REFERENCE DOCUMENT | **2013-2014**

Soitec

REFERENCE DOCUMENT AND ANNUAL FINANCIAL REPORT **2013-2014**

Summary

1. Persons Responsible

1.1. Person Responsible for the Registration Document

André-Jacques Auberton-Hervé, Chief Executive Officer.

1.2. Affidavit provided by the person responsible for the Registration Document

Upon taking all reasonable measures with respect hereto, I hereby certify that the information presented in this Registration Document is, to my knowledge, an accurate description of reality and that there are no omissions in this document that may alter its scope.

I hereby certify that, to my knowledge, the accounts have been prepared in accordance with applicable accounting rules and represent an accurate description of the assets, financial situations and financial results of the Company as well as all the companies that appear in the consolidated accounts and that the management report that has been included herein (please refer to the cross reference index) is an accurate description of the way in which business has evolved, the financial results and the Company's financial situation as well as all the companies that appear in the consolidated accounts. This report includes the details of the primary risks and the uncertainties facing the Company.

Our financial auditors have provided an audit completion letter, in which they state that they duly verified the information related to the financial information and the accounts set forth in this Registration Document as well as the other information contained herein.

This audit completion letter contains the following statement:

"Without lessening the scope of the opinion expressed below, we would like to draw your attention to note 2.4.7 in the consolidated financial statements, which sets forth the underlying assumptions in connection to the principle of continuity of operation at the Group level."

The historical financial information as of March 31, 2013, which have been incorporated by reference into the Registration Document, were included in the statutory auditors' report appearing on pages 118 – 120 of the 2012-2013 Registration Document, have not been commented upon.

The historical financial information as of March 31, 2012, which have been incorporated by reference into the Registration Document, were included in the statutory auditors' report appearing on pages 118 – 120 of the 2011-2012 Registration Document, have not been commented upon.

May 13, 2014

André-Jacques Auberton-Hervé

Chief Executive Officer

2. Statutory Auditors

Primary statutory auditors

Cabinet Muraz Pavillet, represented by Christian Muraz
3, Chemin du Vieux Chêne – 38240 Meylan
- Date first retained: February 27, 1992;
- Term renewed: July 7, 2010;
- Current term set to expire: Ordinary General Shareholders' meeting to approve the accounts for fiscal year ending March 31, 2016.

PricewaterhouseCoopers Audit represented by Philippe Willemin
63, rue de Villiers - 92208 Neuilly-sur-Seine
- Date first retained: July 7, 2010;
- Current term set to expire: Ordinary General Shareholders' meeting to approve the accounts for fiscal year ending March 31, 2016.

Alternate statutory auditors

René-Charles Perrot
65, boulevard des Alpes – 38240 Meylan
- Date first retained: February 27, 1992;
- Term renewed: July 7, 2010;
- Current term set to expire: Ordinary General Shareholders' meeting to approve the accounts for fiscal year ending March 31, 2016.

Yves Nicolas
63, rue de Villiers - 92208 Neuilly-sur-Seine
- Date first retained: July 7, 2010;
- Current term set to expire: Ordinary General Shareholders' meeting to approve the accounts for fiscal year ending March 31, 2016.

3. Selected Financial Information

In this chapter, we present certain selected financial information for fiscal year 2013-2014.

Since April1, 2014 the Group's financial debt has increased by 60.3 million euros and currently stands at 256.9 million euros (details regarding financial debt appears in note 3.15 to the consolidated financial statements set forth in chapter 20, paragraph 3). The Company's debt as of March 31, 2014 does not include the 67.2 million euro bond issued in South Africa to finance the construction costs for a solar power station as the subsidiary leading the project does not fall under the Group's consolidated reporting requirements due to agreements entered into with the South African Department of Energy and an investor. As described in paragraph 4.4.3 below, revenues in an amount equal to 71.9 million euros were recognized this fiscal year which corresponds to the amount of proceeds received during the fiscal year for the project at this phase of advancement (construction has been 59% completed and the project successfully passed performance tests for operations at 22 MWp). However, financial flows upon the reversion event (validation of the 22 MWp installation) and the transfer of 80% of the shares of the project company were not completed as of March 31. 65 million euros will be received upon closing of the transaction.

Consolidated sales

247.1 million euros

Total consolidated sales declined by 6 %, equaling 247.1 million euros in 2013-2014 compared to 262.9 million euros in 2012-2013 and 323.4 million euros in 2011-2012.

Consolidated results

(millions of euros)	March 31, 2014	March 31, 2013	March 31, 2012
Sales	247	263	323
Gross Margin	(56)	(16)	50
Current operating income	(137)	(123)	(46)
Operating income	(220)	(197)	(47)
Net income (Group)	**(237)**	**(209)**	**(56)**
Total net income per share on diluted basis	(1.45)	(1.70)	(0.46)

Divisional analysis

(millions of euros)	March 31, 2014	March 31, 2013	March 31, 2012
Sales:			
Electronics	167	257	317
Solar Energy	79	6	7
Lighting	1	-	-
Corporate	-	-	-
Total sales	**247**	**262**	**323**
Current operating income:			
Electronics	(26)	(14)	23
Solar Energy	(94)	(82)	(45)
Lighting	(6)	(12)	(9)
Corporate	(11)	(15)	(15)
Total current operating income	**(137)**	**(123)**	**(46)**

Balance sheet

(millions of euros)	March 31, 2014	March 31, 2013	March 31, 2012
Assets:			
Cash or cash equivalents	45	130	260
Current assets	186	137	179
Fixed assets	354	452	423
Total assets	**585**	**719**	**861**
Shareholder equity and liabilities			
Trade payables	107	132	105
Financial debt	257	197	163
Total consolidated equity	221	391	593
Total Shareholder equity and liabilities	**585**	**719**	**862**
Net financial position	**(212)**	**(67)**	**97**

Cash flow statement

(millions of euros)	March 31, 2014	March 31, 2013	March 31, 2012
Cash flow generated by business activities	(179)	(39)	(8)
Cash flow related to investment transactions	(84)	(115)	(133)
Cash flow related to financing	181	23	134
Effect of variation in exchange rates	(4)	1	(1)
Net change to cash position	**(85)**	**(130)**	**(8)**

4. Risk Factors

The Company has conducted a review of the risks that may have a material negative effect on its business activities, financial position, and results or its ability to achieve its targets, and believes that there are no other material risks other than those presented below.

4.1. Risks related to the Company's Business

The Soitec's activities are exposed to certain risk factors inherent to each of its two primary business lines: The *Electronics* Division, the activity upon which the Group was founded, which consists in the manufacture of silicon wafers to be used in the semiconductor industry, and the Solar Energy division, which has developed created by the acquisition of Concentrix Solar GmbH, a global leader in the manufacture of solar panels using concentrated photovoltaic technology, in 2009. Fiscal year 2013-2014 was characterized by a difficult macroeconomic situation which affected both sides of the Group's activities. This fiscal year also saw the rise of risks that are specific to each of the divisions, borne out of the transition phase regarding the technologies in the semiconductor industry as well as market penetration difficulties encountered by concentrated solar energy technologies offered by the Solar Energy division. The development of the Solar Energy division requires abundant liquidities and impacts the overall profitability of Soitec which is as a result exposed to substantial liquidity risks.

4.1.1 Operational risks

4.1.1.1 Operational risks specific to the *Electronics* Division

Sensitivity of the Electronics Division results to technical innovations

The semiconductor industry is characterized by rapidly changing technologies and industry standards, together with new products being frequently placed on the market. It is also characterized by successive technology nodes corresponding to small etch sizes used by microprocessor manufacturers to insert their circuits in the silicon wafers. These technological advances bring constraints on our clients, which they may be unable to face, and which may lead to decreases in demand. In the domain of microprocessors required to have elevated calculation capabilities and lower electrical consumption rates (servers, portable computers, tablets, smart phones, gaming consoles), the semi-conductor industry has come to a cross roads in that the choice in technologies for the next generation of products is highly uncertain. Advanced Micro Devices ("AMD"), which traditionally positioned itself to service the desktop industry, which represented 85% of its total sales in 2011-2012 – AMD is also the largest client of our client, Global Foundries – was unable to reposition itself quickly in the high growth areas of mobile applications (tablets, smartphones) and is in a transitional crisis whose effects have been felt at Global Foundries and, as a result, Soitec. In a declining market, the market share of final products developed by AMD and designed on SOI technology is also in decline, which translates to a continual decrease in the use of SOI by Global Foundries. This movement significantly was particularly strong during fiscal year 2013-2014. The Electronics Division's primary product (300 mm wafers for PD-SOI or Partially Depleted SOI), which generated 54% of the division's revenues in fiscal year 2012-2013, and only represents 36% of the division's revenues during the course of fiscal year 2013-2014. It should continue during 2014-2015 due to the use of massive silicon wafers of the primary microprocessors sold by AMD during the transition from 32 nm core technology to 28 nm. Although Soitec does have a competitive alternative technological solution in its FD–SOI (Fully-Depleted SOI), the adoption of this technology by foundries and its use by their customers, who produce chips, has not been secured as of now. Although, STMicroelectronics announced on February 3, 2014, during the presentation of its annual report, the launch of an offer based on the FD SOI technology developed by Soitec, the adoption of this technical solution by end customers is not guaranteed and, in case of adoption, the calendar for ramp up of this technical solution is not certain. This announcement does not included a firm order for Soitec but comforts Soitec's confidence in large scale adoption of the FD SOI technology by end customers, which will also mobilize Soitec licensees (SHE and SUNEDISON). Following this announcement, Soitec should quickly enter the qualification phase for STMicroelectronics end customers, which could force Soitec, in order to satisfy customer demands, to review its fabrication processes and justify additional capacity investments during the fiscal years to come. Due to these uncertainties, Soitec's future development in the market for semiconductors could be questioned, which could jeopardize economic and financial viability of the Soitec's *Electronics* Division and, as a result, that of the all of Soitec. This should continue as long as the sales of the Solar Energy division will not be equivalent to those of the *Electronics* Division.

Sensitivity of the Group's results to the evolution of client demands

The semiconductor sector is affected by a rapid change in customers' perspectives or by the unexpected accumulation of stocks in the supply chain due to changes in end users' demand and macroeconomic conditions. The majority of the sales from the *Electronics* Division does not come from long-term supply agreements for firm quantities, but rather from spot supply agreements regarding finished products that have been produced based on forecasted sales figures received from our major clients. As a result, the Company must regularly make capacity investments and hire extra personnel to service this demand that could be adjusted downwards in a material manner. The sales terms and conditions contain clauses that help reduce risk (automatic invoicing after a determined warehousing period, minimum notice period for supply forecast adjustments, "take or pay" penalties in the event that capacity investments are in play). Additionally, Soitec limits overall risk by negotiating symmetrical conditions with regards to its supply of raw materials, by reducing production cycle time and by standardizing its products so that it can meet the demands of many clients by using the same equipment as well as the use of identical stock reference numbers. The main clients of the *Electronics* Division as well as their revenue are described in section 4.3.1, in the section related to the risk resulting from the concentration of customers in the semiconductor industry. The contractual relationships that link the Group to its principal clients, Global Foundries and IBM, do not contain any unusual clause which, when implemented, would have a material impact on its activity or development. However, even in cases where their standard terms and conditions of sale or other contractual agreements do not permit a customer to materially alter supply forecasts without penalty, Soitec may, from time to time, accept cancellations without penalty to maintain customer relationships or because of industry practices. Finally, there is a gap between the statements made by end users with regards to their medium term strategic choices and orders eventually placed by these end users with their suppliers, which furthers the difficulties encountered by Soitec in that it cannot anticipate the evolution of what will be required by clients. As Soitec is positioned primarily as a raw material supplier to foundries, Soitec depends on end users opting to use the technical solutions it has developed in conjunction with the foundries. Beyond technical performance, the adoption of the technologies developed by Soitec depends on the costs associated with such compared to other solutions that are available on the market. End users, and the foundries, may decide to modify or even abandon projects that are based on SOI technology at any time if they deem that the price–performance ratio of the solutions offered by Soitec is not to their advantage or for other reasons having nothing to do with the characteristics of the Soitec product. This phenomenon is even more salient during the transition period of a core technology to another, especially with regards to the investment expenses incurred, which is the case today.

Cyclical nature of the semiconductor industry and management of stocks

Semiconductor industry cycles have a significant impact on silicon demand and new products requiring more advanced technologies such as SOI. A severe downward cycle in the semiconductor industry could have a material impact on demand for Soitec products and automatically trigger a reduction in its sales and earnings. Failure to sell our products may adversely affect our inventory levels, turnover, and results. While we believe our inventory levels are appropriate for the current economic environment, continued global economic uncertainty may result in lower than expected demand. During fiscal year 2013-2014, we have implemented a conservative management policy of inventory levels and we will continue to carefully manage it during fiscal year 2014-2015. However, our current business forecasting is still qualified due to uncertainties related to the technological transition that is currently taking place and the adoption calendar for the FD SOI (Fully-Depleted SOI) (see "Sensitivity of the Group's results to technical innovations"). During the fiscal year 2013-2014, the probability of experiencing an accelerated end of life cycle for the main product of the *Electronics* Division (300mm wafers for Partially Depleted SOI in 32 nm core technologies) was confirmed. In parallel, radio-frequency applications are currently adopting SOI in great numbers and offer a strong potential for growth regarding small diameter products. This movement does not, however, completely compensate for the end of the life cycle of the *Electronics* Division's main product. As such, we must continue prudent inventory management to service our clients in this time of great uncertainty.

The value of the *Electronics* Division's inventory is provided in paragraph 3.2 of Chapter 20 of the annual report (35.8 million euros on March 31, 2013, and 24.3 million euros on March 31, 2014).

Impact of short-term demand trends on the *Electronics* Division's results

As part of its strategy of industrial leadership, the Group commits substantial capital expenditures to keep pace with trends in expected demand. These capital expenditures are represented in the Group's income statement in the form of predominantly fixed depreciation and operating expenses. In fiscal year 2013-2014 , the Group estimated that more than 50% of its operating costs can be considered as fixed. In the face of significant uncertainties related to the technological transition that is taking place (see "Sensitivity of the Soitec's's results to technical innovations") Soitec must maintain a level of investment that is compatible with a positive evolution of the demand for SOI wafers for radio-frequency applications, which offers a strong potential for growth regarding small-diameter products. In this context, the cost reduction measures implemented by the Soitec must be made taking into account the primordial necessity of being able to have production capacity available for development of the business line for radio-frequency applications in the event of an upturn in the activities related to the 28 nm FD-SOI. Any sudden decline in demand could have a material impact on the Group's results insofar as it is unable to immediately reduce its fixed costs without definitively compromising its future in the semiconductor arena.

Strategic Group transition and Soitec valuation

Despite Soitec's efforts to diversify its revenue sources through creation of the Solar Energy and Lighting divisions, Soitec's valuation primarily relies on the results of the Electronics Division. The semiconductor industry is highly cyclical, and the value of our Electronics Division activity could decrease due to the markets, response to this cyclic nature. As Soitect has already experienced in the past, and incertitude with respect to global economic conditions could continue to unfavorably impact on our Electronics Division as well as the entire semi-conductor sector due to order cancellations, and stock levels higher than the reduced demand for our products. Soitec could continue to see new decreases in the future, which could possibly be substantial and drawn out, due to this cyclic nature. Even if demand increases after such decreases, profitability of the Electronics Division may not increase due to price pressure and unavailability of provisions which traditionally accompany any demand recovery. Also, Soitec could see substantial fluctuations related to profitability of its Electronics Division due to variations in sales, the product range, final user markets, costs associated with new product launches, and our efforts to reduce excess stock which could be accumulated due to any of these factors. The markets for the products of Electronics Division depend on continuous demand for consumer electronics, such as personal computers, mobile telephones, tablets, digital cameras, and products in the domestic and industrial automobile domain. A deterioration in global economic conditions could cause a decrease in demand coming from these final user markets, which could unfavorably impact the activity and future perspectives for the Electronics Division and from the Group's perspective, disfavorably. The uncertainty linked to the technological transition in progress, (see "Sensitivity of the Soitec's results to technical innovations") increases the pressure on the Soitec's valuation.

4.1.1.2 Operational risks specifically related to the Solar Energy Division

Innovative nature of concentrated photovoltaic technology

The large scale solar power generation equipment market is at an early stage of development and the penetration rate of the concentrated photovoltaic technology developed and promoted by the Soitec within this market is uncertain. If concentrated photovoltaic technology proves unsuitable for the industrial development of solar energy under competitive financial conditions, or if the development of the market for solar energy using concentrated photovoltaic technology is not as brisk as Soitec expects, this may have a negative impact on the Soitec's profitability. A number of factors could curb the development of the market for solar energy using concentrated photovoltaic technology, such as:

- the cost of electricity generated by systems using concentrated photovoltaic technology compared with the cost of electricity generated using conventional energy sources, such as fossil fuels or nuclear energy, or other renewable energy sources such as wind power;
- the existence, content, and significance of government aid and public policies to support the development of the renewable energy industry in general and solar energy in particular;
- the performance and reliability of systems using concentrated photovoltaic technology compared with systems using other conventional or renewable energy sources;
- the success and penetration of other renewable energy generation systems such as hydropower, wind power, geothermal energy, biomass, or thin film photovoltaic technology.

Development cycle of solar energy generation using concentrated photovoltaic technology

The current business plan for the Solar Energy division is primarily premised upon three major project groups for which the Company has put generation 5 photovoltaic module production capacity in place on its San Diego site. These project groups are located in California, South Africa and France. The development cycle of solar power plants using concentrated photovoltaic technology, which begins with the identification of suitable land to the day the station is connected to the grid and commercial electricity generation begins, varies significantly from one development project to another and can take several years. As a result, Soitec will invest heavily during the early stages of development and dedicate considerable resources. This investment, which sometimes takes place several years before energy purchase agreements and engineering, construction and maintenance contracts relating to the plants are signed, is accompanied by the paying out of funds that will not necessarily be paid back or guaranteed backing which could impact the Group's available cash. In certain cases, after signing an energy purchase agreement, it must then be validated by independent governmental authorities (notably in California, by the California Public Utilities Commission and South Africa's Department of Energy) as well as putting into place the necessary financing required by these projects in such a way that resulting sales are not recognized until several months after these contracts are signed. This is likely to have a material impact on the Soitec's results, assuming that the investment made during the development phase is not offset by expected revenue growth during the operating phase, or assuming that the Soitec is not able to sell the its plants for which it has financed the development phase under reasonably acceptable financial conditions.

Management of growth in solar energy using concentrated photovoltaic technology

The success of Soitec's future development in solar energy using concentrated photovoltaic technology depends on several factors: our ability to increase our solar panel production capacity significantly under acceptable economic conditions and the reduction of production costs specifically through the improvement of the efficiency of the technology. Otherwise, Soitec may find itself unable to develop its business activities, reduce manufacturing costs relative to the cost per watt of electricity generated, increase and maintain market share, meet its contractual obligations towards our partners, and ensure our financial viability. Soitec's ability to develop its concentrated photovoltaic technology production facilities is subject to a number of risks and uncertainties, including:

- deadlines and budget overruns, which may depend on a number of factors, most of which are outside Soitec's control, such as its inability to negotiate appropriate contracts with production equipment suppliers;
- authorization deadlines or refusals from the relevant authorities;
- difficulties that Soitec may encounter in recruiting the staff needed to develop its production activities;

– any other difficulties that Soitec may encounter in the operational implementation of its plan.

Also, the impossibility for Soitec to free up financial resources necessary for the management expected from the increase in the solar energy domain utilizing the concentrated photovoltaic technology could hinder this development, slow down realizing sales expected from projects in the process of being developed, and cause an unbalanced financial situation for the all of Soitec.

Risks linked to the absence of administrative authorization for solar power station projects using concentrated photovoltaic technology

The primary solar power station projects using concentrated photovoltaic technology announced by Soitec in California and South Africa have received the necessary administrative authorizations. As a general rule, any material amendment to the conditions under which administrative permits are granted must also be approved by the agency that issued them. Soitec cannot guarantee that these independent authorities will authorize any potential future modifications that may result from a change in market conditions or that any conditions imposed on the projects will not have an adverse effect on the profitability of the projects in question.

In addition to the California PUC's authorization, the development of solar power generation plants projects in that State will require as well acquiring property rights for which the grant is conditioned on respecting a number of administrative and regulatory constraints, and may be subject to appeal by third parties. Once these rights are acquired, placing these power plants into service may also require obtaining various further administrative authorizations which may be refused and or for which the grant is delayed.

Failure to obtain the authorizations necessary for developing the various solar power station projects may have a substantial unfavorable effect on Soitec's activity, financial situation or results, or on its ability to meet its objectives.

See also "Development of the solar energy production activity using the concentrated photovoltaic technology depends on the existence of financing sources for Soitec and its clients" here below.

Risks related to third-party suppliers

Development of Soitec's activities in the solar energy domain sits on supply agreements with suppliers selected for each Soitec project. The relative immaturity of concentrated photovoltaic technology in terms of installed megawatts can be amplified by the defect of one selected supplier. Therefore Soitec cannot exclude that a defect of one of its suppliers might have an impact on the *Solar Energy* Division results and, in a larger scope, Soitec and put into question Soitec's growth strategy in this domain. Equally, eventual litigation which could arise between Soitec and its suppliers or third party partners could have a significant impact on the profitability of its solar farms and have a substantial disfavorable impact on the Solar Energy Divisions results and in a larger scope, those of the Soitec group.

4.1.2 Risks relating to the Group's expansion in energy activities

The Solar Energy Division activities require substantial liquidity which may not not be able to be compensated by the Electronics Division's cashflow generation

Soitec produces liquidity in several ways, including positive treasury generated by *Electronics* Division operational activities, the issuance of debt and equity in various forms, and credit facilities. Soitec could require supplementary financial sources if its capital sources are not available or insufficient in order to finance its activity and to respect planned deadlines for reimbursing its debt.

Soitec's working capital requirement and its treasury have been, all long, subjected to quarterly and annual variations depending on a certain number of factors and should continue to be subject to such variations. If the Soitec is not capable of managing the fluctuations in its treasury flows, activities, operating results, and financial situation could find themselves significantly affected. These fluctuations in treasury flows are particularly due to the following reasons:

– the level of sales and profitability;

– stock management efficiency;

– debt collection;

– calendar for investments and their importance;

– the costs linked to possible restructuring initiatives;

– the costs linked to guarantees which must be established when developing solar power station projects using concentrated photovoltaic technology; and

– the client credit risks.

Soitec's capacity to use its financial resources (other than credit facilities, already fully available) depends on several factors, including clients' capacity to pay their invoices to Soitec, the perception that its lenders and investors will have and its level of solvency, and generally, market access conditions, the traditional source for financing Soitec activities.

Soitec's liquidity risk is described in more detail in the section "Liquidity Risk" below.

Difficulties relating to managing Soitec's growth

The development of Soitec's activities in new business lines represents an opportunity but is also accompanied with difficulties that Soitec needs to be able to overcome. For example, the rapid development of the Solar Energy division's activities has required major efforts in order to set up a centralized reporting system and manage the allocation of its financial, technical, and human resources. This expansion, which should not be to the detriment of Soitec's historic business activities, assumes that its management teams are able to rely on an effective and responsive internal organizational structure. Any difficulty that Soitec encounters in ensuring the harmonious management of its new business activities in parallel with its historic activities may call Soitec's growth strategy into question and have an unfavorable impact on its activities and results.

Risks specific to developing solar power plants using concentrated photovoltaic energy

The development of solar power plants using concentrated photovoltaic energy entails specific risks relating primarily to the pre-financing of these development projects by Soitec and the specific contractual guarantees that Soitec has to give within the framework of these projects (see in particular, paragraph 2.8.7 related to the scope of off balance sheet engagements). In particular, in the scenario that Soitec does not respect the contractually agreed development timetable, it may have to pay its counterparty contractual compensation, which may call into question the financial interest of the project as a whole for Soitec. The projects led by Soitec are shown in the consolidated financial statements on the assets side under "Projects under development". At closing of fiscal year 2013-2014, Soitec had capitalized development costs of 7.9 million euros for the projects in progress in the United States. If Soitec is unable to see the development of a project through to the end, it may have to set aside provisions for some or the entire amount recognized as assets, which may have a negative impact on results for the year in which the provision is booked.

Solar energy power station projects using concentrated photovoltaic technology developed by Soitec in California are based on Soitec's execution of Power Purchase Agreements (PPA) with local suppliers, in which the conditions set forth the use of concentrated photovoltaic technology. In the event that Soitec is incapable of completing a project, Soitec could be required to sell its PPA' to third party developers (subject to authorization by the concerned administrative authorities – see "Risks linked to the absence of administrative authorization for solar power station projects using concentrated photovoltaic technology" above). As long as the condition related to the use of concentrated photovoltaic technology continues, the negotiating conditions between Soitec and the third party developer could disfavorably impact the total profitabitlity of the operation for Soitec if it is not able to entirely valuate its development costs and to execute a equipment sales contract with a third party developer with satisfactory conditions and/or if Soitec has, in this context, to supply performance guarantees, costly in resources for Soitec. Finally, the third party developer can modify the portion of the project allocated to the concentrated photovoltaic technology in preference for a hybrid solution using another solar technology and in this case substantially reduce the value attributed to Soitec if it is capable of satisfying the the obligations of the PPA.

Risks specific to concentrated photovoltaic energy

Concentrated photovoltaic energy is a recent concept that may not live up to all of its promises, particularly in terms of efficiency and stability in energy generation. In particular, despite the tests performed and the modeling being carried out, Soitec's power generation modules do not have enough of an operational track record to be sure of how they will perform in reality over their planned life span of 25 years. If the actual performance of its power generation modules fails to meet customers' expectations, Soitec could lose market share and have to deal with significant financial expenses relating to the guarantees given for its facilities. Soitec gives five-year guarantees for the materials and assembly of its modules in the event of a fault and 25-year guarantees for power generation. As a result, Soitec is exposed to a risk of paying out indemnities in respect of these guarantees, which remain in effect last for a long time after its systems are sold.

Risks linked to industrializing new generation solar cells

The development of the Group activities in the solar energy domain depend on its capacity to put a new generation of very high efficiency solar cells into production, for which these cells will be able to guarantee concentrated photovoltaic technology's economic competitiveness in the medium to long term. If Soitec is confident as to its capacity to innovate, it does not yet have the guarantee to be able to manufacture this under sustainable economically feasible industrial conditions.

4.1.3 Industrial, regulatory, or environmental risks

Use of hazardous substances

The manufacturing process used by Soitec for the production of microelectronics entails the use of chemical products that may prove to be a hazard to the safety of people and the natural environment. This includes products widely used in the microelectronics and solar industry, such as hydrofluoric acid, hydrochloric acid, ammonia for liquids, various solvants for liquids, hydrogen chloride, ammonia, dichlorosilane ("DCS"), hydrogen for gases, arsenic and phosphorous for solids, but also substrates comprised of IIIV materials such as gallium arsenic and indium phosphate.

Soitec observes local laws and regulations concerning the use and storage of chemical products, as well as the disposal of hazardous waste ("HW") that their use entails.

An internal procedure associated with a management basis for chemical products allows ensuring validation by the Health, Security, and Environment service prior to any introduction of new chemical products into each site.

Soitec has effective equipment to combat chemical risk caused either by work-related accidents (bodily contact) or product spills/leaks. Soitec also has an internal crisis management system implemented at Group level and based on internal intervention teams trained specifically in tackling this type of occurrence.

All of these factors help to ensure that chemical risk is controlled properly. However, Soitec cannot rule out any accidental risks that may have a detrimental effect on people's health, the environment, and its activity.

Regulatory framework for solar energy generation using concentrated photovoltaic technology

The solar energy generation equipment market is highly regulated. These regulations concern the selling price of electricity generated and others concern the terms and cost of connecting this electricity to the distribution grid. In particular, the increase in the share represented by solar power in electricity generation depends on the existence and support of government policies targeting facilitating its development. These policies, in effect in most of the countries in which the Group expects to deploy its solar power generation activities, most often are done with specific tariffs for purchasing the generated power or tax incentives for the final users, distributors, or power generating equipment manufacturers. These policies, in the past, have been subject to amendments and may evolve again in the future. They may create roadblocks to developing the solar power generation equipment market, particularly for those using concentrated photovoltaic technology, should they be amended or challenged.

Importance of research and development for the Group

Soitec dedicates a large share of its sales to research and development. These research and development efforts depend partly on financial or tax incentives, which may be called into question in the future and increase the cost of the impact of this expenditure on operating income. In solar energy using concentrated photovoltaic technology, research and development needs to help to make our photovoltaic cells more efficient and reduce the average cost of electricity generated by our modules. As with all research and development activities, the intensity, duration, and results of these efforts are uncertain. Lastly, some of the contracts executed by Soitec contain stipulations under which it undertakes to improve the efficiency of its products over time, in return for increased remuneration. Any difficulties that Soitec may encounter in meeting these contractual commitments may have an unfavorable impact on its margins and operating income.

4.2. Legal risks

Soitec is involved in certain lawsuits described in chapter 20.8 of this Registration document.

4.2.1 Competition and technological risks

The following risk factors are identified by Soitec taking into account the Group's market and its position in these markets, as described in section 6.2, "Principal Markets" of this Registration Document.

The semiconductor industry is highly competitive characterized by fast-paced technological progress.

The silicon substrate industry plays an important role in meeting demand in the electronics consumer market, which has the following characteristics:

- Ever consolidated competition,
- Highly innovative,
- Products being placed on the market at an ever-quickening pace.

The necessity of obtaining more competitive manufacturing costs in order to meet market expectations, which are in a state of constant change, puts a significant amount of pressure on sector actors.

The adoption of Smart Cut™ technology by silicon leaders such as Shin-Etsu Handotaï under licensing agreements with the Company may reduce the risk of technological competition. As such, the Company's principal competitor in SOI products is Shin-Etsu Handotai, which is also a license holder contributing to the development of the market as part of the licensing strategy announced by the Company. Also, during fiscal year 2013-2014, the settlement of a dispute between Soitec and the Amercian company MEMC (now SunEdison), included the signature of a cross licensing agreement related to their patents covering SOI substrates which allows each company access to the portfolio of the other's for all patents covering SOI technologies (Press release on November 26, 2013 available at http://www.soitec.com/en/news/press-releases/soitec-and-sunedison-enter-into-patent-license-agreement-1390/).

If other major manufacturers of silicon were able to develop rival solutions that may call into question the relevance of the Company's technology. However, Smart Cut™ technology has established itself as an industry standard for SOI products. The emergence of another technology is made more difficult due to this standardization and it reduces the impact of existing alternative technologies, such as those sold by the U.S. company Ibis Technology, primary competitor of Soitec on technology. Ibis halted the manufacture of SOI products during 2004 and develops the SIMOX technology which relies on complex equipment also manufactured by Ibis and some equipment that has been installed at silicon manufacturers. Even so, as far as the Company is aware, this technology presents the disadvantage of requiring the use of special machines, plus strict manufacturing restrictions, while giving a performance inferior to that achieved using the Smart Cut™ process.

Soitec is therefore confident as to its ability to maintain its competitive position and the competitiveness of its technology, but cannot discount the possibility over the medium and long term that it may be called into question, leading to an unfavorable impact on its results and financial situation.

The concentrated photovoltaic industry is more sensitive to average energy production costs than advanced technologies.

Concentrated photovoltaic cells employ high performance multi-junction cells, developed by Soitec, is a technology designed for the construction of industrial size on the ground power stations, used mainly in areas receiving large amounts of sunlight. This is a niche market compared to the other two more commonly used solar technologies (crystalized silicone and thin layer photovoltaic), which exposes us to a certain amount of risk with regards to large-scale adoption thereof.

However, its real potential remains greatest in the targeted geographic zones as it produces energy at competitive costs. The target market is an emerging market, which tends to limit a general adoption of any particular type of technology, especially in light cost reduction improvements and the installation of such in areas of the world that do not have access to such as of yet.

Concentrated photovoltaic technology is in competition with other emerging technologies such as CSP (Concentrated Solar Power) which are also primarily used on solar farms. This new technology has a thermodynamic focus: the sun's rays are concentrated, which in turn heats a fluid to very high temperatures which is used to produce electricity.

This competition is exercised primarily around the average cost of producing energy, more than around the technologies used to generate. However, in the case where the competing energy generation technologies manage to substantially the average cost of generating energy, Soitec could be exposed to unfavorable consequences on its competitive position, and as such its results and financial situation.

The current market situation serves only to worsen this risk as traditional technologies and thin layer technologies imported from China's prices have plummeted, exposing CSP competitiveness to further market pressure. However, this phenomenon has since slowed due in part to national tax policies on exports which have been instituted in order to preserve local jobs, such as in the United States.

Despite the potential risks that other solar technologies may pose to the technological stance that Soitec has taken, it is still uncertain whether one of the solar technologies will be able to out-compete any other. Each of the technologies represents a cost/performance ratio that could meet the specific demands of ground-based solar power plants.

The Light-Emitting Diode ("LED") industry has two principal targets: lighting performance and manufacturing production cost reduction (with the same performance).

The light emitting diode industry is characterized by a wide diversity of technologies employed and is characterized by the existence of man cross licensing agreements between the various market actors. Soitec bases its development in the domain of LEDs on its own internal technology, without however having the certainty that these technologies will not require that Soitec execute such cross licensing agreements with third parties, which could have an unfavorable impact on its intellectual property portfolio, and later, the profitability of its activity in this domain.

4.2.2 Intellectual property

The Company pays particular attention to the protection of its intellectual property. Certain patents protecting the techniques used in the manufacture of Soitec's products belong to the CEA-Leti or Fraunhofer Institute which are therefore responsible for their protection. Soitec holds as such several exclusive licenses for certain CEA patents and uses them under the Smart Cut™ and Smart Stacking™ names.

Smart Cut™ designates a technology that is not protected by a singular patent but by a portfolio composed of many thousands of patents. Even though the first patent in the Smart Cut™ portfolio expired during the 2012-2013 fiscal year, the Company does not consider the expiry of some of the initial patents in the portfolio to be a material risk. With more than 200 new patents filed each year, Soitec is among the most active 30 companies for filing patents (source : Leaderboard of patent filers published by the OMPI http://www.inpi.fr/fileadmin/mediatheque/pdf/OPI/classement_national_deposants_avril_2013.pdf). This policy also extends to the protection of its trademarks (for example Smart Cut™, Smart Stacking™ ou Concentrix™). Soitec reinforces and extends its intellectual property in the technology sectors key to its current or future business. Indeed, the successive patented improvements help the Company maintain a competitive advantage on the relevant markets. As an example, in 2012, the Company announced the renewal of the license agreement originally granted to Shin Etsu Handotai for the production of SOI substrate. The Company also announced in the beginning of 2013 that a license agreement had been signed by Sumitomo Electric with regards to Smart Cut™ technology for the production of GaN base substrates.

The absence of sufficiently strong protection, invalidation or designs around patents of which Soitec is the licensee or owner could have negative effects on its activities and financial situation. The same for protecting its technology and enforce its rights, the Company may, where necessary, initiate legal proceedings. This type of litigation may incur weighty expenses and lead to the mobilization of employees for extended periods and may thus have a material adverse effect on the Group's business activities and financial situation. It is also conceivable that litigation may lead to the cancellation of a patent or the payment of royalties by the Company to a third party.

4.3. Risks of dependence on third parties

4.3.1 Dependence on key customers

Risks related to the concentration of customers in the semiconductor industry

A high degree of customer concentration is a normal characteristic of the semiconductor industry. This customer concentration is doubled, in the case of the Company, with the phenomenon linked to the choice of capture technology implemented by its major customers. If Soitec hopes to balance its customer structure as and when new customers gradually reach a high-volume production stage using the substrates it provided, there is no assurance of achieving this goal in the short term. Similarly, the Company is dependent upon the technological choices of their own clients. These technological choices, if they prove unfavorable to the technical solutions based on the substrates produced by the Company, will have an immediate effect on the volume of activity by Soitec with its primary customers. As such, due to the change to large silicon wafers for the primary microprocessors sold by AMD when going to the next generation 28 nm from 32 nm, the traditional dependency observed in the Electronics Division to this relation with Global Foundries was reduced during the course of fiscal year 2013-2014. The substantial reduction in activity volume with this major customer had a significant impact on the Electronics Division's numbers and, in the absence of significant contribution from the Solar Division's activities, on the consolidated revenue and the financial situation for the whole of Soitec. For fiscal year 2013-2014, the top customer for Soitec only accounted for 20% of revenue for the Electronics Division (compared to 43% during the previous fiscal year) and the second at 19% (compared to 16% in the previous fiscal year). There were 5 customers accounting for more than 5% of the Electronics Division's revenue and these together represented 61% of division sales (compared to 82% during the previous fiscal year). The expected penetration for the FD SOI technology (Fully-depleted SOI) could again transform, during the adoption phase, into a concentrated client portfolio for the Electronics Division. In order to reduce its exposure, Soitec is seeking to introduce produces in its Electronics Division with new applications (radio-frenquency, power, photonic). In parallel, Soitec has engaged in a diversification strategy by entering a new business area (solar energy), and climbing the added-value chain by developing a new technology for producing light emitting diodes.

Risks linked to quantifying end markets for key Electronics Division clients

Soitec does not directly possess information enabling it to quantify the expected impact of the launch of new products by its key customers (or their own clients) of the Electronics Division in their respective markets. Soitec's business forecasts may thus be called into question by a different assessment and/or a revision by its customers of their own forecasts. Soitec adjusts its sales forecasts based on the estimates received from its customers regarding their needs and taking into account their demand for SOI wafers, it being specified that the wafer inventories that it maintains at its customers represent, in general, just a few weeks of their expected consumption. Following STMicroelectronics announcement on February 3, 2014, during the presentation of its annual report, the launch of an offer based on the FD SOI technology developed by Soitec, Soitec should quickly enter the qualification phase for STMicroelectronics end customers, which could force Soitec, in order to satisfy customer demands, to review its fabrication processes and justify additional capacity investments during the fiscal years to come. The terms of financing these new investments remain to be defined but could drive Soitec to solicit the capital markets during the course of the upcoming fiscal years.

Risk of Electronics Division customer insolvency

The concentration of the Electronics Division's customer portfolio is not synonymous with substantial credit risk. In the electronics sector, the average payment terms granted to its principal customers are less than 60 days. The risk of non-payment is limited as the Company's customers include major international groups in the microelectronics industry. Soitec has not experienced a material payment default in the Electronics Division over the last three years. In the Solar Energy division, Soitec has a diverse client list in both nature and size, which may present certain insolvability risks considering the concerned country. Longer payment terms are frequently granted, provided that the contracts contain provisions for the payment of any balance under the contracts after verification of the solar power station's performance once it is connected. Moreover, the complexity of the financial commitments could lead to funds not being available on time. Such conditions explain why there are some older debts that have not been written down in the table with client balances in paragraph 3.9 of chapter 20 of the Annual Report. However, product deliveries are more often than not made for projects for which specific financing has been obtained, risk is reduced mechanically. In addition, Soitec has adopted internal procedures for the monitoring and tracking of its risk of payment default and, more generally, its credit risk management. These procedures may nonetheless safeguard Soitec against the risk of insolvency of one or more of its customers. Assuming this were to happen, Soitec's results and financial situation could be negatively affected.

4.3.2 Dependence on partners

The development of the solar energy production activity using photovoltaic technology concentration depends on the availability of funding for Soitec and its customers.

Construction of solar power plants using the photovoltaic technology concentration requires that funding could be secured through the use of bank loans, market borrowings of debt, or equity investments. Soitec cannot guarantee that such financing will be available, or if they are, their economic conditions are such that the profitability of these projects is not affected. Contracts for the supply of solar module signed by Soitec can be conditioned upon the existence of appropriate sources of funding for Soitec's customers. Similarly, Soitec anticipates that investors will proceed with the acquisition of plants or solar power plants that is has developed internally. In the absence of such investors, or in the event that such investors encounter financial difficulties, the ability for Soitec to recover its investments could be severely affected, which, in turn, could have a significant adverse impact on the Company's performance and financial condition.

More generally, bringing new plants into service may be impacted by the following factors:

- risks relating to lenders and their ability to honor their commitments;
- risks relating to construction companies and the possibility of delays in the construction of production plants;
- risks relating to suppliers and the provision of the equipment and supplies needed for the construction of production plants.

The delays incurred in order to structure the financing of its projects exposes the Company to a temporary risk of under-utilization of its production capacity. If this situation persists, the Company may have to implement severe cost reduction measures.

The raw materials used in the manufacture of solar systems are primarily commodities; the risk of a shortfall in materials is limited. However, certain system components (trackers, drive, optics) my contain technologies that are made by a small amount of manufacturers. To reduce this risk, the Group actively pursues a policy of having several qualified suppliers at all times.

Dependence on silicon suppliers and impact on Soitec's results

Given the cyclicality of the semiconductor industry and the consequences for silicon consumption, if demand increases significantly, the Group may face supply problems that could have a detrimental impact on its business activities. Under its partnership agreements with silicon suppliers, in particular Shin-Etsu Handotaï ("SEH"), these suppliers have agreed to provide the raw materials that the Company may need. Furthermore, the Company has full freedom to buy from other suppliers, ensuring other sources of supplies in the event of a problem and control of its procurement prices.

Silicon prices are adjusted with main suppliers twice a year.

The agreements signed with its main customers provide for adjustments in silicon prices to be reflected in selling prices, without Soitec being able to guarantee that such will be exactly in line with actual fluctuations. The length of the production cycle and the level of raw materials inventories still represent less than three months' consumption. SOI often competes directly with solid silicon materials within Soitec's clients. A long-term divergence in the price of the materials and the price of finished products is unlikely. Finally, during three previous fiscal years, and in spite of a temporary global reduction in production capacity subsequent to the tsunami that affected Japan in March 2012, Soitec has recorded a continuous, regular decrease in the price of silicon.

The cost of silicon represents around 40%-50% of the production cost of an SOI wafer, higher than for other consumable materials and types of costs. In order to reduce the weighting of silicon in production costs on a long-term basis, Soitec has adopted a strategic cost-cutting program using a procedure developed internally, dedicated entirely to ensuring better use of silicon. Soitec is confident in its ability to implement this strategic program successfully. However, it cannot rule out the possibility that a long-term increase in commodities prices may have a material impact on its results.

Recoverable amount of non-current assets

The Group's non-current assets are assigned to several cash-generating units ("CGUs"): At closing on March 31, 2014, Soitec performed impairment tests on each CGU on the basis of updated business plans. These tests led to accounting for depreciation of non-current assets. The base assumption, as well as the amount of depreciations are detailed in note 2.4.1 in the schedules to the consolidated accounts shown in chapter 20.3. of the this Registration Document.

Operational continuity plan

The Continuity plan has been completely revised and strengthened to better adapt to a multi-site organization. The operational risk map has been updated and finalized, it has identified and work on several scenarios covering the main risks affecting the business of the Company as of Group level and locally. The operational implementation of the new business continuity plan for Bernin is underway and will be deployed on other sites to reinforce the means currently in place.

In order to anticipate the risks that could cause business interruptions, the Company has sufficient means of prevention and protection to ensure business continuity. The means implemented can secure supplies and deliveries to customers. As part of the prevention program established with its insurers, the Company is working to reduce the risks of its production sites and their potential impacts on the continuity of its activities.

4.4. Market risks

All the figures presented below are derived from audited financial statements for fiscal year ended March 31, 2013. See also notes to the consolidated financial statements in paragraph 20.3.1.2, and in particular Note 5.5.3 related to the financial instruments used.

4.4.1 Interest rate risk

Financial assets and liabilities as of March 31, 2014:

(in thousands of euros)	Less than one year	From 1 to 2 years	From 2 to 3 years	From 3 to 4 years	From 4 to 5 years	More than 5 years	Not applicable	Total
Financial assets								
Fixed rate	172,103	11,385	8,617	8,205	1,889	959	-	203,158
Variable rate	74	-	-	-	-	-	-	74
Total	172,177	11,385	8,617	8,205	1,889	959	-	203,232
Financial liabilities								
Fixed rate	(217,063)	(5,067)	(994)	(14,078)	(96,111)	(9,777)		(343,090)
Variable rate	(10,049)	(4,634)	(6,416)	-	-	-	-	(21,099)
Total	(227,112)	(9,701)	(7,410)	(14,078)	(96,111)	(9,777)	-	(364,189)
Net exposure before hedge								
Fixed rate	(44,960)	6,318	7,623	(5,873)	(94,222)	(8,818)	-	(139,932)
Variable rate	(9,975)	(4,634)	(6,416)	-	-	-	-	(21,025)
Total	(54,935)	1,684	1,207	(5,873)	(94,222)	(8,818)	-	(160,957)
Hedge instruments								
Fixed rate	-	-	-	-	-	-	-	-
Variable rate	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	-
Net exposure after hedge								
Fixed rate	(44,960)	6,318	7,623	(5,873)	(94,222)	(8,818)	(44,960)	(139,932)
Variable rate	(9,975)	(4,634)	(6,416)	-	-	-	-	(21,025)
Total	(54,935)	1,684	1,207	(5,873)	(94,222)	(8,818)	-	(160,957)

As of March 31, 2014, financial instruments held for the management of interest rate risk are listed in the following chart:

	Fiscal year ended 31 March 2014		Fiscal year 31 March 2013	
(in thousands of euros) Contract type	Market value (net)	Position hedged	Market value(net)	Position hedged
Hedges of financial liabilities				
Interest rate swaps			(49)	8,056
Caps				
Total hedges of financial liabilities			(49)	8,056

The Group's medium- and long-term financial liabilities primarily carry a fixed rate. As a result, the Group is not exposed to a significant risk arising from fluctuations in the interest rates. For the fiscal year ended March 31, 2013, a 1% change in the interest rates applied to floating-rate debt and investments would have triggered a change in financial income/(expenses) of around 210 million euros.

	March 31, 2014	
(in thousands of euros)	Impact on pre-tax income	Impact on equity before tax
Impact of a +1% change in interest rates	(210)	0
Impact of a − 1% change in interest rates	210	0

4.4.2 **Foreign exchange risk**

Impact of Dollar/Euro parity evolution on the Group's results

As the global semiconductor market is Dollar-dominated, the vast majority of the Electronics Division revenues appear in U.S. Dollars. The same for raw materials, which represent more than 40% of the division's production costs at the current level of capacity usage, which are almost entirely listed in U.S. dollars. The other costs, corresponding mostly for resources located in Bernin, are primarily listed in Euros. The flows in foreign currencies are more balanced within the Solar Energy division (costs and revenue in U.S. dollars for the activity in the United States, cost and revenue in Euros for activity in Europe).

Regardless of the hedging instruments the Group has put into place with regards to its commercial transactions, the Group still has accounting conversion exposure insofar as it publishes its consolidated accounts in Euros and that the portion of its expenses that are listed in Dollars is only 50% on average. Due to the structural excess of Electronics Division sales in U.S. dollars any unfavorable change in the relative strength of the Dollar versus the Euro will have a negative impact on the Group's results that are published in Euros insofar as any reduction in sales is not off-set by a reduction in costs. The US dollar has increased by 3.8% with respect to the Euro between fiscal year 2012-2013 and fiscal year 2013-2014. The Group indicates that for the Electronics Division, the current operational margin of -0.3% is based on fiscal year 2013-2014 and it will be established at 2.8 % if the exchange rate rests at the level of the previous fiscal year.

Flows listed in Yen have become marginal, the principal Japanese clients now also purchase in U.S. dollars. As such, the fluctuations in Euro-Yen parity no longer represents a significant risk for the Group.

The extent of exposure to currency risk is specified in paragraph 5.5.3 of paragraph 20 of the Registration Document.

The conversion rates used for subsidiaries that use a functional currency other than the euro are as follows against the euro:

	Average Rate		Closing rate	
Assets (in thousands of euros)	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
U.S. Dollar	0.744794	0.774163	0.725268	0.780945
Yen	0.007458	0.009228	0.007021	0.008273
South African Rand	0.067238	0.084262	0.068552	0.084602

Net positions in foreign currencies

Commitments in foreign currencies relate to off-balance sheet liabilities. The table below shows ___________________

(in thousands of euros)	EURO	JPY	U.S.D	NTD	SGD	KRW	SAR	ZAR	CLP	CNY	Other currencies	March 31, 2014
Assets	70,438	1,080	58,665	15	877	345		78,515	42	106	32	210,118
Liabilities	(312,449)	(1,428)	(48,750)	-	(992)	(157)		(309)	(25)	(79)	-	(364,189)
Off balance sheet commitments assets/liabilities	(70,612)	-	(39,609)	-	-	-	(172)	(41,417)	-	-	(2)	(151,812)
Net position before hedging	(312,623)	(348)	(29,694)	15	(115)	188	(172)	36,789	17	27	30	(305,883)
Hedging instruments	-	-	-	-	-	-	-	-	-	-	-	-
Net position after hedging	(312,623)	(348)	(29,694)	15	(115)	188	(172)	36,789	17	27	30	(305,883)

The table below shows the unrealized income on financial hedging instruments available to cover the foreign exchange risk at March 31:

		March 31, 2014		March 31, 2013	
(in thousands of euros) Contract type	Currency	Market value (net)	Hedged position	Market value (net)	Hedged position
Balance sheet hedges (customer receivables and supplier payables)					
Forwards	USD in euros	-	-	(292)	14,700
Total		-	-	(292)	14,700

The market value has been estimated with the help of one or more frequently used models.

The Company's procedures aim to reduce its exposure to net exchange risk in U.S. dollar currency by entering into certain borrowing agreements in the same currency as the cash flows generated by operating activities. As part of this currency risk management policy, the Company also continued during the fiscal year its program of hedging its transactions in U.S. dollars and yen through forward purchases and sales, with short term contracts (i.e., expiring in less than six months).

A 10% decrease in the value of the Euro on March 31 compared to these currencies would result in an additional gain of 9,711 thousand Euros. For the purposes of this analysis, all other variables - in particular interest rates - are assumed to have remained constant. The calculations are made from the table presenting the engagements per currency, without taking into account off-balance sheet engagements.

4.4.3 **Liquidity risk**

As of March 31, 2014, the Company had 44.7 million euros available in cash. The definitive financial materialization of transactions related to the sale of the South African project in the coming weeks should result in the Group realizing an additional 65.6 million euros in available cash. The finalization of the South African project for 44 MWp will also complement this amount. As such, the Company proceeded with a specific review of its liquidity risk and it considers itself to be in a position to be able to cover the expiration coming in September 2014 for reimbursement of its OCEANE 2014.

The other sources of financing expected by the Group during fiscal year 2014-2015 will also come from the monetization of certain non-fixed assets, particular production equipment. The group plans to finalize sale and lease back agreements for these assets before the end of the first half of 2014-2015. Finally, the adoption of resolutions put to the shareholders' vote during the extraordinary shareholders' meeting on April 22, 2014 (see paragraphe 21.1.4.2 of this Registration Document) allowed the Company to have the necessary authorization to go to the capital markets in order to finance Soitec's activity for the whole of fiscal year 2014-2015. Also see note 2.4.7 in the consolidated accounts related to continuing operations in paragraph 20.3.1.2 of this Registration Document.

The table below shows the breakdown of the Group's financial liabilities by maturity.

	Less than one year		From 1 to 2 years		From 2 to 3 years		From 3 to 4 years		From 4 to 5 years		More than 5 years		Total	
(in thousands of Euros)	Nominal	Interest	Nominal	Interest	Nominal	Interest	Nominal	Interest	Nominal	Interest	Nominal	Interest	Nominal	Interest
Lease agreements financement:														
Real estate financial leases	3,484	96	-	-	-	-	-	-	-	-	-	-	3,484	96
Financial lease for furniture	7	-	6	-	7	-	2	-	-	-	-	-	22	-
Loans:														
Bonds "OCEANE 2014"	83,004	5,188	-	-	-	-	-	-	-	-	-	-	83,004	5,188
Bank loans bancaires: in euros et en devises	505	14	-	-	-	-	-	-	-	-	-	-	504	14
Other loands and financial debt														
Reimbursable advances	28	-	180	-	-	-	34	-	6,725	-	-	-	6,967	-
Financial suppliers	190	-	-	-	-	-	-	-	-	-	-	-	190	-
Derivative instrument liability	341	-	-	-	-	-	-	-	-	-	-	-	341	-
Bank overdrafts	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Drawn authorized credit lines	49,497	333	4,634	77	6,416	32	-	-	-	-	-	-	60,547	442
Other financial liabilities	150	-	-	-	-	-	-	-	-	-	-	-	150	-
Financial Debt	**136,865**	**13,879**	**4,820**	**8,238**	**6,423**	**8,189**	**13,091**	**7,067**	**109,925**	**3,483**	-	-	**271,124**	**40,766**

* The 49,497 thousand euros presented as expires in less than one year is comprised of credit lines amortized over 3 years, but are subject to a yearly withdrawal. One of these credit lines, for 9 million euros, is subject to covenants which could put into question the annual withdrawal renewal.

4.4.4 **Credit risk**

The financial instruments with respect to which the Company may potentially be exposed to credit risk are primarily cash, cash equivalents, as well as client receivables that Soitec S.A. holds on its subsidiaries, particularly Soitec Solar GmbH, under loans that Soitec S.A. granted to Soitec Solar GmbH in order to finance its operational activities and those solar projects carried out by Soitec Solar GmbH's subsidiaries. The Company has adopted a cash management policy that aims to optimize its investments in short-term and low-risk financial instruments. The Company's cash and cash equivalents were primarily invested with major French financial institutions.

The Company sells its products to customers in the semiconductor industry located in North America, Asia, and Europe. For fiscal year 2013-2014, the Company had four customers accounting for more than 5% of the *Electronics* Division sales, together accounting for 61% of total sales. For fiscal year 2012-2013, it had four customers representing more than 5% of the Company's sales, together accounting for 82% of sales.

The Company periodically assesses the credit risk and financial situation of its customers and books provisions for potential losses on unrecoverable receivables. The amount of these losses remains within the limits anticipated by Management.

During fiscal year 2014-2015, the Company will pay particular attention to its capacity for Soitec Solar GmbH's project subsidiaries to pay off the loans that were granted during the startup phase. Indeed, as noted in the "liquidity risk" paragraph, the success of the "Touwsrivier" project in South Africa is essential to maintaining balance in resources and employment.

Confirmed credit facilities

In 2012, the Company signed with its banking partners confirmed credit lines for a global amount of 72 million euros expiring on March 31, 2017, and payable over five years. One of these lines was restructured for 8 million euros and amortizable on August 31, 2014. These credit lines include a confirmation commission of 0.15% to 0.40% as well as a use commission from Euribor of + 0.60% to 1.00% depending on the credit line.

Within the scope of factoring transactions on the research tax credit, the Company signed renewable credit lines with Oséo for a global amount of 17,507 thousand euros expiring on September 2014, September 2015, September 2016. These credit lines include a confirmation commission of 0.30% as well as a use commission of 1 month Euribor + 0.70%.

4.4.5 **Equity risk**

The Company may be exposed to equity risk due to the treasury shares it holds on its own. However, this risk is limited insofar as the Company held just 112,059 treasury shares as of March 31, 2013, equal to 0.06% of share capital.

Share price volatility

The stock markets have been subject to major fluctuations over the last few years that in many cases have been unrelated to the results of listed companies. Market fluctuations combined with economic conditions, news published by the Group's main customers and press releases issued by the Company could increase the volatility of the Company's share price.

In this regard, it is specified that over the last 12 months, Soitec's average share price has shown volatility over 10 days much higher than that of the companies that make up the SBF 120 index. The Company also stresses the very high turnover rate of its share capital.

Dividend policy

The Company has not distributed dividends for the past three years and does not plan to distribute any in respect of the 2013-2014 fiscal year. Its future dividend policy will take account of the development of the Group's results, additional investment requirements and the share price performance, but as any growth value, the Group's priority will be given to financing its development.

4.4.6 Risks related to the level of off-balance sheet liabilities

The Group has taken out off-balance sheet liabilities of financial position commitments within the framework of its ordinary operations, as described specifically in Note 5.2 of the Company's consolidated financial statements in paragraph 20.3.1.2 of this Registration Document.

Within the framework of the Group's activities in the field of solar energy production using concentrated photovoltaic technology, and production of equipment, the volume and nature of these commitments is expected to increase (see Chapter 22 – Important contracts). These commitments are generally:

- recourse clauses towards the Group for the payment of obligations resulting from finance lease agreements entered into by the project Companies during the construction phase of production plants;
- successful performance guarantees;
- advance payment guarantees

The occurrence of events requiring the Group to honor these commitments, when these have grown in volume alongside the development of the solar energy production, may have a material adverse effect on its operating results and financial situation.

4.5. Insurance risk coverage

Insurance

In addition to the prevention and protection measures implemented, the Company has a global insurance program particularly covering:

- risks of property damage and operating losses;
- risks associated with transport of goods;
- risks associated with environmental damage;
- risk of losses arising from its civil liability as a result of its operations or the circulation of its products worldwide.

Other insurance programs have been subscribed to for lesser risks.

The Group's risk management and insurance policy meets the following objectives:

- diversification of risk transfers over various top insurance companies;
- subscription to Group insurance policies ensuring a coherent framework of risk transfers and insurance policies, as well as to improving economies of scale, while taking into account the specific features of the Group's business activities;
- putting into place deductibles that are consistent with the size and financial strength of each insured entity.

Property damage and operating losses

Property is covered by "all-risk insurance (with exclusions)" policies. These policies are adapted to the various production facilities, and are visited on a regular basis by our insurance consultants to adjust appropriately the coverage amount and the deductibles to potential risk.

The combined property and operating loss deductibles are adjusted depending on the sites, and operating losses are generally insured for 18-month periods. This program includes the guaranty for "additional operating costs" as well as a guaranty for "supplier and/or customer exposure. "

Merchandise transport

With respect to the transport of merchandise, the Group's risk management and insurance policy has prompted taking out insurance covering its merchandise over the entire logistics chain, from suppliers to customers.

Third-party liability - environmental damage

The "Civil Liability for Environmental Damage" guaranty covers all the production sites in France and Singapore.

Third-party liability

"Civil liability" policies are intended to cover the Company's liability either during operation of the activity, after the delivery of the products or as a part of a criminal defense or appeal proceedings. These insurance policies are underwritten for all production and distribution facilities with the same insurance companies. These policies take into account the specific features of each manufacturing plant, as well as the risks associated with the various geographical regions in which products are delivered.

Photovoltaic activities

The guarantees for property Damage and Loss of operations were extended to the production sites in Freiburg and San Diego, and the same for the third party liability policy and the third party liability for environmental Damages covering photovoltaic activities.

In addition to the insurance plans described above, guarantees for Damage to property or loss of revenue have been put into place for the primary solar farms, both for the construction phase as well as production phase of such.

5. Information about the Company

5.1. History and development of the Company

5.1.1 Company and trade name

The Company is currently called Soitec. The Company trades under the name SOITEC or Soitec.

5.1.2 Company's registration place and number

The Company is registered in the Grenoble Commerce and Companies Register under number 384 711 909 RCS Grenoble.

Its APE code is 2611Z.

5.1.3 Company's date of constitution and Term

The Company was constituted on February 27, 1992.

Its lifespan was set at 80 years from the day of its registration at the Commerce and Companies Register, unless it is dissolved or its duration is extended. The Company was registered on March 3, 1992, and will expire on March 3, 2072.

5.1.4 Company's head office, legal form, and regulatory environment

The Company's head office is located at Parc Technologique des Fontaines – Chemin des Franques, 38190 Bernin. The Company's telephone number is 04 76 92 75 00.

The Company is constituted as a *société anonyme* (limited liability corporation, French SA) under French law with a Board of Directors and is governed by the legislative dispositions of the French Commercial Code (*Code de commerce*).

5.1.5 Significant events in the development of the Company's business

1992 - Start-up Soitec is founded

André-Jacques Auberton-Hervé and Jean-Michel Lamure, then engineers at Leti, the electronics and information technology lab of the CEA (French Commission for Atomic Energy and Alternative Energies) in Grenoble, establish Soitec to produce SOI (Silicon-on-Insulator) and industrialize the Smart Cut™ process invented at Leti by Michel Bruel in 1991.

1997 - The move from laboratory to fabrication

Soitec's potential becomes clear as early applications for SOI are developed in the lab and a pilot fabrication line is set up for the company's Smart Cut (1996) technology. The company signs a strategic alliance with silicon-industry leader Shin Etsu Handotai ("SEH") of Japan. The decision is made to break ground on the company's first production unit in Bernin, near Grenoble, France.

1999 - IPO launched, Bernin I production unit inaugurated

Soitec launches an IPO on the Paris Stock Exchange's (now Euronext Paris) Nouveau Marché (for fast-growing start-up companies) and cuts the ribbon on Bernin I, the world's largest SOI production facility. The company's annual production capacity gradually expands to 800,000 200-mm-and-under wafers. In the meantime, Soitec's staff has grown from four to more than 100 since its creation.

2002 - Bernin II opens with a shift to 300-mm technology

Soitec's 300-mm wafer development efforts yield dividends as the company opens Bernin II, offering an annual production capacity of 720,000 wafers. The company's revenue exceeds 100 million euros for the first time in its history.

