CEVA Group Plc

Annual Report 2014

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Making business flow

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STRATEGIC REPORT

CEVA Group Plc

CEVA Group Plc (the "Company" or together with its affiliates "CEVA" or the "Group") was formed on 9 August 2006 in England and Wales as a public company with limited liability. Apollo Global Management LLC ("Apollo") and its affiliates hold a majority of the voting power of the Company's direct parent company, CEVA Holdings LLC ("Holdings") and have the right to elect a majority of the members of the respective boards of Holdings and the Company.

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, on a stand-alone basis 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 of its 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. CEVA's integrated service offerings span the entire supply chain. CEVA's Freight Management services include international air, ocean and domestic freight forwarding, customs brokerage and other value-added services and its Contract Logistics services include inbound logistics, manufacturing support, outbound/distribution logistics and aftermarket/reverse logistics. As of 31 December 2014, CEVA's combined global network comprised over 950 locations, utilizing a total of approximately 8 million square meters of warehousing space in over 170 countries, supported by more than 42,000 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, technology, industrial, consumer and retail, energy and healthcare. 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 2014 and 2013:

	YEAR ENDED 31 DECEMBER	
€ millions	**2014**	**2013**
Revenue	5,932	6,167
Revenue growth	(3.8%)	(11.7%)
Adjusted EBITDA	188	209
Adjusted EBITDA as a % of revenue	3.2%	3.4%
Profit/(loss) before income taxes	(342)	(175)
Net capital expenditure	48	53
Net capital expenditure as a % of revenue	0.8%	0.9%
Cash generated from operations	88	168

For definitions of the terms used in the above table please refer to page 92.

The table below shows the Group's key other financial metrics as at 31 December 2014 and 2013:

	YEAR ENDED 31 DECEMBER	
€ millions	**2014**	**2013**
Net working capital	(93)	(76)
Cash and cash equivalents	318	378
Net debt	2,080	1,653

For definitions of the terms used in the above table please refer to page 92.

Revenue
Revenue decreased by 3.8% to €5,932 million in 2014 compared to €6,167 million in 2013. Revenue in Freight Management decreased by 3.1% mainly due to the effect of exchange rates (35.1% of the decrease is driven by exchange rate differences) and to lower Air Freight volumes in the first half of the year. Revenue in Contract Logistics decreased by 4.4% in 2014. This was mainly due to the effect of exchange rates (37.0% of the decrease is driven by exchange rate differences) and lower volumes in some key markets, notably in Asia Pacific and some countries in Europe. The continued focus on terminating low margin or loss making contracts also impacted Contract Logistics revenues in 2014.

The Group operates throughout the world and is impacted by foreign currency fluctuations, particularly the US dollar, the British pound and the Chinese yuan. At constant 2013 exchange rates, the Company's revenue for the year ended 31 December 2014 would have been €6,019 million (2013: €6,167 million), a decrease of 2.4%.

Adjusted EBITDA
Earnings before interest, tax, depreciation, amortization and specific items ("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 the Company's cost containment programs, other significant non-recurring charges or credits including the profits or losses realized on non-recurring transactions. Previously, Adjusted EBITDA included the Group's share of the Adjusted EBITDA of joint ventures accounted for using proportional consolidation. As a result of the implementation of IFRS 11 (see note 18), proportional consolidation is not permitted (with retrospective impact). Instead, the post-tax results of joint ventures are reflected in the Consolidated Income Statement. Therefore the Company has changed the way it calculates Adjusted EBITDA so as to include the Group's share of the Adjusted EBITDA of its joint ventures that are equity accounted.

The table below reconciles Adjusted EBITDA to the EBITDA measure shown on the face of the Consolidated Income Statement for the years ended 2014 and 2013:

	YEAR ENDED 31 DECEMBER	
€ millions	2014	2013
EBITDA before specific items	161	190
Adjusted EBITDA from joint ventures	27	19
Total Adjusted EBITDA	**188**	**209**

Adjusted EBITDA decreased by 10% to €188 million in 2014 compared to €209 million in 2013. Freight Management Adjusted EBITDA in 2014 decreased by 40.6% compared to 2013. This decrease is mainly due to the effect of exchange rates (5.0% is driven by exchange rate differences) and to weak Air Freight volumes mainly in the first half of 2014. Contract Logistics Adjusted EBITDA decreased by 4.5% in 2014, mainly driven by the impact of exchange rates (25% is driven by exchange rate differences) and the inclusion of a pension settlement in the fourth quarter of 2013. Excluding this item, Contract Logistics Adjusted EBITDA is up by 3.7% in 2014. Successful implementation of new business and strengths in the technology sector contributed positively in 2014.

The Company's Adjusted EBITDA is generally also impacted by fluctuations in foreign currencies. At constant 2013 exchange rates, the Company's Adjusted EBITDA would have been €189 million for the year ended 31 December 2014 (2013: €209 million), a decrease of 9.6%.

Impairment
No goodwill impairment charges were recognized for the year ended 31 December 2014 (2013: nil) as a result of the annual goodwill impairment testing.

Net finance expense
Net finance expense for 2014 was €206 million excluding a €60 million foreign exchange loss and €61 million of expense relating to a successfully completed series of debt refinancing transactions which completed on 19 March 2014, (hereafter the "March 2014 Refinancing" or "Refinancing"). Net finance expense for 2013 was €258 million excluding €27 million foreign exchange loss and one-off net finance income of €82 million. Excluding one-off finance income, foreign exchange losses and expense relating to the March 2014 Refinancing, net finance expenses decreased from €258 million to €206 million as a result of a recapitalization completed on 2 May 2013 by CEVA Group Plc (hereafter the "Recapitalization").

The 2013 one-off net finance income was €82 million comprising a gain of €41 million arising as part of this Recapitalization, the reversal of accrued interest expenses of €71 million that had been waived as part of the Recapitalization, less €26 million of accelerated non-cash amortization of debt issuance costs and €4 million of transaction costs.

Loss before income taxes
Loss before income taxes in 2014 was €342 million, compared to a loss of €175 million in 2013, with the year-on-year change principally driven by finance expenses for the year 2014 related to charges incurred in the March 2014 Refinancing and gains in 2013 related to the Recapitalization and foreign exchange losses.

Net capital expenditure
The Company's net capital expenditure was €48 million in 2014 (2013: €53 million), which represented 0.8% of revenue for the year ended 31 December 2014 (0.9% for the year ended 31 December 2013). This low level of expenditure is due to the Company's non-asset based operating model and disciplined investment approach.

Net working capital
The Company's net working capital remained negative, being € (93) million as at 31 December 2014 (31 December 2013: € (76) million). This working capital improvement of €17 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 2014, CEVA had €318 million (31 December 2013: €431 million) of cash on its balance sheet. With undrawn central facilities of €223 million available at 31 December 2014 (2013: €129 million), the Group therefore had headroom of €541 million at 31 December 2014 (31 December 2013: €508 million) to fund operating activities for the foreseeable future.

Net debt
Net debt, defined as total principal debt less cash and cash equivalents, has increased by 25.8% to €2,080 million as at year end (31 December 2013: €1,653 million).

Segment results
The tables below show the Group's operational performance by business segment:

€ millions			2014
	Freight Management	Contract Logistics	Total
Revenue	2,754	3,178	5,932
Adjusted EBITDA	19	169	188
Adjusted EBITDA as a % of revenue	0.7%	5.3%	3.2%

€ millions			2013
	Freight Management	Contract Logistics	Total
Revenue	2,842	3,325	6,167
Adjusted EBITDA	32	177	209
Adjusted EBITDA as a % of revenue	1.1%	5.3%	3.4%

Revenue
Revenue in Freight Management decreased by 3.1% to €2,754 million in 2014 compared to €2,842 million in 2013, while at constant exchange rates revenue was €2,778 million in 2014. Softness in volumes, mainly in export out of Asia Pacific and Europe, as market conditions continued to be challenging, was the main driver of this decline in revenue.

Revenue in Contract Logistics decreased by 4.4% to €3,178 million in 2014 compared to €3,325 million in 2013. At constant exchange rates, revenue was €3,241 in 2014. This was partly a result of lower volumes in some key markets, notably in Asia Pacific and some countries in Europe. The continued focus on terminating low margin or loss making contracts also impacted Contract Logistics revenues in 2014.

Adjusted EBITDA

Adjusted EBITDA in Freight Management decreased to €19 million in 2014 from €32 million in 2013. This is due to lower volumes and continued margin pressure in both the air and ocean markets.

Adjusted EBITDA in Contract Logistics decreased to €169 million in 2014 compared to €177 million in 2013. This decrease is largely driven by a pension settlement in the fourth quarter of 2013. Excluding this item, Contract Logistics Adjusted EBITDA is up by 3.7% in 2014. Successful implementation of new business and strengths in the technology sector contributed positively in 2014 as well as the continued focus on terminating low margin or loss making contracts.

Geographical information

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

€ millions				2014
	Americas	Asia Pacific	Europe	Total
Revenue	1,978	1,417	2,537	5,932
Adjusted EBITDA	76	50	62	188
Adjusted EBITDA as a % of revenue	3.8%	3.5%	2.4%	3.2%

€ millions				2013
	Americas	Asia Pacific	Europe	Total
Revenue	1,989	1,510	2,668	6,167
Adjusted EBITDA	78	36	95	209
Adjusted EBITDA as a % of revenue	3.9%	2.4%	3.6%	3.4%

Principal risks and uncertainties

CEVA is impacted by a number of principal risks and uncertainties, some of which are not within its 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 CEVA currently estimates. 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 are regularly informed about existing and new risks and the measures used to manage them. Specific risks related to CEVA's 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 CEVA's business in a number of ways. In particular, CEVA's results of operations and financial condition are directly tied to the purchase and production of goods across the global economy. The primary activity of CEVA's Freight Management business is to transport goods, and CEVA's 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 CEVA's customers, which could in turn impact their demand for its services and the terms on which CEVA provides them.

Availability of third-party providers

CEVA does not in general maintain its own transportation networks. Instead, CEVA relies on third-party transportation service providers for most of its Contract Logistics transport services and substantially all of its Freight Management services. CEVA's ability to serve some of its customers depends on the availability of space on passenger and cargo airlines and ocean carriers that service the transportation lanes they use. CEVA cannot assure that it 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 its needs. In addition, although CEVA seeks to pass through third-party transportation rate increases to its customers, in certain instances, CEVA may not be able to raise prices in sufficient amounts or on a sufficiently rapid basis, which could materially adversely affect its profitability and results of operations.

Cost base
In response to the recent economic turmoil, CEVA executed a number of initiatives to reduce its costs. In the fourth quarter of 2014 the Company announced a cost reduction plan that focuses on both direct and indirect cost reduction. In the event of another slowdown, CEVA may need to implement further cost reduction initiatives. Despite the large variable cost component of CEVA's business model, such initiatives may not achieve the necessary cost savings to offset the potential decline of its revenues. In addition, CEVA consistently targets incremental cost savings as part of its operational improvements, however CEVA may not achieve these targeted cost savings in the amounts or in the time frames expected or at all.

Long-term contracts
CEVA enters into long-term contracts with many of its customers. Although CEVA seeks to retain flexibility in its contractual arrangements with its customers to adjust pricing terms or terminate contracts which become economically onerous, CEVA sometimes bears a portion of cost increases if it is unable to adjust these terms rapidly or sufficiently.

CEVA also enters into contracts with third parties who provide services or property to CEVA in connection with the provision of services under its customer contracts. These supplier contracts may provide for fixed pricing and other terms which CEVA negotiates based on its assumptions regarding its customers' scope of services and volumes, the operational efficiencies and productivity improvements CEVA expects to achieve and other estimates. Although CEVA seeks to structure its 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 its customers to assume these costs and commitments if they prematurely terminate their contracts with CEVA, there may be instances where CEVA is not able to offset or transfer such costs to its customers. Furthermore, CEVA's assumptions and estimates regarding its 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, CEVA's operating margins may be materially adversely affected under contracts where it bears these risks.

Changes in trend toward outsourcing
CEVA's 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 CEVA are generally able to provide such services more efficiently than otherwise could be provided "in-house," primarily as a result of CEVA's 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 CEVA's customers insource significant aspects of their supply chain operations, CEVA's 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. CEVA has 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 CEVA's 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 CEVA's 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. CEVA has experienced a shift in its Air Freight volumes to Ocean Freight volumes, particularly in Asia, which contributed to a softening of its overall Air Freight volumes and negatively impacted its margins and net working capital requirements. This trend started in 2012 and continued in 2013 and 2014. 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 CEVA 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 its business.

Competition and consolidation in the industry
The contract logistics and freight forwarding industries in which CEVA operates are highly competitive, and CEVA expects them to remain so in the foreseeable future. If CEVA does not have sufficient market presence or are unable to differentiate themselves from their competitors, CEVA may not be able to compete successfully against other

companies. If CEVA's 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, CEVA's competitive position and therefore CEVA's business, results of operations and financial condition may be materially adversely affected.

Debt and covenants
The documents governing CEVA's indebtedness contain a number of covenants that impose significant operating and financial restrictions on CEVA, including certain restrictions on CEVA's ability to incur additional debt, pay dividends, make investments and sell assets. CEVA's senior secured facilities require CEVA to maintain a net secured first lien ratio of no more than 5.35 to 1.0. CEVA's ability to maintain this ratio and to generate sufficient cash flow from operations to make scheduled payments on its debt depends on a range of economic, competitive and business factors, many of which are outside of CEVA's control.

In addition, the documents governing CEVA's indebtedness may require CEVA to dedicate a substantial portion of its 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 CEVA. CEVA's flexibility in planning for and reacting to changes in its business or developments in market conditions may be limited, and CEVA may be more vulnerable to downturns in its business or the economy, as a result of its substantial indebtedness.

If CEVA is unable to meet its expenses and debt service obligations, CEVA may be forced to take measures which could materially adversely affect its business and financial condition; for example, CEVA 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 CEVA's debt (which may be at higher interest rates or impose covenants or other restrictions on CEVA) or take other measures. If CEVA is unable to meet its debt service obligations, or if CEVA fails to comply with its debt covenants and a resulting event of default is not cured or waived, CEVA's lenders may be able to declare all outstanding borrowings to be due and payable or take other remedial actions. If CEVA's indebtedness were to be accelerated, CEVA cannot assure that its assets would be sufficient to repay such indebtedness in full and CEVA's lenders could foreclose on CEVA's pledged assets.

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

Credit risk
CEVA is 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 CEVA provides 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 CEVA's business, results of operations and financial condition. Future regulations or changes in existing regulations, or in the interpretation or enforcement of regulations, could require CEVA or its 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 CEVA's activities and the large number of countries in which CEVA operates, CEVA must continually monitor its 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. CEVA 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 CEVA's business, results of operations and financial condition. While CEVA has in place policies and procedures relating to compliance with these laws, there can be no assurance that its internal policies or procedures will work effectively to ensure that CEVA complies with such anti-corruption, trade control, and sanctions laws and regulations all of the time or to protect CEVA against liability under such laws and regulations for actions taken by its employees and third-party service providers with respect to its business.

CEVA has global and local 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, mandatory training for all management 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

CEVA's 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. CEVA is 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 CEVA's 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 CEVA of certain expenses and to the benefit of wage-and-hour laws, subject CEVA to employment and withholding tax and benefit liabilities, significantly increase its unemployment compensation and workers' compensation payments, and have other substantial negative financial, tax and operational impacts on CEVA's business, and would require significant changes to how CEVA's Freight Management operations are conducted. As a result, CEVA's operating costs could increase significantly and its business, results of operations and financial condition could be materially adversely affected.

Currency fluctuations

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

Joint ventures

CEVA has entered into joint venture arrangements. Under these arrangements, CEVA's joint venture partners have certain rights to exercise control or influence over operations and decision making. Therefore, CEVA's ability to manage and develop these operations may be limited, and CEVA may be unable to prevent actions that it believes are not in its best interests or the best interests of the relevant joint venture. The continued viability of these joint ventures depends on CEVA's relationship with, and the cooperation of, its joint venture partners.

