member of the Board of Managers of CEVA Holdings LLC and the Board of Directors of CEVA Group Plc, effective January 21, 2014, and will be located at the company's global head office in Hoofddorp, the Netherlands. Mr Schlanger will resume his position as non-executive Chairman of the Board, a role he first undertook in 2009.

March 2014 refinancing

On 19 March 2014 the Company announced that it successfully completed a series of debt refinancing transactions. Through these transactions, CEVA further increased capital available to fund growth initiatives and established a long-term capital structure with a weighted average maturity of 2020.

As part of the debt refinancing, CEVA (i) amended and restated its senior secured credit facilities, which included extending maturities and increasing the size of the facilities to an \$809 million incremental term loan facility (maturing in 2021), a \$250 million revolving credit facility (maturing in 2019) and a \$275 million letter of credit facility (maturing in 2021), (ii) privately issued \$300 million of 7.0% First Lien Senior Secured Notes due 2021 and (iii) privately issued \$325 million of 9.0% Senior Secured Notes due 2021.

CEVA used the proceeds from the new notes and the incremental term loan to (i) fund the early settlement of cash tender offers and consent solicitations for its 8.375% Senior Secured Notes due 2017 (the "8.375% Notes"), 11.625% Senior Secured Notes due 2016 (the "11.625% Notes") and 11.5% Junior Priority Senior Secured Notes due 2018 (the "Unsecured Notes" and, together with the 8.375% Notes and the 11.625% Notes, the "Notes"), in which \$508,445,000 of 8.375% Notes (or approximately 90.4%), \$208,050,000 of 11.625% Notes (or approximately 99.1%), and \$12,190,001 of Unsecured Notes (or 100%), were tendered for respective total consideration of \$1,067.50, \$1,064.50 and \$1,063.75, in each case, per \$1,000 principal amount of notes tendered plus, in each case, accrued and unpaid interest up to, but not including, 19 March 2014, (ii) fund the redemption and discharge of all of the remaining untendered 8.375% Notes at 106.281% of principal amount and all of the remaining untendered 11.625% Notes at 105.813% of principal amount, plus, in each case, accrued and unpaid interest to the applicable redemption date, and (iii) fund the redemption and discharge of all of its outstanding 12% Second-Priority Senior Secured Notes due 2014 at a redemption price of 100% of principal amount thereof, plus accrued and unpaid interest to the redemption date.

30 GROUP ENTITIES

The Group's subsidiaries, joint ventures, associates and investments as at 31 December 2013 are included in the table below. All entities other than holding companies are primarily involved in the provision of Freight Management and Contract Logistics services.

All subsidiary undertakings are included in the consolidation. If the proportion of the voting rights in the subsidiary undertakings held directly by the Group differs from the proportion of ordinary shares held, the former is disclosed in brackets in the table below.

Country of incorporation	Entity	Holding if less than 100%
Algeria	CEVA Logistics Algeria EURL	
Angola	CEVA Logistics (Angola) - Trânsitários e Agentes de Navegação, Lda	
Argentina	CEVA Logistics Argentina S A	
	Circle International Argentina S A	
	Eagle Global Logistics de Argentina S R L	
Australia	* CEVA Freight (Australia) Pty Limited	
	CEVA Freight Receivables Trust	
	* CEVA Logistics (Australia) Pty Limited	
	CEVA Logistics Receivables Trust	
	* CEVA Materials Handling Pty Limited	
	CEVA Receivables (Australia) Pty Limited	
	* CEVA Pty Limited	
Austria	A S S Logistik Schrader Schachinger GmbH	50%
	A S S Logistik Schrader Schachinger GmbH & Co KG	50%
	CEVA Freight Austria GmbH	
	CEVA Logistics Austria GmbH	
	CEVA Logistics Central and Eastern Europe GmbH (in liquidation)	
Bahrain	EGL Eagle Global Logistics (Bahrain) W L L	
Belgium	CEVA DENI Logistics N V	0.00% (51%)
	* CEVA Freight Belgium N V	
	CEVA Ground Europe B V B A	
	* CEVA Logistics Belgium N V	
	Edoserve (Economic Interest Group)	0.10%
	* EGL (Belgium) Holding Company BVBA	
	Invictus Boom N V	0.01%
	SODIAC (Economic Interest Group)	0.10%
Bermuda	FACET Insurance Limited	
	Regga Holdings, Ltd	
Brazil	* AV Manufacturing Industria e Comércio de Peças e Acessórios Automotivos Ltda	
	* CEVA Freight Management do Brasil Ltda	
	* CEVA Holdings Ltda	
	* CEVA Logistics Ltda	
	* Circle Fretes Internacionais do Brasil Ltda	
British Virgin Isl (BVI)	CEVA Central America Holding Limited	
	CEVA China Holding Limited	
Canada	* CEVA Freight Canada Corp	
	* CEVA Logistics Canada, ULC	
Cayman Islands	* CEVA Logistics Cayman	
	* CEVA Logistics Second Cayman	

