

CEVA Group Plc Annual Report 2012

Company No. 5900853

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Driving customer success through...
The power of our people

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Key Financial Results

€ millions	2012	2011
Revenue	7,224	6,895
Adjusted EBITDA	251	321
Net Working Capital	(67)	(76)
Net Capital Expenditure	89	68
Cash generated from Operations	145	217
Net Debt	2,501	2,774

Cautionary statement the operating and financial review and certain other sections of this document contain forward looking statements which are subject to risk factors associated with, amongst others, the economic and business circumstances occurring from time to time in the countries and markets in which the Group operates. It is believed that the expectations reflected in these statements are reasonable but they may be affected by a wide range of variables, which could cause actual results to differ materially from those currently anticipated.

Ceva... at a glance

Our people are at the very core of the supply chain. We have more than 49,000 employees worldwide in over 160 countries and territories, all committed to making our customers successful through efficient and flexible supply chains.

Highlights

- Over 1000 locations worldwide
- More than 49,000 employees
- Present in over 160 countries

Sector breakdown

Automotive	28 %
Consumer and retail	23 %
Technology	20 %
Industrial	17 %
Energy	7 %
Other	5 %

Regional breakdown

Americas	
Revenue	€2,179 million
Employees	18,881

Northen Europe	
Revenue	€1,669 million
Employees	11,650

Southern Europe, Middle East and Africa	
Revenue	€1,237 million
Employees	7 198

Asia Pacific	
Revenue	€2,109 million
Employees	11 377

Revenue in Contract Logistics and Freight Management

Contract Logistics revenue	€3,882 million
Freight Management revenue	€3,342 million

Operating and Financial Review

The table below shows the Group's key consolidated financial metrics for the years ended 2012 and 2011

€ millions	YEAR ENDED 31 DECEMBER	
	2012	2011
Revenue	7 224	6,895
Revenue growth	4.8%	0.7%
Adjusted EBITDA	251	321
Adjusted EBITDA as a % of revenue	3.5%	4.7%
Loss before income taxes	(669)	(191)
Net capital expenditure	89	68
Net capital expenditure as a % of revenue	1.2%	1.0%
Cash generated from operations	145	217

For definitions of the terms used in the above table please refer to page 73

The table below shows the Group's key other financial metrics as at 31 December 2012 and 2011

€ millions	AS AT 31 DECEMBER	
	2012	2011
Net working capital	(67)	(76)
Cash and cash equivalents	257	217
Net debt	2 501	2 774

For definitions of the terms used in the above table please refer to page 73

Revenue

Revenue increased by 4.8% from €6,895 million in 2011 to €7,224 million in 2012. At constant exchange rates revenue was in line with 2011 results with flat Freight Management revenues and a 0.3% increase in our Contract Logistics business. Freight Management revenues were impacted by lower airfreight volumes particularly out of Asia, compensated by a solid performance in our ocean freight business across all our regions. The slight increase in our Contract Logistics revenues reflects soft conditions across various key markets most evidently in Southern Europe compensated by a strong performance in Asia Pacific.

CEVA operates throughout the world and is impacted by fluctuations in foreign currency exchange rates particularly the United States dollar, Chinese yuan and the British pound. At constant 2011 exchange rates our revenue for the year ended 31 December 2012 would have been €6,905 million (2011: €6,895 million).

Adjusted EBITDA

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

Adjusted EBITDA decreased by 21.8% to €251 million in 2012 compared to €321 million in 2011. Freight Management Adjusted EBITDA in 2012 decreased by 17.7% compared to 2011 partly due to a modal shift to ocean freight with increased competition and soft airfreight volumes. Contract Logistics Adjusted EBITDA decreased by 24.4% in 2012 as our business was affected by the continuing general economic downturn with lower volumes in various key markets in particular Southern Europe.

At constant 2011 exchange rates Adjusted EBITDA decreased by 28.0% from €321 million to €231 million.

Impairment

Goodwill impairment charges of €312 million were recognized for the year ended 31 December 2012 (2011: nil) as a result of the annual goodwill impairment testing. These non-cash impairment charges were primarily driven by the impact on business valuations from significantly lower forecast cash flows from revised internal 5-year projections reflecting recent experiences and potential future challenging economic and competitive conditions.

Loss before income taxes

Loss before income taxes in 2012 was €669 million, compared to €191 million for 2011 with the year-on-year change principally due to goodwill impairment of €312 million (refer to Note 12 'Intangible assets'), lower earnings, increased financial expense including €35 million of accelerated non-cash amortization of debt issuance costs as a result of the refinancing completed on 1 February 2012 and unrealized non-cash foreign exchange movements.

Net capital expenditure

Our net capital expenditure was €89 million in 2012 (2011: €68 million). The increase in net capital expenditure is due to the onboarding of new customers and ongoing maintenance. Generally new Contract Logistics wins represent the largest component of our capital expenditure primarily consisting of

Operating and Financial Review

Investments in warehousing, equipment and supplies On a gross basis, before netting sale and leaseback and other financing transactions, capital expenditure was €101 million in 2012 (2011: €73 million).

The nature and type of our historical capital expenditure requirements are generally expected to continue going forward. The overall low level of expenditure relative to revenue is due to our non-asset based operating model and disciplined investment approach. Net capital expenditure represented 1.2% of revenue in the year ended 31 December 2012 and 1.0% of revenue in 2011.

Net working capital

Our net working capital was €(67) million as at 31 December 2012 (31 December 2011: €(76) million). The increase is mainly due to slightly higher trade receivables and accrued income balances at 2012 year end, partly offset by a higher trade payables balance.

Cash and cash equivalents

As at 31 December 2012, CEVA had €257 million (31 December 2011: €217 million) of cash on its balance sheet. With undrawn central facilities of €39 million available at 31 December 2012 (2011: €73 million), we therefore had headroom of €296 million (31 December 2011: €290 million) to service operating activities for the foreseeable future. Following our Recapitalization, which closed 2 May 2013, we further strengthened our liquidity with €165 million of proceeds from equity capital from our new shareholders, as discussed further in note 29 "Events after balance sheet date".

Net debt

Net debt, defined as total principal debt less cash and cash equivalents, has decreased by 9.8% to €2,501 million as at year end (31 December 2011: €2,774 million), principally driven by the refinancing which was completed on 1 February 2012. Following our Recapitalization, which closed 2 May 2013, we further reduced our debt substantially, as discussed further in note 29 "Events after balance sheet date".

Net finance expense

Net finance expense for 2012 was €348 million including a €16 million foreign exchange loss. Net finance expense for 2011 was €266 million including €12 million foreign exchange profit. The increase in net finance expense is primarily due to €35 million of accelerated non-cash amortization of debt issuance costs as a result of the refinancing completed on 1 February 2012.

Segment results

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

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

€ millions	2011		
	Freight Management	Contract Logistics	Total
Revenue	3,152	3,743	6,895
Adjusted EBITDA	124	197	321
Adjusted EBITDA as a % of revenue	3.9%	5.3%	4.7%

Revenue

Revenue in Freight Management increased by 6.0% to €3,342 million in 2012 compared to €3,152 million in 2011, while at constant exchange rates revenue was flat. A strong performance in our ocean business across all our regions drove growth, constrained by softer air freight volumes experienced across the industry, particularly out of Asia and due in part to a modal shift from air freight to ocean freight.

Revenue in Contract Logistics increased by 3.7% to €3,882 million in 2012 compared to €3,743 million in 2011, while at constant exchange rates revenue was flat. Results were driven by a strong performance in Asia Pacific, offset by soft conditions across various key markets, most evidently in Southern Europe.

Adjusted EBITDA

Adjusted EBITDA in Freight Management decreased to €102 million in 2012 from €124 million in 2011. This is due to lower volumes, increases in costs and changes in the customer and freight mode mix.

Adjusted EBITDA in Contract Logistics decreased by 24.4% to €149 million in 2012 compared to €197 million in 2011. This is largely driven by the impact of the challenging economic conditions on volumes and contract profitability.

Operating and Financial Review

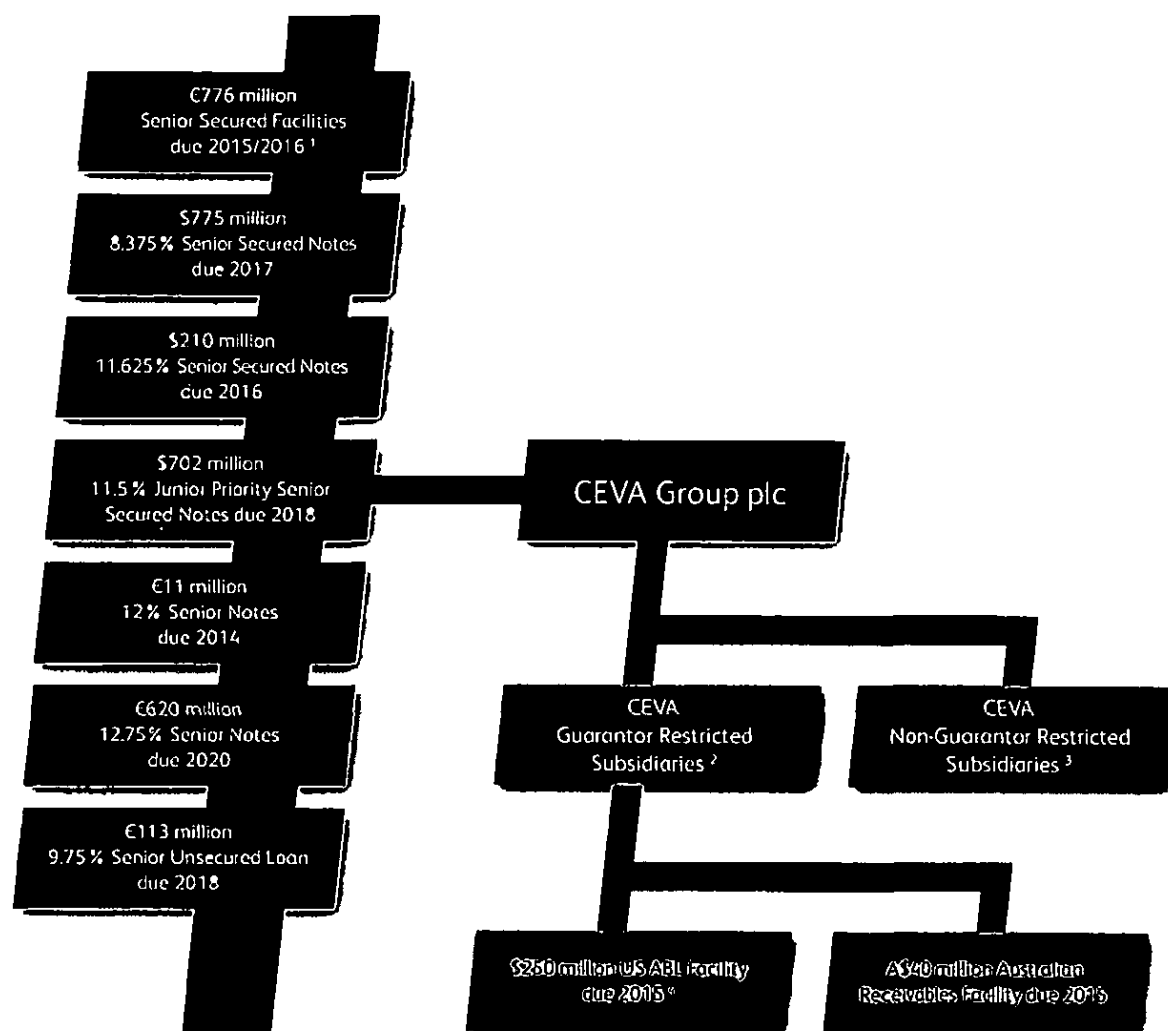
Geographical information

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

€ millions					2012
	Americas	Asia Pacific	Northern Europe	Southern Europe, Middle East and Africa	Total
Revenue	2,179	2,109	1,699	1,237	7,224
Adjusted EBITDA	69	88	76	18	251
Adjusted EBITDA as a % of revenue	3.2%	4.2%	4.5%	1.5%	3.5%

€ millions					2011
	Americas	Asia Pacific	Northern Europe	Southern Europe, Middle East and Africa	Total
Revenue	2,061	1,926	1,644	1,264	6,895
Adjusted EBITDA	91	100	78	52	321
Adjusted EBITDA as a % of revenue	4.4%	5.2%	4.7%	4.1%	4.7%

Summary of Corporate and Financing Structure at 31 December 2012



1 As at 31 December 2012 €104 million was drawn under the revolving credit facility (2011 €40 million) and €171 million (2011 €174 million) of letters of credit were issued but undrawn under the synthetic L/C facility and revolving credit facility. The committed senior secured facilities are secured by substantially all of the assets of the Company and certain of its subsidiaries.

2 CEVA Limited and certain of the Company's operating subsidiaries located in Australia, Belgium, Brazil, Canada, Germany, Hong Kong, Luxembourg, The Netherlands, United Kingdom and the United States have guaranteed the notes. The guarantors represent 60% (2011 58%) of our aggregated revenue before intercompany eliminations, 64% (2011 55%) of our aggregated Adjusted EBITDA and 64% (2011 49%) of our aggregated EBITDA for the year ended 31 December 2012. The guarantors of the notes also guarantee our senior secured facilities on a senior secured basis. Not all of the guarantors are borrowers under each of the senior secured term facility, the revolving credit facility and the synthetic L/C facility.

3 Our non guarantor subsidiaries accounted for 40% (2011 42%) of our total aggregated revenue before intercompany eliminations and 36% (2011 51%) of our aggregated EBITDA for the year ended 31 December 2012.

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

5 On 1 October 2012, certain Australian subsidiaries of the Group completed a A\$40 million receivables purchase facility due 2015.

6 Diagram excludes other financing of €182 million including finance leases, bank overdrafts and other loans.

Summary of Facilities and Notes

On 1 February 2012 CEVA Group Plc together with its parent CEVA Investments Limited ('CIL'), completed a debt and equity funded financing through the issuance of US\$325 million of 8.375% first lien senior secured notes due 2017 and US\$620 million of 12.75% senior unsecured notes due 2020. The proceeds together with cash on hand were used to redeem or repay all of the €164 million of term loans maturing in 2013 under CEVA's senior secured credit facilities, €266 million of 8.5% senior notes due 2014, US\$165 million of senior unsecured loan due 2015 and €81 million of 10% senior subordinated notes due 2016. CIL also issued over €850 million of new equity securities to Apollo, which controls CIL, in exchange for the contribution and subsequent cancellation of €523 million of CEVA Group Plc debt and €355 million of CIL securities previously held by Apollo and its affiliates. The CEVA Group Plc debt exchanged consisted of US\$516 million of senior unsecured loan due 2018, €73 million of 8.5% senior notes due 2018 and €57 million of 10% senior subordinated notes due 2018. In addition we increased the size of the revolving credit facility under the senior secured facilities by €100 million to €179 million. These transactions resulted in the extension of maturities of CEVA Group Plc debt, reduced our interest burden and increased our cash and undrawn facilities.