2003 - Soitec sets sights on new materials

Soitec acquires Picogiga International's business, adding expertise in technologies for III–V composite materials to its product portfolio. The company then begins to use its Smart Cut technology on materials other than silicon. The first GaN (gallium nitride-on-insulator) substrate is just over the horizon and will be manufactured the following year.

2004 – First office opens in Asia

Soitec opens a Soitec Asia, a sales subsidiary in Tokyo. An additional office soon follows in Taiwan (2005). The company now employs more than 500 people.

2006 - New applications for SmartCut technology

The 200 million euros, five-year NanoSmart joint R&D project with CEA-Leti is underway, with the goal of developing new applications for Smart Cut technology. Soitec also acquires Tracit Technologies, which specializes in thin layer transfer technologies using molecular adhesion and mechanical and chemical thinning processes. The acquisition will bolster Soitec's efforts to broaden its markets.

2007 - Soitec promotes SOI worldwide

Amid rising SOI production volumes, Soitec now employs more than 1,000 people. Soitec CEO André-Jacques Auberton-Hervé is appointed Chairman of the SOI Industry Consortium, a group of around 30 industry leaders and research labs. The Consortium's mission is to promote SOI worldwide.

2008 - Asian production unit opens

Soitec begins producing SOI wafers in Asia. The company's Pasir Ris, Singapore production unit offers 4,000 m² of clean rooms and will one day reach annual production capacity of one million 300-mm wafers.

2010 - Soitec enters solar energy market

Soitec acquires an 80% stake in Concentrix Solar, one of the world's leading suppliers of concentrating photovoltaic ("CPV") systems, and enters the growing solar-energy industry. The company also signs a solar-farm alliance with Johnson Controls Inc. The partners plan to build their first solar farms in the United States, South Africa, and in the Middle East.

2011 - Soitec acquires Altatech Semiconductor

Soitec acquires Altatech Semiconductor S.A., a company specialized in the development of highly efficient technologies and equipment.

2012 - Soitec celebrates its 20th anniversary

Today, there are more than 1,500 employees in several countries.

Important events in the development of the Company's business during the 2013-2014 fiscal year were reported through press releases and posted online on the Company's website (see also Chapter 24.2).

5.2. Investments

The aim of the Company's investment policy is to maintain production capacities in relation with the stated demand of its customers or its own projections for demand while ensuring investment is profitable.

In general, for its historical activity in the semi-conductor trade, the Company launches a new production line whenever utilization of its existing capacity reaches 80%. All the production equipment used by the Company are standard in the semiconductor industry. There is therefore very little risk of a breakdown in supply or support. Delivery periods for equipment suppliers are generally six to nine months. Identical equipment is used in the Research and Development clean room for the development and pre-production phases of new products.

5.2.1 Main investments realized in the course of fiscal year 2013-2014

During fiscal year 2013-2014, the company made few production capacity investments in the Solar Energy division and focused on completing the installation of production equipment at the San Diego site. In March 2014 and based on current module efficiency, annual production capacity stands at 240 MWp. Approximately 23 million euros have been spent on these capacity investments during the course of the fiscal year.

In the Electronics Division, most new investments were carried out at the Bernin site with the intent to increase production capacity for SOI 300 mm wafers destined for Fully Depleted SOI and production capacity with respect to 200mm wafers for the radio-frequency market. Investments were also made in the Bernin site on the substrate production line for materials to be used in LEDs and solar cells. An amount equal to 25 million euros was spent during this fiscal year. The investments made during the two previous fiscal years brought 200 mm wafer production to roughly 800,000 wafers per year (before processing) and capacity for 300 mm wafers for Fully Depleted SOI in line with the 140,000 wafers per year (before processing) objective set previously.

These values are dependent upon product mix (200mm wafers), yields that are linked to constantly progressing technical specifications required by clients and the current level of equipment productivity. The impact of these various parameters on capacity may be significant.

As of March 31, 2014, approximately 5 million dollars have been ear-marked for projects that were undertaken during fiscal year 2013-2014.

5.2.2 Primary expected investments

In the Solar Energy division, installed photovoltaic module production capacity should allow the company to meet its requirements over the next year. Investments will be made in the Bernin site in order to implement a pilot production line to further standardize the photovoltaic cells being developed based on the Fraunhofer technology that is currently used by the Group.

In the Electronics division, new investments will be made in order to bring the production of 300mm wafers for Fully Depleted SOI for the photonics market up to 140,000 wafers per year. The increased capacity on the 300mm wafers for Fully Depleted SOI will be accompanied complementary investments intended to transition the Partially Depleted SOI to Fully Depleted SOI technology.

Finally, the Group intends to invest in its IT systems (production management, migrate certain applications to the cloud).

All of the new investmentsthat are currently planned for the 2014-2015 fiscal year should amount to approximately 20 million euros.

It is also referred to in Note 3 to the financial statements in paragraph 20.3.1.2 of this Registration Document, as well as Note 3 to the financial statements contained in paragraph 20.3.1.2 of the Annual Report for the fiscal year ended March 31, 2013 filed as a Registration Document with the AMF (Financial Markets Authority) on June 27, 2013 under number D.13-0676, and Note 3 of the annex to the financial statements on pages 67 *et seq.*, of the Annual Report for the year ended March 31, 2012, filed as a Registration Document with the AMF (Financial Markets Authority) on June 15, 2012, under number D.12-0619, for complementary information on the investments made by the Company.

5.3. Environmental information

Data from the San Diego site are presented herein for the first time. However, no data exists with respect to Singapore, which has been palced on standby since September 2013.

5.3.1 Environmental policy and objectives

Soitec's environmental policy, updated in July 2012, has four main objectives:

- preventing land, air and water pollution;
- improving waste recovery;
- reducing use of natural resources; guarantee the management of prohibited substances.

These targets are reviewed and rolled out each year as part of the deployment of Soitec's strategy. This policy implies complying with applicable legislation and local regulations, continuous improvement in its environmental performance, and the involvement and responsibility of all staff at all levels of the Company's organization.

Soitec has never reported an industrial incident or a material environmental pollution incident and has never been criticized for its natural or human environment.

In spite of all this and in order to meet the requirements set forth in the decree of May 31, 2012 regarding the determination and up-dating of the amount of financial guarantees to be put into place, Soitec has not put any specific measures in place for such risks or pollution. As such, we have sent a proposed financial guarantee amount the DREAL in December 2013, which shall be sent to the regional Prefect before the end of June 2014.

5.3.2 Management system

The management system covers three areas: Quality, safety and environment. It ensures that risks are identified, controlled, and prevented at all levels. This has been deployed on all production sites.

	ISO 9001	ISO TS 16949	ISO 14001	OHSAS 18001
Bernin	Certification January 1998 Renewed January 2012	Certification January 2012	Certification December 2001 Renewed December 2013	Certification December 2010 Renewed December 2013
Planned	Renewal in October 2014	Renewal in October 2014		
Paris Sud	Certification January 2005 Renewed January 2012	Certification January 2012	Certification September 2011 Renewed December 2013	Certification September 2011 Renewed December 2013
Planned	Renewal in October 2014	Renewal in October 2014		
Pasir Ris	Certification January 2009 Renewed January 2012	NA	Certification December 2010	Certification December 2010
Freiburg	Certification January 2012	NA	Certification January 2012	Certification July 2010
Planned	Renewal in November 2014		Renewal in November 2014	Renewal in November 2014
San Diego (forecast)	December 2014	NA	December 2014	December 2014

The Quality and Safety/Environment system is audited once a year by the LRQA (Lloyd's Register Quality Assurance, certifying organization chosen by the Company).

This system of management integrates the respect of the non-use of prohibited substances in our products in order to protect the safety of our workers and the plant under the Green Partner certification. The Bernin site received the Green Partner certification issued by Sony in 2005.

5.3.3 Structural and human investments

With respect to the personnel, Environmental Safety responsibilities are headed by:

- A QHSE engineer at the Paris Sud site,
- An HSE engineer at the San Diego site,
- A QHSE engineer at the Freiburg site.

The Bernin plant's HSE (Health, Safety and Environment) department consists of a head of department, two engineers and a technician. The department has an operational function for Bernin and also has Group level functions: orientation of safety/environmental policies and data gathering and analysis.

A welcoming session that occurs systematically for each new hire and for external companies allows us to notify them of the risks present at each site and to show them the emergency instructions.

Procedures to control accidental risks are tested on a regular basis. These tests allow for feedback about the relevance of the procedures and the responsiveness of the organizational structure, as well as revising these procedures and drawing up a plan of action for improvement if necessary.

The Bernin plant is governed by the Etaré plan, which was updated in 2009 and validated by firefighters from outside the Group. The organization of emergency procedures is based on a crisis management Internal Operation Plan structure. This relies on the persons needed to manage the crisis being available 24 hours a day, seven days a week, including the Head of Internal Operations and safety, facilities and communications experts, etc. One simulation exercise is organized each year, providing training for all members of the crisis team. The Internal Operation Plan was filed with the local Prefecture in February 2010.

At Paris Sud, the ETARE plan was updated in 2012. Regular tests are performed on emergency procedures.

In Freiburg, an alert and emergency plan has been put into place and regular training sessions are held in order to ensure that the measures put into place are suitable.

During fiscal year 2013-2014, San Diego implemented an emergency plan and put together an emergency response team (EIU), and has carried out preliminary tests.

The risks relating to work performed by outside contractors are controlled by means of prevention plans. A Safety Policy and Environment Safety Regulations for outside contractors were drawn up in 2007-08, updated in July2012, they have been sent to all subcontractors at the various plants.

Soitec applies strict selection and monitoring requirements of critical suppliers vis-à-vis the environment, in particular waste processors. Safety performance criteria have been added to our third party supplier selection criteria.

On all production sites, Soitec carries out HSE audits:

- Every 3 years: for each subcontractor permanently on site and critical suppliers;
- Every 3 years: for any service providers that come to the site occasionally and waste processors.

5.3.4 Environmental impact assessments and performance improvement

On Soitec's ISO 14001 certified sites, an in-house environmental impact assessment is performed every year using a methodology based on type of risk (themes) and a score chart. This assessment leads to a plan of action, to which a budget is allocated. The plan is validated by the annual HSE Management Committee and presented to the certification organization at the time of surveillance audits.

In fiscal year 2013-2014, the improvement efforts initiated at all the ISO 14001 certified sites are essentially compliance measures, improvements with respect to crisis management, specifically for the Bernin site which is subject to mandatory contingency plan (*POI*) and emergency situation management improvement at the San Diego site.

Since 2001, Soitec has developed a process to control the development of its new products and manufacturing procedures. This process, steered by upper management, covers all stages of the life of products and procedures, from research to the end of life, including continuous improvement. Each of the 10 stages defined is marked by a milestone, which guarantees that all risks are controlled and that products and procedures are mature enough to move onto the next stage. The exhaustive information Soitec uses to mark each milestone is set out formally by a document stating the information required at each stage. Risks relating to the environment and safety are included in this information, with the same standards as required for risks relating to the market and technology, for example. These risks come into play very early on in the life cycle and determine whether such projects move onto the development stage. Where necessary, actions or projects are defined and monitored throughout development in order to guarantee control at the time of the qualification stage in order to move onto the production stage.

At the Bernin site, in order to ensure that safety and environmental aspects are taken into account in projects not related to products or manufacturing procedures - such as new facilities installations - a new HSE (Health Safety Environment) risk analysis methodology for projects was adopted and rolled out in 2009-10. A training module in this risk management methodology has been set up for all project managers at the various plants.

5.3.5 **Environmental Performance**

5.3.5.1 Management of wastewater

Bernin Site

At the Bernin site, since February 2003, the plant has conducted daily self-assessments before releasing its waste into the natural environment. The results of these self-assessments are sent each month to the Inspector of Facilities Classified for Environmental Protection ("DREAL").

Moreover, the DREAL Inspector also commissions a laboratory each year to perform an unannounced audit consisting of:

– taking a sample of our industrial wastewater during a 24-hour period in order to compare it with our results for COD, fluorides, ammonia, pH, suspended solids (MES) and phosphorus;

– taking a sample from each cooling circuit for Legionella analysis.

Over the last three years, no overruns of the regulatory limits have been observed during these checks of industrial wastewater releases.

DREAL's last unannounced audit (2012) covering Legionella analysis detected the presence of Legionella on two cooling circuits. A risk analysis was carried out and showed that this excess was due to detachment of biofilm and was therefore not representative of the two networks' water quality.

Moreover, since 2005, Bernin city hall has commissioned the Montbonnot water analysis laboratory to perform checks of Soitec's industrial water discharges.

The new order from the local Préfecture, dated May 2013, requires:

– regulatory limits on the overall monthly and maximum daily concentration and flux with respect to the following parameters: DB05, COD, SEM, fluorides, phosphorus, ammonium nitrate, hydrocarbons, pH and temperature;

According to the above Prefecture order, exceeding the limit on concentrations are allowed no more than three times per month and to a maximum of double the regulatory limits.

During fiscal year 2011-2012, an ammonia parameter anomaly was reported four times, three times elevated but within the authorized limit and one outside the authorized limit due to the maintenance of a hydrochloric acid closet and two overruns in concentration of the fluoride parameter due to the annual maintenance of the acid gas scrubber.

In order to improve management of ammonia discharges, a continuous measuring probe was installed in March 2011 at the level of the point where industrial wastewater is discharged from the plant allowing for effluents with high concentrations of ammonia to be diverted towards the plant's retention basin.

During fiscal year 2012-2013, five excess concentrations were detected for ammonia, on one hand due to an out of service level detector on a gas scrubber, and on the other hand, implementation of a bad mix on a new production machine.

The detector was brought up to specifications and in the second case, a collaborative effort with the sub-contractor allowed guaranteeing respect of the regulatory thresholds.

During fiscal year 2013-2014, one overrun of the daily ammonia parameter was detected due to an accidental spill of a basic scrubber in a neutralization station during routine maintenance of a conductivity probe.

It should be noted that none of the detected excesses had any significant impact on the environment.

	Industrial wastewater parameters	Regulatory limit value				Number of measurements	Annual average		Number of overruns	
		Flow (kg/d)		Concentration (mg/l)			Flow (kg/d)	Concentration (mg/l)	Flow (kg/d)	Concentration (mg/l)
2012-2013	BOD5	22	60	10	20	54	5.4	2.1	0	0
	COD	180	66	30	60	365	27	10.6	0	0
	Fluorides	11	30	5	10	365	3.3	1.3	0	0
	Hyd. tot.			0.1		12		0.1		0
	MES	11	30	5	10	365	0.9	0.3	0	0
	Ammonia	30	18	10	8	365	13.8	5.4	2	5
	Phosphorus	2	15	1	5	365	0.25	0.1	0	0
	pH	5.5 < pH < 8.5				365		7		0
2013-2014	BOD5	32	78	10	20	51	9.2	3.8	0	0
	COD	96	234	30	60	363	19.6	8.5	0	0
	Fluorides	16	39	5	10	363	4.1	1.7	0	0
	Hyd. tot.			0.1		12		0.1		0
	MES	16	39	5	10	363	6.4	2.6	0	0
	Ammonia	25	39	10	8	363	12.8	5.6	0	1
	Phosphorus	3	19	1	5	363	0.28	0.1	0	0
	pH	5.5 < pH < 8.5				363		7.1		0

Paris Sud site

At the Paris Sud site, periodic wastewater analyses are performed by Bureau Veritas.

The most recent measurements were taken in July 2012 at the primary effluent site, corresponding to domestic and industrial water coming from production (facilities cleaning, cooling, rinse water):

Measured parameter	Waste from July 9 to 11, 2012	Value thresholds for type
pH	8.6	5.5 - 8.5
Temperature	18.5	< 30°C
Suspended solids (mg/L)	670	600
COD (mg/L)	715	2000
BOD5 (mg/L)	250	800
AOX (mg/L)	0.095	5 if flow > 30g/d
As mg/L	0.02	0.1 if flow > 1g/d
Hydrocarbons (mg/L)	< 0.50	10 if flow > 100 g/d
Total metals (mg/L)	0.524	15 if flow > 100g/d

These verification measurements have proven the water tightness of the sluice gate for effluents to the recovery tank or the public network.

As to the second effluent point, corresponding to water from a rarely used workstation, measurements were intended but have not be done as of today due to the low activity at this workstation.

Other sites

At the Freiburg site, there is no need to perform water treatment: it is only for domestic use, no audit is required.

At the San Diego site, quantitative monitoring (outflow) is performed on water used.

5.3.5.2 Management of Gas emissions

Bernin Site

At the Bernin site, air emissions are measured each quarter by an accredited organization: APAVE. The results of these checks are sent to the Inspector of Facilities Classified for Environmental Protection (l'Inspecteur des Installations Classées pour la Protection de l'Environnement, DREAL).

The new prefectoral decree of May 2013 decreased the regulatory thresholds for the following parameters: acidity, bases, fluorides, chlorides, VOCs and ammonium.

According to the decree, no measurements expressed as a concentration may exceed twice the concentration limit.

During the 2011-2012 year, the results showed that the emissions comply with regulatory limits.

Furthermore, there were no emissions of substances harmful to the ozone layer or greenhouse gas emissions elating to energy consumption.

During fiscal year 2012-2013, one excess ammonia release was observed in Building K.

During fiscal year 2013-2014, three excesses with respect to VOCs (volatile organic compound) were recorded. These occurred during compliance work performed on the site production equipment (improvement of the hermetic seal) using isopropyl alcohol (IPA).

A request was filed with the DREAL in order to have the thresholds set higher with respect to VOC waste (500g/h vs. 200 g/h).

It should be noted that none of the detected excesses had any significant impact on the environment.

		Regulatory Limit		Moyenne annuelle					
	Gaseous emissions	Concentration (mg/Nm3)	Number of measurements	Stack 1 Regulatory Flow threshold (kg/year)	Stack 1 Flow (g/h)	Stack 1 Concentration (mg/Nm3)	Stack 2 Regulatory Flow threshold (kg/year)	Stack 2 Flux (g/h)	Stack 2 Concentration (mg/Nm3)
2013-2014	Acidity	0.5	4	50	2.1	0.009	10	0.99	0.04
	Base	10	4	850	385	1.6	100	10.9	0.4
	NH3	10	4	500	230	0.99	100	2.6	0.003
	COV	20	4	1 700	454	1.96	200	263	10
	HCI	5	4	300	19.4	0.08	100	2	0.07
	HF	1	4	110	12.5	0.05	30	11.2	0.4

Moyenne annuelle							Number of overruns			
								Concentration (mg/Nm3)		
Stack 3 Regulatory Flow threshold (kg/year)	Stack 3 Flow (g/h)	Stack 3 Concen-tration (mg/Nm3)	Heat extractor MOCVD B9 Regulatory Flow threshold (kg/year)	Heat extractor MOCVD B9 Flow (g/h)	Heat extractor MOCVD B9 Concen-tration (mg/Nm3)	Average annual Concen-tration (mg/Nm3)	Flow (kg/an)	Stack 1	Stack 2	Stack 3
30	3.1	0.03	10	0.2	0.02	0.03	0	0	0	0
500	74.2	0.87	130	3.8	0.4	0.83	0	0	0	0
1 000	81.6	0.96	100	1.2	0.12	0.54	0	0	0	0
900	102	1.2	270	21.5	2.2	3.80	3	0	0	0
300	8.5	0.1	60	0.5	0.047	0.07	0	0	0	0
50	5.1	0.06	50	0.46	0.05	0.14	0	0	0	0

Paris Sud site

The Paris Sud site performed timely measurements of its gas releases, which have been set forth below:

	In the CTA after scratch	Small Vapor Blast	Scrubber output (mg/m3)	Threshold values as of 02/02/1998
Dates	21/03/2008	31/08/2010	From 11 to 15/07/2011	
Arsenic (g/h)	0.0072	0.038	0.00002	1 mg/m3 if flow > 5g/h
Arsine (g/h)	0.0054	0.009	< 0.00002	NA
Phosphorus (g/h)	< 0.0018	< 0.002		NA
Phosphine (g/h)	< 0.0018	< 0.002	0.00001	1 mg/m3 if flow > 10g/h

	Light bed	Resin bed	Acid bed Prod.2	Chemical wafer bed Prod.1
Dates	08/31/2011	08/31/2011	09/01/2011	09/02/2011
Total Acidity			<0.03 g/Nm3	< 0.05 g/Nm3
Total Basicity			1.12 g/Nm3	17.03 g/Nm3
Total VOC (volatile organic compounds total)	0.21 kg/h	0.20 kg/h		

No measurements were taken during fiscal year 2013-2014.

Other sites

The Freiburg site, dedicated 100% to the CPV activity, emits very little gas releases. As such, it is not necessary to measure its emissions.

The San Diego site emits very little gas waste. The measures gas emissions were comprised solely of VOCs.

5.3.5.3 Management of Legionella

Bernin site

Since 2009, the Bernin plants I, II, and III have never exceeded the stop threshold of the cooling towers: VLR* > 10^5;

* VLR: regulatory limit value. Decree of December 14, 2013: C < 10^3: proper control of facilities, 10^3 < C < 10^5: Facilities to be monitored, c > 10^5: shutdown of facilities for compliance work. C: Legionella pneumophila concentration in UFC/L

Since December 2004, the plant's cooling towers have been governed by the decree of December 13, 2004 relating to general recommendations applicable to facilities classified for environmental protection subject to authorization pursuant to section No. 2921 "Cooling systems that circulate water into an air stream."

On December 14, 2013, a new decree was issued, amendind section N° 2921, regarding evaporative cooling through the dispersion of water in an air flow generated by mechanical or natural ventilation.

From December 14, 2013, Soitec is subject to registration under this section.

As a result, a decree regarding the general requirements imposed upon facilities that are subject to registration pursuant to section 2921 was published on December 14, 2013.

To meet the requirements of this regulation, Soitec has implemented:

– a log book that records maintenance of cooling circuits, among other things. These log books have been set up for the Bernin I, Bernin II, and Bernin III cooling circuits;

– monthly Legionella pneumophila analysis (Legionella and Legionella pneumophila analyses have been performed since 2003 at Bernin I/Bernin II and since August 2006 at Bernin III). The results of this analysis are sent each month to the Inspector of Facilities Classified for Environmental Protection (l'Inspecteur des Installations Classées pour la Protection de l'Environnement, DREAL). From 2009, the presence of legionella pneumophila has never been detected at a level higher than 10^5 UFC/l.

– risk analyses of cooling circuits (performed in 2005 for Bernin I/Bernin II and 2006 for Bernin III), which are reviewed each year;

– a yearly regulatory compliance audit by an accredited organization (performed from 2007 to 2013 for Bernin I, Bernin II, and Bernin III). This audit is no longer required under the new ministerial decree. This audit must be performed only in the event a new installation is put into place or if Legionella pneumophila is detected in amounts exceeding 10^5 UFC/l.

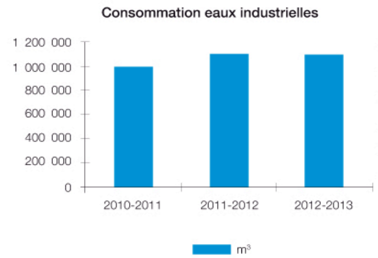
– training with respect to the risks presented by Legionella on the staff of these sites must be renewed every 5 years.

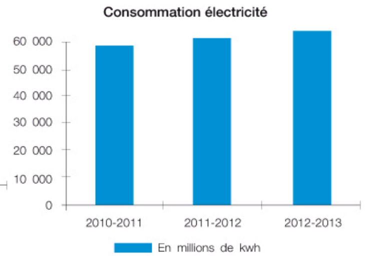
Paris Sud, Freiburg and San Diego are not subject to Legionella regulation.

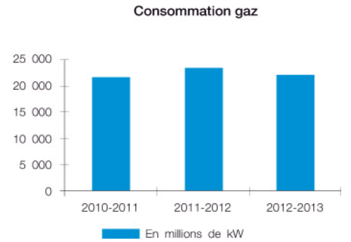
5.3.5.4 Consumption of natural resources

Bernin Site

The following diagrams show the industrial water, electricity, and gas consumption for the Bernin site over these last 3 years.







Water consumption

Multiple actions were carried out during the previous fiscal years, thereby producing water conservation gains. As a complement to these timely actions, a more global approach is necessary. Therefore the last step was the preparation of a report during the 2013-

2014 fiscal year which resulted in a detailed mapping of incoming/outgoing flows in order to proceed with implementing an action plan for recycling water.

The major measure implemented in fiscal year 2013-2014 is the recycling of the concentrates out of the plant arising out of the production of ultra pure water at the Benin II site. This measure will lead to a reduction in water use by 208,000 m3 per year.

Electricity consumption

A number of measures were taken in 2010-11, including the installation of high-performance filters in air treatment facilities, optimization of the setting of air conditioning/heating in offices, and a review of the installation of a heat pump allowing for savings of 1,800 MWh a year in gas and electricity in the future, equal to 414 TEQ of carbon dioxide not emitted into the atmosphere.

However, the increase in production activity over the period means that savings cannot be observed for this indicator.

A detailed mapping of energy consumption was performed during fiscal year 2013-2014. This report led to the mapping of the equipment and facilities which consume the most energy and, as such, to implement an energy consumption reduction plan. The actions that require little investment were implemented during the fiscal year.

One of the primary plans put into effect was the optimization of the air treatment plants in office B and J which led to a reduction in electic energy consumption by 500 MWh/year.

For fiscal year 2014-2015, the actions that require significant investment shall be planned in accordance with priorities.

Gas consumption

During fiscal year 2010-2011, magnetic filters were installed in the air treatment centers and led to a savings of 2,000 MWh of natural gas, or 460 tons of CO2.

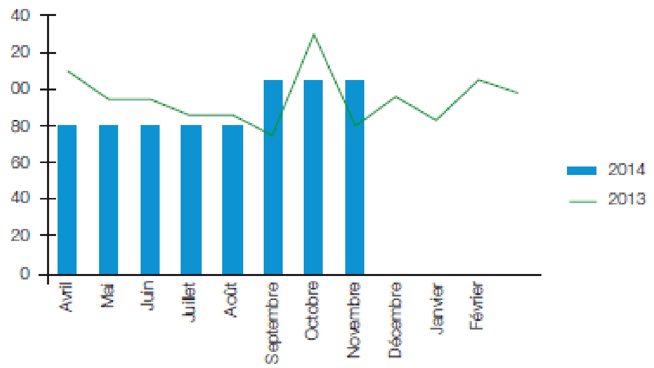
During fiscal year 2012-2013, we continued to implement more efficiency measures regarding the boilers (hot water), specifically those at Bernin III.

No major actions were deployed during fiscal year 2013-2014

Paris Sud site

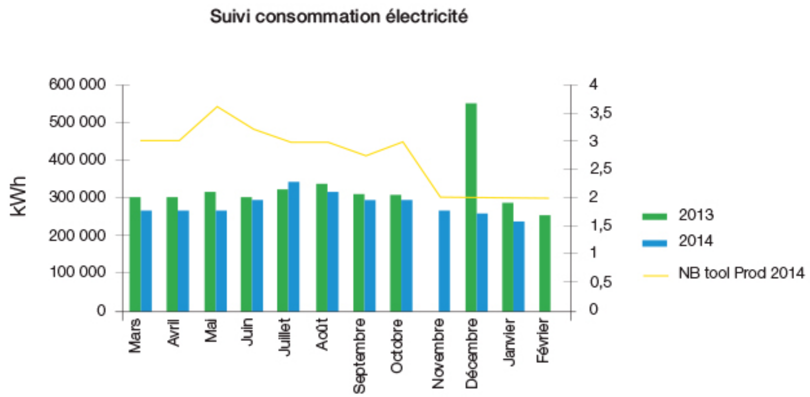
Water consumption

The diagram below shows water consumption for the Paris Sud site during 2013-2014.



Electricity consumption

The diagram below shows electricity consumption for the Paris Sud site during 2013-2014.



Gas consumption

The Paris Sud site does not use natural gas.

It is heated by hot water from an intercommunal inceneration facility

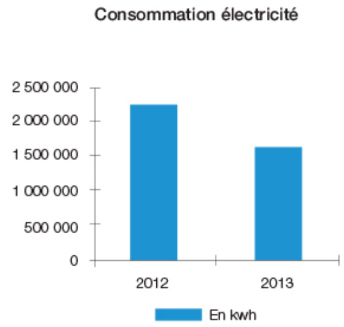
Feiburg Site

Water consumption

In 2013, the Freiburg site consumed 5,697 m3 of water.

Electricity consumption

The diagram below shows electric consumption for 2012 and 2013.



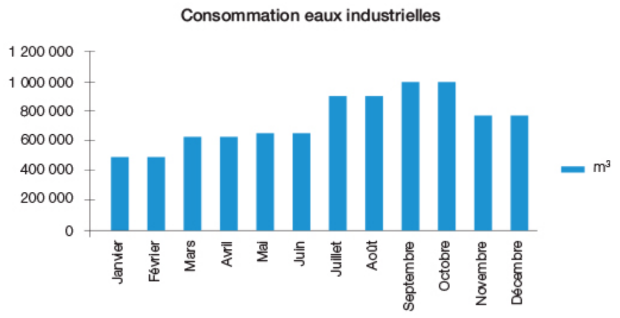
Gas consumption

At the Freiburg site, natural gas is used only to heat the site. Consumption evidently depends on weather conditions. In January 2013, a new heating system was installed in order to improve energy efficiency.

San Diego Site

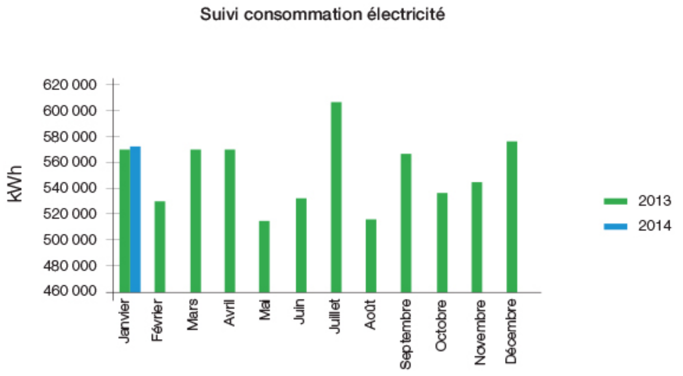
Water consumption

The diagram below set forth water consumption for 2013.



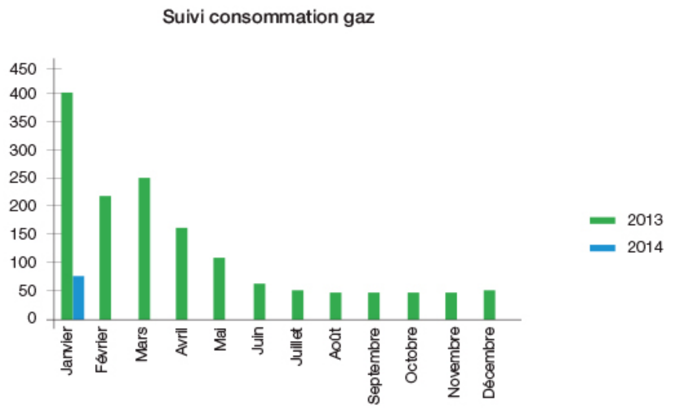
Electricity consumption

The diagram below shows electric consumption for 2013-2014.



Gas consumption

The diagram below shows gas consumption for 2013-2014.



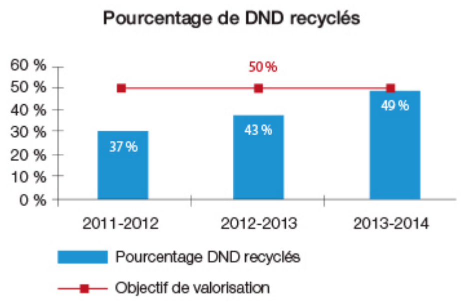
5.3.5.5 Waste recovery and elimination tracking

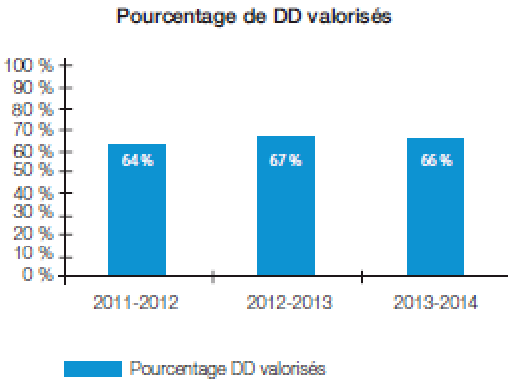
Bernin Site

The main types of waste recycled are:

- OIW (Ordinary Industrial Waste): paper, cardboard, wood, silicon, plastic, and glass;
- HIW (Hazardous Industrial Waste):
  - o Bulk HIW: hydrofluoric acid, ammonia, ammonia/sulfuric acid mix, etc.
  - o Conditional HIW: ink cartridges, electronic waste, batteries and neon tubes, etc.

Summary tables for recovered Non-Hazardous Waste and Hazardous Waste:





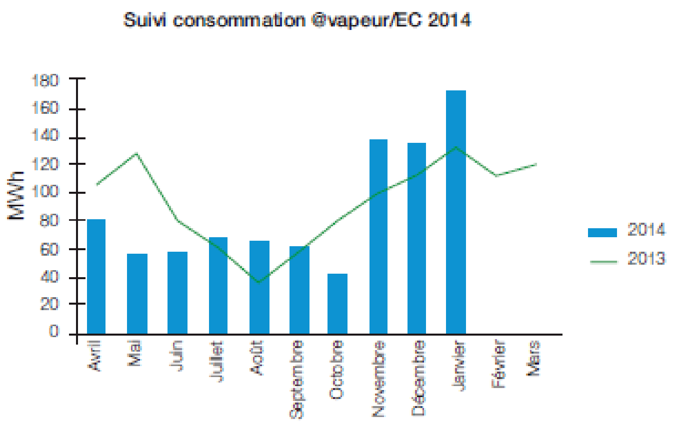
In the current state, waste recycling is at its maximum optimization level. Non-recycled waste represents very low volumes: it is difficult to find economically feasible recycling sources.

However, optimization actions are planned each fiscal year.

In order to improve waste sorting, a number of initiatives were put into place over the years:

- All FOSB and foups were until now recycled. Since September 2010, certain FOSB are redeployed;
- Began recycling plastic caps, plastic bottles and cans;

– Installed an evaporative concentrator in order to reduce the raw ammonia hazardous waste tonnage. The concentrate is sent to processing by incineration with energy recovery and the distillate is sent to the site's neutralizing station;



– Organic waste sorting (restaurant + kitchen) in order to compost waste;

– Store plastic film packaging, sorting, and recycling.

– Creation of a new waste storage platform allowing to better sort waste;

– Communication improvement for waste sorting at different storage locations on site;

– Started management of AsGa and InP waste;

– Elimination of over shoes in most buildings

Paris sud site

At the Paris Sud site, the primary types of recycled waste are:

– OIW (Ordinary Industrial Waste): paper, cardboard, wood, silicon, plastic, and glass;

– HIW (Hazardous Industrial Waste);

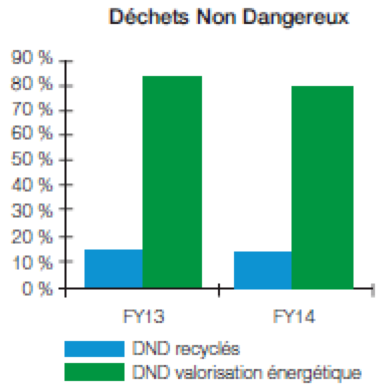
  o HIW Arsenic;

  o HIW other chemical products: acids, solvents;

  o Acidic effluents;

  o Packaged HIW: ink cartridges, electronic waste, batteries, and neon tubes.

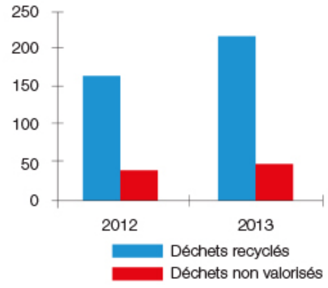
During fiscal year 2013-2014, a reminder concerning how to sort waste was provided during the Shareholders' General Meeting and to production meetings.



Other sites

On the Freiburgs site, certain materials are 100% recycled: glass, glass with SCA (Sun-Colored Amethyst), glues and solvents, paper and cardboard, wood, aluminum, metals. Domestic waste is subject to recycling or thermal processing for energy recovery.

During fiscal year 2013-2014, the Freiburg site was able to reduce its use of UV glues and optimized packaging in order to reduce waste.



The "Refresh" Process

Production phase recycling was implemented early on in order to prevent raw material waste. The most successful example is that of SOI (Silicon on Insulation) in microelectronics: in order to produce SOI we begin with two silicon wafers. The first wafer is oxidized in order to obtain surface insulation. The process consists of transferring a fine layer of silicon of the second wafer to the first. We thus obtain the "Silicon on Insulation" structure. The thickness transferrd is very fine compared to the total thickness of the wafer, less than .05%. We have developed a process to reuse this wafer: we refer to this process as a "refresh". For this we rework the surface in order to obtain its initial quality in terms of geometry and potential defects. We can then transfer another fine layer of silicon to the new oxidized wafer. We repeat this process several times. This reduces the overall amount of silicon that we are required to use. Finally, when we can no longer use the "refreshed" wafers as they have become too thin, we sell them for use in other applications. As such, the original silicon remains in the industrial cycle.

5.3.6 Environmental training

In order to inform employees about the environmental impacts of industrial activity and the means put in place to avoid pollution; training is provided monthly to all new hires at the Bernin, Paris Sud, and Freibourg sites. In 2013, 80% of recruits were trained with respect to environmental risks.

Internal communications made regarding the environment

Examples of communication actions with an environmental theme were put in place at the Bernin site from 2009 to 2014:

- Creation of an environmental brochure;
- Creation of an environmental posting campaign (Bernin, Pasir Ris and Paris Sud);
- Communication regarding waste sorting for the company restaurant;
- Events for waste sorting and preserving biodiversity;
- Campaign to reduce paper consumption.

At the San Diego site, all employees have participated in learning more about ISO 14001 and OHSAS 18001, in the scope of the certification process.

5.3.7 Carbon Footprint

In 2012 Soitec performed its 3rd Carbon Footprint Assessment (3ème Bilan Carbone™). The new regulatory framework of the Grenelle II law required that we establish a GES scorecard for our Bernin and Paris Sud sites. We chose to go beyond this obligation by including all sites (except San Diego as it is too recent) and ADEME's three pillars of action.

The results of our Carbon Output allowed us to focus on three priority themes and to establish a three year action plan:

Energy

- The reduction of energy consumption remains a priority. At the Bernin site, the largest site, a review of the operating hours for the air treatment plants for the offices (air conditioning, heating) led to savings of 500 MW;
- Visitor parking is now lit by LED as well as the parcels bordering roads;
- The next step is to review the white room operating procedures (hygrometry, temperature, laminar flow and high pressure) which should lead to a reduction of energy consumption.

Employee travel

- Travel policy remains the reference for work-related travel;
- In order to better track commuting practices of the Bernin employees, we took part in a survey offered by the Observatoire des PDE, an observational tool and we promoted PDE's (Employee commuting plans), which was proposed by the Grenoble Chamber of Commerce, in partnership with the Observatoire: of the site's 950 employees, 455 participated. The last survey took place in 2008.
- It should be noted that single occupant commuting was reduced by 9% as employees made better use of public transportation, trains and buses;

	2013	2008	Difference
Commuting	%	%	%
Personal car	69%	78%	-9%
Carpooling	17%	15%	2%
Bicycle	1%	1%	0%
Motorcycle/Scooter	1%	0%	1%
Walking	1%	1%	0%
Train	2%	1%	1%
Bus	9%	4%	5%
	100%	100%	

- The objectives provided last year subsequent to the Carbon Footprint Assessment remain in effect: reduce the impact of work-related travel by 5% (by sales) and commuting impact by 5% (constant number of employees).

Freight

- In addition to maintaining efforts regarding packaging, our Supply Chain has implemented a monthly report, presented during the review of our microelectronics operations. The carbon impact of all shipments from Bernin is systematically measured (to clients, other sites, third party service providers) and is monitored in order to make decisions such as using ocean-based shipment methods, dedicated shuttles, etc…

5.3.8 Complaints

No complaints relating to the environment have been made to the Group over the last three years.

In order to prevent any complaints from arising, Soitec focuses on the following three themes:

Consideration of noise pollution and any other form of pollution specific to an activity

The Bernin site is located near a residential area. Industrial activity is likely to generate periodic nuisances. The Environmental department listens to comments made by local inhabitants, particularly with respect to lighting and noise, and proposes solutions in case of a nuisance (such as reorienting lighting). In 2013, no noise measurements were taken around nearby homes in order to verify the sites' conformity. The current noise measures are in compliance with authorized limits.

Measures taken in order to preserve and develop biodiversity

Located on former agricultural land, the Bernin site implements measures in order to reintegrate animal and vegetable species. Following a study, it appears that the majority of species present on the site is concentrated at the storm water basin that was restored in 2002.

In cooperation with the horticultural high school nearby, Soitec has deployed a project to preserve the biodiversity at this storm water basin.

The high school is in charge of restoring the basin and its borders: cleaning the basin, pruning the trees, and planting new species.

5.4. Company information

Following environmental decree no. 2012-557 of Grenelle II, 2012 was the first time a report was drafted with respect to Soitec's Sustainable Development. A reference guide regarding the RSE information set forth in decree no. 2012-557 of April 24, 2012 has been provided in chapter 28 of this Registration Document.

Beyond the environmental and labor issues, which were already integrated in the Annual Report, the issues surrounding Sustainable Development also entail societal issues: those which seek to meet the needs of parties interacting with the enterprise.

The Bernin site is both the oldest and the most important site at Soitec, which explains the substantial number of social actions which are carried out there. However, the long-term objective is to increase initiatives at other sites.

5.4.1 Territorial impact

a) Overview of initiatives

In order to ensure proper integration of its sites in their geographical environment, Soitec maintains long-term relationships with local authorities. When the a new solar production unit was inaugurated, the city of San Diego declared this event "Soitec day in San Diego," which demonstrates the quality of these relationships.

With respect to employment, Soitect indirectly impacts labor markets in all of its site locations thanks to, *inter alia*, its partnerships with research laboratories, job and innovation creators:

- CEA (Grenoble): shared laboratory (for 20 years) which was the point of innovations as well as assisting in diversification via joint teams;
- IMEP (Grenoble-INP laboratory): collaboration with R&D for 10 years, financing doctorates;
- Laboratory CIME (Grenoble): use of its infrastructure technological tools by Soitec as well as its suppliers;
- IRT nanoélectronique (Grenoble): collaboration and co-financing of R&D;
- Fraunhoffer (Fribourg): shared laboratory for three years, development of the SmartCell™, cell for converting light into electricity. Certain employees from Bernin have been seconded to the laboratory;
- Phoenix: Arizona State University;
- collaboration with the CNRS in Toulouse.

The Bernin site also maintains strong relationships with educational institutions and companies in the Grenoble valley through the High Tech University ("HTU") program.

b) Focus on the High Tech University project

For several years, there has been a loss of interest in the industrial fields at the post-secondary school level; 1st year high schoolers (*seconde*) move towards scientific disciplines but not necessarily towards working in an industrial environment afterwards.

The HTU project was initiated by SEMI-conductor (international professional association which brings together manufacturers from the semiconductor sector).

The HTU program seeks to encourage high school students to orient themselves towards high-tech professions, particularly in microelectronics. In the end, Soitec and its partners are looking to reanimate the pool of young graduates by stimulating these vocations.

Via this project, Soitec is engaged at the local level and builds fruitful partnerships with educational institutions, engineering programs, and businesses.

The HTU project consists of inviting high school students to the Bernin site during identical sessions grouping 36 students, equally balanced across two high schools.

For the 2013 edition, three sessions were held, covering a total of six schools, private and public, located in rural and urban areas.

Each session lasts three days, and each day is at a different site, which allows the students to see various industrial and university environments: STMicroelectroncis Crolles, Grenoble-INP, Soitec.

Each day comprises fun workshops run by the companies' employees or students.

Initially set up in 2007 by Soitec, joined by STMicroelectronics and Grenoble-INP, this program has progressively grown larger: from one session in 2007, HTU was able to have three sessions in 2013 for a total of 13 sessions over six years.

The program's success is measured by the questionnaires filled out by the students at the end of each session, and by the interest that the instructor teams bring in renewing the program year after year.

c) Actions with locals and local communities

Soitec and Alatech have made a Plug&Sun system available to IMT-ISCO.

The IMT is a major center for vocational training (CFA) in the Grenoble metropolitan area (2600 student interns) which is managed by the CCI of Grenoble (CCIG).

The IMT created a Sustainable Development and New Energies department five years ago and trains student interns in each field of energy performance. The department was created in conjunction with large energy companies.

The ISCO is also an entity related to the CCI of Grenoble, which trains professionals on the IMT site, specifically BTS Domotique Energies Renouvables technicians in a partnership formed with Schneider Electrics Professional School (*Ecole des Métiers*).

This collaboration has the primary objective of making the apprentices aware of concentrated photovoltaic technologies, training apprentices to perform installation work and to manage System maintenance.

This collaboration also allows partner technicians/third party service providers/distributors/trainers invited by Soitec to see an installed, operational system on a training site.

In the context of the provision of the Plug&Sun system, Soitec has undertaken, at its sole expense, to:

- Deliver the Plug&Sun system and its accessories and to pay for the installation thereof on the IMT site (system assembly, tests);
- Train two CCIG instructors/technicians in the use, control, upkeep and maintenance of the system;
- Assist the CCIG to ensure the proper functioning of the system.

Soitec Bernin, which remains heavily involved in its surrounding territory, continues to actively and regularly participate in roundtables with the Community of the Communes of Grésivaudan which take place within the scope of establishing an Energy Climate Plan and the Agenda 21.

5.4.2 Dialogue with stakeholders

Dialogue organization conditions with the stakeholders

Soitec had planned to institute a proactive organizational plan for a dialogue with its stakeholders. This plan was to become more concrete in the autumn of 2013 and Soitec retained a consulting firm to assist with the project.

However, the exceptional economic conditions faced by the Company led to this project being postponed. The project, which was supposed to be centered around ISO 26000 but has been scheduled to commence at a later date at such time when the Company dedicate itself to the project.

Partnership and sponsorship actions

By its age and its size, the Bernin site is the most active in terms of partnerships and sponsoring.

Soitec reinforces its territorial roots by agreements with, well-known and active local partners in the life of the Grenoble region.

Partnerships and sponsorships develop the collaborators sense of belonging, federates employees around a common corporate culture, and allows us to maintain relationships with the local fabric.

Soitec is particularly engaged in partnerships and sponsorships:

- our company is one of the principal partners of the Grenoble rugby club (FCG). Seats are regularly offered to Bernin employees via a prediction game (lottery) on our intranet, and also allows Soitec to invite clients and partners;
- Soitec is also a member of the "Sponsors' Club" of the Grenoble Museum. This sponsorship policy offers employees access to Museum collections as well as possibilities for guided tours.

5.4.3 Subcontractors and suppliers

a) Relations with Subcontractors and suppliers

The impact of a company's CSR is also measured via its responsible purchasing policy.

Soitec has as a priority developed its purchasing policy about four axes:

– Systematic integration of a clause in our contracts with suppliers to respect ethical and environmental practices since 2012, for 100% of new contracts;

– Demanding our major suppliers, and particularly all subcontractors deploying employees on site, to be in conformance with the EICC norm (Electronic Industry Citizenship Coalition), since 2013. This norm, specific to electronics, seeks to promote best practices within the sector. The results are not yet know, and will be measured in one year;

– Development of relationships with Adapted Enterprises ("EA") and Establishments and Services to Help by Work (ESAT) which employs workers who are handicapped or in a handicapped situation. In 2013, the activities performed with this protect group has generated sales of 46,000 euros (pre-tax) allowing a valuation of 2.05 beneficiary units. Soitec has also developed purchasing services that strive to include additional advantages (green spaces, administrative supplies, catering);

b) Awareness of subcontractors and suppliers regarding Sustainable Development

Soitec hopes to integrate its suppliers and subcontractors in its Sustainable Development program. This integration first starts with a Supply Chain optimization: the attention brought to the environmental impact of logistics sensitizes suppliers and subcontractors. These first steps seek to put our partners in a larger thought process around Sustainable Development.

– During fiscal year 2012-2013, Soitec undertook to reorganize its transportation network by opting to put into place logistical platforms located closer to its primary clients: the United States, Japan and Singapore. The new organization will allow us to group shipments together from Bernin and helps to optimize volumes, weight and routes and, as such, our carbon footprint;

– We incite our suppliers and clients to follow our approach in order to reduce greenhouse gas emissions;

– The steps already taken to place more emphasis on maritime transportation is still in effect. For example, repatriation of materials from Singapore is performed by way of cargo ship and this method is also used for our supplies (equipment, clean room specific packaging);

– During contractual negotiations, our clients are automatically oriented towards shipment solutions using reusable containers;

– The dedicated shuttle plan for our principal European clients allows us to reuse the padding used to immobilize the wafer boxes in the packages. The client returns them to us in the shuttles and they can be used in the next shipment: reduction of waste (the client no longer has to destroy such), reduction of impact caused by the production of the padding (they are recycled);

– From the middle of 2013 we have systematically used boxes that allow our suppliers, DPF and Smurfit Kappa, to be awarded the Oscar for packaging in 2012. This leads to a gain of 1/3 in volume on palets that go from having a capacity of 300 to 450 packaged 300mm wafers. These boxes are 100% recyclable.

5.4.4 **Policy consistency**

a) Global policy

Until now, Soitec has not had activities in sensitive markets with respect to corruption; the nature of Soitec's activities, strictly B-to-B, renders the question somewhat irrelevant. Soitec has never had a scandal associated with this issue.

With the evolution of the solar activity, Soitec will put ad hoc safeguards in place in conformance with international rules. But already, Soitec's Code of Good Conduct imposes a strict respect of national and international legislation with respect to this.

Deployed at all sites, it defines the behaviors to adopt: this charter illustrates the will of Soitec's CSR.

Soitec had hoped to position itself regarding the human rights question and launched a brand new initiative in order to respond to this engagement: Sunidarity.

b) Sunidarity, a key project

Soitec fully supports human rights through the Sunidarity project.

A part of the world population (20%) does not have access to electricity, and yet a large majority of the concerned regions possess and immense solar energy potential. At Soitec, we think that a substantial use of this renewable energy could sustainably improve access to electricity and living conditions for these populations, while at the same time preserving their environment.

Sunidarity is the mark of a collective engagement of 1,500 Soitec employees and its partners in order to facilitate access to clean and reliable electricity, thanks to concentrated photovoltaic technology (CPV).

By launching Sunidarity with organizations and foundations, the long-term goal is to promote this technology with potential clients.

The Sunidarity initiative is a call to humanitarian projects on an international level, with NGO's, associations, and foundations.

The laureates receive a Plug&Sun™ system (easily deployable system supplied with a battery) in order to supply electricity to rural or difficult-to-access zones.

The project laureates have been selected by a jury comprised of three external experts and three Soitec employees on an analysis grid comprising four elements:

– Humanitarian interest;

– Geographic implantation;

– Technical characteristics of the project;

– Association's capacity to ensure maintenance and longevity of the material.

The size of the project is measured by the number of candidates received as well as the number of laureates.

For 2012 (1st edition):

– 33 candidate submissions from 18 countries;

– 3 laureates and one "Partner Prize":

  o The high plateau region in Haïti: Zanmi Lasanté Paris;

  o South Madagascar: Energie pour le Monde;

  o The Tanaïl region in Lebanon: arcenciel Liban;

  o The Jordan valley in Palestine: Palestinian Hydrology Group.

In the long-term, the project's success will be measured by the number of Plug&Sun™ systems installed subsequent to the experiments.

This project has been the subject of an official launch and a declaration of the laureates during a national-level stature event on the Champs-Elysées. An article about the initiative was published in the Monde des Fondations. External communication about Sunidarity allows monetizing and promoting concentrated photovoltaic on the solar market.

The presence of engineers representing these organizations (during their training session on the systems) was also the time for meeting the employees. These meetings allowed Soitec to participate in humanitarian missions while emphasizing the economic interest in such a donation.

The winners of the 2012 edition received their Plug&Sun systems in 2013 and installed them. Soitec sent two engineers to the sites in Madagascar and Haiti in order to assist local teams. We are still in contact with each association so that we can ensure that the system meets their needs as such were described during the project presentations.

– Axelle Coumert, head of support functions at Arcenciel, indicated that the Plug&Sun trackers installed in Lebanon cover 60% of the energy needs at the Tanail day-care center. This center is open to Lebanese and Syrian children (a large refugee population in Bekaa). Since they embarked on this project in collaboration with Soitec, the association has launched a public awareness campaign in order to promote solar energy.

– The production data gather by *Energies pour le Monde* at the Madagascar site show the the Plug&Sun system produces up to 18 kWh per day. This system serves to maintain the continuity of the electricity provided to the village which has shown a marked improvement in its quality of life. The use of refrigerators is now possible, local food shops and small industries are being developed. Furthermore, nighttime lighting has increased the safety of the village. Additionally, the main issue is to persuade more people to sign up for the Plug&Sun and wind network. System maintenance and the distribution of power are managed by the local association ASA in conjunction with Energies pour le Monde.

- The system won by the Palestinian Hydrology Group for Water & Environmental Resources Development (PHG) arrived in Palestine in January. However, exceptionally bad weather (snow storms) has prevented the PHG from installing them. The materials will be sent to the rural area of Bani Zaid, 35 kilometers north of Ramallah, in order to provide power to a water treatment facility.

- In Palmary, in the central eastern part of Haiti, the Plug&Sun system has led to quality of life improvements for its inhabitants. This new source of lighting allows children to finish their after school homework. Municipal meetings may now be held later in the day and residents come to the station on a daily basis to recharge their phones.

According to Lainé Esdras, agent for the area serviced by the Zanmi Lasanté association, the life that has been built around the technology satisfies the entire population. Christine Murray, President of Zanmi Lasanté Paris has informed us that the association is pondering installing, after drilling, a hydraulic pump that will be powered by the Plug&Sun system, which will provide clean water to villagers at the town hall. She is also planning another project to provide power to small agricultural projects that are to be powered by other Plug&Sun systems.

6. Business overview

6.1. Main activities

Soitec is a growing company. This growth is based on the development and industrialization of technologies and processes which, when used alone or in combination, deliver decisive new levels of performance to the markets they target.

A pioneer in developing new technologies	…a break from existing solutions…	…with a capacity to deliver recognized results
Soitec développe et commercialise des technologies de pointe - **Smart Cut TM, revolutionary technology:** for fabricating wafers - **Smart Stacking Technology TM:** Solutions for layer transfer for etched wafers - **Épitaxie expertise** - **CPV ConcentrixTM**	**• FD SOI** - **Technology optimized for mobile:** more rapide, performant and simple vs. Silicon on large substrate - **The most efficient and complete technology** **:** linking power output and performance to many advantages in terms of design and production **• Solar CPV : Smart CellTM innovation** - **World record for Smart Cell:** 44.7% efficient - **Objective of 50%**, towards **network parity** **• LED ligting solutions** - **High quality, high performance** - **2x more light per surface unit**	**• FD-SOI :** - **Accelerated adoption by top tier clients** - **“From an opportunity to a massive opportunity and revenue generator for 2015”** *Jean-Marc Chery, STMicroelectronics Executive Vice President General Manager*, **• Solar :** Embedded Processing Solutions - **Smart Cell TM efficiency:** from 43.6% in May 2013 to 44.7% in September 2013, approaching the 50% objective in 2015 - **Touwsrivier :** achievement of 44 MWc The largest CPV solar farm set for summer 2014 **• Lighting:** - **Efficiency of the lighting solution of the T8 LED tube developed by Soitec**

To this end, Soitec’s business development strategy is built on three pillars:

Impose the products created from its disruptives technologies as market standards

Soitec’s strategy is to rapidly penetrate new high-volume markets that typically have short production cycles and make Soitec’s products tomorrow’s industry standards. To achieve this goal, Soitec invest heavily in state-of-the art production facilities tailored to the markets it is targeting. Soitec also has a highly selective technology transfer policy based on licensing agreements with carefully chosen industrial partners. Soitec directly or indirectly holds approximately 80 % of the global Silicon-On-Insulator (SOI) market.

Reach diverse markets likely to benefit from its technological progress

Soitec conquers always more diverse markets: computer programing; game consoles; imagers; radio frequency components used in telephones; PCs and smartphones; on-board microelectronic components found on the automotive industry, concentrating photovoltaic solar panels.

Soitec also invests in the development of revolutionary materials in the field of lighting as well as other power electronics sectors.

In all of these markets, Soitec is positioned to be where the differentiating technologies add the maximum value to finished products.

SOI products are actually used in many electronic applications:

- mobile telephones and tablets;
- high performance microprocessors;
- game consoles and other amusement systems found in millions of households;
- intelligent electronic devices dedicated to automobiles and display units;
- RF transmission modules and wireless;
- lighting applications.

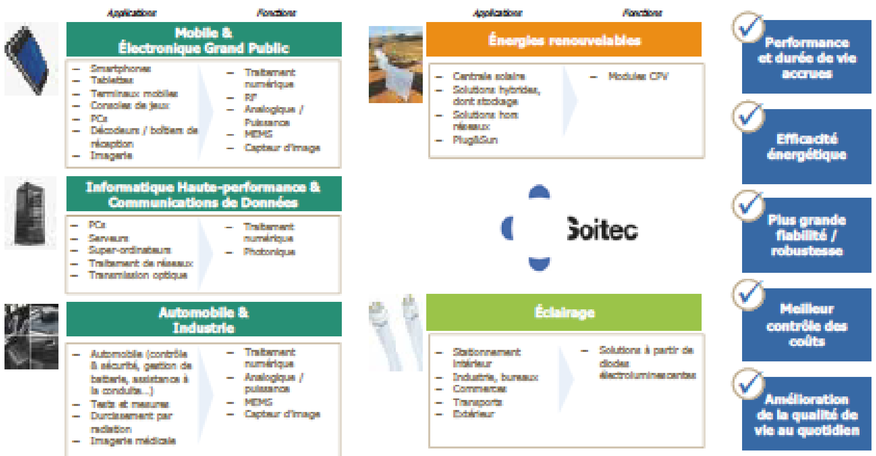
Furthermore, SOI structures play a major role in photonic on silicon development. Integrated photonic circuits in which light is transmitted by wave guides etched on SOI film, can be combined with modulators, multiplexers, filters and other essential optical components.

Unique capacities for innovation…	…recognized by prestigious companies…	…serving customers with large IP portfolios over 3 large promising markets
• A **Flagship material**, SOI (Silicon-on-Insulator), based on the revolutionary technology of “atomic level scalpel” from Smart Cut™ • C.10% of the revenue dedicated to R&D • Portfolio of more than **3000 patents**, 350 new patents filed each year • Regularly listed in the **TOP 30 French patent filers**, along with major companies • **Highly qualified employees**: >40% of employees have a doctorate or engineering degree, more than **20% of staff works in R&D**	**Soitec’s Smart CutTM licensees** **- License for the SmartCut™ extension to she** **- License for the SmartCut™ extension to SunEdison** **- License for Smart Stacking for BSI to TSMC** **- License for SmartCut for GaN to Sumitomo**	**ELECTRONICS** *Today Soitec is present in >50% of smartphones with RF-SOI and is well positioned to take on the challenges with the growth of mobile internet with FD-SOI* **SOLAR** *CPV is ideal for solar factories installed on the ground in high sunlight regions – solar segment with the highest growth* **LIGHTING** *Complete range of products designed to seize the current lighting market growth opportunities ($32bn)*

Boost R&D efforts thanks to partnerships and shorten time-to-market

Soitec has developed a broad array of R&D partnerships with leading laboratories, as well as with its clients, leaders in their activity sectors. The Company also participates in initiatives and professional organizations (competitive clusters, SOI Industry Consortium, CPV Consortium, Desertec, Medgrid).

Soitec benefits from the synergies these partnerships generate to deliver breakthrough technologies that create new opportunities for its customers.



6.1.1 Historical activities: *Electronics*

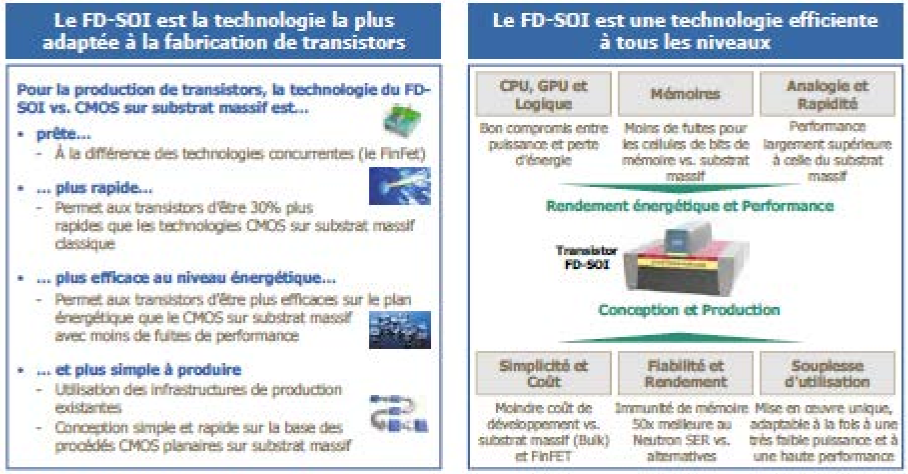
The Company's principal activity is as a manufacturer of silicon and integrated circuits. This is a materials' engineering activity which purpose is to provide the industry with material tailored to each new generation of technology in the race toward miniaturization, holding out the prospect of sustaining Moore's law (advances in performance) by breaking through what some have called the thermal wall.