* Denotes a guarantor entity

Country of incorporation	Entity	Holding if less than 100%
Chile	CEVA Freight Management Logística de Chile Ltda	99.99%
	Circle International Chile S.A.	99.99%(100%)
	Circle Outsourcing Services S.A.	
China	Anji - CEVA Automotive Logistics Company Limited	50.00%
	CEVA Freight (Shenzhen) Limited	
	CEVA Freight International (Shanghai) Company Limited	
	CEVA Freight Shanghai Limited	
	CEVA Logistics Company Limited Shanghai	
	CEVA Logistics International Trading (Shanghai) Company Limited	
	Chongqing Anji - CEVA Hongyan Automotive Logistics Company Limited	30.00%
	Jiangsu Anji - CEVA Logistics Company Limited	35%
	Liao Ning A-Lean Automotive Logistics Company Limited	25%
	Shanghai Anji - Suchi Warehousing and Transportation Company Limited	33.00%
	Shanghai Anji - Tonghui Automotive Logistics Company Limited	26%
	Yizhen SAIC Logistics Company Limited	35.0%
Colombia	Agencia de Aduanas CEVA Logistics S.A.S. Nivel 2	
	CEVA Freight Management de Colombia S.A.S.	
Congo, Republic of	CEVA Logistics Congo S.A. (in liquidation)	70.00%
Costa Rica	CEVA Freight Management Costa Rica, S. de R.L.	70%(100%)
Czech Republic	CEVA Freight Czech Republic s.r.o.	
	CEVA Logistics spol. s r.o.	
El Salvador	CEVA Freight Management El Salvador, Ltda. de C.V.	
Finland	CEVA Logistics Finland Oy	
France	CEVA Freight Holdings France SAS	
	CEVA Freight Management France SAS	
	CEVA Logistics France SAS	
Germany	* CEVA Freight (Management) GmbH	
	* CEVA Freight Germany GmbH	
	* CEVA Logistics GmbH	
	DIHS-DAKOSY Interessengemeinschaft Hamburger-Spediteure GmbH	3.85%
	* Exporta Gesellschaft für Exportberatung mbH	
	Interessengemeinschaft Datenbank Spedition GbR	7.66%
	Kombiverkehr Deutsche Gesellschaft für kombinierten Güterverkehr mbH & Co. KG	0.21%
	TRANSCONTAINER-UNIVERSAL GmbH & Co. KG	0.83%
Greece	CEVA Logistics Hellas S.A.	
Guatemala	CEVA Freight Management Guatemala, Ltda.	
Hong Kong	* CEVA FM (Hong Kong) Limited	
	* CEVA Freight Hong Kong Limited	
	* CEVA Logistics (Hong Kong) Limited	
	* Pyramid Lines Limited	
	* Freight Systems Limited	
	* Ozonic Limited	
Hungary	CEVA Contract Logistics Kft	
	CEVA Logistics Hungary Kft	
India	CEVA Freight (India) Private Limited	
	CEVA Logistics India Private Limited	
Indonesia	PT CEVA Freight Indonesia	95.00%
	PT CEVA Logistik Indonesia	
	PT Hartapersada Interfreight	95.00%

* Denotes a guarantor entity

Country of incorporation	Entity	Holding if less than 100%
Ireland	AVEC International Services Limited	
	AVEC Logistics (Ireland) Limited	
Italy	CEVA Freight Italy S r l	
	CEVA Logistics Holding Italy S p A	
	CEVA Logistics International Italia S r l	
	CEVA Logistics Italia S r l	
	DIMAF Pharma Supply Chain S r l	
	S I T T A M Spedizioni Internazionali Trasporti Terrestri Aerei Marittimi S r l	
Japan	CEVA Logistics Japan Inc	
Jordan	CEVA Logistics Jordan Limited	50 00%
Kazakhstan	CEVA Logistics Kazakhstan LLP	
Korea	CEVA Logistics Korea, Inc	
Luxembourg	* CEVA Freight Holdings Luxembourg S à r l	50% (100%)
	CEVA Freight Luxembourg S à r l	
Malaysia	CEVA Freight (Malaysia) Sdn Bhd	
	CEVA Freight Holdings (Malaysia) Sdn Bhd	
	CEVA Logistics (Malaysia) Sdn Bhd	
	Milage Sdn Bhd	
	Regga (Malaysia) Sdn Bhd	
	Unipearl Corporation Sdn Bhd	
Mexico	CEVA Freight Management Mexico S.A. de C.V	0 00% (100%)
	CEVA Logistica de Mexico, S.A. de C.V	
	CEVA Servicios de Mexico, S.A. de C.V	
Netherlands	* CEVA Coop Holdco B.V	
	* CEVA Freight Holdings B.V	
	* CEVA Freight Holland B.V	
	* CEVA India Holding B.V	
	* CEVA Intercompany B.V	
	* CEVA Logistics Dutch Holdco B.V	
	* CEVA Logistics Finance B.V	
	* CEVA Logistics Headoffice B.V	
	* CEVA Logistics Holdings B.V	
	* CEVA Logistics Netherlands B.V	
	* Cooperatieve CEVA/EGL I B.A	
	* Cooperatieve CEVA/EGL II B.A	
New Zealand	CEVA Logistics (New Zealand) Limited	
Nigeria	CEVA Freight Management Nigeria Limited	
Northern Ireland	CEVA Logistics NI Limited	
Norway	CEVA Logistics Norway AS	
Oman	CEVA Logistics LLC	65 00%
Panama	CEVA Centram S. de R.L	
	CEVA Freight Management Panama S. de R.L	55 00%
	EGL Colombia Holding, S. de R.L	
Peru	CEVA Logistics Peru S R L	
	CEVA Peru Aduanas S.A.C	99%
	EGL Agencia de Aduanas S.A.C	100%