Summary of corporate and financing structure at 31 December 2014*

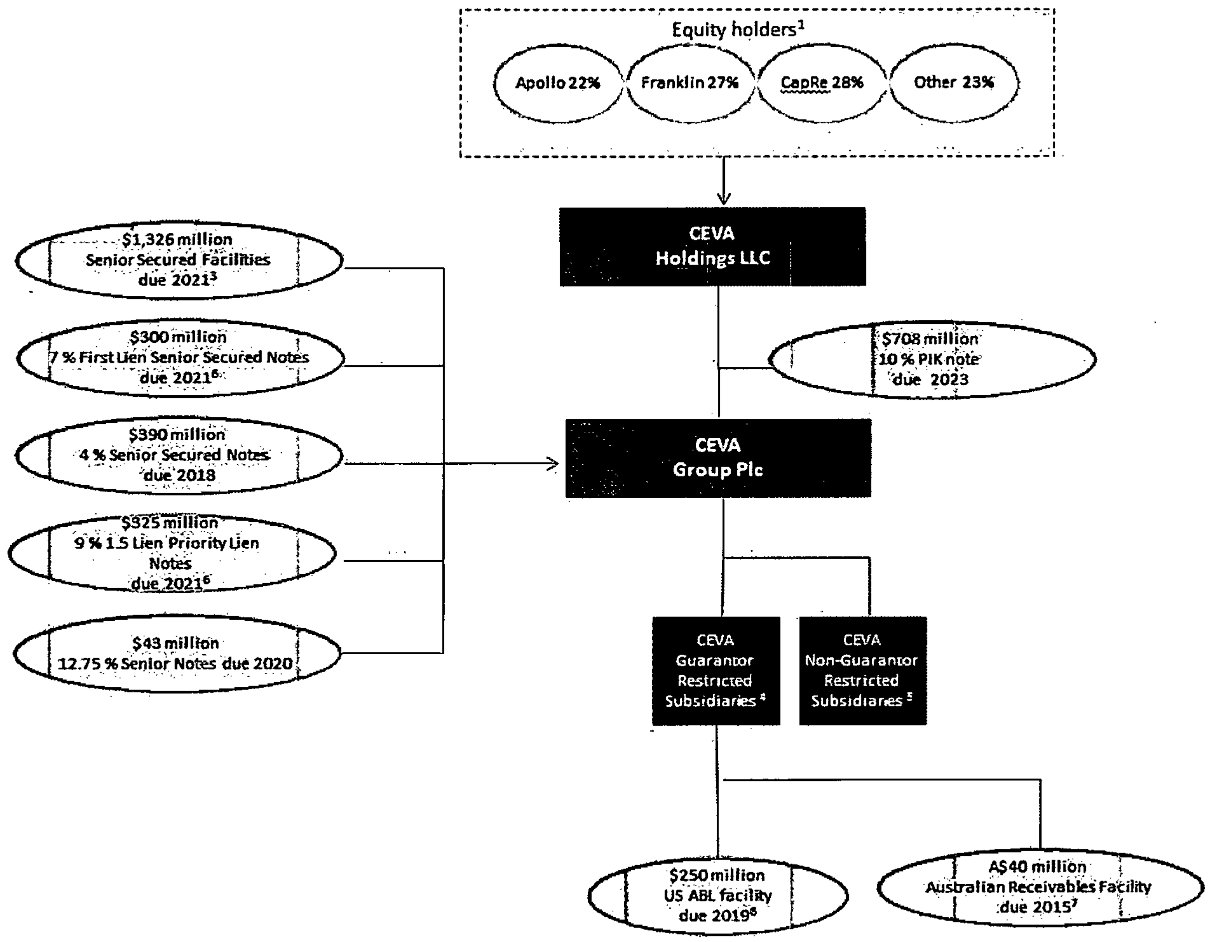

*Diagram excludes other financing of €166 million comprising finance leases, bank overdrafts and other loans.

1. Ownership percentages are shown on an as-converted basis assuming that all Series A-1 Convertible Preferred Shares and Series A-2 Preferred Shares have been converted to Common Shares as at 31 December 2014.

2. CEVA Holdings LLC owns 99.99% of the Company. CIL Limited and Louis Cayman Second Holdco Limited own the remaining 0.01% of the Company.

3. As at 31 December 2014, the revolving credit facility of US$250 million remained undrawn and US$259 million (2013: US$263 million) of letters of credit were issued but undrawn under the letter of credit facility of US$275 million. The committed Senior Secured Facilities are secured by substantially all of the assets of the Company and the assets of its restricted subsidiaries excluding certain trade accounts receivables that are transferred to special purpose entities formed in connection with the US ABL Facility and the Australian Receivables Facility. The Senior Secured Facilities consist of facilities denominated in both US dollar and Euro.

4. The Company and certain of its subsidiaries located in Australia, Belgium, Brazil, Canada, Germany, Hong Kong, Luxembourg, the Netherlands, the Cayman Islands, the United Kingdom and the United States (collectively, the "Guarantors") guarantee the Senior Secured Facilities and the Notes. The Senior Secured Facilities are secured on a senior secured basis *pari passu* with the 7% First Lien Senior Secured Notes and the 4% Senior Secured Notes and senior to the 9% 1.5 Lien Priority Lien Notes and the 10% Second Lien Secured PIK Notes. The Guarantors represented 59% (2013: 58%) of the Company's aggregated revenue before intercompany eliminations, 41% (2013: 63%) of the Company's aggregated EBITDA before specific items and 28% (2013:

59%) of the Company's aggregated EBITDA for the year ended 31 December 2014. Not all of the Guarantors are borrowers under the Senior Secured Facilities.

5. The Company's non-guarantor subsidiaries accounted for 41% (2013: 41%) of its total aggregated revenue before intercompany eliminations and 74% (2013: 39%) of its aggregated EBITDA for the year ended 31 December 2014.

6. 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.

7. 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.

Summary of facilities and notes

On 19 March 2014, Holdings announced that it successfully completed the March 2014 Refinancing. Through these transactions, CEVA further increased capital available to fund growth initiatives and established a long-term capital structure with a weighted average period to maturity of 6.3 years. As at 31 December 2014 the weighted average period to maturity was 5.5 years.

As part of the March 2014 Refinancing, CEVA: (i) amended and extended its senior secured credit facilities, and obtained a €669 million term loan facility (maturing in 2021), a €207 million revolving credit facility (maturing in 2019) and a €227 million letter of credit facility (maturing in 2021); (ii) privately issued €248 million of 7% First Lien Senior Secured Notes due 2021 and (iii) privately issued €269 million of 9% 1.5 Lien Priority Lien Notes due 2021. In addition, the Company purchased or redeemed and then cancelled (i) €4 million of 12% Senior Notes due 2014, €10 million of 11.5% Junior Lien Secured Notes due 2020, €464 million of 8.375% Senior Secured Notes due 2017, €174 million of 11.625% Senior Secured Notes due 2016 and €70 million of 10% Second Lien PIK Notes due 2013.

On 3 April 2013, the Company announced the Recapitalization, which substantially reduced its overall debt and interest costs, as well as increased liquidity and strengthened its capital structure. 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 solutions and services. The Recapitalization reduced consolidated net debt by approximately €1.2 billion and reduced annual cash interest expense by approximately €130 million or approximately 50%. It also further strengthened the Group's liquidity with approximately €165 million of proceeds received by Holdings from equity capital from new shareholders and the issuance of approximately €322 million of additional 4% Senior Secured Notes by the Company.

Following the Recapitalization, Holdings holds 99.99% of the equity interests of the Company with the remaining 0.01% held by CIL Limited and Louis Cayman Second Holdco Limited. In the Recapitalization, Apollo acquired a non-controlling interest in the equity of Holdings through exchanging debt of the Company it held and through the cash purchase of equity of Holdings. However, Apollo retains control of Holdings through contractual arrangements under the Second Amended and Restated Limited Liability Company Agreement of CEVA Holdings LLC, dated as of 25 February 2014, (as the same may be amended from time to time, the "LLC Agreement").

The Recapitalization resulted in the following:

• €569 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

• €477 million principal amount of 12.75% Senior Notes exchanged for equity in Holdings, which then released the notes

• €7 million principal amount of 12% Senior Notes exchanged for equity in Holdings, which then released the notes

• €93 million principal amount of Senior Unsecured Loans exchanged for equity in Holdings, which then released the loans

• €76 million principal amount of Term Loans and €176 million principal amount of 8.375% Senior Secured Notes were released by one of the Company's largest institutional investors in return for €252 million principal amount of new 4% Senior Secured Notes

Senior Secured Facilities due 2019/2021
The Group entered into senior secured facilities with certain banks to finance the acquisition of its Contract Logistics business on 4 November 2006 and its 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 including as part of the March 2014 Refinancing. Of the €1.07 billion total facilities available at 31 December 2014, €653 million was outstanding as term loans, US$0 million of letters of credit were issued under the €207 million revolving credit facility and €214 million of letters of credit were issued but undrawn under the €227 million letter of credit facility.

4% Senior Secured Notes due May 2018
As part of the Recapitalization, on 2 May 2013 the Company issued €252 million of 4% Senior Secured Notes due 2018. The Company issued another €70 million 4% Senior Secured Notes on 18 July 2013. As at 31 December 2014, €322 million principal amount of the 4% Senior Secured Notes was outstanding. Interest on the 4% Senior Secured Notes is payable bi-annually on 1 May and 1 November of each year.

12.75% Senior Notes due 2020
On 1 February 2012, the Company issued €512 million of 12.75% Senior Notes due 2020. Interest is payable on the 12.75% Senior Notes bi-annually on 31 March and 30 September of each year. Following the March 2014 Refinancing, at 31 December 2014 US$36 million principal amount of the 12.75% Senior Notes was outstanding.

9% 1.5 Lien Priority Lien Notes due 2021
On 19 March 2014, the Company issued €269 million of 9% 1.5 Lien Priority Lien Notes due 2021. Interest is payable on the 9% 1.5 Lien Priority Lien Notes bi-annually on 1 December and 1 June of each year. As of 31 December 2014, €269 million principal amount of the 9% 1.5 Lien Priority Lien Notes was outstanding.

7% First Lien Senior Secured Notes due 2021
On 19 March 2014, the Company issued €248 million of 7% First Lien Senior Secured Notes due 2021. Interest is payable on the 7% First Lien Senior Secured Notes bi-annually on 1 March and 1 September of each year. As of 31 December 2014, €248 million principal amount of the 7% First Lien Senior Secured Notes was outstanding.

US ABL Facility due 2018
On 19 November 2010, certain US subsidiaries of the Company ("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 €165 million (the "ABL Facility"). On 30 November 2010, the committed amount of the ABL Facility was increased to €207 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 2014, the outstanding drawn amount of the ABL Facility was €158 million.

Australian Receivables Facility due 2015
In October 2012, certain Australian subsidiaries of the Company entered into a Receivables Purchase Agreement with a facility limit of A$40 million maturing in September 2015. At 31 December 2014, the total amount of borrowings outstanding was A$35 million.

By order of the Board.

Xavier Urbain
Director and Chief Executive Officer
30 April 2015

DIRECTORS' REPORT

The directors present their report and the audited financial statements of CEVA Group Plc (the "Company") for the year ended 31 December 2014.

The Company was incorporated in England and Wales on 9 August 2006. At the date of this document, the Company's authorized share capital of £699,965 is divided into 3,500,000,000 ordinary shares with a par value of £0.0001 each and 350,000 deferred shares with a par value of £0.9999 each. On 2 May 2013 the Company completed a major financial Recapitalization. CEVA Holdings LLC ("Holdings") became the new ultimate parent company of the Company. As at 31 December 2014 Holdings holds 3,499,650,000 ordinary shares with a par value of £0.0001 each (99.99%), CIL Limited (formerly known as CEVA Investments Limited) holds 349,999 ordinary shares with a par value of £0.0001 each and 349,999 deferred shares with 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 with 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 the Company are contained in the Articles of Association of the Company. The Company is managed by its directors in accordance with the Articles of Association and in accordance with the laws of England and Wales.

RESULTS AND DIVIDENDS
The Group reported a loss for the year ended 31 December 2014 of €357 million (2013: a loss of €166 million).

No dividends were paid or recommended during the year or after 31 December 2014 up until the signing of this annual report.

POLITICAL DONATIONS
The Company did not make any donations to a registered political party, or other political organization within or outside the EU or any independent election candidate (2013: 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, four 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.

FINANCIAL INSTRUMENTS
The Group's financial risk management and policies and exposure to risks in relation to financial instruments are detailed in note 4 "Financial Risk Management.

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 the Company consists of one executive and eight non-executive directors and one alternate director. The directors and their remuneration are disclosed in note 7 "Personnel expenses". There have been no significant 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 Company's Board of Directors:

Marvin Schlanger (Chairman)
Michael Jupiter
Marc Becker
Thomas White
Xavier Urbain (CEO)
Alan Miller
Emanuel Pearlman
John Smith
Thomas Stallkamp
Dawn Wetherall (Chief Compliance Officer and Alternate Director)
Stan Parker (resigned June 2014)
CEVA has agreed to indemnify Marvin Schlanger, Michael Jupiter and Marc Becker 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 the members of the Board of Managers of Holdings and the Board of Directors of the Company (collectively, the "Boards"). Three of the members of the Boards are partners or employees of Apollo or Apollo portfolio companies. The Boards have five independent, non-employee members. In their capacity as managers of the Board of Managers of Holdings, independent non-employee managers of Holdings, other than Mr. White who was previously affiliated with Apollo, receive US$25,000 for each calendar quarter of service. All other non-employee managers of Holdings, including Mr. White, are paid US$15,000 for each calendar quarter of service. Independent non-employee managers of Holdings who are not former employees of CEVA are entitled to receive two awards of restricted stock or restricted stock units of Holdings each having a fair market value on the date of grant of US$75,000. The first award is issued following appointment of the manager to the Board of Manages of Holdings 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 Managers of Holdings. 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
The substantial shareholders of Holdings, the Company's direct parent, at 31 December 2014 are disclosed in note 28 "Related party transactions" of the financial statements.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO INDEPENDENT AUDITORS
As required by Section 418 of the Companies Act 2006, the directors of the Company 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 independent auditors in connection with preparing their audit report) of which the Company's independent 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 independent 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 independent 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.

Xavier Urbain
Director and Chief Executive Officer
30 April 2015

FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT

€ millions	Note	YEAR ENDED 31 DECEMBER 2014 Before specific items	Specific items[1]	Total	RESTATED YEAR ENDED 31 DECEMBER[2] 2013 Before specific items	Specific items[1]	Total
Revenue	5	**5,932**	**-**	**5,932**	**6,167**	**-**	**6,167**
Work contracted out		(2,981)	-	(2,981)	(3,103)	-	(3,103)
Personnel expenses	7	(1,771)	(26)	(1,797)	(1,816)	(31)	(1,847)
Other operating expenses		(1,019)	(25)	(1,044)	(1,058)	(28)	(1,086)
Operating expenses excluding depreciation, amortization and impairment		**(5,771)**	**(51)**	**(5,822)**	**(5,977)**	**(59)**	**(6,036)**
Other income		-	-	-	-	16	16
EBITDA		**161**	**(51)**	**110**	**190**	**(43)**	**147**
Depreciation, amortization and impairment	12,13	(137)	-	(137)	(157)	-	(157)
Operating income		**24**	**(51)**	**(27)**	**33**	**(43)**	**(10)**
Finance income (including foreign exchange movements)	9	3	-	3	6	112	118
Finance expense (including foreign exchange movements)	9	(269)	(61)	(330)	(264)	(30)	(294)
Net finance income / (expense) (including foreign exchange movements)		**(266)**	**(61)**	**(327)**	**(258)**	**82**	**(176)**
Net result from joint ventures	19	12	-	12	11	-	11
Profit/(Loss) before income taxes		**(230)**	**(112)**	**(342)**	**(214)**	**39**	**(175)**
Income tax (expense) / income	10	(19)	4	(15)	(9)	18	9
Profit/(Loss) for the period		**(249)**	**(108)**	**(357)**	**(223)**	**57**	**(166)**
Attributable to:							
Non-controlling interests				-			-
Equity holders of the Company				(357)			(166)

[1] Refer to note 6 "Specific items" for details.
[2] Refer to note 18 "Change in accounting policy" for details on restatement.

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

€ millions	Note	YEAR ENDED 31 DECEMBER 2014			RESTATED YEAR ENDED 31 DECEMBER[2] 2013		
		Before specific items	Specific items[1]	Total	Before specific items	Specific items[1]	Total
Profit/(Loss) for the period		**(249)**	**(108)**	**(357)**	**(223)**	**57**	**(166)**
Items that will not be reclassified to Profit and Loss:							
Remeasurements of retirement benefit obligations	22	(16)	-	(16)	4	-	4
Items that may be reclassified subsequently to Profit and Loss:							
Net investment hedges		1	-	1	3	-	3
Currency translation adjustment		(60)	-	(60)	(15)	-	(15)
Total comprehensive income/(loss) for the period, net of income tax		**(324)**	**(108)**	**(432)**	**(231)**	**57**	**(174)**
Attributable to:							
Non-controlling interests				-			-
Equity holders of the Company				(432)			(174)
Total comprehensive profit/(loss) for the period				**(432)**			**(174)**

[1] Refer to note 6 "Specific items" for details.
[2] *Refer to note 18 "Change in accounting policy" for details on restatement.*

The above amounts are net of income tax expense recognized in other comprehensive income of €5 million (2013: €2 million).