On 2 May 2012 the Group completed a refinancing of its synthetic letters of credits facility due 2013 by increasing its existing term loan due 2016 by US\$150 million. This transaction has extended the maturity profile of the Group's debt and increased our liquidity.

On 1 October 2012 certain Australian subsidiaries of the Group entered into a A\$40 million receivables purchase facility due 30 September 2015.

Senior Secured Facilities due 2015/2016

The Group entered into senior secured facilities with certain banks to finance the acquisition of our Contract Logistics business on 4 November 2006 and our Freight Management business on 2 August 2007. The facilities were subsequently amended and restated and have been subject to various prepayments and incremental tranche add-ons. Of the €776 million total facilities as at 31 December 2012, €471 million was outstanding as term loans and €104 million was drawn under the revolving credit facility. €171 million of letters of credit were issued but undrawn under the synthetic LC facility and revolving credit facility.

8.375% Senior Secured Notes due 2017

On 14 December 2010, the Group issued US\$450 million 8.375% first lien senior secured notes due 1 December 2017. Interest is payable on 1 March and 1 September each year. Including the issuance of the US\$325 million first lien senior secured notes on 1 February 2012, US\$775 million was outstanding as at 31 December 2012.

11.625% Senior Secured Notes due 2016

On 6 October 2009, the Group issued US\$210 million 11.625% lien and a half senior secured notes due 2016. Interest is payable on 1 April and 1 October each year. As at 31 December 2012 US\$210 million was outstanding.

11.5% Junior Priority Senior Secured Notes due 2018

On 24 March 2010 the Group issued US\$702 million of 11.5% junior priority senior secured notes due 2018. Interest is payable on 1 April and 1 October each year. As at 31 December 2012 US\$702 million was outstanding.

12% Senior Notes due 2014

On 22 July 2009 the Group settled the private exchange offers announced on 19 June 2009. At the time of exchange an amount equivalent to €210 million of 12% second priority senior secured notes due 2014 was issued, comprising €120 million and US\$127 million (equivalent to €90 million). On 24 March 2010, US\$127 million and €109 million of these notes were repaid using the proceeds from the issuance of the 11.5% junior priority senior secured notes due 2018. In connection with this refinancing, which included a consent solicitation, the remaining €11 million of the 12% second priority notes due 2014 became unsecured. As at 31 December 2012 €11 million was outstanding.

12.75% Senior Notes due 2020

On 1 February 2012 CEVA Group Plc issued US\$620 million of 12.75% senior unsecured notes due 2020. Interest is payable on March 31 and September 30. As at 31 December 2012 US\$620 million was outstanding.

9.75% Senior Unsecured Loan due 2018

On 2 August 2007 CEVA Group Plc entered into a US\$1.4 billion senior unsecured loan facility. This senior unsecured loan has a floating interest rate which is capped. The facilities were subsequently amended and restated and were partially repaid as part of the aforementioned debt and equity funded financing on 1 February 2012. As at 31 December 2012 US\$113 million was outstanding, which amount is due in 2018.

US ABL Facility due 2015

On 19 November 2010, certain US subsidiaries of the Group and a new subsidiary CEVA US Receivables LLC (Unrestricted Subsidiary) entered into agreements establishing an Asset Backed Loan (ABL) Facility with an initial commitment amount of US\$200 million. On 30 November 2010 the committed amount of the ABL Facility was increased to US\$250 million. The obligations of the Unrestricted Subsidiary under the ABL Facility are secured on a first priority basis by all currently owned and subsequently acquired assets of the Unrestricted Subsidiary, including but not limited to all of the accounts receivable transferred to the Unrestricted Subsidiary by the US subsidiaries. The ABL Facility matures on 19 November 2015. As at 31 December 2012, the outstanding drawn amount of the ABL Facility was US\$164 million.

Summary of Facilities and Notes

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 2012 the total amount of borrowings outstanding was A\$40 million (€31 million).

Events after balance sheet date

On 3 April 2013 CEVA Group Plc announced a financial recapitalization plan that would reduce substantially CEVA's overall debt and interest costs, as well as increase liquidity and strengthen its capital structure (the "Recapitalization" or "Recap"). On 2 May 2013 the Recapitalization successfully closed. The Recap will enable CEVA to better serve its customers, accelerate its growth throughout the world and fund the development of new supply chain products and services. The Recapitalization will reduce consolidated net debt by more than €1.2 billion (excluding intercompany debt with CEVA Holdings LLC), reduce annual cash interest expense by over €130 million or approximately 50%, further strengthen our liquidity with €165 million of proceeds from equity capital from our new shareholders, and provide access to additional liquidity up to €65m through the financing commitment from one of our largest institutional investors. CEVA will utilize the new money for investment in its business plan.

Following the Recapitalization, CEVA Holdings LLC ("Holdings") became the ultimate parent company of CEVA. In the Recap, Apollo's equity interests in CEVA Investments Limited were eliminated and Apollo acquired a minority stake in the equity of Holdings through exchanging CEVA debt it held and through the cash purchase of equity. However, Apollo acquired control of Holdings through contractual arrangements.

The Recapitalization resulted in the following:

- €518 million principal amount of Junior Priority Senior Secured Notes exchanged for equity in Holdings, which then released the notes and received a like amount of new junior priority senior secured PIK notes
- €434 million principal amount of 12.75% Senior Notes exchanged for equity in Holdings, which then released the notes
- €6 million principal amount of 12% Senior Notes exchanged for equity in Holdings, which then released the notes
- €85 million principal amount of Senior Unsecured Loans exchanged for equity in Holdings, which then released the loans
- €69 million principal amount of Term Loans and €160 million principal amount of 8.375% Senior Secured Notes were released by one of CEVA's largest institutional investors in return for €229 million principal amount of new 4% Senior Secured Notes

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

Principal Risks and Uncertainties

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

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

Specific risks related to our business are included below.

Adverse economic conditions

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

Availability of third-party providers

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

Cost base

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

Long-term contracts

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

We also enter into contracts with third parties who provide services or property to us in connection with our provision of services under our customer contracts. These supplier contracts may provide for fixed pricing and other terms which we negotiate based on our assumptions regarding our customers' scope of services and volumes, the operational efficiencies and productivity improvements we expect to achieve and other estimates. Although we seek to structure our arrangements with third parties on a back-to-back basis with the related customer arrangements—for example, by entering into lease agreements with durations and termination rights that are coterminous with the duration of the customer contracts that the leased property is used to service—or otherwise seek to require our customers to assume these costs and commitments if they prematurely terminate their contracts with us, there may be instances where we are not able to offset or transfer such costs to our customers. Furthermore, our assumptions and estimates regarding our customers' activities may prove to be inaccurate as a result of changes to economic conditions, reductions in volumes or other developments, and as a result, our operating margins may be materially adversely affected under contracts where we bear these risks.

Changes in trend toward outsourcing

Our growth strategy is partially based on the assumption that the trend toward outsourcing of supply chain management services will continue. Third-party service providers such as ourselves are generally able to provide such services more efficiently than otherwise could be provided 'in house', primarily as a result of our expertise, technology and lower and more flexible employee cost structure. However, if this trend changes such that potential new customers decide to

Principal Risks and Uncertainties

continue to perform their own supply chain activities or if our customers in source significant aspects of their supply chain operations our business results of operations and financial condition may be materially adversely affected

Changes in preferred modes of freight

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

Competition and consolidation in the industry

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

Debt and covenants

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

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

If we are unable to meet our expenses and debt service obligations, we may be forced to take measures which could materially adversely affect our business and financial condition, for example, we may be forced to reduce or delay business activities and capital expenditures, sell assets, obtain additional funding, restructure or refinance all or a portion of our debt (which may be at higher interest rates or impose covenants or other restrictions on us) or take other measures. If we are unable to meet our debt service obligations or if we fail to comply with our debt covenants and a resulting event of default is not cured or waived, our lenders may be able to declare all outstanding borrowings to be due and payable or take other remedial actions. If our indebtedness were to be accelerated, we cannot assure you that our assets would be sufficient to repay such indebtedness in full and our lenders could foreclose on our pledged assets.

Information technology and operational systems

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

Credit risk

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

Principal Risks and Uncertainties

Worldwide laws and regulations

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

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

Owner-operator model

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

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

Currency fluctuation

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

Joint ventures

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

Directors' Report

The directors present their report and the audited financial statements of CEVA Group Plc for the year ended 31 December 2012

CEVA Group Plc was incorporated in England and Wales on 9 August 2006. At the date of this document, the authorized ordinary share capital of £350,000 is divided into 350,000 ordinary shares of a par value of £1 each. As at 31 December 2012, 349,999 ordinary shares of a par value of £1 each in CEVA Group Plc are held by CEVA Investments Limited and one ordinary share of a par value of £1 is held by Louis Cayman Second Holdco Limited, which is in turn a wholly owned subsidiary of CEVA Investments Limited. Accordingly, as at 31 December 2012 CEVA Group Plc was a wholly owned subsidiary of CEVA Investments Limited.

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

PRINCIPAL ACTIVITIES

CEVA is one of the world's leading non-asset based supply chain management companies and offers a broad spectrum of services based on market leading Freight Management and Contract Logistics expertise and capabilities, alone or in combination. CEVA designs, implements and operates complete supply chain solutions for multinational and large and medium sized companies on a national, regional and global level. CEVA operates a non-asset based model across all business units, with third parties providing the majority of the physical transportation and warehousing assets that CEVA manages and uses for the benefit of its customers. The integrated service offering spans the entire supply chain. Freight Management services that include international air, ocean and domestic freight forwarding, customs brokerage and other value added services, and Contract Logistics services that include inbound logistics, manufacturing support, outbound/distribution logistics and aftermarket/reverse logistics. As of 31 December 2012, CEVA's combined global network comprised over 1,000 locations, utilizing a total of approximately 9 million square meters of warehousing space in over 160 countries, supported by more than 49,000 employees.

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

REVIEW OF BUSINESS AND FUTURE DEVELOPMENTS

Refer to the operating and financial review on page 6 for a review of the business.

For details of the principal risks and uncertainties facing the Group refer to page 11.

We continue to strengthen our organization and invest in our growth markets while also focusing on tight cost management and controlling net working capital. We believe these will be key aspects to drive our business forward in the near and medium term.

RESULTS AND DIVIDENDS

The Group reported a loss for the year ended 31 December 2012 of €674 million (2011: a loss of €216 million).

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

CHARITABLE AND POLITICAL DONATIONS

During the year, CEVA made charitable donations of €87,880 (2011: €96,617).

CEVA did not make any donations to a registered political party or other political organization within or outside the EU or any independent election candidate (2011: nil).

OTHER DISCLOSURES

There are no significant differences between the market value and book value of land and buildings for the Group. The Group did not carry out any research and development activities during the year.

GOING CONCERN ASSUMPTION

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

EVENTS AFTER BALANCE SHEET DATE

On 2 January 2013 CEVA Logistics completed the sale of its Intermediate Bulk Container Business (see note 29: Events after balance sheet date).

On 3 April 2013 CEVA Group Plc announced a financial recapitalization plan that would reduce substantially CEVA's overall debt and interest costs, as well as increase liquidity and strengthen its capital structure (the "Recapitalization" or "Recap"). On 2 May 2013 the Recapitalization successfully closed. The Recap will

Directors' Report

enable CEVA to better serve its customers, accelerate its growth throughout the world and fund the development of new supply chain products and services. The Recapitalization will reduce consolidated net debt by more than €1.2 billion (excluding intercompany debt with CEVA Holdings LLC), reduce annual cash interest expense by over €130 million or approximately 50%, further strengthen our liquidity with €165 million of proceeds from equity capital from our new shareholders, and provide access to additional liquidity up to €65m through the financing commitment from one of our largest institutional investors. CEVA will utilize the new money for investment in its business plan.

Following the Recapitalization, CEVA Holdings LLC (Holdings) became the ultimate parent company of CEVA. In the Recap, Apollo's equity interests in CEVA Investments Limited were eliminated and Apollo acquired a minority stake in the equity of Holdings through exchanging CEVA debt it held and through the cash purchase of equity. However, Apollo acquired control of Holdings through contractual arrangements.

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

BOARD OF DIRECTORS

The Board of Directors of CEVA Group Plc consists of one executive and six non-executive directors. Gareth Turner resigned as director on 13 December 2012. The directors and their remuneration are disclosed in note 7 "Personnel expenses". There have been no changes in directors' interests since the end of the period under review and the date of this report.

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

Marvin Schlanger (CEO, Chairman)

John Pattullo

Joshua Harris

Stan Parker

Paul Richardson

Tom White

Michael Jupiter

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

BOARD COMPENSATION

Apollo and its affiliates have the power to control us and our affairs and policies, including the election of the majority of our directors. The majority of members of our Board are partners or employees of Apollo. We have one independent, non-employee director. Independent non-employee directors receive the following annually: a cash retainer of €75,000; a cash retainer of €15,000 for service as chairman of the Audit Committee; €10,000 for service as chairman of any other committee; €6,500 for service as a member of the Audit Committee and €5,000 for service as a member of any other committee. All other non-employee directors except the Chairman are paid an annual retainer of €39,000 but do not receive any separate retainer for committee service. All non-employee directors receive €1,600 for attendance at any Board or Audit Committee meeting (provided that Audit Committee members are not compensated separately for attendance at a Board meeting held on the same day as an Audit Committee meeting). Historically, independent non-employee directors were awarded restricted stock of CEVA Investments Limited valued at €120,000 upon appointment, which vest one third on each of the third, fourth and fifth anniversary of appointment. Other non-employee directors received customary equity incentives, including options to purchase shares of CEVA Investments Limited. The Chairman received a retainer of €20,000 per month until October 2012.

EMPLOYEES

CEVA has developed and deployed a diversity and inclusion program led by the global diversity council. Diversity is about understanding and appreciating differences – the variety of perspectives, opinions and contributions that we each bring to the business, while 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. In the event of an employee becoming disabled, every effort is made to ensure that their employment with the Company continues and the appropriate training is arranged. 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 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.

Consultation with employees or their representatives has continued at all levels, with the aim of ensuring that their views are taken into consideration when

Directors' Report

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 all employees continues through online and printed in-house newsletters, frequent bulletins, the global Intranet and includes two-way feedback mechanisms.