* Denotes a guarantor entity

Country of incorporation	Entity	Holding if less than 100%
Philippines	CEVA Holdings (Philippines), Inc	60%
	CEVA Logistics (SUBIC), Inc	
	CEVA Logistics Philippines Inc	
	CEVA Warehousing and Distribution, Inc	
	Regga Transport Contractors, Inc	
	Regga Warehousing & Distribution, Inc	
Poland	CEVA Logistics Poland Sp z o o	
	CEVA Freight (Poland) Sp z o o	
Portugal	CEVA Logistics (Portugal) - Logistica Empresarial, Lda	
Puerto Rico	CEVA Logistics Puerto Rico, Inc	
Qatar	CEVA Logistics (Qatar) W L L	49%
Romania	CEVA Logistics S R L	
Saudi Arabia	CEVA International Al-Suwaiket Company Limited	49%
Singapore	CEVA Asia Pacific Holdings Company Pte Ltd	
	CEVA FM (Southeast Asia) Pte Ltd	
	CEVA Logistics Singapore Pte Ltd	
	CEVA Logistics Asia Pte Ltd	
	CEVA Supply Chain Singapore Pte Ltd	
Slovakia	CEVA Logistics Slovakia, s r o	
South Africa	CEVA Logistics South Africa (Proprietary) Limited	
	TNT Container Logistics (Proprietary) Limited	
Spain	CEVA Freight (España), S L U	
	CEVA Logistics España, S L U	
	CEVA Production Logistics España, S L U	
Sweden	CEVA Logistics (Sweden) AB	
Switzerland	CEVA Logistics Switzerland GmbH	
	CEVA Management GmbH	
Taiwan	CEVA Logistics (Taiwan) Company Limited	
	Concord Express (Taiwan) Company Limited	
Thailand	CEVA Freight (Thailand) Limited	
	CEVA Logistics (Thailand) Limited	
	CEVA Vehicle Logistics (Thailand) Limited	100%
	CWBI Limited	49%
Tunisia	CEVA Logistics Tunisia S a r l	
Turkey	CEVA Lojistik Limited Şirketi	
	CEVA Uluslararası Taşımacılık Limited Şirketi	
United Arab Emirates	CEVA Arabia Heavy Transport (L L C)	49%
	CEVA International Freight L L C	49%
	CEVA Logistics (U A E) L L C	49%
	CEVA Logistics FZCO	
	Circle International L L C	49%

* Denotes a guarantor entity

Country of incorporation	Entity	Holding if less than 100%
United Kingdom	** CEVA Automotive Logistics UK Limited	
	** CEVA Collections LLP	
	* ** CEVA Container Logistics Limited	
	** CEVA Distribution Limited	
	* ** CEVA Freight (UK) Holding Company Limited	
	* CEVA Freight (UK) Holdings Limited	
	* CEVA Freight (UK) Limited	
	* CEVA Group Plc	99.99%
	* ** CEVA Limited	
	* CEVA Logistics Limited	
	* ** CEVA Network Logistics Limited	
	CEVA Showfreight Limited	
	* ** CEVA Supply Chain Solutions Limited	
	* Eagle Global Logistics (UK) Limited	
	* F.J. Tytherleigh & Co. Limited	
	Louis No. 2 Limited	
	Newsagents Wholesale Corp. Limited	
	Newsfast Limited	
	* Paintblend Limited	
	Paintblend 2 Limited	
United States	Ashton Leasing, Limited	49.00%
	* CEVA Freight Management International Group, Inc.	
	* CEVA Freight, LLC	
	* CEVA Government Services, LLC	
	* CEVA Ground US, L.P.	
	* CEVA International Inc.	
	* CEVA Logistics, LLC	
	* CEVA Logistics Japan LLC	
	* CEVA Logistics Services U.S., Inc.	
	* CEVA Logistics U.S. Group, Inc.	
	* CEVA Logistics U.S. Holdings, Inc.	
	* CEVA Logistics U.S., Inc.	
	* CEVA Ocean Line, Inc.	
	* CEVA Trade Services, Inc.	
	CEVA US Receivables, LLC	
	* Circle International Holdings LLC	
	* ComplianceSource LLC	
	* Customized Transportation International, Inc.	
	* Eagle Partners LP	
	Eagle USA Import Brokers, Inc.	
Uruguay	* EGL, Inc.	
	* EGL Eagle Global Logistics, L.P.	
	* Select Carrier Group LLC	
	Circle International Latin America Holdings S.A.	
Vietnam	Gadupal S.A.	
	CEVA Logistics (Vietnam) Co. Limited	51.00%