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

CONSOLIDATED BALANCE SHEET

€ millions	Note	AS AT 31 DECEMBER 2014	RESTATED AS AT 31 DECEMBER[1] 2013	RESTATED AS AT 1 JANUARY[1] 2013
ASSETS				
Non-current assets				
Intangible assets	12	1,396	1,356	1,500
Property, plant and equipment	13	169	181	227
Investments in joint ventures	19	68	62	62
Deferred income tax assets	14	3	-	1
Prepayments		35	31	34
Other non-current assets		30	14	17
Total non-current assets		**1,701**	**1,644**	**1,841**
Current assets				
Inventory	15	10	12	14
Trade and other receivables	16	982	891	1,038
Prepayments		39	34	43
Accrued income		171	153	214
Income tax receivable		9	10	9
Cash and cash equivalents	17	318	378	217
Assets held for sale		1	1	125
Total current assets		**1,530**	**1,479**	**1,660**
TOTAL ASSETS		**3,231**	**3,123**	**3,501**
EQUITY				
Capital and reserves attributable to equity holders				
Share capital	20	1	1	1
Share premium		382	382	382
Other reserves		1,129	1,146	402
Accumulated deficit		(2,131)	(1,774)	(1,608)
Attributable to equity holders of the Company		**(619)**	**(245)**	**(823)**
Non-controlling interests		2	1	1
Total Group equity		**(617)**	**(244)**	**(822)**
LIABILITIES				
Non-current liabilities				
Borrowings	21	2,200	1,882	2,561
Deferred income tax liabilities	14	12	28	61
Retirement benefit obligations	22	100	87	114
Provisions	24	46	52	60
Other non-current liabilities		32	26	29
Total non-current liabilities		**2,390**	**2,075**	**2,825**
Current liabilities				
Borrowings	21	154	116	123
Provisions	24	81	66	65
Trade and other payables	25	1,213	1,110	1,300
Income tax payable		10	-	-
Liabilities held for sale		-	-	10
Total current liabilities		**1,458**	**1,292**	**1,498**
TOTAL EQUITY AND LIABILITIES		**3,231**	**3,123**	**3,501**

[1] Refer to note 18 "Change in accounting policy" for details on restatement.

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

The financial statements on pages 18 to 82 were approved by the Board of Directors on 30 April 2015 and were signed on its behalf by:

Xavier Urbain
DIRECTOR AND CHIEF EXECUTIVE OFFICER

CONSOLIDATED STATEMENT OF CASH FLOWS

€ millions	Note	YEAR ENDED 31 DECEMBER 2014	RESTATED YEAR ENDED 31 DECEMBER[1] 2013
Profit/(Loss) before income taxes		**(342)**	**(175)**
Adjustments for:			
Depreciation, amortization and impairment		137	157
Finance income	9	(3)	(119)
Gain on disposal of property, plant and equipment		(1)	(2)
Other income		-	(16)
Foreign exchange (gains) and losses	9	60	27
Finance expense	9	270	266
Share of profit from equity accounted joint venture		(12)	(11)
Changes in provisions:			
Retirement benefit obligations	22	(8)	(15)
Provisions	24	(9)	(5)
Changes in working capital:			
Inventory	15	3	-
Trade and other receivables	16	(20)	86
Prepayments and accrued income		(15)	60
Trade and other payables	25	41	(92)
Changes in non-current prepayments		(3)	(8)
Changes in non-current accrued assets and liabilities		(10)	15
Cash generated (used for) / from operations		**88**	**168**
Interest and other financing cost paid		(173)	(146)
Net income taxes paid	10	(24)	(18)
Net cash (used for) / from operating activities		**(109)**	**4**
Divestments		-	129
Capital expenditure		(50)	(62)
Proceeds from sale of property, plant and equipment		6	13
Proceeds from sale of other assets		-	-
Dividends received		13	13
Interest received		2	1
Net cash (used for) / from investing activities		**(29)**	**94**
Capital contribution		-	167
Repayment of borrowings [2]	21	(1,178)	(551)
Proceeds from non-current borrowings [2]	21	995	303
Proceeds from current borrowings [2]	21	234	167
Dividends paid		-	(2)
Net cash (used for) / from financing activities		**51**	**84**
Changes in cash and cash equivalents		(87)	182
Cash and cash equivalents at beginning of period		378	217
Foreign exchange impact on cash and cash equivalents		27	(21)
Cash and cash equivalents at end of period	17	**318**	**378**

[1] Refer to note 18 "Change in accounting policy" for details on restatement.
[2] Refer to note 21 "Borrowings" for details of non-cash changes in borrowings.

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[3]	Accumulated deficit	Attributable to equity holders of the Company	Non-controlling interest	Total Group equity
Balance at 1 January 2013 - restated[1]	**1**	**382**	**402**	**(1,608)**	**(823)**	**1**	**(822)**
Currency translation adjustment	-	-	(15)	-	(15)	-	(15)
Net investment hedges	-	-	3	-	3	-	3
Deferred tax on OCI	-	-	1	-	1	-	1
Capital contribution[2]	-	-	751	-	751	-	751
Remeasurements of retirement benefit obligations	-	-	4	-	4	-	4
Loss attributable to equity holders for the period	-	-	-	(166)	(166)	-	(166)
Balance at 31 December 2013 - restated[1]	**1**	**382**	**1,146**	**(1,774)**	**(245)**	**1**	**(244)**
Balance at 1 January 2014 - restated[1]	**1**	**382**	**1,146**	**(1,774)**	**(245)**	**1**	**(244)**
Currency translation adjustment	-	-	(61)	-	(61)	1	(60)
Net investment hedges	-	-	1	-	1	-	1
Deferred tax on OCI	-	-	3	-	3	-	3
Capital contribution[2]	-	-	56	-	56	-	56
Remeasurements of retirement benefit obligations	-	-	(16)	-	(16)	-	(16)
Loss attributable to equity holders for the period	-	-	-	(357)	(357)	-	(357)
Balance at 31 December 2014	**1**	**382**	**1,129**	**(2,131)**	**(619)**	**2**	**(617)**

[1] Refer to note 18 "Change in accounting policy" for details on restatement.
[2] Refer to note 21 "Borrowings" for details on the Capital contribution
[3] Includes total currency translation adjustment of €(135) million (2013: €(74) million) and a cumulative remeasurement of retirement benefit obligations of €(54) million (2013: (€38) 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.

The immediate parent of the Company at 31 December 2014 was CEVA Holdings LLC, a company incorporated in the Republic of the Marshall Islands ("Holdings"). Pursuant to the limited liability company agreement of CEVA Holdings LLC (the "LLC Agreement"), Apollo Global Management, LLC ("Apollo") and its affiliates hold a majority of the voting power of Holdings and have the right to elect a majority of the respective boards of Holdings and the Company. Certain major corporate actions require approval of a majority of the members of the Board of Managers of Holdings not designated by Apollo.

These Group consolidated financial statements were authorized for issue by the Board of Directors on 30 April 2015.

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, four year forecasts and regularly supplements the budgets with forecasts during the year. After reviewing this information in conjunction with CEVA's available facilities and its commitments to debt repayments, 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 Directors 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 Directors. 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, as shown in note 5 "Segment Information" 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 the Company's cost containment programs, other significant non-recurring charges or credits including the profits or losses realized on non-recurring transactions. Previously Adjusted EBITDA included the Group's share of the Adjusted EBITDA of joint ventures accounted for using proportional consolidation. As a result of the implementation of IFRS 11 (see note 18), proportional consolidation of joint ventures is no longer permitted (with retrospective impact). Instead, the post-tax results of joint ventures are reflected in the Consolidated Income Statement. Therefore the Company has changed the way it calculates Adjusted EBITDA so as to include the Group's share of the Adjusted EBITDA of joint ventures that are equity accounted. "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 2014:

- 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. The standard had no material impact;
- 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 have 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 is no longer consolidating Anji Automotive Logistics Company Limited ("Anji"). The impact is disclosed in note 5 and 18. Instead the post-tax share of net income (see note 19) of Anji is equity accounted in these Consolidated Financial Statements of CEVA Holdings LLC with comparatives restated to reflect the same accounting treatment in 2013. All note disclosures and movement schedules for 2013 have been restated;
- IAS 28, "Investments in Associates and Joint Ventures" – was amended as a consequence of the issuance of IFRS 11. In addition to prescribing the accounting for investment in associates, it now sets out the requirements for the application of the equity method when accounting for joint ventures. The application of the equity method has been applied to Anji as noted above.
- IAS 36, "Impairment of Assets" – on the recoverable amount disclosures for non-financial assets. The amendment removed certain disclosure requirements on the recoverable amount of cash generating units which had been included in IAS 36 by the issue of IFRS 13;
- 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 disclosure requirements of this standard have been included in note 19;

- IFRIC 21, "Levies" – sets out the accounting for an obligation to 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 impact of adopting this interpretation is not material.

Other standards, amendments and interpretations which are effective for the financial year are not material for the Group.

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 2014, and have not been applied in preparing these consolidated financial statements:

- IFRS 8, "Operating Segments" – Amendments to disclosure requirements regarding the judgments made by management in applying the aggregation criteria. The amendments to this standard are applicable for annual periods beginning on or after 1 July 2014 and are not expected to have a material impact;
- 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. IFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually use for risk management purposes. Contemporaneous documentation is still required but is different to that currently prepared under IAS 39. The new standard requires application for annual periods beginning on or after 1 January 2018. The Group is yet to assess IFRS 9's full impact;
- IFRS 15, "Revenue from Contracts with Customers" – The new standard will be effective for annual periods beginning on or after 1 January 2017 with retrospective application. This new standard on revenue recognition supersedes IAS 18 Revenue, IAS 11 Construction Contracts and related interpretations. The Group is assessing the impact of the standard;
- IAS 19, "Employee Benefits" – Amendments to Defined Benefit Plans: Employee Contributions whereby the requirements in IAS 19 for contributions from employees or third parties that are linked to service have been amended. The change is not expected to have a material impact on the Group;
- IAS 24, "Related Parties" – Amendments to the definitions and disclosure requirements for key management personnel. The change is not expected to have a material impact on the Group.

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 (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the 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.

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.

Joint arrangements
The Group applies IFRS 11 for all joint arrangements. Under IFRS 11 investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. The Company has assessed the nature of its joint arrangement and determined it to be a joint venture. Joint ventures are accounted for using the equity method.

Under the equity method of accounting, interests in joint ventures are initially recognized at cost and adjusted thereafter to recognize the group's share of the post-acquisition profits or losses and movements in other comprehensive income.

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

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 Euro ('€'), which is the Group's presentation currency. All values are rounded to the nearest million except where otherwise indicated.

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 € are translated into € 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 (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated using the rate at the dates of the transactions); 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 CEVA utilizes to provide services to its 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. No insurance receipts have been netted against other operating expenses on materiality grounds (2013: €3 million).

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.

Leases of property, plant and equipment where the Group retains 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 investments 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
Authorized shares
The Company's 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.

As at 31 December 2014, Holdings held 3,499,650,000 ordinary shares with a par value of £0.0001 each (99.99%), CIL Limited (formerly known as CEVA Investments Limited) held 349,999 ordinary shares with a par value of £0.0001 each and 349,999 deferred shares with a par value of £0.9999 each and Louis Cayman Second Holdco Limited held 1 ordinary share with a par value of £0.0001 on trust as bare nominee for CIL Limited 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 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.

IFRIC 19 requires a gain or loss to be recognized in the income statement when a financial liability is settled through the issuance of the Companies own equity instruments. It clarifies that the new equity instruments are treated as consideration paid for the extinguishment of a financial liability. The amount of the gain or loss recognized is therefore the difference between the carrying value of the financial liability (or part of a financial liability) extinguished and the fair value of the equity instruments issued. The equity instruments issued are recognized and measured initially at fair value at the date the financial liability was extinguished. The difference between the carrying value of the debt extinguished and fair value of equity issued is booked in the income statement as a gain/loss in specific items.

Transaction costs are also likely to be incurred when the Company extinguishes a liability in exchange for equity instruments. IFRIC 9 considers a 'debt for equity swap' to be a liability extinguishment in accordance with IAS 39. When an extinguishment of a liability occurs in this way any costs or fees incurred are recognized as part of the gain or loss on extinguishment.

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 remeasurements arising from experience adjustments and changes in actuarial assumptions are 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
Holdings operates equity-settled share based compensation and cash-settled compensation plans, under which the Group receives services from employees as consideration for equity instruments (options) of Holdings and cash. For cash settled plans a liability equal to the portion of the service received is recognized at the current fair value determined at each balance sheet date. The fair value of the employee services received in exchange for the grant of the options is charged by a Group entity and is recognized as an expense by the Group. 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, CEVA consults with legal counsel and certain other experts on matters related to litigation.

CEVA recognizes 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, CEVA does not apply hedge accounting for such derivative financial instruments.

The following analysis provides quantitative information regarding CEVA's 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. Although CEVA enters into hedging arrangements and other contracts in order to reduce its exposure to currency fluctuations, these measures may be inadequate or may subject CEVA to increased operating or financing costs.

The main currencies of CEVA's external hedges are the United States dollar, Chinese yuan and Euro. Significant acquisitions are typically funded in the currency of the underlying assets. CEVA has 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:

		2014		2013
	Year end closing	Average	Year end closing	Average
British pound	0.7766	0.8064	0.8323	0.8491
US dollar	1.2100	1.3557	1.3789	1.3279
Chinese yuan	7.5103	8.3590	8.3460	8.1652

A five percent strengthening of the following functional currencies against the reporting currency (Euro) at 31 December 2014 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 2013.

€ millions		2014		2013
	Effect on profit before tax	Effect on equity	Effect on profit before tax	Effect on equity
British pound	1	4	(1)	3
US dollar	(5)	57	(9)	56
Chinese yuan	1	10	(2)	11

A five percent weakening of the above currencies against the Euro at 31 December 2014 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 2014 and 2013 (refer to note 21 "Borrowings" for further details):

€ millions	2014	2013
Fixed rate instruments:		
Loan notes	1,407	1,385
Variable rate instruments:		
Financial liabilities	947	613
Total	**2,354**	1,998

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.

€ millions		2014	2013
	Change in interest rate	Effect on profit before tax	Effect on profit before tax
Euro (denominated)	+100 basis points	-	(2)
Euro (denominated)	-100 basis points	-	2
US dollar (denominated)	+100 basis points	(2)	(6)
US dollar (denominated)	-100 basis points	2	6

The limited impact on interest rate increase by 100 basis points was primarily due to the interest rate floor after the March 2014 Refinancing.

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 therefore not 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	2014	2013
Loans and receivables	1,009	898
Cash and cash equivalents	318	378

(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 CEVA's 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.

As at 31 December 2014, the Company had €318 million (2013: €378 million) in cash on its Consolidated Balance Sheet. In addition to this cash, the Company has access to €477 million (2013: €401 million) of credit facilities held centrally, of which €254 million (2013: €272 million) was drawn. Total headroom at 31 December 2014 was therefore €541 million (2013: €508 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							2014
	Present value of minimum lease payments	Interest	Future minimum lease payments	Loan notes	Bank borrowings	Interest on total borrowings	Trade and other payments
Less than 1 year	14	3	17	-	133	107	1,213
1-5 years	9	7	16	291	169	392	-
Thereafter	17	11	28	1,108	658	145	-
Total	40	21	61	1,399	960	644	1,213

€ millions							2013
	Present value of minimum lease payments	Interest	Future minimum lease payments	Loan notes	Bank borrowings	Interest on total borrowings	Trade and other payments
Less than 1 year	11	4	15	5	99	109	1,110
1-5 years	17	9	26	817	518	281	-
Thereafter	17	12	29	523	25	6	-
Total	45	25	70	1,345	642	396	1,110

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 €876 million (2013: €933 million) that are disclosed in note 26 "Commitments".