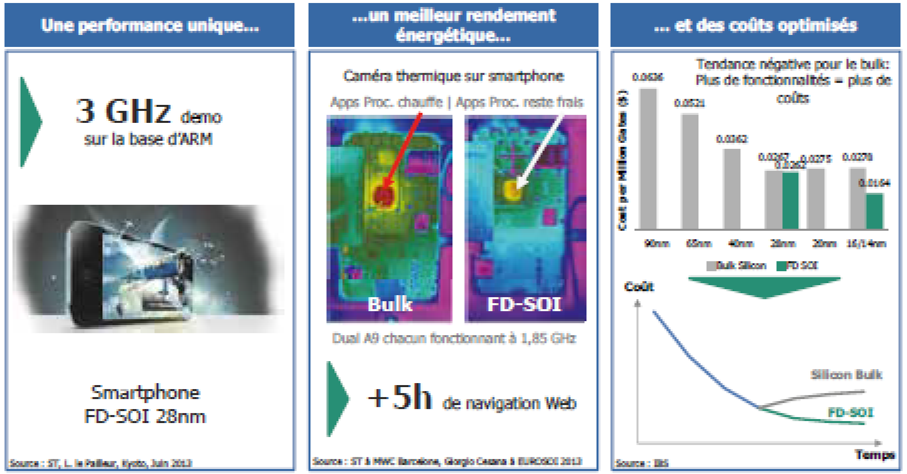
Soitec offers products based on Silicon-on-Insulator, or SOI, which serves to support the manufacturing of faster and more energy-efficient integrated circuits than those etched onto traditional silicon materials to support new applications demanded by each of its customers. SOI wafers are comprised of a mono-crystalline silicon layer separated from a support wafer by an amorphous SiO2 layer. This insulation technique makes it possible to reduce parasitic capacitance, delivering significantly higher performance and lower energy consumption than with standard bulk silicon substrates. The savings in power consumption that SOI allows lead to a proportional reduction in heat dissipated, thus offering integrated-circuit makers a way round this major obstacle.

Founded on the Smart Cut™ technology, Soitec's range of products and processes are applicable to different diameters, base material properties and SOI layer thicknesses and grounded. The Smart Cut™ technology allows us to obtain films with a very uniform thickness with high precision. SOI substrates have proven their interest in order to improve performance and dramatically reduce power consumption in electronic circuits. By its materials and processes, Soitec is the *avant-garde* for the stakes with which it is confronted on the electronics market: power and calculation speed, nomadism, and miniaturization of components on one hand; determinant role of semi-conductors in power reduction on the other.

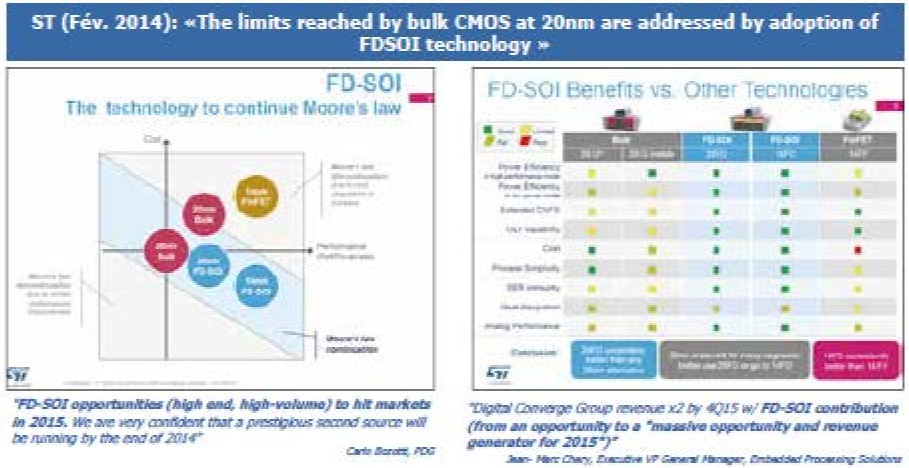
After a first wave of growth due to the integration of SOI in an increasing number of microelectronic applications (servers, game consoles, desktop and portable computers), Soitec finds itself at the heart of mobile development (smartphones, tablets). The semiconductor industry entered an uncertain zone as to technology choices for the next-generation products. As such, Intel, the market leader for microprocessors and integrated graphics chipsets, announced that it would no longer pursue the race to etch the smallest line, in order to adopt a three-dimensional fabrication technology for its processors, which constitutes a major technical rupture for all fabrication plants. Traditionally positioned to serve the business computer market which represented 85% of its revenue for fiscal year 2012, Advanced Micro Devices (AMD) - client of our client Global Foundries - did not succeed in rapidly position itself on the new growth paths which comprises the market for mobile applications, and stands up to a transition crisis which has repercussions on Global Foundries and by ricochet on Soitec. In a contracting market, the share of final products developed by AMD designed on SOI also shows a decreasing trend, which is translated by a steady decrease in SOI, wafer consumption by Global Foundries. This movement is amplified by AMD's need to stand up to competition exacerbated by Intel in a substantially declining market, when even Intel is in full technological transition away from 32 nm dies. This movement particularly affects the Company for which the final product (300 mm wafers for PD-SOI (Partially Depleted SOI)), which generated 43% of Division sales during fiscal year 2012-2013, saw its end of life accelerated during fiscal year 2013-2014. Sales for 300mm wafers have only represented, in 2013-2014, 35% of revenue for the Electronics Division.

Faced with this change, with FD SOI (Fully depleted SOI) Soitec has a competitive competing technology offer, for which it foresees the potential development for the next few years, but which is not yet at a general adoption stage. The FD-SOI technology proposed by Soitec covers both linear (2D) and three dimensional (3D) etching. In particular, the Soitec FD-2D range is an extremely interesting solution for applications which require both high performance and low power consumption at a competitive price, adapted for the retail market. This advantages are perfectly fit consumer's expectations seeking a product with more performance and battery autonomy at a lower price.

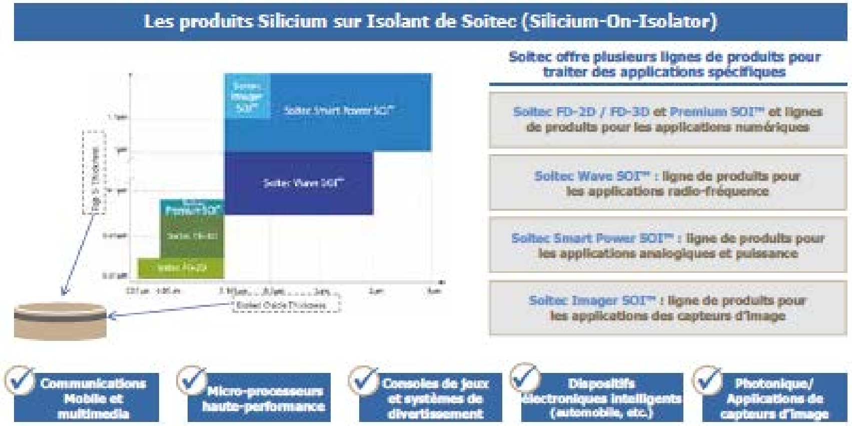




The industrial interest for this technology was particularly confirmed by STMicroelectronics from the 28nm die (http://www.st.com/web/en/press/t3405) and in particular from the 20nm die, which comforts Soitec's confidence in the mass adoption of FD SOI by other first tier actors for the years to come.

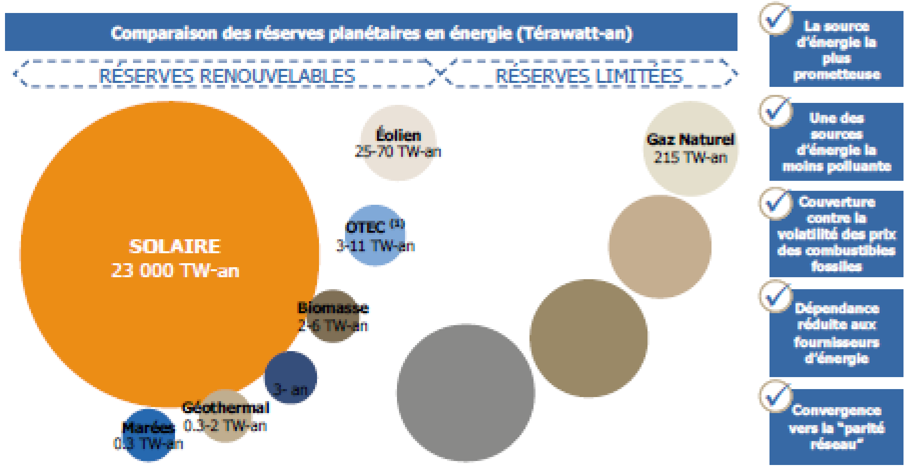


At the same time, the growing adoption of solutions based on SOI by the suppliers of the mobility market equipment (RF connection, application processors, sensors) offers the Electronics Division a gateway for its technology in 200 mm plates, for which there is substantial traction, even if it is currently insufficient to compensate for the loss of the 300 mm plate activity, that the Group eventually hopes to compensate by its FD-SOI solutions developed for the 300 mm plates.



6.1.2 Solar Energy Activity

Solar energy is seen as the most promising renewable energy both for its accessible power and its availability over the surface of the planet. A Perez study in 2009 compares the planetary energy reserves, finite and renewable:



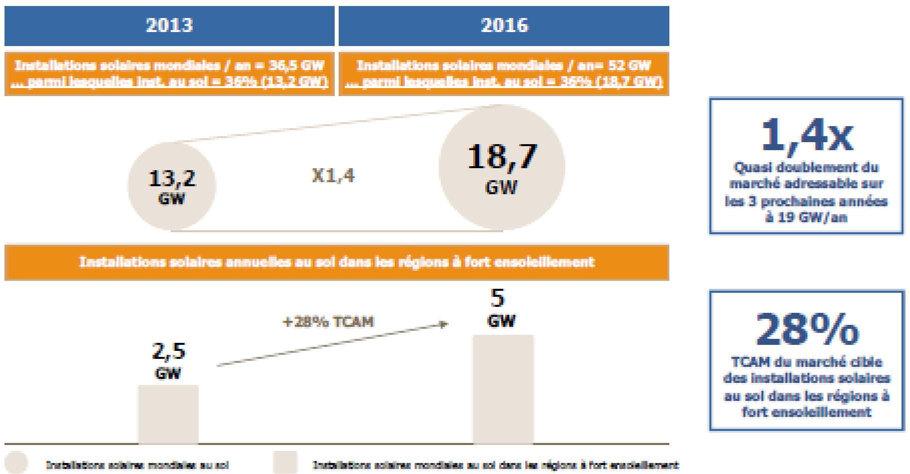
In December 2009, the Company acquired a majority stake in the German company Soitec Solar GmbH (formerly Concentrix Solar GmbH) in order to position itself in the high-concentration solar energy market. Since exercising the purchase option in December 2011 for shares held by minority shareholders, the Company controls the entirety of Soitec Solar GmbH's capital. The concentrated photovoltaic technology (CPV) relies on III-V materials and the Group thinks it can leverage its expertise in this field to significantly improve the efficiency of the solar cells used in high-concentration solar panels offered by Soitec Solar. This positions the Company in a second fast-growing market devoted to industrial power generation using solar CPV panels in solar farms. Looking beyond the supply of systems, the Solar Energy division can develop its own projects in which it supplies both the associated technical and financial engineering.

The following table describes in a synthetic fashion the way Soitec is positioned in the value chain for developing solar energy generation construction projects.

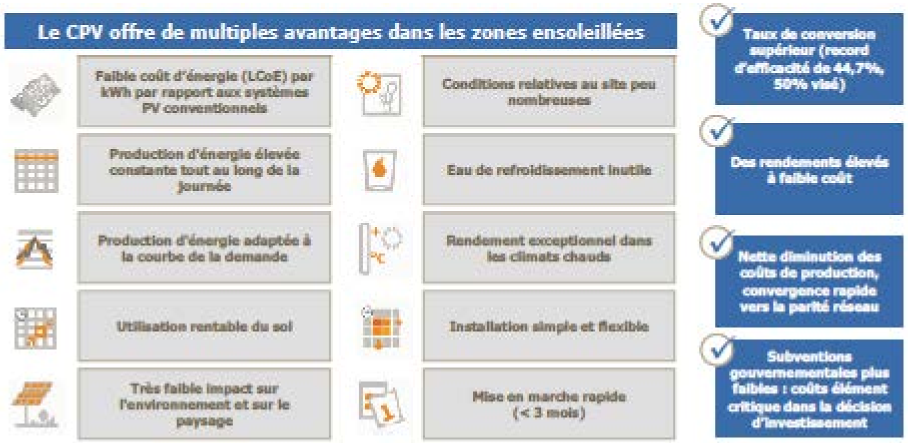
		High-Efficiency Units and Modules	Systems Manufacture	Project Development	Engineering and Construction	Operation and Maintenance
Soitec's Positioning	Third-Party Projects	√	√	-	-	-
	Self-Owned Development Projects	√	√	√	Sub-contracted	Sub-contracted
Soitec Strategy		• at the forefront of energy conversion rates • an efficiency goal > 50% at the unit level • optimizing optical concentrator systems	• optimizing costs by advanced automation in the local production • low environmental impact • favorable energy balance	• internal potential of project development • reduced financial exposure • third party majority-owned projects	• minimized assembly costs thanks to using pre-manufacturing upstream • partnering with first-rank players	• partnering with leading players • potential agreements with third parties for operations and maintenance with guarantees for the duration of the project

The Group development in the areas of solar energy is based on a strategy that provides industrial solutions to areas of strong sunlight and not, primarily, to the European market, which has been in the past the reference market for photovoltaic traditional technologies. The ConcentrixTM technology is designated for its industrial exploitation of very-high-capacity solar power plants. It finds its optimal efficiency in regions of the world with high direct sunlight: North and South Africa, Middle East, Australia, parts of South America and the South-Western United States. These areas are expected to bring the strongest growth of sales with a very strong contribution of high capacity plants. Already installed in 18 countries, these systems exceed all records of performance thanks to a bi-axial mechanism which is able to rotate to follow the sun's location.

The market that Soitec serves (that of industrial scale ground-based solar power stations) is that with the largest potential for growth:



And Soitec's concentrated photovoltaic technology is that which, in this market, presents a certain number of competitive advantages which can be presented as follows:



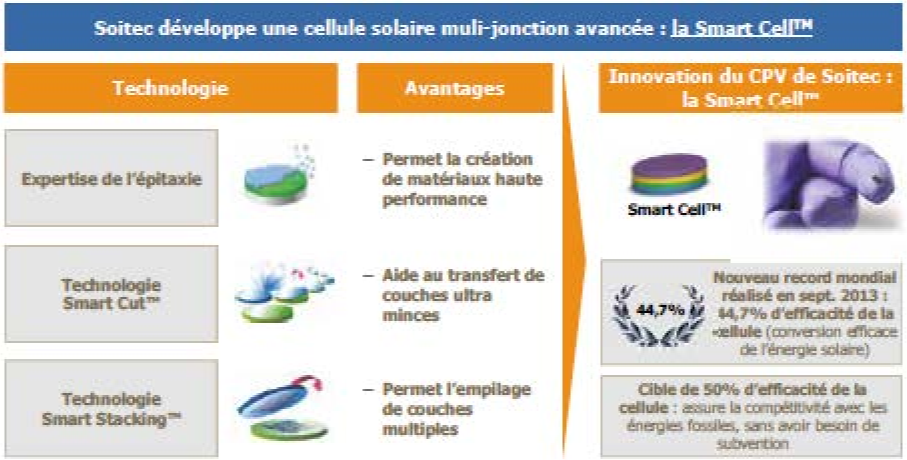
Soitec's commercial development of in the solar energy field is based on a large portfolio of projects, to which the electricity purchase contracts are linked.

Projet	MWc	Région	COD	Projet développé par Soitec	Projet développé par un tiers
En construction					
Touwsrivier	44	Afrique du Sud	2014	✓	
Alcoutim	1,3	Portugal	2014		✓
ESTCP	1,1	Etats-Unis	2014	✓	
Tabuk	1,1	Arabie-Saoudite	2014		✓
Pipeline					
CRE 1 Projet 1	2,1	France	2015		✓
CRE 1 Projet 2	4,1	France	2015		✓
CRE 1 Projet 3	3,1	France	2015		✓
CRE 1 Projet 4	1,8	France	2015		✓
CRE 2	57	France	2016		✓
IV West (*)	177	Etats-Unis	2016		✓
Southlight 1	37	Etats-Unis	2015	✓	
Southlight 3	58	Etats-Unis	2015	✓	
Southlight 4	104	Etats-Unis	2015	✓	
Desert Green	8,6	Etats-Unis	2014	✓	
Total Pipeline	493				

* Le projet IV West pourrait ne pas aboutir - Voir communiqué Soitec du 15 avril 2014 disponible à l'adresse : http://www.soitec.com/fr/news/communiques-de-presse/soitec-mise-a-jour-concernant-le-projet-de-centrale-solaire-de-tenaska-1465/

*The IV West project may not be completed – See Soitec press release dated April 15, 2014 available at: http://www.soitec.com/en/news/press-releases/soitec-update-on-tenaska-s-solar-project-1465/

In addition, Soitec is working on developing a new generation of solar cells, benefiting from innovation brought by its technologies. In this respect, its R&D teams collaborate with two laboratories of world renown: the Fraunhofer ISE institute, specialist in III-V material solar cells, and the CEA-Leti, expert in semiconductor materials. This cooperation has allowed the Fraunhofer-ISE Institute to obtain a prototype delivering an output with an efficiency of 43.6%, using a cell with four junctions (May 22, 2013 press release).

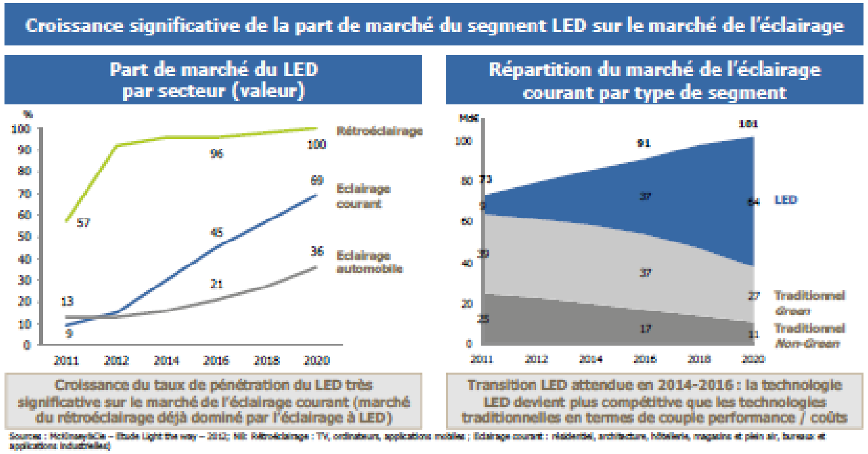


6.1.3 *Lightning* activity

The lightning market actors currently share three major expectations: energy economies, reduction in investment recovery time, and the assurance of having quality products, both in terms of light rendered as well as reliability and robustness.

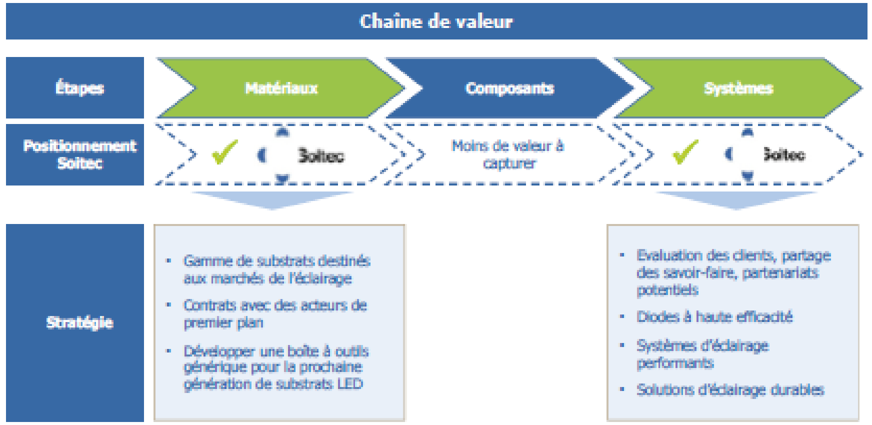
In order to respond to this, light emitting diodes (LED) present many advantages when compared with other types of light bulbs (halogens, fluorescents, incandescent, sodium vapor…). Indeed, they generate more light per unit of energy and this light is more easily perceived by the human eye.

The LED market is an attractive market for which their should be a strong growth:



In order to develop for this promising market, Soitec is combining several strengths.

At the beginning of the value chain, the company is using its expertise in semiconductors materials engineering in order to very innovative develop substrates based on gallium nitride (GaN), the base material for LEDs. These substrates open new perspectives in terms of LED production costs. The cutting edge technologies used to do this by Soitec have already results in license grants, specifically with Sumitomo and GT Advanced Technologies.



Furthermore, Soitec is developing an industrial partnership strategy in order to offer, at the end of the value chain, particularly high performance lighting solutions. Designed for professional use (industrial sites, supermarkets, parking garages,…), their specific technical details and functionality are defined and optimized by Soitec.

6.2. Principal markets

Generally and before the acquisition of Soitec Solar GmbH, the Company only considered serving two markets, the supply of SOI wafers to integrated circuit manufacturers and the supply of advanced substrates to the entire component industry.

The leading component manufacturers and the main silicon foundries worldwide have implemented SOI programs.

The Company is the market leader in the manufacture and supply of SOI wafers in large volumes. The Company was a front-runner in the manufacture of SOI wafers with its Smart Cut™ technology, which represents today 100% of SOI wafers sold worldwide in the non-captive market (internal estimate). The results on the Company's market share are considered confidential. Smart Cut™ technology has proved to be a competitive manufacturing method, delivering excellent productivity and quality.

Soitec's chief competitor is the company SHE, which has obtained a license from the Company to exploit its Smart Cut™ technology. The U.S. company MEMC started marketing SOI wafers in 2010.

The following tables provide the evolution in sales by region, customer, and wafer size.

Geographical distribution of sales for the Division (300 mm + small diameters + III-V materials)

	2011-2012	2012-2013	2013-2014
United States	16%	31%	39%
Europe	72%	61%	41%
Asia	12%	8%	21%

Distribution of Electronics Division sales by customer

	2011-2012	2012-2013	2013-2014
Top five customers	83%	82%	61%
Customers six to ten	10%	9%	19%
Other customers	7%	9%	20%

The top five customers in the 2013-2014 fiscal year were International Business Machines Corp, Global Foundries, NXP Semiconductor, STMicroelectronics and Peregrine Semiconductor.

Distribution of Electronics Division sales by customer by products

	2011-2012	2012-2013	2013-2014
300 mm	73%	54%	36%
Small diameters	23%	40%	56%
III-V Materials	3%	4%	6%
Royalties	1%	1%	2%
Other	0%	1%	0%

In its solar activities, the Company has engaged into a specific segment of industrial power generation in regions of plentiful sunlight that make the most of the extreme energy efficiency of its technology. This technology has been adapted from satellite applications to terrestrial solar thanks to the efforts of two principal research institutes, the National Renewable Energy Laboratory (Denver, U.S.A) and the Fraunhofer Institute ISE (Fribourg, Germany). The Company signed in late 2009, a cooperative agreement with the German institute and its historical partner, CEA-Leti, to develop new generations of high-concentration solar cells, leveraging their expertise in substrate engineering. The Company has decided to integrate vertically by acquiring a solar systems manufacturer – Concentrix Solar GmbH, which was renamed Soitec Solar GmbH. Soitec's CPV technology is an emerging technology in which, generally, it enjoys a lead of several years. The energy generation market is vast, with different technologies aiming to address different economic and environmental conditions in different countries and legal systems. Furthermore, CPV technology is not always positioned to compete with all other energy sources, it can be complementary given its high efficiency. All energy sources, however, are in competition to deliver the cheapest possible energy within the scope of each project concerned.

6.3. Exceptional events

Not applicable.

6.4. Issuer's dependence on patents or licenses, on industrial, commercial or financial contracts, or on new manufacturing processes

See paragraph 4.1. of this Registration Document.

6.5. Competitive position

The factors that serve to ground the Group's estimation of its competitive position, mentioned in paragraph 6.2, are based on internal analyses.

7. Organizational Structure

7.1. The Group

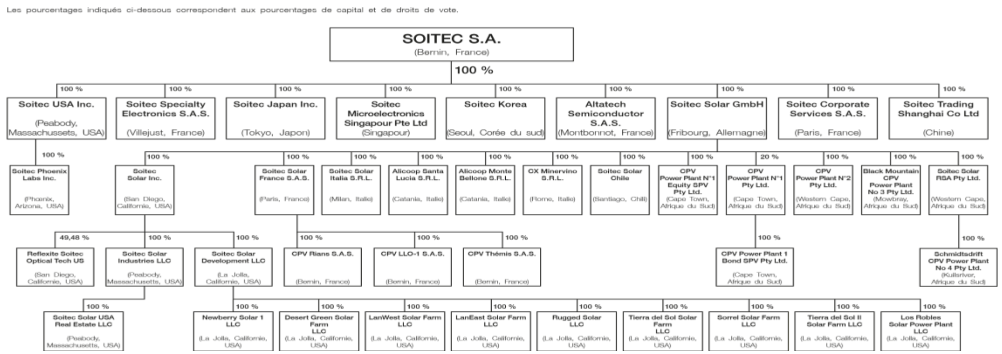
7.1.1 Group's organizational structure

7.1. The Group

7.1.1 Group's organizational structure

The organizational structure, presented below, shows the Company's subsidiaries at the filing date of this Registration Document. As part of an initiative to bolster the Group's external image, it was decided to modify the names of the subsidiaries. The new names have not yet been legally registered but are given in this Registration Document for information purposes.

The percentages shown below correspond to the percentages of capital and voting rights.



7.1.2 Group organization

As described in paragraph 3.5 of chapter 20 in the Registration Document, the Group has defined its organization around three activity sectors in which it operates:

– Electronics Division: it covers Soitec's historical activity in the semiconductor domain: production lines: Bernin (small diameter wafers and 300 mm wafers, recycling 300 mm material), Pasir Ris (300 mm wafers), and Paris Sud (epitaxy MBE, AsGa). It uses distribution subsidiaries or sales offices in the primary locations of semiconductor sector actors (Bernin for Europe, the United States, Tokyo, Seoul and Taipei). Day-to-day operations between the Company and its subsidiaries are contractually formalized, for Company products' distribution matters and for the operation of subsidiaries. The Electronics Division also includes equipment manufacturing since the 2012 acquisition of Alcatech, which has a production and development site in Montbonnot close to Grenoble. For the purpose of the valuation tests for non-current assets, the Division is subdivided into four Cash-flow Generating Units (UGT, according to IFRS 8 definition) corresponding to principal production means: 300 mm production lines, including production lines for SOI 300 mm wafers and recycling of 300 mm material from Bernin and Pasir Ris; small diameters for which production is centralized at the Bernin site; other activities including epitaxy at the Paris Sud site; the equipment production activity resulting from the acquisition of Altatech. These four UGTs use a common commercial, administrative and development structure and benefit from the intellectual property and patent licenses held by the parent Group, Soitec S.A.

– Solar Energy Division: Since December 2009, and following the acquisition of Soitec Solar GmbH, the Group has created a second division which combines industrial, commercial, Research and Development, and solar power station projects development activities. These activities are located in Europe (Fribourg, Paris and Rome), in the United States (San Diego) and in South Africa (Cape Town). The division also includes Research and Development means located at other Group sites (Bernin, Phoenix) in order to improve efficiency of solar cells used for producing photovoltaic systems. Within this division, the solar power plant projects are considered as UGT and their non-current assets are tested individually.

– Lighting Division: Lighting was created during fiscal year 2011-2012 in order to isolate resources mobilized in Bernin and Phoenix within the scope of the program to develop materials designed for the production of light emitting diodes.

7.2. List of the company's subsidiaries and stakeholdings

Table of subsidiaries and stakeholdings held by the Company:

Name	Capital	Shareholding	Gross share value	Loans, advances, guarantees	Sales
Headquarters	Equity	Dividends received	Net share value		Income
Subsidiaries (more than 50 %):					
Soitec U.S.A Inc. Centennial Drive 2 01960 Peabody, MA – U.S.A	10,000	100%	16,796		62,791,000
	14,007,000		16,796		1,716,000
Soitec Specialty Electronics S.A.S. Place Marcel Rebuffat 91140 Villejust – France	12,000,000	100.00 %	30,763,440	(5,182,968)	9,344,439
	11,203,510		11,600,483		(396,964)
Soitec Japan Inc. 3-1 Marunouchi 3-Chome Chiyoda-Ku – 100-0005 Tokyo – JPN	300,500,000	100.00 %	2,636,988		10,070,568
	146,619,563		2,636,988		264,337
Soitec Solar GmbH Bötzinger Str.31 79111 Freiburg – Germany	319,890	100.00 %	101,244,230	384,506,420	45,015,977
	(96,762,084)		101,244,230		(49,993,047)
Soitec Microelectronics Singapore Pte Ltd. 81 Pasir Ris – Drive 1 Singapore 518 220	93,395,220	100.00 %	67,197,054	70,424,587	30,485,111
	(22,716,995)	100%	67,197,054		(15,430,129)
Soitec Korea Kyunggi-do Hwasung-si Bansong-dong 93-10. Shinyoung Gwell Estates B-dong 4th floor, unit 5	500,000,000	100.00 %	328.483		772,967
	564,104,776		328,483		20,687
Altatech 611, rue Aristide Bergès ZAC de Pré Milet 38330 Montbonnot St Martin	3,800,000	100.00 %	24,157,798	(3,248,039)	4,188,234
	2,749,157		24,157,798		(2,602,738)
Soitec Corporate Services 54, avenue Marceau 75008 Paris	1,000	100.00 %	1,000		
	1,000		1,000		
Soitec Shanghai Trading 3261 Dong Fang Road Pu Dong New District - Shangaï - China	852,619	100%	102,138		
	456,000		102,138		(47,000)
Capital and equity are in local currencies, the other amounts are in euros					
HOLDINGS (10 to 50%)					
Exagan SAS	40,000	15%	6,000		
7 parvis Louis Néel 38040 Grenoble Cedex 9					
OTHER HOLDINGS					
HOLDINGS: (less than 10%)					
Medgrid 38, avenue Hoche – 75008 Paris	11,000,000	5.45 %	600,000		21,136
	3,882,706				(2,668,273)
Cissoïd Chemin du Cyclotron 6 B-1348 Louvain la Neuve (en euros)	2,126,599	2.32 %	300,003	39,900	482,174
					(966,434)
Technocom 2	6,249,360	8%	500,000		
23 RUE Royale – 75008 PARIS			422,177		(1,154,642)

Capital and equity are shown their respective functional currencies, i.e., dollars for Soitec U.S.A Inc. and Soitec Microelectronics Singapore. The other amounts are shown in euros, won for Soitec Korea, Yuan for Soitec China, and in yen for Soitec Japan.

For the subsidiaries and stakeholdings, no dividend was received during the fiscal year.

For holdings of less than 10% no loan, advance or security were granted during the fiscal year.

8. Real Estate, production plants and equipments

8.1. Significant or Planned Tangible Fixed Assets

The total gross value of the Group's tangible fixed assets on March 31st, 2014, was 817 million euros compared to 824 million euros on March 31st, 2013 .

The total net value of the Group's tangible fixed assets at March 31, 2014, was 290 million euros, corresponding to 49.6% of the total consolidated statement of financial position at March 31, 2014.

The evolution in gross value of tangible fixed assets is detailed in Note 3.4 to be found in paragraph 20.3.1.2 of this Registration Document. The stability in the gross value of the Group's tangible fixed assets mainly results from the following factors : limited amount of new investments, impact of the variation of the Euro/Dollar exchange rate on the value of assets located in the United States and Singapore. It should be noted that the production capacity of the Bernin 1 unit (small diameter wafers) was increased to approximately 600,000 wafers per year for the expected product mix in the annual plan; its utilization rate is high. The production capacity of Bernin 2 (SOI 300mm) was approximately 800,000 wafers per year for the "Partially Depleted SOI" and it currently producing largely above demand. However, it only fabricates 40,000 wafers of “Fully Depleted” under current output and productivity conditions with the new equipment required for two stages of the production cycle specific to this product. Soitec’s objective is to reach a production capacity of 140,000 wafers per year for Fully Depleted SOI. The ramp up of 300mm wafer production lines for Fully Depleted SOI will be accompanied by complementary investment designed to adapt the Partially Depleted SOI production lines to Fully Depleted SOI technology. The recycling capacity for the Bernin plant of 300 mm to 350,000 wafers per year. The Singapore plant had been dimensioned to ultimately permit a 1 million wafer per year production capacity. Production capacities mentioned in this paragraph are indicative only and could be significantly impacted by the product mix, the evolution of client specifications and changes in the production methodology.

The annual production capacity for fifth generation “M500” photovoltaic is 240MWp for the San Diego site at the current module output and efficiency levels.

With the exception of the industrial building in San Diego, the production buildings and the equipment are fully owned by the Group and are free of any third-party rights. A sale and leaseback agreement is currently in effect for the Bernin 2 clean room. It will arrive at maturity during fiscal year 2014-2015.

See Note 3.4 to the consolidated financial statements, reproduced in paragraph 20.3.1.2 of this Registration Document, for further information on how tangible fixed assets are financed.

8.2. Environmental issues that may affect the Company’s use of its tangible fixed assets

No significant additional environmental issues were identified during fiscal year ended March 31, 2014.

See environmental information contained in Chapters 4.3 and 5.3 of this Registration Document for complementary details on environmental aspects.

9. Review of Financial Position and of Profit or Loss

9.1. Group’s financial position and profit or loss

9.1.1 Accounting aspects

This Chapter constitutes a portion of Soitec S.A.’s Management Report. It should be read in conjunction with the consolidated financial statements for the year ended March 31, 2014 and included in Section 20.3.1 below (the “consolidated financial statements”).

In application of the European Directive 1606/2002 of July 19, 2002 on the international standards, the consolidated financial statements of the Group and all of its subsidiaries have been prepared in conformity with the standards and interpretations published by the *International Accounting Standards Board* (IASB), adopted by the European Union and made mandatory at the closing of the statements.

This accounting basis, which is available on the European Commission’s website (http://ec.europa.eu/internal_market/accounting/ias/index_en.htm), integrates the international accounting standards (IAS and IFRS) as well as the interpretations of the Standing Interpretations Committee (SIC) and the International Financial Reporting Interpretations Committee (IFRIC).

See the notes to the consolidated financial statements in chapter 20.3.1.2.

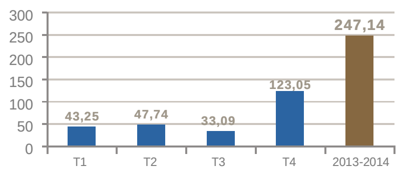
The accounting policies applied in preparing the financial statements are identical to those used for the consolidated financial statements for the fiscal year ended March 31, 2013, with the exception of the new standards and interpretations described in Note 2 to the consolidated financial statements.

9.1.2 Group’s financial position

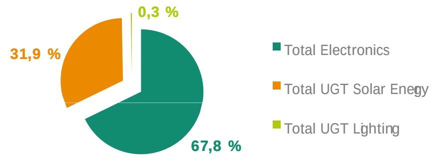
The Group’s business

Consolidated sales decreased by 6% to 247.1 million Euros in 2013-2014 compared with 262.9 million Euros in 2012-2013. The Euro/Dollar parity progressed unfavorably from an average of 1.29 during the previous fiscal year to 1.34 for the fiscal year 2013-2014. This change represents a negative impact on consolidated sales on the order of 6.5 million Euros or 3.9% of the Electronics Division’s total revenue, of which almost 100% were made in Dollars.

Consolidated sales (in millions of euros)



Sales distribution



Sales by division

The *Electronics* Division contributed 68% of consolidated sales (as opposed to 98% last year), with total revenue of 167.5 million Euros (257.1 million last year). This revenue is down by 34.8% compared to the previous fiscal year (32.3% at a constant exchange rate). Change in sales for this Division is analyzed in detail below.

The Solar Energy Division contributed an amount equal to 78.9 million Euros for the fiscal year, or 32% of consolidated revenue, compared to 5.8 million Euros the previous fiscal year. The principal source of revenue for fiscal year 2013-2014 (71,9 millions Euros) results from the sale of the South African solar power station project currently being constructed on the Touwsrivier site. Indeed, having demonstrated in March 2014 the achievement of the efficiency objectives for the first 22 MWp installed, then having obtained the first authorization from the South African Department of Energy and formal approval from one investor to take a majority stake in the project subsidiary, the Group was in a position to recognize the sale of the under construction power station at its current state of progress on March 31, 2014 and to consolidate the net assets of the project subsidiary. The remainder of the Division sales is comprised of photovoltaic system deliveries for projects in the United States, Portugal, China, Saudi Arabia and other countries.

***Electronics* Division**

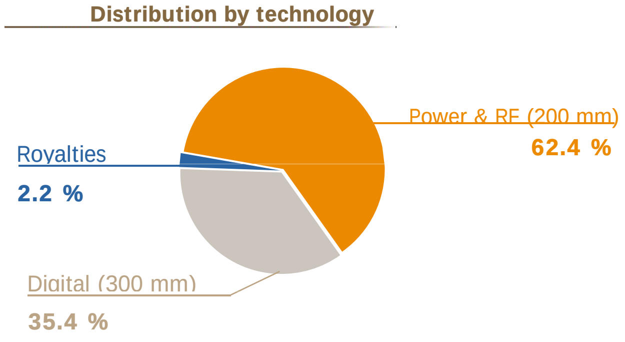
Sales of 300 mm wafers, which represented 54% of sales for the division in fiscal year 2012-2013, have dropped in value by 57.2% due to loss of market share in the microprocessor domain after Advance Micro Devices, Inc. adopted mass silicon for the 32 nanometers die technology, and excess stock in the game console segment. For fiscal year 2013-2014, 300 mm wafers only represent 36% of sales for the division.

Wafer sales for other diameters decreased in value by 10.2%. This change reflects two contradictory trends: during the first half, end of life of a 150nm product represented substantial sales in the radio-frequency market segment; during the second half, progressive ramp up of 200mm wafer volumes thanks to the adoption of SOI for the same applications. The Bernin site’s capacity for 200mm is nearly saturated and industrial investments have been initiated in order to respond to the new growth perspectives.

Sales for III-V materials decreased in value by 7.1%, in part due to the SOI adoption by the radio-frequency market segment.

Equipment sales activity, added to the Division’s business activities at the end of the fiscal year 2011-2012, recognized an increase in value of 85.6% compared to the previous fiscal year.

The top five clients account for 61% of Division sales for fiscal year 2013-2014 compared to 82% for the previous fiscal year. The top client (IBM) accounted for 19% of the Division’s sales. In the previous year, the top client was Global Foundries and it accounted for 43% of the Division’s sales.



Segments	2013-2014 Sales (in millions of euros)	2012-2013 Sales (in millions of euros)	Annual Variation (in %)	Clients	Products	Applications
Royalties	4.1	2.5	64%	-	-	-
Power & RF (200 mm)	104	115.8	-10.2%	TSMC, IBM, Peregrine, NXP	eSI, HR SOI, Power SOI	Smartphones, Tablets, Automotive, Industrial
Digital (300 mm)	59.4	138.8	-57.2%	IBM, GF, STMicroelectronics	PD SOI FD SOI (F2D, F3D)	Servers, PCs, Gaming, Smartphones

Geographical distribution of Division revenues (300 mm + small diameter + III-V materials)

	2011-2012	2012-2013	2013-2014
United States	16 %	31 %	39%
Europe	72 %	61 %	41%
Asia	12 %	8 %	20%

Distribution of Division revenues by customer

	2011-2012	2012-2013	2013-2014
Top five customers	83 %	82 %	61%
Customer No. 6 to No. 10	10 %	9 %	19%
Other customers / Royalties	7%	9%	20%

Solar Energy Division

This division includes the design and production of systems based on concentrated photovoltaic technologies and the Group's efforts regarding Research & Development to develop a high-efficiency solar cell. For fiscal year 2013-2014, this division contribution saw a large increase to 78.9 million euros compared to only 5.8 million euros in the previous fiscal year. The bulk of sales, or 71.9 million euros, comes from the sale of the South African power station project currently under construction on the Touwsrivier site. The remainder of revenue comes from the sales of photovoltaic systems designed for solar power station projects of modest size in various regions with large amounts of sunlight.

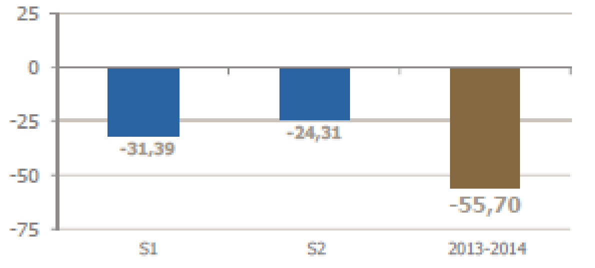
Gross margin

The gross margin corresponds to the total revenues minus the total cost of sales. The total cost of sales is equal to the sum of production costs, license fees payable to patent holders operated under license by the Company (primarily CEA-Léti for the Smart Cut ™ technology and the Fraunhofer Institute for photovoltaic), and distribution costs.

Production costs consist of the costs of raw materials, essentially silicon, manufacturing costs, including costs of direct labor and stock-based payments, production material, clean room infrastructures, and overhead costs allocated to production.

Gross margin significantly decreased for the *Electronics* Division as well as it was impacted by the significant decrease in production line utilization rate for 300 mm wafer production, which for the Solar Energy Division due to the increased industrial expenses linked to increased volumes on the production lines.

Gross Margin (in millions of euros)



Gross margin was -55.7 million euros for fiscal year 2013-2014 compared to -15.6 million euros in the previous fiscal year.

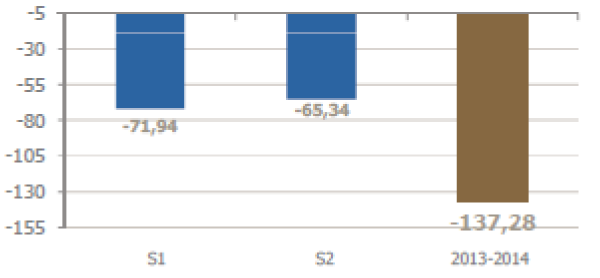
The *Electronics* Division contribution amounted to 0.5 million euros compared to 27.3 million euros in the previous fiscal year. It went from 10.6% of sales to 0.3% (2.8% at a constant exchange rate). The impact of the unfavorable evolution of the euro/dollar parity went up to 4.8 million euros. The main cause for the drop in gross margin is the substantial reduction in SOI 300mm wafer volumes, which caused a substantial under-utilization of production capacity in Bernin and Pasir Ris.

The *Solar Energy* Division contribution was -56.6 million euros, compared to -42.9 million euros in the previous fiscal year. This drop can be explained by the increase in the still insufficient industrial costs for the solar module assembly line in San Diego with global volumes which do not yet allow an optimization of systems products global costs.

9.1.3 Current operating income and evolution of other operational charges

9.1.3.1 Current operating income

Current operating income (in millions of euros)



Income statement by segment

Analysis by segment	*Electronics*		Solar Energy		Lightening		Corporate	
(in millions of euros)	2013 - 2014		2013 - 2014		2013 - 2014		2013 - 2014	
Exchange rate EUR / USD	1.343	% R	1.343	% R	1.343	% R	1.343	% R
Revenue	**167.5**	**-**	**78.9**	**-**	**0.7**	**-**	**-**	**-**
Gross margin	0.5	0.3 %	(56.6)	(71.7 %)	0.4	52.3 %	-	-
Net research and development costs	**(7.1)**	**(4.2 %)**	**(1602)**	**(20.5 %)**	**(4.6)**	**(615.1 %)**	**(0.5)**	**-**
Sales and marketing expenses	(6.6)	-	(9.6)	-	(1.4)	-	0.0	-
General administrative costs	(13.2)	-	(8.2)	-	(0.2)	-	(10.9)	-
Solar power station launch costs	0.0	-	(3.1)	-	0.0	-	0.0	-
Total adminstrative and commercial expenses	**(19.8)**	**(11.8 %)**	**(20.8)**	**(26.4 %)**	**(1.6)**	**(218.0 %)**	**(10.9)**	**-**
Net operating income	(26.4)	(15.8 %)	(93.6)	(118.6 %)	(5.8)	(780.8 %)	(11.5)	-
Other operation income and expenses	**(32.6)**	**(19.4 %)**	**(49.8)**	**(63.1 %)**	**0.0**	**0.0 %**	**0.0 %**	**-**
Operating income	(59.0)	(35.2 %)	(143.4)	(181.7 %)	(5.8)	(780.8 %)	(11.5)	-
Depreciation expenses	37.1	-	14.6	-	2.4	-	0.1	-
Depreciations for loss of value	24.6	-	47.6	-	0.0	-	0.0	-
Provisions set aside	7.2	-	8.7	-	0.0	-	0.0	-
Expenses linked to payment in shares	0.1	-	(0.3)	-	0.0	-	(0.9)	-
Income from asset sales	(0.6)	-	0.0	-	0.1	-	0.0	-
EBITDA	9.4	5.6 %	(72.9)	(92.4 %)	(3.3)	(446.8 %)	(12.2)	-

9.1.3.2 Evolution in other income and operating costs

On March 31, 2013, a non-recurring charge of 73.9 million euros was booked: accelerated depreciation of 300 mm wafer production lines for Partially Depleted SOI in Singpour and fourth generation photovoltaic modules in Freiburg; depreciation of fixed assets of the SOI 300 mm UGT and depreciation of several solar power station projects; provisions for restructuring of the Bernin and Singapour sites.

For fiscal year 2013-2014, a non-recurring charge of 82.4 million euros was booked of which the primary components were the following:

– Accelerated impairment of intangible assets constituted during the acquisition of Concentrix Solar (19.3 million euros), the acquisition of the equipment manufacturer Altatech (11.4 million euros) and the creation of the co-company for fabricating optical components for photovoltaic modules (12.6 million euros);

– Accelerated amortization of fifth generation photovoltaic modules in Freiburg (10.3 million euros), the material reclaiming line in Singapore (7.4 million euros), the circuit transfer line in Bernin (3.4 million euros) and a solar power station project (2.7 million euros);

– Provisions for headcount reductions in Bernin, Freiburg and Singapore (7.6 million euros).

Research and Development expenses

Research and Development costs are comprised essentially of salaries and social charges, costs of operating equipment dedicated to clean rooms and to equipment required for research and development activities, and costs related to maintaining and reinforcing the Group's intellectual property.

Research and development costs are expensed as they occur, while the amounts received for subsidies or through contracts are deducted in order to arrive at a net amount imputable to the financial results if these expenses have become recognizable through non-compliance with IAS 38 (see Note 2 in the appendix to the consolidated balance sheet).

In France, certain research and development costs are incentivized through research tax credits. This tax credit is recognized as a deduction from research and development costs in accordance with IAS 20. Revenues received in connection with the sale of prototypes prepared in connection with joint developments performed with commercial partners appear as an expense reduction item in the gross costs of Research and Development.

Gross research and development expenses for fiscal year 2013-2014 show an decrease of 27.8% for 56.9 million euros compared to 78.8 million euros in 2012-2013. The main drop (19.5 million euros of 21.9 million euros) is attributable to the Electronics Division which concentrated its resources only on strategic projects. The cost reduction measures put into place also impacted other Divisions, but in a lesser proportion (Solar Energy: sequential drop of 11.8%; Lighting: sequential drop of 5.9%).

Client contributions for research and development efforts of the Electronics Division is down going from 13.5 million euros in 2012-2013 to 7.4 million euros in 2013-2014 due to the change to producing 200 mm products for radio-frequency and 300 mm for Fully Depleted SOI.

Net research and development costs have substantially decreased from 48.2 million euros, or 18.3% of sales, in 2012-2013 to 28.4 million euros or 11.5% of revenue in 2013-2014.

In fact, the Group accounted for 21.1 million euros of public subsidies compared to 17.2 million euros in 2012-2013. This increase is primarily due to the end of the notification and contracting procedures for three programs carried out in the scope of investments to come, which allowed retroactively recognizing public subsidy amounts covering costs incurred during the previous fiscal year.

Sales and marketing expenses

The sales and marketing expenses increased by 11.6% to 17.5 million euros compared to 15.7 million euros in the previous year. This increase of 1.8 million euros is due to the strengthening of our sales and marketing teams for the Solar Energy Division (growth of 3.5 million euros) and teams dedicated to lighting (growth of 0.8 million euros). Thes Electronics Division reduced this item by 2.5 million euros.

Photovoltaic projects launch expenses

Photovoltaic project launch expenses were 3.1 million euros (decrease of 0.6 million euros compared to the previous fiscal year). The Group reduced its activities in development of its own solar power station projects.

Overhead and administrative expenses

Overhead and administrative expenses were 32.6 million euros, a decrease of 7.3 million euros compared to 39.9 million accounted for during 2012-2013.

All Divisions contributed to this reduction, which results from the cost reduction measures put into place.

Current operating margin evolution

The current operating margin fell to -137.3 million euros (-55.5% of revenue), compared to -123 million euros (-46.8% of sales) during the previous fiscal year.

Other operating income and expenses

An expense in the amount of 82.4 million euros was recognized during fiscal year 2013-2014. The detail of this amount is explained in the first part of this chapter.

Operating margin evolution

Operating margin was -88.9% of sales for fiscal year 2013-2014 compared to -74.9% for the previous fiscal year.

9.1.3.3 Other income statement items

Financial income

Financial income deteriorated, going from an expense of 11.8 million euros in 2012-2013 to an expense of 16.7 million euros in 2013-2014. This change is due to the increase in financial debt.

Income and taxes

The net income (Group share) shows a loss of 236.7 million euros compared to a loss of 209.5 million euros in 2012-2013. The earnings per share is a loss of 1.45 euro per share on an undiluted basis compared to a loss of 1.70 in 2012-2013.

9.1.3.4 Financing and Sources of Liquidity

The Group's financial structure encountered noticeable depreciation during fiscal year 2013-2014 due to the net loss recognized. Consolidated equity is 220.6 million euros (391.1 on March 31, 2013). It is less than the financial debt, which is 256.9 million euros (196.7 million euros on March 31, 2013). Cash available went to 130.1 million euros on March 31, 2013 to 44.7 million euros on March 31, 2014. However, the Group will receive 65.6 million euros after closing the fiscal year for transactions related to the solar power station project at Touwsrivier.

The primary items of the financial debt are the convertible "OCEANE" bonds maturing in 2018 which appear in non-current liabilities for 103.2 million euros (before share reclassed in net situation) and the convertible bond maturing in September 2014 for 83.0 million euros (also before share reprocessed in net situation). It is to be reminded that according to norm IAS 39, the nominal value of the convertible bonds net of associated fees at issuance is redistributed in a financial debt component and an equity instrument component.

Additional details on the breakdown of the financial debts and the financing of the Company and the Group are provided in Note 3.15 of the appendix to the Consolidated Financial Statements relating to financial debts and loans.

9.1.3.5 Consolidated cash flow

Cash consumed by operational activities grew considerably during the fiscal year, going from 38.7 million euros in 2012-2013 to 178.8 million euros in 2013-2014. This decline is primarily due to working capital linked to the South African solar power station project. Due to the late outcome of events conditions the release of funds for the project, , the cash flows could not be accounted for before the close of the fiscal year. The increase in need for working capital between March 31, 2013 and March 31, 2014 was 122.5 million euros. The other important factor explaining the growth in cash consumption by operational activities is the degradation of the Electronics Division's EBITDA (decrease of 25.3 million euros between fiscal year 2012-2013 and fiscal year 2013-2014).

Investment amounts rose to 47.0 million euros during the course of fiscal year 2013-2014 compared to 118.9 million euros during the course of fiscal year 2012-2013. This amount does not include investment of the capital raised from the issuance of the South African bonds, which are neutralized by the growth of the corresponding debt. The investments were distributed in equal portions between the Electronics Division (Bernin site) and Solar Energy (San Diego).

The Group used bank financing by using bank credit lines in the amount of 60.6 million euros as of March 31, 2014 compared to 41.2 million euros as of March 31, 2013. Financing of 13.1 million euros was made by mortgaging the industrial building in San Diego.

As of March 31, 2014, the Group has available cash (including cash equivalents) of 44.7 million euros. Request new financing is planned in order to satisfy needs linked to the development of the Group activities.

9.2. Company's financial position and profit or loss

This section constitutes part of the Company's management report. It must be read in tandem with the annual statutory financial statements for the fiscal year ended March 31, 2014.

9.2.1 Accounting aspects

The Company's annual financial statements at March 31, 2014, are presented in accordance with generally accepted accounting principles in France governing financial statements (*comptes sociaux*).

9.2.2 Financial position of the Company

The Company's total net sales were down to 149.8 million euros compared to 248.3 million euros in 2012-2013.

See Chapter 20.3.2 of this Registration Document for complementary information on the Company's business activities during fiscal year 2012-2014.

9.2.3 Main changes in the Company's balance sheet

The main changes in the statement of financial position during fiscal year 2013-2014 are a decrease in non-current assets due to depreciations greater than the amount of the industrial investments and accounting for depreciation in holdings. The need for working capital drastically dropped due to the drop in activity in the Electronics Division. Equity was down as well: the net loss is substantial, in particular due to the depreciation in holdings in subsidiaries Soitec Solar GmbH, Soitec Singapore, and Altatech. Financial debt increased due to the use of bank credit lines (growth of 19 million euros) and the issuance of new convertible bond maturing in 2018, compensated by the partial reimbursement of the convertible bond maturing in September 2014 (net impact of 41 million euros).

9.2.3.1 Balance sheet - Assets

Fixed assets

Fixed assets went from 660.8 million euros as of March 31, 2013 to 556 million euros as of March 31, 2014.

Current assets

Current assets decreased from 213.4 million euros as of March 31, 2013 to 111.7 million euros as of March 31, 2014.

Current asset items have substantially changed: decrease in inventory and work in progress inventory and investment securities, increase in receivables. The Company maintains available cash of 14.2 million euros compared to 107.8 million euros the previous year.

9.2.3.2 Balance Sheet - Liabilities

Shareholder's Equity

Shareholder's equity went from 557.6 million euros as of March 31, 2013 to 318.5 million euros as of March 31, 2014.

Provisions for risks and charges

Provisions for risks and charges amounted to 17.4 million euros as of March 31, 2014, compared with 5 million euros as of March 31, 2013. A restructuring provision of 4.1 million euros was created on March 31, 2014.

Debts

As of March 31, 2014, the Company used credit lines for an amount of 60.5 million euros and the balance of the bond debt amounted to 186.2 million euros..

9.2.4 Components of the Company's operating income

For fiscal year ended March 31, 2014:

The Company's sales amounted to 149.8 million euros compared to 248.3 million euros for the previous fiscal year. Taking into account product inventories, total operating income amounted to 188.8 million euros, compared to 269.4 million euros for the previous fiscal year, or a 30% decrease. Operating expenses for the fiscal year amounted to 249.6 million euros compared to 333 million euros for the previous fiscal year, and operating income was a loss of 60.8 million euros compared to a loss of 63.6 million euros for the previous fiscal year. The financial statements for the fiscal year show a loss of 306.8 million euros compared to a loss of 58.4 million euros for the previous fiscal year.

The annual financial statements for the fiscal year ended March 31, 2014, were prepared in accordance with the presentation rules and measurement policies provided for under applicable regulations. The presentation rules and measurement policies are unchanged from those applied in the previous fiscal year.

Moreover, for further information on the Company's financial position, please see the management reports prepared by the Company's Board of Directors for prior fiscal years, in particular, page 43 of the Annual Report for the fiscal year ended March 31, 2013, filed as a Registration Document with the AMF (Financial Markets Authority) under number D.13-0676, and page 31 of the Annual Report for the fiscal year ended March 31, 2012, filed as a Registration Document with the AMF under number D.12-0619.

10. Cash and Equity

10.1. The Group's short and medium-term equity

Information on equity can be found in paragraphs 20.3.1.1 (table of statement of changes in equity) and 20.3.1.2, Note 3.13 on issued capital and reserves, of this Registration Document.

10.2. Sources and amounts of Group cash flows

The Group has used approximately 85 million euros during fiscal year 2013-2014 due to a negative operating cash flow in the amount of 178.8 million euros and payments linked to investments for an amount of 47 million euros, these figures not taking into account financial investments or guarantees.

In addition, the Group performed a capital increase which allowed the Group to raise 67.9 million euros. The Group issued new convertible bond notes in an amount equal to 103.2 million euros and took out supplemental credit facilities for 19.5 million euros with the San Diego site used as collateral. These resources were partially used for a partial repayment of convertible debt obligations set to mature in September 2014 in an amount equal to 62 million euros as well as 18 million euros which were disbursed for charges and financial products. The remaining balance of the cash that was used was allocated to the repayment of lease agreements for 6.3 million euros and to foreign exchange losses in an amount equal to 3.7 million euros.

As of March 31, 2014, the Group had available cash (including cash equivalents) of 44.7 million euros. Detailed information regarding cash flows is provided in section 20.3.1.1. (consolidated cash flow table) and section 20.3.1.2., note 3.12 regarding available cash and securities investments, in this Registration Document.

10.3. Group borrowing conditions and financing structure

The Group's financial structure significantly degraded due to the net loss recognized during the fiscal year 2013-2014. At the end of March 2014, equity stood at 220.6 million euros and available cash was at 44.7 million euros (including cash equivalents). Financial debt was 256.9 million euros compared to 196.7 million euros on March 31, 2013. The Group drew 60.6 million from credit lines, that is to say, a net increase of 19.5 million euros compared to March 31, 2013. The primary component of the financial debt is bond debt convertible to shares for a nominal amount of 83 million euros arriving at maturity in September 2014 and convertible debt obligations for a nominal amount of 103.2 million euros set to mature in 2018.

Soitec signed in 2012, with its banking partners, confirmed lines of credit in the amount of 72 million Euros, due on March 31, 2017, and amortizable over five years. One line of credit was restructured in 2013 and will become due on August 31, 2014. On March 31, 2014, all lines of credit had been fully used.

With respect to the mobilization of credit claims for research tax credits, the Company took out credit lines with Oseo for an aggregate amount of 17.5 million euros set to mature in September 2014, September 2015 and September 2016.

These credit lines are mostly devoid of financial covenants. One of them requires that the debt ratio is respected on the funds inferior to 1.

On March 31, 2014, as well as of the date of the filing of this Registration Document, all covenants applicable to the credit lines have been observed.

Additional information on Company financing and that of the Group are provided in Note 3.15 to the consolidated financial statements.

10.4. Restrictions on the use of capital

Not applicable.

10.5. Information on anticipated sources of financing

On March 31, 2014, the Company had 44.7 million euros in cash. Once the transactions concerning the sale of the South African project have been closed in the up-coming weeks, the Group's available cash should increase by 65.6 million euros. The finalization of the 44 MWp South African project will also be added to this amount. As a result, the Company reviewed its liquidity risk and it considers itself prepared to be able to handle the maturity that is set to occur in September 2014 regarding the repayment of its 2014 convertible OCEANE debt obligations. The other sources of financing expected by the Group during fiscal year 2014-2015 will also come from the monetization of certain assets, specifically production equipment. The group plans to finalize sale and lease-back agreements with respect to these assets before the last quarter of 2014-2015. Finally, the adoption of resolutions submitted to shareholder vote during the extraordinary shareholders' meeting of April 22, 2014 (see section 21.1.4.2 of this Registration Document) have granted the Company with the powers necessary to make a public offering in order to finance its activities over 2014-2015. Please refer to note 2.4.7. in the consolidated financial statements regarding operational continuity in section 20.3.1.2. of this Registration Document).

11. Research and Development, patents and licenses

11.1. The Soitec Group's Research and Development Policy

11.1.1 Innovation is in Soitec's genes

A growing company, Soitec's activities are focused on the development and production of technologies and procedures, which either alone or combined, achieve a significant leap forward in performance on the markets for which they are assigned to. Soitec allocates a significant amount of its revenues to generating and perfecting products that truly advance current technology.

The origins of the Company can be traced to the technological revolution ushered in by the Smart Cut™ process: designed and then developed on an industrial scale. Smart Stacking™ technology followed soon after, the cutting-edge wafer to wafer technology in the bonding and transfer of layers, and more recently Concentrix ™ technology, developed through advanced research in the field of solar high concentration photovoltaic (CPV).