* Denotes a guarantor entity

** Entity opted for statutory audit exemption under s479a of the UK Companies Act 2006

31 GUARANTOR / NON-GUARANTOR FINANCIAL INFORMATION

In December 2006, July and October 2009, March and December 2010, CEVA Group Plc raised funds through offerings of securities which were admitted to trading on the Global Exchange Market of the Irish Stock Exchange ('ISE'). The guarantors of these notes also guarantee our senior secured facilities on a senior secured basis (secured on pari passu basis with the guarantees of the first lien senior secured notes), the lien-and-a-half priority senior secured notes (secured on a basis junior to the guarantee of the first lien senior secured notes and the senior secured facilities), the junior priority senior secured notes (secured on a basis junior to the guarantees of the first lien senior secured notes, the senior secured facilities and the lien-and-a-half priority senior secured notes), the remaining amount of the 12% notes due 2014, the senior unsecured loan facility and the senior notes (including the senior notes held by affiliates of Apollo with an extended maturity) on a senior basis and the senior subordinated notes (including the senior subordinated notes held by affiliates of Apollo with an extended maturity) on a senior subordinated basis. The subsidiaries who are 'guarantors' are indicated in note 30 "Group entities". All other subsidiaries are the 'non-guarantors'.

When guarantees are provided for debt that is listed on the ISE, the ISE requires financial information relating to each group to be separately presented in a note to the consolidated financial statements, presenting, in separate columns, the Guarantors (on a combined basis) and the non-guarantors (on a combined basis), with an additional column reflecting eliminating adjustments, if material. This information is disclosed in the tables below as at 31 December 2013, prior to the Recapitalization as described in note 29 "Events after balance sheet date".

€ millions	YEAR ENDED 31 DECEMBER			
	Guarantor	Non-guarantor	Eliminations	2013 Consolidated
Revenue	3,636	2,838	(59)	6,415
Work contracted out	(1,614)	(1,654)	27	(3,241)
Personnel expenses	(1,217)	(653)	-	(1,870)
Other operating expenses	(686)	(441)	32	(1,095)
Operating expenses excluding depreciation, amortization and impairment	(3,517)	(2,748)	59	(6,206)
Adjusted EBITDA	119	90	-	209
Specific items	(33)	(10)	-	(43)
EBITDA	86	80	-	166
Depreciation, amortization and impairment	(75)	(88)	-	(163)
Operating income	11	(8)	-	3
Net finance expense (including foreign exchange movements)	(133)	(42)	-	(175)
Profit / (loss) before income taxes	(122)	(50)	-	(172)
Income tax expense	(5)	14	-	9
Loss for the year	(127)	(36)	-	(163)
Attributable to				
Non-controlling interest	-	3	-	3
Equity holders of the Company	(127)	(39)	-	(166)
Loss for the year	(127)	(36)	-	(163)

YEAR ENDED 31 DECEMBER				
€ millions	2012			
	Guarantor	Non guarantor	Eliminations	Consolidated
Revenue	4,347	2,947	(70)	7,224
Work contracted out	(2,072)	(1,662)	23	(3,711)
Personnel expenses	(1,352)	(684)	-	(2,036)
Other operating expenses	(762)	(511)	47	(1,226)
Operating expenses including depreciation, amortization and impairment	(4,186)	(2,857)	70	(6,973)
EBITDA before specific items	161	90	-	251
Specific items	(51)	(27)	-	(78)
EBITDA	110	63	-	172
Depreciation, amortization and impairment	(308)	(186)	-	(494)
Operating income	(198)	(123)	-	(321)
Net finance expense (including foreign exchange movements)	(314)	(34)	-	(348)
Profit (after tax) from investments in associates	12	(12)	-	-
Profit / (loss) before income taxes	(500)	(169)	-	(669)
Income tax expense	-	(12)	-	(12)
Loss for the year	(500)	(181)	-	(681)
Attributable to				
Non-controlling interest	-	4	-	4
Equity holders of the Company	(500)	(185)	-	(685)
Loss for the year	(500)	(181)	-	(681)