Capital management

The Group's objectives when managing capital, which comprises its 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 2014 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 2013 the Group completed a Recapitalization that reduced consolidated net debt by approximately €1.2 billion as described in note 21 "Borrowings". The structure of the Company's debt and facilities is a combination of long term debt secured to finance the 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. Approximately 50% of CEVA's interest rates are variable. As of 31 December 2014 there is no material debt that matures until May 2018.

The gearing ratios at 31 December 2014 and 2013 were as follows:

€ millions	2014	2013
Total borrowings (note 21)	2,398	2,031
Cash and cash equivalents (note 17)	318	378
Net debt	2,080	1,653
Total equity attributable to shareholders	(619)	(245)
Total capital	1,461	1,408
Gearing ratio	142.4%	117.4%

The increase in the gearing ratio during 2014 is primarily driven by the loss for the year attributable to shareholders and the decrease in cash and cash equivalents.

Fair value estimation

The fair value of the derivative financial instruments at 31 December 2014 is nil (2013: €0.07 million) and was determined based on a level 2 valuation method. As at 31 December 2014 there were foreign exchange and interest derivative contracts with a notional amount of €9 million (2013: €9 million).

5. SEGMENT INFORMATION

The chief operating decision maker is the Executive Board of CEVA Group Plc. 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 pickup 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).

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 2014 are as follows:

		YEAR ENDED 31 DECEMBER		
€ millions				2014
	Note	Freight Management	Contract Logistics	Total
Total segment revenue		2,754	3,195	5,949
Inter-segment revenue		-	(17)	(17)
Revenue from external customers		**2,754**	**3,178**	**5,932**
Adjusted EBITDA		**19**	**169**	**188**
Adjusted EBITDA from joint ventures	19	(2)	(25)	(27)
EBITDA before specific items, as reported		**17**	**144**	**161**
Specific items				(51)
EBITDA				**110**
Depreciation, amortization and impairment				(137)
Operating income				**(27)**

The segment assets and liabilities at 31 December 2014 and the capital expenditure for the year then ended are as follows:

€ millions				2014
	Freight Management	Contract Logistics	Unallocated	Total
Total assets	1,853	1,366	12	3,231
Total liabilities	903	1,106	1,839	3,848
Capital expenditure	19	31	-	50

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

€ millions	Note	Freight Management	Contract Logistics	YEAR ENDED 31 DECEMBER 2013 Total
Total segment revenue		2,842	3,346	6,188
Inter-segment revenue		-	(21)	(21)
Revenue from external customers		**2,842**	**3,325**	**6,167**
Adjusted EBITDA		**32**	**177**	**209**
Adjusted EBITDA from joint ventures	19	(2)	(17)	(19)
EBITDA before specific items, as reported		**30**	**160**	**190**
Specific items				(43)
EBITDA				**147**
Depreciation, amortization and impairment				(157)
Operating income				**(10)**

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

€ millions	Freight Management	Contract Logistics	Unallocated	2013 Total
Total assets	1,680	1,389	54	3,123
Total liabilities	720	1,092	1,555	3,367
Capital expenditure	17	76	-	93

Additional information - geographical

The geographical results for the year ended 31 December 2014 are as follows:

€ millions	Note	Americas	Asia Pacific	Europe	YEAR ENDED 31 DECEMBER 2014 Total
Total segment revenue		1,996	1,422	2,567	5,985
Inter-segment revenue		(18)	(5)	(30)	(53)
Revenue from external customers		**1,978**	**1,417**	**2,537**	**5,932**
Adjusted EBITDA		**76**	**50**	**62**	**188**
Adjusted EBITDA from joint ventures	19	-	(27)	-	(27)
EBITDA before specific items, as reported		**76**	**23**	**62**	**161**
Specific items					(51)
EBITDA					**110**
Depreciation, amortization and impairment					(137)
Operating income					**(27)**

The geographical assets and liabilities at 31 December 2014 and capital expenditure for the year then ended are as follows:

€ millions	Americas	Asia Pacific	Europe	Unallocated	2014 Total
Total assets	1,270	689	1,260	12	3,231
Total liabilities	638	380	991	1,839	3,848
Capital expenditure	16	11	23	-	50

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

€ millions					YEAR ENDED 31 DECEMBER 2013
	Note	Americas	Asia Pacific	Europe	Total
Total segment revenue		2,013	1,514	2,697	6,224
Inter-segment revenue		(24)	(4)	(29)	(57)
Revenue from external customers		**1,989**	**1,510**	**2,668**	**6,167**
Adjusted EBITDA		**78**	**36**	**95**	**209**
Adjusted EBITDA from joint ventures	19	-	(19)	-	(19)
EBITDA before specific items, as reported		**78**	**17**	**95**	**190**
Specific items					(43)
EBITDA					**147**
Depreciation, amortization and impairment					(157)
Operating income					**(10)**

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	777	1,327	43	3,123
Total liabilities	520	355	937	1,555	3,367
Capital expenditure	24	43	26	-	93

The reported Adjusted EBITDA for the year ended 2014 includes €27 million (2013: €19 million) from joint ventures that are equity accounted for. The reported revenue for the year ended 2014 excludes €310 million (2013: €256 million) from joint ventures that are equity accounted (see note 19).

The Group's revenue from external customers in the United States is €1,495 million (2013: €1,457 million), in China €600 million (2013: €576 million), in Italy €592 million (2013: €626 million) and in the UK €572 million (2013: €562 million). The total revenue from external customers from other countries is €2,673 million (2013: €2,946 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 €154 million (2013: €151 million) and the total of these non-current assets located in other countries is €1,475 million (2013: €1,429 million).

6. SPECIFIC ITEMS

€ millions	2014	2013
Personnel expenses	26	31
Other operating expenses	25	28
Other income	-	(16)
Finance income	-	(112)
Finance expense	61	30
Total (income)/expense	**112**	**(39)**

Personnel expenses

In 2014, personnel expenses were incurred as a result of cost reduction programs implemented by the Group. In 2013, personnel expenses were 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 2014 and 2013 include expenses related to the outsourcing and optimizing the Company's finance processes and streamlining its Freight Management systems, as well as decreasing Freight Management costs and addressing underperforming contracts as part of the cost reduction program announced in November 2012. Furthermore, in 2014 an amount of €10 million has been provided for litigation claims.

Other income

On 2 January 2013, CEVA 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.

Finance income

On 2 May 2013, the Group successfully closed the Recapitalization announced and commenced on 3 April 2013 (see note 3.5). The Recapitalization reduced consolidated third party net debt by approximately €1.2 billion, further strengthened liquidity with €165 million of proceeds from equity capital of CEVA Holdings LLC from new shareholders, and provided additional liquidity of €65 million through a financing from certain funds and accounts managed by Franklin Advisers, Inc. and Franklin Templeton Investments Corp. ("Franklin").

Other financial income comprise specific items in 2013 arising from the Recapitaliation, being a gain of €41 million arising on a debt exchange transaction (involving an exchange of Franklin's holdings of 8.375% Senior Secured Notes for 4% Senior Secured Notes with Franklin). The transaction also included the reversal of accrued interest payable of €71 million that was waived as part of the Recapitalization.

Finance expense

Finance expenses for the year 2014 relate to finance charges incurred in relation to the March 2014 Refinancing (see note 21). These costs are related to the accelerated write-off of capitalized debt issuance costs relating to extinguished debt, as well as early redemption and prepayment premiums paid to investors.

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.
In 2014, personnel expenses were incurred as a result of cost reduction programs implemented by the Group. In 2013, personnel expenses were 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.

7. PERSONNEL EXPENSES

€ millions	2014	2013
Wages and salaries	1,554	1,612
Social security charges	205	215
Pension costs - defined benefit plans (note 22)[1]	2	(11)
Pension costs - defined contribution plans	34	30
Share options granted to Managers and employees	2	1
Total personnel expenses	**1,797**	**1,847**

[1]2013 pension costs from defined benefit plan includes a curtailment gain ("negative past service costs") of €16 million in Europe.

Average number of people employed

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

	2014	2013
Freight Management	9,513	10,213
Contract Logistics	32,652	36,360
Total	**42,165**	**46,573**

Need to show aggregate emoluments for directors by category of pay separately and also the highest paid director if you are not naming them – see emails previously sent to Paul/Laurine on this with disclosure examples.

Directors and other executive management emoluments

The aggregated emoluments of Directors of the Company (excluding other executive management) received in their capacity as members of the Board of Managers of Holdings is set out in the table below:

€ thousands	2014	2013
Salaries and other short-term employee benefits	2,246	1,638
Post-employment benefits	40	2
Share-based payments	1,559	136
Total	**3,845**	**1,776**

The total emoluments for Directors and other executive management during the year was €12 million (2013: €6 million). The increase was mainly caused by changes in key management during the year.
Directors and other executive management (key management) emoluments include salaries of €8 million (2013: €4 million), accrued bonus provisions of €1 million (2013: €1 million) and share option expenses of €2 million (2013: nil). Key management received €257 thousand (2013: €357 thousand) for pension related costs.

The highest-paid Director received an amount of €1,065 thousand salary and other short-term benefits, €30 thousand of post-employment benefits and €503 thousand share based compensation.

Apollo and its affiliates have the power to control us and our affairs and policies, including the election of the majority of the members of the Board of Managers of Holdings and the Board of Directors of the Company (collectively, the "Boards"). Three of the members of the Boards are partners or employees of Apollo or Apollo portfolio companies. The Boards have five independent, non-employee members. Independent non-employee managers of Holdings, other than Mr. White who was previously affiliated with Apollo, receive US$25,000 for each calendar quarter of service. All other non-employee managers of Holdings, including Mr. White, are paid US$15,000 for each calendar quarter of service. Independent non-employee managers of Holdings are entitled to receive two awards of restricted shares or restricted share units of Holdings each having a fair market value on the date of grant of US$75,000. The first award is issued following appointment of the manager to the Board of Managers of Holdings 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 Managers of Holdings. The Chairman receives €20,000 per month for his service as Chairman.

Share options and restricted share units granted to the Company's Directors in their capacity as members of the Board of Managers of Holdings and other executive management are shown in the table below:

Number of share options	Outstanding at 31 December 2013/1 January 2014[1]	Granted during the *year*	Converted into common shares during *the year*	Exercised during the *year*	Forfeited during the *year*	Outstanding at 31 December 2014[2]	Weighted average exercise *price in €*
Total	**12,902**	**11,569**	**1,239**	**-**	**1,421**	**21,811**	**768.27**

[1]The opening balance shares granted is adjusted for the shares granted before 1 January 2014 to the persons that have been promoted to executive management during the year 2014.
[2]Includes a total of 812 restricted share units (31 December 2013: 2,137 restricted share units)

The restricted share units will be converted into common shares of Holdings upon an agreed settlement date.

8. INDEPENDENT AUDITOR REMUNERATION

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

€ millions	2014	2013
Fees payable to the Company's auditor and its associates for the audit	2	2
of the consolidated financial statements		
The audit of the Company's subsidiaries pursuant to legislation	2	2
Tax services	1	1
Services relating to corporate finance transactions not covered above	-	-
All other services	-	2
Total	**5**	**7**

9. FINANCE INCOME AND EXPENSE

€ millions	2014	2013
Interest income	3	77
Other financial income	-	41
Finance income	**3**	**118**
Interest expense on bank borrowings	(204)	(198)
Interest on finance lease liabilities	(4)	(4)
Net foreign exchange losses	(60)	(27)
Interest expense on retirement benefit obligations	(3)	(2)
Other financial expense	(59)	(63)
Finance expense	**(330)**	**(294)**
Net finance expense	**(327)**	**(176)**

Other financial expense includes the amortization of debt issuance costs of €33 million (2013: €40 million).

During 2014, 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 2014 €0 million (31 December 2013: €133 million) of borrowings was designated as a net investment hedge.

Other financial income comprise specific items in 2013 arising from the Recapitalization , being a gain of €41 million arising on a debt exchange transaction (involving an exchange of Franklin's holdings of 8.375% Senior Secured Notes for 4% Senior Secured 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	2014	2013
Current tax expense	33	26
Deferred tax income	(18)	(35)
Income tax (income)/expense	**15**	**(9)**

Income tax expense recognized for the year in other comprehensive income is €5 million (2013: €2 million).

The contributing factors for the difference between the expected tax rate (the Group's overall expected tax rate is calculated as the weighted average tax rate based on earnings before tax of each subsidiary and can change on a yearly basis) are as follows:

€ millions	2014		2013	
Theoretical tax charge / (income)	**(73)**	**21.3%**	**(41)**	**23.3%**
Permanent differences:				
Non deductible interest expense	13	(3.8)%	-	-
Non deductible other costs	6	(1.8)%	6	(3.4)%
Difference between local and UK tax rate	(18)	5.3%	(24)	13.7%
Other movements:				
Deferred tax assets not recognized on temporary differences	33	(9.6)%	39	(22.3)%
Deferred taxes not recognized on losses	40	(11.7)%	8	(4.6)%
Changes in respect to prior year	4	(1.2)%	-	-
Withholding taxes	3	(0.9)%	2	(1.1)%
Other income tax (income)/expense	7	(2.0)%	1	(0.5)%
Actual tax charge/(income)	**15**	**(4.4)%**	**(9)**	**5.1%**

The 2014 effective tax rate is (4.4)% (2013: 5.1%). The 2014 and 2013 rate was impacted by uncertainty on the future utilization of losses.

11. BUSINESS COMBINATIONS

The Company did not complete any material acquisitions in 2014 and 2013.

12. INTANGIBLE ASSETS

€ millions	Goodwill	Contractual and customer relationships	Other Intangibles	Total
Net book amount at 1 January 2013	1,113	354	33	1,500
Additions	-	-	17	17
Amortization	-	(75)	(20)	(95)
Exchange rate differences	(52)	(11)	(3)	(66)
Closing net book amount at 31 December 2013	**1,061**	**268**	**27**	**1,356**
Historical cost	1,507	741	329	2,577
Accumulated amortization and impairment	(446)	(473)	(302)	(1,221)
Net book amount at 1 January 2014	**1,061**	**268**	**27**	**1,356**
Additions	-	-	16	16
Amortization	-	(70)	(16)	(86)
Exchange rate differences	95	14	1	110
Closing net book amount at 31 December 2014	**1,156**	**212**	**28**	**1,396**
Historical cost	1,603	791	356	2,750
Accumulated amortization and impairment	(447)	(579)	(328)	(1,354)
Net book amount at 31 December 2014	**1,156**	**212**	**28**	**1,396**

The other intangibles include internally generated software with a closing net book amount at 31 December 2014 of €9 million (2013: €8 million).

Impairment tests for goodwill

As required by IAS 36, goodwill is subject to annual impairment reviews. Management monitors goodwill based on its primary segmentation (Freight Management and Contract Logistics). These reviews are carried out as follows; 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 four year period. Cash flows beyond the four year period are extrapolated using an average 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	2014	2013
Freight management	883	805
Contract Logistics	273	256
Total goodwill	**1,156**	**1,061**

Management's 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.

Key assumptions

The following growth rates and discount rates are used for the reviews:

	2014		2013	
	Growth rate beyond five years	Pre-tax discount rate	Growth rate beyond five years	Pre-tax discount rate
Freight Management	2.0%	11.1%	2.0%	13.4%
Contract Logistics	2.0%	11.1%	2.0%	13.4%

After four years of management projections, an average 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 and reflects the specific risks relating to the Freight Management and Contract Logistics businesses, which operate in similar geographies. The WACC is calculated based on a weighted average of the post-tax interest rates paid on CEVA's 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 four 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 CEVA's Freight Management and Contract Logistics segments, management's view on the development of CEVA's services relative to the market and the impact of the cost reduction activities that were carried out in 2013 and 2014. A key assumption made is that the level of EBITDA in Freight Management will return to pre-2013 levels.

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 CEVA's Contract Logistics segment and grow and maintain CEVA's 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 2014 (2013: nil) 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			2014
	Freight Management	Contract Logistics	Total
Decrease in long term growth rate of 1%	(151)	(207)	(358)
Increase in pre-tax discount rate of 1%	(184)	(252)	(436)
Decrease in projected EBITDA of 10%	(151)	(207)	(358)
Worsening in the projected NWC levels of 10%	(15)	(23)	(38)
Increase in projected capital expenditure of 10%	(26)	(58)	(84)

The recoverable amount of the Freight Management segment is €1,387 million and of the Contract Logistics segment is €1,990 million. 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.