Through its R&D, Soitec's goal is to become a major player in the world's energy needs.

The company focuses its technological efforts with two priorities in mind: increased performance and improved energy efficiency.

It is divided into four themes: the continuity of Moore's law for microelectronic circuits (More Moore), adding new features (More than Moore), engineering of compound III-V materials and the solar cells and systems for CPV technology.

More Moore

To meet the challenge of continuing to miniaturize the technology node devices below 20 nm, Soitec develops SOI products with active ultra-fine silicon (10nm) of ultra-thin oxide and solutions for stronger electric mobility (crystal orientation, strained silicon).

More than Moore

In order to enrich circuit functionality and manage their increasing complexity, Soitec developed a more functional substrate, circuit transferring processes on the hetero-structures such as glass, as well as stacking and etched plaque technologies.

Engineering III-V Materials

Soitec benefits from the synergy between its core technologies such as Smart Cut TM and expertise in substrates to create semi-conductor materials for lighting, and for example, for power. These are mainly composed of gallium nitride (GaN).

Cells and CPV Solar Systems

Soitec develops both the new solar cells based on multi-material layers and CPV perfected systems (concentration of solar radiation technology, tracking precision).

11.1.2 Research in close collaboration with industrial sites

Soitec's R&D projects are conducted in partnership with respected laboratories such as CEA-Leti and the Fraunhoefer Institute for Solar Energy (FHG-ISE). Soitec relies on the technological and industrial environment found in its implantations: Grenoble, a major player in European microelectronics with a high concentration of many research institutions, higher education and industry, Freibourg (Germany), where the Fraunhoefer Institute for Solar Energy (FHG-ISE) is located, and Phoenix (Arizona – USA) which brings together research specialized in epitaxy.

Soitec participates in numerous R&D partnerships with its industrial clients and takes part in initiatives and professional groups (competitiveness cluster, SOI Industry Consortium, CPV consortium, Desertec, Medgrid).

Soitec takes advantage of these synergeries and mutual enrichment in order to develop and sell cutting edge technologies, offering new perspectives to its clients.

11.1.3 A patent portfolio spanning the globe

In order to protect Soitec's deep seeded belief in innovation, the Company files over 350 patent applications per year and is consistently among the top 30 French filers, keeping in-line with other top industrial groups. Soitec's exclusive Smart Cut™ technology is covered by several hundred patents. These patents cover the improvements developed by Soitec to allow this technology to be extended to new products, improve certain phases or optimize costs.

Soitec's portfolio has a total of nearly 3,000 patents whose average age does not exceed 5 years. This portfolio of patents held by Soitec has been supplemented with patent licences granted by its research partners. These additional patents without a doubt reinforce the protection around Soitec's key technology: Smart Cut™, Smart Stacking™, and Concentrix™. This proactive intellectual property policy has been implemented in order to preserve the unique character of Soitec's key technologies which the Company may, in turn, license to others pursuant to a technology transfer.

11.2. Research and Development Cost Accounting

Research and Development costs are essentially comprised of salaries and social charges, operating equipment dedicated to clean rooms and equipment necessary for Research and Development activities, as well as costs linked to maintaining and reinforcing the Group's intellectual property rights.

Research and Development costs were recognized as expenses as they were incurred, while amounts received within the framework of contracts or subsidies were deducted from gross research and development costs to give a net amount recognized in the income statement, when the criteria for capitalization of costs in accordance with IAS 38 are not respected (see Note 2 of the notes to the Consolidated Financial Statements).

In France, certain Research and Development costs may qualify for research tax credits, which are deducted from Research and Development costs in accordance with IAS 20. Revenues relating to the sale of prototypes created within the framework of joint development projects with commercial partners are deducted from gross research and development costs.

The gross amount of Research and Development expenditures in the 2013-2014 fiscal year decreased by 27.8% to 56.9 million euros compared to 78.8 million euros for fiscal year 2012-2013. The majority of this reduction (19.5 million of the 21.9 million euros) may be imputed to the Electronics Division which focused solely on strategic projects. Cost-cutting measures also impacted other Divisions, to a lesser extent (Solar Energy: 11.8% reduction, Lighting: 5.9% reduction).

Client contribution to Research and Development costs for the Electronics Division was down, going from 13.4 million euros in 2012-2013 to 7.4 million euros in 2013-2014 due to 200 mm wafers for radio-frequency products and 300 mm for Fully Depleted SOI going into production.

Net Research and Development costs decreased significantly from 48.2 million euros or 18.3% of total revenues in 2012-2013 to 28.4 million euros or 11.5% of total revenues in 2013-2014.

Indeed, the Group recognized 21.1 million euros in public subsidies compared to 17.2 million euros in 2012-2013. This increase is primarily due to the completion of notification procedures and contracts being entered into with respect to three programs completed under the rubric of Future Investments which allowed the Company to retroactively recognize subsidy amounts for previous expenditures.

12. Information on trends

12.1. Principal trends that had an impact on operations during the 2013-2014 fiscal year

For the Electronics Division, 2013-2014 was marked by the rapid decline in 300 mm wafer sales due to the suspension of older PDSOI deliveries to Global Founderies as AMD lost a significant portion of its market share for PC processors and due to the existence of inventory surpluses in the game console segment. The significant decline in 300 mm wafer volume led to a important under-utilization of the production capacity at the Bernin site and an under-absorption of overhead costs in spite of production being discontinued in Singapore. The sales of wafers of other diameters also declined in value over the year. This evolution is the result of two successive tendencies: stoppage, during the first quarter of 150 mm wafer production to be used in the radio-frequency markets followed by the progressive increase of 200 mm wafer production in the second quarter for the same applications. The Electronics Division continued its cost cutting efforts that began during the 2012-2013 fiscal year which led to a sharp decline in research and development costs as well as a reduction in overhead.

For the Solar Energy Division, fiscal year 2013-2014 was marked by efficiency objectives being met for the first 22 MWp installed at Touwsrivier in South Africa. Having signed a memorandum of understanding with the South African Ministry of Energy and having executed a formal agreement with a shareholder who will become the reference shareholder of the project company, Soitec was able to recognize the sale of power plant currently under construction on the Touwsrivier site, in its state of progress as of March 31, 2014, and deconsolidate the net assets into the subsidiary created for the project. However, the Solar Energy Division's overall contribution to the Group's profit margins remains negative as the San Diego solar module assembly line is still not sufficiently operational (the Freiburg production unit was decommissioned) and due to under-performing projects that were dedicated to the efficiency and performance of the technology, first phase of a larger deployment of solar power plants that are to be larger in scale. The Solar Energy Division is fully committed to an active development strategy and, as such, has been able to control commercial costs, overhead, and development fees related to the projects.

Finally, the Lighting Division recorded its first revenues from the French contract with RATP. The division was able to significantly reduce net research and development costs in connection to the recognition of subsidies for an aggregate amount equal to 5.6 million euros.

12.2. Any known trends, uncertainties, demands, commitments or events reasonably likely to affect the Company's outlook

During fiscal year 2014-2015, the Group expects to see a more even contribution in terms of revenue from the Electronics and Solar Energy Divisions.

With regards the Electronics Division, Soitec is confident that its FDSOI solutions will be adopted by the larger players in the semi-conductor market. Demand for Soitec's dedicated mobile application products (tablets, mobile telephones) should compensate for the discontinuance of PDSOI production and sales. Recent forecasts suggest that there will be a significant decline in the first quarter of 2014-2015 (up to 45% less than the fourth quarter 2013-2014) followed by sustained growth during the rest of the fiscal year which should result from the first material FDSOI sales and deliveries with in connection to RF applications. This tendency leads the Elelctronics Division to believe that revenues will be stable during fiscal year 2014-2015.

The Solar Energy Division will finalize the delivery of the totality of the 44 MWp Touwrivier project during the first semester of next year and should ramp up deliveries for its first North American project pursuant to which the Group holds 150 MW of contracts outright.

Soitec anticipates positive momentum surrounding the adoption of its FDSOI solutions as well as the confirmation of its strategic choices with respect to Solar Energy which should allow the Division to double its revenues in 2014-2015 and to take advantage of significant operational leverage.

Soitec is planning to finalize sale and lease-back agreements for some of its assets before the end of the first quarter of 2014-2015, after having monetized its real estate assets in San Diego last March. At the same time, and in order to better serve its shareholders and clients, Soitec will continue with its optimization strategy with respect to its cost structure, keeping it in-line with market tendencies and its strategic plan “Soitec 2015” which has set the objective of turning an operational profit during fiscal year 2015-2016 by placing the emphasis on costs, agility, and operational excellence. During fiscal year 2014-2015, the operational loss should be reduced significantly.

These tendencies and objectives remain subject to various risk factors to which the Group is exposed and which are described in chapter 4 of this Annual Report.

13. Profit forecasts or estimates

13.1. Assumptions based on forecasts

Not applicable.

13.2. Statutory Auditors’ report on the forecasts included in the Registration Document for the year ended March 31, 2013

Not applicable.

13.3. Long-term objectives

The Group no longer mentions any long-term objective for its operating margin in its communications. Its recent entry into the solar energy field and its ambitions in new markets like solar energy and lighting should have it significantly change its financial profile, which will be clarified as significant strategic advances are made which underpin these efforts.

14. Administrative, Management, and Executive Management Bodies

14.1. Information and disclosures about the Administrative and Management bodies

14.1.1 The Board of Directors

Soitec is a company structured as a single, united company with a Board of Directors. The roles of President and General Manager are entrusted to a single individual. Mr. André-Jacques Auberton-Hervé, founder of the Soitec group is the acting President and General Manager. He is assisted by Paul Boudre, the Delegate managing operator, who is also on the Board of Directors. The powers entrusted to the general management team are described in section 14.1.2.2 below. Mr. Auberton-Hervé has decided to consolidate the two roles because in a high-growth company such as Soitec, the need for consistency between the strategies adopted by the Board of Directors and the implementation thereof, in a highly competitive environment must be given top priority, especially given the cyclical nature of the business.

The composition of the Board of Directors, the tasks performed by internal committees, and the measures taken with regards to Board By-laws, leads to a highly balanced approach in which neither the Board nor Management has too much power. Moreover, 64% of the Board is composed of independent board members and has three Committees: a Strategic Committee, an Audit Committee and a Compensation and Nominations Committee. Each Committee is primarily composed of independent board members, which adds to this balanced approach.

During fiscal year 2013-2014, the composition of the Board of Directors evolved and the number of board members grew to eleven, up from ten as a board member from BPI France Participations, Fabienne Demol, was nominated. This nomination was carried out in accordance with article 12 of the by-laws, which provides that the Board must be composed of at least three members and at most fifteen. This nomination was the result of the adoption of the 5th resolution that was submitted to a shareholder vote during the Mixed General Shareholders’ Meeting of July 2, 2013.

14.1.1.1 Composition and changes in the Board of Directors since the start of the 2010-2011 fiscal year

a/ Composition

The Board of Directors of Soitec is currently composed of eleven directors. Table 14.1.1.2 below contains information on the terms of office of each of the directors.

On March 31, 2014, there were eleven members of the Board of Directors, as follows:

- Mr. André-Jacques Auberton-Hervé;
- Mr. Paul Boudre;
- BPI France Participations, represented by Fabienne Demol
- Mr. Douglas Dunn;
- Mr. Fumisato Hirose;
- Mr. Joël Karecki;
- Mr. Didier Lamouche;
- Mr. Christian Lucas;
- Mr. Joseph Martin;
- Mr. Patrick Murray;
- Ms. Annick Pascal.

Currently, André-Jacques Auberton-Hervé and Paul Boudre remain the only two individuals on the Board exercising managerial functions within the Company as well as their functions on the Board.

The Board of Directors does not include any board member elected by the employees or any board member representing employee shareholders. Nevertheless, representatives of the Works Council attend all the meetings of the Board of Directors in a consultative capacity, under the conditions provided by article L. 2323-63 of the Labor Code.

Mr. Sébastien Blot, Investment manager at BPI France Participations, was appointed as a non-voting board member (*censeur*) of the Board of Directors during the Shareholders’ Meeting held on January 20, 2012. His term will expire after the General Shareholders’ Meeting cwhich is to approve the accounts for the fiscal year ending on March 31, 2014. He has an advisory vote in the deliberations of the Board of Directors and he receives no compensation for this role.

The percentage of women serving on the Board of Directors is currently at 18%. The Company’s objective is to comply with law No.2011-103 of January 27, 2011 regarding the balanced representation of men and women on boards of directors and supervisory boards as well as professional equality, in the time frame set forth in such law.

b/ Terms of office-expiry

The terms of office for the appointed Board members as from this date, is four years; the term will expire at the end of the Shareholders’ Meeting called to approve the accounts for the fiscal year in which the board member’s term of office expires. They may be reappointed.

The following table summarizes the beginning and expiration dates for the terms of office for the members of the Board of Directors.

Name	1st nomination date	Beginning date of current term	Expiration date of term	Number of terms
André-Jacques Auberton-Hervé	02/27/1992	07/03/2012	Shareholders’ Meeting approving accounts for the fiscal year ending 03/31/2016	4

Name	1st nomination date	Beginning date of current term	Expiration date of term	Number of terms
Paul Boudre	07/03/2012	07/03/2012	Shareholders' Meeting approving accounts for the fiscal year ending 03/31/2016	1
BPI France Participations	07/02/2013	07/02/2013	Shareholders' Meeting approving accounts for the fiscal year ending 03/31/2017	1
Douglas Dunn	07/09/2004	07/07/2010	Shareholders' Meeting approving accounts for the fiscal year ending 03/31/2014	2
Fumisato Hirose	07/10/2003	06/24/2011	Shareholders' Meeting approving accounts for the fiscal year ending 03/31/2015	2
Joël Karecki	01/20/2012	01/20/2012	Shareholders' Meeting approving accounts for the fiscal year ending 03/31/2016	1
Didier Lamouche	07/01/2005	06/24/2011	Shareholders' Meeting approving accounts for the fiscal year ending 03/31/2015	2
Christian Lucas	07/03/2012	07/03/2012	Shareholders' Meeting approving accounts for the fiscal year ending 03/31/2016	1
Joseph Martin	07/09/2004	07/07/2010	Shareholders' Meeting approving accounts for the fiscal year ending 03/31/2014	2
Patrick Murray	06/24/2011	06/24/2011	Shareholders' Meeting approving accounts for the fiscal year ending 03/31/2015	1
Annick Pascal	06/24/2011	06/24/2011	Shareholders' Meeting approving accounts for the fiscal year ending 03/31/2015	1

c/ Directors' shares

In accordance with the provisions of article L. 225-25 of the Commercial Code, article 13 of the Company's By-laws do not provide that board members own at least one Soitec share.

The Board of Directors' Standard Policies and Procedures recommend, by way of an internal measure in accordance with the AFEP-MEDEF Code, that board members with the exception of elected salaried board members should ensure that they own a significant number of shares in the Company, set at 2,000 shares, and held in a registered account.

On March 31, 2014, the majority of the members of the Board of Directors satisfied this recommendation, as follows:

Name	*Number of shares owned*
André-Jacques Auberton-Hervé	6,425,327
Paul Boudre	193,753
BPI France Participations	16,978,294
Douglas Dunn	1
Fumisato Hirose	2,400
Joël Karecki	3,080
Didier Lamouche	2,000
Christian Lucas	0
Joseph Martin	2,001
Patrick Murray	0
Annick Pascal	2,750

14.1.1.2 Information concerning the directors

The Company applies the dispositions of Commerce Code article L.225-21 regarding accumulating board seats. It also respects the AFEP-MEDEF Code recommendation 19, which sets forth that the "board member must give his or her role the necessary time and attention. When he or she performs executive functions he or she shall not, in principle, accept to hold more than four other board seats in publicly traded companies, including those foreign, outside of its group."

On March 31, 2014, none of the members of the Board of Directors exercise more than four administrative mandates in listed companies.

The table below shows the different positions held by the directors in and outside of the Company:

First and last name of the member or officer	Age	Offices and duties performed in the Company	Date of initial appointment or start of duties	End date of the current term	Main activities performed outside the Company in the Group	Offices and positions held outside the Group during the last 5 years
Board members performing duties within Executive Management						
André-Jacques Auberton-Hervé	53 yrs	Chairman-CEO	02/27/92	Shareholders' meeting approving the accounts for the fiscal year ending March 31, 2016	- Board Member of Soitec Inc. - Board Member of Soitec Phoenix Labs,Inc. - Board Member of Soitec Japan Inc. -Board Member of Soitec Microelectronics Singapore Pte Ltd	- Board member of Cissoïd S.A. (2000-2010) - Chairman of the Board of the SEMI Europe professional association - Vice-Chairman of the board of the SEMI International professional society - President of the Supervisory Board of Altatech Semiconductor S.A. (2005-2012) - Board member of ANRT - Board member of ENIAC - Board member of Nanosciences Foundation - Steering committee President of GRAIN - Committee Member with CNRS, at l'Ecole Centrale of Lyon, - Member of Growth+ - President of the Engagement committee of ARDI(2008-2012)
Paul Boudre	55 yrs	Deputy General Manager	07/03/2012	Shareholders' meeting approving the accounts for the fiscal year ending March 31, 2016	- Board Member of Soitec Japan, Inc. - Board Member of Soitec Microelectronics Singapore Pte, Ltd.	Executive Vice President U.S.A and European President of KLA Tencor (2004 – 2007)
Board members not performing duties within Executive Management						
Douglas Dunn	69 yrs	Board Member	07/09/04	Shareholders' meeting approving the accounts for the fiscal year ending March 31, 2014	None	Chairman of the ARM Holdings Plc (1998 – 2012) - Member of the Supervisory Board of STMicroelectronics* (2001 – 2012) - Vice President of the Supervisory Board of BE Semiconductor Industries NV* - Member of the Supervisory Board of TomTom* - Board Member of Global Foundries, Inc
Fumisato Hirose	66 yrs	Board Member	07/10/03	Shareholders' meeting approving the accounts for the fiscal year ending March 31, 2015	None	- Chief Executive Officer of Shin-Etsu Handotai Europe, Ltd. U.K. (1997 – 2012) - Member of the audit committee and supervisory board Shin-Etsu Handotai Co. LTD*
Joël Karecki	60 yrs	Board Member	01/20/12	Shareholders' meeting approving the accounts for the fiscal year ending March 31, 2016	None	- Board Member of Silicomp group (2002-2007) - Board Member of the Villette Entreprise Foundation - Vice President of FIEEC - Board Member of UIMM - Chairman of Cluster Lumière - Board Member of GIM - Senior Advisor of Innovafond - Member of the Supervisory Board of IMC - Board Member of Supelec

First and last name of the member or officer	Age	Offices and duties performed in the Company	Date of initial appointment or start of duties	End date of the current term	Main activities performed outside the Company in the Group	Offices and positions held outside the Group during the last 5 years
Didier Lamouche	54 yrs	Board Member	07/01/05	Shareholders' meeting approving the accounts for the fiscal year ending March 31, 2015	None	- Board Member, Chief Executive Officer of Oberthur Technologies* (2010 – 2013) - Chief Executive Officer and formerly member of the Supervisory Board of ST Microelectronics* (2006 - 2010) - Chairman and Chief Executive Officer of the Bull group (2004-2010) - Board Member of Atari (2007-2011) - Board Member of Adecco - Board Member and later President and CEO of ST Ericsson (2011 – 2013) - President of DLT Consulting (March 2013)
Christian Lucas	44 yrs	Board Member	07/03/2012	Shareholders' meeting approving the accounts for the fiscal year ending March 31, 2016	None	- General Manager EMEA for Silver Lake - Board Member Global Blue - General Manager EMEA for Morgan Stanley (2004 – 2010)
Joseph Martin	66 yrs	Board Member	07/09/04	Shareholders' meeting approving the accounts for the fiscal year ending March 31, 2014	None	- Chairman of the Board of Directors of Brooks Automation Inc.* - Board Member of SynQor Inc.
Patrick Murray	70 yrs	Board Member	06/24/11	Shareholders' meeting approving the accounts for the fiscal year ending March 31, 2015	None	- Chairman of the Board of ISLP Europe - Board member of ISLP International and UK Lawyers Program (US)
Annick Pascal	58 yrs	Board Member	06/24/11	Shareholders' meeting approving the accounts for the fiscal year ending March 31, 2015	None	N/A
Fabienne Demol	48 yrs	Represents BPI France Participions, Board Member	07/02/13	Shareholders' meeting approving the accounts for the fiscal year ending March 31, 2017	None	
Non-voting member of the Board of Directors						
Sébastien Blot	36 yrs	Non-voting member of the Board of Directors	01/20/12	Shareholders' meeting approving the accounts for the fiscal year ending March 31, 2014	None	-Board member of Dailymotion (2009-2011)

*Listed Company

14.1.1.3 Frequency and topics of the meetings of the Board of Directors

The Board of Directors exercises continuous control over the management of the Company through its Chairman and Chief Executive Officer, André-Jacques Auberton-Hervé, and its Chief Operating Officer, Paul Boudre. Meetings are convened by its Chairman whenever necessary.

During fiscal year 2013-2014, the Board of Directors met eight times: on April 16, 2013, May 21, 2013, June 14, 2013, July 2, 2013, September 18, 2013, November 19, 2013, January 21, 2014, and March 6, 2014.

The average attendance rate at Board meetings was 78%.

The subjects discussed included:

– Group's business;

– evaluating and closing of the semi-annual and annual parent company and consolidated financial statements;

– setting the schedule for future Board meetings for the fiscal year 2014-2015;

– compensation of corporate officers and, within that context, determination of the fixed and variable portions of such compensation, as well as the conditions governing payment of the variable compensation;

– invitation to the ordinary and extraordinary shareholders' meetings;

– allocation of performance based shares to the Company's management executives;

– recording of capital increases;

– composition of the various committees.

Before every meeting of the Board, its members receive documentation relating to the agenda and which is necessary for it to carry out its tasks. The members of the Board are also kept informed at all times about significant transactions relating to the Company.

Please refer to section 21.2.2.2. for a description of the Board of Directors' Standard Policies and Procedures.

14.1.1.4 Professional addresses of Directors and officers of the Corporation

All board members and directors may be contacted at the Company headquarters: Parc Technologique des Fontaines – Chemin des Franques – 38190 Bernin (tel.: 04 76 92 75 00).

14.1.1.5 Board members' areas of expertise and management experience

The criteria used to select the members of the Board of Directors include their management expertise and experience and more generally their confirmed international expertise in the semiconductors sector or in other areas that may facilitate the Company's growth. The table in paragraph 14.1.1.2 above presenting the professional activity of each of the board members gives an idea of their expertise and experience in this field; the majority of them have held or currently hold management positions at leading companies, most of which are publicly traded.

André-Jacques Auberton-Hervé:

André-Jacques Auberton-Hervé is co-founder and Chairman and Chief Executive Officer of the Soitec group, which he founded in 1992 with Jean-Michel Lamure. He is a graduate of the Ecole Centrale de Lyon and earned a Doctorate in Physics at the age of 24 in the field of semiconductors at the Léti Laboratory of the French Atomic Energy Commission where he began his scientific career.

At Léti, he was in charge of various programs in collaboration with Thomson CSF, including the development and transfer of industrial integrated circuit production chains for military and space applications. He was one of the pioneers in applications using Silicon on Insulator (SOI) and is the author of more than a hundred scientific publications. His responsibilities at Léti taught him how to manage innovation and the associated industrial transfers in high technology industries. In March 1992, he left Léti to devote himself to the creation and development of Soitec, a company that produces SOI materials. In 1999, he won the SEMI Award for his scientific and industrial activity considered to be a major contribution to the semiconductor industry.

André-Jacques Auberton-Hervé is also a member of the Board of Directors of the ANRT (Association nationale de la recherche technique, National Association for Technical Research), the Board of the ENSERG (Ecole Nationale Supérieure d'Electronique et de Radioélectricité de Grenoble, National College of Electronics and Radioelectricity of Grenoble), Chairman of the steering committee for the Grenoble incubator (GRAIN), and a member of the IEEE (Institut of Electrical and Electronics Engineers, Inc) and of the Electrochemical Society.

In July 2005, André-Jacques Auberton-Hervé was appointed to the Board of Directors of the SEMI (Semiconductor Equipment and Materials International) Group.

In October 2005, André-Jacques Auberton-Hervé was named Chairman of the Supervisory Board of Altatech.

On January 25, 2008, André-Jacques Auberton-Hervé was named Chairman of the Approval Committee of the ARDI (Agence Régionale du Développement et de l'Innovation, Regional Agency for Development and Innovation).

On November 21, 2009, he became a board member of the SEMI Europe Grenoble association, and on July 12, 2010, was appointed as Chairman of the Board of that association. On July 13, 2011, André-Jacques Auberton-Hervé was appointed Vice-President of the SEMI international professional association; he became the President in July 2013.

Paul Boudre:

Mr. Paul Boudre is a graduate of the Ecole Nationale Supérieure de Chimie de Toulouse and has substantial experience in the semiconductors sector, acquired at IBM, Thomson Semi Conducteurs, and Motorola. Before joining Soitec, he was General Manager France and then President, Europe, at Kla Tencor. Mr. Paul Boudre joined the Soitec Group on January 15, 2007 as Executive Vice-President of Sales, Marketing and Customer Support. He was appointed as COO (Directeur Général Délégué) effective June 1, 2008, by the Board of Directors on May 16, 2008.

Fabienne Demol:

A graduate of the Université de Technologie de Compiègne, Fabienne Demol specialized in Scientific and Industrial Communications during her years studying to become an engineer.

In 1995 she was promoted to head of IPP markets (Independent Power Producer) at Warsilla, a Finnish company specialized in the industrial design and manufacture of electric generators and motors for boats. In 2000, she joined SIIF Energies as a senior developer. In 2006, Fabienne Demol was named as the director of new business for EDF Energies Nouvelles (formerly SIFF Energies) a leader in the production of green energy. From 2009 to 2010 she was responsible for the commissioning of the wind farm La Mata La Ventosa, EDF Energie Nouvelles' first wind farm in Mexico.

The project, among other instances of success, led to her becoming Executive Vice-President of new business for EDF Energies Nouvelles and President of its subsidiary, Verdesis.

Douglas Dunn:

Mr. Dunn has some 40 years of professional experience in the electronics industry, including 32 years spent in the semiconductors sector. He retired in December 2004 from operational activities with the Dutch company ASML, one of the leaders in supplying photo-lithographic equipment for the semiconductor industry, where up to then he had been Chairman and Chief Executive Officer for six years. Before that, Mr. Dunn was President and Chief Executive Officer of the Semiconductors and electronics general public division of the Philips group in the Netherlands. From 1980 to 1993, Douglas Dunn was Chief Executive Officer of GEC-Plessey Semiconductors, after having previously occupied various management positions at Motorola Semiconductors. Born in Yorkshire, United Kingdom in 1944, Mr. Dunn holds a degree in electrical engineering and electronics from Sheffield College of Advanced Technology. He was honored in 1992 by Queen Elizabeth II, who bestowed on him the title of Officer of the British Empire for the services he has rendered to the semiconductor industry. In 2004, he was also honored in the Netherlands where he was appointed to the grade of Officer of the Order of Orange-Nassau for services rendered to the Dutch electronics industry.

Fumisato Hirose:

Fumisato Hirose has been a member of the audit committee and supervisory board of Shin-Etsu Handotai Co. Ltd. since June 2012. Formerly, beginning in 1997, he was the Chief Executive Officer of Shin-Etsu Handotaï Europe Limited (U.K.). Since December 1997, Mr. Hirose has spent his entire professional career with the Shin-Etsu Group. A 1970 graduate of the school of economics at Keio University (Japan), Fumisato Hirose held positions in the human resources division of Shin-Etsu Chemical Co. Ltd., before joining Shin-Etsu Handotaï Co. Ltd. in 1973 as head of the Purchasing Department. In 1984, he was promoted to International Marketing and Sales Director before joining Shin-Etsu Handotaï Europe Limited (U.K.) in 1997.

Joël Karecki:

Between 2007 and 2011, Joël Karecki served as Chairman of Philips France & Maghreb. From 2002 to 2006, he was the Corporate Director of Strategy and Acquisitions at Schneider Electric, where he spent fourteen years at different executive positions in international management, notably as Managing Director of South-East Asia. Previously, Joël Karecki worked for Hutchinson and Mercer Consulting. He earned a degree from Harvard Business School (AMP), from France's INSEAD business school, and from France's Ecole Supérieure d'Electricité.

Didier Lamouche:

Didier Lamouche has over 28 years of experience in the semiconductor, computer, and cellular telephone industries. Before joining Oberthur Technologies as a Board Member and CEO in April 2013, Didier Lamouche was the Executive Vice President of ST Microelectronics beginning in November 2010. In December 2011, he took over as the President and CEO of ST-Ericsson, a joint venture between STMicro and Ericsson for the sale of semiconductor products and solutions in the mobile phone arena.

In February 2005, Didier Lamouche joined the Bull group (a global computer company, listed on the Euronext exchange in Section B) as the CEO, reestablishing and repositioning the company in the European IT sector. This led to an accelerated server strategy and the company to a lead role in "High Performance Computing" and the company was repositioned pursuant to an economic model based on services and solutions. Upon leaving Bull in May 2010, the company enjoyed a solid position on the market and had its shareholding restructured and reinforced due to Didier Lamouche's initiatives.

Prior to this, Didier Lamouche gained valuable experience in the semiconductor field as global Vice President of semiconductor operations at IBM (2003-2004), Founder and CEO of Altis Semiconductor (JV between IBM and Infineon from 1998 to 2003), as well as other leading technology companies such as Motorola and Philips, where he began his career as an engineer in the Research & Development department.

Didier Lamouche also served on the boards of several listed companies: Soitec (beginning in 2005), Adecco (beginning in 2011), ST Micro (from 2006 to 2010), Atari (from 2007 to 2010); as well as several closely held companies: ST-Ericsson (2011) and Cameca, a technology firm held by a private equity fund (from 2005 until it was sold in 2006).

Didier Lamouche graduated from the Ecole Centrale de Lyon and holds a doctorate in semiconductor technology. He was elected as a Knight of the Légion d'honneur Order in April 2010.

Christian Lucas:

Since 2010, Christian Lucas has been the Managing Director for Europe, the Middle East, and Africa (EMEA) for Silver Lake Partners, an international investment fund specializing in technology, and is a member of its Global Investment Committee. Prior to this, he worked as a strategic consultant for McKinsey and, for more than 15 years, in an investment bank working primarily in mergers and acquisitions and corporate finance. From 2004 to 2010, he was the Managing Director of the technology sector of Morgan Stanley for Europe, the Middle East and Africa.

Christian Lucas graduated from ESSEC and has a bachelor's of business and tax law from the Université Paris II-Assas, and holds an MBA from Harvard Business School. He is currently a member of the board of Global Blue, and was named as an External Commercial Advisor for France in the United Kingdom in 2011.

Joseph Martin:

In June 2006, after 30 years as a professional in the semiconductor industry, Mr. Joseph Martin left his position as Vice Chairman of the Board of Directors at Fairchild Semiconductor Corporation, after having successively been a member of the President's staff, Senior Executive Vice President, Executive Vice President, and Financial Director there. He also held management positions at National Semiconductor Corporation. In 2000, Mr. Martin received the title of Financial Director of the year from CFO Magazine for the restructuring operations he had conducted. Joseph Martin is currently Chairman of the Board of Directors of Brooks Automation Corporation, and sits on the Board of Synqor, Inc. Mr. Martin is also a member of the Board of Trustees of Embry-Riddle Aeronautical University, where he earned a degree in science. He also holds an MBA from the University of Maine (U.S.A).

Patrick Murray:

Mr. Patrick Murray, Honorary Attorney, was a partner at the law firm Winston & Strawn LLP. He accompanied the Company as legal counsel throughout all stages of its development. Mr. Murray, a graduate from the University of Michigan, began his professional career in the United States before settling in Paris. He brings to the Board of Directors his unique experience in the area of business law. He no longer occupies an operational position within Winston & Strawn LLP.

Annick Pascal:

Ms. Annick Pascal participated as a founding member and board member of the company Cimelog, specialized in the development of CFAO and industrial robotics software. From 1995 to 1997, Ms. Annick Pascal held the position of Technical Director of CGEA-ONYX, and also became a member of the board of directors of CREED (centre de recherche sur la gestion des déchets), which is common to several subsidiaries of groupe Général des Eaux (today known as Veolia Propreté). In 2004, she founded the firm Oro Verde, a consulting firm specialized in training and auditing quality management systems (ISO 9001), environmental issues (ISO 14001), and safety.

Since 2009, Ms. Pascal has been a member of the IFA (Institut Français des Administrateurs).

14.1.1.6 Sanctions applicable to board members and managers

As far as the Company is aware, none of the persons referred to in the table appearing in paragraph 14.1.1.2 above has been convicted of fraud, nor has been associated with any insolvency, sequestration, or liquidation in the last five years. Furthermore, except as specified below, none of the aforementioned persons has, in the last five years, been the subject of accusations or official public penalties ordered by statutory or regulatory authorities or professional bodies, and none of those persons has been prohibited by a court from acting as a member of an issuer's administrative, management or supervisory body, nor from being involved in the management or running of an issuer's business affairs. On December 10, 2009, the Chief Executive Officer was fined 30,000 euros by the AMF Enforcement Committee for failure to supply sufficient information to the public and for breach of the rules due to the failure to publish certain insider information.

14.1.2 **The General Management**

14.1.2.1 The Office of the President

As of March 31, 2014, the Office of the President was composed of seven members, two of which were corporate officers:

- André-Jacques Auberton-Hervé, President and CEO
- Paul Boudre, Chief Operating Officer
- Olivier Brice, Financial Director
- Corinne Margot, Director of Human Resources and Communication
- Francis Taroni, Group Director of Industrial Operations

14.1.2.2 Powers of the General Management

Concurrent functions of Chairman and Chief Executive Officer

Pursuant to a decision of the Board of Directors dated November 4, 2002, and in accordance with the provisions of article 17.1 of the By-laws, General Management is the responsibility of the Chairman of the Board of Directors. Subject to the powers expressly attributed by law to Shareholders' Meetings and any powers it reserves specifically for the Board of Directors, and within the limitations of the corporate object, the Chairman is vested with the widest powers to act under all circumstances on behalf of the Company.

Mr. André-Jacques Auberton-Hervé is the Chairman of the Board of Directors and the Chief Executive Officer of the Company. There are currently no plans to separate those functions, given the leading role played by Mr. André-Jacques Auberton-Hervé in determining Soitec's group industrial strategy.

Limitations to the powers of the Chairman and Chief Executive Officer

As indicated in the Company's By-laws, the Chief Executive Officer has the widest powers to act under all circumstances on behalf of the Company. He exercises those powers within the limitations of the corporate purpose and subject to those powers expressly attributed by law to Shareholders' Meetings and the Board of Directors.

Furthermore, the Board of Directors' Standard Policies and Procedures contain certain limitations on the exercise of the powers of the Chairman and Chief Executive Officer. Thus:

1) The Chairman must obtain the prior authorization of the Board of Directors for the following decisions:

- significant decisions to set up interests abroad through the creation of branches, direct or indirect subsidiaries or acquiring equity interests, as well as decisions to withdraw from such interests;
- significant operations likely to affect the Group's strategy or alter its financial structure or the scope of its business, the assessment of such significance being made by the Chairman under his own responsibility.

2) The Chairman must obtain the prior authorization of the Board of Directors to carry out the following operations insofar as their amount exceeds 20 million euros:

- to acquire or sell any equity interests in any companies created or to be created, to participate in the creation of any company, group, and organization, and to subscribe for any stock issuances, shares, or bonds;
- to enter into any swaps, with or without balancing payments, involving assets, securities, or shares;
- to engage in an investment expense (including any acquisition or sale of fixed assets being specified that a multi-phase project must be taken in its totality). Moreover, the Chairman/CEO shall, for each investment expenditure greater than five (5) million euros, prior to undertaking this expenditure, present the impacts thereof to the Audit Committee with respect to the treasury, return on the employed capital and the return on investment;
- in the event of disputes, to sign any treaties and settlements, and to accept any compromises;

– to grant any securities over the Company's assets.

3) The Chairman must obtain the prior authorization of the Board of Directors to carry out the following operations, insofar as their cumulative amount exceeds 30 million euros per year:

– to grant or take out any loans, borrowing, credits and advances, except for leasing or financing operations for equipment and premises;

– to purchase or sell any receivables, by any means.

4) Subject to prior Board of Directors' approval voting at a majority requirement of 8/11ths of the members present or represented are any projets that may incur, over the first five years of such being implemented, investments, expenditures, obligations or responsibilities in excess of 50 million euros (individual or combined) whose financial has not been otherwise provided.

Limitations to the powers of the Chief Operating Officer

Upon proposal by the Chief Executive Officer, and pursuant the decision dated May 16, 2008, the Board of Directors appointed Mr. Paul Boudre as Chief Operating Officer (*Directeur Général délégué*) with an effect from June 1, 2008. The Chief Operating Officer assists the Chief Executive Officer and is accountable to the latter for any acts of management. The Chief Operating Officer has the same powers with respect to third parties as the Chief Executive Officer in accordance with article L. 225-56-II, paragraph 2 of the Commercial Code.

Internally, Mr. Paul Boudre's powers are subject to certain limitations as set by the Board of Directors on June 4, 2008. These limitations require him to seek the prior approval of the Chairman and Chief Executive Officer before taking certain significant decisions and/or exceeding certain financial thresholds:

1. The prior approval of the Chairman and Chief Executive Officer is required to carry out the following operations or take the following decisions:

– to take any decisions to set up interests abroad through the creation of branches, direct or indirect subsidiaries or the acquisition of equity interests, as well as decisions to withdraw from such interests;

– to engage in any operation likely to affect the Group's strategy or alter its financial structure or the scope of its business;

– to grant any permanent delegation of powers;

– to acquire or sell any equity interests in any companies created or to be created, to participate in the creation of any companies, groups and organizations, and to subscribe to any stock issuances, shares, or bonds;

– to enter into any swaps, with or without balancing payments, involving assets, securities, or shares;

– to purchase or sell any buildings;

– in the event of disputes, to sign any treaties and settlements, and to accept any compromises;

– to grant any security interests of any nature whatsoever over the Company's assets, or which otherwise commit the Company's credit.

2. The prior approval of the Chairman and Chief Executive Officer is also required to carry out the following operations insofar as their amount exceeds 10 million euros:

– to grant or enter into any loans, borrowings, credits, and advances;

– to purchase or sell any receivables, by any means.

14.2. Conflicts of interest at the Administrative and Management bodies

14.2.1 Independence of the directors

In accordance with the recommendations of the AFEP-MEDEF code, the Board of Directors assesses its composition, organization, and functioning on an annual basis. When this review has been carried out, the directors have been asked to confirm their independence within the meaning of the provisions of the AFEP-MEDEF Code. This exercise, carried out in particular given the business relationships that exist between the Company and some of the companies in which members of the Board of Directors occupy management positions, has allowed the conclusion that those relationships did not call into question the independence of the members of the Board of Directors.

As a consequence, have been qualified as independent directors according to the AFEP-MEDEF code, meaning they have no relationship whatsoever with the Company, its Group, or its Management, that could compromise the exercise of their freedom of judgment, the following directors:

– Mr. Douglas Dunn;

– Mr. Fumisato Hirose;

– Mr. Didier Lamouche;

– Mr. Christian Lucas;

– Mr. Joseph Martin;

– Mr. Patrick Murray;

– Ms. Annick Pascal.

Seven of the eleven members of the Board of Directors of the Company are independent directors.

Also, to the Company's knowledge, there are no conflicts of interests between the personal interests of the people mentioned in paragraph 14.1.1.2 above and their duties to the Company.

In addition, to the Company's knowledge, there has been no understanding or agreement, other than that mentioned above in 18.3, concluded with the Company's main shareholders, clients, suppliers or others, under which one of the persons mentioned in paragraph 14.1.1.2 was selected as a members of an Administrative, Management, or supervisory body or as a member of the General Management. As such, beyond the nomination of BPI France Participations as a board member during the General Shareholders' Meeting of July 2, 2013, the nomination of Joël Kareki as a board member during the General Shareholders' Meeting of January 20, 2012 was performed upon the request of BPI France Participations. Finally, the non-voting board member position has also been filled by an employee of BPI France Participations.

Lastly, there are no family connections between these people.

14.2.2 Conflicts of interest in the Administrative and Management bodies

The Board of Directors is composed of eleven members. Apart from the Chairman and Chief Executive Officer and the Executive Vice President, the nine other members have been chosen on the basis of their experience in the semiconductors market or for their professional experience in other areas useful for developing the Company. This market is distinguished by the limited number of companies involved, which means that the Group has or is likely to have business relationships with the companies ARM Holdings Plc, ST Microelectronics NV, and Shin-Etsu Handotai, where Messrs. Douglas Dunn, Didier Lamouche, and Fumisato Hirose each have or had the respective functions described in the table appearing in paragraph 14.1.1.2; Information concerning the board members.

Moreover, the law firm where Patrick Murray practiced provided, and will continue to provide, legal services to Soitec and its subsidiaries and affiliates.

Joël Karecki, whose application to be a member of the Board of Directors was submitted by BPI France Participations, will share information relative to the Company with BPI France Participations and discuss with it the positions to be taken by Mr. Karecki on occasion of the Board of Directors. The same is true of Fabienne Demol who represents BPI France Participations within the Board of Directors.

As for Mr. Blot, his position as non-voting member of the Board of Directors should not lead to assimilate him to a Board member for the purposes of assessing his independence. In his quality as an employee of BPI France Participations, he cannot, in any case, pretend to be independent.

As stated in paragraph 14.2.1; Independence of the board members, the board members have been asked to confirm their independence within the meaning of the AFEP-MEDEF Code. The conclusion reached on the basis of this procedure is that the Group's business relationships did not call into question the effective independence of the members of the Board of Directors within the scope of their duties.

Specifically:

– in the case of Mr. Fumisato Hirose, the Group feels that, strictly speaking, it is not dependent on SEH. SEH is the Group's main supplier of silicon, but there are other companies from which Soitec could obtain supplies. Furthermore, as a Soitec licensee, SEH also contributes to the Soitec's revenue through the license fees that it pays to the Company. There are no clauses in the agreements with SEH that limit the Group's development potential with new clients or new markets. Mr. Fumisato Hirose takes the view that the fact that he does not sit on the Strategic Committee of the Board of Directors prevents any risk of a conflict of interest;

– in the case of Mr. Douglas Dunn, the business relationships between Soitec and ARM do not appear to be significant, and the functions of Mr. Douglas Dunn at ARM until 2012 were not operational functions (Non-Executive Chairman of the Board of Directors): his participation in the works of the Supervisory Board of ST Microelectronics (up until the expiration of his term of office as a member of the Supervisory Board at the end of the shareholders' meeting of this company held on May 30, 2012) justified that particular attention should be given to the fulfillment of the criteria for independence given his situation. This was made dynamically, notably on occasion of his participation of the works of the Strategic Committee. The same type of attention shall be paid to the potential difficulties that may arise out of the recent appointment of Mr. Dunn as a Board member of Global Foundries, Inc. On a personal level, Mr. Douglas Dunn does not consider that his participation to the works of the Board of Directors of Global Foundries, Inc. has for consequence to alter the independence with which he considers discharging his duties as a Board member of Soitec S.A.

14.2.3 Transactions with respect to shares held by the Company's managers

In accordance with article L.621-18-2 of the Monetary and Finance Code and article 223-22 of the General Rules of the Financial Markets Authority, the directors made the following declarations:

Declarant	Paul Boudre	Paul Boudre
Capacity	Chief Operating Officer	Chief Operating Officer
Issuer	Soitec	Soitec
Description of the securities	Ordinary shares issued from bonus shares	Ordinary shares issued from bonus shares
Number of securities	45,774	20,000
Nature of the transaction	Sale	Sale
Date of the transaction	01/06/2014	01/06/2014
Place of the transaction	Euronext Paris	Euronext Paris
Unit price	1.4664 euros	1.4911 euros

Declarant	André-Jacques Auberton-Hervé
Capacity	Chief Executive Officer
Issuer	Soitec
Description of the securities	Other types of financial instruments
Number of securities	6,425,327
Nature of the transaction	Contribution
Date of the transaction	07/01/2013
Place of the transaction	Euronext Paris
Unit price	0,2340 euros
Total Transaction Amount	1,503,525.52 euros

Declarant	NEXIS	NEXIS
Capacity	Related person	Related person
Issuer	Soitec	Soitec
Description of the securities	Other types of financial instruments	Other types of financial instruments
Number of securities	287,031	352,623
Nature of the transaction	Sale	Sale
Date of the transaction	07/10/2013	07/09/2013
Place of the transaction	Euronext Paris	Euronext Paris
Unit price	0.0867	0.0962
Total Transaction Amount	24,885.55	33,922.35

15. Compensation and benefits

15.1. Compensation Paid to executives (CEO, COO, board members) during fiscal year 2013-2014

15.1.1 Attendance Fees

The Shareholders' Meeting on January 20, 2012, decided to renew the principle of paying directors' fees. The maximum amount of attendance fees distributable for all fiscal years from April 1, 2011 onwards was set at 450,000 euros.

Moreover, upon the request of BPI France Participations, the Compensation and Nominations Committee proposed to the Board of Directors not to distribute attendance fees to the non-voting board member (Censeur).

Finally, attendance fees are distributed exclusively between the members of the Board of Directors who do not hold any operational positions in other Group companies, so that Mr. André-Jacques Auberton-Hervé and Paul Boudre do not receive any attendance fees.

The total amount to be paid in respect of the 2013-2014 fiscal year amounts to 450,000 euros. Details of these payments are given in the table below.

Corporate officers not holding management positions	Amounts paid during fiscal year 2012-2013	Amounts paid during fiscal year 2013-2014
Fabienne Demol		
Attendance fees		32,969
Other compensation		0
Douglas Dunn		
Attendance fees	67,100	62,044
Other compensation	0	0
Fumisato Hirose		
Attendance fees	35,200	13,126
Other compensation	0	0
Joël Karecki		
Attendance fees	55,000	62,882
Other compensation	0	0
Didier Lamouche		
Attendance fees	63,000	53,293
Other compensation	0	0
Christian Lucas		
Attendance fees	16,027	35,791
Other compensation		
Joseph Martin		
Attendance fees	75,000	75,083
Other compensation	0	0
Patrick Murray		
Attendance fees	58,523	65,807
Other compensation	0	0
Annick Pascal		
Attendance fees	52,100	49,005
Other compensation	0	0
TOTAL	**421,950**	**450,000**

The attendance fees are allocated according to the following principles:

Board of Directors: Fixed payment of 4,000 euros per year; 7,000 euros per physical attendance and 1,500 euros per attendance by telephone.

Committees: 4,000 euros per year for members, 6,000 euros per year for the Chairman of the Compensation and Appointments Committee, and 8,000 euros per year for the Chairman of the Audit Committee; 1,000 euros for members per physical attendance, 1,500 euros for the Chairman of the Compensation and Appointments Committee per physical attendance, and 2,000 euros for the Chairman of the Audit Committee per physical attendance. In the event that a Committee meeting is held via conference call, the attendance fees to be paid shall be adjusted in the same proportion as those of the meetings of the Board of Directors.

Board members' traveling expenses are reimbursed.

15.1.2 General Compensation Policy of the Corporate Officers

During the Board meeting of December 8, 2008, the Company's Board of Directors officially adopted the AFEP-MEDEF recommendations, published on October 6, 2008, on the compensation of corporate officers holding a management position in companies for which securities are admitted to negotiations on an official market.

The Company's corporate officers receive compensation determined by the Board of Directors on a proposal from its Compensation and Appointments Committee. This compensation consists of the following components: (I) fixed annual compensation payable in 12 monthly payments, (II) variable annual compensation depending on various targets, which is paid at the end of the fiscal year, and (III) an incentive plan involving the allocation of financial instruments convertible into shares in the Company's capital stock, subject to performance conditions.

The variable or incentive components are determined by the Board of Directors on a proposal from the Compensation and Appointments Committee; the directors do not take part in the vote.

From now on, the variable part of the compensation of corporate officers will depend upon the following criteria: (1) the Group's available cash level (on a constant perimeter), for 25%, (2) the Group's operating income (EBIT) (on a constant perimeter) compared to sales, for 25%, (3) the Group's sales (on a constant perimeter) compared to the objectives set by the Board of Directors, for 25%, and finally (4) the Board's discretionary estimation of the officer's contribution to reaching the strategic objectives assigned to him by the Compensation and Appointments Committee, for 25%. The expected achievement level of quantitative objectives set for corporate offices is established each year in a way specified by the Board of Directors after an opinion from the Compensation and Appointments Committee. It is not made public for confidentiality reasons.

The ratio between the fixed and variable part of the compensation of corporate officers is determined annually by the Board of Directors, after the Compensation and Appointments Committee issues its opinion. In respect of the fiscal year ending March 31, 2014, the variable part of the compensation of corporate officers could represent between 100% and 150% of the fixed part in the case of Mr. André-Jacques Auberton-Hervé, and between 75% and 112.5% of the fixed part in the case of Mr. Paul Boudre.

The free shares to be allocated to the corporate officers are conditioned upon the satisfaction of performance conditions at the end of the vesting period. This acquisition is conditioned upon reaching certain criteria measured by reference to an internal composite indicator based on sales, the EBITDA, the consolidated available cash, and the accomplishment of the Group's strategic plan's main steps. At the end of the holding period, 10% of the number of shares allocated to each of the corporate officers will remain non-transferable until their term of office with the Company comes to an end.

The amount of compensation paid is calculated on a gross basis.

Detailed information and figures concerning said compensation is provided below.

15.1.2.1 Summary Table of Compensation, Options and Shares Allotted to Each Corporate Officer Holding a Management Position

André-Jacques Auberton-Hervé, Chairman and Chief Executive Officer	Fiscal Year 2012/2013	Fiscal Year 2013/2014
Compensation owed for the fiscal year (itemized in table 1.2.2.3.b)	726,969	575,635
Value of the options allotted during the fiscal year	N/A	N/A
Value of the bonus shares allotted during the fiscal year	266,068	N/A
TOTAL	993,037	575,635

Paul Boudre, Chief Operating Officer	Fiscal Year 2012/2013	Fiscal Year 2013/2014
Compensation owed for the fiscal year (itemized in table 1.2.2.3.b)	535,103	445,572
Value of the options allotted during the fiscal year	N/A	N/A
Value of the bonus shares allotted during the fiscal year	191,569	N/A
TOTAL	726,572	445,572

15.1.2.2 Summary Table of the Compensation of Each Corporate Officer Holding a Management Position (in euros)

André-Jacques Auberton-Hervé, Chief Executive Officer	Fiscal Year 2012/2013		Fiscal Year 2013/2014	
	Amounts Due	**Amounts Paid**	**Amounts Due**	**Amounts Paid**
Fixed compensation	442,500	442,500	450,000	450,000
Variable compensation	264,584	238,050	105,750	264,584
Variable/fixed %	59.8%		23.5%	
Exceptional compensation	-	-	-	-
Attendance fees	-	-	-	-

André-Jacques Auberton-Hervé, Chief Executive Officer	Fiscal Year 2012/2013		Fiscal Year 2013/2014	
	Amounts Due	**Amounts Paid**	**Amounts Due**	**Amounts Paid**
In-kind benefits	19,855	19,885	19,855	19,885
TOTAL	726,969	700,435	575,635	734,469

Paul Boudre, Chief Operating Officer	Fiscal Year 2012/2013		Fiscal Year 2013/2014	
	Amounts Due	**Amounts Paid**	**Amounts Due**	**Amounts Paid**
Fixed compensation	354,000	354,000	360,000	360,000
Variable compensation	158,750	167,305*	63,450	118,750*
Variable/fixed %	59.8%		23.5%	
Exceptional compensation	-	0	-	0
Attendance fees	-	-	-	-
In-kind benefits	22,353	22,353	22,353	22,353
TOTAL	553,103	543,658	445,572	500,872

*of which 40,000 euros paid in March 2013 covering the variable compensation for fiscal year 2012-2013.

Furthermore, no additional compensation or attendance fees were allocated to the corporate officers by controlled companies.

Please refer to Chapter 17.2 below for a description of the incentive mechanisms based on the Company's capital.

15.1.2.3 Summary Table of the Company's Application of the AFEP-MEDEF Recommendations

Corporate Officer Managers	Employment Contract		Supplemental Retirement Plan		Compensation or benefits owed or likely to be owed due to the termination or change in duties		Compensation related to a non-compete clause	
	Yes	No	Yes	No	Yes	No	Yes	No
André-Jacques Auberton-Hervé Chairman and CEO 11/04/02		X	X		X			X
Paul Boudre* Chief Operating Officer 06/01/08	X		X			X	X	

*Paul Boudre's employment contract was suspended on the date he was named Chief Operating Officer.

15.1.3 Compensation of the Members of the Office of the President

As of today, the Office of the President is comprised of three members, excluding corporate officers . The total gross compensation of these members, including direct and indirect benefits, amounted to 745,000 euros for the fiscal year ending March 31, 2013. Two members of the Office of the Presidnt left the Company during the current reporting period. The total gross compensation of these members for fiscal year 2013-2014 amounted to 1,623,000 euros.

This compensation amounted to 1,314,000 euros for the five members which comprised the Office of the President for fiscal year ending March 31, 2013.

15.1.4 Supplementary Retirement Regimes for Corporate Officers

In addition to the compulsory supplementary plans, the Company has set up the following plans for some of its senior officers and managers:

– Pursuant to article 83 – Supplementary defined-contribution pension plan – pursuant to the Company's cost reduction measures, the Company suspended payments of contributions for all categorie from October 1st, 2013 to March 31st 2015. Payments made pursuant to article 83 for corporate officers from April 1, 2013 to September 30, 2013 come to 11,850 euros;

– Pursuant to article 39 – Supplementary defined-benefits pension plan – the Company contributes up to 9.8% of the last gross annual salary less pension income paid pursuant to article 83.

15.1.5 Commitments of All Kinds Subscribed by Soitec in Favor of its Corporate Officers with Respect to the Acceptance, Termination of or Change in Corporate Officer Duties

For his salaried duties connected with his employment contract (suspended since his appointment as Chief Operating Officer) and in accordance with the Collective Bargaining Agreement, Mr. Paul Boudre should receive compensation related to the application of a non-compete clause, up to 379,500 euros.

On a proposal from the Compensation and Appointment Committee dated May 16, 2011, the board of directors, at its meeting of May 17, 2011, decided (Mr. Auberton-Hervé did not participate in the vote) to establish a system of compensation for Mr. André-Jacques Auberton-Hervé, in the event that his mandate as Chief Executive Officer was to be terminated by the board of directors, in case of a change of control or in the event that the board of directors would disapprove of the strategic guidelines proposed by Mr. Auberton-Hervé. In conformance with best practices and laws currently in effect, the Compensation and Appointment Committee decided, as described above, which shall not be applicable in the event that he leaves of his own free will, or if his role within the Group changes or if he can take advantage of his retirement benefit in the short-term, Mr. Auberton-Hervé shall be paid a maximum amount of 18 months' compensation (fixed and variable, based on the average of the 12 months preceding his departure); this however shall not be paid in the event that Mr. Auberton-Hervé decides to leave the Company of his own volition, in order to perform any other job functions or if he is able to exercise his retirement rights over the short term. The indemnity is conditioned to Mr. Auberton-Hervé's completion, in the three years prior to his departure, of criteria that allow for the payment of his provision variable remuneration. The indemnity will be due in totality to Mr. Auberton-Hervé if he satisfied at least 75% of the criteria in question in the course of the three years prior to his departure. The payment of such compensation depends on Mr. Auberton-Hervé's performance, during the three years prior to his departure. The compensation will not be paid if he has satisfied less than 50% of the criteria. Between these two percentages, the compensation will be calculated by linear extrapolation.

Pursuant to article L. 225-42-1 of the French Commercial Code, the Shareholders' Meeting dated June 24, 2011, approved the resolution seeking to validate the compensation mechanism as well as the Board of Directors' decision published on the Company's website.

On May 15, 2012, the Board of Directors voted to renew Mr. Auberton-Hervé's term and also voted to maintain his severance indemnities as before. The corresponding resolutions will be submitted for shareholder approval at the Mixed Shareholders' Meeting called for July 3, 2012.

15.2. Amounts set aside or accrued to provide Pension, Retirement or Other Benefit Payments

As of March 31, 2014, the total amount provisioned for the payment of pensions, retirement, or other benefits to members of the Board of Directors and Office of the President amounted to 1,610,000 euros, including 1,252,000 euros for corporate officers.

The provision corresponds to a simultaneous global contribution plan and defined benefits plan.

The Company's plans are funded in accordance with two distinct principles:

– Pursuant to article 83 – Supplementary defined-contribution pension plan – is a plan where rights are individualized and based on a contribution rate;

– Pursuant to article 39 – Supplementary defined-benefits pension plan – is a group plan based on the percentage of the final salary in the activity.

Only the rights to the defined contribution plans are acquired (even in the case of resignation or dismissal), those relating to defined benefit plans are lost when an individual leaves the company prior to retirement.

Upon retirement, the pension is mandatory.

Under the contract defined, in the event of death before retirement contributions, the designated beneficiary will receive the benefits.

In the event of death after retirement age, and in the event of an option for revision, all or part of the pension is transferred to the spouse and at default to other beneficiaries, if the contract provides for it.

The methods for determining and calculating pension benefits for each plan are as follows:

- Pursuant to article 83 – Supplementary defined-contribution pension plan – the contributions are limited to 4% of the gross salary;
- Pursuant to article 39 – Supplementary defined-benefits pension plan – the period and amount of the remuneration correspond to the last 12 months of the gross salary, excluding special bonuses; the potential annual pension payments in terms of the percentage of the referenced compensation correspond to 9.8% of the annual gross salary described above, net of paid deduction under the article 83 regime.

The plans meet the principles set out in the AFEP-MEDEF Code for supplemental retirement plans for corporate officers.

16. Governance of Administrative or Management bodies

16.1. Directors' and Managers' terms of office

See paragraph 14.1.1 of this Registration Document.

16.2. Service contracts providing future benefits

There is no service contract with members of the Company's or its subsidiaries' Administrative or Management bodies providing for the granting of benefits at the end of such service contracts.

16.3. Committees of the Board of Directors

The Board of Directors has three committees whose organization, operation, and powers are defined in the Standard Policies and Procedures of the Board of Directors adopted by a decision of the Board dated July 1, 2005, and updated the first time at the meeting of the Board of Directors on November 15, 2011. The main purpose of this update, which occurred immediately after BPI France Participations (formerly Fonds Stratégic d'Investissement) invested in the Company, was to limit the powers of the CEO so as to strengthen the Board of Directors' supervisory role over the decisions taken by the President.

In order to take the appointment of a new board director, which occurred during the Mixed General Shareholders' Meeting of July 2, 2013, the Board of Directors, acting on a proposal brought forward by the Compensation and Appointments Committee, decided, during its meeting of July 2, 2013, to add members to the committees by welcoming BPI France Participations' representative, the newly elected board member.

Finally, the Board of Directors, during the meeting held on March 6, 2014, acknowledged the modification of the composition of the Audit Committee effective January 1, 2014, upon the retirement of one of its members for personal reasons.

As of the date hereof, the Committees are composed and function in the manner described below.

16.3.1 The Strategic Committee

Composition and operation

The Strategic Committee is made up of the ten following board members:

- Chairman: André-Jacques Auberton-Hervé;
- Members:

  - o Paul Boudre,
  - o Douglas Dunn,
  - o Joël Karecki,
  - o Didier Lamouche,
  - o Christian Lucas
  - o Joseph Martin,
  - o Patrick Murray,
  - o Annick Pascal,
  - o BPI France Participation via Fabienne
  - o Demol.

The members sit on the Committee by virtue of their positions as board members, and their terms of office on the Committee are the same as their terms of office as board members. Six of the ten members of the Strategic Committee are independent board members.

The Strategic Committee meets at least twice a year and may also meet at the request of the Chairman of the Board of Directors or two of its members. The meetings of this Committee are recorded in minutes.

Mission and powers

The Strategic Committee's mission is:

- to assist the Board of Directors in those of its powers that involve determining and regularly reviewing the Company and Group strategy;
- and for that purpose, to analyze the situation of the Group and its development prospects with the intention to present the Board with proposals regarding the Group's strategy; and
- to clarify, by its analyses and its discussions, the Group's strategic objectives submitted to the Board of Directors and to assess the merits and consequences of the most important strategic decisions proposed thereto.

The Strategic Committee does not have its own powers. The Board of Directors remains the only body with the power to determine the Company and Group strategy.

However, in carrying out its mission, the Strategic Committee may contact the Company's principal managers after informing the Chairman of the Board, and subject to reporting on such contacts to the Board of Directors.

After informing the Board of Directors, the Strategic Committee may also request external technical studies on subjects within its scope, at the Company's expense, and subject to reporting on such studies at the next Board meeting.

Activity of the Strategic Committee during the 2013-2014 fiscal year

During the 2013-2014 fiscal year, the Strategic Committee met five times with a member attendance rate of 70%.