AS AT 31 DECEMBER

€ millions

2013

	Guarantor	Non-guarantor	Eliminations	Consolidated
ASSETS				
Non-current assets				
Intangible assets	942	436	-	1,378
Property, plant and equipment	116	95	-	211
Investment in associates	5,200	393	(5,593)	-
Deferred income tax assets	15	(17)	8	6
Amounts receivable from other CEVA companies	110	7	(117)	-
Prepayments	13	18	-	31
Other non-current assets	7	6	-	13
Total non-current assets	6,403	938	(5,702)	1,639
Current assets				
Inventory	10	3	-	13
Trade and other receivables	699	1,005	(770)	934
Prepayments	22	18	-	40
Accrued income	63	80	9	152
Income tax receivable	1	7	-	8
Derivative financial instruments	-	-	-	-
Cash and cash equivalents	190	226	-	416
Assets held for sale	-	1	-	1
Total current assets	985	1,340	(761)	1,564
TOTAL ASSETS	7,388	2,278	(6,463)	3,203
EQUITY				
Total Group equity	4,429	931	(5,594)	(234)
LIABILITIES				
Non-current liabilities				
Borrowings	1,815	227	(158)	1,884
Deferred income tax liabilities	29	(23)	20	26
Retirement benefit obligations	35	60	(8)	87
Provisions	37	15	-	52
Other non-current liabilities	10	16	-	26
Total non-current liabilities	1,926	295	(146)	2,075
Current liabilities				
Borrowings	76	40	-	116
Provisions	46	20	-	66
Trade and other payables	901	1,000	(723)	1,178
Income tax payable	10	(8)	-	2
Total current liabilities	1,033	1,052	(723)	1,362
TOTAL EQUITY AND LIABILITIES	7,388	2,278	(6,463)	3,203

AS AT 31 DECEMBER

€ millions

2012

	Guarantor	Non-guarantor	Eliminations	Consolidated
ASSETS				
Non-current assets				
Intangible assets	909	612	-	1,521
Property, plant and equipment	146	110	-	256
Investment in associates	4,790	397	(5,187)	-
Deferred income tax assets	34	28	(56)	6
Amounts receivable from other CEVA companies	166	(4)	(162)	-
Prepayments	12	23	-	35
Other non-current assets	5	12	-	17
Total non-current assets	6,062	1,178	(5,405)	1,835
Current assets				
Inventory	10	5	-	15
Trade and other receivables	768	1,200	(881)	1,087
Prepayments	32	14	-	46
Accrued income	91	98	25	214
Income tax receivable	6	1	-	7
Cash and cash equivalents	65	192	-	257
Assets held for sale	125	-	-	125
Total current assets	1,097	1,510	(856)	1,751
TOTAL ASSETS	7,159	2,688	(6,261)	3,586
EQUITY				
Total Group equity	3,246	1,140	(5,199)	(813)
LIABILITIES				
Non-current liabilities				
Borrowings	2,485	284	(206)	2,563
Deferred income tax liabilities	66	40	(45)	61
Retirement benefit obligations	58	56	-	114
Provisions	49	11	-	60
Other non-current liabilities	24	6	-	30
Total non-current liabilities	2,682	397	(251)	2,828
Current liabilities				
Borrowings	77	48	-	125
Provisions	42	23	-	65
Trade and other payables	1,097	1,080	(811)	1,366
Income tax payable	5	-	-	5
Liabilities held for sale	10	-	-	10
Total current liabilities	1,231	1,151	(811)	1,571
TOTAL EQUITY AND LIABILITIES	7,159	2,688	(6,261)	3,586

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CEVA GROUP PLC

REPORT ON THE GROUP FINANCIAL STATEMENTS

OUR OPINION

In our opinion the financial statements, defined below

- give a true and fair view of the state of the group's affairs as at 31 December 2013 and of its loss and cash flows for the year then ended,
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union, and
- have been prepared in accordance with the requirements of the Companies Act 2006 and Article 4 of the IAS Regulation

This opinion is to be read in the context of what we say in the remainder of this report

WHAT WE HAVE AUDITED

The group financial statements (the "financial statements"), which are prepared by CEVA Group Plc, comprise

- the Consolidated balance sheet as at 31 December 2013,
- the Consolidated income statement and Consolidated statement of comprehensive income for the year then ended,
- the Consolidated statement of cash flows for the year then ended,
- the Consolidated statement of changes in equity for the year then ended, and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information

The financial reporting framework that has been applied in their preparation is applicable law and IFRSs as adopted by the European Union

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events

WHAT AN AUDIT OF FINANCIAL STATEMENTS INVOLVES

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)") 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 group'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 OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

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

OTHER MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

ADEQUACY OF INFORMATION AND EXPLANATIONS RECEIVED

Under the Companies Act 2006 we are required to report to you if, in our opinion, we have not received all the information and explanations we require for our audit. We have no exceptions to report arising from this responsibility.

DIRECTORS' REMUNERATION

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS AND THE AUDIT

OUR RESPONSIBILITIES AND THOSE OF THE DIRECTORS

As explained more fully in the Directors' Responsibilities Statement set out on page [17], 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 ISAs (UK & Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

OTHER MATTER

We have reported separately on the parent company financial statements of CEVA Group Plc for the year ended 31 December 2013.