13. PROPERTY, PLANT AND EQUIPMENT

€ millions	Land and buildings	Plant and equipment	Other	Under construction	Total
Opening net book amount at 1 January 2013	**111**	**70**	**42**	**4**	**227**
Additions	6	15	19	5	45
Disposals	(1)	(3)	(8)	-	(12)
Depreciation	(17)	(22)	(23)	-	(62)
Impairment	(4)	-	-	-	(4)
Exchange rate differences	(4)	(3)	(3)	(2)	(12)
Transferred to disposal group classified as held for sale	(1)	-	-	-	(1)
Transfers	-	-	5	(5)	-
Closing net book amount at 31 December 2013	**90**	**57**	**32**	**2**	**181**
Opening net book amount at 1 January 2014	**90**	**57**	**32**	**2**	**181**
Additions	6	8	15	5	34
Disposals	(1)	(2)	(1)	-	(4)
Depreciation	(14)	(19)	(18)	-	(51)
Exchange rate differences	4	3	2	-	9
Transfers	-	-	2	(2)	-
Closing net book amount at 31 December 2014	**85**	**47**	**32**	**5**	**169**

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 2013	27	15	3	45
Under finance lease 31 December 2014	24	13	2	39

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	2014	2013
Before offsets:		
Deferred income tax assets	(48)	(33)
Deferred income tax liabilities	57	61
Net deferred income tax liabilities	**9**	**28**
After offsets:		
Deferred income tax assets	(3)	-
Deferred income tax liabilities	12	28
Net deferred income tax liabilities	**9**	**28**

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 2013	**22**	**9**	**8**	**3**	**42**
Transfers	(1)	10	(11)	3	1
Exchange rate differences	(2)	-	-	(2)	(4)
Income statement effect	(5)	(11)	13	(3)	(6)
Deferred income tax assets at 31 December 2013 / 1 January 2014	**14**	**8**	**10**	**1**	**33**
Transfers	4	-	2	(6)	-
Exchange rate differences	4	-	2	1	7
Income statement effect	(1)	(7)	6	10	8
Deferred income tax assets at 31 December 2014	**21**	**1**	**20**	**6**	**48**

Deferred income tax liabilities

€ millions	Property, plant and equipment	Intangibles	Other	Total
Balance at 1 January 2013	**1**	**105**	**-**	**106**
Transfers	9	(29)	20	-
Exchange rate differences	-	(3)	(1)	(4)
Income statement effect	(1)	(22)	(18)	(41)
Deferred income tax liabilities at 31 December 2013 / 1 January 2014	**9**	**51**	**1**	**61**
Transfers	(9)	9	-	-
Exchange rate differences	-	6	-	6
Income statement effect	-	(9)	(1)	(10)
Deferred income tax liabilities at 31 December 2014	**-**	**57**	**-**	**57**

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 €40 million (2013: €8 million) in respect of losses amounting to €196 million (2013: €47 million) that can be carried forward against future taxable income for a period between one year and an indefinite period of time.

15. INVENTORY

€ millions	2014	2013
Raw materials and supplies	7	9
Finished goods	3	3
Total inventory	**10**	**12**

The provision for inventory obsolescence is nil (2013: nil).

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

16. TRADE AND OTHER RECEIVABLES

€ millions	2014	2013
Trade receivables	860	800
Provision for impairment of trade receivables	(17)	(27)
Trade accounts receivable - net	**843**	**773**
VAT receivable	24	25
Other	115	93
Other receivables	**139**	**118**
Total trade and other receivables	**982**	**891**

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 2014 non-recourse factoring resulted in the derecognition of €83 million (2013: €70 million) of trade receivables.

The Group has liabilities of €181 million (2013: €138 million) related to financing secured by trade and other 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 €219 million (2013: over €167 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 €165 million. On 30 November 2010, the committed amount of the ABL Facility was increased to €207 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 2014, the outstanding drawn amount of the ABL Facility was €158 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 2014, trade receivables of €114 million (2013: €111 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	2014	2013
Past due 0-30 days	70	66
Past due 31-60 days	20	17
Past due 61-90 days	10	7
Past due 91-120 days	5	5
Past due more than 121 days	9	16
Total	**114**	**111**

Due to CEVA's continued focus on collections in this area, its overdue receivables have decreased as a percentage of total receivables. This was primarily driven by CEVA's 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	2014	2013
Euro	253	231
US dollar	409	323
British pound	57	63
Other currencies	280	301
Total	**999**	**918**

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

€ millions	2014	2013
At 1 January	**27**	**37**
Charged to other operating expenses	12	17
Receivables written off during the year as uncollectable	(22)	(25)
Unused amounts reversed	(1)	(1)
Exchange rate differences	1	(1)
At 31 December	**17**	**27**

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	2014	2013
Cash at bank	137	230
Current bank deposits	181	148
Total cash and cash equivalents	**318**	**378**

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

18. CHANGE IN ACCOUNTING POLICY

Joint venture Accounting

CEVA has one significant joint venture, being a 50% interest in Anji-CEVA. This entity was previously included using proportional consolidation in the Consolidated Balance Sheet and Consolidated Income Statement of the Group.

The new standard on joint ventures, IFRS 11, "Joint Arrangements" is applicable to CEVA with effect from 1 January 2014. As a result CEVA has changed the accounting treatment of its joint ventures. Under the requirements of the new standard, proportional consolidation is no longer an option to account for joint ventures. CEVA has therefore updated its accounting policy for joint ventures to apply equity accounting. This change has been implemented retrospectively.

The tables below show the impact of applying equity accounting and reversing the previously applied proportional consolidation for joint ventures on the current year and comparatives. There was no effect on the Consolidated Statement of Comprehensive Income.

INCOME STATEMENT 2014

	RESTATED YEAR ENDED 31 DECEMBER 2014	YEAR ENDED 31 DECEMBER 2014	
€ millions	2014	2014	Change
Revenue	5,932	6,231	(299)
Work contracted out	(2,981)	(3,152)	171
Personnel expenses	(1,797)	(1,863)	66
Other operating expenses	(1,044)	(1,079)	35
Operating expenses excluding depreciation, amortization and impairment	(5,822)	(6,094)	272
Other income	-	-	-
EBITDA	110	137	(27)
Depreciation, amortization and impairment	(137)	(144)	7
Operating income / (loss)	(27)	(7)	(20)
Net finance income / (expense) (including foreign exchange movements)	(327)	(327)	-
Net result from joint venture	12	-	12
Profit / (Loss) before income taxes	(342)	(334)	(8)
Income tax (expense) / Income	(15)	(20)	5
Profit / (loss) for the year	(357)	(354)	(3)
Attributable to:			
Non-controlling interests	-	3	(3)
Equity holders of the Company	(357)	(357)	-

BALANCE SHEET 2014

€ millions	RESTATED AS AT 31 DECEMBER 2014	AS AT 31 DECEMBER 2014	Change
ASSETS			
Non-current assets			
Intangible assets	1,396	1,417	(21)
Property, plant and equipment	169	207	(38)
Investments in joint ventures	68	-	68
Deferred income tax assets	3	16	(13)
Prepayments	35	35	-
Other non-current assets	30	30	-
Total non-current assets	**1,701**	**1,705**	**(4)**
Current assets			
Inventory	10	10	-
Trade and other receivables	982	1,039	(57)
Prepayments	39	50	(11)
Accrued income	171	172	(1)
Income tax receivable	9	9	-
Cash and cash equivalents	318	371	(53)
Assets held for sale	1	1	-
Total current assets	**1,530**	**1,652**	**(122)**
TOTAL ASSETS	**3,231**	**3,357**	**(126)**
EQUITY			
Capital and reserves attributable to equity holders			
Share capital	1	1	-
Share premium	382	382	-
Other reserves	1,129	1,129	-
Accumulated deficit	(2,131)	(2,131)	-
Attributable to equity holders of the Company	**(619)**	**(619)**	**-**
Non-controlling interests	2	15	(13)
Total Group equity	**(617)**	**(604)**	**(13)**
LIABILITIES			
Non-current liabilities			
Borrowings	2,200	2,201	(1)
Deferred income tax liabilities	12	12	-
Retirement benefit obligations	100	100	-
Provisions	46	46	-
Other non-current liabilities	32	32	-
Total non-current liabilities	**2,390**	**2,391**	**(1)**
Current liabilities			
Borrowings	154	154	-
Provisions	81	81	-
Trade and other payables	1,213	1,319	(106)
Income tax payable	10	16	(6)
Total current liabilities	**1,458**	**1,570**	**(112)**
TOTAL EQUITY AND LIABILITIES	**3,231**	**3,357**	**(126)**

INCOME STATEMENT 2013

€ millions	RESTATED YEAR ENDED 31 DECEMBER 2013 2013	YEAR ENDED 31 DECEMBER 2013 2013	Change
Revenue	**6,167**	**6,415**	**(248)**
Work contracted out	(3,103)	(3,241)	138
Personnel expenses	(1,847)	(1,901)	54
Other operating expenses	(1,086)	(1,123)	37
Operating expenses excluding depreciation, amortization and impairment	**(6,036)**	**(6,265)**	**229**
Other income	16	16	-
EBITDA	**147**	**166**	**(19)**
Depreciation, amortization and impairment	(157)	(163)	6
Operating income / (loss)	**(10)**	**3**	**(13)**
Net finance income / (expense) (including foreign exchange movements)	**(176)**	**(175)**	**(1)**
Net result from joint venture	11	-	11
Profit / (Loss) before income taxes	**(175)**	**(172)**	**(3)**
Income tax (expense) / income	9	9	-
Profit / (loss) for the year	**(166)**	**(163)**	**(3)**
Attributable to:			
Non-controlling interests	-	3	(3)
Equity holders of the Company	(166)	(166)	-

BALANCE SHEET 2013

€ millions	RESTATED AS AT 31 DECEMBER 2013	AS AT 31 DECEMBER 2013	Change
ASSETS			
Non-current assets			
Intangible assets	1,356	1,378	(22)
Property, plant and equipment	181	211	(30)
Investments in joint ventures	62	-	62
Deferred income tax assets	-	6	(6)
Prepayments	31	31	-
Other non-current assets	14	14	-
Total non-current assets	**1,644**	**1,640**	**4**
Current assets			
Inventory	12	12	-
Trade and other receivables	891	934	(43)
Prepayments	34	40	(6)
Accrued income	153	152	1
Income tax receivable	10	8	2
Cash and cash equivalents	378	416	(38)
Assets held for sale	1	1	-
Total current assets	**1,479**	**1,563**	**(84)**
TOTAL ASSETS	**3,123**	**3,203**	**(80)**
EQUITY			
Capital and reserves attributable to equity holders			
Share capital	1	1	-
Share premium	382	382	-
Other reserves	1,146	1,146	-
Accumulated deficit	(1,774)	(1,774)	-
Attributable to equity holders of the Company	**(245)**	**(245)**	**-**
Non-controlling interests	1	11	(10)
Total Group equity	**(244)**	**(234)**	**(10)**
LIABILITIES			
Non-current liabilities			
Borrowings	1,882	1,884	(2)
Deferred income tax liabilities	28	26	2
Retirement benefit obligations	87	87	-
Provisions	52	52	-
Other non-current liabilities	26	26	-
Total non-current liabilities	**2,075**	**2,075**	**-**
Current liabilities			
Borrowings	116	116	-
Provisions	66	66	-
Trade and other payables	1,110	1,178	(68)
Income tax payable	-	2	(2)
Total current liabilities	**1,292**	**1,362**	**(70)**
TOTAL EQUITY AND LIABILITIES	**3,123**	**3,203**	**(80)**

BALANCE SHEET 2012

	RESTATED AS AT 1 JANUARY	AS AT 31 DECEMBER	
€ millions	2013	2012	Change
ASSETS			
Non-current assets			
Intangible assets	1,500	1,521	(21)
Property, plant and equipment	227	256	(29)
Investments in joint ventures	62	-	62
Deferred income tax assets	1	6	(5)
Prepayments	34	35	(1)
Other non-current assets	17	18	(1)
Total non-current assets	1,841	1,836	5
Current assets			
Inventory	14	14	-
Trade and other receivables	1,038	1,087	(49)
Prepayments	43	46	(3)
Accrued income	214	214	-
Income tax receivable	9	7	2
Cash and cash equivalents	217	257	(40)
Assets held for sale	125	125	-
Total current assets	1,660	1,750	(90)
TOTAL ASSETS	3,501	3,586	(85)
EQUITY			
Capital and reserves attributable to equity holders			
Share capital	1	1	-
Share premium	382	382	
Other reserves	402	402	-
Accumulated deficit	(1,608)	(1,608)	-
Attributable to equity holders of the Company	(823)	(823)	-
Non-controlling interests	1	10	(9)
Total Group equity	(822)	(813)	(9)
LIABILITIES			
Non-current liabilities			
Borrowings	2,561	2,563	(2)
Deferred income tax liabilities	61	61	-
Retirement benefit obligations	114	114	-
Provisions	60	60	-
Other non-current liabilities	29	30	(1)
Total non-current liabilities	2,825	2,828	(3)
Current liabilities			
Borrowings	123	125	(2)
Provisions	65	65	-
Trade and other payables	1,300	1,366	(66)
Liabilities held for sale	10	10	-
Income tax payable	-	5	(5)
Total current liabilities	1,498	1,571	(73)
TOTAL EQUITY AND LIABILITIES	3,501	3,586	(85)

CASH FLOW STATEMENT

€ millions	RESTATED YEAR ENDED 31 DECEMBER 2013	YEAR ENDED 31 DECEMBER 2013	change
Profit/(Loss) before income taxes	**(175)**	**(172)**	**(3)**
Adjustments for:			
Depreciation, amortization and impairment	157	163	(6)
Finance income	(119)	(119)	-
Gain on disposal of property, plant and equipment	(2)	(2)	-
Other income	(16)	(16)	-
Foreign exchange (gains) and losses	27	27	-
Finance expense	266	266	-
Profit (after tax) from investments in associates	(11)	-	(11)
Changes in provisions:			
Retirement benefit obligations	(15)	(15)	-
Provisions	(5)	(5)	-
Changes in working capital:			
Inventory	-	-	-
Trade and other receivables	86	91	(5)
Prepayments and accrued income	60	59	1
Trade and other payables	(92)	(80)	(12)
Changes in non-current accrued assets and liabilities	15	(3)	18
Changes in non-current prepayments	(8)	(3)	(5)
Cash generated (used for) / from operations	**168**	**191**	**(23)**
Interest paid and other financing cost paid	(146)	(146)	-
Net income taxes paid	(18)	(25)	7
Net cash (used for) / from operating activities	**4**	**20**	**(16)**
Acquisitions/divestment	129	129	-
Capital expenditure	(62)	(69)	7
Proceeds from sale of property, plant and equipment	13	15	(2)
Increase / (decrease) in other non-current assets	-	-	-
Dividends received	13	-	13
Interest received	1	1	-
Net cash (used for) / from investing activities	**94**	**76**	**18**
Capital contribution	167	167	-
Repayment of borrowings	(551)	(551)	-
Proceeds from non-current borrowings	303	303	-
Proceeds from current borrowings	167	168	(1)
Dividends paid to non-controlling interests	(2)	(2)	-
Net cash (used for) / from financing activities	**84**	**85**	**(1)**
Changes in cash and cash equivalents	182	181	1
Cash and cash equivalents at beginning of period	217	257	(40)
Foreign exchange impact on cash and cash equivalents	(21)	(22)	1
Cash and cash equivalents at end of period	**378**	**416**	**(38)**

19. JOINT VENTURES

The Group has an investment totaling €68 million as at 31 December 2014 (31 December 2013: €62 million), being a 50% interest in Anji-CEVA Automotive Logistics Company Limited ("Anji") with its registered address at No. 258 Miquan Road, Anting Town, Jiading District, Shanghai City, P.R. of China. Anji principally engages in transportation, domestic freight agency and warehouse services, management service, technical consulting and training relating to automotive. The decrease in the balance of the investment in the joint venture is impacted by a dividend payment of €13 million in the third quarter. For the year ended 31 December 2014, CEVA's share in Anji's net result was €12 million (year ended 31 December 2013: €9 million).