16.3.2 The Audit Committee

Composition and operation

The following board members sit on the Audit Committee:

- Chairman: Mr. Joseph Martin

- **Members:** **Mr. Douglas Dunn,**

  Mr. Joël Karecki,

  Mr. Didier Lamouche,

  Mr. Patrick Murray,

  BPI France Participation via Ms Fabienne Demol.

The members sit on the Committee by virtue of their positions as board members, and their terms of office on the Committee are the same as their terms of office as board members. Four of the six members of the Audit Committee are independent.

Mr. Joseph Martin, the Chairman of the Audit Committee, satisfies the competence and independence conditions set forth in article L. 823-19 of the Commercial Code. More generally, all the members of the Audit Committee receive professional training and have a professional track-record (outlined in section 14.1.1.5 below), which particularly enable them to participate in the work of the Audit Committee.

The Committee meets at least four times a year, and particularly before closing the annual and first half financial statements; its meetings calendar is determined by the Board of Directors at the same time as that of the Board's own meetings. However, the Committee may meet at the request of its Chairman or two of its members.

The Committee may meet by teleconference or any other telecommunications means allowing identification of the participants.

Meetings of this committee are attended by:

- the Chairman of the Board of Directors or his representative appointed for that purpose, or both of them together;
- depending on the circumstances, the representatives of the Statutory Auditors or the person responsible for auditing the Company;
- any person that the Committee wishes to hear.

At least twice a year, the Audit Committee hears reports from the Statutory Auditors under the conditions determined by the Committee.

The meetings of this Committee are recorded in minutes. These minutes are sent to the Audit Committee members and to the other members of the Board. As such, the Committee Chairman or a designated Committee member produces a report for the Board of Directors regarding the Committee's work.

Mission and Powers

The Audit Committee helps the Board of Directors to ensure the accuracy and truth of the Company's individual and consolidated financial statements, and the quality of the information provided. In particular, it is given the following missions by the Board of Directors:

As regards the financial statements:

- to monitor the process of preparing financial information;
- to examine the annual financial statements before the Board of Directors receives them; for that purpose, the Audit Committee hears (i) the Statutory Auditors, who present it with the essential points concerning the results and the accounting methods used; and (ii) a presentation from the Finance Director, describing the risk exposure and significant off-balance sheet commitments;
- to satisfy itself of the relevance of the accounting methods used and to study changes and adaptations in the accounting principles and rules used in preparing the financial statements, and to prevent any possible breach of those rules;
- to keep itself informed of any changes in the scope of the consolidated Companies and to receive any necessary explanations;
- to examine the interim and preliminary results as well as any comments accompanying them, before they are announced;
- to ensure the quality of procedures so that stock exchange regulations are observed;
- to obtain information annually as to the Group's financial strategy and as to the terms and conditions of its principal financial transactions.

As regards the external audit of the Company:

- to interview the Company's Statutory Auditors on a regular basis;
- to steer the procedure for selecting the Statutory Auditors and to submit the results of that selection to the Board of Directors; if the Board so decides, the selection or renewal of the Statutory Auditors will be preceded by a tender procedure;
- to assess proposed appointments of the Company's Statutory Auditors and to issue a recommendation as to their nomination;
- to assess the amount of their compensation for carrying out their statutory audit tasks, on an annual basis;
- to ensure that the independence of the Statutory Auditors is observed, particularly by assessing with them any risks threatening their independence and the preventive measures taken to mitigate that risk, and by satisfying themselves that the amount of the fees paid by the Company and its Group, or the proportion of the revenue of the firms or networks that they represent, are not such as to undermine the independence of the Statutory Auditors;
- to supervise the application of the rules governing recourse to the Statutory Auditors for work other than the statutory audit, and to pre-approve recourse to the Statutory Auditors outside the scope of their statutory audit task;
- on an annual basis, to examine with the Statutory Auditors their operational plans, their conclusions and recommendations, and any actions taken as a result thereof.

As regards the internal control of the Company:

- to assess the Group's internal audit systems with the persons in charge of internal audit;
- to examine with the responsible managers the operational plans and actions in the area of internal audit, the conclusions of such operations and actions, and the recommendations and actions made and taken as a result thereof;
- to examine and approve the annual capital expenditures;
- to examine and approve exceptional expenses which are not included in the annual capital expenditures.

As regards risks:

- on a regular basis, to review, with the person in charge of internal audit, the Company's main financial risks and significant off-balance sheet commitments;
- to give its opinion on the organization of internal audit and to keep itself informed as to that department's program of work.

The missions of the Audit Committee thus defined are consistent with those listed in article L. 823-19 of the French Commercial Code.

In order to carry out its mission, the Committee:

- must hear the Statutory Auditors, but also the financial, accounting, and treasury Officers. When the Audit Committee so wishes, it should be possible for them to be interviewed without members of the Company's General Management being present;
- may, when the need arises, make use of outside experts in relation to matters within its remit, and at the Company's expense, after informing the Board of Directors and subject to reporting on the use of such experts to the next meeting of the Board;
- must be sent any reports on internal control, or a periodic summary of such reports.
- must be informed by the Board of Directors, for each capital expenditure in excess of five million Euros at least seventy-two (72) hours before the participation;

– must receive from the Board of Directors all documentation necessary to conduct each meeting at least eight (8) days before such meeting.

Activity of the Audit Committee during the 2013-2014 fiscal year

During the 2013-2014 fiscal year, the Audit Committee met eight times with a member attendance rate of 87%.

On each of these occasions, the Audit Committee had the possibility to confer independently with the Company's Statutory Auditors.

When establishing the semi-annual and annual accounts, the Audit Committee has verified the closing of accounts process and has read the analysis report of the Company's Auditors, which includes in particular a review of all the Company's consolidation operations and financial statements.

The Committee has also examined the off-balance sheet commitments, risk exposures and accounting options retained in relation to provisions, as well as applicable legal and accounting evolutions.

The Committee has also examined the Chairman's report on internal control procedures.

16.3.3 The Compensation and Appointments Committee

The following board members sit on the Compensation and Appointments Committee:

- Chairman: Mr. Douglas Dunn;
- Members: Mr. Fumisato Hirose,

  Mr. Joël Karecki,

  Mr. Didier Lamouche,

  Mr. Joseph Martin,

  Mr. Patrick Murray,

  Mrs. Annick Pascal.

The powers of this Committee, which were originally limited to compensation issues, were extended to cover appointments by a decision of the Board of Directors dated May 18, 2010.

The members sit on the Committee by virtue of their positions as board members, and their terms of office on the Committee are the same as their terms of office as board members. All the members of the Compensation and Appointments Committee are independent.

The Committee meets at least once a year, prior to the approval of the agenda of the Shareholders' Meeting, to examine any draft resolutions to be submitted to that meeting that relate to the members of the Board's positions of and/or to setting the compensation of the Chairman of the Board of Directors and of any members of the Board of Directors who are employees or corporate officers.

The meetings of this Committee are recorded in minutes. These minutes are sent to the Audit Committee members and to the other members of the Board. As such, the Committee Chairman or a designated Committee member produces a report for the Board of Directors regarding the Committee's advice and recommendations such that the Board may deliberate.

Missions and powers

The Compensation and Appointments Committee is given the following missions by the Board of Directors:

– to make recommendations to the Chairman concerning the compensation, the provident and pension plan, the benefits in kind, and the various pecuniary rights, including any allotments of options for subscription or purchase of shares of the Company as well as contribution of free shares that are allotted to the Chairman of the Board of Directors, to the Chief Operating Officer and any members of the Board of Directors who are employees or Corporate Officers.

– to make recommendations on the compensation of the members of the Board of Directors;

– to set up a procedure for the selection of future independent directors;

– to make proposals to the Board of Directors as to the selection of new directors, their co-optation, their appointment or their re-election; the Committee shall take account of the desirable balance of the Board's composition having regard to the composition and changes in the Company's shareholder structure;

– as the expiration of their terms in office approaches, to prepare recommendations for the succession of corporate officers; the Committee must also prepare a plan of succession in the event of unforeseeable vacancies;

– to be informed of the policy of compensation of the principal management executives who are not corporate officers. In carrying out this task in particular, the Committee shall be joined by the corporate officers.

Activity of the Compensation Committee during the 2013-2014 fiscal year

During the 2013-2014 fiscal year, the Compensation Committee met three times with a member attendance rate of 75%.

Its recommendations primarily related to the following points:

– determination of the variable portion of the compensation of corporate officers for the 2013-2014 fiscal year;

– establishment of the compensation items for the company's management for the 2013-2014 fiscal year: the Committee presented its recommendations in this area to the Board of Directors at its meeting on May 21, 2013;

– allocation of bonus shares to certain employees and determination of the performance conditions applicable thereto.

16.4. Statement on Corporate Governance

The Company has adopted the AFEP-MEDEF Code of corporate governance for public companies as amended in June 2013 (the "AFEP-MEDEF Code"). The report set forth in section 16.5.1 hereto describes the exceptions to the AFEP-MEDEF Code that are currently in effect at the Company.

16.5. Other notable issues on corporate governance, procedures, and internal control

Pursuant to article L. 225-37 of the French Commercial Code, the Chairman of the Board of Directors must report on the preparation and organization of the Board's work and on the Company's internal control procedures, in a report annexed to the Board's management report. This report is described in paragraph 16.5.1 below. We also refer to the Statutory Auditor's report stipulated in article L. 225-235, paragraph 5 on the above-mentioned Chairman's report described in paragraph 16.5.2 below.

16.5.1 Report from the Chairman of the Board of Directors set forth in article L. 225-37 of the French Commercial Code

INTRODUCTION

In accordance with the provisions of article L. 225-37 of the French Commercial Code, the purpose of this report is to render an account on the conditions for preparing and organizing the work of the Board of Directors and the internal control procedures set in place by Soitec (the "Company"). This report was prepared with the support of the Financial Division of the Company, chiefly with regards to the description of the management of the accounting and financial organization of the Company. It also involved the legal department and operational management with regards to the management of non-financial risks.

This report has been approved by the Board of Directors on April 16, 2014, following its validation by the Audit Committee on the same date.

CORPORATE GOVERNANCE

The following information provides a summary of the detailed information concerning the composition and operation of the Board of Directors included in the Company's 2013-2014 Registration Document.

II.1 REFERENCE FRAMEWORK

The Company has adopted the AFEP-MEDEF Code of corporate governance for public companies as amended in June 2013 (the "AFEP-MEDEF Code"). The following recommendations are the subject of the corresponding exceptions listed below:

AFEP-MEDEF recommendation	Soitec position Soitec and justification
Termination of employment contract in the event interested person becomes a corporate officer (Section 22 of the AFEP-MEDEF Code)	The Board of Directors deemed that due to Paul Boudre's seniority with the Company at the time of his appointment, his employment contract would remain in place, which was executed before he became Chief Operating Officer.

II.2 THE BOARD OF DIRECTORS

Soitec is a company structured as a single, united company with a Board of Directors. The roles of President and General Manager are entrusted to a single individual. Mr. André-Jacques Auberton-Hervé, founder of the Soitec group is the acting President and General Manager. He is assisted by Paul Boudre, the deputy to Auberton-Hervé, and who is also on the Board of Directors.

The powers entrusted to the general management team are described in section 14.1.2.2. Mr. Auberton-Hervé has decided to consolidate the two roles because in a high-growth company such as Soitec, the need for consistency between the strategies adopted by the Board of Directors and the implementation thereof, in a highly competitive environment must be given top priority especially given the cyclical nature of the business. The composition of the Board of Directors, the tasks performed by internal committees and the measures taken with regards to Board By-laws, lead to a balance of the powers held by the Board and the Management.

II.2.1 Composition of the Board since the beginning of fiscal year 2013-2014

a/ Composition

During fiscal year 2013-2014, the composition of the Board of Directors evolved and the number of board members grew from ten to eleven. This nomination was carried out in accordance with article 12 of the by-laws, which provides that the Board must be composed of at least three members and at most fifteen. This nomination was the result of the adoption of the 5th resolution that was submitted to a shareholder vote during the Mixed General Shareholders' Meeting of July 2, 2013.

On March 31, 2014, the Board of Directors was composed of the following members:

- Mr. André-Jacques Auberton-Hervé;
- Mr. Paul Boudre;
- BPI France Participations, represented by Fabienne Demol;
- Mr. Douglas Dunn;
- Mr. Fumisato Hirose;
- Mr. Joël Karecki;
- Mr. Didier Lamouche;
- Mr. Christian Lucas;
- Mr. Joseph Martin;
- Mr. Patrick Murray;
- Mrs. Annick Pascal.

Currently, André-Jacques Auberton-Hervé and Paul Boudre remain the only two individuals on the Board exercising managerial functions within the Company as well as their functions on the Board.

The Board of Directors does not include any board members elected by the employees or any board member representing employee shareholders. Nevertheless, representatives of the Works Council attend all the meetings of the Board of Directors in a consultative capacity, under the conditions provided by article L. 2323-63 of the Labor Code.

Mr. Sébastien Blot, Investment manager at BPI France Participations, was appointed as a non-voting board member (*censeur*) of the Board of Directors during the Shareholders' Meeting held on January 20, 2012. His term will expire when the General Shareholders' Meeting convened to approve the accounts for the fiscal year ending on March 31, 2014 is adjourned. He has an advisory vote in the deliberations of the Board of Directors and he receives no compensation for this role.

b/ Terms of office-expiry

The terms of office for the appointed Board members as from this date, is four years; the term will expire at the end of the Shareholders' Meeting called to approve the accounts for the fiscal year in which the board member's term of office expires. They may be reappointed.

The following table summarizes the beginning and expiration dates for the terms of office for the members of the Board of Directors.

Name	1st nomination date	Beginning date of current term	Expiration date of term	Number of terms
André-Jacques Auberton-Hervé	02/27/1992	07/03/2012	Shareholders' Meeting approving accounts for the fiscal year ending 03/31/2016	4
Paul Boudre	07/03/2012	07/03/2012	Shareholders' Meeting approving accounts for the fiscal year ending 03/31/2016	1
BPI France Participations	07/02/2013	07/02/2013	Shareholders' Meeting approving accounts for the fiscal year ending 03/31/2017	1
Douglas Dunn	07/09/2004	07/07/2010	Shareholders' Meeting approving accounts for the fiscal year ending 03/31/2014	2
Fumisato Hirose	07/10/2003	06/24/2011	Shareholders' Meeting approving accounts for the fiscal year ending 03/31/2015	2
Joël Karecki	01/20/2012	01/20/2012	Shareholders' Meeting approving accounts for the fiscal year ending 03/31/2016	1
Didier Lamouche	07/01/2005	06/24/2011	Shareholders' Meeting approving accounts for the fiscal year ending 03/31/2015	2
Christian Lucas	07/03/2012	07/03/2012	Shareholders' Meeting approving accounts for the fiscal year ending 03/31/2016	1

Name	1st nomination date	Beginning date of current term	Expiration date of term	Number of terms
Joseph Martin	07/09/2004	07/07/2010	Shareholders' Meeting approving accounts for the fiscal year ending 03/31/2014	2
Patrick Murray	06/24/2011	06/24/2011	Shareholders' Meeting approving accounts for the fiscal year ending 03/31/2015	1
Annick Pascal	06/24/2011	06/24/2011	Shareholders' Meeting approving accounts for the fiscal year ending 03/31/2015	1

c/ Board Members' shares

In accordance with the provisions of article L. 225-25 of the Commercial Code, article 13 of the Company's By-laws does not provide that board members own at least one Soitec share.

The Board of Directors' Standard Policies and Procedures recommend, by way of an internal measure in accordance with the AFEP-MEDEF Code, that board members, with the exception of elected salaried board members, should ensure that they own a significant number of shares in the Company, set at 2,000 shares, and held in a registered account.

On March 31, 2014, the majority of the members of the Board of Directors satisfied this recommendation, as follows:

Name	Number of shares owned
André-Jacques Auberton-Hervé	6,425,327
Paul Boudre	193,753
BPI France Participations	16,978,294
Douglas Dunn	1
Fumisato Hirose	2,400
Joël Karecki	3,080
Didier Lamouche	2,000
Christian Lucas	0
Joseph Martin	2,000
Patrick Murray	0
Annick Pascal	2,750

II.2.2. Powers of the Board of Directors

The Board of Directors determines the orientations for the Company's activity and makes sure that these orientations are implemented. Except for powers expressly allocated to Meetings of Shareholders and limited to the company's business purpose, it deals with any issue involving the Company's smooth operation and settles the matters concerning it. The Board of Directors exercises continuous control over the management of the Company through its Chairman and Chief Executive Officer, Mr. André-Jacques Auberton-Hervé and its Chief Operating Officer, Mr. Paul Boudre. Meetings are convened by its Chairman whenever necessary.

During fiscal year 2013-2014, the Board of Directors met eight times: on April 16, 2013, May 21, 2013, June 14, 2013, July 2, 2013, September 18, 2013, November 19, 2013, January 21, 2014, and March 6, 2014.

The average attendance rate for meetings was 78%.

Prior to each Board meeting, each member of the Board of Directors receives the documentation corresponding to the agenda and necessary for accomplishing its purpose. The Board members are informed on a permanent basis regarding all significant operations relative to the Company.

II.2.3. Board of Directors' Standard Policies and Procedures

When it met on July 1, 2005, the Board of Directors adopted Standard Policies and Procedures that specifically organize relations between the directors and the Company and establish an operational framework that is to be updated regularly to take into account changes in the legal and regulatory provisions but also best practices concerning corporate government. The Standard Policies and Procedures were subject to a first revision on May 18, 2010. It was again updated during the November 15, 2011 Board of Directors meeting subsequent to the entry of BPI France Participations (formerly FSI) in the Company's equity, as well as on November 18, 2013. The latest revisions of 2011 and 2013 were essentially intended to describe how BPI France Participations would be represented in the Board of Directors and to modify the Chief Executive Officer's powers in such a way so as to reinforce the Board of Directors supervision of decisions taken by the President.

By defining the respective powers of the corporate bodies, the Standard Policies and Procedures also establish a right of examination for the Board of Directors by providing that the Chairman and CEO must obtain the Board's prior authorization for certain important operations such as significant decisions concerning establishing facilities abroad, significant operations that might affect the Group's strategy or change its financial position or its scope of activity, and certain operations that exceed a certain amount.

II.2.4.Committees of the Board of Directors

The Board of Directors relies on the work of three Committees it has set up: the Strategic Committee, the Audit Committee, and the Compensation and Appointments Committee whose roles and missions are explained in the Standard Policies and Procedures.

In order to take into account board member nominations arising during the Mixed Shareholders' Meeting on July 2, 2013, the Board of Directors, acting on the Compensation and Appointments Committee's proposal, decided, during its November 18, 2013 meeting, to enlarge the composition of the Committees by accepting the newly elected board member.

A detailed description of the Committees, their composition, and their operation during the fiscal year ending on March 31, 2014 is included in the 2013-2014 Registration Document.

II.2.5. General Management

Pursuant to a decision of the Board of Directors dated November 4, 2002, and in accordance with article 17.1 of the Company's by-laws, the General Management is handled by the Chairman of the Board of Directors who is invested with the most extensive powers to act in the Company's name. The Standard Policies and Procedures of the Board of Directors provide for certain limitations on the powers of the Chairman and CEO described in detail in the 2012-2013 Registration Document.

The Chairman and CEO is assisted by a Chief Operating Officer who has the same powers with respect to third parties as the Chairman and CEO. The powers of Mr. Paul Boudre, as Chief Operating Officer, are internally restricted by certain limitations set by the Board meeting of June 4, 2008, which requires prior approval by the CEO before making significant decisions and/or exceeding financial limits. These limitations are described in detail in the 2013-2014 Registration Document.

II.2.6. Compensation of the Corporate Officers

During the Board meeting of December 8, 2008, the Company's Board of Directors officially adopted the AFEP-MEDEF recommendations, published on October 6, 2008, on the compensation of corporate officers holding a management position in companies for which securities are listed on an official market.

The Company's corporate officers receive compensation determined by the Board of Directors based on a proposal from its Compensation and Appointments Committee. This compensation consists of the following components: (I) fixed annual compensation payable in 12 monthly payments, (II) variable annual compensation depending on various targets, which is paid at the end of the fiscal year, (III) an incentive plan involving the allocation of financial instruments convertible into shares in the Company's capital stock, subject to performance conditions.

The variable or incentive components are determined by the Board of Directors on a proposal from the Compensation and Appointments Committee; the directors concerned do not take part in the decision.

The variable portion of officer compensation depends upon the following criteria: (1) the Group's available cash level (on a like-for-like basis), for 25%, (2) the Group's operating profit (EBIT) (on a like-for-like basis) compared to its turnover, for 25%, (3) the

Group's turnover (on a like-for-like basis) compared to the objectives set by the Board, for 25%, and finally (4) the Board's discretionary appraisal of the officer's contribution to attaining the strategic objectives assigned to him by the Compensation and Appointments Committee, for 25%.

The ratio between the fixed and variable part of the compensation of corporate officers is determined annually by the Board of Directors, after the Compensation and Appointments Committee issues its opinion. In respect of the fiscal year ending March 31, 2013, the variable part of the compensation of corporate officers could represent between 100% and 150% of the fixed part in the case of Mr. André-Jacques Auberton-Hervé, and between 75% and 112.5% of the fixed part in the case of Mr. Paul Boudre.

The bonus shares to be allocated to the corporate officers are conditioned upon the satisfaction of performance conditions at the end of the vesting period. This acquisition is conditioned upon reaching certain criteria measured by reference to an internal composite indicator based on sales, EBITDA, consolidated available cash, and the accomplishment of the main steps of the Group's strategic plan. At the end of the retention period, 10% of the number of shares allocated to each of the corporate officers will remain non-transferable until their term of office with the Company comes to an end.

The Shareholders' Meeting of January 20, 2012, confirmed the principle to pay the directors who do not exercise any management functions in the Company director's fees. As such, the directors' fees were set at 450,000 euros for all fiscal years from April 1, 2011.

Moreover, upon request from the Strategic Investment Fund, the Compensation and Appointments Committee proposed to the Board of Directors to not pay director's fees to the non-voting member (Censeur).

The total amount to be paid for fiscal year 2012-2013 is 450,500 euros.

More detailed information relating to the gross compensation as well as any other benefits due by Soitec and the companies under its control to each director or officer for the years 2012-2013 and 2013-2014 can be found in the 2013-2014 Registration Document.

II.3 EVALUATION OF THE OPERATION OF THE BOARD OF DIRECTORS AND ITS COMMITTEES

During the month of March 2014, the members of the Board of Directors were consulted in order to evaluate the Board's operation in accordance with the principles established in the Standard Policies and Procedures. This consultation took the form of sending each of the directors a standard questionnaire modeled after the AFEP template intended to make sure that the important questions are properly prepared and discussed and that the directors have the relevant information to successfully complete their mission.

This evaluation shows that the operation of the Board of Directors and its Committees is satisfactory, even though certain improvements where suggested by certain board members, particularly regarding timeframes for communicating meeting minutes from the Board and committees, as well as the information used to prepare for the meetings of the Board and its Committees. Some board members had also suggested, taking into consideration that the Group is in a transitional period, that a seminar be held once a year for a half day or a full day of strategic brain storming as recommended by the IFA for high potential medium-sized companies.

When this review was carried out, the directors were asked to confirm their independence within the meaning of the provisions of the AFEP-MEDEF Code. Based on this exercise, which is carried out, in particular, by reason of the business relationships that exist between the Company and some of the Companies in which members of the Board of Directors occupy management positions, it has been concluded that those relationships did not call into question the independence of the members of the Board of Directors.

The following Board members have in particular declared themselves as independent, meaning they have no relationship whatsoever with the Company, its Group or its Management, that could compromise the exercise of their freedom of judgment:

- Mr. Douglas Dunn
- Mr. Fumisato Hirose
- Mr Didier Lamouche
- Mr Christian Lucas
- Mr. Joseph Martin
- Mr. Patrick Murray; and
- Mrs. Annick Pascal.

Seven of the eleven members of the Board of Directors of the Company are independent directors.

Out of the eleven Board members, seven are French citizens.

The percentage of women serving on the Board of Directors is currently at 18%. The Company's objective is to comply with law no.2011-103 of January 27, 2011 regarding the balanced representation of men and women on boards of directors and supervisory boards as well as professional equality, in the time frame set forth in such law.

III. ATTENDANCE AT THE SHAREHOLDERS' MEETING

The Shareholders' Meetings are convened by the Board of Directors, in accordance with the conditions provided by law as well as provided in articles 21 and 25 of the Company's by-laws.

IV. FACTORS LIKELY TO HAVE AN IMPACT IN THE EVENT OF A PUBLIC OFFERING

The information pursuant to article L. 225-100-3 relating to any factors susceptible of having an impact in case of a public offering of the Company can be found in the 2013-2014 Registration Document. In particular, the shareholders renewed a resolution allowing the issuance of poison pill warrants, during the public offering, during the Ordinary Shareholders' Meeting to be held on July 2, 2013. The warrants, dilutive for a predator, would cause a significant increase in the hostile takeover cost. If they were issued, these warrants would be freely granted to every shareholder of the Company having this capacity before the expiration of the public offering. In any case, they could only be issued in the event of a public offering issued on the Company against the Board's opinion. They will become null and void as soon as the public offering, and any other possible competing offer, becomes void or is withdrawn.

Moreover, the Shareholders' Agreement between Mr. André-Jacques Auberton-Hervé and the Strategic Investment Fund (FSI), described in detail in the 2013-2014 Registration Document, contains an obligation to preserve the respective participations of the FSI and Mr. André-Jacques Auberton-Hervé for three years from its effective date as well as a right of first refusal. Mr. André-Jacques Auberton-Hervé granted a first refusal right to FSI with respect to (i) preferential subscription rights that Mr. André-Jacques Auberton-Hervé does not exercise during a subsequent capital increase or (ii) on Soitec securities held by Mr. André-Jacques Auberton-Hervé in the case of his death. The FSI also has a preemption right on Soitec Securities held by Mr. André-Jacques Auberton-Hervé in case of an intent to sell Soitec shares to a Soitec competitor, except in the case of a public offer recommended by Soitec's Board of Directors.

V. INTERNAL CONTROL PROCEDURES

V.1. OBJECTIVES AND REFERENCE FRAMEWORK

V.1.1. Objectives and definition

Internal control is a Company's system, defined and implemented under its responsibility, that aims to ensure the achievement of the following objectives:

- to make sure that the accounting, financial, and management information communicated to the Company's corporate bodies faithfully reflects the Company's activity and situation;
- to obey the laws and regulations, particularly with respect to producing its accounting and financial information;
- to comply with the standard policies and procedures of operation;
- to make sure that the company is capable of achieving its strategic objectives;
- to make its processes reliable and to prevent and control the major risks to which it is exposed due to the nature of its activity.

In general, internal control contributes to the management of the activities of the Company, efficiency of its operations, and efficient use of its resources.

By contributing to the prevention and management of the risks of not attaining the objectives set forth by the Company, the internal control system plays a key role in the conduct and steering of various activities.

However, the internal control cannot furnish absolute assurance that the objectives of the Company will be attained and that the risks of errors or fraud have been completely controlled or eliminated.

The described internal control procedures are applicable to the Company and its subsidiaries, whose financial statements are consolidated using the full consolidation method.

V.1.2. Reference framework

The French financial markets regulator (AMF) published, in July 2010, the results of a working group that was brought into being under its aegis, in a document entitled "Risk management and internal control methods: a reference guide." This document, which is detailed in the Implementation Guide for the implementation of small and medium companies that was also published on July 22, 2010, constitutes the Group's reference framework.

V.2. RESOURCES ALLOCATED TO INTERNAL CONTROL

The objective of internal controls is centered on ensuring the reliability of the accounting and financial information and respect of laws and regulations, especially in the area of production of accounting and financial information, the application of instructions and guidance set forth by General Management as well as the smooth operation of internal processes.

The adoption of the Group's reference framework means that the Company has formalized the procedures applicable to other objectives sought by internal control, especially ensuring the reliability of its procedures, and the prevention and management of major risks to which it is exposed due to the nature of its operations.

In the absence of an internal audit division, it is the financial management of the Company which is the driving force of the internal control, it being specified that the formalization of the procedures applicable to other objectives sought by internal control lead to the increased involvement of the legal and operational departments. The control and management of risks, other than financial, has been at the heart of the Company's operation for a long time. In this sense, all Group employees play a primary role in internal control.

The Office of the President is responsible for the identification and treatment of key stakes and validates the operational and strategic objectives. It executes strategy and examines the options enabling its proper realization, especially in the areas of technology and strategic options, safety, and human and financial recourses. The Office of the President is responsible for supervising the Company's internal control system and it relies on:

- financial management of the Group;
- legal management.

Finally, in every Group business unit and its subsidiary, aside from being involved in the management, the administrative and financial officers form an integral part of the internal control procedures.

VI. GENERAL PROCEDURES

The activities of the Company in Research and Development and manufacturing of Silicon on Insulator and its derivatives involve following strict procedures elaborated at the inception of the Company and inspired by those in place in Leti (CEA Grenoble). These procedures contribute to industrial risk management as well as to the management of production cycles as part of general quality assurance procedures. The internal control management system includes three areas: Quality, Safety, and Environment. It ensures that risks are identified, controlled, and prevented at all levels.

The Company obtained ISO 14001 certification in December 2001. This certification was renewed in December 2010 which integrated all production sites under the same certification. The quality system in place has been certified ISO 9001 since 1998 and was renewed in January 2012.

Monitoring audits have been conducted twice per year by LRQA (Lloyd's Register Quality Assurance), certification agency chosen by the Company. In the area of safety, OHSAS 18001 certification was undertaken in December 2010.

The completed deployment of a new ERP will provide the Group with a financial architecture in which the control systems have been configured by Soitec System from upstream, and which will be even more reliable than the current control system in place.

VII. OFFICE OF THE GENERAL COUNSEL - LEGAL

In April 2005, in order to manage legal risks, the Company set up a legal department. The legal department is headed by the general counsel and comprises four lawyers in France, a Legal Director and lawyer in the United States, a legal attaché in charge of corporate law, and two management assistants.

The legal department, under the direct authority of the Chairman and CEO, is consulted by managers on any questions arising within the Group with respect to legal and regulatory compliance.

VII.1. SCOPE OF INTERVENTION

The legal department is involved in all corporate law matters, excluding employment and labor law matters, which come under the authority of the human resources department, and tax law, which comes under the authority of financial management.

The legal department is also responsible for insurance.

The legal department is assisted by lawyers for issues involving foreign law and issues involving specialist areas which are not mastered internally by the legal department.

VII.2. MEANS OF INTERVENTION

The Company has established a contract approval procedure to be followed prior to signing of any agreements by corporate officers. This procedure requires a validation of a follow-up card by a person in charge of the file, a director and/or the head of the Business Unit, and, ultimately (depending on the subject of the contract), the Intellectual Property services and the Director of R&D.

VIII. ACCOUNTING AND FINANCIAL ORGANIZATION STEERING PROCESS

VIII.1. PRINCIPLES AND KEY ANALYSIS POINTS

VIII.1.1. General organization

The Group's accounting and financial organization is incorporated to the operational control system in place in the Group and is a component of this system.

The Company's Financial Division, placed under the responsibility of the Financial Director, includes:

- an accounting department;
- a management control department;
- a consolidation and Internal Control department;
- a cash flow management department;
- an investor relations – financial communication department.

VIII.1.2. Resource management

Each Company subsidiary has an accounting/management control and cash flow management department headed by a financial controller under the authority of the head of the Company's management control department.

The Financial Director is responsible for centralizing and presenting all of the management indicators tracked by the Company's General Management and its Board of Directors.

VIII.1.3. Application of the accounting rules

The Company keeps its own autonomous accounting. Each Accounting department enters transactions, establishes the trial balance, and prepares its respective company's accounting statements. In accordance with European Regulation No. 1606/2002 of July 19, 2002, the Company has published its consolidated financial statements according to IFRS international accounting standards since April 1, 2005.

VIII.2. THE GENERAL MANAGEMENT'S ROLE

VIII.2.1. Organization, competence, and resources

The Financial Director is a member of the Office of the President, a restricted internal management body that succeeded the Management Committee at the beginning of the fiscal year ending on March 31, 2008. The essential role of the Office of the President is to ensure operational cohesiveness around the Chairman and CEO to whom members of the Office of the President report directly or indirectly.

VIII.2.2. Steering and control

The Group is organized into three management units: Electronics, Solar Energy, and Lighting.

The Group's management is organized by management unit based on the following principles:

- each operational unit is led by a manager;
- together with the different operational units and the functional divisions, the Financial Division develops a budget plan for each operational unit and a consolidated global plan for each fiscal year;
- a detailed monthly performance report for the operational units (turnover and profitability indicators) and a monthly report on the Group's consolidated earnings are sent to the Chairman and to the members of the Office of the President;
- regular management meetings between the members of the Company's General Management and the managers of the operational units that are attended by the Financial Division take place each month;
- investment authorizations are centralized and all are approved by an *ad hoc* Committee.

The subsidiaries' control procedures rely on a centralized control system based on subsidiary accounting and cash flow tracking.

During the fiscal year, the Group has continued its "Strategic Planning" process with the identification of the major strategic challenges for the Group in the medium term. This procedure, placed under the responsibility of the Chief Operating Officer, leads the Group to review the strategic stakes on a regular basis and to formalize a rolling budget plan for the next 18 months, which completes the annual budget plan.

VIII.3. THE BOARD OF DIRECTORS' ROLE

VIII.3.1. Controls and verifications

Each year, the annual budget, a variation of the long-term forecast plan, is validated by the Board of Directors after analysis and approval by the Audit Committee. This budget is used for the steering of the economic performance of each operational unit and of the entire Group. At each meeting of the Board of Directors, the Financial Director presents the Group's actual situation compared to the annual budget.

VIII.3.2. Financial statements

The draft consolidated and corporate annual financial statements, accompanied by attachments, are sent prior to the meeting of the Board of Directors called to approve the financial statements for the fiscal year to the members of the Audit Committee. This Committee meets prior to the meeting of the Board of Directors that finalizes and reviews the financial statements. The Audit Committee also meets with the Auditors without the Group's Management present and gets its opinion concerning the accounting information presented. Once validated by the Audit Committee, the financial statements are presented during a Board of Directors' meeting where they are finalized.

VIII.3.3. Dealings with the Statutory Auditors

In accordance with the legal provisions, the financial statements of the Soitec Group are audited by a body of Statutory Auditors. Their mission includes all of the companies contained in the scope of consolidation. Each company is subject to a complete audit or a limited review, depending on the case, twice a year. The Auditors are informed in advance of the process for preparing the financial statements and present an overview of their work to the Group's Financial Division and to the Audit Committee for the semi-annual and annual closings.

When exercising their functions, the Statutory Auditors are also asked to acknowledge the organization and functioning of the current internal control procedures, and to present their observations, if need be, on the description of the internal control and risk management procedures related to the elaboration and treatment of the accounting and financial information and to attest to the establishment of any other information as required by article L. 225-37 of the French Commercial Code, on the Chairman's Report on the internal control and risk management procedures, which is reviewed by the Statutory Auditors.

The term of office of the body of Statutory Auditors was renewed during the Combined Shareholders' Meeting held on July 7, 2010. PricewaterhouseCoopers Audit was appointed to replace Ernst & Young Audit for the six fiscal years beginning on April 1, 2010. The mandate of the firm Muraz Pavillet was renewed on this occasion for six fiscal years beginning on April 1, 2010.

VIII.4 PROCESS FOR PREPARING PUBLISHED ACCOUNTING AND FINANCIAL INFORMATION

VIII.4.1. Quality criteria

The accounting and financial information published by the Company is part of the entire Group's Quality approach. The Company therefore strives to publish reliable and accurate information and to inform the public as soon as possible of any event likely to have an appreciable impact on its share price. All of the Company's financial communication materials are published on the Company's web site and are available for a minimum of five years.

VIII.4.2. Principles and key analysis points

The accounting and financial information is developed using data prepared by the Financial Division. The Head of Investor Relations – Financial Communication has the mission of developing an initial draft containing the noteworthy information to be provided to the public, which he submits for validation to the Financial Director, then to the Chairman and CEO. The validated draft is then sent to the members of the Board of Directors prior to its publication.

At each step, the accuracy and reliability of the information, its consistency, and its prudential and non-misleading nature are key points that are routinely verified.

a/ Investments/Divestments/Research and Development

Research and Development costs are accounted for as expenses as they occur, while amounts received in connection with contracts or grants are deducted from gross research and development costs to get a net amount allocated to the income statement. Some Research and Development costs may benefit from a research tax credit, which is deducted from the Research and Development costs in accordance with IAS 20.

Conditional grants in light of incurred expenses are accounted for based on the degree of probability that these grants will be paid, based on a final valuation validated by the Financial Division.

b/ Cash Flow/Financing /Financial instruments

The Company employs very conservative approach for investing momentary surpluses, which are invested exclusively in money market products. The Company's cash assets are primarily expressed in euros and in U.S. dollars and are essentially concentrated in first-rate financial institutions or directly invested in securities issued by sovereign states.

Financial equilibrium between the entities of the Group is managed by means of:

- annual cash flow projections revised monthly,
- a centralized Group cash flow management system originating with the Parent Company.

The Group's Financial Division handles its subsidiaries' financing wherever the regulations allow this through cash centralization agreements or intra-Group financing contracts and payment and collection of flows in foreign currencies.

This centralization allows Management:

- to manage and analyze changes in its external debt;
- to manage the interest rate risk inherent in the contracted debt;
- to finance the subsidiaries in their currency wherever the regulations allow this; and
- to identify and manage the exchange risk inherent in commercial and financial flows.

The centralized worldwide choice of partner banks and their effective management over time are important components of internal control.

Due to this organization, the Finance Division is able to ensure extensive control of the Group's cash flow operations.

During the fiscal year ended on March 31, 2014, the Company continued its exchange risk coverage program for some of its operations denominated in dollars as well as its interest rate risk through financial instruments (future sales, options and swaps). These financial instruments are only intended to cover the rate and exchange risks on firm commitments or highly likely future transactions.

c/ Consolidation

The consolidation process is a centralized process in the Soitec Group.

Monthly reporting, budgets, and the consolidation of accounting data are managed on a single IT system.

The objectives of the consolidation and management system in terms of control are as follows:

- proceed with automated monitoring of the consistency of the financial data submitted by the subsidiaries;
- faster processing of collected information;
- increase the degree of homogenization via formatted submission and retrieval tables;
- apply international accounting standards (IFRS). Definitions and accounting principles are available to all users of the software.

These tools are intended to improve the reliability of the data provided and also gain to allow faster treatment of data.

The financial statements of the subsidiaries are centralized by the Financial Division in order to harmonize the local financial statements with the Group's accounting principles.

The subsidiaries prepare a detailed financial report every month in accordance with the model selected by the Group. This model has been developed so as to permit precise analysis of the formation of financial flows, as well as that of revenues by comparing them with the budgets.

The reporting procedure thus aims to supply the top management team with a detailed analysis of the evolution of results, specific key indicators, and allows them to measure the efficiency of the organization that has been implemented.

The reporting stages may be summarized as follows:

- preparation and approval of a detailed annual budget, which is then split by month;
- monthly reporting of results, cash flow and investments;
- detailed analysis of variations; and
- quarterly budget reviews during steering and control meetings.

The results and forecasts are reviewed on a quarterly basis to ensure that the objectives are achieved. The monthly budget is used as a control tool to validate and analyze the actual monthly results. Regular follow-up of the results makes it possible to take the necessary corrective measures as needed.

Procedure for submission and consolidation of data

The published consolidated financial statements are prepared by the Finance Department on the basis of the audited financial statements of the subsidiaries.

The financial statements are prepared by the subsidiaries in compliance with the Group's accounting regulations and following a calendar defined by the Finance Department.

The main accounting options and estimates used by the Group are discussed prior to the closing of the accounts with the Statutory Auditors.

Group controls

The data provided by the subsidiaries is verified by the consolidation team at headquarters, which carries out consistency checks and validates the accounting entries presenting the highest risks prior to the consolidation of the financial statements.

These financial statements are consolidated at Group level. The Group Finance Department is therefore the only body empowered to make consolidation accounting entries.

The Statutory Auditors of the parent Company audit the consolidated financial statements. The statements submitted by the subsidiaries are systematically reviewed by local external auditors.

The Statutory Auditors, within the framework of their mission, prepare letters of recommendation on the procedures and the accounts which are subject to follow-up at the Group Finance Department.

d/ Management of external financial data

The Group's financial statements are prepared using data from the accounting software package and are then incorporated in the semi-annual and annual reports, which are reviewed by the external auditors.

The Group's publications are drafted from the information collected by the Head of Investor Relations – Financial Communication at the Financial Division.

IX. RISK MANAGEMENT

The Company's objective is to ensure that the internal control system allows for the prevention of, to the extent possible, the risks to which it is exposed. The Company has completed risk mapping, which provides it a more systematic surveillance tool.

The risk monitoring tools that have been put into place were reviewed during the year by PriceWaterhouseCoopers, who focused on the Electronics Division. The conclusion of this review was that the risk matrix utilized is suitable and that the risks detailed in the Registration Document were adequately described. This review work did, however, reveal the existence of potential improvements, specifically with respect to the reliability of the sales forecasting process and short and medium-term cash flow management that result from such forecasts. The Group fully intends to improve its monitoring system and the way in which these two risks are managed during fiscal year 2014-2015.

In conclusion, the internal control procedures are currently suited to the size of the company and the nature of its activities responding to directors' and shareholders' needs. The Company has driven the bulk of the projects that it has undertaken, seeking to bring its reference framework in-line with to that of the Workgroup. Nevertheless, as the Company's traditional business activities are undergoing a significant transition, diversification of its activities in the energy and lighting segments, which tends to render risk apprehension more complex with respect to each of the Group's Divisions, will force the Group to increase the importance of risk management to which it is exposed.

The Chairman of the Board

16.5.2 Statutory Auditors' Report on the Report of the Chairman of the Board of Directors of S.O.I.TEC, prepared in accordance with article L. 225-235 of the French Commercial Code.

(Fiscal year ended March 31, 2014)
To the Shareholders
SOITEC
Parc Technologique des Fontaines
Chemin des Franques
38190 Bernin

In our capacity as the Statutory Auditors of SOITEC and pursuant to the provisions of article L. 225-235 of the French Commercial Code, we are presenting our report to you, on the report prepared by your Company's Chairman pursuant to article L. 225-37 of the French Commercial Code for the fiscal year ended on March 31, 2014.

The Chairman must prepare a report on the internal control and management procedures existing in the Company, and also giving the other information required by article L. 225-37 of the French Commercial Code concerning corporate governance procedures which he must ask the Board of Directors to approve.

We must:

- inform you of our remarks on the information in the Chairman's Report on the internal control and risk management procedures for preparing and processing accounting and financial information; and

- certify that this report contains the other information required by article L. 225-37 of the French Commercial Code, although we do not have to verify the accuracy of this additional information.

We performed our work according to professional standards applicable in France.

Information on the internal control and risk management procedures for preparing and processing accounting and financial information.

Professional standards require that diligences be undertaken to assess the genuineness of the information on the internal control and risk management procedures for preparing and processing the accounting and financial information in the Chairman's Report. These diligences involve, in particular:

- examining the internal control and risk management procedures when preparing and processing the accounting and financial information, underlying the information presented in the Chairman's Report, and existing documentation;

- examining the work which enabled this information and the existing documentation to be prepared;

- deciding whether the major deficiencies in internal control and risk management when preparing and processing the accounting and financial information we may have found during our assignment were properly documented in the Chairman's Report.

Based on these works, we have no comments to make on the information on the Company's internal control and risk management procedures for preparing and processing the accounting and financial information in the Report of the Chairman of the Board of Directors, established in accordance with article L. 225-37 of the French Commercial Code.

Other information

We certify that the Report of the Chairman of the Board of Directors includes the other information required by article L. 225-37 of the French Commercial Code.

Neuilly-sur-Seine and Meylan, May 13, 2014

The Statutory Auditors

PRICEWATERHOU.S.ECOOPERS Audit
Philippe Willemin

Cabinet Muraz Pavillet
Christian Muraz

17. Employees

17.1. Number of employees

Workforce on March 31, 2014

The employees are distributed over the various geographic zones as follows:

- EUROPE
  - o Bernin (Soitec S.A.)/Paris sud (Soitec Specialty Electronics S.A.S.)/ Montbonnot (Altatech Semiconductor S.A.S.): activity Electronics;
  - o Paris centre (Soitec Solar France S.A.S.): activity – Solar Energy ;
  - o Freiburg and its subsidiaries (RSA and Chile): activity - Solar Energy.
- ASIA
  - o Singapore, Japan, South Korea, China and Taiwan: activity Electronics.
- UNITED STATES
  - o Peabody (Soitec U.S.A Inc.) and Phoenix (Soitec Phoenix Labs Inc.): activity - Electronics and Lighting;
  - o San Diego: activity - Solar Energy.

As of March 31, 2014, the total number of employees was 1,291 of which 68 were of a temporary nature. The average age is 39.5 years.

The workforce breaks down as follows:

Workforce status	France Bernin Paris centre and sud/ Montbonnot	Europe Freiburg and subsidiaries	Asia China Singapore Japan Korea Taiwan	U.S.A Peabody Phoenix	U.S.A San Diego	Group Total
Workforce as of 03/31/2014	929	134	12	43	173	1,291
- temporary	29	19	-	-	20	68
Average age	39.0	36.7	44.0	44.8	42.6	39.5
Turnover rate	5.1 %	11.9 %	25.9 %	16.5 %	16.3 %	8.4 %
Workforce variations for 2013-2014	(156)	(88)	(99)	(13)	34	(322)
- operators	(50)	(60)	(15)	(4)	26	(103)
- technicians & employees	(56)	(10)	(29)	(1)	11	(85)
- engineeurs & management	(50)	(18)	(55)	(8)	(3)	(134)
- new hires	17	8	-	5	92	122
- resignations	34	16	14	6	16	86
- Employment plans (PSE)	53	27	82	-	5	167
-lay-offs	5	-	-	-	12	17
Distribution by category						
- Operators	25 %	9 %	0 %	7 %	47 %	25 %
- Technicians & employees	34%	29 %	8 %	30 %	17 %	31 %
- Engineers & management	41 %	62 %	92 %	63 %	35 %	44 %
Distribution by activity						
- Administrative staff	17%	19 %	25 %	12%	16 %	17 %
- Sales & Marketing	3 %	13 %	67 %	14 %	5 %	5 %
- R&D	20 %	26 %	0%	26 %	1 %	18 %
- Production	60 %	41 %	8%	49 %	79 %	60 %

Evolution of the Soitec workforce

The workforce decreased by a total of 322 employees compared to the fiscal year ended March 31, 2013, a decline of 20%.

This is primarily due to the Singapore site being placed on standby, the reorganization of the Freiburg site to a pilot production line, since solar module production was transferred to San Diego and the employment safeguard plan (PSE) put into place at the Bernin site.

The measures implemented in France, Singapore and Freiburg led to an aggregate reduction in personnel of 162 persons.

The turn-over rate increased by 8.4% during fiscal year 2013-2014 compared to 4.3% in 2012-2013. This increase affected all the sites.

The average yearly workforce has significantly decreased (1,458 for fiscal year 2013-2014 from 1,613 for fiscal year 2012-2013, representing a decline of 10%).

The Singapore site's operations have been placed on hold due to exceptional economic circumstances and 82 employees were dismissed. Soitec decided to be a responsible actor by offering severance packages that were above and beyond the amounts set forth by local law:

- payment of supplemental severance bonuses varying between 1 and 2 months of salary;
- every effort was made to ensure that the employees who were dismissed were in the best possible position to be rehired. All of the employees were given a full day's training on how to perform job searches (preparation of CVs, advice and job interview preparation);
- all of the department heads made the persons in their network aware of the potential new recruits, the HR team contacted recruiters for other companies;
- employees with at least 5 years of seniority were also given coupons for an amount equal to 500 SGD.

At the end of March 2014, 90% of the affected persons had found other employment.

- 27 employees from the Freiburg factory were dismissed due to the site being reoriented to fulfill an R&D role. As was the case for Singapore, Soitec undertook to assist its employees being transitioned to find other gainful employement. The HR department researched and then published the job offers identified internally; employees were offered assistance with preparing their CVs as well as cover letters.

The average workforce at Soitec in number of full-time employees is as follows:

(equivalent to full-time)	2013-2014	2012-2013
Production	900	971
Research and development	244	277
Sales and marketing	68	71
General management and administrative staff	246	295
Total full-time workforce	1,458	1,613

Workforce diversity at Soitec

Soitec considers workforce diversity to be a powerful developmental tool and encourages its growth.

	France Bernin Paris centre and sud Montbonnot	EUROPE Freiburg and subsidiaries	ASIA China Singapore Japan Korea Taiwan	U.S.A Peabody Phoenix	U.S.A San Diego	Total
Distribution by age group						
25 or younger	4%	4%	0%	2%	7%	4%
26 to 49	86%	86%	83%	67%	69%	83%
50 and older	10%	10%	17%	30%	24%	13%
Senior > 55	3%	3%	0%	23%	10%	5%

Organization of working hours

The organization of working hours in France by type of employee was defined under a collective bargaining agreement signed in March 2000.

For production and production support staff, the model is based on five alternating teams, thereby allowing for production facilities to remain open 24 hours a day and 365 days a year. The average working week for employees working on team schedules was 30.75 hours.

Administrative staff (support staff) worked 34.6 hours a week, benefiting from additional leave under the "RTT" (reduction in working hours) law of May 1st, 2000.

In accordance with the agreement to reduce working hours also adopted on March 1, 2000, engineers and management staff are subject to an annual fixed rate of a maximum of 218 days per year.

For other sites, work is organized around teams working 12-hour shifts.

At the Group level, 77 employees work part-time, representing 6% of the total number of employees, a slight increase compared to 2012-2013 (5.1%).

The overall absenteeism rate was 3.5% over the year. At the Bernin site, the overall absenteeism was 3.2%, of which 2.4% was for short-term absence (< 3 months)

Company well-being measures

As it pertains to corporate responsibility, Soitec has implemented, since 2004, an Internal Opinion Barometer (BOI). It covers the main themes of an internal employee satisfaction barometer (communication, management approach, company knowledge). It was initially set up for employees located in France. It has since been extended globally, which integrates a multi-cultural dimension: the content is adapted to local situations.

The goal of the BOI is to develop an efficient hierarchical steering mechanism. The suitability of such depends upon:

- A strong commitment on the part of management; as well as
- Middle management involvement, guaranteed anonymity, transparency in the restitution, and implementation of visible, tangible improvements that facilitate participation rates to remain between 70 and 75%.

For the last survey that was taken in 2012, among those employees who participated 9 out of 10 claimed that there were satisfied working at Soitec. This percentage was higher than that recorded in previous years (2011: 82.8%). It is also interesting to note that the proportion of people who responded "very satisfied working at Soitec" grew by three percent and the persons who responded "not at all satisfied working at Soitec" declined by 2.5 percent.

The next BOI measurements will be taken in 2014.

Soitec has implemented a workplace happiness policy that was put into place in 2010-2011, intended to improve the quality of professional relations.

Several plans have been put into place to further the goals of this policy; these plans were developed by a working group composed of managers, the workplace doctor, and the CHST (the workplace safety and hygiene committee):

– training modules for managers entitled “managing the quality of relations and performance”;

– a system to receive weaker signals: managers play an important role in detecting weaker signals and get them the attention they deserve (“bottom up” system); and

– the roles of the actors within the Company have been defined: to ensure that an employee does not have to cope with a situation alone.

Soitec also developed an annual performance evaluation tool: the Performance Review and Objectives (PRO). The PRO is a special time where the employee can have a frank, open discussion with his or her manager N+1: this is a time to take a step back and review the year that has just passed as well as objectives and work conditions. The goal of these sessions is also to set objective for the coming year. The next PRO reviews will take place between now and mid May 2014, with the goal of meeting with 95% of the total workforce.

The PRO also includes a development plan (with a training plan) regarding employee skills for his or her current position and future progression.

The employee has a portion to fill out regarding his or her desires for the future and comments.

Compensation – Wage Policy

Gross payroll costs recognized as expenses over the year amounted to 100.5 million euros, including 25.7 million euros in employer social security contributions.

The decrease in payroll costs is related to the decrease in the number of employees (-10% on average) and the implementation of part-time work schedules. This measure saved the Company 3.8 million euros.

The compensation system includes salary for the specific position and individual performance bonuses (base salary performance bonus) as well as portions that are related to the overall performance of Group and/or the financial results of the Company (profit sharing, efficiency bonus).

The Electronics Division saw an increase in salary of .8% in 2014, excluding management. These employees also benefitted from a revision of their bonuses 1% higher with respect to performance bonuses linked to Divison strategy objectives.

(in millions of Euros)	France Bernin Paris centre and sud Montbonnot	Europe Freiburg and subsidiaries	Asia China Singapore Japan Korea Taiwan	U.S.A Peabody Phoenix	U.S.A San Diego	Total Group
Total payroll 2013-2014	66.7	12.2	3.9	5.5	12.1	100.5
Including employer social security contributions	22.8	1.7	0.4	0.3	0.6	25.7
Average raise	0.8%	2.5%	2.0 %	-	2.0%	-
Average annual wage (in Euros)	**40,400**	**55,875**	**94,325**	**73,700**	**46,950**	**44,500**

The profit-sharing agreement is designed to involve all employees in the fruits of the Company, while also enhancing their understanding of shared interests.

The last profit-sharing agreement was executed by Soitec on June 28, 2013. It is premised on the Company’s EBITDA, and the budget representing 5.7% of the payroll costs may potentially be increased or decreased according to whether targets are reached on the basis of three criteria:

- safety (frequency of workplace accidents resulting in sick leave);
- quality (quality of wafers produced);
- control of costs (ratio of costs to sales).

An additional 0.2% bonus is triggered according to the overall customer satisfaction rate, as measured by a POF service indicator.

FEMALE PERSONNEL

The pay gap between men and women amounts to 6%. Women represent 28% of the workforce and are present in all jobs.

	FRANCE Bernin Paris centre and sud Montbonnot	EUROPE Freiburg and European subsidiaries	ASIA China Singapore, Japan, Korea, Taiwan	U.S.A Peabody Phoenix	U.S.A San Diego	Group Total
Female personnel	31%	21%	8%	30%	20%	28%

For several years efforts were primarily made to eliminate salary gaps that arise mechanically, due to the effects of maternity leave and parental leave. The next step consists of instituting equality of promotional opportunities between men and women.

CORPORATE SOCIAL RESPONSIBILITY (CSR) AND DIALOGUE WITH EMPLOYEES

Anti-discrimination policy

Soitec recognizes diversity as a source of wealth. The subject is vast and has led Soitec to prioritize its activities. Soitec has focused on three key subjects: recruiting young people, employing senior workers, and implementing policies in favor of handicapped persons.

Legal obligations regarding diversity led to the implementation of several agreements. However, Soitec went above and beyond the strict adherence to these obligations and put RSE (corporate responsibility) projects in place covering these themes.

For example, Soitec supports local youth employment initiatives as well as those for seniors and handicapped workers:

– participation in exchange forums and meetings for handicapped workers;

– mentoring of young people to help them find gainful employment with the “Our Neighborhoods Our Talent” initiative.

Our commitment can be illustrated through the RSE project implemented at the Bernin site: NQT (Our Neighborhoods Our Talent).

As is the case with any RSE project, it is premised on a strategic objective: reinforce corporate culture with employees by giving them the possibility, in a work context, to help young people having difficulty finding work.

Soitec supports the NQT association, which puts us in contact with:

– young people (under 30), with a bachelor’s degree (high school + 4 years minimum) who come from low-income areas;

– experienced managers, wanting to help young people find jobs and who desire to reactivate the labor elevator for the degree.

Managers become mentors and help them to define their professional project taking into consideration market realities, to analyze their ambitions and motivations, to focus their research efforts and to help them find contacts and introduce them to members of their networks.

The mentoring program requires one to two hours per month for the mentor and lasts, on average, for six months, the time needed for the mentored person to find a job.

In 2013, this initiative garnered 15 mentors from all the departments combined. The HR department counted only 2 of the 15 mentors, which tends to show the involvement of the different functions within the Company on the project.

Soitec is one of the pioneer institutions for the NQT association in the Grenoble area. For the time being, only the Bernin site actively participates.

Management also proposed that its social partners sign an agreement that would facilitate continued employment for the senior employees and the transfer of know-how from generation to generation.

Employment and occupational integration of handicapped workers

Number of handicapped workers over the last 5 years	France Bernin/Villejust/Montbonnot
2013-2014	30
2012-2013	27
2011-2012	27
2010-2011	29
2009-2010	26

Soitec values diversity in its teams and tries to apply its key value of "succeeding together" to all of its actions. By integrating handicapped workers (TH) into its teams, Soitec promotes work for everyone.

At the end of December 2013, the Bernin site had 33 handicapped workers in its workforce (4.2% rate of employment).

Soitec has committed its efforts, along with its social partners, and answered its obligation to employ TH through the signature of a collective bargaining agreement. Soitec is negotiating the sixth renewal of the agreement for 2014-2016.

The general tenor of this agreement that was signed at the end of 2013 was oriented towards the following actions which resulted in:

- Recruitment: 3 employees (two interns and one full-time employee).

Soitec continues its collaboration with all of its recruiting partners (specialized firms) and participated, in 2012, in the specialized Execo forum presented by Schneider Electric in conjunction with Cap Emploi, STMicroelectronics, and Becton Dickinson: an orientation platform whose objective was to identify, train and recruit interns. The process takes place in three phases which will serve to ensure the success of this program.

- discovery: candidates are tested; which allows us to determine whether such are qualified for the positions;
- situational experience: a three-month internship including one month of training (refresher courses) and 2 months of hands-on experience;
- training geared for employment: training that counts towards a degree.

Soitec recruited one student intern through this program.

An employee made available through the EA (*Entreprise adaptée*) program was hired as a full-time employee and a young intern will be joining the team in October.

- Continued employment:

- 5 employees changed positions which were better suited to their skills;
- 1 employee decided to change positions completely, training was provided by the Company;
- 4 employees had their job description and hours modified to improve working conditions;
- there were 2 special needs cases that were taken into consideration in order to improve conditions;
- we commissioned 2 ergonomics reports and retained specialists to aid with issues;
- we were able to rework work schedules for 2 employees with special needs children.

As is the case every year, any employee with a handicap had special medical monitoring through direct contact with the medical department.

Training:

- Soitec participated in operation "one day, one profession," organized by the AGEFIPH and the Cap Emploi network. Two candidates spent a day in a department with a company chaperone who shared his day to day activities with the candidate.

Soitec also helps support external training by co-financing training modules (3 in 2013).

1 employee decided to change positions completely, training was provided by the Company.

1 employee, in an instance of internal reassignment and for whom a position was created, was provided the training necessary for the employee's new position.

- Information and sensitivity training: Soitec continues to support the handicapped table tennis player, Isabelle LaFaye, who won the bronze medal at the London summer Paralympic Games in September 2012.
- Continuation of retrofitting and redesigning. Work began in 2013 subsequent to an ergonomic study undertaken in 2010 and this study took into account the needs of those employees who were considered as being handicapped on the site as well as possible handicapped persons visiting the site. These new features are primarily designed for people with reduced mobility.

Reporting only concerns the Bernin site. For legal and cultural reasons, no information concerning THs at other sites is available.

Professional relations and company-wide agreements

Soitec is committed to implementing a solid contractual policy and establishing active partnerships with employee representative bodies and trade union organizations.

2013-2014 was particularly busy on the labor fronts due primarily to the economic situation.

The Company's financial results as well as its immediate prospects led us to put a payroll reduction plan into place at the Soitec SA level. In order to accomplish this we have undertaken to set up an employment safeguard plan or PSE, in conjunction with our social partners. We signed a partial agreement with CFE-CGC and the CGT covering at least fifty percent of the employees affected in order to set the parameters of a voluntary departure program as well as to renew the MAD program which had been instituted for the first time in 2009.

This plan allows an employee to work for a predetermined amount of time (18 months to 2 years) for a local company while the employee's salary is still covered by the company for whom the individual works. At the end of this period, the employee returns to the prior position or a similar position.

Company-wide agreements:

A profit sharing agreement was executed with respect to FY15/FY18 and negotiations are on-going in connection with:

- handicapped working conditions;
- inter-generational agreement;
- union rights.

The Company has signed the following company-wide agreements to date:

- POPARTT (Projet Organisation Productivité Aménagement et Réduction du Temps de Travail) (Organization of Productivity Adjustment and Adjustment in Working Hours Plan) agreement for non-management staff;
- POPARTT agreement for management staff;
- uninterrupted workday agreement;

– extra “solidarity” work day agreement;

– profit-sharing agreement;

– incentive plan agreement;

– operational bonus agreement;

– human resources management agreement;

– agreement to favor the employment of disabled workers (renewal pending);

– annual wage agreement;

– agreement on the employment of older workers; and

– Agreement on Overtime Savings Plan (*Compte Epargne Temps*).

Each collective bargaining agreement is monitored by a committee comprising at least the signatories of the agreement, which is responsible for carrying out an assessment and proposing any improvements. The timetable of meetings for these committees depends on the agreements, but they meet at least once a year.

There is no collective agreement concerning work health and safety.