POLICY AND PRACTICE ON PAYMENT OF CREDITORS

CEVA agrees to terms and conditions under which business transactions with suppliers are conducted. It is CEVA's policy that provided a supplier is complying with the relevant terms and conditions, including the prompt and complete submission of all specified documentation, payment will be made in accordance with the agreed terms.

It is Group policy to ensure that suppliers know the terms on which payment will take place when business is agreed. The average number of days that payables were outstanding was 71 days for 2012 and 69 days for 2011.

SHAREHOLDERS

Our substantial shareholders at 31 December 2012 are disclosed in note 28 "Related party transactions" of the financial statements.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

As required by Section 418 of the Companies Act 2006, the directors of CEVA Group Plc have approved this report and confirmed that, so far as each director is aware, there is no relevant audit information (being information needed by the auditors in connection with preparing their audit report) of which the Company's auditors are unaware, and that they have taken all the steps reasonably required to be taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

INDEPENDENT AUDITORS

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

STATEMENT OF RESPONSIBILITIES OF THE DIRECTORS OF CEVA GROUP PLC

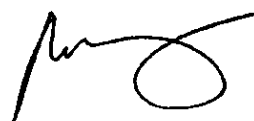
The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the Group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union, and the parent company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Company and of the profit or loss of the Group and the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently
- make judgments and accounting estimates that are reasonable and prudent
- state whether 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

We publish our annual financial statements on our website at www.cevalogistics.com. 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. The directors are responsible for the maintenance and integrity of the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

By order of the Board



Marvin O. Schlanger
Director

2 May 2013

Financial Statements

Consolidated Income Statement

€ millions	Note	YEAR ENDED 31 DECEMBER					
		2012		2011			
		Before specific items	Specific Items ¹	Before specific items	Specific Items ¹		
		Total		Total			
Revenue	5	7,224	-	7,224	6,895	-	6,895
Work contracted out		(3,711)		(3,711)	(3,516)		(3,516)
Personnel expenses	7	(2,036)	(30)	(2,066)	(1,944)	(22)	(1,966)
Other operating expenses		(1,226)	(48)	(1,274)	(1,114)	(54)	(1,168)
Operating expenses excluding depreciation, amortization and impairment		(6,973)	(78)	(7,051)	(6,574)	(76)	(6,650)
EBITDA		251	(78)	173	321	(76)	245
Depreciation, amortization and impairment	12, 13	(182)	(312)	(494)	(170)		(170)
Operating Income		69	(390)	(321)	151	(76)	75
Finance income (including foreign exchange movements)	9	5		5	15	1	16
Finance expense (including foreign exchange movements)	9	(316)	(37)	(353)	(282)		(282)
Net finance income/(expense) (including foreign exchange movements)		(311)	(37)	(348)	(267)	1	(266)
Loss before income taxes		(242)	(427)	(669)	(116)	(75)	(191)
Income tax expense	10	(19)	7	(12)	(32)	7	(25)
Loss for the year from continuing operations		(261)	(420)	(681)	(148)	(68)	(216)
Attributable to							
Non controlling interest				4			2
Equity holders of the Company				(685)			(218)
Loss for the year				(681)			(216)

¹ Refer to note 6. Specific Items for details

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

Consolidated Statement of Comprehensive Income

€ millions	YEAR ENDED 31 DECEMBER					
	2012			2011		
	Before specific Items	Specific Items ¹	Total	Before specific Items	Specific Items ¹	Total
Loss for the year from continuing operations	(261)	(420)	(681)	(148)	(68)	(216)
Other comprehensive income						
Net investment hedges	9	-	9	(36)	-	(36)
Currency translation adjustment	29	-	29	(4)	-	(4)
Actuarial gains/(losses) on retirement benefit obligations	(24)	-	(24)	(7)	-	(7)
Total comprehensive loss for the year, net of income tax	(247)	(420)	(667)	(195)	(68)	(263)
Attributable to						
Non controlling interest			1			1
Equity holders of the Company			(668)			(264)
Total comprehensive loss for the year			(667)			(263)

¹ Refer to note 6 "Specific Items" for details

The above amounts are net of income tax expense recognized in other comprehensive income of €1 million (2011: nil)


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

Consolidated Balance Sheet

€ millions		AS AT 31 DECEMBER	
	Note	2012	2011
ASSETS			
Non-current assets			
Intangible assets	12	1,521	1,999
Property plant and equipment	13	256	309
Deferred income tax assets	14	6	13
Prepayments		35	35
Other non current assets		17	13
Total non-current assets		1,835	2,369
Current assets			
Inventory	15	15	23
Trade and other receivables	16	1,087	1,042
Prepayments		46	47
Accrued income		214	187
Income tax receivable		7	
Cash and cash equivalents	17	257	217
Assets held for sale	18	125	4
Total current assets		1,751	1,520
TOTAL ASSETS		3,586	3,889
EQUITY			
Capital and reserves attributable to equity holders			
Share capital	20	1	1
Share premium		382	382
Other reserves		402	(135)
Accumulated deficit		(1,608)	(923)
Attributable to equity holders of the Company		(823)	(675)
Non controlling interest		10	9
Total Group equity		(813)	(666)
LIABILITIES			
Non-current liabilities			
Borrowings	21	2,563	2,809
Deferred income tax liabilities	14	61	86
Retirement benefit obligations	22	114	94
Provisions	24	60	63
Other non current liabilities		30	25
Total non-current liabilities		2,828	3,077
Current liabilities			
Borrowings	21	125	103
Provisions	24	65	63
Trade and other payables	25	1,366	1,306
Income tax payable		5	6
Liabilities held for sale	18	10	
Total current liabilities		1,571	1,478
TOTAL EQUITY AND LIABILITIES		3,586	3,889

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

The financial statements on pages 17 to 65 were approved by the Board of Directors on 2 May 2013 and were signed on its behalf by



Marvin O. Schlanger
Director

Consolidated Statement of Cash Flows

€ millions	Note	YEAR ENDED 31 DECEMBER	
		2012	2011
Loss before income taxes		(669)	(191)
Adjustments for			
Share based compensation		2	2
Depreciation, amortization and impairment		494	170
Finance income	9	(5)	(4)
Gain on disposal of property, plant and equipment		(2)	(4)
Foreign exchange (gains) and losses	9	16	(12)
Finance expense	9	337	282
Change in provisions			
Retirement benefit obligations	22	(9)	(8)
Provisions	24	(2)	(10)
Changes in working capital			
Inventory	15	8	11
Trade and other receivables	16	(58)	35
Prepayments and accrued income		(28)	(13)
Trade and other payables	25	69	(11)
Changes in non current prepayments		(12)	(30)
Changes in non current accrued liabilities		4	
Cash generated from operations		145	217
Interest and other financing cost paid		(286)	(230)
Net income taxes paid	10	(31)	(30)
Net cash from operating activities		(172)	(43)
Acquisitions		1	
Capital expenditure		(101)	(73)
Proceeds from sale of property, plant and equipment		17	12
Interest received		2	5
Net cash used in investing activities		(81)	(56)
Repayment of borrowings	21	(818)	(72)
Proceeds from non current borrowings	21	928	95
Proceeds from current borrowings	21	190	74
Net cash from financing activities		300	97
Change in cash and cash equivalents		47	(2)
Cash and cash equivalents at beginning of period		217	216
Foreign exchange impact on cash and cash equivalents		(7)	3
Cash and cash equivalents at end of period	17	257	217

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*	Accumulated deficit	Attributable to equity holders of the Company	Non-controlling interest	Total Group equity
Balance at 1 January 2011	1	382	(89)	(705)	(411)	8	(403)
Currency translation adjustment			(3)		(3)	(1)	(4)
Net investment hedges			(36)		(36)		(36)
Actuarial losses on retirement benefit obligations			(7)		7		(7)
Loss attributable to equity holders for the year				(218)	(218)	2	(216)
Balance at 31 December 2011 / 1 January 2012	1	382	(135)	(923)	(675)	9	(666)
Currency translation adjustment			29		29	(3)	26
Net investment hedges			9		9		9
Capital contribution (note 21)			523		523	-	523
Actuarial losses on retirement benefit obligations			(24)		(24)	-	(24)
Loss attributable to equity holders for the year				(685)	(685)	4	(681)
Balance at 31 December 2012	1	382	402	(1,608)	(823)	10	(813)

* Includes total currency translation adjustment of €(51) million (2011 €(80) 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 Group') 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.

CEVA Group Plc 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 CEVA Group Plc at 31 December 2012 was CEVA Investments Limited, a company incorporated in the Cayman Islands. The ultimate controlling party of CEVA Group Plc is Apollo Global Management LLC ('Apollo').

At 31 December 2012, the Company had senior secured, junior priority senior secured, and senior notes listed on the Global Exchange Market of the Irish Stock Exchange.

These Group consolidated financial statements were authorized for issue by the Board of Directors on 2 May 2013.

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

On 2 May 2013 the Company completed a major financial recapitalization as explained in note 29 "Events after balance sheet date". The consolidated financial statements of CEVA Group Plc have been prepared on a going concern basis in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and 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.

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. With effect from 1 January 2013 our geographical organization below the operating segments has changed. Current regional segments Northern Europe and Southern Europe, Middle East and Africa have been combined into a new region Europe and rest of world. The old Northern Europe along with Iberia (Spain/Portugal), Italy and CEVA Ground Europe will become part of a single European management structure. The reporting lines for Turkey/Greece, Middle East/North Africa/Central Asia and Sub-Saharan Africa will be grouped as rest of the world and have a separate management structure. The geographical information in note 5 includes 2012 and 2011 on the basis of the old geographical regions.

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

Notes to the Consolidated Financial Statements

New and amended standards adopted by the Group

There are no IFRSs or IFRIC interpretations that are effective for the first time for the financial year beginning on or after 1 January 2012 that would be expected to have a material impact on 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 2013 and have not been applied in preparing these consolidated financial statements

- IAS 19, 'Employee Benefits' was amended in June 2011. This amended requires the Group to replace interest cost and expected return on plan assets with a net interest amount that is calculated by applying the discount rate to the net defined benefit liability (asset). The amendment to IAS 19 will not have any material impact on the Group's pension liability, expenses and disclosures and will be adopted from 1 January 2013.
- Amendment to IAS 1 'Financial statement presentation' regarding other comprehensive income. The main change resulting from these amendments is a requirement for entities to group items presented in other comprehensive income (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments). The amendments do not address which items are presented in OCI.
- 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 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. This standard has not been yet endorsed by the EU and is not expected to have a material impact on the Group's consolidated financial statements.
- 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 Group is yet to assess IFRS 10's full impact which it will be required to adopt from 1 January 2014.
- IFRS 11 'Joint arrangements', requires a more realistic reflection of joint arrangements by focusing on the rights and obligations of the parties to the arrangement rather than its legal form. There are two types of joint arrangement: joint operations and joint ventures. Joint operations arise where a joint operator has rights to the assets and obligations relating to the arrangement and therefore accounts for its share of assets, liabilities, revenue and expenses. Joint ventures arise where the joint venture has rights to the net assets of the arrangement and therefore equity accounts for its interest. Proportional consolidation of joint ventures is no longer allowed. IAS 28, 'Investments in Associates and Joint Ventures' and IAS 27 'Separate financial statements' were amended as a consequence of the issuance of IFRS 11. The Group is yet to assess full impact of those changes which it will be required to adopt from 1 January 2014.
- IFRS 12, 'Disclosures of interests in other entities', includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. The Group is yet to assess IFRS 12's full impact and intends to adopt IFRS 12 no later than the accounting period beginning on or after 1 January 2013.
- IFRS 13 'Fair value measurement', aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements, which are largely aligned between IFRSs and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs or US GAAP. This standard, which is applicable for 2013, is not expected to have a material impact on the Group's consolidated financial statements.

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

2.2 Consolidation

Subsidiaries

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

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

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

Joint ventures

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

Notes to the Consolidated Financial Statements

The Group's interests in jointly controlled entities are accounted for by proportionate consolidation. The Group combines its share of the joint ventures' individual income and expenses, assets and liabilities and cash flows on a line by line basis with similar items in the Group's financial statements.

Transactions with non-controlling interests

The Group treats transactions with non-controlling interests as transactions with equity owners of the group. For purchases from non-controlling interests, the difference between 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 or significant influence, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognized in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognized in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognized in other comprehensive income are reclassified to profit or loss.

Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting and are initially recognized at cost. The Group's investment in associates includes goodwill identified on acquisition, net of any accumulated impairment loss.

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

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

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

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

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 Euros ('€'), which is the Company's functional and 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 Euro are translated into Euro as follows:

- assets and liabilities for each Consolidated Balance Sheet presented are translated at the closing rate at the date of that balance sheet.

Notes to the Consolidated Financial Statements

- b) income and expenses for each Consolidated Income Statement are translated at average exchange rates and
- c) all resulting exchange differences are recognized as a separate component of equity

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.

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 pick up and delivery and other value added services. Revenue is recorded in gross terms when acting as an indirect carrier. Revenue is recorded net of transportation costs and freight insurance premiums when acting as a carrier's agent.

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

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

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

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

2.6 Work contracted out

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

2.7 Other operating expenses

Other operating expenses includes cost of materials, rental expenses, maintenance and repair charges, professional fees and other miscellaneous expenses. Other operating income of nil (2011: €4 million) representing insurance receipts and other sundry income has been netted against other operating expenses on materiality grounds.

2.8 Leases

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

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

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

Notes to the Consolidated Financial Statements

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 of the acquired subsidiary at the date of acquisition. Goodwill on acquisition of subsidiaries is included in intangible assets. Goodwill is tested annually for impairment or more frequently if there are indications that goodwill might be impaired, and carried at cost less accumulated impairment losses. 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 in which the goodwill arose, identified according to operating segment.

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.

Notes to the Consolidated Financial Statements

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 written off. 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 write off their cost less residual values over their 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 to sell 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.

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Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are carried at amortized cost using the effective interest method.

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

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

2.15 Derivative financial instruments and hedging activities

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

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

The Group uses certain borrowings to hedge net investments. The Group applies hedge accounting to foreign currency differences arising on net investment between the functional currency of the foreign operation and the Group's functional currency (Euro) 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.

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2.20 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.

2.21 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. Financial liabilities are derecognized when they have been redeemed or otherwise extinguished.

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 removed from the balance sheet when it is 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.

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, together with adjustments for unrecognized actuarial gains or losses and past service costs. 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 liability.

All actuarial gains and losses arising from defined benefit plans have been recognized immediately in other comprehensive income. Interest expense on the pension obligation and return on assets are recognized in finance income and expense.