Graham McGregor (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
30 April 2014

- (a) The maintenance and integrity of the CEVA Group Plc website is the responsibility of the directors, the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.
- (b) Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

COMPANY BALANCE SHEET

€ millions	Note	AS AT 31 DECEMBER	
		2013	2012
Fixed assets			
Investments in subsidiary undertakings	3	817	306
Amounts owed by subsidiary undertakings		1,908	2,437
Total fixed assets		2,725	2,743
Current assets			
Amounts owed by subsidiary undertakings		209	61
Income tax receivable		3	22
Total current assets		212	83
Creditors - amounts falling due within one year			
Amounts owed to subsidiary undertakings		1	164
Accrued and other current liabilities		25	54
Total		26	218
Net current assets/(liabilities)		186	(135)
Total assets less current liabilities		2,911	2,608
Creditors - amounts falling due after more than one year			
Borrowings	4	1,317	1,790
Other non-current liabilities		-	5
Net assets		1,594	813
Capital and reserves	5		
Called up share capital		1	1
Share premium account		382	382
Other reserves		1,256	522
Profit and loss reserve		(45)	(92)
Total equity shareholders' funds		1,594	813

The financial statements on pages 80 to 83 were approved by the Board of Directors on 30 April 2014 and were signed on its behalf by



Marvin O. Schlanger
Director

NOTES TO THE COMPANY FINANCIAL STATEMENTS

1 ACCOUNTING POLICIES

The principal accounting policies of CEVA Group Plc (the Company) are set out below. These policies have been consistently applied to all the years presented.

1.1 Basis of preparation

The financial statements are prepared on a going concern basis and under the historical cost convention as modified by the revaluation of certain financial assets and liabilities at fair value in accordance with the Companies Act 2006 and applicable United Kingdom accounting standards (UK GAAP).

Notes "Share capital", "Share based payments", "Contingencies" and "Related party transactions" of the CEVA Group Plc consolidated accounts also form part of these financial statements.

As permitted by section 408 of the Companies Act 2006, the Company's profit and loss account has not been presented. The CEVA Group Plc consolidated financial statements for the year ended 31 December 2013 contain a consolidated statement of cash flows. Consequently, the Company has taken advantage of the exemption of FRS 1, (Revised 1996) 'Cash Flow Statements' not to present its own cash flow statement.

The CEVA Group Plc consolidated financial statements for the year ended 31 December 2013 contain related party disclosures. Consequently, the Company has taken advantage of the exemption in FRS 8, 'Related Party Disclosures' not to disclose transactions with other members of the CEVA Group which are eliminated on consolidation. The ultimate controlling party of CEVA Group Plc is Apollo. Details of related party transactions with Apollo are given in note 28 "Related party transactions" of the consolidated financial statements.

The CEVA Group Plc consolidated financial statements for the year ended 31 December 2013 contain financial instrument disclosures which comply with FRS 29, 'Financial Instruments: Disclosure and Presentation'. Consequently, the Company has taken advantage of the exemption in FRS 29 not to present separate financial instrument disclosures for the Company.

1.2 Foreign currency translation

Foreign currency transactions are translated into Euro using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in profit and loss.

1.3 Investments in subsidiary undertakings

Investments in subsidiary undertakings are stated at cost less provision for impairment. Investments in subsidiary undertakings and amounts receivable from subsidiaries are reviewed for impairment if there are indicators that the carrying value may not be recoverable.

1.4 Taxation

Full provision is made for deferred income taxation on all timing differences which have arisen but not reversed at the Balance Sheet date. Deferred income tax assets are recognized to the extent that it is regarded as more likely than not that there will be sufficient taxable profits from which the underlying timing differences can be deducted. The deferred income tax balances are not discounted.

1.5 Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost, any difference between the proceeds (net of transaction costs) and the redemption value is recognized in profit or loss over the period of the borrowings using the effective interest method.

1.6 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognized as a deduction from equity net of any tax effects.

2. OTHER INFORMATION

Directors, employees and independent auditor remuneration

The directors and certain other executive management of CEVA Group Plc were the only employees of the Company during the 2013 financial year. Directors' emoluments are disclosed in note 7 "Personnel expenses" of the consolidated financial statements. Independent auditor remuneration is disclosed in note 8 of the consolidated financial statements.

3. INVESTMENT IN SUBSIDIARY UNDERTAKINGS

€ millions	2013	2012
Balance at 1 January	306	336
Additions	506	-
Disposals	5	-
Impairment	-	-
Balance at 31 December	817	336

The list of the principal subsidiaries is included in note 30 of the consolidated financial statements. CEVA Limited, Paintblend Limited, Paintblend 2 Limited, CEVA Logistics Cayman and CEVA Logistics Second Cayman are directly held wholly owned subsidiaries of CEVA Group Plc.