Health and Safety Conditions

The Group is highly aware of health and safety conditions, with the combined efforts of the Health, Safety and Environment department (HSE), the Medical department, the CHSCT (Committee for Health, Safety and Working Conditions), senior management, personnel representatives, and the Operations department.

The Soitec’s HSE department consists of a total of seven people: four at the Bernin plant, one at the Paris Sud plant, one in Freiburg, and one at the San Diego site.

In April 2007, in order to combat the sharp rise in work-related accidents that result in employees being absent, Management initiated the SAFE project. This project was deployed over two years (2007-2008 and 2008-2009) and resulted in a significant reduction in the level of risk at the site and improved its safety culture. This project has been implemented at each of the three microelectronics production sites (Bernin, Paris Sud and Pasir Ris) and has led to safety performance improvements on the sites.

Since April 2007, premised on the essential aspects of this project, a safety management program known as the SAFE project, was deployed over each production site of the Soitec group.

This project entails:

– risk analysis system for each position and project (product modification, R&D projects, project facilities);

– enhanced training of employees in the different types of risk encountered in their jobs (chemical, ergonomic, etc.), as well as their roles and responsibilities concerning safety;

– safety visits by management in the field;

– routine analysis of dangerous situations, near accidents, and accidents;

– communications and awareness-raising campaigns regarding safety targeted at all employees, with the active involvement of management;

– factoring safety criteria into the performance assessment of all employees and managers;

– improving safety management of on-site subcontractors.

The Safe program has allowed us to reduce the frequency rate (FR) of workplace accidents by over three times. The FR for the Group was 17.9 in 2006-2007, compared with to 5.66 in 2013-2014 (FR at the end of March 2014). This represents a significant reduction in the number of workplace accidents resulting in sick leave. It should be noted that the serious work-related injury rate for Soitec at the end of the 2013-2014 fiscal year (rate at end of March 2014) is very low (0.22).

The Group has had 5 recognized professional illnesses. These are each muscular-skeletal disorders (MSD) and the positions that are most affected by these have been continuously analyzed by an external ergonomics expert, which has led to the development of a prevention plan.

For each position, the safety risks are analyzed using a methodology that ranks risks and implements preventive plans of action (job site layout and team or individual protective equipment), drawing up safety guidelines and training staff. All of these aspects are summarized in a single document available to the regulator having authority and internally on the corporate portal.

The results of the risk analysis also allows, in collaboration with the Work Doctor, for the medical department to adapt monitoring of each employee as necessary.

Each of Soitec’s industrial sites has put an industrial risk management infrastructure in order to prevent major accidents and an efficient crisis management that is tested regularly and operational 24/7.

Lastly, with regards to the OHSAS 18001 certification, the production sites in Bernin, Paris Sud, Pasir Ris and Fribourg underwent safety and compliance audits by the certification agency (LRQA). This audit pointed to what improvements needed to be made on a priority basis and, which were implemented in 2013-2014 in order to help continuously improve the level of safety on these sites and their management system.

Soitec Solar San Diego intends to pursue the goal of obtaining OHSAS 18001 certification in December 2015.

The Safety and Environment department at Bernin prepares a mandatory annual safety report, which is sent to the CHSCT and Work Inspector. This complete report remains available to all those authorized to review it.

Training

	FRANCE Bernin Paris Sud Montbonnot	EUROPE Freiburg	ASIA Singapore	U.S.A San Diego	Group
Access to training					
Number of hours per employee per year	25	20	49	78	30
Number of beneficiaries	996	194	101	240	1,531
Total number of training hours	24,953	3,243	2,208	13,882	44,286

During the fiscal years 2013-2014, Bernin’s training program was marked by a sustained activity throughout the year. Average employee training was at 25 hours, slightly higher than the previous plan (23 hours). This program represents 3% of payroll expenses.

This effort was facilitated by the possibility of obtaining training during partial activity as well as through the receipt of subsidies.

The main strategic areas of training over the year related to:

– integration of new employees and training employees changing position;

– maintaining of our safety culture;

– development of strategic projects to allow our technological leadership to endure;

– development of the performance of our organizations.

For several years, Soitec has implemented a policy of professional development. During fiscal year 2013-2014, the promotion rate in France was 7.7% and the mobility rate was 7%. Soitec assists in the development of its employees through qualified and certified courses.

PROMOTION AND COMPLIANCE WITH ILO'S CONVENTIONS

Soitec had fully intended on joining the United Nations' Global Compact. Unfortunately, the economic situation has prevented us from joining this project and has been postponed for the time being. However, Soitec remains committed to this project and hopes to implement the concepts contained in the text thereof, as soon as practicable. Soitec addresses the issues contained in the Global Compact but does not prepare detailed reports with respect to such. Once the Company becomes part of the Global Compact, it will be able to prepare information regarding its active participation in the follow arenas:

- Human rights
  - Promote and respect the protections afforded by international law with regards to human rights;
  - Do not be complicit in any act that violates human rights.
- Working conditions
  - Respect the right to congregate and the right to negotiate collectively;
  - Contributation to the fight against forced or mandatory labor;
  - Abolition of child labor;
  - Elimination of discrimination in work matters or in any profession.
- Environment
  - Application of the precautionary principle;
  - Promotion of environmental responsibility (in this regard, Soitec already implements and sells eco-friendly technologies, see chapter 5.3).
- Anti-corruption
  - Anti-corruption measures, specifically against extortion and bribes

With respect to anti-corruption, to date, Soitec has not had any activity in markets likely to be infested with corruption and the nature of its activities, which are strictly business to business, made the issue somewhat moot. Soitec has never been embroiled in any scandal of this nature.

Ever conscious of the issues surrounding corruption, Soitec has already put a Company Handbook (*Code de Bonne Conduite*) in place, which requires employees to strictly comply with national and international law in relation hereto.

17.2. Shareholding and stock options

17.2.1 Profit-sharing and incentive plans

17.2.1.1 Profit-sharing

The profit-sharing agreement is designed to involve all employees in the Company's results, while also enhancing their understanding of shared interests.

The last agreement signed in June 2013 is based on the Company's EBITDA for which the envelop is 5.7% of the total employment budget which is then increased or decreased according to whether targets are reached on the basis of three criteria:

- safety (frequency of workplace accidents resulting in sick leave);
- quality (quality of wafers produced);
- control of costs (turnover ratio), which, on average, is more important than the previos two criteria, taking into account the significance of this issue over the next three years.

An additional 0.2% bonus is triggered according to the overall customer satisfaction rate.

Statement of incentive payments and employer's contributions to the PEE (employee savings plan) in the last few years:

(in thousands of euros)	Incentive	Employer's contribution
2001-2002	152	65
2002-2003	0	0
2003-2004	0	58
2004-2005	189	127
2005-2006	629	253
2006-2007	1,775	483
2007-2008	0	0
2008-2009	973	517*
2009-2010	294	113
2010-2011	1,322	937**
2011-2012	557	2,138
2012-2013	38	1,096
2013-2014	1,456	383

* Including the employer's contribution paid for share subscription or purchase warrants (BSAARs), i.e., 317 thousand euros (see 17.2.1.2 below).
** Including the employer's contribution in respect of BSAARs, namely 182 thousand euros (see 17.2.1.2 below).

17.2.1.2 Employee profit-sharing through the establishment of a PACEO Plan (step-up equity program) with the sale of share subscriptions or purchase warrants to employees

The extraordinary shareholders' meeting held on November 5, 2007, voted in favor of a set of resolutions allowing Société Générale to set up a capital increase by exercising options (PACEO) for a maximum duration of 4 years, based on the issuance of warrants (BEA) which require Société Générale, as unique bearer, to subscribe to warrants and/or redeemable share purchase warrants (ABSAAR) certificates upon Soitec's request.

Setting up this PACEO seeks to accomplish two goals:

- to ensure financial resource diversification of the Company's growth, by allowing it to benefit from an equity line at Société Générale, thereby offering flexibility and security: it may be implemented by the Board of Directors at any time in increments, depending on the opportunities that arise;
- to also allow the greatest possible number of Company employees (and employees of the companies of the Group), to acquire a stake in the Company's capital under optimal conditions for these employees, in the spirit of the various share warrants and entrepreneurs' plans that are no longer offered by the Company.

In short, the overall mechanism is as follows:

First PACEO Issuance

The Board of Directors decided on June 4, 2008, to make partial use of the PACEO program.

Following the first issue of the PACEO program, 1,656,261 BSAARs were sold to employees and corporate officers, including 200,000 to Mr. André-Jacques Auberton-Hervé and 50,000 for Mr. Paul Boudre.

The characteristics of the BSAARs were as follows:

Issue price:	1.2878 euros
Purchase price within the PEE:	1.03 euros
Exercise price:	4.1618 euros
Exercise parity:	1 new or existing share for 1 BSAAR
Exercise period:	July 2, 2008 to July 2, 2015
Holding period:	July 22, 2008 to July 22, 2010
Early redemption period:	June 17, 2013 to July 2, 2015
Early redemption price:	1.03 euros
Forcing level (%):	150% * exercise price
Forcing level (euros):	6.2427 euros

Second PACEO issuance

At its meeting on November 17, 2009, the Board of Directors decided to use a second part of the PACEO program.

Of the 750,000 BSAARs offered, 517,771 were purchased, including 60,000 by Mr. André-Jacques Auberton-Hervé and 15,000 by Mr. Paul Boudre.

The characteristics of the BSAARs were as follows:

Issue price:	3.4900 euros
Purchase price within the PEE:	2.8000 euros
Exercise price:	13.5431 euros
Exercise parity:	1 new or existing share for 1 BSAAR
Exercise period:	July 13, 2010 to July 13, 2015
Holding period:	N/A
Early redemption period:	July 13, 2013 to July 13, 2015
Early redemption price:	2.8000 euros
Forcing level (%):	150% * exercise price
Forcing level (euros):	20.3147 euros

Third PACEO issue

At its meeting on April 1, 2011, the Board of Directors decided to partially use the PACEO program for the third and final time by exercising 1,100,000 BSAARs on April 11, 2011. The features of these BSAARs were as follows:

Issue price:	1.9000 euros
Purchase price within the PEE:	1.5200 euros
Exercise price:	16.772 euros
Exercise parity:	1 new or existing share for 1 BSAAR
Exercise period:	from July 13, 2011 to July 13, 2015
Holding period:	N/A
Early redemption period:	from July 13, 2014 to July 13, 2015
Early redemption price:	1.52 euros
Forcing level (%):	130% * Exercise price
Forcing level (euros):	21.803 euros

However, due to market conditions, the offer to Group employees of BSAARs needing to be detached from the issued ABSAARs could not be completed. Indeed, the brutal drop in Soitec's market share price rendered this third withdrawal's conditions anti-economical. As such the board authorized cancellation of said BSAARs on November 15, 2011.

Summary table of the 3 PACEO withdrawals

	1st use	2nd use	3rd use
Meeting date	11/05/2007	11/05/2007	11/05/2007
Board meeting date	06/04/2008	11/17/2009	04/01/2011
Number of ABSAARs issued	2,250,000	750,000	1,100,000
Number of BSAARs acquired	1,656,261	517,771	0
- of which number of BSAARs for corporate officers	250,000*	75,000	0
Issuance price	1.2878 euros	3.4900 euros	NA
Exercise price	4.1618 euros	13.5431 euros	NA
Exercise period	From 07/02/08 au 02/07/15	From 07/13/10 to 07/13/15	NA
Number of BSAARs remaining acquired by employees	1,434,660	513,351	0

*Mr. Paul Boudre sold 50,000 BSAARs on February 10, 2012

17.2.2 Grant and exercise of options and award of performance based shares in 2012-2013

The following paragraphs give details of stock options granted and exercised and performance-based shares awarded during the fiscal year ending on March 31, 2014. For up-to-date information at the issue date of this Registration Document, see sections 21.1.4.3 and 21.1.4.4. on pages 131 and 134.

17.2.2.1 Stock options

a/ Corporate officers

No stock subscription options were granted or exercised during the 2013-2014 fiscal year.

b/ Employees

No stock subscription options were granted or exercised during the 2013-2014 fiscal year.

17.2.2.2 Special report on stock subscription options for the 2013-2014 fiscal year

In accordance with the provisions of L.225-184 of the Commercial Code, we offer below a report on the granting and exercise of stock options for shares of your company (the "Company") during the 2013-2014 fiscal year.

I. Granting of stock subscription options for the 2013-2014 fiscal year:

For the 2013-2014 fiscal year, no subscription options were granted.

II. Exercise of stock subscription options for the 2013-2014 fiscal year:

1. Exercise of stock subscription options for plans allotted in 2013-2014:

Not applicable

2. Exercise of stock subscription options for plans allotted in previous years:

No stock subscription options were exercised with respect to plans from previous years.

II. Cancellation of stock subscription options for the 2013-2014 fiscal year:

With respect to the stock option allocation plan established by the Board of Directors on July 10, 2003, which expired on July 9, 2013:

– 169,500 options granted to a management level employee were cancelled upon the expiration of the plan.

With respect to the stock option allocation plan established by the Board of Directors on November 12, 2003, which expired on November 11, 2013:

- 59,000 options granted to two management level employees were cancelled upon the expiration of the plan.

With respect to the stock option allocation plan established by the Board of Directors on May 4, 2006:

- 41,300 options granted to a management level employee were cancelled upon the employee's resignation on July 27, 2013.

With respect to the stock option allocation plan established by the Board of Directors on November 3, 2005:

- 23,600 options granted to a management level employee were cancelled upon the employee's resignation on November 5, 2013.

17.2.2.3 Performance-based shares

17.2.2.3.1. Performance-based shares attributed to each Corporate Officer

a/Performance-based shares allotted to each Corporate Officer

Not applicable

b/ Performance-based shares acquired by each Corporate Officer

Performance-based shares acquired by each Corporate Officer	Plan Date	Number of shares acquired during the fiscal year	Acquisition conditions	Conditions de performance
André-Jacques AUBERTON-HERVE	04/01/11	162,087*	YES	YES **
Paul BOUDRE	04/01/11	110,514*	YES	YES **
Total		**272,601**		

* The Board of Directors meeting of May 21, 2013 acknowledged that the performance criteria were met at a level of 70%. This triggered the cancellation of 86,513 and 58,986 bonus shares allotted to André-Jacques Auberton-Hervé and Paul Boudre respectively.
** Acquisition of the shares at the end of the vesting period is dependent on achieving the performance criteria measured by reference to an internal composite indicator based on consolidated sales, EBITDA, and free cash flow, and accomplishment of the main steps of the Group's strategic plan, based on the following weightings (achievement of these conditions must be established by the Board of Directors):

Composite index	Year 1	Year 2
Consolidated revenue vs. 5 year Group budget	20%	20%
Consolidated EBITDA vs. 5 year Group budget	20%	20%
Available cash flow vs. 5 year Group budget	10%	10%
Achievement of the 5 year Group strategic plan	50%	50%
Total	**100%**	**100%**

c/ Bonus shares that have become available to each Corporate Officer

Under the bonus share plan dated June 5, 2009, of which Mr. André-Jacques Auberton-Hervé and Mr. Paul Boudre were two of the beneficiaries, 37,807 bonus shares have become available to Mr. Auberton-Hervé and 107,876 to Mr. Paul Boudre on June 5, 2013.

17.2.2.3.1 Bonus shares granted to employees

Performance based shares granted by the first ten non-officer beneficiaries and warrants exercised by these employees	Number of bonus shares allocated / subscribed	Price (in Euros)	Plan of March 6, 2013		Performance Conditions
			Acquisition period	Holding period	
Shares granted free of charge by the issuer and by any company included in the scope for allocation of bonus shares to the ten employees of the issuer, and of any company included in this scope, for which the number of bonus shares thus allocation is the highest (total information)	115,000	2.340	from 03/06/14 to 03/05/16	from 03/06/16 to 03/05/18	YES*
	100,000	2.340	from 03/06/14 to 03/05/18	None	YES**
Bonus shares acquired during the fiscal year by the ten employees of the issuer and of companies included in the scope for which the number thus acquired is the highest			Plan of April 1, 2011		
			Vesting period	Holding period	
	265,234	10.725	From 04/01/11 au 03/31/13	From 04/01/13 au 03/31/15	N/A
			Plan of December 13, 2011		
			Vesting period	Holding period	
	88,500	3.733	From 13/12/11 to 12/12/13	From 13/12/11 to 12/12/13	N/A

* Only 30,000 performance based shares that were allocated were subject to performance goals.
** Only 25,000 performance based shares were subject to performance goals.

17.2.2.3.2 Special report concerning bonus share and performance based bonus share allocation operations for fiscal year 2013-2014.

In accordance with the provisions of article L. 225-197-4 of the Commercial Code, we set out below our report on the bonus share and performance based bonus share allocations made by the company (the Company) during fiscal year 2013-2014.

I. Allocation of bonus and performance based bonus shares for fiscal year 2013-2014:

Acting pursuant to the authorization given by the 18th resolution of the Shareholders' Meeting on July 2, 2013, the Board of Directors decided at its meeting on March 6, 2014, to adopt the following bonus and performance share allocation plans:

Plan A:

- Shares covered by the plan

Allocation of 85,000 shares of the Company with a par value of 0.10 euros.

- Beneficiary

The beneficiary is a management-level employee.

- Value of the shares allotted

2.34 Euros per share.

- Acquisition period

From March 6, 2014 to March 5, 2016.

- Holding period

From March 6, 2016 to March 5, 2018.

Plan B:

- Shares covered by the plan

Allocation of 75,000 shares of the Company with a par value of 0.10. euros

- Beneficiary

The beneficiary is a management level employee.

- Value of the shares allotted

2.34 euros per share.

- Acquisition period

From March 6, 2014 to March 5, 2018.
- Holding period
None.

Plan C:

- Shares covered by the plan
Allocation of 25,000 shares of the Company with a par value of 0.10 euros
- Beneficiary
The entirety of these shares has been allocated to a management level employee.
- Value of the shares allotted
2.34 euros per share.
- Acquisition period
From March 6, 2014 to March 5, 2018.
- Conditions

The acquisition of the shares after the vesting period is conditions upon certain performance criteria being met as measured against an internal composite index based on total revenue, EBITDA, consolidated available cash and achieving the primary facets of the Group strategic plan, as per the weighted table below (the achievement of these goals must be declared by the Board of Directors):

Composite index		
	FY 2014-2015	**FY2015-2016**
Consolidated revenue vs. budget	10%	10%
Consolidated EBITDA vs. budget	20%	20%
Available cash flow vs. budget	20%	20%
Achievement of the Group strategic plan	50%	50%
Total	**100%**	**100%**

- Conservation period

None.

Plan D:

- Shares covered by the plan
Allocation of 30,000 shares of the Company with a par value of 0.10 euros.
- Beneficiary
The entirety of these shares has been allocated to a management level employee.
- Value of the shares allotted
2.34 euros per share.
- Acquisition period
From March 6, 2014 to March 5, 2016.
- Conditions

The acquisition of the shares after the vesting period is conditions upon certain performance criteria being met as measured against an internal composite index based on total revenue, EBITDA, consolidated available cash and achieving the primary facets of the Group strategic plan, as per the weighted table below (the achievement of these goals must be declared by the Board of Directors):

Composite index		
	FY 2014-2015	**FY 2015-2016**
Consolidated revenue vs. budget	10%	10%
Consolidated EBITDA vs. budget	20%	20%
Available cash flow vs. budget	20%	20%
Achievement of the Group strategic plan	50%	50%
Total	**100%**	**100%**

- Holding period

From March 6, 2014 to March 5, 2018.

I. Acquisition of bonus shares allocated for fiscal year 2013-2014 and prior years:

Pursuant to the bonus and performance based share allocation plan decided upon by the Board of Directors at its meeting on June 1, 2011, whose beneficiaries were Mr. André-Jacques Auberton-Hervé and Mr. Paul Boudre, as well as Company management executives, and since the acquisition period had expired on April 1, 2013, the Board of Directors acknowledged at its meeting on May 21, 2013 that on April 1, 2013, Mr. Auberton-Hervé had acquired 162,087 bonus shares, Mr. Paul Boudre had acquired 110,514 bonus shares, and the other beneficiaries of the plan had acquired 309,439 bonus shares; the Board also acknowledged the corresponding increase in the Company's capital.

Pursuant to the bonus share allocation plan decided upon by the Board of Directors at its meeting on December 13, 2011, whose beneficiaries were management level employees with the Company, and since the acquisition period with respect to one of such beneficiaries had expired on December 13, 2013, the Board of Directors acknowledged on the one hand the expiration of the period of acquisition of the 88,500 shares that were allocated during the Board meeting of December 13, 2011 and on the other hand,, the corresponding increase of compital of the company.

II. Cancellation of bonus shares allocated in respect of the 2013-2014 and previous fiscal years:

Regarding the bonus share allocation plan decided by the Board of Directors on April 1, 2011:

- 14,160 bonus shares allocated to a management level employee were cancelled subsequent to the departure of the employee on September 1, 2013.

- 14,160 bonus shares allocated to a management level employee were cancelled subsequent to the departure of the employee on November 1, 2013.

- 88,500 bonus shares allocated to a management level employee were cancelled subsequent to the departure of the employee on December 7, 2013.

Regarding the bonus share allocation plan decided by the Board of Directors on December 13, 2011:

- 50,000 bonus shares allocated to a management level employee were cancelled subsequent to the departure of the employee on April 30, 2013.

Regarding the bonus share allocation plan decided by the Board of Directors on June 4, 2012:

- 23,600 bonus shares allocated to a management level employee were cancelled subsequent to the departure of the employee on November 5, 2013.

- 197, 060 bonus shares allocated to a management level employee were cancelled subsequent to the departure of the employee on December 7, 2013.

- 88,500 bonus shares allocated to a management level employee were cancelled subsequent to the departure of the employee on February 20, 2014.

18. Main shareholders

18.1. Company's shareholding at March 31, 2014

The Company's equity is broken down as follows at March 31, 2014:

Shareholders	Number of shares	As % of share capital	Voting Rights	As %
André-Jacques Auberton-Hervé	6,425,327	3.723%	12,641,511	6.383%
Auberton-Hervé Family	1,655,812	0.959%	2,822,470	1.425%
Auberton-Hervé Family Group	**8,081,139**	**4.683%**	**15,463,981**	**7.809%**
BPI France Participations (formerly FSI)	16,978,294	9.838%	29,105,646	14.697%
Shareholder's agreement	23,403,621	13.561 %	41,747,157	21.080%
Caisse des Dépôts et Consignation	6,647,404	3.852%	6,647,404	3.357%
Shin-Etsu Handotaï Co Ltd (partner since 1997 and number one licensee of Soitec)	4,452,599	2.580%	4,452,599	2.248%
Public	136,309,300	78.983%	142,258,103	71.833%
Treasury	112,059	0.065%	112,059	(0.083%)
Total	**172,580,795**	**100%**	**198,039,792**	**100%**

A report regarding the shareholdings that was prepared in the beginning of May 2011 pursuant to a request for the identification of the shareholders whose shares are in registered form revealed that Soitec's shareholders are primarily institutional investors (approximately 40% of equity) that the remaining shares are largely held publicly (French individuals hold between 30% and 40% of the equity).

In addition, to the Company's knowledge, no physical person who is not a member of an Administration or Management body in the Company directly or indirectly holds a percentage of the Company's share capital and voting rights, which have to be notified under national law.

18.2. Different voting rights

The voting right is proportional to the capital that the shares represent. When Shareholders' Meetings are held, each share gives the right to one vote. However, following the decision of the Combined Shareholders' Meeting of November 30, 1998, the bylaws of the Company provide that a double voting right is conferred on registered shares which have been held by the same shareholders for at least two years from August 31, 2000. The double voting right ceases for any share that has been converted to a bearer share or has been transferred.

18.3. Control of the Company

Due to the existence of double voting rights, BPI France Participations holds 9.84% of the share capital and 14.7% of the voting rights, which makes it the largest shareholder, even larger than André-Jacques Auberton-Hervé and his family.

A shareholders' agreement was executed between BPI France Participations and André-Jacques Auberton-Hervé in June 2011, the time when BPI France Participations invested in the Company. The material aspects of this agreement are set forth here-below, it being specified that André-Jacques Auberton-Hervé and BPI France Participations (the "Parties") have no intention of implementing any mutual policies or acting in concert vis-à-vis the Company.

The principal undertakings in the shareholders' agreement are the following:

Soitec governance: the Parties agreed to use their best efforts in order to ensure that the Board of Directors continuously includes (i) board member chosen from the list of candidates to be provided by BPI France Participations provided that BPI France Participations holds at least 5% (included) of the outstanding share capital and/or voting rights of the Company, and (ii) two board member chosen from the list of candidates to be provided by BPI France Participations if BPI France Participations holds 9% or more of the outstanding share capital and/or voting rights of the Company. The agreement also provides that the Parties shall use their best efforts to ensure that a non-voting board member shall be appointed by the Board of Directors, chosen from the list of candidates, who shall be employees of BPI France Participations, to be provided by BPI France Participations provided that such person meets the requirements for idependence to prevent any potential conflicts of interest. Finally, the Parties to use their best efforts in order to ensure that have at least one of the BPI France Participations board members nominated to the Audit Committee and the Compensation and Appointments Committee and to have all of the board members named that were proposed by the BPI France Participations nominated to the Strategic Committee.

It should be noted that the clauses related to Soitec's governance shall become moot should André-Jacques Auberton-Hervé term be revoked, for whatever reason.

Maintenance provision: The shareholders' agreement provides that BPI France Participations and André-Jacques Auberton-Hervé shall retain their respective positions until July 25, 2014.

This obligation shall not apply to:

- to transfers of André-Jacques Auberton-Hervé shares (i) to a family holding company, (ii) to a third party if such is only up to 40% of the amount of his initial participation, and (iii) in the event of a tender offer for the shares of Soitec that was approved by the Board of directors. The transfers mentioned in (ii) may not, in any event, occur after the lock-up period of 180 days beginning on the effective date of the shareholder's agreement, July 23, 2013;

- to transfer made by BPI France Participations to an affiliated company or, in the event that a board member is not nominated and/or a non-voting board member is not nominated as set forth above.

It should be noted that this obligation shall become moot should André-Jacques Auberton-Hervé be revoked for any reason other than gross negligence.

Right of first refusal: André-Jacques Auberton-Hervé gave a right of first refusal to BPI France Participations over (i) the preferential subscription rights that André-Jacques Auberton-Hervé does not exercise in relation to a future capital increase, or (ii) Soitec securities held by André-Jacques Auberton-Hervé in the event of his death.

Preemptive right: BPI France Participations has a preemptive right over the Soitec securities held by André-Jacques Auberton-Hervé in the event of a planned transfer Soitec shares to a competitor thereof except in the event of a tender offer that has been recommended by Soitec's Board of Directors.

Non-compete agreement: André-Jacques Auberton-Hervé shall not, during the term of the shareholders' agreement and for three years after he leaves Soitec, compete with Soitec.

Shareholders' agreement effective date and term: The shareholders' agreement became effective on June 28, 2013 and shall expire on July 25, 2019. The shareholders' agreement may be terminated early upon mutual agreement by the Parties. Furthermore, the agreement shall automatically terminate if BPI France Participations holds less than 5% of Soitec's outstanding capital. In the event of a passive threshold crossing, BPI France Participations shall have six months to acquire the amount of shares that would take it to 5% or more of the company's outstanding capital. Should this be the case, the shareholder's agreement shall remain valid and shall not terminate as long as the FSI hold the minimum 5% at the end of the six-month period.

To the Company's knowledge, with the exception of the parties referred to above, there are no shareholders' agreements or shareholders who directly or indirectly hold 3%, 5% or more of the Company's share capital or voting rights.

See paragraph 21.2.6 of this Registration Document for a description of the incorporation document, by-laws, a charter, or a company regulation which may have an effect of delaying, postponing, or preventing a change of control.

18.4. Agreement which may lead to a change of control

In addition, there are no clauses in any of the Company's material agreements allowing them to be automatically cancelled if control of the company changes.

19. Related party transactions

During the year ended March 31, 2014, the Company took part in no new transactions that gave rise to application of the procedure required by articles L. 225-38 et seq., of the French Commercial Code.

Some of the agreements approved by the Board of Directors in previous fiscal years are still effective and are described below.

Note 5.4 in the notes to the consolidated financial statements on page 116 of this Registration Document provides information on related parties.

The information is in the Statutory Auditors' special report on regulated agreements.

The Statutory Auditors' Special Report on related party agreements

(General Shareholders' Meeting convened to approve the accounts for fiscal year ended March 31, 2014)

To the Shareholders,

We are, in our capacity as your company's Statutory Auditors, presenting our report on related party agreements to you.

Based on the information disclosed to us, we must inform you of the characteristics and the basic terms and conditions of the agreements which have been disclosed to us, or which we discover during our mission, without having to pronounce on their merits or usefulness, or search for other agreements. Pursuant to article R. 225-31 of the French Commercial Code, you must assess the benefits from concluding these agreements in order to approve them.

We must also, if necessary, inform you of the information stipulated in article R. 225-31 of the French Commercial Code on the performance, during the fiscal year, of agreements which had already been approved by the Shareholders' Meeting.

We have been diligent in our task that we have determined to be necessary with respect to the professional standards of the National Group of statutory auditors relative to this mission. This diligence consisted of verifying the agreement between the information that we were given with the base documents from which this information was issued.

AGREEMENTS AND COMMITMENTS SUBMITTED FOT THE APPROVE OF THE GENERAL SHAREHOLDERS' MEETING

Pursuant to article L.225-40 of the French Commercial Code, we were notified of the agreements and commitments that are described below, which require the prior approval of the Board of Directors.

1. Company concerned : Soitec Solar GmbH

Nature and subject: On May 21, 2013, the Board of Directors authorized Soitec to execute two loan agreements with its subsidiary Solar GmbH, with the intention to replace the revolving credit agreement executed between Soitec S.A. and Soitec Solar GmbH on April 1st, 2010, and allowing financing of the Solar division activities.

The first one took the form of a multi-currency revolving credit agreement for 300m, for a term of two years with the intent to finance current operational needs for Soitec Solar GmbH and its subsidiaries, and for which it is expected that the interest rate will be the current market rate of the withdrawal currency, plus a margin of 2%.

The second one took the form of a revolving credit agreement in Euros for a maximum amount of 40m, for a term of 5 years with the intent to finance projects of Soitec Solar GmbH and its subsidiaries for which it is expect that the interest rate will be the EONIA plus a margin of 5%.

During the Board of Directors meeting on September 18, 2013, the ceiling set for the loan intended to finance the current operation needs of Soitec Solar GmbH and its subsidiaries was increased to 350 m. This ceiling was increased to 385 m during the Board Meeting on March 6, 2014.

Terms: multi-currency revolving credit agreement for a term of 2 years :

Amount of advances on March 31, 2014:	166,905,579 euros 253,255,389 $ 32,637,667 ZAR

Remuneration received from these advances during the fiscal year:

(EONIA Rate + 2 %)	2,898,797 euros
(LIBOR US Rate + 2 %)	4,689,647 $
(LIBOR SA Rate + 2 %)	659,472 ZAR

Revolving credit agreement in Euros for a term of 5 years :

Amount of advance on March 31, 2014:	31,611,000 euros

Remuneration received from these advances during the fiscal year:

(EONIA Rate + 5 %)	933,757 euros

AGREEMENTS AND ENGAGEMENTS ALREADY APPROVED BY THE SHAREHOLDERS' MEETING

Agreements approved in previous fiscal years, which continued during the past fiscal year

a) For which performance thereof continued during the past fiscal year

Pursuant to article R. 225-30 of the French Commercial Code, we were informed that the following agreements which your Shareholders' had already approved in previous fiscal years continued during the past fiscal year, which continued to be in effect during this fiscal year.

1. Company involved: **Soitec Specialty Electronics SAS**

1/ Nature and purpose: Your Company continued the services agreement for administrative management, commercial, financial, accounting, and legal services concluded with Soitec Specialty Electronics.
Terms: Amount invoiced by your Company for the 2013/2014 fiscal year: 600,600 euros

2/ Nature and purpose: Your Company makes compensated cash advances to Soitec Specialty Electronics S.A.S.

Terms: Amount of the advance received on March 31, 2014, by your company: 5,546,646 euros
Compensation for the fiscal year paid to the company

SOITEC SPECIALTY ELECTRONICS's remuneration for the fiscal year: 5,902 euros (Rate EONIA + 0.1%)

3/ Nature and purpose: Your Company concluded a tax consolidation agreement with Soitec Specialty Electronics of which your Company is the lead company.
Terms: This agreement took effect on April 1, 2007.

2. Company involved: **Soitec U.S.A Inc.**

Nature and purpose: Your Company continued the commercial management and direction, financial, and human resources management services agreement concluded with Soitec USA Inc.
Terms: Amount invoiced by your Company for the 2013/2014, fiscal year: 448,377 euros

3. Company involved: **Soitec Micro Electronics Singapore Pte Ltd**

Nature and purpose: Your Company made remunerated cash advances to Soitec Micro Electronics Singapore Pte Ltd.

Terms: Amount of the advance received on March 31, 2014, by your company: 70,424,617 euros
1/ Compensation for the fiscal year received by Soitec: 175,914 euros (LIBOR Rate + 0.1%)
2/ Compensation for the fiscal year paid by Soitec: 21,867 euros (LIBOR Rate + 0.1%)

b) No performance during the past fiscal year

Moreover, we have been informed regarding the following continuing agreements and obligations, already approved by the Shareholders' Meeting during previous fiscal years, which have not been subject to performance during the past fiscal year.

5. Concerned officer: Mr. André-Jacques AUBERTON-HERVE

Nature and purpose: At the May 17, 2011 Board of Directors meeting, established an indemnification system for Mr. André-Jacques AUBERTON-HERVE in the case where his role as Chief Executive is revoked by the Board of Directors due to a change in control or in the case where the Board of Directors would disapprove M. André-Jacques AUBERTON-HERVE's proposed strategic directions.

Terms: Payment to Mr. AUBERTON-HERVE, in the aforementioned cases, an indemnity representing up to 18 months of average compensation (fixed + variable, based on the average of the last 12 months preceding his departure), in the case where he resigns his Chief Executive role with the Company. Payment of this indemnity is conditioned on confirming Mr. AUBERTON-HERVE's satisfaction of the criteria conditioning payment of his variable compensation during the course of the 3 years preceding his departure.

The indemnity shall be due in its totality if Mr. AUBERTON-HERVE has satisified at least 75% of the criteria in question during the course of the 3 years preceding his departure. It shall not be due if this threshold is less than 50%. Between these two points, the indemnity shall be calculated by linear extrapolation.

Payment of the indemnity is void if Mr. AUBERTON-HERVE voluntarily resigns from the Company in order to carry out a new role, or if he has the possibility to exercise his retirement rights within a short period of time.

Done at Neuilly-sur-Seine and Meylan, June 18, 2014

The Statutory Auditors

PRICE WATERHOUSE COOPERS Audit Member of the Versailles Regional Accountants Association Philippe WILLEMIN	Cabinet MURAZ PAVILLET Member of the Grenoble Regional Accountant's Association Christian MURAZ

20. Financial information: assets, financial position and results

20.1. Historical financial information

Pursuant to article 28 of Commission Regulation (EC) No 809/2004, the following information is incorporated by reference in this document:

– The group consolidated financial statements as at March 31, 2012 and the corresponding auditors' reports presented on pages 67 et seq and on page 100 of the Registration Document ("Document de Référence") filed with the French Financial Markets Authority on June 15, 2012 under the number D.12-0619;

– The group statutory accounts as at March 31, 2012 and the corresponding auditors' reports presented on pages 101 et seq and on pages 102 and 103 of the Registration Document filed with the French Financial Markets Authority on June 15, 2012 under the number D. 12-0619;

– The group consolidated financial statements as at March 31, 2013 and the corresponding auditors' reports presented on pages 85 et seq and on page 118 of the Registration Document filed with the French Financial Markets Authority on June 27, 2013 under the number D.13-0676;

– The group statutory accounts as at March 31, 2013 and the corresponding auditors' reports presented on pages 119 et seq and on pages 120 and 121 of the Registration Document filed with the French Financial Markets Authority on June 27, 2013 under the number D. 13-0676;

Parts not included in these documents are either not relevant for the investor or covered elsewhere in the Registration Document.

The Registration Documents mentioned above are available on the websites of the Company (www.soitec.com) and the French Financial Markets Authority (www.amf-france.org)

20.2. Pro-forma financial information

N/A

20.3. Financial Statements

20.3.1 Financial statements of the Company as at March 31, 2014

20.3.1.1 Statutory Accounts as at March 31, 2014

Income statement

	Year ended 31 March	
(in thousands of Euros)	2014	2013
Net revenue	149 764	248 265
Inventoried and capitalized production	(2 186)	(2 510)
Operating grants	12 981	8 273
Reversals of provisions and depreciating, transfer of charges	25 344	12 287
Other income	2 878	3 078

Total operating income	188 781	269 393
Purchase of raw materials and other supplies	52 637	103 016
Variation of inventories	1 488	4 952
Other purchases and external services	74 819	87 374
Taxes	3 930	4 412
Employee related expenses	62 957	78 128
Depreciation and amortization expense and increase in provisions	50 787	49 956
Other expenses	3 021	5 179
Total operating expenses	249 638	333 018
Operating loss	(60 857)	(63 625)
Financial income	13 785	19 046
Financial expenses	266 081	23 219
Fiancial result	(252 296)	(4 172)
Exceptional result	(1 156)	533
Income tax	(7 463)	(8 902)
Net Loss	(306 846)	(58 361)

Balance Sheet - Assets

	March 31, 2014			
(in thousands of euros)	Gross	Amortization and provisions	Net	31 March 2013
Intangible assets				
Research and development costs	3 710	1 113	2 597	2 968
Concessions, patents and other rights	42 765	31 059	11 705	15 494
Goodwill	-	-	-	-
Other intangible assets	745	-	745	1 408
Property, plant and equipment				
Land	781	-	781	781
Buildings	6 657	1 829	4 829	5 264
Machinery and equipment	231 789	176 882	54 907	39 419
Other property, plant and equipment	59 950	29 940	30 010	18 001
Property, plant and equipment in progess	13 669	-	13 669	43 806
Financial assets				
Other investments	227 854	208 889	18 965	203 506
Receivables related to investments in subisidiaries	456 880	50 541	406 339	329 318
Other securities	-	-	-	-
Loans	114	-	114	247
Other financial assets	11 609	273	11 336	612
Total long term assets	1 056 522	500 526	555 997	660 825
Inventory				
Raw materials	19 773	7 765	12 009	16 590
Work in progress	7 242	1 024	6 218	6 664
Finished and semi-finished goods	3 191	841	2 350	4 270
Goods	67	-	67	-
Accounts receivable				
Advances and down-payments	92	-	92	3 195
Trade receivables	36 083	-	36 083	42 240
Other receivables	40 256	-	40 256	32 105

	March 31, 2014			
(in thousands of euros)	Gross	Amortization and provisions	Net	31 March 2013
Marketable securities	1 000	-	1 000	60 239
Cash on hand	13 158	-	13 158	47 610
Prepaid expenses	456	-	456	518
Current assets	121 318	9 630	111 689	213 431
Expenses to be allocated to future periods	3 949	-	3 949	1 454
Foreign currency exchange differences	10 449	-	10 449	417
Total	1 192 239	510 155	682 083	876 127

Balance sheet - Liabilities

	End of period 31 March	
(in thousands of euros)	2014	2013
Share capital	17 258	12 263
Share, merger, contribution premiums	704 157	641 233
Reserve		
Legal reserve	3 393	3 393
Other reserves	26 429	26 496
Retained earnings	(127 241)	(68 880)
Loss for the year	(306 846)	(58 361)
Investment grants	36	108
Regulated provisions	1 327	1 327
Equity	318 514	557 579
Redeemable advances	20 212	17 906
Other equity	20 212	17 906
Provisions for risks and charges	17 422	5 005
Financial debt		
Convertible bonds	189 325	150 045
Borrowings and debt from financial institutions	60 666	41 400
Other borrowings and financial debt	27	34
Advances and down payments received	204	2 559
Accounts payable		
Trade payables	31 461	43 201
Tax and social security payables	15 633	19 174
Liabilities on fixed assets	2 720	9 620
Other liabilities	12 754	7 710
Deferred revenue	7 589	7 746
Liabilities	320 380	281 454
Foreign currency exchange differences	5 555	14 183
Total	682 083	876 127

Notes to the company's annual financial statements as at March 31, 2014

The condensed financial statements of the parent company Soitec S.A. are presented in accordance with French generally accepted accounting principles relating to company financial statements.

The other elements of the annual financial statements do not contain any additional information considered useful to investors. The full financial statements, including the notes to the financial statements, are available on request.

Marketable securities portfolio

	Carrying Amount (in thousands of Euros)
A. Investments in subsidiaries	
Soitec USA Inc.	17
Soitec Specialty Electronics S.A.S.	30 763
Soitec Microelectronics Singapore Pte Ltd	67 197
Soitec Japan, Inc.	2 637
Soitec Solar GmbH	101 244
Soitec Korea	328
Altatech	24 158
Soitec Corporate Services	1
Soitec Shangaï Trading	102
Innovative Silicon	-
Exagan	6
Cissoïd	300
Medgrid	600
Technocom	500
B. Receivables from subsidiaries and affiliates	
Soitec Microelectronics Singapore Pte	70 425
Soitec Solar GmbH	384 506
Cissoid	40
C. Marketable securities (SICAV)	
Marketable securities	1 000
D. Treasury shares	
112 059 Soitec treasury shares	478
Total	684 302

Statement for the last five years

	Year 31/03/2010	Year 31/03/2011	Year 31/03/2012	Year 31/03/2013	Year 31/03/2014
I. Share capital at year end					
Share capital	8 614 523	8 748 781	12 212 839	12 262 674	17 258 080
Number of existing common shares	85 145 233	87 487 811	122 128 392	122 626 743	172 580 795
Number of existing preferred shares (without voting rights)					
Maximum number of future shares to be created					
- Via convertible bonds					
- Via exercise of warrants					
II. Opersations and results of the year					
Revenue (excluding tax)	203 383 732	262 624 046	296 757 836	248 265 323	149 763 853
Result before tax, profit sharing, depreciation, amortization and provisions	(37 795 656)	22 432 461	15 519 323	(22 749 433)	(30 879 143)
Income tax	(3 137 734)	(9 699 622)	(5 445 343)	(8 902 491)	(7 463 321)
Depreciation, amortization and increases in provisions	(6 179 569)	18 029 014	22 364 663	44 514 363	283 430 002
Result after tax, profit sharing, depreciation, amortization and provisions	(28 478 352)	14 103 069	(1 399 997)	(58 361 305)	(306 845 824)
Dividend distribution					
III. Earnings per share					
Result after tax and profit sharing and before depreciation, amortization and provisions	(0,40)	0,37	0,17	(0,11)	(0,14)
Result after tax, profit sharing, depreciation, amortization and provisions	(0,33)	0,16	(0,01)	(0,48)	(1,78)
Dividends per share					
IV. Personnel					
Average number of employees	806	981	1 030	1 056	909
Salary costs	37 954 164	43 406 665	46 776 271	52 657 377	43 742 171
Amount paid in social benefits (social security)	17 684 728	20 317 266	25 268 426	25 470 464	19 214 511

List of subsidiaries and holdings

Please refer to chapter 7.2 of this Registration Document for the list of subsidiaries and holdings.

Verification of historical financial information

Statement of the statutory auditors

Please refer to the Auditors’ report on the consolidated financial statements as at March 31, 2014 and the Auditors’ report on the Company financial statements, included respectively in section 20.3.1.3 and 20.3.2.3 of this 2013-2014 Registration Document.

Moreover, the consolidated financial statements for the year ended March 31, 2013 were subject to an audit report by the Auditors included on page 118 of the Registration Document filed under number D.13-0676. The consolidated financial statements for the year ended March 31, 2012 were subject to an audit report by the Auditors included on page 100 of the Registration Document filed under number D.12-0619.

The annual financial statements for the years ended March 31, 2013 and March 31, 2012 were subject to unqualified audit reports, included respectively on pages 120 and 102 of the 2012-2013 Registration Document and the 2011-2012 Registration Document filed under number D.12-0619.

Other information audited by the statutory auditors

None.

Financial information that is not included in the financial statements

None.

Date of the last financial information

March 31, 2014.

Interim financial information and other information

None.

Dividend payment policy

The Company has not paid any dividend for the last three fiscal years. The Company intends to reinvest its earnings to finance its future growth and does not contemplate paying dividends in the next three fiscal years. Dividends which reach their legal statute of limitation in accordance with the provisions of the French State Property Code are the property of the State.

Lawsuits and arbitration proceedings

The Company is not subject to any significant litigation proceedings.

During the year ended March 31, 2014, Soitec and SunEdison (NYSE: SUNE -ex MEMC Electronics Materials Inc.) definitively put an end to all outstanding litigation between them and entered into a patent cross-licensing agreement relating to silicon-on-insulator (SOI) substrates. This agreement provides access for each company to a portfolio of patents owned by the other company

(c.f. press release of November 26, 2013- http://www.soitec.com/en/news/press-releases/soitec-and-sunedison-enter-into-patent-license-agreement-1390/)

In addition, on November 7, 2013, the French Court of Cassation rejected the appeal filed by Soitec against the ruling of the Court of Appeal of Grenoble on July 11, 2012, which had ordered the Company to repay an amount of 316 thousand Euros to correct the social solidarity contribution of companies payment, which was made for 2007.

As at March 31, 2014 there are no ongoing tax audits being conducted at the level of Soitec S.A. or its subsidiaries.

To the Company's knowledge, there are no other governmental, judicial or arbitration proceedings pending or threatened that might have or have had a material effect on the financial position or profitability of the Company or the Group over the past twelve months.

Significant changes in the financial or commercial position since March 31, 2014

There have been no significant changes to the financial or commercial position of the Group since March 31, 2014, which continues to be exposed to uncertainties in the semiconductor and solar energy industries, as described in chapter 3, and to the risks identified in chapter 4 of this Registration Document.

In the Solar Energy business segment, the Group has successfully completed certain milestones (in particular the second tender of the French Energy Regulation Commission ("CRE") for the construction and operation of solar power plants with capacities exceeding 250 kWc – please refer to the press release dated April 7, 2014 (http://www.soitec.com/en/news/press-releases/soitec-selected-in-more-than-10-new-solar-power-plant-projects-in-france-1460/) but has also been unsuccessful on certain projects, including the notification by CSOLAR IV West, LLC (« CSOLAR », a subsidiary of Tenaska Solar Ventures, LLC) to San Diego Gas & Electric ("SDG&E") of its decision not to use Soitec Solar's concentrated photovoltaic technology to produce 150 megawatts (MW) of "clean" energy for its CSOLAR IV West solar plant located in Imperial County – please refer to the press release dated April 15, 2014 (http://www.soitec.com/en/news/press-releases/soitec-update-on-tenaska-s-solar-project-1465/).

Consolidated income statement

(in thousand Euros)	Notes	March 31, 2014	March 31, 2013
Revenue	**3.2**	**247,135**	**262,863**
Cost of sales	-	(302,835)	(278,434)
Gross profit	**-**	**(55,700)**	**(15,571)**
Sales and marketing expenses	3.2	(17,489)	(15,677)
Research and development expenses	3.2	(28,404)	(48,196)
Solar power project development costs	3.2	(3,066)	(3,638)
General and administrative expenses	3.2	(32,618)	(39,926)
Current operating loss	**-**	**(137,276)**	**(123,007)**
Other operating income	4.4	2,659	-
Other operating expenses	4.4	(85,023)	(73,948)
Operating loss	**3.2**	**(219,640)**	**(196,955)**
Financial income	4.5	37,690	16,083
Financial expense	4.6	(54,349)	(27,865)
Net financial expense	**-**	**(16,659)**	**(11,782)**
Profit / (loss) before tax	**4.7**	**(236,299)**	**(208,737)**
Income tax	4.7	(63)	(28)
Consolidated net profit / (loss) for the year	**-**	**(236,362)**	**(208,765)**
Share of profit / (loss) of associates	-	(641)	(925)
Net loss	**-**	**(237,004)**	**(209,690)**
Non-controlling interests	-	(331)	(193)
Net loss (group share)	**-**	**(236,673)**	**(209,497)**
Basic net earnings per share in Euros	-	(1.45)	(1.70)
Diluted net earnings per share in Euros	-	(1.45)	(1.70)

Consolidated statement of comprehensive income

(in thousand Euros)	Notes	March 31, 2014	March 31, 2013
Net loss	**-**	**(237,004)**	**(209,690)**
Items re-classifiable to profit and loss:			
Exchange gains (losses) on translation of foreign operations	-	(12,193)	4,561
Items not re-classifiable to profit and loss:			
Actuarial gains (losses) on pensions and other post-retirement benefits	-	340	(264)
Income and expenses recognized directly in equity	**-**	**(11,853)**	**4,297**
Total comprehensive loss for the year	**-**	**(248,857)**	**(205,393)**
Non-controlling interests	-	(360)	(164)
Total comprehensive loss for the year (Group share)	**-**	**(248,497)**	**(205,229)**

Consolidated balance sheet

Assets

(in thousand Euros)	Notes	March 31, 2014	March 31, 2013
Non-current assets:			
Goodwill and intangible assets	3.3	17,032	56,069
Capitalized development projects	3.3	2,597	2,968
Intangible assets	3.4	280,810	340,583
Solar power projects	3.3 – 3.4	15,427	16,284
Deferred tax assets	4.7	-	-
Investments accounted for under the equity method	3.6	6,886	14,150
Non-current financial assets	3.6	2,046	3,601
Other non-current assets	3.7	29,010	18,730
Total non-current assets	**-**	**353,807**	**452,385**
Current assets:			

Assets (in thousand Euros)	Notes	March 31, 2014	March 31, 2013
Inventories	3.8	58,767	66,236
Trade receivables	3.9	88,811	42,414
Solar power projects	-	-	-
Other current assets	3.10	22,766	25,140
Current financial assets	3.11	15,873	2,937
Cash and cash equivalents	3.12	44,728	130,127
Total current assets	**-**	**230,945**	**266,855**
Total assets	**-**	**584,752**	**719,240**

Equity and liabilities (in thousand Euros)	Notes	March 31, 2014	March 31, 2013
Equity:			
Share capital	3.13.1	17,258	12,263
Share premium	3.13.1	704,157	641,233
Treasury shares	3.13.2	(478)	(478)
Retained earnings	-	(503,453)	(270,661)
Other reserves	3.13.3	3,077	8,736
Group equity	**-**	**220,561**	**391,093**
Non-controlling interests	-	-	(119)
Total equity	**-**	**220,561**	**390,974**
Non-current liabilities:			
Long term financial debt	3.15	118,721	139,663
Provisions and other non-current liabilities	3.16	18,358	13,133
Total non-current liabilities	**-**	**137,079**	**152,796**
Current liabilities:			
Short term financial debt	3.15	138,200	56,999
Trade payables	3.17	45,972	57,593
Provisions and other current liabilities	3.18	42,940	60,879
Total current liabilities	**-**	**227,112**	**175,470**
Total liabilities	**-**	**584,752**	**719,240**

Statement of changes in equity

(in thousand Euros)	Number of shares	Share capital	Share premium	Treasury shares	Retained earnings	Other reserves	Total	Non-controlling interests	Total Equity
March 31, 2012	**122,128,392**	**12,213**	**641,663**	**(478)**	**(67,120)**	**6,233**	**592,511**	**-**	**592,511**
Items that may be re-classified to profit and loss:									
Exchange gains (losses) on translation of foreign operations	-	-	-	-	1,765	2,767	4,532	29	4,561
Items that will not be re-classified to profit and loss:									
Actuarial gains (losses) on pensions and other post-retirement benefits	-	-	-	-	-	(264)	(264)	-	(264)
Total income and expenses for the year directly recognized in equity	-	-	-	-	**1,765**	**2,503**	**4,268**	**29**	**4,297**
Profit / (loss) for the year	-	-	-	-	(209,497)	-	(209,497)	(193)	(209,691)
Total comprehensive loss for the year	-	-	-	-	**(207,732)**	**2,503**	**(205,230)**	**(164)**	**(205,394)**
Stock options, warrants and free shares	190,101	19	-	-	(19)	-	-	-	-
ABSAAR transactions	-	-	(1,286)	-	-	-	(1,286)	-	(1,286)
Proceeds from share issue	308,250	31	856	-	-	-	887	-	887
Share-based payments	-	-	-	-	4,419	-	4,419	-	4,419
Entry of a minority shareholder	-	-	-	-	(208)	-	(208)	45	159
March 31, 2013	**122,626,743**	**12,263**	**641,233**	**(478)**	**(270,661)**	**8,736**	**391,093**	**(119)**	**390,974**

(in thousand Euros)	Number of shares	Share capital	Share premium	Treasury shares	Retained earnings	Other reserves	Total	Non-controlling interests	Total Equity
March 31, 2013	**122,626,743**	**12,263**	**641,233**	**(478)**	**(270,661)**	**8,736**	**391,093**	**(119)**	**390,974**
Items re-classifiable to profit and loss:									
Exchange gains (losses) on translation of foreign operations	-	-	-	-	(6,337)	(5,827)	(12,164)	(29)	(12,193)
Items not re-classifiable to profit and loss:									
Actuarial gains (losses) on pensions and other post-retirement benefits	-	-	-	-	-	340	340	-	340
Total income and expenses for the year directly recognized in equity	**-**	**-**	**-**	**-**	**(6,337)**	**(5,487)**	**(11,824)**	**(29)**	**(11,853)**
Loss for the year	-	-	-	-	(236,673)	-	(236,673)	(331)	(237,004)
Total comprehensive loss for the year	**-**	**-**	**-**	**-**	**(243,010)**	**(5,487)**	**(248,497)**	**(360)**	**(248,857)**
Stock options, warrants and free shares	670,540	67	-	-	(67)	-	-	-	-
ABSAAR transactions	-	-	-	-	-	-	-	-	-
Proceeds from share issue	49,283,512	4,928	66,533	-	-	-	71,461	-	71,461
Share issuance expenses, net	-	-	(3,608)	-	-	-	(3,608)	-	(3,608)
Impact of early partial repurchase of 2014 OCEANE	-	-	-	-	(1,863)	-	(1,863)	-	(1,863)
Equity component of new compound financial instruments (2018 OCEANE)	-	-	-	-	13,176	-	13,176	-	13,176
Change in scope	-	-	-	-	-	-	-	479	479
Share-based payments	-	-	-	-	(1,028)	-	(1,028)	-	(1,028)
IAS 19 revised: recognition of past service cost	-	-	-	-	-	(172)	(172)	-	(172)
March 31, 2014	**172,580,795**	**17,258**	**704,158**	**(478)**	**(503,453)**	**3,077**	**220,562**	**-**	**220,562**

Statement of cash flows

(in thousand Euros)	Notes	March 31, 2014	March 31, 2013
Consolidated net loss for the year	**-**	**(237,004)**	**(209,690)**
Elimination of non-cash items:			
Share of profit / (loss) of associates*	-	641	925
Impairment of investments accounted for under the equity method*	3.6	12,607	-
Impairment of goodwill**	3.3	30,668	-
Change in repayable advances	-	2,649	-
Depreciation and amortization expenses	4.3 - 5.6	54,152	56,886
Impairment charges and write-down of assets	-	26,235	66,729
Provisions, net	-	15,033	6,407
Provision for retirement indemnities	5.1	795	605
Profit / (loss) on disposals of assets	-	(525)	516
Income tax charge	4.7	63	28
Cost of net financial debt	-	16,661	11,783
Share-based payments	4.1	(1,028)	4,419
Total non-cash items	**-**	**157,951**	**148,298**
Increase (decrease) in cash on:			
Inventories	-	(39,727)	(6,172)
Solar power projects	-	(16,146)	-
Trade receivables	-	9,671	7,536
Other receivables	-	(8,411)	23,101
Receivable relating to Touwsrivier project sale	-	(51,156)	-
Trade payables	-	5,113	11,340
Other liabilities	-	871	(13,130)
Changes in working capital	**-**	**(99,785)**	**22,675**
Net cash generated by (used in) operating activities	**-**	**(178,838)**	**(38,717)**
Purchase of intangible assets	-	(6,866)	(15,404)
Capitalization of solar power projects' development costs	-	(3,193)	-
Purchase of tangible assets***	-	(36,915)	(103,533)
Proceeds from sales of tangible and intangible assets	-	2,145	747
(Acquisition) and disposal of financial assets****	-	(37,810)	10,746
Capital contribution in a subsidiary accounted for under the equity method (JV Reflexite Soitec Optical Technology)	-	(996)	(7,267)
Entry of a minority shareholder (CPV Power Plant 1 – South Africa)	-	-	138
Net cash generated by (used in) investing activities	**-**	**(83,635)**	**(114,573)**
Proceeds from capital increases and exercise of stock options	-	67,853	887
ABSAAR transactions	-	-	(1,286)
Bond issuance*****	-	180,003	-
Drawing on credit lines	-	19,456	41,180
Repayment of borrowings (including finance leases)	-	(68,791)	(10,249)
Interest received	-	8,552	2,943
Interest paid	-	(26,315)	(10,656)
Net cash generated by (used in) financing activities	**-**	**180,758**	**22,819**

(in thousand Euros)	Notes	March 31, 2014	March 31, 2013
Impact of exchange rate fluctuations	-	(3,684)	794
Change in net cash	**-**	**(85,399)**	**(129,677)**
Cash at beginning of year	-	130,127	259,804
Cash at end of year	-	44,728	130,127

* These amounts relate to the joint venture Reflexite Soitec Optical Technology, which is accounted for under the equity method.
** Impairment of goodwill corresponds to Altatech for an amount of 11,402 thousand Euros and Soitec Solar GmbH for an amount of 19,266 thousand Euros.
*** This amount includes a grant amounting to 11,763 thousand Euros, received during the year ended March 31, 2013 for the construction of the San Diego plant.
**** This line item is composed of the following:

- In 2014,
  - Deposits amounting to 10,840 thousand Euros paid in relation to the bond issuance in South Africa and the construction of the Touwsrivier solar power plant,
  - The investment of the cash received following the South African bond issuance, for a residual amount of 25,932 thousand Euros.
- In 2013, deposits amounting to 10, 395 thousand Euros paid in connection with the construction of solar power plants.

***** This amount includes the following:

- The issuance of new OCEANE convertible bonds maturing in 2018 for an amount of 99,359 thousand Euros, net of issuance costs.
- Proceeds from the bond issued in South Africa for an amount of 67,238 thousand Euros.
- A loan amounting to 13,406 thousand Euros (excluding foreign exchange impact) taken out with a financial institution to finance the San Diego plant building.

20.3.1.2 Notes to the consolidated financial statements as at March 31, 2014

1. Overview of the Group and of the business activities

Soitec S.A. is a société anonyme (limited liability corporation) operating under French law and listed in compartment B of Euronext Paris. Soitec S.A. and its subsidiaries are hereinafter referred to as the “Group”. Soitec S.A. is hereinafter referred to as the “Company.”

The Group operates in three business segments:

- the Electronics business segment: the Group manufactures and sells silicon-on-insulator (SOI) wafers primarily for the semiconductor industry. The Group’s main products are Unibond™ wafers, which are made using the patented Smart Cut™ technology licensed exclusively to the Group by the French Atomic Energy Commission (“Commissariat à l'Energie Atomique”, “CEA” or “AEC”). This exclusive license runs up to the expiry of the registered patents, the first of which came into the public domain in 2013. The recently acquired activities (III-V materials, layer transfer solutions, design and manufacture of equipment) are included in this scope.
- the Solar Energy business segment: since December 2009, when the Group took control of Soitec Solar GmbH, the Group has manufactured and sold concentrated photovoltaic modules while also designing and building solar power plant installations for their turnkey sale or their operation.
- the Lighting business segment: based on a portfolio of technologies developed by the Electronics segment, the Group develops materials for the production of light emitting diodes and is implementing strategic alliances to become a major player in this sector.
- The Group decided to isolate the central support costs borne by the business segments. These costs, reported under the heading ”Other”, group together the general management costs of the Group including treasury, consolidation, internal control, planning, financial reporting and legal expenses relating to regulations for listed companies, as well as the teams in charge of standardizing practices and developing synergies between divisions (manufacturing, human resources, IT, quality control).

On April 16, 2014, the Board of Directors authorized the publication of the Group’s annual consolidated financial statements for the financial year ended March 31, 2014.

2. Accounting policies

2.1. Compliance report

In accordance with European Directive 1606/2002 dated July 19, 2002 on international accounting standards, the Group’s consolidated financial statements have been prepared in accordance with the standards and interpretations published by the International Accounting Standards Board (IASB), as adopted by the European Union and enforceable as at year end.

These standards, available on the European Commission’s website (http://ec.Europa.eu/internal_market/accounting/ias/index_en.htm), integrate international accounting standards (IAS and IFRS), as well as the interpretations of the Standing Interpretations Committee (SIC) and the International Financial Reporting Interpretations Committee (IFRIC).

2.2. Basis of preparation

The Group’s financial statements have been prepared on a historical cost basis, except for derivative financial instruments and available-for-sale financial assets which are measured at fair value.