Other long term employee benefits

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

Termination benefits

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

Share based compensation

The Group operates equity settled share based compensation plans, under which CEVA Group Plc receives services from employees as consideration for equity instruments (options) of CEVA Investments Limited. The fair value of the employee services received in exchange for the grant of the options is charged by CEVA Investments Limited and is recognized as an expense by CEVA Group Plc. The total amount to be expensed is recognized by reference to the fair value of

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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 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 determined 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 liability.

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 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 resulting 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 Impairment of goodwill

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

3.2 Income taxes

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

3.3 Retirement benefits

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

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

3.4 Provisions and contingent liabilities

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

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

Notes to the Consolidated Financial Statements

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

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

(a) Market risk

Foreign currency exchange risk

The Group operates internationally and is exposed to foreign currency exchange risks arising from future commercial transactions, recognized assets and liabilities, investments and divestments in foreign currencies other than the Euro, the Group's reporting currency. Although we enter into hedging arrangements and other contracts in order to reduce our exposure to currency fluctuations, these measures may be inadequate or may subject us to increased operating or financing costs.

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

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

The main exchange rates are shown below:

	2012		2011	
	Year end closing	Average	Year end closing	Average
British pound	0.8126	0.8111	0.8380	0.8676
US dollar	1.3197	1.2856	1.2934	1.3907
Chinese yuan	8.2299	8.1126	8.1530	8.9879

A five percent strengthening of the following currencies against the Euro at 31 December 2012 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 2011.

€ millions	2012		2010	
	Effect on profit before tax	Effect on equity	Effect on profit before tax	Effect on equity
British pound	1	7	1	8
US dollar	(6)	59	(6)	65
Chinese yuan	1	13	1	13

A five percent weakening of the above currencies against the Euro at 31 December 2012 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.

Notes to the Consolidated Financial Statements

The table below shows the interest rate profile of the Group's interest bearing financial instruments as of 31 December 2012 and 2011 (refer to note 21 "Borrowings" for further details)

€ millions	2012 Carrying value	2011 Carrying value
Fixed Rate Instruments		
Loan notes	1 837	2 171
Variable Rate Instruments		
Financial liabilities	851	741
Total	2,688	2,912

Sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased (decreased) profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis was performed on the same basis as for 2011

€ millions	2012 Effect on profit before Tax	2011 Effect on profit before Tax
Change of interest rate		
Euro +100 basis points	(2)	(2)
Euro 100 basis points	2	2
US dollar +100 basis points	(5)	(4)
US dollar 100 basis points	5	4

Commodity risk

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

(b) Credit risk

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

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

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

€ millions	2012	2011
Loans and receivables	1 105	1 046
Cash and cash equivalents	257	217

(c) Liquidity risk

Liquidity risk is the risk that the Group does not have sufficient headroom (cash and cash equivalents plus central credit facilities described in note 21 "Borrowings") available to meet both our day-to-day operating requirements and debt servicing obligations (interest and debt repayment). As is typical of global integrated companies such as CEVA, cash is often held in various jurisdictions in which the Group operates and may not be immediately available to Group Treasury. Group Treasury mitigates liquidity risk by seeking to ensure that CEVA has adequate funding at its disposal at all times and helping facilitate access to the money markets and capital markets. This includes relationship management with all financial stakeholders such as banks, rating agencies and debt investors. Refer to note 21 "Borrowings" of the consolidated financial statements for details on the Group's covenants and borrowings for the refinancing transaction that has taken place in 2012.

As at 31 December 2012, CEVA Group Plc had €257 million (2011: €217 million) in cash on its Consolidated Balance Sheet. In addition to this cash CEVA Group Plc has access to €422 million (2011: €280 million) of central credit facilities described in note 21 "Borrowings", of which €383 million (2011: €207 million) was drawn. Total headroom at 31 December 2012 was therefore €296 million (2011: €290 million). Following our Recapitalization which closed 2 May 2013,

Notes to the Consolidated Financial Statements

we further strengthened our liquidity with €165 million of proceeds from equity capital from our new shareholders, as discussed further in note 29 "Events after balance sheet date"

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

€ millions							2011
	Present value of minimum lease payments	Interest	Future minimum lease payments	Loan notes	Bank borrowings	Interest on borrowings	Trade and other payables
Less than 1 year	5	3	8		98	258	1,306
1-5 years	21	11	32	520	806	916	
Thereafter	16	14	30	1,021	504	208	
Total	42	28	70	1,541	1,408	1,382	1,306

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 €1,063 million (2011: €1,123 million) that are disclosed in note 26 "Commitments".

Capital management

The Group's objectives when managing capital 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. See note 29 "Events after balance sheet date" for details of the Recapitalization which closed on 2 May 2013.

As at 31 December 2012 the Group had a capital structure which utilized a high proportion of structured debt to equity, which was historically adopted because debt financing was viewed as a cheaper source of capital than equity financing. During the year the Group undertook a debt and equity funded financing as described in note 21 "Borrowings". The structure of our debt and facilities is a combination of long term debt secured to finance our acquisitions in 2006 of the TNT contract logistics business and in 2007 of the EGL Inc freight management business and medium term facilities which are available to support shorter term liquidity requirements. The majority of our interest rates are fixed and as of 31 December 2012 there were no material debt repayments due until November 2015.

Fair value estimation

The fair value of the derivative financial instruments at 31 December 2012 is nil (2011: nil). As at 31 December 2012 there were foreign exchange and interest derivative contracts with a notional amount of €10 million (2011: €29 million).

5 SEGMENT INFORMATION

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

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

Operating segments

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

Additional information - geographical

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

Notes to the Consolidated Financial Statements

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise borrowings and income tax assets and liabilities. The Group's customer base is highly diversified, with no individually significant customer. The Executive Board assesses the performance of the operating segments based on earnings before interest, tax, depreciation and amortization ('Adjusted EBITDA', previously known as EBITDA before specific items). 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 2012 are as follows

€ millions			2012
	Freight Management	Contract Logistics	Total
Total segment revenue	3,344	3,909	7,253
Inter segment revenue	(2)	(27)	(29)
Revenue from external customers	3,342	3,882	7,224
Operating expenses excluding depreciation, amortization and impairment	(3,240)	(3,733)	(6,973)
Adjusted EBITDA	102	149	251
Specific items			(78)
EBITDA			173
Impairment	(158)	(154)	(312)
Depreciation and amortization			(182)
Operating Income			(321)

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

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

The reported Adjusted EBITDA for the year ended 31 December 2012 includes €16 million (year ended 31 December 2011: €18 million) from joint ventures.

The segment results for the year ended 31 December 2011 are as follows

€ millions			2011
	Freight Management	Contract Logistics	Total
Total segment revenue	3,154	3,764	6,918
Inter segment revenue	(2)	(21)	(23)
Revenue from external customers	3,152	3,743	6,895
Operating expenses excluding depreciation, amortization and impairment	(3,028)	(3,546)	(6,574)
Adjusted EBITDA	124	197	321
Specific items			(76)
EBITDA			245
Depreciation, amortization and impairment			(170)
Operating Income			75

Notes to the Consolidated Financial Statements

The segment assets and liabilities at 31 December 2011 and the capital expenditure for the year then ended are as follows

€ millions				2011
	Freight Management	Contract Logistics	Unallocated	Total
Total assets	2,037	1,838	14	3,889
Total liabilities	583	948	3,024	4,555
Capital expenditure	20	53	-	73

Additional information - geographical

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

€ millions					2012
	Americas	Asia Pacific	Northern Europe	Southern Europe, Middle East and Africa	Total
Total segment revenue	2,212	2,125	1,725	1,257	7,319
Inter segment revenue	(33)	(16)	(26)	(20)	(95)
Revenue from external customers	2,179	2,109	1,699	1,237	7,224
Operating expenses excluding depreciation, amortization and impairment	(2,210)	(2,021)	(1,623)	(1,219)	(6,973)
Adjusted EBITDA	69	88	76	18	251
Specific items					(78)
EBITDA					173
Impairment					(312)
Depreciation and amortization					(182)
Operating income					(321)

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

€ millions						2012
	Americas	Asia Pacific	Northern Europe	Southern Europe, Middle East and Africa	Unallocated	Total
Total assets	1,110	975	839	648	14	3,586
Total liabilities	456	361	412	398	2,772	4,399
Capital expenditure	34	32	21	14		101

Notes to the Consolidated Financial Statements

The geographical results for the year ended 31 December 2011 are as follows

€ millions					2011
	Americas	Asia Pacific	Northern Europe	Southern Europe, Middle East and Africa	Total
Total segment revenue	2,100	1,942	1,669	1,278	6,989
Inter segment revenue	(39)	(16)	(25)	(14)	(94)
Revenue from external customers	2,061	1,926	1,644	1,264	6,895
Operating expenses excluding depreciation, amortization and impairment	(1,970)	(1,826)	(1,566)	(1,212)	(6,574)
Adjusted EBITDA	91	100	78	52	321
Specific Items					(76)
EBITDA					245
Depreciation, amortization and impairment					(170)
Operating Income					75

The geographical assets and liabilities at 31 December 2011 and capital expenditure for the year then ended are as follows

€ millions						2011
	Americas	Asia Pacific	Northern Europe	Southern Europe, Middle East and Africa	Unallocated	Total
Total assets	1,239	1,020	918	698	14	3,889
Total liabilities	445	306	384	396	3,024	4,555
Capital expenditure	20	18	19	16		73

The entity is domiciled in the United Kingdom. The result of its revenue from external customers in the UK is €609 million (2011: €567 million). In the United States is €1,588 million (2011: €1,447 million). In China is €998 million (2011: €857 million) and in Italy is €729 million (2011: €786 million). The total revenue from external customers from other countries is €3,300 million (2011: €3,238 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 €197 million (2011: €227 million) and the total of these non-current assets located in other countries is €1,628 million (2011: €2,126 million).

6 SPECIFIC ITEMS

€ millions	2012	2011
Personnel expenses	30	22
Other operating expenses	48	54
Impairment	312	
Finance income		(1)
Finance expense	37	
Total (income) / expense	427	75

Personnel expenses

In 2012, personnel expenses are largely related to one-time severance payments as a result of site optimization and labor claims incurred in relation to the cost reduction programs implemented by the Group, including initial expenses of the new plan announced in November 2012.

Personnel expenses in 2011 were largely one-time severance costs incurred in relation to the cost reduction programs being implemented by the Group mainly in Italy, the United Kingdom, Germany, Spain and The Netherlands.

Notes to the Consolidated Financial Statements

Other operating expenses

Other operating expenses in 2012 and 2011 include expenses related to the outsourcing and optimizing our finance processes and streamlining our freight management systems as well as expenses related to the on going industry wide antitrust investigation. It also includes expenses associated with the disposal of the Intermediate Bulk Container Business in 2012.

Impairment

Goodwill impairment charges of €312 million were recognized for the year ended 31 December 2012 (2011: nil) as a result of the annual goodwill impairment testing. These non-cash impairment charges were primarily driven by the impact on business valuations from significantly lower forecasted cash flows from revised internal 5 year projections, reflecting recent experiences and potential future challenging economic and competitive conditions.

Finance expense

In 2012 the Group incurred costs and accelerated amortization of capitalized debt issuance fees in relation to the debt and equity funded financing transaction which was completed on 1 February 2012 (see note 21) which were recognized as a specific item.

7 PERSONNEL EXPENSES

€ millions	2012	2011
Wages and salaries	1,789	1,697
Employee benefits and social expenses	238	237
Pension costs – defined benefit plans (note 22)	9	7
Pension costs – defined contribution plans	29	23
Share options granted to Directors and employees	1	2
Total personnel costs	2,066	1,966

Average number of people employed

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

	2012	2011
Freight Management	12,016	13,270
Contract Logistics	38,433	37,467
Total	50,449	50,737

The above disclosure excludes the total average headcount at Anji CEVA of 8,774 in 2012 (2011: 9,848).

Directors and executive management emoluments

€ thousands	2012	2011
Marvin Schlanger	333	373
Joshua Harris	37	44
Gareth Turner	32	44
Michael Jupiter	39	45
Stan Parker	36	45
Paul Richardson	100	121
Tom White	53	87
John Pattullo	1,123	1,516
Other executive management	3,641	4,899
	5,394	7,174

Directors and other executive management (key management) emoluments include salaries of €5 million (2011: €5 million), accrued bonus provisions of nil (2011: €1 million) and share option expenses of nil (2011: €1 million). None of the directors have had pensions funded by the Group. Other executive management received €120 thousand (2011: €44 thousand) for pension related costs.

Notes to the Consolidated Financial Statements

Share options granted to the Directors and other executive management are shown in the table below

Number of share options

	Outstanding at 1 January 2011	Granted during the year	Exercised during the year	Forfeited during the year*	Outstanding at 31 December 2011/ 1 January 2012	Granted during the year	Exercised during the year	Forfeited during the year*	Outstanding at 31 December 2012	Weighted average exercise price in €
Marvin Schlanger	10,000				10,000	20,000			30,000	66.67
Joshua Harris	1,172				1,172				1,172	50.00
Gareth Turner***	1,172				1,172				1,172	20.15
Stan Parker	1,172				1,172				1,172	20.15
Paul Richardson	800				800				800**	
Tom White	6,816				6,816				6,816	89.00
John Pattullo	47,400				47,400			(31,600)	15,800	100.00
Other executive management	48,492			(13,678)	37,464*			6,970	30,494	50.00
Total	117,024			(13,678)	105,996*	20,000		(38,570)	87,426	

Includes changes in the composition of the other executive management during the year who had share options granted in prior years

Relates to restricted shares awarded to independent non-employee directors

*** Resigned as director in 2012 but retained share options

8 AUDITOR REMUNERATION

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

€ millions	2012	2011
Fees payable to the Company's auditor and its associates for the audit of the parent company and consolidated financial statements	2	2
Fees payable to the Company's auditor and its associates for the audit of the Company's subsidiaries pursuant to legislation	2	2
Fees payable to the Company's auditor for other services		
Taxation compliance services	1	1
Taxation advisory services	1	
Services relating to corporate finance transactions		1
All other non audit services		1
Total	6	7

Auditor remuneration is recognized in other operating expenses in the Consolidated Income Statement

9 FINANCE INCOME AND EXPENSE

€ millions	2012	2011
Interest income on short term bank deposits	5	4
Net foreign exchange gains		12
Finance income	5	16
Interest expense on bank borrowings	(255)	(243)
Interest on finance lease liabilities	(4)	(3)
Net foreign exchange losses	(16)	
Interest expense on retirement benefit obligations	(3)	(4)
Other financial expense	(75)	(32)
Finance expense	(353)	(282)
Net finance expense	(348)	(266)

Other financial expense includes the amortization of debt issuance costs of €42 million (2011: €11 million)

During 2012 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 2012 €525 million (31 December 2011: €535 million) of borrowings was designated as a net investment hedge.