The consolidated balance sheet of Anji as at 31 December 2014 and 2013 is as follows:

	AS AT 31 DECEMBER	
€ millions	**2014**	**2013**
CURRENT		
Cash and cash equivalents	106	76
Other current assets (excluding cash)	146	117
Total current assets	**252**	**193**
Financial liabilities	-	-
Other current liabilities	(232)	(162)
Total current liabilities	**(232)**	**(162)**
NON-CURRENT		
Assets	104	78
Total non-current assets	**104**	**78**
Financial liabilities	(2)	(4)
Other liabilities	-	-
Total non-current liabilities	**(2)**	**(4)**
NET ASSETS	**122**	**105**

The consolidated income statement of Anji for the years 2014 and 2013 is as follows:

	YEAR ENDED 31 DECEMBER	
€ millions	**2014**	**2013**
Revenue	**620**	**512**
Operating expenses excluding depreciation, amortization and impairment	**(566)**	**(474)**
EBITDA	**54**	**38**
Depreciation, amortization and impairment	(14)	(12)
Operating income	**40**	**26**
Finance income (including foreign exchange movements)	2	2
Finance expense (including foreign exchange movements)	-	-
Net finance income / (expense) (including foreign exchange movements)	**2**	**2**
Profit/(Loss) before income taxes	**42**	**28**
Income tax (expense) / Income	(10)	-
Profit/(Loss) for the period	**32**	**28**
Attributable to:		
Non-controlling interests	(6)	(5)
Equity holders of the Company	26	23

The reconciliation from the net asset value to the carrying value of the joint ventures for the years 2014 and 2013 is as follows:

€ millions	2014	2013
Opening net assets - 1 January	**105**	**102**
Allocated to non-controlling interests	(23)	(20)
Adjusted opening net assets - 1 January	**82**	**82**
Profit for the period	32	28
Non-controlling interest portion	(6)	(5)
Dividend paid by joint ventures	(25)	(16)
Foreign exchange result	10	(7)
Closing net assets - 31 December	**93**	**82**
Interest in joint ventures at 50%	47	41
Goodwill in joint ventures	21	21
Carrying value	**68**	**62**

The Company had no contingent liabilities towards the joint venture as at 31 December 2014 (2013: nil). There are no significant restrictions on the ability of joint ventures or associates to transfer funds to the entity in the form of cash dividends, or to repay loans or advances made by the entity.

20. SHARE CAPITAL

	Number of ordinary shares	Deferred shares	Nominal value per share: £
1 January 2014		350,000	0.9999
	3,500,000,000		0.0001
Issued during the year	-	-	-
Authorized share capital per 31 December 2014	**3,500,000,000**	**350,000**	

At 31 December 2014 the authorized and issued share capital comprised 3,500,000,000 ordinary shares (2013: 3,500,000,000) and 350,000 deferred shares (2013: 350,000). The ordinary shares have a nominal value of £0.0001 each (2013: £0.0001).

As at 31 December 2014, Holdings held 3,499,650,000 ordinary shares with a par value of £0.0001 each (99.99%), CIL Limited (formerly known as CEVA Investments Limited) held 349,999 ordinary shares with a par value of £0.0001 each and 349,999 deferred shares with a par value of £0.9999 each.

Louis Cayman Second Holdco Limited held 1 ordinary share with a par value of £0.0001 on trust as bare nominee for CIL Limited and 1 deferred share with 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 their ordinary shares plus a premium of £10,000 per ordinary share. The deferred shares in the capital of the Company have no rights, powers or benefits attached to them whatsoever and, without limitation, does not confer on the holders of deferred shares 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					2014					2013
	Carrying value	Level 1 fair value	Level 2 fair value	Level 3 fair value	Total fair value	Carrying value	Level 1 fair value	Level 2 fair value	Level 3 fair value	Total Fair value
Non-current										
Bank borrowings	803	-	819	-	819	529	-	540	-	540
Loan notes	1,372	815	-	547	1,362	1,319	711	-	490	1,201
Finance leases	25	-	25	-	25	34	-	34	-	34
Total non-current borrowings	**2,200**	**815**	**844**	**547**	**2,206**	**1,882**	**711**	**574**	**490**	**1,775**
Current										
Bank overdrafts	95	-	95	-	95	82	-	82	-	82
Bank borrowings	45	-	45	-	45	17	-	17	-	17
Loan notes	-	-	-	-	-	5	5	-	-	5
Finance leases	14	-	14	-	14	12	-	12	-	12
Total current borrowings	**154**	**-**	**154**	**-**	**154**	**116**	**5**	**111**	**-**	**116**
Total borrowings	**2,354**	**815**	**998**	**547**	**2,360**	**1,998**	**716**	**685**	**490**	**1,891**
Unamortized debt issuance costs	44					33				
Total principal debt	**2,398**					**2,031**				

The different levels for calculating the fair value have been defined as follows:

1. Level 1: The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.
2. Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives or convertible bond instruments) are determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are based on observable market data, the instrument is included in level 2. The fair value of derivatives is calculated as the present value of the estimated future cash flows based on observable interest yield curves, basis spread and foreign exchange rates.
3. Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3. The Company has used a net present value calculation for calculating the fair value of its 10% second lien secured PIK notes due 2023 using a discount rate of 11.5% that approximates the market rate for similar debt. A 0.5% change in discount rate would result in a €20 million change in the fair value of this debt.

Non-current borrowings

The fair value of the loan notes excluding PIK notes (see above), has been presented using the available market price (level 1) at the balance sheet date. The bank borrowings fair value has been presented using a valuation technique based on prices of recent over-the-counter transactions for these borrowings (Level 2). The average floating interest rate for the period was 5.7% (2013: 5.2%) and 6.2% (2013: 4.9%) for Euro and for US dollar 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 2014 (millions)	Amount drawn at 31 December 2014 (millions)
					in EUR
Senior secured facilities - term loan (EUR)	Euro	EURIBOR + 5.5%, 1% LIBOR FLOOR	March 2021	€50	€ 50
Senior secured facilities - term loan (USD)	US dollar	US LIBOR + 5.5%, 1% LIBOR FLOOR	March 2021	$734	€ 607
Senior secured facilities - revolver	US dollar	US LIBOR + (4% ~ 5.0%), 1% LIBOR FLOOR	March 2019	-	€ 0
4% senior notes	US dollar	4%	May 2018	$352	€ 291
First lien senior secured notes	US dollar	7%	March 2021	$300	€ 248
One and half Lien Priority Lien Notes	US dollar	9%	September 2021	$325	€ 269
12.75% senior notes	US dollar	12.75%	March 2020	$43	€ 35
10% Second Lien Secured PIK Notes due 2023 senior notes	US dollar	10.00%	May 2023	$673	€ 556
US ABL facility	US dollar	US LIBOR + (2% ~ 2.5%)	December 2018	$191	€ 158
Australian Receivables facility	AU dollar	BBSW + 5.28%	September 2015	A$35	€ 23
Bank overdrafts	Euro	Various	Various	€95	€ 95
Finance lease liabilities	Euro	Various	Various	€39	€ 39
Other loans	Euro	Various	Various	€27	€ 27
Total					**€ 2,398**

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

€ millions	2014	2013
Euro	81	742
US dollar	1,568	1,832
Other currencies	149	114
Total	**1,798**	**2,688**

March 2014 Refinancing

On 19 March 2014 the Company announced that it successfully completed a series of debt refinancing transactions (the March 2014 Refinancing). Through these transactions, CEVA further increased capital available to fund growth initiatives and established a long-term capital structure with a weighted average period to maturity of 6.3 years. As at 31 December 2014 the weighted average period to maturity was 5.5 years.

As part of the March 2014 Refinancing, CEVA: (i) amended and extended its senior secured credit facilities, and obtained an €669 million term loan facility (maturing in 2021), a €207 million revolving credit facility (maturing in 2019) and a €227 million letter of credit facility (maturing in 2021); (ii) privately issued €248 million of 7% First Lien Senior Secured Notes due 2021 and (iii) privately issued €269 million of 9% 1.5 Lien Priority Lien 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, 11.625% Senior Secured Notes due 2016 and 11.5% Junior Priority Senior Secured Notes due 2018 (the "Unsecured Notes"), in which US$508,445,000 of 8.375% Senior Secured Notes (or approximately 90.4%), US$208,050,000 of 11.625% Senior Secured Notes (or approximately 99.1%), and US$12,190,001 of 11.5% Junior Priority Senior Secured Notes (or 100%), were tendered for respective total consideration of US$1,067.50, US$1,064.50 and US$1,063.75, in each case, per US$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% Senior Secured Notes at 106.281% of principal amount and all of the remaining untendered 11.625% Senior Secured 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% Senior Notes due 2014 at a redemption price of 100% of principal amount thereof, plus accrued and unpaid interest to the redemption date; (iv) repaid term loans under its existing senior secured credit facilities, plus accrued and unpaid interest to the repayment date; and (v) reduced the 10% Second Lien Secured PIK notes held by Holdings.

Debt and equity funded financing in 2013 (Recapitalization)

On 3 April 2013, the Company announced the Recapitalization, which substantially reduced its overall debt and interest costs, as well as increased liquidity and strengthened its capital structure. 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 solutions and services. The Recapitalization reduced consolidated net debt by approximately €1.2 billion and reduced annual cash interest expense by approximately €123 million or approximately 50%. It also further strengthened CEVA's liquidity with approximately €159 million of proceeds from equity capital in Holdings from new shareholders and the issuance of approximately €283 million of additional 4% Senior Secured Notes.

Following the Recapitalization, Holdings holds 99.99% of the equity interests of the Company with the remaining 0.01% held by CIL Limited and Louis Cayman Second Holdco Limited. In the Recapitalization, Apollo acquired a non-controlling interest in the equity of Holdings through exchanging debt of the Company it held and through the cash purchase of equity of Holdings. However, Apollo retains control of Holdings through contractual arrangements under the Second Amended and Restated Limited Liability Company Agreement of CEVA Holdings LLC, dated as of 25 February 2014, (as the same may be amended from time to time, the "LLC Agreement").

The Recapitalization resulted in the following:

• €569 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

• €477 million principal amount of 12.75% Senior Notes exchanged for equity in Holdings, which then released the notes

• €7 million principal amount of 12% Senior Notes exchanged for equity in Holdings, which then released the notes

• €93 million principal amount of Senior Unsecured Loans exchanged for equity in Holdings, which then released the loans

• €76 million principal amount of Term Loans and €176 million principal amount of 8.375% Senior Secured Notes were released by one of the Company's largest institutional investors in return for €252 million principal amount of new 4% Senior Secured Notes

In March 2014, the Company converted €56 million (2013: €751 million) to capital in accordance with a debt purchase and contribution agreement.

Bank borrowings
As at 31 December 2014 the revolving credit facility of €207 million remained undrawn.

In addition to the term bank loans, the Group has a €227 million (2013: €123 million) letter of credit facility which is available for the issuance of letters of credit and bank guarantees.

Approximately €214 million of letters of credit in various currencies were issued but undrawn on 31 December 2014 (2013: €117 million) under the letter of credit facility and revolving credit facility. The remaining amount unissued under CEVA's letter of credit facility as at 31 December 2014 is €13 million (2013: €7 million).

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

€ millions	2014	2013
Floating rate	236	154
Fixed rate	-	-
Total	**236**	**154**

As at 31 December 2014, the Company had €318 million (2013: €378 million) in cash on its Consolidated Balance Sheet. In addition to this cash, the Company has access to €477 million (2013: €401 million) of credit facilities held centrally, of which €254 million (2013: €272 million) was drawn. Total headroom at 31 December 2014 was therefore €541 million (2013: €508 million).

Certain covenants and events of default
CEVA's indebtedness contains, and any future indebtedness CEVA may incur would likely contain, a number of

restrictive covenants that will impose significant operating and financial restrictions on us, including restrictions on its 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 CEVA's assets or enter into merger or consolidation transactions. In addition, if at least 30% of our US$250 million revolving credit facility is outstanding (including the letters of credit issued thereunder), our senior secured credit facilities require us to maintain a maximum ratio of secured first lien net debt to covenant EBITDA of 5.35 to 1.0, calculated for the trailing four quarters (as determined under CEVA's 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.

Interest rate and fees
The interest rates applicable to loans under the senior secured facilities are, at CEVA's 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 Company's secured notes are senior obligations of the Company and the Guarantors, secured by liens on certain of the Company's and the Guarantors' existing and future assets. The liens securing the senior secured facilities rank *parri pasu* with the liens securing the 4% Senior Secured Notes and the 7% First Lien Senior Secured Notes and senior to the liens securing the 9% 1.5 Lien Priority Lien Notes and the 10% Second Lien Secured PIK Notes. The liens securing the 9% 1.5 Lien Priority Lien Notes rank senior to the liens securing the 10% Second Lien Secured PIK Notes but junior to the liens securing the senior secured facilities, the 4% Senior Secured Notes and the 7% First Lien Senior Secured Notes. The Group's 12.75% Senior Notes and senior unsecured loans are unsecured senior obligations of the Company and the Guarantors.

Each series of notes contains customary covenants and events of default that, among other things, restrict, subject to certain exceptions, CEVA's ability and the ability of its 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 CEVA's 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.

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 €165 million (the "ABL Facility"). On 30 November 2010, the committed amount of the ABL Facility was increased to €207 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 2014, the outstanding drawn amount of the ABL Facility was €158 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 September 2015. As at 31 December 2014, the outstanding drawn amount was A$35 million.

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-administered funds; however, there are also a number of unfunded plans where the company meets the benefit payment as it falls due. The pension plan in the Netherlands changed to a career average plan with no indexation as from 1 January 2013. The new plan is treated as a defined contribution plan

for accounting purposes.

Amounts recognized in the Consolidated Balance Sheet

€ millions	2014	2013
Present value of funded obligations	201	189
Fair value of plan assets	101	103
Total	**100**	**86**
Reimbursement right	-	1
Liability in the balance sheet	**100**	**87**

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 2014 (2013: €14 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 €27 million at 31 December 2014 (2013: €24 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 (2013: €1 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	2014	2013
At 1 January	**189**	**211**
Service costs	2	2
Interest costs	6	5
Remeasurements	6	1
Exchange rate differences	7	(4)
Benefits paid	(9)	(8)
Curtailments	-	(16)
Settlements	-	(2)
At 31 December	**201**	**189**

Movement in plan assets

€ millions	2014	2013
At 1 January	**103**	**99**
Interest income	3	3
Remeasurements	(10)	5
Exchange rate differences	5	(2)
Employer contribution	4	3
Benefits paid	(4)	(3)
Transfers	-	(2)
At 31 December	**101**	**103**

Expense recognized in the Consolidated Income Statement

€ millions	2014	2013
Recognized in personnel expenses (note 7)		
Service costs	2	2
Other costs	-	3
Gain on curtailment and settlements[1]	-	(16)
Recognized in finance expense (note 9)		
Interest income	(3)	(3)
Interest costs	6	5
Employer pension (income)/expense for the year	**5**	**(9)**

[1]The gain in 2013 is related to a curtailment ("negative past service costs") of a defined benefit plan in Europe.

Amounts recognized in the Statement of Other Comprehensive Income

€ millions	2014	2013
Remeasurements recognized in the statement of other comprehensive income in the period (before tax)	16	(4)
Cumulative remeasurements recognized in the statement of other comprehensive income (before tax)	54	38

Principal actuarial assumptions

	2014	2013
Discount rate	2.7%	3.7%
Rate of compensation increase	2.2%	2.2%
Inflation	2.1%	1.8%

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 CEVA's 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 AG_Prognosetafel 2014 mortality table.
- United States: RP2014 Aggregated Mortality Table, with Projection Scale MP-2014 Fully Generational.

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

			2014			2013
	UK	NL	US	UK	NL	US
Retiring at the end of the reporting period:						
Male	22.9	21.4	21.7	22.8	21.6	19.5
Female	24.4	23.5	23.9	24.3	23.3	21.3
Retiring 20 years after the end of the reporting period:						
Male	25.1	23.7	23.4	25.0	23.4	21.0
Female	25.9	25.6	25.5	25.9	24.4	22.2

Other key assumptions inherent to the valuation of the Group's pensions and the determination of CEVA's 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	0.5%	Decrease by 7.8%	Increase by 8.4%
Salary growth rate	0.5%	Increase by 6.3%	Decrease by 5.9%
Pension growth rate (inflation)	0.5%	Increase by 2.6%	Decrease by 3.8%
Life expectancy	1 year	Increase by 4.2%	Decrease by 4.2%

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 in the Consolidated Balance Sheet.

The weighted average duration of the defined benefit obligation is 16.6 years.

Expected employer contributions to post-employment benefit plans for the year ending 31 December 2015 are €2 million.