The Group’s presentation currency is the Euro. The consolidated financial statements are presented in thousands of Euros, all values being rounded to the nearest thousand (euros 000) unless stated otherwise.

The accounting rules and methods are identical to those applied in the consolidated financial statements for the financial year ended March 31, 2013, except for the standards, amendments and interpretations detailed below, which have been adopted by the European Union and which must be used on or after April 1, 2013:

- Amendment to IAS 1 on the presentation of other comprehensive income;
- Amendment to IAS 19 Employee benefits notably for defined benefit plans;
- IFRS 13 Fair Value; and
- Amendment to IFRS 7 Disclosures- Offsetting financial assets and financial liabilities.

These new standards and amendments did not have a significant impact on the consolidated financial statements.

In addition, the Group has elected not to early adopt the new standards, amendments and interpretations which are applicable for financial years beginning on, or after, April 1, 2013:

- IFRS 10 Consolidated financial statements / control;
- IFRS 11 Joint arrangements;
- IFRS 12 Disclosure of interests in other entities;
- Amended IAS 27 Separate financial statements;
- Revised IAS 28 Investments in associates;
- Amendment to IAS 32 on Offsetting financial assets and financial liabilities;
- IFRS 9 Financial instruments (replacement of IAS 39);
- IFRIC 21 Levies

The impact resulting from the standards, amendments and interpretations that the Group has not early adopted is currently being assessed.

2.3. Summary of significant accounting policies

2.3.1. Consolidation principles

All Group controlling interests are controlled by the parent company and are thus fully consolidated, with the exception of the joint venture Reflexite Soitec Optical Technology (RSOT), which is 49.48% held, and the companies CPV Power Plant N°1 Ltd (« Touwsrivier ») and CPV Power Plant Bond SPV (RF) Ltd, which are 20% held, all of which are accounted for under the equity method. Control exists where the Group has the power to directly or indirectly govern the financial and operating policies of an entity so as to obtain benefits from its activities. Control is generally presumed to exist where the Group holds over half of the voting rights in the controlled entity. Subsidiaries are fully consolidated from the date on which effective control is transferred and continue to be consolidated until the date that such control ceases. When assessing control, potential voting rights, which are currently exercisable or convertible, are taken into account.

As at March 31, 2014, the consolidated financial statements include the accounts of the Company and the subsidiaries listed below:

Entity	Consolidated since	Percentage controlling interest	Country	Functional currency
Soitec USA Inc.	1997	100.00%	United States	US Dollar
Soitec Specialty Electronics S.A.S	April 2003	100.00%	France	Euro
Soitec Japan Inc.	June 2004	100.00%	Japan	Japanese Yen
Soitec Phoenix Labs Inc.	February 2006	100.00%	United States	US Dollar
Soitec Microelectronics Singapore Pte Ltd	June 2006	100.00%	Singapore	US Dollar
Soitec Solar GmbH	December 2009	100.00%	Germany	Euro
Soitec Solar Inc.	December 2009	100.00%	United States	US Dollar
Soitec Solar Industries LLC	December 2009	100.00%	United States	US Dollar
Soitec Solar Italia S.R.L	August 2010	100.00%	Italy	Euro
Soitec Solar Development LLC	September 2010	100.00%	United States	US Dollar
Soitec Solar RSA Ltd	April 2011	100.00%	South Africa	South African Rand
Soitec Korea	July 2011	100.00%	South Korea	US Dollar
Soitec Solar France	October 2011	100.00%	France	Euro
Reflexite Soitec Optical Technology LLC	November 2011	49.48 %	United States	US Dollar
Altatech Semiconductor S.A.S	January 2012	100.00%	France	Euro
Soitec Corporate Services	July 2012	100.00%	France	Euro
Soitec Solar Chile	July 2013	100.00%	Chile	Chilean Peso
Soitec Trading Shanghai	November 2013	100.00%	China	Yuan
Soitec Solar USA Real Estate LLC	January 2014	100.00%	United States	US Dollar

As part of its Solar Energy business, the Group may have to establish special purpose entities to hold the permits, administrative authorizations, costs and income associated with a solar power project. In general, the intention is to sell these legal entities to investors when the projects are sufficiently advanced.

The following entities have been created, placed under the control of the Group and fully consolidated (this excludes CPV Power Plant n° 1 Ltd (Touwsrivier) and CPV Power Plant N°1 Bond SPV (RF) Ltd, which are 20% held and accounted for under the equity method):

Entities	Consolidated since	Percentage controlling interest	Country	Functional currency
CPV Rians S.A.S	July 2010	100.00%	France	Euro
Newberry Solar 1 LLC	September 2010	100.00%	United States	US Dollar
CPV Power Plant n° 2 LTD	September 2010	100.00%	South Africa	South African Rand
Alicoop Poggio Santa Lucia S.R.L	November 2010	100.00%	Italy	Euro
Alicoop Monte Bellone S.R.L	November 2010	100.00%	Italy	Euro
LanEast Solar Farm LLC	February 2011	100.00%	United States	US Dollar
LanWest Solar Farm LLC	February 2011	100.00%	United States	US Dollar
Rugged Solar LLC	April 2011	100.00%	United States	US Dollar
Tierra del Sol Solar Farm LLC	April 2011	100.00%	United States	US Dollar
CX Minervino S.R.L	October 2011	100.00%	Italy	Euro
CVP Llo-1 S.A.S	February 2012	100.00%	France	Euro
Sorrel Solar Farm LLC	February 2012	100.00%	United States	US Dollar
CPV Thémis	March 2012	100.00%	France	Euro
Black mountain CPV PP n° 3 (formerly K2011137452 LTD)	March 2012	100.00%	South Africa	South African Rand
Schmidtsdrift CPV PP n° 4 (formerly Itakane Trading 339 (Pty) LTD)	March 2012	100.00 %	South Africa	South African Rand
Tierra del Sol II Solar Farm LLC	May 2012	100.00%	United States	US Dollar
Los Robles Solar Power Plant LLC	May 2012	100.00 %	United States	US Dollar

The following entities were previously fully consolidated and have been taken out of the consolidation scope or accounted for under the equity method during the year ended March 31, 2014:

Entity	Change in scope
Concentrix Silicy 2 S.R.L	Dissolution
Soitec Solar Spain S.A.U	Dissolution
Desert Harvest	Dissolution
CX Giuggianello S.R.L	Dissolution
EE Borrego Land LLC	Merged with Desert Green Solar Farm LLC
CPV Power Plant n°1 Ltd (Touwsrivier)	Equity method
CPV Power Plant n°1 Bond SPV (RF) Ltd	Equity method
Desert Green Solar Farm LLC	Disposal
CPV Thuir-1 S.A.S	Merger

Entity	Change in scope
CVP Durance-1 S.A.S	Merger
CVP Narbonne-1 S.A.S	Merger

Balances and transactions between the Group companies are eliminated from the consolidated financial statements.

Business combinations are accounted for using the acquisition method. In the event of an acquisition, the assets acquired and the liabilities assumed which meet the IFRS 3 recognition criteria are recorded at the fair value price as determined at the date of acquisition, except for non-current assets classified as assets held for sale and which are recorded at fair value less costs to sell.

The accounting rules governing business combinations and transactions with non-controlling interests include the following:

- Acquisition costs are expensed on the date of acquisition.
- The impact of buying non-controlling interests in a subsidiary that is already controlled and the impact of disposing of interests without losing control are directly recorded as equity without impacting goodwill or the income statement.
- Changes in the value of assets and liabilities relating to acquisitions recognized on a provisional basis (by virtue of the fact that appraisal reports or additional analyses have not yet been completed) are recorded as a retrospective adjustment to goodwill where they occur within 12 months of the date of acquisition. After this period, the effects are recorded directly as income. Contingent consideration (earn outs) is recognized at fair value from the date of acquisition. Adjustments to earn-outs and changes in debt associated with calls and puts on non-controlling interests are recognized directly in the income statement.

2.3.2. Translation of the financial statements of foreign subsidiaries

The Euro, used as the presentation currency, is the currency in which the majority of the Group’s cash flows are generated. The functional currency of the Company is the Euro and the functional currencies of its subsidiaries are as follows:

- Euro
- US Dollar
- Japanese Yen
- South African Rand
- Chilean Peso
- Chinese Yuan

The functional currency of each subsidiary is presented in note 2.3.1.

The financial statements of Group entities with functional currencies other than the Euro are translated into Euros as follows:

- Assets and liabilities are translated at the closing rates on March 31, 2014; and
- The income and expenses in each income statement are translated at the average exchange rate for the period or financial year which is deemed to represent the rate applicable on the effective transaction date.

Exchange differences resulting from the application of these various rates are recognized as a separate component of equity, namely “Exchange gains (losses) on translation of foreign operations".

2.3.3. Goodwill

Following its initial recognition, goodwill is measured at cost less accumulated impairment losses. For the purposes of impairment tests, goodwill is allocated to each of the Cash-Generating Units (CGU) or groups of CGU that are expected to benefit from the combination. Goodwill is not amortized, but instead tested for impairment at each annual reporting date or whenever there are indications of impairment losses. All impairment losses recognized are irreversible.

2.3.4. Other intangible assets

Intangible assets acquired separately by the Group are recognized at their acquisition cost, which corresponds, for assets acquired through business combinations, to their fair value on the acquisition date. They include:

Software recognized at acquisition cost	1 to 5 years
Technology recognized following the acquisition of Soitec Solar GmbH	5 years
Technology recognized following the acquisition of Tracit S.A.S	10 years
Technology recognized following the acquisition of Altatech Semiconductor	7 years
Solar power projects’ development costs	Operational life (generally 20 years)

Development costs must be capitalized under IAS 38 if the following criteria are met:

- the Group has the intent and technical capabilities to see the development of the project through to completion;
- there is a high probability that the future economic benefits attributable to the development expenses will flow to the Group, generally backed up by the existence of orders or contracts;
- the costs can be measured reliably;
- the Group has the capacity to use or sell the intangible asset; and
- the Group has the necessary resources to complete the project.

Research and Development costs which do not meet the above criteria are expensed as incurred within “Research and Development expenses”.

2.3.5. Property, plant and equipment

Property, plant and equipment are measured at their acquisition cost, net of accumulated depreciation and/or any impairment losses. Subsequent costs are included in the carrying amount of the asset or, as the case may be, recognized as a separate asset where it is likely that the future economic benefits associated with the asset will flow to the Group or that the cost of the asset can be measured reliably. The carrying amount of replaced components is derecognized. All repair and maintenance costs are recognized in the income statement.

Depreciation is calculated on a straight line basis over the following estimated useful lives:

Buildings	15 to 30 years
Solar power plants	20 years
Machinery and equipment	3 to 8 years
Other fixtures and fittings	5 to 10 years
Vehicles	5 years
IT and office equipment	3 to 7 years
Office furniture	5 to 10 years

Residual value may be recognized, where appropriate. The residual value, useful life and depreciation schedule of assets are reviewed at each reporting date and amended, if appropriate, on a prospective basis.

2.3.6. Leasing

Property leases or equipment leases (finance leases with or without purchase options) are recognized in the balance sheet at the lower of the fair value of the leased item and the present value of minimum lease payments, where substantially all the risks and rewards of ownership have been transferred to the lessee. Lease payments are allocated between financial expenses and depreciation of the relevant assets. When the lease contains a transfer of title clause upon the completion of its term, the depreciation conditions are the same as those applied for similar types of assets owned by the Group. Where this is not the case, the assets are depreciated in the same manner and over the term of the lease.

Leases classified as operating leases are not restated, and the relevant payments made are recognized in the expenses of the financial year.

2.3.7. Acquisition expenses for non-current assets

Acquisition expenses for non-current assets are included in the cost of acquisition of these non-current assets at their amount gross of tax. For tangible fixed assets and intangible assets, these expenses increase the value of those assets.

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset, where the preparation prior to use or expected sale requires a significant length of time (generally in excess of six months) are included in the cost of the relevant asset. All other borrowing costs are expensed as incurred.

2.3.8. Current and non-current components of solar power projects

Solar power projects recognized as current and non-current assets represent the costs capitalized prior to the disposal of the solar plants to third parties or those for installations to be operated by the Group.

All costs relating to the acquisition of sites, legal and consultancy fees, the acquisition of permits and more broadly the development phase are capitalized as soon as all of the following conditions are met:

– there exists a commitment from a third party to buy the installation or from an electricity producer to operate it (“Power purchase agreement”);

– the project has been shown to be technically and financially feasible; and

– the discounted expected future cash flows cover the costs incurred.

Those projects that are planned to be operated and those that are unlikely to be sold within twelve months are classified as non-current assets. Where the Group enters into negotiations with a third party to sell a project and these negotiations are reasonably likely to succeed, the projects are classified as current assets up to the moment when the sale is definitively recognized.

2.3.9. Impairment of non-current assets

IAS 36 defines the procedures that a company must apply to ensure that the net book value of its assets does not exceed their recoverable amount, the amount that will be recovered from their use or their sale. Aside from goodwill and intangible assets with an indefinite life that systematically undergo annual impairment testing, the recoverable amount of an asset is estimated whenever there are indications that the asset's value may have been impaired.

- Cash Generating Unit (CGU)

A Cash Generating Unit is the smallest group of identifiable assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

In the Electronics business segment, the Group has identified four distinct CGU, each centrally managed and with production capacity organized to maximize their utilization without geographical distinction. These CGUs are as follows:

– *Electronics 300 mm*, primarily serving the digital market and based on the production capacity of the site Bernin 2;

– *Electronics Small diameters*, used primarily for the radio-frequency and power markets, and based on the production capacity of the site Bernin 1;

– *Electronics GaAs*, corresponding to III-V products on the South Paris site, mainly serving the radio frequency market.

– *Electronics Equipment*, corresponding to the design and sale of equipment primarily for the semiconductor industry, integrated with the Electronics business segment since the acquisition of Altatech, with patents and production facilities on the Montbonnot site near Grenoble. Goodwill arising from the acquisition of Altatech is tested on the basis of the *Electronics Equipment* CGU.

The Lighting business segment represents a separate CGU, including non-current assets consisting primarily of research and development facilities located on the Phoenix site and a pilot line in Bernin 3.

In the Solar Energy business segment:

– for projects involving the design, building and operation of solar power plants, a CGU encompasses each individual project or a group of inter-dependent projects located in the same geographic area;

– for installations which shall become operational, a CGU encompasses individual installations or a number of inter-dependent installations located in the same geographic area;

– for the manufacturing and sale of solar modules, a business in which the Group is globally organized, customers being managed centrally and production organized so as to optimize capacity use without any regard to geographic location, the CGU encompasses the module manufacturing business. The goodwill generated by the acquisition of Soitec Solar GmbH is tested on the basis of the CGU corresponding to module production.

- **Impairment indicators**

The Group regularly monitors its financial results against its forecasts for all of its businesses and monitors local and global economic indicators. These elements represent, where applicable, impairment indicators.

- **Determining the recoverable amount**

The recoverable amount of an asset is the higher of the fair value less costs to sell and its value in use. It is estimated separately for each asset. Where this is not possible, assets are pooled into a group of CGUs for which the recoverable amount is then calculated.

Fair value less costs to sell is the amount that may be obtained from the sale of these assets in an arm's length transaction between well-informed and consenting parties, less costs to sell.

Value in use is the present value of future cash flows expected from the continuous use of an asset and its disposal at the end of its useful life. Value in use is determined using cash flows estimated on the basis of business plans or budgets typically drawn up for a period of five years, taking into account the specific risks inherent to the technological nature of the Group’s activity.

- **Impairment**

An impairment loss is recognized as soon as the carrying amount of the asset or CGU to which it belongs exceeds its recoverable amount. Impairment losses are expensed under “Other operating expenses”.

Except in the case of goodwill, impairment losses recognized in previous years may be reversed if and only if there has been a change in the estimates used to calculate the recoverable amount of the asset since the previous recognition of an impairment loss. Even so, the carrying amount of an asset plus a reversal of an impairment loss cannot exceed the carrying amount that would have been calculated had no impairment been recognized for the asset in previous years.

2.3.10. Financial assets

Financial assets are classified into four categories depending on their nature and the purpose for which they are held:

– assets held to maturity;

– financial assets at fair value through profit and loss;

– loans and receivables;

– assets available for sale.

The Group has no held to maturity assets. Except for assets carried at fair value through profit and loss, all financial assets are initially recognized at cost, which represents the fair value of the price paid plus acquisition costs.

All standardized purchases and sales of financial assets are recognized at the settlement date.

- **Loans and receivables**

These are financial assets, issued or acquired by the Group, which are received in return for a direct transfer of money, goods or services to a debtor. They are carried at amortized cost calculated using the effective interest rate method. Non-current financial assets consist of loans, deposits, guarantees and restricted cash. Current financial assets mainly consist of receivables initially recognized at their fair value.

Trade receivables, which are generally due between 30 and 90 days, are recognized at par value. These receivables are then carried at amortized cost, less any impairment losses recognized on non-recoverable amounts.

An impairment loss is recognized where there is objective evidence suggesting that the Group will not be able to recover its receivables. Uncollectible receivables are recognized as losses, when identified as such.

- **Financial assets at fair value through profit and loss**

These represent assets held for trading, i.e. assets acquired by the company with a view to selling them in the short term. They are stated at their fair value, and changes in fair value are recognized in income.

- **Assets available for sale**

Classified as non-current financial assets, these represent the Group's equity interests in companies that it does not control or exercise significant influence over. They are stated at their fair value, and changes in fair value are recognized in equity until the asset is either sold, cashed in or deconsolidated in any other way or until it is demonstrated that the asset is impaired. In such cases, the gain or loss previously recognized in equity is transferred to income.

2.3.11. Fair value of financial instruments

The Group applies IFRS 7 on financial instruments measured at fair value in the balance sheet. Fair value measurements must be broken down by level in line with the following fair value hierarchy:

- the instrument is quoted in an active market (Level 1);
- the measurement relies on valuation techniques based directly (price) or indirectly (price derivatives) on observable inputs (Level 2);
- at least one significant component of fair value is based on non-observable inputs (Level 3).

The fair value of financial instruments traded in active markets is based on quoted market prices at balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, pricing service or regulatory agency, and those prices represent regularly occurring market transactions. These instruments are classified in Level 1.

The fair values of financial instruments that are not traded in an active market (e.g. OTC derivatives) are determined using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity-specific estimates. If all inputs required to calculate the fair value of an instrument are observable, the instrument is classified in Level 2.

If one or more of the principal inputs is not based on observable market prices, the instrument is classified in Level 3.

2.3.12. Inventories

Inventories of raw materials and consumables are stated at their acquisition cost. An impairment loss is provided for obsolete or surplus items.

Finished goods are carried at production cost except for those where cost may be above the selling price during the start-up phase of production and obsolete or surplus items. An impairment loss is recognized to adjust the inventory of finished goods to its realizable value less proportional selling expenses.

Work in progress is stated using the same method as finished goods, applying the percentage of completion reached in the production process.

2.3.13. Cash and cash equivalents

Cash and cash equivalents primarily consist of deposits and marketable securities which have an initial maturity of no more than three months, do not carry a material interest rate risk and are readily convertible.

Investments with a maturity of more than three months without the right to early redemption and investments in UCITS money-markets which do not satisfy the criteria for recognition as cash equivalents under IAS 7 are recorded in other financial assets.

2.3.14. Equity

- **Equity instruments and convertible bonds**

Classification in equity depends on a specific analysis of the characteristics of each instrument issued.

- **Share capital increase program through exercise of stock options**

In 2008, Soitec arranged a 4-year PACEO (back-up equity line) program potentially leading to an increase of up to 9.9% in the Company's share capital as at November 5, 2007. The BSAARs (redeemable stock subscription and/or purchase warrants) were detached immediately upon issue and employees and corporate officers had an exclusive option of acquiring them at their market value, as determined by an independent expert. The total amount drawn down was based on the Group's requirements and on its share price and trading volumes. In each instance the shares were subscribed at an issue price equal to the volume-weighted average price for the three previous trading sessions, less a discount of 5%.

- **Trading costs on equity instruments**

External costs directly attributable to capital transactions or equity instruments are deducted from equity net of tax. Other costs are expensed as incurred.

- **Treasury shares**

Purchases of treasury shares are recorded as a deduction from equity based on their acquisition cost. Any gains or losses upon disposal or use are recognized in other reserves. When treasury shares are used as payment for an acquisition, the value used for accounting purposes corresponds to their market price at transaction date.

- **Share-based payments**

In accordance with IFRS 2 “Share-based payments”, equity-settled share-based payments are measured at the date of grant. The fair value of these instruments is calculated by an external expert using the binomial model. This valuation model accounts for the exercise price of the option, the life of the option, the price of the underlying shares, the expected volatility of the share price and the risk-free interest rate over the life of the option.

The value of these options is recognized on a linear basis in employee benefits expense between the date of grant and exercise date, with a corresponding adjustment in equity, since these are all equity-settled plans.

For free share allotments, fair value is also determined according to the characteristics of the plan, market data at the date of grant and an assumption of continued presence of the employee on the payroll at the end of the vesting period. If the plan does not specify the vesting arrangements, the expense is recognized in full as soon as the plan is granted. Otherwise, the expense is recognized over the vesting period as and when conditions are met.

2.3.15. Financial liabilities

Financial liabilities are classified into two categories:

- financial liabilities at amortized cost;
- financial liabilities at fair value through profit and loss.

- **Financial liabilities at amortized cost**

Borrowings and other financial liabilities (including trade payables) are held at amortized cost using the effective interest rate method. Issuance costs, issue premiums and redemption premiums form part of the amortized cost of borrowings and financial debts. They are shown as reductions or increases in borrowings, as appropriate, and are amortized on an actuarial basis.

- **Financial liabilities at fair value through profit and loss**

These represent liabilities held for trading purposes, i.e. liabilities that are meant to be settled in the short term. They are stated at fair value, and changes in fair value are recognized in income.

2.3.16. Financial instruments

- **Hedging derivatives**

The Group hedges its currency risk on certain transactions denominated in US dollars, as well as its interest rate risk, using derivative instruments (forward sales, options and swaps). These derivate instruments hedge only currency and interest rate risk arising from firm commitments or highly probable future transactions.

2.3.17. Provisions

A provision is recognized when the Group has a present (contractual or constructive) obligation arising from a past event, the amount of which can be estimated reliably, and the settlement of which is expected to result in an outflow of resources embodying economic benefits for the Group. Provisions are discounted where the impact of discounting is material.

A provision for restructuring costs is only recognized when there is a constructive obligation vis-à-vis third parties arising from a decision by management reflected prior to the reporting date by a detailed and formalized plan and the announcement of this plan to the relevant parties.

Other provisions reflect specifically identified liabilities and charges.

Contingent liabilities consist of a possible obligation resulting from past events, the existence of which will only be confirmed by the occurrence of one or more uncertain future events not wholly within the control of the entity or a present obligation for which an outflow of resources is not likely. Contingent liabilities are not recognized but are disclosed in the notes.

2.3.18. Pensions and other related benefits

- **Retirement indemnities and related benefits**

French law requires the payment of a lump sum retirement indemnity. This indemnity is calculated based on the employee's length of service and level of compensation upon retirement. Rights only vest for employees who are still with the company upon retirement. In addition, the Group has entered into an agreement to supplement the legally required retirement indemnity benefits.

- **Other pension plans**

The Group decided to grant a supplementary plan to certain employees. This defined benefit plan is managed by an external body.

In the United States, Soitec USA Inc contributes to a funded pension plan under section 401 (k) of the US Internal Revenue Code. This defined contribution pension plan is exempt from tax and covers the majority of US employees.

Defined benefit plans undergo an actuarial valuation using the projected unit credit method, which factors in demographic (salary trends, age upon retirement, staff turnover, mortality rate) and financial (discount and inflation rate) assumptions. Actuarial gains or losses resulting from changes to the assumptions are recognized in equity under “Actuarial gains (losses) on pensions and other post-retirement benefits”.

For defined contribution plans, payments are expensed when incurred. There are no actuarial liabilities in respect of these plans.

2.3.19. Revenue recognition on ordinary activities

Revenue from ordinary activities derives primarily from product sales. It is supplemented by licensing revenue. Revenue is recognized when it is likely that the future economic benefits will flow to the Group and can be measured reliably.

The revenue recognition criteria vary depending on the nature of the goods and services supplied by the Group:

- Sales of silicon wafers are recognized in income where the transfer of the risks and rewards has taken place in accordance with the terms set out in the contracts.

- Sales of photovoltaic modules that the Group will not be installing are recognized as income when the modules have been delivered to the customer on site.

- Sales of photovoltaic systems that:

  - the Group will not be installing are recognized as income when the full system, mainly comprising modules, trackers and inverters, have been delivered to the customer on site;

  - the Group will install are recognized as income when the modules, trackers and inverters have been installed on site and are ready to be plugged into the customer’s network.

- Bill and hold sales are generally not recognized as income prior to effective delivery, except in special circumstances and in particular where the transfer of risks and rewards has been formalized, the products are finished and no additional services are planned, the inventory is set aside pending delivery and delayed delivery is operationally justified for the buyer.

- Revenue from projects to design and build turn-key photovoltaic installations is recognized in income in accordance with the stage of completion method based on milestones generally used by the Group for such contracts:

  - Production of solar modules

  - Delivery of other elements of the installation (trackers, inverters and other key elements)

  - Arrival of solar modules on the site of the installation

  - Installation of photovoltaic panels ready to be connected

  - Completion of installation (connection between modules and connection system of electricity production).

- Revenue may be recorded on the basis of the following ratio: total costs incurred over the best estimate of total project costs.

- Where photovoltaic installations are operated by the Group, the sale of electricity is recognized in income as it is generated and sold;

- Licensing revenue is recognized on a straight-line basis over the period for which the rights are granted. Where the licensing agreements provide, in addition to royalties, for advance payments or interim invoicing designed to finance development work carried out to meet a client’s specific needs, they are recognized in income over the period in which the customer is expected to use the transferred technology.

- Revenues from construction of industrial equipment are recognized in two stages, corresponding to the sale of the equipment and to the delivery and installation. The sale of the equipment represents 90% of the overall contract price and delivery and related services represent 10%. Thus 90% of revenue is recognized as income on the date that the customer gives formal authorization for the equipment to be dispatched, following technical validation by the customer at the Group site, as the risks and rewards are transferred to the customer with the sale of the equipment. The remaining 10% is recorded as deferred income until the delivery and installation of the equipment. These contracts concern the Group subsidiary Altatech, a supplier for the semiconductor industry acquired by the Group during the year ended March 31, 2012. The equipment is constructed on the basis of orders by customers and construction lasts on average between 2 and 4 months.

2.3.20. Gross profit

Gross profit represents revenues less the total cost of sales. The “cost of sales” includes the cost of the resources used in the production of goods sold (raw materials, consumables, employee benefit expenses, depreciation, energy and fluids).

2.3.21. Sales and marketing expenses

“Sales and marketing expenses” comprise costs incurred by the “Sales & Business Development” and “Strategic Marketing” departments. They primarily consist of employee benefit, trade fair, consulting and travel expenses.

2.3.22. Research and development expenses

Research and development expenses comprise expenses that do not meet the criteria defined in the note on "intangible assets". These expenses are net of prototype sales made as part of the Research and Development business, any research tax credits and grants recognized in income for the period.

Grants received, corresponding to grants for which the financing agreements have been signed and the administrative authorizations obtained, are deducted from the amortization of capitalized development costs (where the project satisfies the criteria laid down in IAS 38) or are recognized in income in proportion to the Research and Development costs expensed during the period on the aforementioned projects. The grants are invoiced to the relevant bodies following project reviews based on the milestones set out in the grant agreements.

Aid for Research and Development activities may also take the form of repayable advances. These advances are recognized as financial debts where the corresponding projects satisfy the criteria for the capitalization of Research and Development expenses or where it is likely that the advance will be repaid. Where the criteria are not satisfied, the accounting treatment of the repayable advances is in line with that used for grants received (recognition on a pro rata basis on the income statement as a reduction in Research and Development expenses).

2.3.23. General and administrative expenses

General and administrative expenses comprise the costs incurred by support functions less the portion allocated to production costs. These support functions are as follows: management, finance, human resources, legal, communications, quality and IT.

2.3.24. Solar power project development costs

Solar power project development costs are mainly composed of employee benefit and operating expenses of teams tasked with project development and finance structuring, in addition to expenses incurred selecting sites and obtaining permits and administrative authorizations.

2.3.25. Other operating income and expense

This line item shows the effects of major events occurring during the accounting period that are liable to skew analyses of the Group's recurring performance. This includes a limited number of unusual, abnormal, infrequent or non-significant items of income and expense. This line item encompasses non-recurring restructuring costs, the impairment of non-current assets and goodwill and certain costs, including transaction costs, related to the acquisition of entities.

2.3.26. Net financial result

Net financial result comprises the cost of debt, dividends received from non-consolidated subsidiaries, changes in the fair value of financial assets excluding cash and derivatives not eligible for hedge accounting, gains and losses on the disposal of financial assets excluding cash, gains and losses on discounting and foreign exchange gains and losses on items not included in net financial debt.

2.3.27. Income tax and deferred taxes

Income tax expense represents the total amount of income tax payable by the various companies in the Group, adjusted for deferred tax. Income tax expense is recognized in income except where it relates to items directly recognized in equity. In this instance it is also recognized in equity.

Deferred tax is accounted for using the asset-liability method. The amount of tax expense calculated is, where appropriate, influenced by the change in the receivable or liability caused by the change in the corporate income tax rate from one year to the next (liability method of tax allocation).

With respect to its finance leases, the Group initially recognizes deferred tax for the net amount of the positive and negative temporary differences resulting from the initial recognition of the finance lease, recognizing any subsequent changes in income.

A deferred tax asset is recognized where the following conditions are satisfied:

- the entity has sufficient taxable temporary differences involving the same taxation authority and the same taxable entity, which will result in taxable amounts against which the unused tax credits or tax losses can be utilized before they expire;

- it is likely that the entity will have taxable profits before the unused tax credits or tax losses expire;

- unused tax losses result from identifiable causes that are unlikely to recur;

- tax planning opportunities are available to the entity that will generate taxable profit in the period in which the unused tax credits or tax losses can be utilized.

To the extent that it is unlikely that the entity will post taxable profit against which the unused tax credits or tax losses can be utilized, the deferred tax asset is not recognized.

2.3.28. Earnings per share

Earnings per share are calculated based on the weighted average number of shares depending on the date of issuance of shares during the financial year, less any treasury shares held. Diluted earnings per share are calculated using the treasury stock/share buy-back method, which incorporates in the denominator the number of shares potentially resulting from dilutive instruments (options), less the number of shares that may be bought back at market price using the funds raised from exercising the relevant instruments. The number of shares used to compute diluted earnings per share takes into account the weighted average number of ordinary shares outstanding during the period, adjusted for the impact of the potential ordinary shares that could be created from the exercise of the options, stock warrants and/or other financial instruments that may be converted into ordinary shares, where their impact is dilutive. Dilutive instruments are not factored into the calculation of diluted earnings per share where so doing would result in a reduction in the loss per share calculated on the basis of the average number of outstanding shares.

2.4. Significant estimates and judgments

The preparation of financial statements requires Group Management to make estimates and assumptions that affect the reported amounts of assets and liabilities, as well as the disclosures in certain notes as of the date of preparation of this financial information and the reported amounts of income and expenses for the financial year.

The judgments, estimates and assumptions made on the basis of information available at the reporting date of the financial statements primarily relate to:

2.4.1. Impairment of non-current assets and goodwill

Non-current assets and goodwill are tested for impairment annually at the reporting date or whenever there are indications of loss in value. The recoverable amount of the relevant assets is estimated. Goodwill is allocated to Cash Generating Units (CGU) or groups of CGU as defined in the section "impairment of non-current assets" under "significant accounting methods". The recoverable amount of CGUs is generally estimated on the basis of the value in use. The value in use is determined using a discounted cash flow model, excluding the impact of restructuring programs not yet implemented or future investments that would increase the scope of the CGU being tested. The value in use calculation is sensitive to the discount rate, future cash flow estimate, timeframe and long-term growth rate used.

Due to the technological nature of the Group's activity and the loss posted during the year, impairment testing has been performed at CGU level on assets other than goodwill and intangible assets with indefinite useful lives as at March 31, 2014. These impairment tests take into account long-term assets, including goodwill and intangible assets, and are based on cash flow projections per CGU.

For the Electronics business segment, the main assumptions used as at March 31, 2014 for each CGU tested are presented in the table below:

CGU	Value in use/ Market value	Duration	Research and development expenses	Long-term growth rate	Terminal value	Discount rate
Electronics 300 mm	Value in use	8 years	Limited to the maintenance of current technologies	N/A	Building	15 %
Electronics small diameters	Value in use	8 years	Limited to the maintenance of current technologies	N/A	Building	15 %
Electronics GaAs	Market value	N/A	N/A	N/A	N/A	N/A
Electronics Equipment	Value in use	8 years	Limited to the maintenance of current technologies	N/A	N/A	15 %

The cash flow projections used for the "*Electronics 300mm*", "*Electronics small diameters*" and "*Electronics Equipment*" CGUs take into account a product life of approximately 8 years, with a peak in activity in the fourth year. For forecasting purposes, only clearly identified products with established commercial perspectives have been taken into account. Products that have not reached the technical feasibility stage have not been considered. Similarly, research and development expenses corresponding to future developments have not been taken into account in the cash flow projections. No terminal value above the market value of the manufacturing site buildings has been used and the discount rate adopted is 15% (15% for the year ended March 31, 2013).

The value in use calculation is not particularly sensitive to the discount rate given the relatively short useful lives of the products in question. A change of 1% in the discount rate would have respective impacts of 3%, 2% and 10% on the value in use of the *Electronics 300mm*, *Electronics small diameters* and *Electronics Equipment* CGUs. The most significant risk would be a delay in the ramp-up of sales. A delay of one year would have a negative impact of 13% on the value in use of the three CGUs.

The goodwill resulting from the acquisition of Altatech (*Electronics Equipment* CGU) was fully impaired for an amount of 11.4 million Euros during the six month period ended September 30, 2013.

Based on the above calculations, the Group considers that no additional impairment of the non-current assets of these CGUs is necessary for the year ended March 31, 2014. Sensitivity analyses were performed and did not cast any doubt upon this conclusion.

The calculation of the recoverable amount of the *Electronics GaAs* CGU based on the assets' market value resulted in an impairment charge being recorded in the income statement for an amount of 2.0 million Euros, within "Other operating income and expenses."

For the Solar Energy business segment, the main assumptions used for each CGU tested are presented in the table below:

CGU	Value in use/ Market value	Duration	Research and development expenses	Long-term growth rate	Terminal value	Discount rate
Solar module production	Value in use	N/A	All R&D expenses allocated to the CGU	0%	After 5 years	17.5 %
Solar power plants	Value in use	20 years	N/A	Based on Power Purchase Agreement	N/A	8 %

Given the level of maturity of the solar panels currently being marketed, the cash flow projections used for the "Solar module production" CGU do not take into account a finite product life. However, in order to take into account technical obsolescence, all research and development expenses associated with maintaining and enhancing solar cell performance have been included in the future cash flow projections. Revenue is calculated on the basis of assumptions regarding the success rate of projects currently in development. Production costs are in line with targets established internally which aim to reduce the purchase price of the different components, improve the efficiency of the solar cell and the modules and increase production yields. Terminal value has been calculated beyond the 5 year period included in the business plan using a long-term growth rate of nil and a normalized cash flow based on an EBITDA level of 10%, which typically constitutes the average level observed for this industry. In light of the perspectives and deployment of this new activity, the Group has revised the level of risk premium to be included in the discount rate, which has been set at 17.5% (15% for the year ended March 31, 2013). The Group will review the appropriate level of risk premium to be included in the discount rate at each balance sheet date.

The value in use calculation is not particularly sensitive to the discount rate given the nature of the expected future cash flows. A change of 1% in the discount rate would have an impact of 4% on the value in use of the "Solar module production" CGU. The most significant risk would be a delay in the ramp-up of sales. A delay of one year would have a negative impact of 15% on the value in use of the CGU.

Goodwill was fully impaired for an amount of 19.3 million Euros and the investment in the joint venture dedicated to the production of optical lenses was fully impaired for an amount of 12.6 million Euros during the six month period ended September 30, 2013.

Based on the above calculations, the Group considers that no additional impairment of the non-current assets of the "Solar module production" CGU is necessary for the year ended March 31, 2014. Sensitivity analyses were performed and did not cast any doubt upon this conclusion.

The Group has updated the impairment tests performed at the end of previous reporting periods for the CGUs dedicated to each solar power plant. These tests are established based on the Power Purchase Agreements entered into for each solar power plant, which specify the sale price of electricity over the useful life of the plant, typically 20 years. Maintenance expenses included in the future cash flow projections take into account modules that may need to be replaced during the useful life of the solar power plant, as well as anticipated performance enhancements of the solar cells used in modules. The discount rate adopted for solar power plants, for which revenues can be forecasted over a long-term period, is 8% (8% for the year ended March 31, 2013).

An impairment charge amounting to 2.8 million Euros was recorded for the Desert Green solar power plant during the six month period ended September 30, 2013. The project was sold in March 2014 and Soitec entered into a photovoltaic system supply contract with the buyer.

Based on the above elements, the Group considers that no additional impairment of the non-current assets of the CGUs dedicated to each solar power plant is necessary for the year ended March 31, 2014.

2.4.2. Valuation of options associated with employee stock option plans

The Group measures the cost of share-based payment transactions entered into with employees by reference to the fair value of the equity instruments at the date of grant. The fair value estimate uses the most appropriate valuation model in light of the terms and conditions of grant. This exercise also requires the use, as valuation model inputs, of the most appropriate measurement assumptions in terms of the option's life and volatility, and of the expected level of dividends.

2.4.3. Date of first capitalization of project-related expenses for designing, building and operating solar power plants

Expenses relating to projects involving the design, building and operating of solar power plants are capitalized when it is highly likely that the projects will be successful:

- Existence of a commitment by a third party to buy the installation or by an electricity producer to operate it ("power purchase agreement"),
- The project has been shown to be technically feasible and profitable.

Until these criteria are met, the Group records these expenses in the income statement under "Solar power project development costs". These expenses primarily consist of employee benefits, site selection costs and the cost of obtaining the necessary administrative operating permits. Where a site is purchased for a project but the capitalization criteria have not been met, it is recorded as an asset in the balance sheet at the lower of its acquisition price and fair value. Certain permits or rights, such as a grid connection option, may be capitalized where existing market prices can be used to substantiate the asset amount recognized in the balance sheet.

2.4.4. Impairment of inventories and doubtful debt

Inventory is estimated by taking into account obsolete or surplus items and net realizable value of finished goods. Provisions are recorded to cover the risk of uncollectible debt.

2.4.5. Measurement of provisions

Provisions for risks are recorded when the Group has a present obligation (contractual or implicit). In certain cases, Management must estimate potential risks.

2.4.6. Deferred tax assets

The Group has substantial deferred tax assets primarily associated with losses carried forward, which have been generated by certain consolidated companies or groups of companies. The Group only records deferred tax assets when it believes that the company or group of companies in question will be able to consistently generate taxable profits. Whether or not the Group will be able to generate taxable profits, an assessment by Management is required.

2.4.7. Going concern

The Group posted a net loss of 237.0 million Euros for the year ended March 31, 2014 and equity at the balance sheet date amounted to 220.6 million Euros. Cash used in operating activities, excluding working capital requirements, amounted to 79.0 million Euros for the year. As at March 31, 2014, cash and cash equivalents stand at 44.7 million Euros. The Group is expected to receive approximately 65.6 million Euros in the short term for the Touwsrivier transaction and must redeem certain OCEANE bonds maturing in September 2014 for an amount of 84.0 million Euros.

The Group considers that it will be in a position to continue with its operations in 2014/2015 as a result of available cash as at March 31, 2014, its capacity to raise capital and the development prospects of its activities in the coming year.

The consolidated financial statements have been prepared on a going concern basis for the next twelve months.

3. Notes to the balance sheet

3.1. Highlights of the financial year

Financing

During the year ended March 31, 2014, the Group decided to strengthen its financial structure in order to pursue its growth strategy.

On June 28, 2013, Soitec increased its share capital, an operation which resulted in the issuance of 49,283,512 new shares at a price of 1.45 Euro per share. The proceeds net of issuance costs for the operation amounted to 67.5 million Euros and were partially allocated to the repayment of the bonds convertible into and/or exchangeable for new or existing shares (OCEANE) issued in 2009.

On September 18, 2013, the Group carried out the following operations:

- An early redemption of 7,249,260 2014 OCEANE for a total amount of 62.0 million Euros, thereby reducing the remaining amount of debt to be repaid as at September 9, 2014.

- The issuance of new bonds convertible into and/or exchangeable for new or existing shares (OCEANE) for a nominal amount of 103.2 million Euros. The 40,000,000 issued bonds mature on September 18, 2018 and bear interest at a nominal annual rate of 6.75% payable on a half-yearly basis, on March 18 and September 18 every year. The issue price per bond amounted to 2.58 Euros.

The bonds may be subject to optional early redemption by the Group under certain conditions.

In accordance with IAS 39, the fair value of the OCEANE bonds was recognized through two separate components:

  - the debt component, which was calculated using a market interest rate for an equivalent non-convertible bond. It was recognized at an amortized cost of 86.2 million Euros net of its portion of issuance costs. The estimated effective interest rate of the debt is 10.50%.

  - the conversion option component, calculated as the difference between the fair value of the OCEANE convertible bond and the debt component. It was recognized separately in equity for 13.2 million Euros net of its portion of issuance costs. This amount will remain fixed until the bonds are converted, exchanged or redeemed.

Ramp-up and disposal of Touswrivier solar power plant

As part of its Solar Energy business, the Group headed the construction of the Touwsrivier solar power plant in South Africa, supplied modules and secured financing for the project. Two subsidiaries, CPV Power Plant n°1 Ltd (Touwsrivier) and CPV Power Plant N°1 Bond SPV (RF) Ltd, were dedicated to the construction of this solar power plant.

The construction was mainly financed through non-convertible bonds amounting to one billion Rand, issued by the Group subsidiary Power Plant n° 1 Bond SPV on April 29, 2013. The issued bonds mature on June 30, 2029 and bear interest at a fixed nominal annual rate of 11% payable on a half-yearly basis, on June 30 and December 30 every year. The amount received net of issuance costs is 67.2 million Euros. The cash generated by these bonds was unavailable until at least 50% of the total capacity of the plant had been installed. This step was successfully completed during the 4th quarter of the financial year, and consequently the cash was made available and the Power Purchase Agreements signed with the South African national electricity supplier Eksom were validated.

The solar power plant has been sold as at March 31, 2014, after the Group disposed of its majority shareholding in CPV Power Plant n°1 Ltd (Touwsrivier) and CPV Power Plant N°1 Bond SPV (RF) Ltd. Revenue amounting to 71.9 million Euros was recognized by the Group as a result of this sale. The Group retains a 20% stake in CPV Power Plant n°1 Ltd (Touwsrivier) and CPV Power Plant N°1 Bond SPV (RF) Ltd, which are now accounted for under the equity method, and will continue to supply the modules necessary for the construction of the solar power plant on an arm's length basis.

- ***Impairment charges***

The Group recorded impairment charges for a total amount of 74.0 million Euros during the year ended March 31, 2014. The impaired assets correspond to the total amount of goodwill relating to Altatech and Concentrix, the investment in the joint venture RSOT, a portion of the assets allocated to the *Electronics GaAs* CGU and the assets of the Desert Green solar power plant (see note 4.4), which was subsequently sold in March 2014.

- ***Restructuring plan***

The Group recorded expenses amounting to 7.6 million Euros in relation to a restructuring plan that led to a reduction in the workforce of the Bernin and Freiburg sites and the departure of the entire workforce of the Singapore site.

3.2. Segment information

As indicated in the note "Overview of the company and of the business activities", the Group operates in three business segments:

- The production and commercialization of substrates and components for use in the microelectronic industry (Electronics),

- The production and commercialization of concentrated photovoltaic modules, the performance, design and construction of turnkey solar projects and the operation of solar power plant installations (Solar Energy),

- The finalization of materials for use in the production of light emitting diodes (Lighting).

The EBITDA presented in the segment information table below represents Current operating income/(loss) (EBIT) before depreciation, amortization and non-cash share based compensation expenses. EBITDA is a non-IFRS quantitative measure used to assist in the assessment of a company's ability to generate cash from its operations. The Group believes that the presentation of EBITDA is useful to investors because it is frequently used by securities analysts, investors and other interested parties in the evaluation of companies in the industry. EBITDA is not defined in IFRS and should not be considered to be an alternative to net income / (loss) for the period, Operating income/(loss) or any other financial metric required by such accounting principles.

The segment information breaks down as follows:

- **Breakdown of consolidated income statement:**

	March 31, 2014				
(in thousand Euros)	« Corporate »	Electronics	Solar Energy	Lighting	Total
Revenue	-	167,493	78,896	746	**247,135**
Gross profit	**-**	**505**	**(56,594)**	**390**	**(55,700)**
Research and development expenses, gross	*(711)*	*(27,362)*	*(18,165)*	*(10,673)*	*(56,912)*
Sales of prototypes and other revenue	*189*	*6,725*	*-*	*463*	*7,377*
Grants and repayable advances	*-*	*13,521*	*1,989*	*5,621*	*21,131*
Research and development expenses, net	(522)	(7,116)	(16,176)	(4,589)	**(28,404)**
Sales and marketing expenses	-	(6,552)	(9,550)	(1,387)	**(17,489)**
General and administrative expenses	(10,933)	(13,241)	(8,204)	(239)	**(32,618)**
Solar power project development costs	-	-	(3,066)	-	**(3,066)**

	March 31, 2014				
(in thousand Euros)	« Corporate »	Electronics	Solar Energy	Lighting	Total
Current operating loss	**(11,456)**	**(26,402)**	**(93,590)**	**(5,825)**	**(137,276)**
Other operating income	-	2,659	-	-	**2,659**
Other operating expenses	-	(35,221)	(49,802)	-	**(85,023)**
EBIT	**(11,456)**	**(58,964)**	**(143,392)**	**(5,825)**	**(219,640)**
Impairment of shares accounted for under equity method	-	-	*12,606*	-	*12,606*
Impairment of goodwill	-	*11,402*	*19,266*	-	*30,668*
*Change in repayable advances**	-	*2,649*	-	-	*2,649*
Impairment charges	-	*10,555*	*15,680*	-	*26,235*
Depreciation and amortization expenses	*83*	*37,090*	*14,601*	*2,378*	*54,152*
Provisions, net	-	*6,359*	*8,675*	-	*15,034*
Provision for retirement indemnities	-	*795*	-	-	*795*
Share-based payments	*(852)*	*138*	*(320)*	*6*	*(1,028)*
Profit / (loss) on disposals of assets	-	*(633)*	-	*108*	*(525)*
EBITDA	**(12,225)**	**9,391**	**(72,884)**	**(3,333)**	**(79,054)**

*The Group benefited from certain government grants for research and development projects. These grants may be repayable depending on the success of the projects. Soitec revalued the corresponding liability based on the new business plan. The discounted liability amounts to 7.0 million Euros.

	March 31, 2013				
(in thousand Euros)	« Corporate »	Electronics	Solar Energy	Lighting	Total
Revenue	-	257,064	5,757	42	**262,863**
Gross profit	**-**	**27,284**	**(42,869)**	**14**	**(15,571)**
Research and development expenses, gross	-	*(46,892)*	*(20,600)*	*(11,337)*	*(78,828)*
Sale of prototypes and other revenue	-	*13,411*	*25*	-	*13,436*
Grants and repayable advances	-	*16,865*	*331*	-	*17,196*
Research and development expenses, net	-	(16,616)	(20,244)	(11,337)	**(48,196)**
Sales and marketing expenses	-	(9,032)	(6,042)	(603)	**(15,677)**
General and administrative expenses	(15,191)	(15,180)	(9,473)	(81)	**(39,926)**
Solar power project development costs	-	-	(3,638)	-	**(3,638)**
Current operating loss	**(15,191)**	**(13,544)**	**(82,266)**	**(12,006)**	**(123,007)**
Other operating income	-	-	-	-	-
Other operating expenses	-	(59,704)	(14,244)	-	(73,948)
EBIT	**(15,191)**	**(73,248)**	**(96,510)**	**(12,006)**	**(196,955)**
Impairment charges	-	*202*	*24*	-	*226*
Depreciation and amortization expenses	*21*	*46,812*	*9,064*	*762*	*56,660*
Share-based payments	*2,428*	*1,268*	*639*	*84*	*4,419*
Other operating expenses	-	*59,704*	*14,244*	-	*73,948*
EBITDA	**(12,738)**	**34,738**	**(72,539)**	**(11,160)**	**(61,702)**

- **Breakdown of balance sheet:**

	March 31, 2014				
(in thousand Euros)	« Corporate »	Electronics	Solar Energy	Lighting	Total
Net intangible assets	-	17,671	1,935	22	19,628
Of which goodwill	-	-	-	-	-
Solar power projects	-	-	15,428	-	15,428
Property, plant and equipment, net	-	154,737	101,012	25,061	280,810
Investments in associates	-	-	6,886	-	6,886
Non-current assets (1)	**-**	**172,408**	**125,261**	**25,083**	**322,752**
Inventories	-	24,293	34,332	141	58,766
Trade receivables	-	30,383	58,368	61	88,812
Solar power projects- current portion	-	-	-	-	-
Other current assets	-	15,608	7,072	86	22,766
Current assets (2)	**-**	**70,284**	**99,772**	**288**	**170,344**
Trade payables	-	30,672	15,122	177	45,972
Other current and non-current liabilities	-	43,693	14,022	3,583	61,298
Current and non-current liabilities (3)	**-**	**74,365**	**29,144**	**3,760**	**107,270**
Capital employed (1) + (2) - (3)	**-**	**168,327**	**195,889**	**21,610**	**385,826**

	March 31, 2013				
(in thousand Euros)	« Corporate »	Electronics	Solar Energy	Lighting	Total
Net intangible assets	-	35,190	34,660	39	69,889
Of which goodwill	-	*11,402*	*19,266*	-	*30,668*
Property, plant and equipment, net	-	191,715	130,252	24,048	346,015
Investments in associates	-	-	14,150	-	14,150

(in thousand Euros)	March 31, 2013				
	« Corporate »	Electronics	Solar Energy	Lighting	Total
Non-current assets (1)	**-**	**226,905**	**179,062**	**24,087**	**430,054**
Inventories	-	35,771	30,465	-	66,236
Trade receivables	-	37,342	5,030	42	42,414
Other current assets	-	17,222	7,853	66	25,140
Current assets (2)	**-**	**90,335**	**43,348**	**108**	**133,791**
Trade payables	-	44,405	12,473	715	57,593
Other current and non-current liabilities	-	50,690	19,004	4,317	74,012
Current and non-current liabilities (3)	**-**	**95,095**	**31,477**	**5,032**	**131,604**
Capital employed (1) + (2) - (3)	**-**	**222,145**	**190,932**	**19,163**	**432,240**

- **Breakdown of revenue**

The revenue by sector and sub-sector breaks down as follows:

(in thousand Euros)	March 31, 2014	March 31,2013
Electronics 300mm CGU	59,248	138,521
Electronics Small diameters CGU	90,804	103,452
Electronics GaAs CGU	9,722	10,468
Electronics Equipment CGU	3,998	2,154
Royalties	3,721	2,468
Total *Electronics*	**167,493**	**257,064**
Total *Solar Energy*	**78,896**	**5,757**
Total *Lighting*	**746**	**42**
Total revenue	**247,135**	**262,863**

3.3. Intangible assets

Intangible assets break down as follows:

(in thousand Euros)	Gross value	Accumulated amortization	Impairment charges	Net book value
March 31, 2012	**117 215**	**(37,322)**	**(13,295)**	**66,598**
Goodwill –Electronics CGU	24,697	-	(13,295)	11,402
Goodwill – Solar Energy CGU	19,266	-	-	19,266
Capitalized development projects	3,710	(742)	-	2,968
Concessions, patents and other rights	22,092	(12,076)	-	10,016
Software	50,316	(36,018)	-	14,298
Solar power projects	12,552	(1,701)*	-	10,851
Intangible assets in progress	1,089	-	-	1,089
March 31, 2013	**133,721**	**(50,538)**	**(13,295)**	**69,889**
Goodwill – Electronics CGU	24,697	-	(24,697)	-
Goodwill – Solar Energy CGU	19,266	-	(19,266)	-
Capitalized development projects	3,710	(1,113)	-	2,597
Concessions, patents and other rights	22,262	(15,715)	-	6,547
Software	51,193	(41,439)	(15)	9,739
Solar power projects	6,516	(379)	(150)	5,987
Intangible assets in progress	745	-	-	745
March 31, 2014	**128,389**	**(58,645)**	**(44,128)**	**25,615**

*This amount includes the accelerated amortization of development costs of capitalized solar power projects for an amount of 1,689 thousand Euros (see note 4.4).

As at March 31, 2014, capitalized development projects with a gross value of 3,710 thousand Euros relate to a research project in the field of image sensors, which resulted in a license agreement to be amortized over the lease term.

Intangible assets in progress consist primarily of software for production equipment currently being installed as part of the development of the smart cell and LED production lines and the 300mm wafer production capacity for FD SOI technology.

During the year ended March 31, 2014, details of changes in net asset values by category are as follows:

(in thousand Euros)	*Goodwill*	Capitalized development projects	Concession, patents and other rights	Software	Solar power projects	Intangible assets in progress	Total
March 31, 2012	**30,668**	**3,339**	**13,863**	**13,467**	**1,873**	**3,388**	**66,598**
Transfers and reclassifications (gross value)	-	-	(207)	7,792	251	(7,419)	417*
Additions (gross value)	-	-	-	3	10,280	5,121	15,404
Exchange differences (net value)	-	-	-	115	133	-	248
Amortization expenses	-	(371)	(3,640)	(7,061)	(12)	-	(11,084)
Impairment charges	-	-	-	(19)	(1,675)	-	(1,694)**

(in thousand Euros)	*Goodwill*	Capitalized development projects	Concession, patents and other rights	Software	Solar power projects	Intangible assets in progress	Total
March 31, 2013	**30,668**	**2,968**	**10,016**	**14,297**	**10,851**	**1,089**	**69,889**
Transfers (gross value)	-	-	183	1,759	-	(1,942)	-
Reclassifications from/ to property, plant and equipment	-	-	-	101	(5,106)	-	(5,005)
Additions (gross value)	-	-	-	-	158	1,598	1,756
Capitalized solar power development projects	-	-	-	-	3,193	-	3,193
Exchange differences (net value)	-	-	-	(57)	(423)	-	(480)
Amortization expenses	-	(371)	(3,643)	(6,341)	(17)	-	(10,372)
Impairment charges	(30,668)	-	-	(23)	(2,670)	-	(33,361)
Disposals (net value)	-	(1)	(7)	-	-	-	(8)
March 31, 2014	**-**	**2,596**	**6,549**	**9,736**	**5,987**	**745**	**26,613**

*This corresponds to various reclassifications between property, plant and equipment and intangible assets.
** This amount is recorded in other operating expenses (see note 4.4).

3.4. Property, plant and equipment

Property, plant and equipment break down as follows:

(in thousand Euros)	Gross value	Accumulated depreciation	Impairment charges	Net book value
March 31, 2012	**702,107**	**(371,186)**	**(1,947)**	**328,974**
Buildings*	253,836	(101,789)	(10)	152,037
Machinery and equipment*	471,305	(329,722)	(25,494)	116,089
Solar power projects*	9,793	(4,360)	-	5,433
Other property, plant and equipment*	20,673	(12,071)	(24)	8,578
Property, plant and equipment in progress*	68,235	-	(4,358)	63,877
March 31, 2013	**823,841**	**(447,940)**	**(29,886)**	**346,013**
Buildings*	260,027	(111,935)	(8)	148,084
Machinery and equipment*	501,860	(351,008)	(38,134)	112,717
Solar power projects*	17,554	(5,748)	(2,365)	9,441
Other property, plant and equipment*	21,897	(14,461)	(22)	7,414
Property, plant and equipment in progress*	15,908	-	(3,315)	12,593
March 31, 2014	**817,245**	**(483,150)**	**(43,844)**	**290,251**

The main changes in the items "buildings" and "machinery and equipment" are related to the finalization of the commissioning of the plant and production lines of solar modules in San Diego for 18.0 million Euros, and the commissioning of equipment at the Bernin site designed to develop smart cell and LED production capacity, and 300mm wafer production capacity for FD SOI technology, for an amount of 32.7 million Euros.

In addition, certain items of production equipment have been sold or scrapped, mainly at the Bernin and Singapore sites, for a gross amount of 15.8 million Euros. The related loss on disposal amounted to 458 thousand Euros.

* Including assets financed through finance leases:

(in thousand Euros)	Gross value	Accumulated depreciation	Impairment charges	Net book value
March 31, 2012	**85,277**	**(42,182)**	**(619)**	**42,476**
Buildings	67,512	(45,714)	-	21,798
Other property, plant and equipment	46	(17)	-	29
March 31, 2013	**67,558**	**(45,731)**	**-**	**21,827**
Buildings	64,743	(47,568)	-	17,175
Other property, plant and equipment	39	(23)	-	16
March 31, 2014	**64,782**	**(47,591)**	**-**	**17,191**

During the year ended March 31, 2014, the breakdown of the variations of net carrying amounts by asset type is as follows:

(in thousand Euros)	Buildings	Machinery and equipment	Solar power plant	Other	Property, plant and equipment in progress	Total
March 31, 2012	**136,083**	**122,815**	**1,862**	**4,241**	**63,974**	**328,974**
Transfers (gross value)	34,029	71,685	7,854	5,948	(117,277)	2,241*
Additions (gross value)	-	-	-	-	119,043	119,043
Exchange differences (net value)	3,209	1,762	-	44	1,523	6,538
Depreciation expenses	(11,371)	(32,381)	(267)	(1,553)	-	(45,572)
Impairment (excluding other operating expenses)	(10)	(68)	-	(24)	(124)	(226)
Impairment charges	(9,904)	(46,326)	(4,016)	(77)	(3,262)	(63,585)**
Disposals (net value)	-	(1,399)	-	(2)	-	(1,401)
March 31, 2013	**152,036**	**116,089**	**5,433**	**8,577**	**63,877**	**346,013**
Disposals (gross value)	15,734	54,613	174	1,233	(71,754)	-
Reclassifications from/ to property, plant and equipment	(101)	-	5,106	-	-	5,005
Reclassifications between asset categories	(366)	(1,915)	56	389	1,836	-

(in thousand Euros)	Buildings	Machinery and equipment	Solar power plant	Other	Property, plant and equipment in progress	Total
Inventory reclassifications	-	-	4,608	-	-	4,608
Additions (gross value)	-	-	2,113	-	20,740	22,853
Change in scope (net value)	-	-	(5,026)	-	-	(5,026)-
Exchange differences (net value)	(6,859)	(3,224)	(261)	(261)	(1,084)	(11,689)
Depreciation expenses	(12,362)	(28,377)	(543)	(2,498)	-	(43,780)
Impairment charges	-	(22,737)	(2,190)	-	(1,221)	(26,148)**
Disposals (net value)	-	(1,732)	-	(25)	200	(1,557)
March 31, 2014	**148,082**	**112,717**	**9,441**	**7,415**	**12,593**	**290,251**

*This corresponds to various reclassifications between property, plant and equipment and intangible assets.
** These amounts are recorded in other operating expenses (see note 4.4).

3.5. Value of non-current assets

Impairment of tangible and intangible assets

The Group has re-evaluated the value in use of certain pieces of equipment and has recorded write-downs in order to adjust the carrying value to the value in use for each of the related production lines:

- Suspension of the raw material recycling activity at the Pasir Ris site in Singapore (leading to the complete suspension of production at the Singapore site): 7.3 million Euros
- Suspension of production at the Freiburg site in Germany: 10.3 million Euros.
- Circuit transfer production line at Bernin: 3.4 million Euros.
- Production equipment at the South Paris site: 2.0 million Euros.

Impairment testing

For the March 31, 2014 closing, the Group performed impairment tests on the non-current assets of all CGUs.

- **Electronics business segment**

The impairment tests performed for the September 30, 2013 closing had led to the goodwill resulting from the acquisition of Altatech (*Electronics Equipment* CGU) being fully impaired for an amount of 11.4 million Euros.

These impairment tests have been updated for each of the four CGUs (*Electronics 300 mm*, *Electronics small diameters*, *Electronics Equipment* et *Electronics GaAs*), based on the updated business plan for the division.

The non-current assets of the CGUs are described in note 2.3.9. They consist mostly of cleanrooms and production equipment in Bernin (France) and Pasir Ris (Singapore), and patents relating to circuit transfer and equipment design activities.

To take into account uncertainties related to the short-term development of the activities, cash flows were estimated over a short timeframe (eight years), without using a terminal value above the market value of the manufacturing site buildings and applying a discount rate of 15% (see note 2.4.1). The discounted cash flows and firm offers received from third parties as part of plans to sell certain assets are higher than the net carrying amount of non-current assets for each of the four CGUs. This net carrying amount was 172.4 million Euros (see note 3.2) as at March 31, 2014 (the sum of the assets associated with the four CGUs that make up the business segment). The Group therefore considered that no additional impairment was necessary with respect to the amounts recorded as at September 30, 2013.