Notes to the Consolidated Financial Statements

10 INCOME TAX EXPENSE

€ millions	2012	2011
Current tax expense	20	42
Deferred tax expense	(8)	(17)
Income tax expense	12	25

Income tax expense recognized in other comprehensive income is €1 million (2011 nil)

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

€ millions	2012		2011	
Theoretical tax charge / (income)	(164)	24.5 %	(51)	26.5 %
Permanent differences				
Non deductible other costs	2	(0.3) %	9	(4.7) %
Non deductible write off of goodwill	76	(11.4) %		
Non taxable repurchase of debt	11	(1.6) %		
Difference between local and UK tax rate	(18)	(2.7) %	(11)	5.8 %
Other movements				
Deferred tax assets not recognized on timing differences	60	(9.0) %	34	(17.8) %
Deferred taxes not recognized on losses	55	(8.2) %	39	(20.4) %
Other income tax expense/(benefit)	(10)	1.5 %	5	(2.4) %
Actual tax charge	12	(1.8) %	25	(13.0) %

The 2012 effective tax rate is (1.8) % (2011 (13.0) %) The 2011 and 2012 rate was impacted by uncertainty over the future utilization of losses The 2012 rate was also impacted by the book write off of goodwill and the company's debt and equity financing

11 BUSINESS COMBINATIONS

The Company did not complete any material acquisitions in 2012 and 2011

12 INTANGIBLE ASSETS

€ millions	Goodwill	Contractual customer relationships	Other intangibles	Total
Net book amount at 1 January 2011	1,510	499	35	2,044
Additions			12	12
Amortization		(71)	(20)	(91)
Impairment				-
Transferred to disposal group classified as held for sale				
Exchange rate differences	30	4		34
Closing net book amount at 31 December 2011	1,540	432	27	1,999
Historical cost	1,556	776	278	2,610
Accumulated amortization and impairment	(16)	(344)	(251)	(611)
Net book amount at 31 December 2011 / 1 January 2012	1,540	432	27	1,999
Additions			24	24
Amortization		(73)	(17)	(90)
Impairment	(312)			(312)
Transferred to disposal group classified as held for sale	(85)	(1)		(86)
Exchange rate differences	(9)	(4)	(1)	(14)
Closing net book amount at 31 December 2012	1,134	354	33	1,521
Historical cost	1,462	771	301	2,534
Accumulated amortization and impairment	(328)	(417)	(268)	(1,013)
Net book amount at 31 December 2012	1,134	354	33	1,521

Notes to the Consolidated Financial Statements

Impairment tests for goodwill

As required by IFRS 3 goodwill is subject to annual impairment reviews. These reviews are carried out using the following criteria. An amount of goodwill is attributed to each of the operating segments. Such operating segments are determined to be a "Cash Generating Unit" (CGU) as determined by IAS 36 "Impairment of Assets". The recoverable amount of each CGU is determined based on calculating its value in use. The value in use is calculated by applying discounted cash flow modeling to management's own projections covering a five year period. Cash flows beyond the five year period are extrapolated using a long term growth rate of 2% which does not exceed the estimated long term GDP growth rates for the most relevant territories in which the businesses operate.

€ millions	2012	2011
Historical cost		
At beginning of period	1,556	1,526
Transferred to disposal group	(85)	
Currency retranslation	(9)	30
At end of period	1,462	1,556
Accumulated impairment		
At beginning of period	(16)	(16)
Charge for the year	(312)	
At end of period	(328)	(16)
Net book value at the end of period	1,134	1,540

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

€ millions	2012	2011
Freight Management	847	1,011
Contract Logistics	287	529
Total goodwill	1,134	1,540

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

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

The projections for Freight Management demonstrate a robust market position; however, the uncertainty concerning the outlook for the economy around the world has suppressed the projections such that the remaining value of goodwill has been impaired down to €847 million.

The revised projections for Contract Logistics incorporate the increasing weaknesses in various key markets, particularly in the Southern European economies while also considering management's actions on costs. The remaining value of goodwill has been impaired down to €287 million.

Key assumptions

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

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

Long term growth rate

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

Notes to the Consolidated Financial Statements

Pre tax discount rate

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

Projected EBITDA

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

Budgeted capital expenditure

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

Net Working Capital (NWC) levels

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

Result

Goodwill impairment losses of €312 million were recognized for the year ended 31 December 2012 (2011: 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			2012
	Freight Management	Contract Logistics	Total
Decrease in long term growth rate of 0.5%	(43)	(31)	(74)
Increase in pre tax discount rate of 1%	(88)	(53)	(141)
Decrease in projected EBITDA of 5%	(74)	(68)	(142)
Worsening in the projected NWC levels of 10%	(17)	(12)	(29)
Increase in projected capital expenditure of 10%	(30)	(82)	(112)

Notes to the Consolidated Financial Statements

13 PROPERTY, PLANT AND EQUIPMENT

€ millions	Land and buildings	Plant and equipment	Other	Under construction	Total
Net book amount at 1 January 2011	130	133	56	15	334
Additions	11	29	20	1	61
Disposals	(1)	(5)			(6)
Depreciation	(17)	(37)	(25)		(79)
Exchange rate differences		2	2	(1)	3
Transferred to disposal group classified as held for sale	(4)				(4)
Transfers	10	1	1	(12)	
Closing net book amount at 31 December 2011	129	123	54	3	309
Historical cost	222	326	182	3	733
Accumulated depreciation and impairment	(93)	(203)	(128)		(424)
Net book amount at 31 December 2011 / 1 January 2012	129	123	54	3	309
Additions	15	33	23	6	77
Disposals	(2)	(10)	(2)		(14)
Depreciation	(18)	(47)	(27)		(92)
Exchange rate differences	1		1		2
Transferred to disposal group classified as held for sale	(1)	(25)			(26)
Transfers	4		1	(5)	
Closing net book amount at 31 December 2012	128	74	50	4	256
Historical cost	239	324	205	4	772
Accumulated depreciation and impairment	(111)	(250)	(155)		(516)
Net book amount at 31 December 2012	128	74	50	4	256

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 2011	30	11	1	42
Under finance lease 31 December 2012	30	17	1	48

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	2012	2011
Before offsets		
Deferred income tax assets	(51)	(72)
Deferred income tax liabilities	106	145
Net deferred income tax liabilities	55	73
After offsets		
Deferred income tax assets	(6)	(13)
Deferred income tax liabilities	61	86
Net deferred income tax liabilities	55	73

Notes to the Consolidated Financial Statements

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 2011	23	36	26	14	99
Transfers	11	(5)	(9)	(14)	(17)
Exchange rate differences		1	-	(1)	
Income statement effect	(5)	(7)	1	1	(10)
Deferred income tax assets at 31 December 2011 / 1 January 2012	29	25	18	-	72
Transfers	9	(3)	3	1	10
Exchange rate differences	(1)	(1)	-	1	(1)
Income statement effect	(6)	(12)	(13)	1	(30)
Deferred income tax assets at 31 December 2012	31	9	8	3	51

Deferred income tax liabilities

€ millions	Property, plant and equipment	Intangibles	Other	Total
Balance at 1 January 2011	2	165	22	189
Transfers	5	(2)	(20)	(17)
Assets Held for Sale				
Exchange rate differences	-	1	(2)	(1)
Income statement effect	(3)	(22)	(1)	(26)
Deferred income tax liabilities at 31 December 2011 / 1 January 2012	4	142	(1)	145
Transfers	10	(12)	1	(1)
Exchange rate differences	-	(1)	1	
Income statement effect	(13)	(24)	(1)	(38)
Deferred income tax liabilities at 31 December 2012	1	105	-	106

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 €55 million (2011: €39 million) in respect of losses amounting to €216 million (2011: €178 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	2012	2011
Raw materials and supplies	12	7
Finished goods	3	16
Total inventory	15	23

The provision for inventory obsolescence is nil (2011: nil).

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

Notes to the Consolidated Financial Statements

16 TRADE AND OTHER RECEIVABLES

€ millions	2012	2011
Trade receivables	1,050	995
Provision for impairment of trade receivables	(36)	(32)
Trade accounts receivable - net	1,014	963
VAT receivable	30	22
Other	43	57
Other receivables	73	79
Total trade and other receivables	1,087	1,042

Other receivables include amounts receivable from insurance companies, government departments and from tax authorities

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

At 31 December 2012 non recourse factoring resulted in the derecognition of €102 million (2011: €93 million) of trade receivables

The Group has liabilities of €158 million (2011: €113 million) related to factoring 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 €190 million (2011: over €143 million) of trade receivables are factored 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.

During the year ended 31 December 2010, certain US subsidiaries of the Group and a new subsidiary CEVA US Receivables, LLC (Unrestricted Subsidiary) of the Group entered into agreements establishing an Asset Backed Loan (ABL) Facility. The obligations of the Unrestricted Subsidiary under the ABL Facility are secured on a first priority basis by the currently owned and subsequently acquired assets of the Unrestricted Subsidiary, including, but not limited to, all of the trade receivables transferred to the Unrestricted Subsidiary by the US subsidiaries. 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 of 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 2012, trade receivables of €196 million (2011: €148 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	2012	2011
Past due 0-30 days	109	85
Past due 31-60 days	32	24
Past due 61-90 days	16	14
Past due 91-120 days	10	7
Past due more than 121 days	29	18
Total	196	148

Despite our continued focus on collections in this area, our overdue receivables have increased as a percentage of total receivables. This was primarily driven by an increase in the short term 0-30 days past due category.

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

€ millions	2012	2011
Euro	270	295
US dollar	301	320
UK pound Sterling	61	64
Other currencies	491	395
Total	1,123	1,074

Notes to the Consolidated Financial Statements

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

€ millions	2012	2011
At 1 January	32	34
Charged to other operating expenses	11	6
Receivables written off during the year as uncollectable	(7)	(6)
Unused amounts reversed		(2)
Exchange rate difference		
At 31 December	36	32

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	2012	2011
Cash at bank	152	115
Current bank deposits	105	102
Total cash and cash equivalents	257	217

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

18 ASSETS AND LIABILITIES HELD FOR SALE

A property located in SEMEA region that was classified as held for sale as at 31 December 2011 was subsequently sold during 2012.

The assets and liabilities related to both CEVA's European Container Logistics business and Asia Pacific Pallecon business (together forming the Intermediate Bulk Container Business) is presented as a disposal group held for sale following the commitment of the Group's management in December 2012 to sell both businesses. This disposal group is presented in the Northern Europe and Asia Pacific regions. The completion date for the transfer was 2 January 2013.

The assets classified as held for sale are presented below:

€ millions	AS AT 31 DECEMBER 2012
ASSETS	
Non-current assets	
Goodwill	85
Customer relation	1
Property, plant and equipment	26
Prepayments	1
Total non-current assets	113
Current assets	
Inventory	4
Trade and other receivables	8
Other current assets	
Total current assets	12
TOTAL ASSETS	125

Notes to the Consolidated Financial Statements

The liabilities classified as held for sale are presented below

€ millions	AS AT 31 DECEMBER 2012
LIABILITIES	
Non-current liabilities	
Non current borrowings	1
Retirement benefit obligations	1
Other long term liabilities	
Total non-current liabilities	2
Current liabilities	
Trade and other payables	4
Other current liabilities	4
Total current liabilities	8
TOTAL LIABILITIES	10

No impairment loss was recognized on the non current assets classified as held for sale

Please refer to Note 29 'Events after balance sheet date' for details on the completion of this transaction

19 JOINT VENTURES

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

€ millions	2012	2011
Assets		
Non current assets	28	27
Current assets	78	53
Liabilities		
Current liabilities	76	45
Net assets	30	35
Revenue	148	115
Depreciation and amortisation	(2)	(2)
Financial income		7
Other expenses ¹	(136)	(100)
Profit/(loss) after income tax	10	20
Proportionate interest in joint venture's commitments	14	2

¹ Included in other expenses is €4 million (2011: €3 million) tax expense

The joint venture had no contingent liabilities as at 31 December 2012 (2011: nil)

20 SHARE CAPITAL

	Number of ordinary shares	€ millions
1 January 2011	350,000	1
Issued during the year	-	-
31 December 2010 / 1 January 2012 / 31 December 2012	350,000	1

At 31 December 2012 the authorized and issued share capital comprised 350,000 ordinary shares (2011: 350,000). There has been no movement in share capital in 2011 and 2012. Ordinary shares have a nominal value of £1 each. All issued shares have been paid in full.