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

	2014	**2013**
Equity	39%	28%
Fixed interest	37%	15%
Real estate	1%	0%
Cash	4%	2%
Other	19%	55%
Total	**100%**	**100%**

The experience adjustment to the pension plans are as follows:

€ millions	**2014**	2013	2012	2011	2010
At 31 December present value of defined benefit obligation	201	189	211	177	164
Fair value of plan assets	101	103	99	84	74
Deficit in the plan's funded status	**100**	**86**	**112**	**93**	**90**
Experience adjustment on plan liabilities	(5)	(2)	2	1	(2)
Experience adjustment on plan assets	5	3	3	5	1

23. SHARE BASED PAYMENTS

CEVA Recap Equity-Based Compensation Plan

Holdings implemented a new share-based compensation plan effective 11 June 2013. This new equity plan gives selected employees rights to receive shares of Holdings free of charge at specified dates. Such rights vest in three equal installments at the third, fourth and fifth anniversary.

CEVA Recap Cash-Based Compensation Plan

Holdings implemented a new cash-based compensation plan effective 11 June 2013. This new deferred cash plan gives selected employees rights to receive cash from Holdings at specified dates. Such rights vest in three equal installments at the third, fourth and fifth anniversary.

CEVA New Option Awards

Holdings implemented a new share-based option plan effective 11 June 2013. This new option plan gives selected employees rights to acquire shares of Holdings 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

Holdings implemented a new share-based investments plan effective 2 October 2013. This new plan gives selected employees rights to purchase shares of Holdings at fair market value of the award date.

All performance based options and shares vest upon 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:

		2014
	Number	Weighted average exercise price in €
Outstanding at 1 January	**27,638**	**594.11**
Granted during the year	11,439	826.40
Forfeited/expired	7,058	620.56
Exercised	-	-
Outstanding at 31 December	**32,019**	**742.80**
Exercisable at the end of the year	2,073	826.40

The options outstanding at 31 December 2014 have a weighted average exercise price of €742.80 (2013: €594.11) and a remaining weighted average contractual life of 8.67 (2013: 9.47 years). As at 31 December 2014 a total of 2,335 (2013: 4,455) restricted share 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 year determined using the Black-Scholes Merton valuation model was €339.52 per option (2013: €405.43 per option). The significant inputs into the model were a weighted average share price of €826, exercise price as shown above, average volatility during the year of 34.65% (2013: 42.77%), a weighted average expected option life of 7.03 years (2013: 6.99 years) and a risk free interest rate of 2.39% (2013: 1.51%) based on the U.S. Securities and Exchange Commission ('SEC') rates on each grant date. Expected volatility is estimated by considering the historic average share price volatility of CEVA's industry peers.

In the absence of a public market for common shares, the share price was determined in good faith by Holdings Board of Managers based on a number of valuation methods incorporating factors and assumptions that CEVA Holdings LLC management and the Board of Managers of Holdings believe 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 2014	**29**	**42**	**22**	**25**	**118**
Raised during the year	24	15	20	8	67
Utilized during the year	(14)	(15)	(17)	(4)	(50)
Reversed during the year	(11)	-	(2)	(1)	(14)
Exchange rate differences	1	4	-	1	6
Balance at 31 December 2014	**29**	**46**	**23**	**29**	**127**
Of which non-current	7	17	1	21	46
Of which current	22	29	22	8	81

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 CEVA's independent owner-operators), international trade, intellectual property, health, and safety, tariff enforcement, 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 financial 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 2014. 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	2014	2013
Trade payables	685	589
Personnel related accruals	92	102
Social security and other taxes	69	71
Accrued liabilities	367	348
Total trade and other payables	**1,213**	**1,110**

26. COMMITMENTS

Capital commitments

Capital expenditure for the acquisition of tangible and intangible fixed assets contracted for at 31 December 2014 but not yet incurred totals €21 million (2013: €15 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 2014, €277 million was recognized as an expense in the Consolidated Income Statement in respect of operating leases (2013: €294 million).

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

€ millions	2014	2013
Less than 1 year	237	231
1-5 years	499	507
Thereafter	140	195
Total	**876**	**933**
Of which guaranteed by third party / customers	53	72

Of the future lease payments, €610 million (2013: €675 million) relates to commitments in relation to multi user/shared facilities, while the remaining €266 million (2013: €258 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 €322 million (2013: €276 million), of which €214 million (2013: €117 million) was issued but undrawn under CEVA's letter of credit facility. As of 31 December 2014, there were no guarantees issued under CEVA's revolving credit facility (2013: €74 million). The remaining amount unissued under the letter of credit facility was €13 million (2013: €6 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 CEVA's 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 CEVA therefore does not expect any liability arising from any of these legal proceedings to have a material impact on CEVA's 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.

In February 2010, CEVA received a statement of objections from the EC concerning CEVA's alleged participation in certain price-fixing cartels in the air freight forwarding business in violation of the European Union antitrust rules. CEVA 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 CEVA paid, pending its appeal. 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, CEVA submitted a response in May 2014. The Company has reached a settlement with the Brazilian antitrust authorities concerning this matter and has accounted for that settlement with a provision in the 2014 accounts.

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. CEVA is cooperating with the CCS to provide requested information.

CEVA cannot determine the timing or outcome of the governmental investigations that remain pending. While we intend to vigorously defend ourselves in these proceedings, 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 CEVA's financial position, results of operations, operating cash flows, and business activities.

Independent Contractor Related Proceedings
The classification of drivers as independent contractors - which CEVA believes to be a common practice in its 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. CEVA is 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. CEVA has petitioned the EDD to review its assessment, with a potential for abating a majority of the assessed taxes.

While CEVA cannot provide assurances with respect to the outcome of these cases and it is possible that CEVA could incur a material loss in connection with any of these matters, CEVA intends to vigorously defend itself in these proceedings. In connection with this, the Company has accounted for a provision in the 2014 accounts.

CIL Related Proceedings
CIL Limited (formerly CEVA Investments Limited), the former parent of CEVA Group Plc, is involved in a consensually filed liquidation proceeding in the Cayman Islands and an involuntary Chapter 7 proceeding in the Bankruptcy Court for the Southern District of New York. In December 2014, the Trustee in the Chapter 7 proceeding filed a claim against CIL Limited's former directors, CEVA Group Plc, and affiliated entities relating mostly to CEVA's Recapitalization in 2013. The Company cannot provide assurances about the outcome of this matter and it is possible that if the Trustee were to prevail on his claims, the Company could incur a material loss in connection with this matter. However, the Company believes the claims are without merit and intends to vigorously defend itself.

Tax Proceedings
CEVA is involved in tax audits in various jurisdictions relating to the normal conduct of its business. While the outcome of these audits is uncertain, CEVA believes that it has provided for all probable and estimable tax liabilities arising from the normal course of business, and CEVA therefore does not expect any liability arising from these audits to have a material impact on its results of operations, liquidity, capital resources, or financial position.

Other Proceedings

From time to time, CEVA is involved in a variety of legal proceedings and disputes arising in the ordinary course of business. For example, CEVA has been and currently are subject to numerous labor and employment proceedings and disputes in both Italy and Brazil alleging various causes of action and raising other legal challenges to CEVA's labor 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, CEVA believes that resolution of these matters and the incurrence of their related costs and expenses should not have a material adverse effect on CEVA's 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 2014 was Holdings. The following table sets forth the shareholders of Holdings as at 31 December 2014:

	Number of shares beneficially owned			
	A-1 preference shares	A-2 preference shares	Common shares[2]	Ownership percentage[3]
Apollo	87,428	12,737	105,010	21.6%
Franklin	4,126	169,906	128,500	27.3%
CapRe	99,038	50,130	126,970	28.4%
Other[1]	47,052	102,055	85,854	22.7%
Total	**237,644**	**334,828**	**446,334**	**100.0%**

[1] None of the other individual shareholders owns 5% or more of the shares in CEVA Holdings LLC

[2] A member of key management acquired common shares for a purchase price of approximately €2 million

[3] Assuming preference shares convert to common shares (see note 2.20 in accounting principles)

The A1 and A2 preference shares are convertible to common shares under certain conditions and have no contractual obligation to be settled in cash. Accordingly they have been treated as equity instruments.

Apollo is a related party by virtue of the fact that whilst it manages certain funds which together own 21.6% of Holdings' shares outstanding assuming all preferred shares are converted to common shares, it possesses 50.1% of the aggregate share votes and has the right to designate a majority of the Board of Managers of Holdings and the Board of Directors of the Company.

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 27.3% of Holdings' 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 28.4% of Holdings' shares outstanding assuming all preferred shares are converted to common shares.

Holdings owns 99.99% of the ordinary shares of the Company, 0.01% is held by CIL Limited (formerly CEVA Investment Limited, the former parent of the Company), and one ordinary share is held by Louis Cayman Second Holdco Limited, a wholly owned subsidiary of CIL Limited, on trust as bare nominee for 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 the Company 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 and was waived by Apollo. Expenses of €1 million (2013: €1 million) are included in the income statement for the year ended 31 December 2014.

Marvin Schlanger, Michael Jupiter, Marc Becker, Thomas White, Xavier Urbain, Alan Miller, Emanuel Pearlman, John Smith and Thomas Stallkamp are Managers of CEVA Holdings LLC. The Managers of CEVA Holdings LLC are also the Directors of CEVA Group Plc. Marvin Schlanger, Michael Jupiter and Marc Becker also hold senior positions at Apollo or Apollo portfolio companies. Thomas White held a senior position at Apollo until November 30, 2014. Apollo appointed Marvin Schlanger, Michael Jupiter, Marc Becker, Thomas White and Xavier Urbain as Managers of CEVA Holdings LLC and Directors of CEVA Group Plc. 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 2014 the Group has booked a net payable, which is disputed by the Group both as to validity and amount, to CIL Limited, amounting to €12 million (31 December 2013: €12 million), of which €1 million is included in CEVA Group plc. This mainly 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 the Company and was placed in liquidation proceedings in connection with 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.

CEVA has agreed to indemnify managers employed by or affiliated with Apollo for losses relating to the services contemplated by the management agreement with Apollo. In addition, the LLC Agreement indemnifies the Managers and Apollo, Franklin and CapRe against losses arising from services contemplated by the agreement.

At 31 December 2014, the Company issued PIK loan notes to its immediate parent, Holdings, which amounted to €556 million (31 December 2013: €497 million). Additionally, a position between two entities within Holdings remains on the CEVA Group Plc balance sheet at 31 December 2014 as an external position. Due to the structure of the two Groups, these transactions are not eliminated in the Company's consolidated financial statements.

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

€ millions				2014				2013
	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	6	3	1	4	4	2	3	3

During the year, CEVA entered into a trading relationship with three customers, Miracle Recreation, McGraw-Hill and Momentive Performance Materials which are owned by Apollo Investment Corp, an affiliate of Apollo. The value of the transactions with these customers is immaterial.

Financing
From time to time, depending upon market, pricing and other conditions, as well as CEVA's cash balances and liquidity, CEVA or its 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 CEVA or its 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, CEVA has considered and will continue to evaluate potential transactions to reduce CEVA's outstanding debt (such as debt for debt exchanges and other similar transactions), to extend its debt maturities or enter into alternative financing arrangements, as well as potential transactions pursuant to which third parties, including CEVA's 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 CEVA or its affiliates may choose to pursue

in the future as the pursuit of any alternative will depend upon numerous factors such as market conditions, CEVA's financial performance and the limitations applicable to such transactions under its financing documents.

At 31 December 2014 CapRe held €81.5 million par value of CEVA's term loan due 2021, €23.1 million par value of CEVA's 7% First Lien Senior Secured Notes due 2021 and €20.7 million par value of CEVA's 9% 1.5 Lien Priority Lien Notes due to 2021.

At 31 December 2014, Franklin held approximately (i) €173 million of CEVA's 4% Senior Secured Notes due 2018, (ii) €22.4 million of CEVA's Tranche B Pre-Funded Letter of Credit, (iii) €23.5 million of CEVA's 6.5% Dutch B.V. Term Loan, (iv) €4 million of CEVA's 6.5% Canadian Term Loan, and (v) €32.3 million of CEVA's 6.5% US Term Loan.

The March 2014 Refinancing includes fees and expenses paid to Apollo totaling €1 million.

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 directors of CEVA Group plc and executive management, is disclosed in note 7. A new management equity plan comprising rights to receive shares in Holdings and deferred cash compensation was put in place in 2013 which replaced the previous plan that was administered by CIL Limited and cancelled as part of the Recapitalization in 2013. In addition new option and share award plans were implemented (see note 23).

29. EVENTS AFTER BALANCE SHEET DATE

On 29 April 2015, CEVA Logistics completed the sale of its S.I.T.T.A.M. S.r.l. (Spedizioni Internazionali Trasporti Terrestri Aerei Marittimi) business. Gross cash proceeds of US$22 million were realized resulting in no gain or loss on disposal.

30. GROUP ENTITIES

The Group's subsidiaries, joint ventures, associates and investments as at 31 December 2014 are included in the table below. All entities other than intermediate 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. Subsidiaries in which the Group holds less than 50% of the voting rights are generally controlled through contractual arrangements with the other shareholder(s). Both the equity investment and the result for the year of those subsidiaries are not significant for the Group as a whole. The subsidiaries in which the Group holds a minority interest are also not significant.

Country of incorporation		Entity	Holding if less than 100%
Algeria		CEVA Logistics Algerie 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	
Bahrain		EGL Eagle Global Logistics (Bahrain) W.L.L.	0.00% (51%)
Belgium		CEVA DENI Logistics N.V.	
	*	CEVA Freight Belgium N.V.	
		CEVA Ground Europe B.V.B.A.	
	*	CEVA Logistics Belgium N.V.	
		Edoserve (Economic Interest Group)	0.1%
	*	EGL (Belgium) Holding Company BVBA	
		Orka Boom N.V.	0.01%
		SODIAC (Economic Interest Group)	0.1%
Bermuda		FACET Insurance Limited	
		Regga Holdings, Ltd.	
Brazil	*	AV Manufacturing Indústria e Comércio de Peças e Acessórios Automotivos Ltda.	
	*	CEVA Freight Management do Brasil Ltda.	
	*	CEVA Holdings Ltda.	
	*	CEVA Logistics Ltda.	
	*	Circle Fretes Internationais 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	
Chile		CEVA Freight Management Logistica de Chile Ltda.	99.99 (100%)

* Denotes a guarantor entity.

Country of incorporation		Entity	Holding if less than 100%
		Circle International Chile S.A.	
		Circle Outsourcing Services S.A.	
China		Anji - CEVA Automotive Logistics Company Limited	50%
		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%
		Jiangsu Anji - CEVA Logistics Company Limited	35%
		Liao Ning A-Lean Automotive Logistics Company Limited	25.01%
		Shanghai Anji - Suchi Warehousing and Transportation Company Limited	33%
		Shanghai Anji - Tonghui Automotive Logistics Company Limited	25.5%
		Yizhen SAIC Logistics Company Limited	35%
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% (100%)
Costa Rica		CEVA Freight Management Costa Rica, S. de R.L.	
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 fur 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%
		PT. CEVA Logistik Indonesia	

* Denotes a guarantor entity.

Country of incorporation		Entity	Holding if less than 100%
		PT. Hartapersada Interfreight	95%
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.	
		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% (100%)
Kazakhstan		CEVA Logistics Kazakhstan LLP	
Korea		CEVA Logistics Korea, Inc.	
Luxembourg	*	CEVA Freight Holdings Luxembourg S.à r.l.	
		CEVA Freight Luxembourg S.à r.l.	
Malaysia		CEVA Freight (Malaysia) Sdn. Bhd.	49% (100%)
		CEVA Freight Holdings (Malaysia) Sdn. Bhd.	49% (100%)
		CEVA Logistics (Malaysia) Sdn. Bhd.	49% (100%)
		Milage Sdn. Bhd.	0.00% (100%)
		Regga (Malaysia) Sdn. Bhd.	
		Unipearl Corporation Sdn. Bhd.	
Mexico		CEVA Freight Management Mexico S.A. de C.V.	
		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.	
	*	Coöperatieve CEVA/EGL I B.A.	
	*	Coöperatieve 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 L.L.C.	65%
Panama		CEVA Centram S. de R.L.	
		CEVA Freight Management Panama S. de R.L.	55%
		EGL Colombia Holding, S. de R.L.	
Peru		CEVA Logistics Peru S.R.L.	
		CEVA Peru Aduanas S.A.C.	99.00 (100%)
		EGL Agencia de Aduanas S.A.C.	99.92 (100%)

* Denotes a guarantor entity.