CEVA Group Plc acquired ownership of certain group entities, following the May 2013 Recapitalization described in note 21 of the consolidated financial statements.

4. BORROWINGS

€ millions	2013	2012
Loan notes	1,317	1,706
Bank borrowings	-	84
Borrowings	1,317	1,790

Loan notes comprise

- US\$562 million 8.375% first lien senior secured notes due 2017 (2012: US\$775 million)
- US\$210 million 11.625% senior secured priority lien notes due 2016 (2012: US\$210 million)
- US\$12 million 11.5% junior priority senior secured notes due 2018 (2012: US\$702 million)
- €5 million 12% senior unsecured notes due 2014 (2012: €11 million)
- US\$43 million 12¾% Senior Notes due 2020 (2012: US\$620 million)
- A 10% PIK note, due May 2023, to CEVA Holdings LLC, is included in the total amount listed for loan notes. This comprises a principal amount of US\$724 million (€557 million) and accrued interest of US\$12 million (€9 million). The fair value (excluding accrued interest) of the PIK note was US\$666 (€512 million). Interest is added to the principal until maturity.
- A 4% debenture with a principle of US\$390 million and a fair value of US\$345 million at year end 31 December 2013 (2012: nil)

Bank borrowings in 2012 comprise

- 9.75% senior unsecured loan due 2018 of US\$113 million

Further details are disclosed in note 21 "Borrowings" of the consolidated financial statements.

5. CAPITAL AND RESERVES

€ millions	Called up share capital ²	Share premium account	Other reserves	Profit and loss reserve	Total equity shareholders' funds
Balance at 1 January 2012	1	382	-	(13)	370
Net investment hedges	-	-	(1)	-	(1)
Capital contribution	-	-	523	-	523
Result attributable to equity holders for the year	-	-	-	(79)	(79)
Balance at 31 December 2012 / 1 January 2013	1	382	522	(92)	813
Currency translation adjustment	-	-	(19)	-	(19)
Net investment hedges	-	-	3	-	3
Capital contribution ¹	-	-	751	-	751
Result attributable to equity holders for the year	-	-	-	47	47
Balance at 31 December 2013	1	382	1,256	(45)	1,594

¹ See note 21 "Borrowings" for details on the capital contribution

² See note 20 "Share Capital" of the consolidated financial statements

Further information on the share capital of the Company is shown in note 20 "Share capital" of the consolidated financial statements

6. EVENTS AFTER BALANCE SHEET DATE

Refer to note 29 of the consolidated financial statements

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CEVA GROUP PLC

REPORT ON THE PARENT COMPANY FINANCIAL STATEMENTS

OUR OPINION

In our opinion the financial statements, defined below

- give a true and fair view of the state of the parent company's affairs as at 31 December 2013,
- 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

This opinion is to be read in the context of what we say in the remainder of this report

WHAT WE HAVE AUDITED

The parent company financial statements (the "financial statements"), which are prepared by CEVA Group Plc, comprise

- the Company balance sheet as at 31 December 2013, and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information

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)

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events

WHAT AN AUDIT OF FINANCIAL STATEMENTS INVOLVES

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)") 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 parent 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 OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

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

OTHER MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion

- we have not received all the information and explanations we require for our audit, or
- adequate accounting records have not been kept by the parent company, 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

We have no exceptions to report arising from this responsibility

DIRECTORS' REMUNERATION

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS AND THE AUDIT

OUR RESPONSIBILITIES AND THOSE OF THE DIRECTORS

As explained more fully in the Directors' Responsibilities Statement set out on page [17], 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 ISAs (UK & Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

OTHER MATTER

We have reported separately on the group financial statements of CEVA Group plc for the year ended 31 December 2013.



Graham McGregor (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
30 April 2014

- (a) The maintenance and integrity of the CEVA Group plc website is the responsibility of the directors, the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.
- (b) Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

COMPARATIVE INFORMATION FOR 2012

INCORPORATION BY REFERENCE

Rather than include in this annual report some of the information included in our previous annual reports, we are incorporating this information by reference, which means that we are disclosing important information to you by referring you to another document posted on our website and filed with the Irish Stock Exchange ('ISE'). The CEVA Group Plc Annual Report for the year 2012, posted on our website and filed by us with the ISE, contains important information about us and we incorporate it by reference.

Any statement contained in a document incorporated or considered to be incorporated by reference in this annual report shall be considered to be modified or superseded for purposes of this annual report to the extent that a statement contained in this annual report or in any subsequently posted or filed document that is or is considered to be incorporated by reference modifies or supersedes such statement. Any statement that is modified or superseded shall not, except as so modified or superseded, constitute a part of this annual report.