Notes to the Consolidated Financial Statements

21 BORROWINGS

The carrying amounts and fair value of borrowings are as follows

€ millions	2012		2011	
	Carrying value	Fair value	Carrying value	Fair value
Non-current				
Bank borrowings	818	835	1,278	1,231
Loan notes	1,705	1,560	1,494	1,291
Finance leases	40	40	37	37
Total non-current borrowings	2,563	2,435	2,809	2,559
Current				
Bank overdrafts	98	98	66	66
Bank borrowings	19	19	32	32
Finance leases	8	8	5	5
Total current borrowings	125	125	103	103
Total borrowings	2,688	2,560	2,912	2,662
Unamortized debt issuance costs	70		79	
Total principal debt	2,758		2,991	

Non-current borrowings

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. The average floating interest rate for the period was 5.0% (2011 4.6%) and 5.7% (2011 5.5%) 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 2012 (millions)	Amount drawn at 31 December 2011 (millions)
Senior secured facilities - tranche A (EUR)	Euro	EURIBOR + 3%	November 2013		€ 64
Senior secured facilities - tranche B (EUR)	Euro	EURIBOR + 5%	August 2016	€ 103	€ 103
Senior secured facilities - tranche A (USD)	US dollar	US LIBOR + 3%	November 2013		\$129
Senior secured facilities - tranche B (USD)	US dollar	US LIBOR + 5%	August 2016	\$485	\$335
Senior secured facilities - revolver (EUR)	Euro	EURIBOR + 4%	November 2015	€ 65	€ 40
Senior secured facilities - revolver (USD)	US dollar	Prime Rate + 1.5%	November 2015	\$52	
First lien senior secured notes	US dollar	8.375%	December 2017	\$775	\$450
First and a half priority lien secured notes	US dollar	11.625%	October 2016	\$210	\$210
Junior priority senior secured notes	US dollar	11.5%	April 2018	\$702	\$702
12% senior notes	Euro	12%	September 2014	€ 11	€ 11
8.5% senior notes	Euro	8.5%	December 2014	-	€ 266
Extended senior notes	Euro	8.5%	June 2018	-	€ 73
12.75% senior notes	US dollar	12.75%	March 2020	\$620	
Senior unsecured facility loans	US dollar	9.75%	August 2015	-	\$165
Senior unsecured facility extended loan	US dollar	9.75%	June 2018	\$113	\$629
Senior subordinated notes	Euro	10%	December 2016	-	€ 81
Extended senior subordinated notes	Euro	10%	June 2018	-	€ 57
US ABL facility	US dollar	US LIBOR + (3% - 3.5%)	November 2015	\$164	\$142
Australian Receivables facility	AU dollar	BBSY + 5.28%	September 2015	A\$40	
Bank overdrafts	Various	Various	Various	€ 111	€ 66
Finance lease liabilities	Various	Various	Various	€ 47	€ 42
Other loans	Various	Various	Various	€ 24	€ 50

Notes to the Consolidated Financial Statements

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

€ millions	2012	2011
Euro	742	772
US dollar	1,832	2,073
Other currencies	114	67
Total	2,688	2,912

Debt and equity funded financing in 2012

On 1 February 2012 CEVA Group Plc together with its parent CEVA Investments Limited (CIL) completed a debt and equity funded financing through the issuance of US\$325 million of 8.375 % first lien senior secured notes due 2017 and US\$620 million of 12.75 % senior unsecured notes due 2020. The proceeds together with cash on hand were used to redeem or repay all of the €164 million of term loans maturing in 2013 under CEVA's senior secured credit facilities, €266 million of 8.5 % senior notes due 2014, US\$165 million of senior unsecured loan due 2015 and €81 million of 10 % senior subordinated notes due 2016. CIL also issued over €850 million of new equity securities to Apollo which controls CIL in exchange for the contribution and subsequent cancellation of €523 million of CEVA Group Plc debt that is accounted for as a capital contribution and €355 million of CIL securities previously held by Apollo and its affiliates. The CEVA Group Plc debt that was exchanged consisted of US\$516 million of senior unsecured loan due 2018, €73 million of 8.5 % senior notes due 2018 and €57 million of 10 % senior subordinated notes due 2018. In addition we increased the size of the revolving credit facility under the senior secured facilities by €100 million to €179 million. These transactions resulted in the extension of maturities of CEVA Group Plc debt, reduced our interest burden and increased our cash and undrawn facilities.

Bank borrowings

As at 31 December 2012 the Company has drawn €104 million (2011: €40 million) under the revolving credit facility.

In addition to the term bank loans, the Group has a €126 million (2011: €186 million) synthetic letter of credit facility which is available for the issuance of letters of credit and bank guarantees. On 2 May 2012, the Group completed a refinancing of its synthetic letter of credit facility due 2013 by increasing its existing term loan due 2016 by US\$150 million.

Approximately €171 million of letters of credit in various currencies were issued but undrawn on 31 December 2012 (2011: €174 million) under the synthetic letter of credit facility and revolving credit facility. The remaining amount unissued under our synthetic letter of credit facility as at 31 December 2012 is €7 million (2011: €13 million).

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

€ millions	2012	2011
Floating rate	46	87
Fixed rate	-	-
Total	46	87

As at 31 December 2012 CEVA Group Plc had €257 million (2011: €217 million) in cash on its Consolidated Balance Sheet. In addition to this cash, CEVA Group Plc has access to €422 million (2011: €280 million) of credit facilities held centrally, as described above, of which €383 million (2011: €207 million) was drawn. Total headroom at 31 December 2012 was therefore €296 million (2011: €290 million).

Certain covenants and events of default

Our indebtedness contains, and any future indebtedness we may incur would likely contain, a number of restrictive covenants that will impose significant operating and financial restrictions on us, including restrictions on our ability to, amongst others, incur or guarantee additional debt, pay dividends and make other restricted payments, create or incur certain liens, make certain investments, engage in sales of assets and subsidiary stock, enter into transactions with affiliates and transfer all or substantially all of our assets or enter into merger or consolidation transactions. In addition, our senior secured credit facilities require us to maintain a maximum ratio of secured first lien net debt to covenant EBITDA of 4.0 to 1.0, calculated for the trailing four quarters (as determined under our senior secured credit facility). The definition of covenant EBITDA allows us to add back certain non-cash or non-recurring charges that are deducted in determining net income (for example, restructuring costs) and to add the future benefit of specific cost reduction programs. As at 31 December 2012 the Group had significant headroom on this covenant.

Interest rate and fees

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

Notes

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

Notes to the Consolidated Financial Statements

but junior to the liens securing the first lien debt. The Group's senior notes and senior unsecured loans are unsecured senior obligations of the issuer and the guarantors

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

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

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

US ABL facility due 2015

On 19 November 2010, certain US subsidiaries of the Group and a new subsidiary CEVA US Receivables LLC (Unrestricted Subsidiary) entered into agreements establishing an Asset Backed Loan (ABL) Facility with an initial commitment amount of US\$200 million. On 30 November 2010, the committed amount of the ABL Facility was increased to US\$250 million. The obligations of the Unrestricted Subsidiary under the ABL Facility are secured on a first priority basis by all currently owned and subsequently acquired assets of the Unrestricted Subsidiary, including, but not limited to, all of the accounts receivable transferred to the Unrestricted Subsidiary by the US subsidiaries. The ABL Facility matures on 19 November 2015. As at 31 December 2012, the outstanding drawn amount of the ABL Facility was US\$164 million.

Australian Receivables Facility due 2015

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

For the changes in borrowings after 31 December 2012, please refer to note 29 "Events after balance sheet date".

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.

Amounts recognized in the Consolidated Balance Sheet

€ millions	2012	2011
Present value of funded obligations	211	177
Fair value of plan assets	99	84
Deficit	112	93
Reimbursement right	2	1
Liability in the balance sheet	114	94

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 €18 million at 31 December 2012 (2011: €17 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 €26 million at 31 December 2012 (2011: €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 €2 million (2011: €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.

Notes to the Consolidated Financial Statements

Movement in defined benefit obligations

€ millions	2012	2011
At 1 January	177	164
Service costs	9	7
Other costs	1	-
Interest costs	7	8
Actuarial loss / (gain)	27	7
Exchange rate differences	1	2
Benefits paid	(12)	(11)
Transfers	1	-
At 31 December	211	177

Movement in plan assets

€ millions	2012	2011
At 1 January	84	74
Expected return on plan assets	4	4
Actuarial (loss) / gain	3	-
Exchange rate differences	1	1
Employer contributions	10	10
Benefits paid	(5)	(5)
Settlements	2	-
Transfers	-	-
At 31 December	99	84

Expense recognized in the Consolidated Income Statement

€ millions	2012	2011
Recognized in personnel expenses (note 7)		
Service costs	9	7
Recognized in finance expense (note 9)		
Expected return on plan assets	(4)	(4)
Interest costs	7	8
Employer pension expense for the year	12	11

Amounts recognized in the Statement of Other Comprehensive Income

€ millions	2012	2010
Actuarial (gains) / losses recognized in the statement of other comprehensive income in the period (before tax)	24	7
Cumulative actuarial losses recognized in the statement of other comprehensive income (before tax)	42	18

The actual return on plan assets was an €8 million gain (2011: €5 million gain)

Principal actuarial assumptions

	2012	2011
Discount rate	3.7%	4.4%
Expected return on assets	5.4%	5.3%
Rate of compensation increase	2.2%	2.3%
Inflation	2.0%	2.1%

Amounts indicated are weighted averages

Notes to the Consolidated Financial Statements

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

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

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

	2012			2011		
	UK	NL	US	UK	NL	US
Retiring at the end of the reporting period						
Male	22.4	21.5	19.6	22.2	20.0	19.5
Female	24.1	23.3	21.4	24.0	22.9	21.3
Retiring 20 years after the end of the reporting period						
Male	25.3	23.3	21.0	25.2	21.8	20.9
Female	25.9	24.4	22.4	25.9	23.8	22.2

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

Expected employer contributions to post employment benefit plans for the year ending 31 December 2013 are €12 million.

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

	2012	2011
Equity	30%	30%
Fixed interest	34%	39%
Real estate	2%	0%
Cash	1%	2%
Other	33%	29%
Total	100%	100%

The experience adjustment to the pension plans are as follows:

€ millions	2012	2011	2010	2009	2008
At 31 December present value of defined benefit obligation	211	177	164	130	142
Fair value of plan assets	99	84	74	56	42
Deficit in the plan's funded status	112	93	90	74	100
Experience adjustment on plan liabilities	2	1	(2)	14	(5)
Experience adjustment on plan assets	3	5	1	4	(11)

23 SHARE BASED PAYMENTS

All stock based compensation is issued from the CEVA Investments Limited 2006 Long Term Incentive Plan. The plan resides with CEVA Investments Limited, the entity which has granted the awards. The expenses with respect to each separate installment will be recognized in the appropriate vesting period as a charge from CEVA Investments Limited to CEVA Group Plc.

Options granted to employees vest in three tranches. The first tranche is strictly service based, vesting on each of the first five anniversaries of the grant date. The remaining two tranches are performance related and are measured upon various internal metrics.

All performance based options vest six months following a qualified change in control. Change in control can be an acquisition of beneficial ownership of the Group, merger, consolidation or recapitalization.

Notes to the Consolidated Financial Statements

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

	2012		2011	
	Number	Weighted average exercise price	Number	Weighted average exercise price
Outstanding at 1 January	269,949	75.82	275,521	76.87
Granted during the year	25,437	55.34	11,564	62.65
Forfeited	(78,699)	82.93	(16,947)	
Exercised	(537)	20.15	(189)	20.15
Outstanding at 31 December	216,150	70.82	269,949	75.82
Exercisable at the end of the year	81,014	79.77	84,002	76.88

The options outstanding at 31 December 2012 have a weighted average exercise price of €70.82 (2011: €75.82) and a remaining weighted average contractual life of 5.45 years (2011: 6.05 years)

The fair value for services received in return for share options granted is based on the fair value of share options granted. The weighted average fair value of the share options granted during the period determined using the Black-Scholes-Merton valuation model was €27.35 per option (2011: €31.14). The significant inputs into the model were a weighted average share price of €55.34 (2011: €62.65), exercise price as shown above, average volatility during the year of 46.36% (2011: 45.49%), a weighted average expected option life of 7.17 years (2011: 7.17 years) and a risk-free interest rate of 2.02% (2011: 2.67%) based on the ECB rates on each grant date in 2012. Expected volatility is estimated by considering the historic average share price volatility of our industry peers.

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

There are no expected dividends.

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

24 PROVISIONS

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

€ millions	Legal claims	Insurance	Restructuring	Other	Total
Balance at 1 January 2012	49	34	13	30	126
Raised during the year	16	13	8	18	55
Utilized during the year	(13)	(8)	(6)	(10)	(37)
Reversed during the year	(5)	(3)	(1)	(8)	(17)
Exchange rate differences	(1)			(1)	(2)
Balance at 31 December 2012	46	36	14	29	125
Of which non-current	18	16	5	21	60
Of which current	28	20	9	8	65

Legal claims

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

While the outcome of these disputes cannot be predicted with certainty, management believes that, based upon legal advice and information received, the final decision will not materially affect the consolidated position of the Group. To the extent management has been able to reliably estimate the expected outcome of these claims, a provision has been recorded as at 31 December 2012. 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.

Notes to the Consolidated Financial Statements

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	2012	2011
Trade payables	678	617
Personnel related accruals	104	121
Social security and other taxes	80	76
Accrued liabilities	504	492
Total trade and other payables	1,366	1,306

26 COMMITMENTS

Capital commitments

Capital expenditure for the acquisition of tangible and intangible fixed assets contracted for at the Balance Sheet date but not yet incurred totals €13 million (2011: €3 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 2012, €304 million was recognized as an expense in the Consolidated Income Statement in respect of operating leases (2011: €294 million).

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

€ millions	2012	2011
Less than 1 year	254	262
1-5 years	510	515
Thereafter	299	346
Total	1,063	1,123
Of which guaranteed by third party / customers	93	99

Of the future lease payments, €775 million (2011: €884 million) relates to commitments in relation to multi-user/shared facilities, while the remaining €288 million (2011: €239 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 €263 million (2011: €265 million) of which €119 million (2011: €174 million) was issued but undrawn under our synthetic letter of credit facility and €52 million (2011: €0 million) issued but undrawn under our revolving credit facility. The remaining amount unissued under the synthetic letter of credit facility was €7 million (2011: €14 million). The obligations under the guarantees issued by banks and other financial institutions have been secured by CEVA and certain of its subsidiaries.

27 CONTINGENCIES

Litigation and Legal Proceedings

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

Surcharge Antitrust Investigation and Litigation

Several CEVA subsidiaries and certain current and former employees have been or are subject to, and cooperating with, investigations by the European

Notes to the Consolidated Financial Statements

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

CEVA has also reached a settlement agreement with the plaintiffs in a putative class action lawsuit against EGL, Inc. and EGL Eagle Global Logistics LP styled Precision Associates, Inc. et al v Panalpina World Transport (Holding) Ltd et al. filed in the U.S. District Court for the Eastern District of New York. The agreement remains subject to final court approval (the court granted preliminary approval on 23 September 2011) and other contingencies such as our rescission rights and there can be no assurance that it will result in final resolution of the matter.

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

With regard to the Brazilian investigation, on 6 August 2010, the Brazilian antitrust enforcement authorities announced an administrative proceeding against numerous freight forwarding companies including CEVA Logistics Holdings BV and CEVA Logistics Ltda. and against numerous individuals including one current and one former employee of CEVA. Pursuant to the applicable administrative process, we intend to submit a response. At this time, the extent of the potential claims identified by the Brazilian authorities that are being alleged as to the Company's subsidiaries is not clear, nor is the timing of the next steps in the administrative process or any potential resolution of the matter. Accordingly, it is not possible to predict the timing or outcome of the investigation or the potential financial impact on the Company, which could involve the imposition of administrative or civil fines, penalties, damages or other sanctions that could have a material adverse impact on the Company.

In December 2011, we received a letter of inquiry from the Competition Commission of Singapore (CCS) which appears to be focused on the subject matters of the DOJ plea agreement, the New Zealand Commerce Commission settlement and the EC statement of objections. We are cooperating with the CCS to provide requested information.

We cannot determine the timing or outcome of the governmental investigations that remain pending. These investigations could result in the imposition of administrative or civil sanctions including fines, penalties, damages and debarment from federal contracting in the U.S. or other sanctions which could have a material adverse effect on our financial position, results of operations, operating cash flows and business activities.