Country of incorporation		Entity	Holding if less than 100%
Philippines		CEVA Holdings (Philippines), Inc.	40.00 (100%)
		CEVA Logistics (SUBIC), Inc.	
		CEVA Logistics Philippines Inc.	
		CEVA Warehousing and Distribution, Inc.	
		Regga Transport Contractors, 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% (100%)
Singapore		CEVA Asia Pacific Holdings Company 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	99.99 (100%)
		CWBI Limited	49%
Tunisia		CEVA Logistics Tunisia S.a.r.l.	
Turkey		CEVA Lojistik Limited Şirketi	
		CEVA Uluslararasi Taşimacilik Limited Şirketi	
United Arab Emirates		CEVA Arabia Heavy Transport (L.L.C.)	49% (100%)
		CEVA International Freight L.L.C.	49% (100%)
		CEVA Logistics (U.A.E.) L.L.C.	49% (100%)
		CEVA Logistics FZCO	
United Kingdom	**	CEVA Automotive Logistics UK Limited	
*	**	CEVA Container Logistics Limited	

* Denotes a guarantor entity.

** Entity opted for statutory audit exemption under Section 479A of the UK Companies Act 2006.

Country of incorporation			Entity	Holding if less than 100%
		***	CEVA Distribution Limited	
	*	**	CEVA Freight (UK) Holding Company Limited	
	*	***	CEVA Freight (UK) Holdings Limited	
	*		CEVA Freight (UK) Limited	
	*	**	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%
	*		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 L.P.	
			Eagle USA Import Brokers, Inc.	
	*		EGL, Inc.	
	*		EGL Eagle Global Logistics, L.P.	
	*		Select Carrier Group LLC	
Uruguay			Circle International Latin America Holdings S.A.	
			Gadupal S.A.	
Vietnam			CEVA Logistics (Vietnam) Co. Limited	51%

* Denotes a guarantor entity.

** Entity opted for statutory audit exemption under Section 479A of the UK Companies Act 2006.

*** Entity exempt from audit requirement as the entity is dormant

31. GUARANTOR / NON-GUARANTOR FINANCIAL INFORMATION

Following the Recapitalization, Holdings became the parent of the Company. Currently, the Company's 4% Senior Secured Notes due 2018, 7% First Lien Senior Secured Notes due 2021, 9% 1.5 Lien Priority Lien Notes due 2021, 10% Second Lien Secured PIK Notes due 2023, US$265 million of its term loan facility due 2021 and 12.75% Senior Notes due 2020 are admitted to trading on the Global Exchange Market of the Irish Stock Exchange ("ISE"). The guarantors of these notes guarantee the senior secured facilities, 4% Senior Secured Notes and 7% First Lien Senior Secured Notes on a senior secured, *pari passu* basis. The guarantors also guarantee the 9% 1.5 Lien Priority Lien Notes (secured on a basis junior to the guarantees of the senior secured facilities, the 4% Senior Secured Notes and 7% First Lien Senior Secured Notes), the 10% Second Lien Secured PIK Notes (secured on a basis junior to the guarantees of the senior secured facilities, 4% Senior Secured Notes, 7% First Lien Senior Secured Notes, and the 9% 1.5 Lien Priority Lien Notes) and the remaining amount of the 12.75% Senior Notes on a senior basis. The subsidiaries who are 'guarantors' are indicated in note 30 "Group entities". All other subsidiaries are the 'non-guarantors'.

				YEAR ENDED 31 DECEMBER
€ millions				2014
	Guarantor	Non-guarantor	Total Eliminations	Consolidated
Revenue	**3,544**	**2,438**	**(50)**	**5,932**
Work contracted out	(1,564)	(1,417)	-	(2,981)
Personnel expenses	(1,211)	(560)	-	(1,771)
Other operating expenses	(703)	(366)	50	(1,019)
Operating expenses excluding depreciation, amortization and impairment	**(3,478)**	**(2,343)**	**50**	**(5,771)**
EBITDA before specific items	**66**	**95**	**-**	**161**
Specific items	(35)	(16)	-	(51)
EBITDA	**31**	**79**	**-**	**110**
Depreciation, amortization and impairment	(81)	(56)	-	(137)
Operating income	**(50)**	**23**	**-**	**(27)**
Net finance expense (including foreign exchange movements)	(304)	(23)	-	(327)
Net result from joint ventures	(16)	28	-	12
Loss before income taxes	**(370)**	**28**	**-**	**(342)**
Income tax expense	(2)	(13)	-	(15)
Loss for the year from continuing operations	**(372)**	**15**	**-**	**(357)**
Attributable to:				
Non-controlling interests	-	-	-	-
Equity holders of the Company	(372)	15	-	(357)
Loss for the year	**(372)**	**15**	**-**	**(357)**

€ millions	Guarantor	Non-guarantor	Eliminations	Consolidated
				AS AT 31 DECEMBER 2014
ASSETS				
Non-current assets				
Intangible assets	984	412	-	1,396
Property, plant and equipment	113	56	-	169
Investment in joint ventures	5,434	450	(5,816)	68
Deferred income tax assets	25	(22)	-	3
Amounts receivable from other CEVA companies	117	8	(125)	-
Prepayments	13	22	-	35
Other non-current assets	5	24	1	30
Total non-current assets	**6,691**	**950**	**(5,940)**	**1,701**
Current assets				
Inventory	7	3	-	10
Trade and other receivables	730	1,070	(818)	982
Prepayments	24	15	-	39
Accrued income	73	83	15	171
Income tax receivable	-	9	-	9
Cash and cash equivalents	161	157	-	318
Assets held for sale	-	1	-	1
Total current assets	**995**	**1,338**	**(803)**	**1,530**
TOTAL ASSETS	**7,686**	**2,288**	**(6,743)**	**3,231**
EQUITY				
Total Group equity	**4,299**	**911**	**(5,827)**	**(617)**
LIABILITIES				
Non-current liabilities				
Borrowings	2,002	261	(63)	2,200
Deferred income tax liabilities	28	(18)	2	12
Retirement benefit obligations	46	54	-	100
Provisions	35	11	-	46
Other non-current liabilities	16	15	1	32
Total non-current liabilities	**2,127**	**323**	**(60)**	**2,390**
Current liabilities				
Borrowings	116	38	-	154
Provisions	59	22	-	81
Trade and other payables	1,080	989	(856)	1,213
Income tax payable	5	5	-	10
Liabilities held for sale	-	-	-	-
Total current liabilities	**1,260**	**1,054**	**(856)**	**1,458**
TOTAL EQUITY AND LIABILITIES	**7,686**	**2,288**	**(6,743)**	**3,231**

€ millions				YEAR ENDED 31 DECEMBER 2013
	Guarantor	Non-guarantor	Total Eliminations	Consolidated
Revenue	**3,636**	**2,590**	**(59)**	**6,167**
			-	-
Work contracted out	(1,614)	(1,489)	-	(3,103)
Personnel expenses	(1,217)	(599)	-	(1,816)
Other operating expenses	(686)	(431)	59	(1,058)
Operating expenses excluding depreciation, amortization and impairment	**(3,517)**	**(2,519)**	**59**	**(5,977)**
EBITDA before specific items	**119**	**71**	**-**	**190**
Specific items	(33)	(10)	-	(43)
EBITDA	**86**	**61**	**-**	**147**
Depreciation, amortization and impairment	(75)	(82)	-	(157)
Operating income	**11**	**(21)**	**-**	**(10)**
Net finance expense (including foreign exchange movements)	(133)	(43)	-	(176)
Net result from joint ventures	-	11	-	11
Loss before income taxes	**(122)**	**(53)**	**-**	**(175)**
Income tax expense	(5)	14	-	9
Loss for the year from continuing operations	**(127)**	**(39)**	**-**	**(166)**
Attributable to:				
Non-controlling interests	-	-	-	-
Equity holders of the Company	(127)	(39)	-	(166)
Loss for the year	**(127)**	**(39)**	**-**	**(166)**

€ millions				AS AT 31 DECEMBER 2013
	Guarantor	Non-guarantor	Eliminations	Consolidated
ASSETS				
Non-current assets				
Intangible assets	942	414	-	1,356
Property, plant and equipment	116	65	-	181
Investment in joint ventures	5,200	455	(5,593)	62
Deferred income tax assets	15	(23)	8	-
Amounts receivable from other CEVA companies	110	7	(117)	-
Prepayments	13	18	-	31
Other non-current assets	7	7	-	14
Total non-current assets	**6,403**	**943**	**(5,702)**	**1,644**
Current assets				
Inventory	10	2	-	12
Trade and other receivables	699	962	(770)	891
Prepayments	22	12	-	34
Accrued income	63	81	9	153
Income tax receivable	1	9	-	10
Cash and cash equivalents	190	188	-	378
Assets held for sale	-	1	-	1
Total current assets	**985**	**1,255**	**(761)**	**1,479**
TOTAL ASSETS	**7,388**	**2,198**	**(6,463)**	**3,123**
EQUITY				
Total Group equity	**4,429**	**921**	**(5,594)**	**(244)**
LIABILITIES				
Non-current liabilities				
Borrowings	1,815	225	(158)	1,882
Deferred income tax liabilities	29	(21)	20	28
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	932	(723)	1,110
Income tax payable	10	(10)	-	-
Liabilities held for sale	-	-	-	-
Total current liabilities	**1,033**	**982**	**(723)**	**1,292**
TOTAL EQUITY AND LIABILITIES	**7,388**	**2,198**	**(6,463)**	**3,123**

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CEVA GROUP PLC

REPORT ON THE GROUP FINANCIAL STATEMENTS

Our opinion

In our opinion, CEVA group plc's group financial statements (the "financial statements"):

- give a true and fair view of the state of the group's affairs as at 31 December 2014 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.

What we have audited

CEVA Group plc's financial statements comprise:

- the Consolidated balance sheet as at 31 December 2014;
- 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 the preparation of the financial statements 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.

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 International Standards on Auditing (UK and Ireland) ("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.

What an audit of financial statements involves

We conducted our audit in accordance with 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.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

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.

OTHER MATTER

We have reported separately on the company financial statements of CEVA Group Plc for the year ended 31 December 2014.

Graham McGregor (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
30 April 2015

(a) The maintenance and integrity of the CEVA Group Plc website is the responsibility of the directors; the work carried out by the independent auditors does not involve consideration of these matters and, accordingly, the independent 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		AS AT 31 DECEMBER	
	Note	2014	2013
Fixed assets			
Investments in subsidiary undertakings	3	817	817
Amounts owed by subsidiary undertakings		2,130	1,908
Total fixed assets		**2,947**	**2,725**
Current assets			
Amounts owed by subsidiary undertakings		410	209
Income tax receivable		-	3
Total current assets		**410**	**212**
Creditors - amounts falling due within one year			
Amounts owed to subsidiary undertakings		82	1
Accrued and other current liabilities		11	25
Total		**93**	**26**
Net current liabilities		**317**	**186**
Total assets less current liabilities		**3,264**	**2,911**
Creditors - amounts falling due after more than one year			
Borrowings	4	1,586	1,317
Other non-current liabilities		-	-
Net assets		**1,678**	**1,594**
Capital and reserves	5		
Called up share capital		1	1
Share premium account		382	382
Other reserves		1,329	1,256
Profit and loss reserve		(34)	(45)
Total equity shareholders' funds		**1,678**	**1,594**

The financial statements on pages 84 to 87 were approved by the Board of Directors on 30 April 2015 and were signed on its behalf by:

Xavier Urbain
Director and Chief Executive Officer

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 Company's 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 Company's consolidated financial statements for the year ended 31 December 2014 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 Company's consolidated financial statements for the year ended 31 December 2014 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 Group which are eliminated on consolidation. The ultimate controlling party of the Company is Apollo. Details of related party transactions with Apollo are given in note 28 "Related party transactions" of the consolidated financial statements.

The Company's consolidated financial statements for the year ended 31 December 2014 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 the Company were the only employees of the Company during the 2014 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. INVESTMENTS IN SUBSIDIARY UNDERTAKINGS

€ millions

	2014	2013
Balance at 1 January	817	306
Additions	-	506
Disposals	-	5
Impairment	-	-
Balance at 31 December	**817**	**817**

The list of principal subsidiaries is included in note 30 "Group entities" 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.

The Company acquired ownership of certain group entities, following the May 2013 Recapitalization described in note 21 "Borrowings" of the consolidated financial statements.

4. BORROWINGS

€ millions

	2014	2013
Loan notes	1,586	1,317
Bank borrowings	-	-
Borrowings	**1,586**	**1,317**

Loan notes comprise:

- US$325 million 9.0% 1.5 lien senior notes due 2021 (2013: nil)
- US$300 million 7.0% 1st lien senior notes due 2021 (2013: nil)
- US$43 million 12¾% Senior Notes due 2020 (2013: US$43 million)
- A 10% PIK note, due May 2023, to Holdings, is included in the total amount listed for loan notes. This comprises a principal amount of US$708 million (€585 million) and accrued interest of US$12 million (€10 million). The fair value of the PIK note was US$661 million (€547 million). Interest is added to the principal until maturity. The value of the PIK note was reduced by a capital contribution in 2014. Please see note 21 "Borrowings" for details on the capital contribution.
- US$263 million 12M Euribor + 5.50% spread floating rate notes due 2021 (2013: nil)
- 4% Senior Secured Notes due 2018, with a principle of US$390 million and a fair value of US$352 million at year end 31 December 2014 (2013:US$342 million)

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

5. CAPITAL AND RESERVES

€ millions	Called up share capital	Share premium account	Other reserves	Profit and loss reserve	Total equity shareholders' funds
Balance at 1 January 2013	**1**	**382**	**522**	**(92)**	**813**
Currency translation reserve	-	-	(19)	-	(19)
Net investment hedges	-	-	3	-	3
Capital contribution	-	-	751	-	751
Result attributable to equity holders for the year	-	-	-	47	47
Balance at 31 December 2013	**1**	**382**	**1,256**	**(45)**	**1,594**
Currency translation reserve	-	-	20	-	20
Net investment hedges	-	-	(3)	-	(3)
Capital contribution [1]	-	-	56	-	56
Result attributable to equity holders for the year	-	-	-	11	11
Balance at 31 December 2014	**1**	**382**	**1,329**	**(34)**	**1,678**

[1] See note 21 "Borrowings" of the consolidated financial statements for details on capital contribution

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 “Events after balance sheet date” of the consolidated financial statements.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CEVA GROUP PLC

REPORT ON THE COMPANY FINANCIAL STATEMENTS

Our opinion

In our opinion, CEVA group plc's company financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 December 2014;
- 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.

What we have audited

CEVA Group plc's financial statements comprise:

- the Company balance sheet as at 31 December 2014; 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.

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 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 Statement of Responsibilities of the Directors of CEVA group Plc 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 International Standards on Auditing (UK and Ireland) ("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.

What an audit of financial statements involves

We conducted our audit in accordance with 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.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

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.

OTHER MATTER

We have reported separately on the group financial statements of CEVA Group Plc for the year ended 31 December 2014.

Graham McGregor (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
30 April 2015

(a) The independent 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 independent 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 2013

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 2013, 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 Holdings LLC and its subsidiaries

- '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 significant non-recurring charges or credits including the profits or losses realized on non-recurring transactions. Previously Adjusted EBITDA included the Group's share of the Adjusted EBITDA of joint ventures accounted for using proportional consolidation. As a result of the implementation of IFRS 11 (see note 18), proportional consolidation is no longer permitted (with retrospective impact). Instead, the post-tax result of joint ventures is reflected in the Consolidated Income Statement using equity accounting. Therefore the Company has changed the definition of Adjusted EBITDA so as to include the Group's share of the Adjusted EBITDA of joint ventures that are equity accounted
- 'Apollo' refers to Apollo Global Management, LLC and its affiliates, which include Apollo Management VI, L.P., AP VI CEVA Holdings 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, profit/loss on disposal of a business, 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 charging current liabilities
- '$', 'dollar', 'United States dollar', 'US dollar', 'US$' or 'USD' refers to the lawful currency of the United States of America
- '€', 'Euro' or 'EUR' 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
- 'SEC' refers to the U.S. Securities and Exchange Commission
- 'CCS' refers to the Competition Commission of Singapore

Making business flow

CEVA Group Plc
20-22 Bedford Row
London WC1R 4JS
United Kingdom

CEVA Logistics
Head Office B.V.

Visiting address:
Siriusdreef 20
2132 WT Hoofddorp
The Netherlands

Postal address:
PO Box 483
2130 AL Hoofddorp
The Netherlands

+31 23 7998 001

info@cevalogistics.com
www.cevalogistics.com

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