You can obtain the document incorporated by reference in this annual report from

- Our website (<http://www.cevalogistics.com/en-US/aboutus/Investors>)
- The website of the Irish Stock Exchange (<http://www.ise.ie>)

DESCRIPTION OF KEY LINE ITEMS IN THE CONSOLIDATED INCOME STATEMENT

Below is a brief description of the composition of the key line items of our Consolidated Income Statement

REVENUE

Revenue represents the delivery of goods and services to third parties less discounts, credit notes and taxes levied on sales

OPERATING EXPENSES

Operating expenses have been classified by nature as follows

- *Work contracted out* includes amounts charged by third parties directly attributable to the normal operating activities of the business. The majority of these costs relate to purchased transportation
- *Personnel expenses* are charged to the profit and loss account when due and in accordance with employment contracts and obligations. This includes all wage and social costs of both direct and indirect employees. It also includes agency costs of non-permanent (subcontracted) warehouse personnel
- *Other operating expenses* include cost of materials (including fuel, packaging, pallets and utility costs) and costs incurred for insurance, consultancy, audit, legal and miscellaneous costs. Additionally, this includes expenditure associated with the rental of trucks and material handling equipment, as well as warehouse rental costs. Other operating income representing insurance receipts and other sundry income may be netted against other operating expenses if they are not material

DEPRECIATION, AMORTIZATION AND IMPAIRMENT

Depreciation and amortization is charged to profit or loss on a straight-line basis over the expected life of the related asset. Amortization and impairment on contractual customer relationships and brands recognized upon the acquisition of the Contract Logistics business from TNT N.V. and the Freight Management business from EGL Inc. is recognized in amortization and impairment on purchased intangibles. Impairment is recognized in profit or loss as incurred

NET FINANCE INCOME/(EXPENSE) (INCLUDING FOREIGN EXCHANGE MOVEMENTS)

Interest income mainly relates to interest earned on loans and deposits and interest charged on overdue customer receivables. Interest and similar expenses relates to interest charged on loans, financial leases, other borrowings and pension schemes

INCOME TAX EXPENSE

Income tax represents the aggregate amount included in the determination of profit or loss for the period in respect of current tax and deferred income tax. Current tax is the amount of income taxes payable / (recoverable) in respect of the taxable profit / (loss) for a period. Deferred income tax represents the amounts of income taxes payable / (recoverable) in future periods in respect of taxable (deductible) temporary differences and unused tax losses

CERTAIN DEFINITIONS

In this Annual Report

- Unless expressly stated otherwise or where the context otherwise requires, 'the Company', 'we', 'us', 'our', 'Group' and other similar terms refer to CEVA Group Plc and its subsidiaries after giving effect to the EGL Acquisition
- 'Apollo' refers to Apollo Global Management, LLC and its affiliates, which include Apollo Management VI, L P , AP VI CEVA Holdings, L P , Alpinvest Partners Beheer 2006, L P and AAA Guarantor – Co-Invest VI (B), L P
- 'CapRe' refers to Capital Research and Management Company
- 'Franklin' refers to Franklin Advisers, Inc. and Franklin Templeton Investments Corp
- 'Net capital expenditure' is defined as amounts used during a particular period to acquire or improve long term assets such as property, plant or equipment or intangible assets, net of sale and leaseback and other financing transactions and excluding items of a capital nature acquired as a part of an acquisition
- 'EBITDA' or 'earnings before interest, tax, depreciation and amortization' is not a measurement of performance or liquidity under IFRS and should not be considered as a substitute for profit / (loss) for the year, operating profit, net income or any other performance measures derived in accordance with IFRS or as a substitute for cash flow from operating activities as a measure of CEVA's performance. Because not all companies calculate EBITDA identically, the presentations of EBITDA in this annual report may not be comparable to other similarly titled measures of other companies
- 'EGL Acquisition' refers to CEVA's acquisition of the Houston based freight forwarder which was completed on 2 August 2007 pursuant to the terms of the EGL Merger Agreement
- 'Headroom' is the sum of cash and cash equivalents plus committed facilities less amounts drawn on committed facilities
- 'IFRS' refers to International Financial Reporting Standards as adopted by the European Union
- 'Logistics business' refers to the subsidiaries, businesses, assets and liabilities of TNT that were acquired on 4 November 2006 by CEVA
- 'Net debt' is calculated as total principal debt less cash and cash equivalents
- 'Specific items' are significant non-recurring items. The principal events which may give rise to a specific item include restructuring, cost reduction programs and material litigation costs, amongst others
- 'TFR' refers to 'Trattamento di Fine Rapporto' leaving service benefits provided to Italian employees that are mandatory under Italian law
- 'TNT' refers to TNT N V
- 'Net working capital' is defined as non-interest bearing current assets minus non-interest bearing current liabilities
- '\$' or 'dollar' or 'United States dollar' or 'US dollar' or 'US\$' refers to the lawful currency of the United States of America
- '€' or 'Euro' refers to the single currency of the participating Member States in the Third Stage of European Economic and Monetary Union of the Treaty Establishing the European Community
- '£', 'British pound' or 'pounds sterling' refers to the lawful currency of the United Kingdom