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

Independent Contractor-Related Proceedings

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

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

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

We were subject to a nationwide class action in James Foster and Stone Logistics, Inc. v CEVA Freight, LLC, in which the plaintiffs alleged that CEVA's independent contractor agreements with its owner operators failed to comply with federal leasing regulations and that CEVA was in breach of the agreements. The plaintiffs sought damages, an injunction against continued violations, a declaration that CEVA was in violation of federal leasing requirements and other relief. The court certified the class in December 2010 but in August 2012 decertified the portion of the class action concerning the breach of contract claims. CEVA and the plaintiffs reached a settlement of the remaining claims, and the court approved the settlement and dismissed the case. CEVA has paid the settlement amount, which was immaterial, and the case is now closed.

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Tax Proceedings

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

Other Proceedings

From time to time, we are involved in a variety of legal proceedings and disputes arising in the ordinary course of business. For example, we have been and currently are subject to numerous labor and employment proceedings and disputes in both Italy and Brazil alleging various causes of action and raising other legal challenges to our 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, we believe that resolution of these matters and the incurrence of their related costs and expenses should not have a material adverse effect on our results of operations, liquidity, capital resources or financial position.

28 RELATED PARTY TRANSACTIONS

Parent company

The immediate parent of CEVA Group Plc at 31 December 2012 was CEVA Investments Limited, a company incorporated in the Cayman Islands. The following table sets forth the shareholders of CEVA Investments Limited as at 31 December 2012 and 31 December 2011.

	2012		2011	
	Number of shares beneficially owned	Ownership percentage	Number of shares beneficially owned	Ownership percentage
AP VI Euro Holdings L.P.	2,844,555	70.9%	2,844,555	70.7%
AlpInvest Partners Beheer 2006 L.P.	422,880	10.5%	422,880	10.5%
AAA Guarantor Co Invest VI (B), L.P.	406,365	10.1%	406,365	10.1%
CEVA management investors	341,756	8.5%	352,299	8.7%
Total	4,015,556	100.0%	4,026,099	100.0%

Number of shares excludes 4,416,565 class B shares issued on 1 February 2012 to affiliates of Apollo.

Apollo is a related party by virtue of the fact that it manages AP VI CEVA Holdings, L.P., AlpInvest Partners Beheer 2006 L.P., AAA Guarantor Co Invest VI (B), L.P., Apollo Fund VI BC L.P. and Autumnleaf L.P. These entities together own 91.5% (31 December 2011: 91.3%) of the equity in CEVA Investments Limited, which in turn, as of 31 December 2012, owned 100% of the equity of CEVA Group Plc.

CEVA Group Plc has a service agreement with Apollo for the provision of management and support services. The annual fee is equal to the greater of €3 million per annum and 1.5% of the Group's EBITDA. Fees and expenses of €4 million (2011: €3 million) are included in the Consolidated Income Statement for the year ended 31 December 2012.

During 2012, CEVA subsidiaries entered into a purchase and sale agreement pursuant to which €14 million of their trade accounts receivables were sold to an affiliate of Apollo on terms which management believes compared favorably to market pricing. Under the terms of the agreement, the receivables are sold at a small discount relative to their carrying value in exchange for all interests in such receivables; the CEVA subsidiaries retain the obligation to service the collection of the receivables on the purchasers' behalf for which they are paid a fee, and the purchasers defer payment of a portion of the receivable purchase price. This arrangement has been accounted for as a with recourse factoring arrangement with no derecognition of the trade receivables. Zero borrowings were outstanding pursuant to this agreement as of 31 December 2012.

Josh Harris, Stan Parker, Tom White, Marvin O. Schlanger and Michael Jupiter are directors of CEVA Group Plc and also hold senior positions at Apollo or Apollo portfolio companies, as does Gareth Turner (former director).

CEVA Group Plc has booked a payable which is in dispute to CEVA Investments Limited amounting to €14 million at 31 December 2012 (2011: €13 million). This relates to intercompany cash pooling arrangements and is included within trade and other payables in the Consolidated Balance Sheet.

Trading transactions

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

€ millions	2012				2011			
	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	4	3		1	4	2		1

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Financing

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

At 31 December 2012 funds managed by Apollo held approximately US\$26 million of 11.5% junior priority senior secured notes due 2018 (31 December 2011 US\$77 million), none of 8.5% senior notes (31 December 2011 €157 million), US\$113 million of the senior unsecured loan facility due 2018 (31 December 2011 US\$629 million), none of the 10% senior subordinated notes (31 December 2011 €82 million) and US\$132 million of the 12.75% senior notes due 2020 (31 December 2011 nil). Pursuant to the Recapitalization these holdings have been reduced to nil as at the date of the approval of these financial statements, please refer to note 29 "Events after balance sheet date" for further details.

Ultimate controlling party

The ultimate controlling party of CEVA Group Plc is Apollo.

Other related party transactions

As of 31 December 2012, there were 243 management and other personnel in CEVA Group companies who participate in the management equity plan as disclosed in note 23 "Share based payments". They also receive salaries and benefits as part of their employment compensation.

29 EVENTS AFTER BALANCE SHEET DATE

On 2 January 2013 CEVA Logistics completed the sale of its European Container Logistics business and Asia Pacific Pallecon business (together forming the Intermediate Bulk Container Business). Gross cash proceeds of €135 million were realized resulting in a gain on disposal of €20 million. The gain is calculated after deducting goodwill and intangibles of €85 million, transaction costs of €2 million and currency translation differences of €2 million that were previously recognized in other comprehensive income.

On 3 April 2013 CEVA Group Plc announced a financial recapitalization plan that would reduce substantially CEVA's overall debt and interest costs, as well as increase liquidity and strengthen its capital structure (the "Recapitalization or Recap"). On 2 May 2013 the Recapitalization successfully closed. The Recap will enable CEVA to better serve its customers, accelerate its growth throughout the world and fund the development of new supply chain products and services. The Recapitalization will reduce consolidated net debt by more than €1.2 billion (excluding intercompany debt with CEVA Holdings LLC), reduce annual cash interest expense by over €130 million or approximately 50%, further strengthen our liquidity with €165 million of proceeds from equity capital from our new shareholders, and provide access to additional liquidity up to €65m through the financing commitment from one of our largest institutional investors. CEVA will utilize the new money for investment in its business plan.

Following the Recapitalization, CEVA Holdings LLC ("Holdings") became the ultimate parent company of CEVA. In the Recap, Apollo's equity interests in CEVA Investments Limited were eliminated and Apollo acquired a minority stake in the equity of Holdings through exchanging CEVA debt it held and through the cash purchase of equity. However, Apollo acquired control of Holdings through contractual arrangements.

The Recapitalization involved the following transactions:

- €518 million principal amount of Junior Priority Senior Secured Notes exchanged for equity in Holdings, which then released the notes and received a like amount of new junior priority senior secured PIK notes. Each \$1,000 of Junior Priority Senior Secured Notes validly tendered by eligible holders received 0.4855082 Holdings Series A 2 Convertible Preferred Shares and 0.2242813 Holdings Common Shares.
- €434 million principal amount of 12.75% Senior Notes exchanged for equity in Holdings, which then released the notes. Each \$1,000 of 12.75% Senior Notes validly tendered by eligible holders received 0.4144362 Holdings Common Shares.
- €6 million principal amount of 12% Senior Notes exchanged for equity in Holdings, which then released the notes. Each €1,000 of 12% Senior Notes validly tendered by eligible holders received 0.5035416 Holdings Common Shares.
- €85 million principal amount of Senior Unsecured Loans exchanged for equity in Holdings, which then released the loans. Each \$1,000 of Senior Unsecured Loans validly tendered by eligible holders received 0.3929161 Holdings Common Shares.
- €69 million principal amount of Term Loans and €160 million principal amount of 8.375% Senior Secured Notes were released by one of CEVA's largest institutional investors in return for €229 million principal amount of new 4% Senior Secured Notes.
 - CEVA obtained a commitment to raise a further €65 million principal amount of new 4% Senior Secured Notes from this investor at CEVA's option.
- €165 million capital injection was received from CEVA's new ultimate shareholders.
- Interest payments were made on the Junior Priority Senior Secured Notes and 12.75% Senior Notes remaining outstanding after the Recap in respect of amounts due 1 April 2013.
- Payments of accrued interest were made on the Term Loans and 8.375% Senior Secured Notes being released.

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The accounting treatment of the transactions above has not been estimated as yet by the Company

As of 31 March 2013 the Company had approximately €300 million of total headroom which did not include any proceeds from the capital injection pursuant to the Recap. In connection with the Recapitalization, CEVA did not make the interest payments due as of 1 April 2013 on the Junior Priority Senior Secured Notes and the 12.75% Senior Notes on the scheduled interest payment date. On 2 May 2013 such interest payments were made on the Junior Priority Senior Secured Notes and the 12.75% Senior Notes that were not tendered in the Recap. As of the date of the approval of these financial statements any defaults under our material debt documentation related to the Recap have been successfully cured.

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30 GROUP ENTITIES

The Group's subsidiaries, joint ventures, associates and investments as at 31 December 2012 are included in the table below. All entities other than holding companies are primarily involved in the provision of Freight Management and Contract Logistics services.

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

Country of Incorporation	Entity	Holding if less than 100%
Algeria	CEVA Logistics Algerie EURL	
Angola	CEVA Logistics (Angola) Trânsitarios 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 ** Pallexon Container Logistics Pty Limited * CEVA Pty Limited	
Austria	A S S Logistik Schrader Schachinger GmbH A S S Logistik Schrader Schachinger GmbH & Co KG CEVA Freight Austria GmbH CEVA Logistics Austria GmbH CEVA Logistics Central and Eastern Europe GmbH	50% 50%
Bahrain	EGL Eagle Global Logistics (Bahrain) W.L.L.	0.00% (51%)
Belgium	CEVA DENT Logistics NV * CEVA Freight Belgium NV CEVA Ground Europe BVBA * CEVA Logistics Belgium NV Edoserve (Economic Interest Group) * EGL (Belgium) Holding Company BVBA Invictus Boom NV SODIAC (Economic Interest Group)	01% 001% 01%
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 Internacionais do Brasil Ltda	
British Virgin Isl (BVI)	CEVA Central America Holding Limited CEVA China Holding Limited	
Canada	* CEVA Freight Canada Corp * CEVA Logistics Canada ULC	
Cayman Islands	* CEVA Logistics Cayman * CEVA Logistics Second Cayman	
Chile	CEVA Freight Management Logística de Chile Ltda Circle International Chile S.A. Circle Outsourcing Services S.A.	99.99% (100%)
China	Anji - CEVA Automotive Logistics Company Limited 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 Jiangsu Anji - CEVA Logistics Company Limited Liao Ning A Lean Automotive Logistics Company Limited	50.00% 70% 30% 35% 25.01%

* Denotes a guarantor entity

** Entity sold with the disposal of the Intermediate Bulk Container Business

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Country of incorporation	Entity	Holding if less than 100%
China continued	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 Ltda Nivel 2 CEVA Freight Management de Colombia Ltda	
Congo	CEVA Logistics Congo S A	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 Container Logistik GmbH	
	* CEVA Freight (Management) GmbH	
	* CEVA Freight Germany GmbH	
	* CEVA Logistics CEE Holding GmbH	
	* CEVA Logistics GmbH	
	DIHS DAKOSY Interessengemeinschaft Hamburger Spediteure GmbH	3.85%
	* Exporta Gesellschaft für Exportberatung mbH Interessengemeinschaft Datenbank Spedition GbR	7.66%
Greece	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	
	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	
	DIMAF Pharma Supply Chain S r l	
	S I T T A M Spedizioni Internazionali Trasporti Terrestri Aerei Marittimi S r l	
Japan	CEVA Logistics Japan Inc.	
Jordan	CEVA Logistics Jordan Limited	50% (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	
	CEVA Freight Holdings (Malaysia) Sdn Bhd	
	CEVA Logistics (Malaysia) Sdn Bhd	
	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 Logística de Mexico, S.A. de C.V.	

* Denotes a guarantor entity

** Entity sold with the disposal of the Intermediate Bulk Container Business

Notes to the Consolidated Financial Statements

Country of Incorporation	Entity	Holding if less than 100%
Mexico continued	CEVA Servicios de Mexico S.A. de C.V.	
Netherlands	** CEVA Container Logistics B.V. • CEVA Coop Holdco B.V. • CEVA Freight Holdings B.V. • CEVA Freight Holland B.V. • CEVA India Holding B.V. • CEVA Intercompany B.V. • CEVA Logistics Dutch Holdco B.V. • CEVA Logistics Finance B.V. • CEVA Logistics Headoffice B.V. • CEVA Logistics Holdings B.V. • CEVA Logistics Netherlands B.V. • Cooperatieve CEVA/EGL I B.A. • Cooperatieve CEVA/EGL II B.A.	
New Zealand	CEVA Logistics (New Zealand) Limited	
Nigeria	CEVA Freight Management Nigeria Limited	
Northern Ireland	CEVA Logistics NI Limited	
Norway	CEVA Logistics Norway AS	
Oman	CEVA Logistics LLC	65%
Panama	CEVA Centram S. de R.L. CEVA Freight Management Panama S. de R.L. EGL Colombia Holding S. de R.L.	55%
Peru	CEVA Logistics Peru S.R.L. CEVA Peru Aduanas S.A.C. EGL Agencia de Aduanas S.A.C.	99% (100%) 99.92% (100%)
Philippines	CEVA Holdings (Philippines) Inc. CEVA Logistics (SUBIC) Inc. CEVA Logistics Philippines Inc. CEVA Warehousing and Distribution, Inc. Regga Transport Contractors Inc. Regga Warehousing & Distribution Inc.	60% (100%)
Poland	CEVA Logistics Poland Sp. z o.o. CEVA Freight (Poland) Sp. z o.o.	
Portugal	CEVA Logistics (Portugal) Logística 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 Suwaikeet Company Limited	49% (100%)
Singapore	CEVA Asia Pacific Holdings Company Pte. Ltd. CEVA FM (Southeast Asia) Pte. Ltd. CEVA Logistics Singapore Pte. Ltd. CEVA Logistics Asia Pte. Ltd. CEVA Supply Chain Singapore Pte. Ltd.	
Slovakia	CEVA Logistics Slovakia s.r.o.	
South Africa	CEVA Logistics South Africa (Proprietary) Limited TNT Container Logistics (Proprietary) Limited	
Spain	CEVA Freight (España) S.L.U. CEVA Logistics España S.L.U. CEVA Production Logistics España, S.L.U.	
Sweden	CEVA Logistics (Sweden) AB	
Switzerland	CEVA Logistics Switzerland GmbH CEVA Management GmbH	
Taiwan	CEVA Logistics (Taiwan) Company Limited Concord Express (Taiwan) Company Limited	
Thailand	CEVA Freight (Thailand) Limited CEVA Logistics (Thailand) Limited CEVA Vehicle Logistics (Thailand) Limited CWBI Limited	99.99% (100%) 49%
Tunisia	CEVA Logistics Tunisia S.a.r.l.	
Turkey	CEVA Lojistik Limited Şirketi CEVA Uluslararası Taahhüt Limited Şirketi	

* Denotes a guarantor entity

** Entity sold with the disposal of the Intermediate Bulk Container Business

Notes to the Consolidated Financial Statements

Country of incorporation	Entity	Holding if less than 100%
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	
	Cirde International L.L.C.	49% (100%)
United Kingdom	*** CEVA Automotive Logistics UK Limited	
	*** CEVA Collections LLP	
	*** CEVA Container Logistics Limited	
	CEVA Distribution Limited	
	* *** CEVA Freight (UK) Holding Company Limited	
	* CEVA Freight (UK) Holdings Limited	
	* CEVA Freight (UK) Limited	
	* *** CEVA 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	
	** Palaeon Container Logistics 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	
	* Cirde International Holdings LLC	
	* ComplianceSource LLC	
	* Customized Transportation International Inc.	
	* Eagle Partners L.P.	
	Eagle USA Import Brokers Inc.	
Uruguay	Cirde International Latin America Holdings S.A.	
	Gadupal S.A.	
Vietnam	CEVA Logistics (Vietnam) Co. Limited	51%

* Denotes a guarantor entity

** Entity sold with the disposal of the Intermediate Bulk Container Business

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

Notes to the Consolidated Financial Statements

31 GUARANTOR / NON-GUARANTOR FINANCIAL INFORMATION

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

When guarantees are provided for debt that is listed on the ISE, the ISE requires financial information relating to each group to be separately presented in a note to the consolidated financial statements, presenting, in separate columns, the Guarantors (on a combined basis) and the non guarantors (on a combined basis) with an additional column reflecting eliminating adjustments, if material. This information is disclosed in the tables below as at 31 December 2012, prior to the Recapitalization as described in note 29 "Events after balance sheet date".

€ millions	YEAR ENDED 31 DECEMBER			
	2012			
	Guarantor	Non-guarantor	Eliminations	Consolidated
Revenue	4,347	2,947	(70)	7,224
Work contracted out	(2,072)	(1,662)	23	(3,711)
Personnel expenses	(1,352)	(684)		(2,036)
Other operating expenses	(762)	(511)	47	(1,226)
Operating expenses excluding depreciation, amortization and impairment	(4,186)	(2,857)	70	(6,973)
EBITDA before specific items	161	90	-	251
Specific items	(51)	(27)		(78)
EBITDA after specific items	110	63	-	173
Depreciation, amortization and impairment	(308)	(186)		(494)
Operating income	(198)	(123)	-	(321)
Net finance expense (including foreign exchange movements)	(314)	(34)		(348)
Profit (after tax) from investments in associates	12	(12)	-	-
Profit / (loss) before income taxes	(500)	(169)	-	(669)
Income tax expense		(12)		(12)
Loss for the year	(500)	(181)	-	(681)
Attributable to				
Minority interests		4		4
Equity holders of the Company	(500)	(185)		(685)
Loss for the year	(500)	(181)	-	(681)

Notes to the Consolidated Financial Statements

€ millions	YEAR ENDED 31 DECEMBER			
	2011			
	Guarantor	Non guarantor	Eliminations	Consolidated
Revenue	4,045	2,919	(69)	6,895
Work contracted out	(1 912)	(1 626)	22	(3 516)
Personnel expenses	(1 254)	(690)		(1 944)
Other operating expenses	(703)	(458)	47	(1,114)
Operating expenses excluding depreciation, amortization and impairment	(3,869)	(2,774)	69	(6,574)
EBITDA before specific items	176	145	-	321
Specific items	(57)	(19)		(76)
EBITDA	119	126	-	245
Depreciation, amortization and impairment	(108)	(62)		(170)
Operating income	11	64	-	75
Net finance expense (including foreign exchange movements)	(235)	(31)		(266)
Profit (after tax) from investments in associates	-	-	-	
Profit / (loss) before income taxes	(224)	33	-	(191)
Income tax expense	(3)	(22)		(25)
Loss for the year	(227)	11	-	(216)
Attributable to				
Non controlling interests		2		2
Equity holders of the Company	(227)	9		(218)
Loss for the year	(227)	11	-	(216)

Notes to the Consolidated Financial Statements

€ millions	AS AT 31 DECEMBER 2012			
	Guarantor	Non-guarantor	Eliminations	Consolidated
ASSETS				
Non-current assets				
Intangible assets	909	612		1,521
Property, plant and equipment	146	110	-	256
Investment in associates	4,790	397	(5,187)	
Deferred income tax assets	34	28	(56)	6
Amounts receivable from other CEVA companies	166	(4)	(162)	
Prepayments	12	23		35
Other non current assets	5	12		17
Total non-current assets	6,062	1,178	(5,405)	1,835
Current assets				
Inventory	10	5		15
Trade and other receivables	768	1,200	(881)	1,087
Prepayments	32	14		46
Accrued income	91	98	25	214
Income tax receivable	6	1		7
Cash and cash equivalents	65	192		257
Assets of disposal group classified as held for sale	125			125
Total current assets	1,097	1,510	(856)	1,751
TOTAL ASSETS	7,159	2,688	(6,261)	3,586
EQUITY				
Total Group equity	3,246	1,140	(5,199)	(813)
LIABILITIES				
Non-current liabilities				
Borrowings	2,485	284	(206)	2,563
Deferred income tax liabilities	66	40	(45)	61
Retirement benefit obligations	58	56		114
Provisions	49	11		60
Other non current liabilities	24	6		30
Total non-current liabilities	2,682	397	(251)	2,828
Current liabilities				
Borrowings	77	48		125
Provisions	42	23		65
Trade and other payables	1,097	1,080	(811)	1,366
Income tax payable	5			5
Liabilities of disposal group classified as held for sale	10			10
Total current liabilities	1,231	1,151	(811)	1,571
TOTAL EQUITY AND LIABILITIES	7,159	2,688	(6,261)	3,586

Notes to the Consolidated Financial Statements

€ millions

AS AT 31 DECEMBER

2011

	Guarantor	Non-guarantor	Eliminations	Consolidated
ASSETS				
Non-current assets				
Intangible assets	1,244	755		1,999
Property, plant and equipment	178	131		309
Investment in associates	4,672	410	(5,082)	
Deferred income tax assets	55	27	(69)	13
Amounts receivable from other CEVA companies	165	6	(171)	
Prepayments	11	24		35
Other non-current assets	5	8		13
Total non-current assets	6,330	1,361	(5,322)	2,369
Current assets				
Inventory	19	4		23
Trade and other receivables	747	1,128	(833)	1,042
Prepayments	32	15		47
Accrued income	55	110	22	187
Cash and cash equivalents	36	181		217
Assets held for sale		4		4
Total current assets	889	1,442	(811)	1,520
TOTAL ASSETS	7,219	2,803	(6,133)	3,889
EQUITY				
Total Group equity	3,094	1,332	(5,092)	(666)
LIABILITIES				
Non-current liabilities				
Borrowings	2,664	305	(160)	2,809
Deferred income tax liabilities	97	48	(59)	86
Retirement benefit obligations	34	60		94
Provisions	48	15	-	63
Other non-current liabilities	19	6		25
Total non-current liabilities	2,862	434	(219)	3,077
Current liabilities				
Borrowings	59	44		103
Provisions	47	16		63
Trade and other payables	1,157	971	(822)	1,306
Income tax payable		6		6
Total current liabilities	1,263	1,037	(822)	1,478
TOTAL EQUITY AND LIABILITIES	7,219	2,803	(6,133)	3,889

Independent Auditors' Report to the Members of Ceva Group Plc

We have audited the group financial statements of CEVA Group plc for the year ended 31 December 2012 which comprise the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated Balance Sheet, the Consolidated Statement of Cash Flows and the Consolidated Statement of Changes in Equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As explained more fully in the Directors' Responsibilities Statement set out on page 15, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's 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.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the group's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

OPINION ON FINANCIAL STATEMENTS

In our opinion the group financial statements:

- give a true and fair view of the state of the group's affairs as at 31 December 2012 and of its loss and cash flows for the year then ended
- have been properly prepared in accordance with IFRSs as adopted by the European Union, and
- have been prepared in accordance with the requirements of the Companies Act 2006

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

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

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit.

OTHER MATTER

We have reported separately on the parent company financial statements of CEVA Group plc for the year ended 31 December 2012.



Graham McGregor (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
2 May 2013

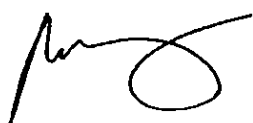
Notes

- The maintenance and integrity of the CEVA Group plc website is the responsibility of the directors. The work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.
- 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	2012	2011
Fixed assets			
Investments in subsidiary undertakings	3	306	306
Amounts owed by subsidiary undertakings		2 437	2 352
Total fixed assets		2 743	2 658
Current assets			
Amounts owed by subsidiary undertakings		61	29
Income tax receivable group relief		22	32
Total current assets		83	61
Creditors - amounts falling due within one year			
Amounts owed to subsidiary undertakings		164	180
Accrued and other current liabilities		54	61
Total		218	241
Net current liabilities		(135)	(180)
Total assets less current liabilities		2 608	2 478
Creditors - amounts falling due after more than one year			
Borrowings	4	1 790	2 089
Other non current liabilities		5	19
Net assets		813	370
Capital and reserves	5		
Called up share capital		1	1
Share premium account		382	382
Other reserves		523	
Net investment hedges		(1)	(3)
Profit and loss reserve		(92)	(10)
Total equity shareholders' funds		813	370

The financial statements on pages 17 to 65 were approved by the Board of Directors on 2 May 2013 and were signed on its behalf by



Marvin O Schlanger
Director

Notes to the Company Financial Statements

1 ACCOUNTING POLICIES

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

1.1 Basis of preparation

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

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

As permitted by section 408 of the Companies Act 2006, the Company's profit and loss account has not been presented. The CEVA Group Plc consolidated financial statements for the year ended 31 December 2012 contain a consolidated statement of cash flows. Consequently, the Company has taken advantage of the exemption of FRS 1 (Revised 1996) 'Cash Flow Statements' not to present its own cash flow statement.

The CEVA Group Plc consolidated financial statements for the year ended 31 December 2012 contain related party disclosures. Consequently, the Company has taken advantage of the exemption in FRS 8 'Related Party Disclosures' not to disclose transactions with other members of the CEVA Group which are eliminated on consolidation. The ultimate controlling party of CEVA Group Plc is Apollo. Details of related party transactions with Apollo are given in note 28 'Related party transactions' of the consolidated financial statements.

The CEVA Group Plc consolidated financial statements for the year ended 31 December 2012 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 auditor remuneration

The directors and certain other executive management of CEVA Group Plc were the only employees of the Company during the 2012 financial year. Directors' emoluments are disclosed in note 7 'Personnel expenses' of the consolidated financial statements. Auditor remuneration is disclosed in note 8 of the consolidated financial statements.

Notes to the Company Financial Statements

3 INVESTMENT IN SUBSIDIARY UNDERTAKINGS

€ millions

Balance at 1 January 2011	306
Additions	
Disposals	
Impairment	
Balance at 31 December 2011 / 1 January 2012 / 31 December 2012	306

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

4 BORROWINGS

€ millions	2012	2011
Loan notes	1,706	1,495
Bank borrowings	84	594
Borrowings	1,790	2,089

Loan notes comprise

- US\$775 million 8.375% first lien senior secured notes due 2017 (2011: US\$450 million)
- US\$210 million 11.625% senior secured priority lien notes due 2016 (2011: US\$210 million)
- US\$702 million 11.5% junior priority senior secured notes due 2018 (2011: US\$702 million)
- €11 million 12% senior unsecured notes due 2014 (2011: €11 million)
- US\$620 million 12% Senior Notes due 2020 (2011: nil)
- None of the 8.5% senior notes due 2014 (2011: €266 million)
- None of the 8.5% senior notes due 2018 (2011: €73 million)
- None of the 10% senior subordinated notes due 2016 (2011: €81 million)
- None of the 10% senior subordinated notes due 2018 (2011: €57 million)

Bank borrowings comprise

- None of the 9.75% senior unsecured loan due 2015 (2011: US\$165 million)
- US\$113 million (2011: US\$629 million) of the 9.75% senior unsecured loan due 2018

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

5 EQUITY SHAREHOLDERS' FUNDS

€ millions	Called up share capital	Share premium account	Other reserves	Profit and loss reserve	Total equity shareholders' funds
Balance at 1 January 2011	1	382	-	37	420
Net investment hedges	-	-	-	(3)	(3)
Result attributable to equity holders for the year	-	-	-	(47)	(47)
Balance at 31 December 2011 / 1 January 2012	1	382	-	(13)	370
Net investment hedges	-	-	-	(1)	(1)
Capital contribution (note 21 of the consolidated financial statements)	-	-	523	-	523
Result attributable to equity holders for the year	-	-	-	(79)	(79)
Balance at 31 December 2012	1	382	523	(93)	813

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

6 EVENTS AFTER BALANCE SHEET DATE

Refer to note 29 of the consolidated financial statements.

Independent Auditors' Report to the Members of CEVA Group Plc

We have audited the parent company financial statements of CEVA Group plc for the year ended 31 December 2012 which comprise the Company Balance Sheet and the related notes. 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).

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND INDEPENDENT AUDITORS

As explained more fully in the Directors' Responsibilities Statement set out on page 15, the directors are responsible for the preparation of the parent company 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 parent company financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's 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.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the parent company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies, we consider the implications for our report.

OPINION ON FINANCIAL STATEMENTS

In our opinion, the parent company financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2012
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion, the information given in the Directors' Report for the financial year for which the parent company financial statements are prepared is consistent with the parent company financial statements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

OTHER MATTER

We have reported separately on the group financial statements of CEVA Group plc for the year ended 31 December 2012.



Graham McGregor (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
2 May 2013

Notes

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

Comparative Information for Year 2011

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 following document contains important information about us and we incorporate it by reference:

- The CEVA Group Plc Annual Report for the year 2011 posted on our website and filed by us with the ISE.

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

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

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

Description of Key Line Items in the Consolidated Income Statement

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

REVENUE

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

OPERATING EXPENSES

Operating expenses have been classified by nature as follows

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

DEPRECIATION, AMORTIZATION AND IMPAIRMENT

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

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

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

INCOME TAX EXPENSE

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

Certain Definitions

IN THIS ANNUAL REPORT

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

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