- **Solar Energy business segment**

As with the Electronics business segment, the Group considered that there were indicators of impairment in the Solar Energy business segment at the September 30, 2013 closing and recorded an impairment charge amounting to 38.4 million Euros. This corresponded to the goodwill resulting from the acquisition of Soitec Solar GmbH being fully impaired for an amount of 19.3 million Euros and the investment in the joint venture RSOT being fully impaired for an amount of 12.6 million Euros.

These impairment tests have been updated as at March 31, 2014 and consisted in estimating the value in use of the CGU's assets based on discounted future cash flows established using an updated five-year business plan (2013-2014 to 2017-2018), certain assumptions used to calculate the terminal value and a discount rate of 17.5 % (see note 2.4.1). As a result of this analysis and taking into account the sensitivity of the results to key assumptions, the value of non-current assets related to the photovoltaic modules CGU as a whole amounting to 114.8 million Euros (see note 3.2) as at March 31, 2014 is justified. These assets mainly include patents and production facilities installed at the San Diego site.

Non-current assets of the entities dedicated to the different solar power projects (10.5 million Euros as at March 31, 2014) were tested individually considering each solar power project is independent of the others. This test is based on the cash flow generated over the term of the Power Purchase Agreement, using a discount rate of 8%, which corresponds to the expected rate of return on these projects once the construction phase has been completed (see note 2.4.1).

An impairment charge amounting to 2.8 million Euros was recorded for the Desert Green solar power plant during the six month period ended September 30, 2013. The plant was sold in the second half of the financial year. The Group considered that no additional impairment was necessary with respect to the amounts recorded as at September 30, 2013.

- **Lighting CGU**

The non-current assets are composed solely of new industrial equipment amounting to 25.1 million Euros (see note 3.2).

3.6. Non-current financial assets

Non-current financial assets break down as follows:

(in thousand Euros)	March 31, 2014	March 31, 2013
Investments accounted for under the equity method: RSOT *	12,607	14,150
Investments accounted for under the equity method: Touwsrivier (South Africa)	6,886	-
Financial assets - Investments in associates	2,324	1,899
Loans and advances to the finance lessor – Bernin plant	40	114
Deposits **	-	2,790
Restricted cash	700	572
Gross value	**22,557**	**19,525**
Impairment of investments in associates: RSOT*	(12,607)	-
Available for sale financial assets	(978)	(1,773)
Loans	(40)	-
Less: Provision for impairment of non-current financial assets	**(13,625)**	**(1,773)**
Non-current financial assets, net	**8,932**	**17,751**

* The investment in the joint venture RSOT, accounted for under the equity method, is fully impaired as at March 31, 2014.

** The amount of 2,790 thousand Euros recorded within deposits as at March 31, 2013 has been reclassified to other non-current assets as from April 1, 2014.

Under the finance lease for the Bernin plant, the Group granted an advance for a nominal amount of 5,430 thousand Euros to the lessee. This advance will be repaid as the lessor receives the corresponding grants. The residual amount of this advance was 74 thousand Euros for the current portion and the non-current portion has been settled as at March 31, 2014- see note 3.11 (207 thousand Euros as at March 31, 2013).

Financial assets- Investments in associates break down as follows:

	March 31, 2014			March 31, 2013		
(in thousand Euros)	Gross value	Provisions	% held	Gross value	Provisions	% held
Innovative Silicon	-	-	-	1,073	(1,073)	2,42%
Cissoïd	300	(300)	2,32%	300	(300)	2,32%
Medgrid	600	(600)	5,45%	400	(400)	5,26%
Technocom2*	500	(78)	8,00%	125	-	8,00%
Exagan	6	-	15,00%	-	-	-
Suncoutim – Solar Energy**	918	-	23,31%	-	-	-
Total available-for-sale financial assets	**2,324**	**(978)**		**1,898**	**(1,773)**	

The securities detailed above are classified in category 3 in accordance with the fair value hierarchy as per IFRS 7.
*By the end of the contract, the total amount of the investment will be 2,500 thousand Euros.
** This investment is held by the German subsidiary Soitec Solar GmbH.

3.7. Other non-current assets

Other non-current assets break down as follows:

(in thousand Euros)	March 31, 2014	March 31, 2013
Tax receivables	25,031	15,683
Prepayments to fixed assets suppliers	350	2,983
Deposits*	3,629	-
Other assets	-	64
Total other non-current assets	**29,010**	**18,730**
Less: Provision for impairment of other non-current assets	-	-
Other non-current assets, net	**29,010**	**18,730**

* Deposits are recorded in other non-current assets as from the financial year 2013-2014 (in March 2013, 2,790 thousand Euros were recorded in non-current financial assets. (note 3.6)

The tax receivable of 25,031 thousand Euros as at March 31, 2014 corresponds to:

– The non-current portion of the research tax credit for the calendar years 2011, 2012, 2013 and the first quarter of 2014, for an amount of 23,984 thousand Euros (15,683 thousand Euros as at March 31, 2013);

– The non-current portion of the competitive tax credit for the calendar year 2013 and the first quarter of 2014, for an amount of 1,048 thousand Euros.

The total research tax credit receivable (current and non-current portion) amounts to 32,585 thousand Euros.

3.8. Inventories

Inventories break down as follows:

(in thousand Euros)	March 31, 2014	March 31, 2013
Raw materials	40,582	42,945
Work in progress	12,502	19,344
Finished goods	22,226	14,952
Total inventories	**75,311**	**77,240**
Less: Provision for inventory write-down	(16,544)	(11,004)
Inventories, net	**58,767**	**66,236**

During the year ended March 31, 2014, inventories decreased by 11.3% (- 7,470 thousand Euros). The analysis per division shows opposing trends:

- Inventories for the Electronics division decreased by 11,479 thousand Euros during the year. This decrease is attributable to the reductions in raw materials (-2,955 thousand Euros), work in progress (-3,106 thousand Euros) and finished goods (-5,417 thousand Euros).
- Inventories for the Solar Energy division increased by 3,868 thousand Euros. This variation can be explained by a decrease in raw materials (-3,593 thousand Euros) and work in progress (-5,492 thousand Euros), both offset by an increase of 12,953 thousand Euros in finished goods. These finished goods mainly correspond to inventory intended for the Touwsrivier solar power plant.
- The Lighting division contributed for the first time for an amount of 141 thousand Euros.

3.9. Trade receivables

Trade receivables break down as follows:

(in thousand Euros)	March 31, 2014	March 31, 2013
Trade receivables	91,803	42,414
Less: provision for impairment of trade receivables	(2,992)	-
Trade receivables, net	**88,811**	**42,414**

The variation in provisions for impairment of trade receivables breaks down as follows:

(in thousand Euros)	March 31, 2014	March 31, 2013
Provision for impairment at beginning of year	-	-
Provision for impairment	(2,992)	-
Reversals of used provisions: uncollectible receivables	-	-
Reversals of unused provisions	-	-
Exchange differences	-	-

Reclassification	-	-
Provision for impairment at end of year	**(2,992)**	**-**

As at March 31, 2014, the aging analysis of trade receivables is as follows:

(in thousand Euros)	Total trade receivables	Not due and not impaired	<30 days	<30-60 days	<60-90 days	<90-120 days	>120 days
Gross value	**91,803**	85,853	1,677	77	126	30	4,040
Provision for impairment	**(2,992)**	-	-	-	-	(4)	(2,988)
Trade receivables, net	**88,811**	**85,853**	**1,677**	**77**	**126**	**26**	**1,052**

Aged receivable accounts were subject to a detailed review. A provision for impairment amounting to 2,992 thousand Euros has been recorded to take into account the risk of non-recovery of receivables relating to photovoltaic systems for a solar power project in Italy.

As at March 31, 2013, the aging analysis of receivables was as follows:

(in thousand Euros)	Total trade receivables	Not due and not impaired	<30 days	<30-60 days	<60-90 days	<90-120 days	>120 days
Gross value	**42,414**	36,928	710	54	48	441	4,233
¨Provision for impairment	**-**	-	-	-	-	-	-
Trade receivables, net	**42,414**	**36,928**	**710**	**54**	**48**	**441**	**4,233**

Aged receivable accounts were subject to a detailed review. As at March 31, 2013, they did not present a significant risk and therefore were not subject to an impairment test.

3.10. Other current assets

Other current assets break down as follows:

(in thousand Euros)	March 31, 2014	March 31, 2013
Tax and social security receivables*	12,688	13,879
Receivables on asset disposals	-	49
Prepaid expenses	1,400	1,020
Grants receivable***	2,738	3,852
Deposits **	58	-
Prepayments	4,781	5,309
Other	1,101	1,031
Total current assets	**22,766**	**25,140**
Less: provision for impairment of current assets	-	-
Current assets, net	**22,766**	**25,140**

* As at March 31, 2014, tax and social security receivables include a research tax credit amounting to 8,601 thousand Euros for the calendar year 2010.
**Deposits are recorded within other current assets as from the year ended March 31, 2014 (as at March 31, 2013, 214 thousand Euros were recorded in current financial assets (note 3.12)).
*** Operating grants receivable are as follows:

(in thousand Euros)	March 31, 2014	March 31, 2013
Operating grants receivable at beginning of year	**3,852**	**15,695**
Received during the year	(15,113)	(19,718)
Recognized as income	14,011	7,827
Exchange differences	(12)	48
Operating grants receivable at end of year	**2,738**	**3,852**

In accordance with IAS 20, research and development subsidies received are recorded as grants receivable when the financing agreements have been signed and administrative authorization has been obtained. They are recorded in the income statement proportionally to the research and development expenses recorded during the period and eligible for subsidized projects, after verifying that the grant conditions were respected. The grants are invoiced and recorded according to the milestones set out in the agreements.

3.11. Current financial assets

Current financial assets break down as follows:

(in thousand Euros)	March 31, 2014	March 31, 2013
Loans and advances to the lessor- Bernin plant	296	1,147
Accrued interest	49	708
Prepaid expenses	214	148
Deposits*	10,840	214
Restricted cash	1,000	1,000
Derivative financial instruments	-	-
Other financial assets**	3,657	-
Total current financial assets	**16,055**	**3,218**
Less: provision for impairment of loans	(181)	(280)
Less: provision for impairment of other financial assets	-	-
Total provision for impairment	**(181)**	**(280)**
Other current financial assets, net	**15,873**	**2,937**

* The amount of 214 thousand Euros recorded within deposits as at March 31, 2013 has been reclassified to other current assets as from April 1, 2014 (note 3.11).

As at March 31, 2014, the Touwsrivier solar power plant has been sold. However the Group still had unavailable deposits amounting to 10, 840 thousand Euros as at this date, which had been paid as part of the bond issuance. These deposits will be repaid at the start of the financial year beginning April 1, 2014.

** Other financial assets correspond to interest payments linked to the financing of the Touwsrivier solar power plant, invoiced by Soitec Solar GmbH and Soitec Solar RSA.

3.12. Cash and cash equivalents

Cash and cash equivalents break down as follows:

(in thousand Euros)	March 31, 2014	March 31, 2013
Cash	44,728	70,878
Cash equivalents	-	59,250
Total cash and cash equivalents	**44,728**	**130,127**

Cash held in banks is principally denominated in US Dollars, South African Rand and Euros.

In order to determine if an investment is eligible to be classified as a cash equivalent, the Group complies with the AMF guidance issued on May 3, 2011 relating to the classification of UCITS money market funds as cash equivalents in accordance with IAS 7.

As at March 31, 2014, cash is mostly composed of interest bearing accounts. As at March 31, 2013, cash equivalents were principally composed of term deposits and money market securities.

3.13. Issued capital and reserves

3.13.1. Share capital and premium

As at March 31, 2014, the number of Company shares outstanding was 172,580,795. These are ordinary shares with a nominal value of 0.10 Euros per share.

(in number of shares)	March 31, 2014	March 31, 2013
Ordinary shares with a nominal value of 0.10 Euro	172,580,795	122,626,743

During 2013-2014 the share capital was increased by 4,995 thousand Euros to reach 17,258 thousand Euros by the end of March 2014 as detailed in the table below:

		Ordinary shares issued and fully paid up	Share capital	Share premium
Date	Nature of the transaction	(in number of shares)	Increase (decrease) in thousand Euros	
March 31, 2012		**122,128,392**	**12,213**	**641,663**
26/03/12 (22 600 shares issued at 3.01 euros)	Issue of shares	-	-	1
June 4, 2012	Free shares	184,451	18	-
November 13, 2012	Free shares	5,650	1	-
July 25, 2012	Cancellation of 232,229 BSAAR	-	-	(810)
January 22, 2013	Issue of shares	308,250	31	856
	Share issuance expenses, net			(476)
March 31, 2013		**122,626,743**	**12,263**	**641,233**
May 25, 2013	Free shares	582,040	58	-
July 23, 2013	Issue of shares	49,283,512	4,928	66,533
December 13, 2013	Free shares	88,500	9	-
	Share issuance expenses, net	-	-	(3,608)
March 31, 2014		**172,580,795**	**17,258**	**704,158**

In terms of the number of shares issued, share capital movements during the year ended March 31, 2014 can be summarized as follows:

Transaction	Number of shares issued
Exercise of warrants	-
ABSAAR issue	-
Share capital increase	49,283,512
Free shares	670,540
Total	**49,954,052**

The Group conducted three share capital increases during the year ended March 31, 2014 with the issue of 49,283,512 new shares and the allocation of 670,540 free shares, amounting to 71,528 thousand Euros, including a share premium of 66,533 thousand Euros (excluding issue costs).

External costs directly associated with these capital increases, netted against the premium, amounts to 3,608 thousand Euros.

3.13.2. Treasury shares

As at March 31, 2014, the Company holds 112,059 treasury shares.

	March 31, 2014	March 31, 2013
Number of treasury shares	112,059	112,059
Gross value (in thousand Euros)	478	478
Unrealized gain / (loss) (in thousand Euros)	(233)	(150)

The gross value of these treasury shares along with any gains or losses on disposal is deducted from equity.

3.13.3. Other reserves

(in thousand Euros)	Revaluation difference	Actuarial gains (losses) on pensions and other post-retirement benefits	Gains and losses on treasury shares	Other	Exchange differences	Total
March 31, 2012	**705**	**(1,529)**	**1,023**	**(241)**	**6,275**	**6,233**
Variation for the	-	(264)	-	-	2,767	2,503

year						
March 31, 2013	**705**	**(1,793)**	**1,023**	**(241)**	**9,042**	**8,736**
Variation for the year	-	168*	-	-	(5,827)	(5,659)
March 31, 2014	**705**	**(1,625)**	**1,023**	**(241)**	**3,215**	**3,077**

* This amount includes 172 thousand Euros related to the recognition of past service cost in accordance with IAS 19 revised.

The variation in exchange differences of 5,827 thousand Euros includes the effect of 5,562 thousand Euros of exchange differences in the intergroup financing denominated in US Dollars granted by Soitec S.A. to its subsidiary in Singapore, deemed to be part of the Group's net investment in Singapore.

Actuarial gains on retirement benefit obligations are recognized in other reserves, with a corresponding reduction of the provision for employee retirement.

3.13.4. Dividends

Considering the loss of the previous period, the Board of Directors will propose allocating the loss to retained earnings and not paying dividends at the General Meeting of shareholders on May 28, 2014.

3.14. Share-based payments

3.14.1. Impact of share-based payments on the consolidated income statement

The expense recognized in income for the year ended March 31, 2014 totals 1,631 thousand Euros (5,050 thousand Euros for the year ended March 31, 2013). In accordance with IFRS 2, due to the failure to meet internal performance criteria based on sales, EBITDA, consolidated available cash and the completion of key stages in the Group's strategic plan, and due to departures before the end of the vesting period, a portion of the expense recognized during the years ended March 31, 2012 and 2013 has been reversed for an amount of 2,659 thousand Euros (631 thousand Euros as at March 31, 2013, corresponding to a portion of the plans from June 1, 2010 and April 1, 2011 for which internal performance criteria were not met).

3.14.2. Information on changes to stock option plans

No new plans were introduced during the financial year. The following table summarizes the changes to the employee warrant and stock option plans:

	Shares (in number of shares)	Weighted average exercise price per share (in Euros)	Price range (in Euros)
March 31, 2012	**1,533,410**	**11.13**	**3.04 - 22.73**
Granted	-	-	-
Exercised	-	-	-
Expired	(180,800)	5.62	3.04 - 11.31
March 31, 2013	**1,352,610**	**11.86**	**3.88 - 22.73**
After the share capital increase in July 2013*	1,396,960	11.48	3.71 - 17.81
Granted	-	-	-
Exercised	-	-	-
Expired	(474,200)	9.73	3.81 - 21.77
March 31, 2014	**922,760**	**12.39**	**3.71 - 17.81**

* In accordance with the dispositions of article L.225-181 of the French commercial code and as a result of the capital increase maintaining the preferential right of subscription carried out by the Company during the year, the Company took the measures necessary to protect the interests of the beneficiaries of the options under the conditions set out in article L.228-99 of the same code, by adjusting the subscription conditions for Company shares.

3.14.3. Share-based payments

The table below indicates the extent to which stock options and free shares had been distributed pursuant to those authorizations adopted at the Shareholders' Meetings held on July 1, 2005, July 6, 2006 and July 7, 2009 prior to the beginning of the financial year ended March 31, 2013. It also sets out the extent to which prior authorizations had been utilized.

3.14.4. Stock option plans (issued after November 7, 2002)

Date of Shareholders' meeting	10/07/03	10/07/03	10/07/03	10/07/03	10/07/03	01/07/05	01/07/05
Date of Board of directors meeting	10/07/03	12/11/03	30/04/04	16/11/04	13/05/05	03/11/05	26/01/06
Number of shares	169,500	59,000	39,860	59,500	23,600	982,250	180,800
- Of which number of shares for corporate officers	-	-	-	-	-	100,000	-
- Of which number of shares for top ten employees	169,500	59,000	39,860	59,500	23,600	593,250	180,800
Number of beneficiaries	1	2	2	2	1	20	2
Start date for exercise of warrants	10/07/03	12/11/03	30/04/08	16/11/08	13/05/09	03/11/09	26/01/10
Expiration date	09/07/13	11/11/13	29/04/14	15/11/14	12/05/15	02/11/15	25/01/13
Number of shares subscribed	-	-	8,000	30,000	-	-	-
Number of shares cancelled	169,500	59,000	-	-	-	478,600	180,800
Number of outstanding shares	-	-	31,860	29,500	23,600	507,400	-
Subscription price per share (in Euros)	4.35	3.81	3.86	3.71	6.73	10.83	13.21
Share price at time of grant	4.38	5.12	4.50	4.78	9.08	13.13	21.17
Life	10	10	10	10	10	10	10
Expected dividend	-	-	-	-	-	-	-
Expected volatility	-	-	22.00 %	22.00 %	25.00 %	44 .04 %	43.27 %
Risk free rate	-	-	4.20 %	3.82 %	3.60 %	3.60 %	3.60 %
Fair value of the option	-	-	1.09	1.35	3.20	5.80	11.11

Date of Shareholders' meeting	01/07/05	01/07/05	01/07/05	01/07/05
Date of Board of directors meeting	04/05/06	06/07/06	26/10/06	12/03/07
Number of shares	41,300	82,600	236,000	31,800
- Of which number of shares for corporate officers	-	-	-	-
- Of which number of shares for top ten employees	41,300	82,600	236,000	31,800
Number of beneficiaries	1	2	1	2
Start date for exercise of warrants	04/05/10	06/07/10	26/10/10	12/03/11
Expiration date	03/05/16	05/07/16	25/10/16	11/03/17

Number of shares subscribed	-	-	-	-
Number of shares cancelled	41,300	-	-	20,000
Number of outstanding shares	-	82,600	236,000	11,800
Subscription price per share (in Euros)	21.77	17.81	16.39	17.34
Share price at time of grant	27.52	23.37	18.70	17.86
Life	10	10	10	10
Expected dividend	-	-	-	-
Expected volatility	42.50 %	49.70 %	51.87 %	51.87 %
Risk free rate	3.81%	3.80 %	3.87 %	3.86 %
Fair value of the option	12.32	11.83	9.01	8.09

3.14.5. Free shares

Free shares break down as follows:

Date of Shareholders' meeting	06/07/06	06/07/06	06/07/06	06/07/06	06/07/06
Date of Board of directors meeting	06/07/06	01/06/07	24/01/08	04/06/08	25/02/09
Number of shares	100,000	46,096	8,000**	129,297	30,000
- Of which number of shares for corporate officers	100,000	28,464	-	62,674	-
- Of which number of shares for top ten employees	-	17,632	8,000	66,623	30,000
Number of beneficiaries	1	6	1	9	1
Start date for exercise of warrants	from 06/07/06 to 05/07/08	from 01/06/07 to 31/05/09	from 24/01/08 to 23/01/10	from 04/06/08 to 03/06/10	from 25/02/09 to 24/02/11
Expiration date	from 06/07/08 to 05/07/10	from 01/06/09 to 31/05/11	from 24/01/10 to 23/01/12	from 04/06/10 to 03/06/12	from 25/02/11 to 24/02/13
Number of shares subscribed	100,000	38,115	8,000	129,297	30,000
Number of transferable shares	100,000	38,115	8,000	123,030	30,000
Number of nontransferable shares	-	-	-	6 267	-
Number of shares cancelled	-	7 981*	-	-	-
Number of outstanding shares	-	-	-	-	-
Subscription price per share (in Euros)	21,01	17,00	6,55	5,38	2,15

* Includes 7,981 shares cancelled following the departure of Mr. Pascal Mauberger on 21 February 2008.
** All these free shares were granted to Mr. Paul Boudre prior to his appointment as Chief Operating Officer.

Date of Shareholders' meeting	06/07/06	07/07/09	07/07/09	07/07/09	07/07/09
Date of Board of directors meeting	05/06/09	07/07/09	01/06/10	22/09/10	01/04/11
Number of shares	228,556	55,000	219,542	5,650	934,510
- Of which number of shares for corporate officers	145,683	-	105,611	-	418,100
- Of which number of shares for top ten employees	82,873	55,000	113,931	5,650	408,600
Number of beneficiaries	10	1	11	1	19
Start date for exercise of warrants	from 05/06/09 to 04/06/11	from 07/07/09 to 06/07/11	from 01/06/10 to 31/05/12	from 22/09/10 to 21/09/12	from 01/04/11 to 31/03/13
Expiration date	from 05/06/11 to 04/06/13	from 07/07/11 to 06/07/13	from 01/06/12 to 31/05/14	from 22/09/12 to 21/09/14	from 01/04/13 to 31/03/15
Number of shares subscribed	216,403	55,000	184,452	5,650	582,040
Number of transferable shares	-	-	-	-	-
Number of nontransferable shares	14,568	-	8,470	-	27,260
Number of shares cancelled	12,153	-	35,090	-	352,470
Number of outstanding shares	-	-	-	-	-
Subscription price per share (in Euros)	5.00	5.24	7.64	7.36	10.72

Date of Shareholders' meeting	07/07/09	24/06/11	24/06/11	24/06/11	24/06/11
Date of Board of directors meeting	01/04/11	13/12/11	13/12/11	04/06/12	04/06/12
Number of shares	287,420	138,500	29,500	946 697	259,010
- Of which number of shares for corporate officers	-	-	-	217,457	-
- Of which number of shares for top ten employees	239,560	138,500	29,500	422,440	84,960
Number of beneficiaries	13	2	2	21	10
Start date for exercise of warrants	from 01/04/11 to 31/03/15	from 13/12/11 to 12/12/13	from 13/12/11 to 12/12/15	from 04/06/12 to 03/06/14	from 04/06/12 to 03/06/16
Expiration date		from 13/12/13 to 12/12/15		from 04/06/14 to 03/06/16	
Number of shares subscribed	-	88,500	-	-	-
Number of transferable shares	-	-	-	-	-
Number of nontransferable shares	-	-	-	-	-
Number of shares cancelled	128,120	50,000	-	112,100	49,560
Number of outstanding shares	159,300	-	29,500	834,597	209,450
Subscription price per share (in Euros)	10.72	3.73	3.73	2.61	2.61

Date of Shareholders' meeting	03/07/12	03/07/12	02/07/13	02/07/13
Date of Board of directors meeting	07/03/13	07/03/13	06/03/14	06/03/14

Number of shares	91,450	177,000	115,000	100,000
- Of which number of shares for corporate officers	-	-	-	-
- Of which number of shares for top ten employees	91 450	177 000	115 000	100 000
Number of beneficiaries	1	2	2	1
Start date for exercise of warrants	from 07/03/13 to 06/03/15	from 07/03/13 to 06/03/17	from 06/03/14 to 05/03/16	from 06/03/14 to 05/03/18
Expiration date	from 07/03/15 to 06/03/17		from 06/03/16 to 05/03/18	
Number of shares subscribed	-	-	-	-
Number of transferable shares	-	-	-	-
Number of nontransferable shares	-	-	-	-
Number of shares cancelled	-	147,500	-	-
Number of outstanding shares	91,450	29,500	115,000	100,000
Share price at time of grant	2.89	2.89	2.34	2.34

3.15. Borrowings and financial debt

Borrowings and financial debt break down as follows:

Current (in thousand Euros)	Effective interest rate (%)	Currency	Repayment date	March 31, 2014	March 31, 2013
Finance leases:					
Real estate (buildings)	1.62 %-1.65 %	EUR	2014	3,484	6,286
Machinery and equipment	1.35 %	JPY	2014	6	7
Borrowings:					
Bonds: OCEANE 2014 (principal)	6.25 %	EUR	2014	81,112	-
Bonds: OCEANE 2014 (accrued interest)	6.25 %	EUR	2014	2,892	5,060
Bonds: OCEANE 2018 (accrued interest)	6.75 %	EUR	2014	229	-
Bank loans	2.35% - 4.3 %	EUR	2014	509	493
Other borrowings and financial liabilities:					
Repayable advances	-	EUR	2014	28	110
Derivative financial instruments	-	USD	2013	-	341
Accounts payable	-	EUR	2014	190	190
Bank overdrafts	-	EUR	-	-	-
Credit lines	0.81% - 1.57%	EUR	2014	49,599	41,181
Other financial liabilities	-	EUR	2014	150*	-
Other financial liabilities	-	USD	2013	-	3,330**
Current financial liabilities				**138,200**	**56,999**

Non-current (in thousand Euros)	Effective interest rate (%)	Currency	Repayment date	March 31, 2014	March 31, 2013
Finance leases:					
Real estate (buildings)	2.00 %	EUR	2014	-	3,512
Machinery and equipment	1.35 %	JPY	2015-2018	15	25
Borrowings:					
Bonds: OCEANE 2014	6.25 %	EUR	2014	-	133,376
Bonds: OCEANE 2018	6.75 %	EUR	2018	87,662	-
Bank loans	2.4% - 4.3 %	EUR	2015	-	506
Loan with financial institutions	9.00 %	USD	2017	13,055	-
Other borrowings and financial liabilities:					
Repayable advances	-	EUR	2015-2108	6,939	2,010
Credit lines	0.81%-0.92%	EUR	2016	11,050	-
Derivative financial instruments	-	-	-	-	-
Other financial liabilities	-	USD	2014-2015	-	234
Non-current financial liabilities				**118,721**	**139,663**

* This amount relates to Medgrid shares subscribed to by Soitec France for 150 thousand Euros and not paid up as at March 31, 2014.
** As at March 31, 2013, this amount included the outstanding amount due for the investment in the joint venture RSOT amounting to 978 thousand Euros.

On September 9, 2009, Soitec S.A. issued bonds convertible into and/or exchangeable for new or existing shares (OCEANE) for a nominal amount of 145 million Euros. The 16,959,065 bonds issued will mature on September 9, 2014 and carry interest at an annual nominal rate of 6.25%. The issue price was 8.55 Euros per bond. Holders may convert their bonds into shares at any time after September 9, 2009 on a one-for-one basis. In addition, from September 9, 2012, Soitec S.A. may elect to redeem the OCEANE bonds ahead of their maturity date at par value plus accrued interest if the share price exceeds 130% of the nominal value of the bonds.

On September 18, 2013, the Group early repaid 7,249,260 2014 OCEANE for a total amount of 62.0 million Euros, thereby reducing the remaining amount of debt to be repaid as at September 9, 2014.

The Group also issued new OCEANE convertible bonds for a nominal amount of 103.2 million Euros. The 40,000,000 issued bonds mature on September 18, 2018 and bear interest at a nominal annual rate of 6.75% payable on a half-yearly basis, on March 18 and September 18 every year. The issue price per bond amounted to 2.58 Euros. The bonds may be subject to optional early redemption by the Group under certain conditions.

In accordance with IAS 39, the fair value of the OCEANE convertible bonds was recognized through two separate components:

- the debt component, which was calculated using a market interest rate for an equivalent non-convertible bond. It was recognized at an amortized cost of 86,182 thousand Euros net of its portion of issuance costs. The estimated effective interest rate of the debt is 10.50%.
- the conversion option component, calculated as the difference between the fair value of the OCEANE convertible bond and the debt component. It was recognized separately in equity for 13,176 thousand Euros net of its portion of issuance costs. This amount will remain fixed until the bonds are converted, exchanged or redeemed, barring a change in their estimated life.

Bank loans

Bank loans are repayable on a quarterly basis until 2015.

Loans from other financial institutions

Loans from other financial institutions are repayable on a monthly basis until 2017.

Repayment schedule

The loan repayment schedule breaks down as follows:

	March 31, 2014				
(in thousand Euros)	<1year	1 to 5 years	> 5years	Total	March 31, 2013
Finance leases:					
Real estate finance leases	3,484	-	-	3,484	9,788
Equipment finance leases	7	15	-	21	32
Borrowings:					
Bonds: OCEANE 2014	84,004	-	-	84,004	138,436
Bonds: OCEANE 2018	229	87,662	-	87,891	-
Bank loans	509	-	-	509	999
Loans from other financial institutions	-	13,055	-	13,055	-
Other borrowings and financial liabilities:					
Repayable advances	28	6,939	-	6,967	2,120
Accounts payable	190	-	-	190	190
Derivative financial instruments	-	-	-	-	341
Credit lines	49,599	11,050	-	60,650	41,181
Bank overdraft	-	-	-	-	-
Other financial liabilities	150	-	-	150	3,563*
Borrowings and financial liabilities	**138,200**	**118,721**	**-**	**256,921**	**196,661**

* This amount relates to Medgrid shares subscribed to by Soitec France for 150 thousand Euros and not paid up as at March 31, 2014. As at March 31, 2013 this amount included the outstanding amount due for the investment in the joint venture RSOT amounting to 978 thousand Euros.

3.16. Provisions and other non-current liabilities

Provisions and other non-current liabilities break down as follows:

(in thousand Euros)	March 31, 2014	March 31, 2013
Deferred income	10,024	6,841
Other debtors	236	332
Non-current liabilities	**10,260**	**7,173**
Provisions for other liabilities and charges	8,098	5,960
Provisions and other non-current liabilities	**18,358**	**13,133**

As at March 31, 2014, deferred income related mainly to:

- A license agreement signed in March 2011 in the field of image sensors, for a total amount of 4,566 thousand Euros, split into a non-current portion for 3,913 thousand Euros and a current portion for 652 thousand Euros.
- A license agreement signed in March 2013 in the field of III-V materials in the light-emitting diodes market, for a total amount of 2,275 thousand Euros, split into a non-current portion for 2,023 thousand Euros and a current portion for 253 thousand Euros.
- A license agreement signed in January 2013 in the field of III-V materials, for a total amount of 721 thousand Euros, split into a non-current portion for 564 thousand Euros and a current portion for 158 thousand Euros.

Provisions for other liabilities and charges are principally composed of provisions for retirement obligations amounting to 6,225 thousand Euros.

Variations in provisions for other liabilities and charges

Provisions for other liabilities and charges break down as follows:

(in thousand Euros)	March 31, 2013	Allocation of the year	Reversal (used)	Reversal (unused)	Exchange differences	Reclassification	March 31, 2014
Current provisions:							
Litigation	3,847	1,800	(246)	(1,030)*	-	-	4,371
Warranty	-	-	-	-	-	-	-
Restructuring	2,141	7,090	(4 229)	(269)	(15)	-	4,718
Other liabilities	275	253	-	(12)	(8)	(259)**	248
Total	**6,262**	**9,143**	**(4 475)**	**(1,311)**	**(23)**	**(259)**	**9,337**
Non-current provisions:							
Retirement obligations	5,406	1,109	(117)	-	(5)	(168)***	6,225
Litigation	-	-	-	-	-	-	-
Warranty	554	846	(234)	(21)	(10)	-	1,136
Restructuring	-	819	(82)	-	-	-	737
Other liabilities	-	-	-	-	-	-	-
Total	**5,960**	**2,774**	**(433)**	**(21)**	**(15)**	**(168)**	**8,098**

* This amount corresponds to the reversal of provisions for tax risks for now prescribed periods.
** The reclassification corresponds to liabilities that have become certain and have been reclassified as trade payables.
*** This amount corresponds to the actuarial loss on pensions and other post-retirement benefits for -340 thousand Euros and to the recognition of past service cost in accordance with IAS 19 revised for 172 thousand Euros. The net amount of 168 thousand Euros has been reclassified in equity (see statement of changes in equity, note 3.13.3).

Provisions for litigation are composed of various amounts linked to legal proceedings related to employee arbitration, commercial or tax issues. The review of ongoing litigation is presented in note 5.3.

The provision for retirement indemnities is detailed in note 5.1.

3.17. Trade payables

Trade payables break down as follows:

(in thousand Euros)	March 31, 2014	March 31, 2013
Trade payables	**45,972**	**57,593**

Trade payables decreased by 11,621 thousand Euros, mainly due to cost reduction measures and the decline in activity.

3.18. Provisions and other current liabilities

Provisions and other current liabilities:

(in thousand Euros)	March 31, 2014	March 31, 2013
Customer advances/ prepaid income	5,648	3,135
Suppliers	4,224	24,159
Tax and social security liabilities	21,794	24,565
Deferred income	1,329	2,223
Other	609	533
Other liabilities	**33,603**	**54,616**
Provisions	9,337	6,262
Provisions and other current liabilities	**42,940**	**60,879**

Provisions are detailed in note 3.16.

The line item “Suppliers” has decreased significantly due to the decline in the Group’s investment activities. As at March 31, 2013 the amount mainly related to investments in the solar module production plant in San Diego.

4. Notes to the income statement

4.1. Employee costs

Employee benefit expenses break down as follows:

(in thousand Euros)	March 31, 2014	March 31, 2013
Wages and salaries, including social security costs*	(104,002)	(120,573)
Tax credit for competitiveness and employment	1,048	-
Pension costs	(1,458)	(1,066)
Share-based payments	1,028	(4,419)
Total employee costs	**(103,384)**	**(126,058)**

* Employee costs presented also include incentive schemes.

The reduction in payroll of 22,674 thousand Euros is mainly related to:

- a reduction in wages and salaries, including social security costs, for 16,571 thousand Euros,
- the impact of the tax credit for competitiveness and employment for 1,048 thousand Euros,
- a positive impact in share-based payments for 5,447 thousand Euros, (see 3.14.1) and
- an increase in pension costs for 392 thousand Euros.

An analysis by division of the decrease of 16,571 thousand Euros in wages and salaries shows opposing trends:

- The wages and salaries in the Electronics division decreased by 25,148 thousand Euros. The restructuring plan of March 31, 2013 concerned 10% of the workforce of the Bernin site and 25% of the workforce of the Pasir Ris site in Singapore. During the first six months of the year ended March 31, 2014, all activity on the Singapore site was suspended. During the second half of the year a new restructuring plan was implemented concerning a 10% of the workforce of the Bernin site. The reduction in the Bernin site payroll for 17,528 thousand Euros and the Pasir Ris site payroll for 3,465 thousand Euros can be explained by these two measures.
- The development of the Solar Energy division resulted in an increase of 5,703 thousand Euros in employee costs. The San Diego site contributed 4,502 thousand Euros, and the subsidiary Soitec Solar France contributed 1,777 thousand Euros. A restructuring plan concerning 40% of the workforce was implemented at the Freiburg site, resulting in a reduction in payroll of 1,588 thousand Euros.
- Wages and salaries for the Lighting division increased by 2,408 thousand Euros.
- Wages and salaries for the Corporate division decreased by 534 thousand Euros.

The average staff level of the Group in number of equivalent full time staff is as follows:

(full-time equivalent basis)	March 31, 2014	March 31, 2013
Production	900	971
Research and development	244	277
Sales and marketing expenses	68	71
Management and administrative staff	246	295
Total number of employees on a full-time equivalent basis	**1,458**	**1,613**

4.2. Research and development expenses

Research and development expenses break down as follows:

(in thousand Euros)	March 31, 2014	March 31, 2013
Gross research and development operating expenses	**(57,133)**	**(78,828)**
Sales of prototypes	7,377	13,386
Research and Development grants recognized in income	13,397	7,654
Repayable advances recognized in income	-	173
Research tax credit	7,734	9,369
Other revenue	222	50
Total revenue net of operating expenses	**28,730**	**30,632**
Net total research and development operating expenses	**(28,404)**	**(48,196)**

Gross Research and Development expenses mainly consist of research expenses and are recognized in the income statement. The Group has defined an eight-stage life cycle for Research and Development projects. Upon the completion of each stage a decision is made to either continue or discontinue the project. The first five steps cover exploratory research (evaluation of technologies), while the following two phases correspond to the development of a product, generally in conjunction with a potential customer. The final stage is the high-volume industrialization of the product. The costs incurred during the exploratory research phases are expensed under research costs. Development expenses are incurred over a relatively short period and are generally not material. Finally, the costs incurred in the industrialization phase are recognized in the cost of sales. The increase in research and development operating expenses was primarily due to the acceleration of strategic programs in the field of solar power energy (photovoltaic and solar cell systems) and lighting.

Sales of prototypes have decreased significantly compared to the previous financial year, due to the fact that the main products in the development phase (300mm for Fully Depleted SOI technology and image sensors, 200mm for radio-frequency devices) have now moved into the production phase, as well as the Group's decision to refocus development efforts on strategic projects.

Government funding for research recorded during the year ended March 31, 2014 mainly corresponds to three "Invest for the Future" (Investissements d'Avenir) programs: "Exact" (for advanced digital material), "Bright" (substrates for new generations of light-emitting diodes) and "Guepard" (solar cells).

The research tax credit recognized is impacted by the amount of government grants received during a calendar year and may therefore vary significantly from one year to the next. Thus, the decrease in the research tax credit for the year ended March 31, 2014 is only partially due to the slowdown in research and development efforts, and mainly reflects the increase in government grants received under the "Invest for the Future" program in the 2013 calendar year.

4.3. Depreciation and amortization included in the consolidated income statement

The depreciation and amortization expense in the income statement breaks down as follows:

(in thousand Euros)	March 31, 2014	March 31, 2013
Cost of sales	(47,261)	(49,708)
Research and development expenses	(5,445)	(5,390)
Marketing expenses	(110)	(126)
Solar power project development costs	(14)	(6)
Administrative expenses	(1,322)	(1,429)
Total depreciation and amortization	**(54,152)**	**(56,660)**

4.4. Other operating income and expense

Other operating income and expense in the income statement breaks down as follows:

(in thousand Euros)	March 31, 2014	March 31, 2013
Other operating income:		
Reversal of asset write-down	2,660	-
Total other operating income	**2,660**	**-**
Other operating expense:		
Impairment of goodwill	(30,668)	-
Impairment of investments accounted for under the equity method	(12,606)	
Impairment of non-current assets	(2,699)	(39,148)
Changes in repayable advances	(2,649)	-
Write-downs of assets	(23,031)	(28,082)
Other provisions on current assets	(4,991)	(3,939)
Restructuring expenses	(8,379)	(2,779)
Total other operating expense	**(85,023)**	**(73,948)**

Three main events resulted in the recognition of a non-current expense of 82,363 thousand Euros during the year ended March 31, 2014:

- On the one hand, the continued effort to refocus manufacturing activities to respond to the economic downturn resulted in a complete suspension of activity at the Pasir Ris production site in Singapore and the partial suspension of activity at the Bernin and South Paris sites and the Freiburg site, which has become the research and development center for the Solar Energy division.
- This decision led to the following:
  - o The write-down of related equipment, for respective amounts of 7,270 thousand Euros in Singapore and 10,381 thousand Euros in Freiburg.
  - o At the Pasir Ris site in Singapore, a provision was recorded for the dismantling of the production site and suspension costs were incurred, for a total amount of 765 thousand Euros. In addition, a write-down amounting to 2,660 thousand Euros was reversed in relation to the transfer to another site of an asset that had been fully impaired as at March 31, 2013.
  - o At the Freiburg site, a provision was recorded for the remaining rent due for the building, for the part attributable to production, for an amount of 819 thousand Euros. At the Bernin site, write-downs were recorded on the circuit transfer line and related inventories for respective amounts of 3,336 thousand Euros and 1,778 thousand Euros and a provision for the dismantling of the line was recorded for 271 thousand Euros. At the South Paris site, production equipment related to the *Electronics GaAs* CGU was written down for an amount of 2,013 thousand Euros.
- On the other hand, based on the significant discrepancies in the medium term between the business plans established at the end of the previous financial year and the latest forecasts, the Group updated its impairment testing on non-current assets as at September 30, 2013. Impairment tests were updated for Cash Generating Units for which there were indicators that assets may be impaired:
  - o For the Electronics division, the Electronics 300mm CGU, the Small diameters CGU, the Electronics GaAs CGU and the Electronics Equipment CGU;
  - o For the Solar Energy division, the solar module production CGU and the CGU corresponding to the Desert Green solar power plant, which was subsequently sold during the second half of the year ended March 31, 2014.

These tests led to the goodwill resulting from the acquisition of Altatech (allocated to the *Electronics Equipment* CGU) being fully impaired for an amount of 11,402 thousand Euros, the goodwill resulting from the acquisition of Concentrix (allocated to the solar module production CGU) being fully impaired for an amount of 19,266 thousand Euros and the investment in the joint venture Reflexite Soitec Optical Technology being fully impaired for an amount of 12,606 thousand Euros, in the first half of the year.

In addition, this impairment testing as at September 30, 2013 resulted in an impairment charge of 2,699 thousand Euros relating to the non-current assets of the Desert Green plant, which was subsequently sold during the course of the year ended March 31, 2014. A write-down of inventory amounting to 1,328 thousand Euros for generation V solar modules, which were installed and connected to the grid during the second half of the year, and a provision for loss at completion of 1,805 thousand Euros, were also recorded for this plant.

Due to a restructuring plan concerning the entire workforce of the Singapore site, 40% of the Freiburg site and 10% of the Bernin site, the Group recorded restructuring expenses amounting to 7,613 thousand Euros.

When assets are written down following impairment testing based on forecasted information, the Group may be required to review the amounts of repayable advances recognized in the balance sheet. Changes in repayable advances related to impairment testing are recorded within "Other operating income and expense, net".

4.5. Financial income

Financial income breaks down as follows:

(in thousand Euros)	March 31, 2014	March 31, 2013
Net gain on the disposal of marketable securities	-	-
Interest received on financial investments	6,954	1,825
Other interest and related income*	17,845	689
Financial income	**24,799**	**2,514**
Foreign exchange gains	12,891	13,570
Total financial income	**37,690**	**16,084**

* Other interest and related income mainly relates to interest payments invoiced to the Touwsrivier solar power plant for 16,005 thousand Euros and interest received on bank accounts for 714 thousand Euros.

4.6. Financial expense

Financial expense breaks down as follows:

(in thousand Euros)	March 31, 2014	March 31, 2013
Interest on borrowings and bank overdrafts	(915)	(450)
Interest on lease purchases	(97)	(305)
Interest on 2014 and 2018 OCEANE	(19,940)	(14,262)
Interest on 2029 non-convertible bonds: South Africa	(6,834)	-
Net loss on disposal of cash investment: South Africa	(3,822)	-
Unrealized loss on cash investment: South Africa	(1,478)	-
Impairment of financial assets- Investments in associates	(278)	(200)
Other interest and related expense*	(1,171)	(1,278)
Financial expense	**(34,535)**	**(16,495)**
Foreign exchange losses	(19,815)	(11,372)
Total financial expense	**(54,350)**	**(27,867)**

* This amount includes the impact of the unwinding of the discounting effect of the provision for retirement indemnities for 197 thousand Euros and bank fees for 249 thousand Euros.

As the Touwsrivier project was only sold as at March 31, 2014, interest on bonds and capital gains and losses on cash investments in South Africa have been recorded in the income statement during the year.

4.7. Income tax

Income before tax breaks down as follows:

(in thousand Euros)	March 31, 2014	March 31, 2013
France	(98,403)	(87,058)
Germany	(67,487)	(62,748)
United States	(54,817)	(23,984)
Asia	(15,594)	(34,946)
Total income before tax	**(236,299)**	**(208,737)**

As at March 31, 2014, the income expense for the period is 62 thousand Euros.

The difference between the theoretical income tax calculated at the standard tax rate in France (34.43%) and the effective tax expense in the income statement breaks down as follows:

(in thousand Euros)	March 31, 2014	March 31, 2013
Theoretical income tax benefit (expense) at the standard rate	**81,244**	**70,675**
Unrecognized deferred tax assets	(76,729)	(72,451)
Non-deductible provisions and expenses	(7,573)	(1,451)
Tax-exempt income (Research Tax Credit)	3,058	3,226
Adjustments for differences in income tax rates	(62)	(28)
Total income tax benefit (expense)	**(62)**	**(28)**

Deferred tax assets and liabilities are principally composed of the following elements:

(in thousand Euros)	March 31, 2014	March 31, 2013
Deferred tax assets:		
Tax losses carried forward, net *	1,664	2,464
Temporary differences between tax and accounting	16,480	18,635
Other items	3,551	1,148
Total deferred tax assets	**21,694**	**22,248**
Deferred tax liabilities:		
Net deferred tax on finance leases	(12,549)	(13,352)
Deferred charges deducted from tax	-	-
Other items**	(9,145)	(8,896)
Total deferred tax liabilities	**(21,694)**	**(22,248)**
Net deferred taxes	-	-

* The decrease was mainly due to the reduction in finance lease adjustments.
**Other elements mainly consist of:

– repayable advances amounting to 5,679 thousand Euros as at March 31, 2014 and 5,556 thousand Euros as at March 31, 2013.

– Amortization of Soitec Solar GmbH patents amounting to 1,952 thousand Euros as at March 31, 2014 and 2,741 thousand Euros as at March 31, 2013.

The Group only recognizes deferred tax assets arising from tax losses up to the amount of deferred tax liabilities recognized. Loss carry-forwards represent a potential tax saving of 1,664 thousand Euros for French companies. Loss carry-forwards do not expire. They are only capitalized where it can be anticipated that the companies in question will consistently generate taxable profits.

4.8. Net earnings per share

The data used in the basic and diluted earnings per share computations were as follows:

(in number of shares)	March 31, 2014	March 31, 2013
Weighted average number of ordinary shares (excluding treasury shares) for basic earnings per share	**160,308,021**	**122,230,433**
Diluting effect as measured by the treasury stock method:		
Stock options	-	-
ABSAAR	-	-
OCEANE	-	-
Free shares	2,515,842	710,323
Dilutive effect	**2,515,842**	**710,323**
Adjusted weighted average number of ordinary shares (excluding treasury shares) for diluted earnings per share	**162,823,863**	**122,940,756**

Dilutive instruments are not factored into the calculation of diluted earnings per share where doing so would result in a reduction in the loss per share calculated on the basis of the average number of outstanding shares.

OCEANE bonds are not factored into the calculation of diluted earnings where the closing share price is below the conversion price.

5. Other information

5.1. Pensions and other post-retirement benefits

5.1.1. Amount of obligations

(in thousand Euros)	March 31, 2014	March 31, 2013
Pension obligations	6,546	6,422
Fair value of plan assets	(364)	(870)
Legislative change	-	(172)
Obligations recognized in the balance sheet	**6,181**	**5,380**

The Group recognizes pension obligations as liabilities in the balance sheet at the amount of the obligations estimated on the basis of the information most likely to be correct at the reporting date. The impact of changes in actuarial assumptions is recognized in equity under “Actuarial gains (losses) on pensions and other post-retirement benefits”.

5.1.2. Pension obligations

- **Description of plans**

Pension and other employee benefits granted to long-term personnel relate solely to active employees. There are two different types of plan: i) defined contributions pension plans, and ii) defined benefit pension plans. Provisions are set aside only for the defined benefit pension plan. They mainly consist of retirement indemnities plus other pension obligations and retirement complements.

Defined benefit pension plans may, in certain cases, be covered by funds, which are regularly appraised by independent actuaries. The value of these funds, where such exist, is deducted from liabilities. Assets comprise secure/dynamic investment vehicles, following an analysis with the enterprise of its obligations based on the expected retirement dates of its employees.

	March 31, 2014	March 31, 2013
Retirement age	Between 62 and 65 years	Between 62 and 65 years
Turnover rate (average)	3.20% on average	3.20% on average
Annual inflation rate	2.00%	2.00%
Annual rate of salary increase	2.00% to 4.00%	2.00% to 4.00%
Annual discount rate	3.00%	3.00%

The sensitivity of these assumptions is described below: sensitivity of the results to the discount rate (plus or minus 0.5 percentage points compared to the base rate).

	Annual discount rate		
	2.75 % (-0.5 points)	3.25 % (base rate)	3.75 % (+0.5 points)
Present value of the obligation	10.9 %	0.0%	-10.5%

- **Change in pension obligations**

(in thousand Euros)	March 31, 2014	March 31, 2013
Obligations at beginning of the year	**6,422**	**5,362**
Cost of services rendered	926	576
Interest credited	234	217
Benefits actually paid	(642)	-
Reduction	(61)	
Creation of Soitec Solar France	22	-
Gain (loss) due to plan changes impacting past service cost	(15)	-
Actuarial gains (losses) (assumptions and experience)	(340)	267
Obligations at end of the year	**6,546**	**6,422**

- **Change in fair value of plan assets**

(in thousand Euros)	March 31, 2014	March 31, 2013
Fair value of plan assets at beginning of the year	**870**	**842**
Contributions paid	-	-
Expected return on plan assets	20	25
Benefits paid by the fund	(525)	-
Actuarial gains (losses) (actual return-expected return)	-	2
Fair value of plan assets at end of the year	**364**	**870**

- **Change in obligations recognized in the balance sheet**

(in thousand Euros)	March 31, 2014	March 31, 2013
Obligations at beginning of the year	**5,380**	**4,340**
Recognition of past service cost (IAS 19 revised)	172	-
Cost of services rendered	926	576
Interest credited	234	217
Expected return on plan assets	(20)	(25)
Amortization of past service cost	(15)	8
Actuarial gains (losses)	(340)	264
Benefits actually paid through fund	(117)	-
Reduction	(61)	-
Creation of Soitec Solar France	22	-
Obligations at end of year	**6,181**	**5,380**

- **Expenses recognized in the income statement**

(in thousand Euros)	March 31, 2014	March 31, 2013
Cost of services rendered	(926)	(576)
Interest credited	(234)	(217)
Expected return on plan assets	20	25
Amortization of past service cost	15	(8)
Reduction	61	-
Total expenses recognized in the income statement	**(1,064)**	**(776)**

5.2. Commitments and contractual obligations

5.2.1. Commitments associated with operating activities

As at March 31, 2014, guarantees and collateral break down as follows:

(in thousand Euros)	March 31, 2014	March 31, 2013
Bank loan guarantee (commercial pledge)	2,300	2,300
Loan guarantee to financial institutions	20,317	-
Total	**22,617**	**2,300**

During the year ended March 31, 2014, the Group secured a loan under the terms of which the San Diego building will serve as collateral.

5.2.2. Other commitments and contractual obligations

Contractual obligations recorded as on and off-balance sheet items are as follows:

	March 31, 2014				
(in thousand Euros)	<1year	1 to 5 years	> 5years	Total	March 31, 2013
Contractual obligations shown on the balance sheet:					
Financial liabilities (excluding financial lease contracts)	134,709	118,706	-	253,416	186,832
Obligations under finance leases	3,491	15	-	3,505	9,830
Total	**138,200**	**118,721**	**-**	**256,921**	**196,662**
Contractual obligations shown off-balance sheet:					
Operating lease agreements	835	1,708	2,428	4,971	9,154
Authorized unused credit facilities	-	-	-	-	27,600
Collateral	2,300	20,317	-	22,617	-
Guarantees given (*)	51,809	44,663	37,574	134,047	7,157
Guarantees received	(65)	(754)	-	(819)	(831)
Other commitments	7,629	-	-	7,629	21,881
Total	**62,508**	**65,934**	**40,002**	**168,445**	**64,961**
Total contractual obligations shown on and off-balance sheet	**200,708**	**184,655**	**40,002**	**425,366**	**261,623**

(*) As at March 31, 2014, guarantees given break down as follows:

- guarantees given by Soitec SA amounting to 130.1 million Euros, mainly covering requirements within the Solar Energy segment. The beneficiaries of these guarantees are as follows:
  - Soitec Solar Industries (the subsidiary dedicated to the San Diego production plant): financial support amounting to 50.0 million Euros in the context of the audit of the statutory accounts (going concern);
  - The project company dedicated to the Touwsrivier solar power plant: 38.1 million Euros;
  - The financial institution that granted a loan to Soitec Solar Industries, under the terms of which the manufacturing building at San Diego serves as collateral: 32.0 million Euros;
  - Customers of the subsidiary Altatech, with regard to advance payments received: 2.3 million Euros.
- bank guarantees amounting to 3.9 million Euros, of which 2.3 million Euros to secure advance payments received from Altatech customers and 1.5 million Euros for solar power project development.

5.2.3. Commitments on derivative financial instruments.

A description and breakdown of these obligations can be found in note 5.5.3.

5.2.4. Individual training rights in France

The French Act of May 4, 2004 on occupational training states that certain French companies must grant their employees an individual right to a minimum of 20 hours training per calendar year. This allowance may be carried forward for a maximum of six years, at the end of which it remains capped at a maximum of 120 hours, should it not be used. No charge was recognized in the financial year ended March 31, 2014 and there were a total of 94,004 vested but unused hours as at March 31, 2014. No provisions were recognized in this respect.

No other material off-balance sheet commitments were known to the Group as at March 31, 2014.

5.3. Litigation

During the year ended March 31, 2014, Soitec and SunEdison (NYSE: SUNE -ex MEMC Electronics Materials Inc.) definitively put an end to all outstanding litigation between them and entered into a patent cross-licensing agreement relating to silicon-on-insulator (SOI) substrates.

This agreement provides access for each company to a portfolio of patents owned by the other company (c.f. press release of November 26, 2013- http://www.soitec.com/en/news/press-releases/soitec-and-sunedison-enter-into-patent-license-agreement-1390/)

In addition, on November 7, 2013, the French Court of Cassation rejected the appeal filed by Soitec against the ruling of the Court of Appeal of Grenoble on July 11, 2012, which had ordered the Company to repay an amount of 316 thousand Euros to correct the social solidarity contribution of companies payment, which was made for 2007.

To the Group's knowledge, there are no other governmental, judicial or arbitration proceedings pending or threatened that might have or have had a material effect on the financial position or profitability of the Group over the past twelve months, or that were not provided for based on a risk assessment by Management. Provisions for litigations amounted to 4,371 thousand Euros as at March 31, 2014 and changes in provisions during the course of the year are detailed in note 3.16.

5.4. Related party information

The Group's Board of Directors is composed of eleven members. In addition to the CEO and the Chief Operating Officer, the nine other members were selected based on their experience in the semi-conductor industry or their professional experience in other areas useful to Group's development. The semi-conductor industry is notable for its limited number of market participants, meaning that the Group has or is likely to have business dealings with ARM Holdings Plc and Shit-Etsu Handotai, companies in which Mr Douglas Dunn and Mr. Fumisato Hirose respectively hold or have held positions, as presented in the table 14.1.1.2 "Information on Board members".

In addition, the law firm in which Mr. Patrick Murray practiced provided, and continues to provide, legal services to Soitec and its subsidiaries.

The gross amount of compensation granted to the Group's senior management, i.e. seven executives, two of whom left the Group during the year, was as follows during the financial year ended March 31, 2014:

(in thousand Euros)	March 31, 2014	March 31, 2013
Short-term employee benefits	2,644	2,577
Post-employment benefits	81	90
Share-based payments*	491	3,455
Total compensation paid to key management personnel	**3,216**	**6,122**

* This amount does not take into account the reversal of 2,659 thousand Euros corresponding to the reversal of a portion of the expense recognized during the financial years ended March 31, 2012 and 2013 due to the failure to meet certain performance criteria and to the departures of employees before the end of their vesting period (see note 3.15.1).

The only post-employment benefits received by Management are statutory retirement benefits and pensions.

The gross amount of compensation paid to corporate officers and non-executive directors was as follows:

(in thousand Euros)	March 31, 2014	March 31, 2013
Corporate officers:		
Short-term employee benefits	1,021	1,262
Post-employment benefits	63	58
Termination benefits	-	-
Share-based payments	229	2,135
Total compensation paid to corporate officers	**1,313**	**3,455**
Non-executive directors:		
Directors' fees	450	422
Reimbursement of travel expenses	70	69
Total compensation paid to non-executive directors	**520**	**491**

Stock options and free share plans granted to management during the financial year breaks down as follows:

(in numbers)	Stock options	Free shares	**Total as at March 31, 2014**
Key management personnel	-	-	-
Of which corporate officers	-	-	-

5.5. Financial risk management

5.5.1. Financial risk management objectives and policies

The Group's objective is to hedge currency risk arising from fixed-rate transactions (amount and rate) using currency futures, and the currency risk arising on contracts where the amount and exchange rate are not certain through the use of options. The Group's policy consists in managing its interest expense using a combination of fixed-rate and floating-rate borrowings. Interest rate risk is hedged using short-term interest rate swaps. The Group does not engage in hedge accounting as defined in IAS 39. Accordingly, hedging instruments are recognized at their fair value, with changes in their value recognized in income. However, the Group's policy is to not use instruments for the purposes of speculation.

The table below summarizes the maturity profile of the Group's financial liabilities as at March 31, 2014:

(in thousand Euros)	<3months	3 to 12 months	1 to 5 years	>5 years	**Total**
Interest-bearing loans and borrowings	13,457	43,352	138,973	692	**196,472**
Other financial liabilities	-	190	-	-	**190**
Trade and other liabilities	57,577	15	-	-	**57,593**
Other liabilities	25,233	35,647	4,107	9,027	**74,012**
March 31, 2013	**96,267**	**79,204**	**143,080**	**,9,719**	**328,267**
Interest bearing loans and borrowings	19,871	118,139	118,721	-	**256,731**
Other financial liabilities	190	-	-	-	**190**
Trade and other liabilities	45,972	-	-	-	**45,972**
Other liabilities	28,793	14,146	8,580	9,777	**61,298**
March 31, 2014	**94,827**	**132,285**	**127,301**	**9,777**	**364,191**

5.5.2. Fair value and classification of financial assets and liabilities

The Group believes that the carrying value of the financial instruments in the balance sheet and in particular the interest-bearing borrowings, reasonably approximate their fair value.

(in thousand Euros)	Notes	March 31, 2014 Carrying amount	At fair value through profit and loss	Available-for-sale assets	Loans and receivables	Held to maturity investments
Non-current financial assets:						
Non-consolidated investments	3.6	1,346	-	1,346	-	-
Investments in associates: RSOT	3.6	-	-	-	-	-
Investments in associates: Touwsrivier	3.6	6,886	6,886	-	-	-
Derivative financial instruments	3.6	-	-	-	-	-
Deposits	3.6	-	-	-	-	-
Restricted cash	3.6	700	-	-	700	-
Other	3.6	-	-	-	-	-
Non-current financial assets	**3.6**	**8,932**	**6,886**	**1,346**	**700**	**-**
Current financial assets:						
Derivative financial instruments	3.11	-	-	-	-	-
Deposits*	3.11	10,840	-	-	10,840	-
Restricted cash	3.11	1,000	-	-	1,000	-
Other**	3.11	4,034	-	-	4,034	-
Current financial assets	**3.11**	**15,873**	**-**	**-**	**15,873**	**-**
Trade and other receivables	**3.9**	**88,811**	**-**	**-**	**88,811**	**-**
Cash and cash equivalents	**3.12**	**44,728**	**-**	**-**	**44,728**	**-**
Total financial assets	**-**	**158,344**	**6,886**	**1,346**	**150,112**	**-**
Financial liabilities:						
Convertible bonds: 2014 OCEANE	3.15	84,004	-	-	84,004	-
Convertible bonds: 2018 OCEANE	3.15	87,891	-	-	87,891	-
Derivative financial instruments	3.15	-	-	-	-	-
Loans from banks and other financial institutions	3.15	13,564	-	-	13,564	-
Other financial liabilities	3.15	10,622	-	-	10,622	-
Bank overdrafts	3.15	-	-	-	-	-
Used authorized credit line	3.15	60,650	-	-	60,650	-
Current and non-current financial liabilities	**3.15**	**256,731**	**-**	**-**	**256,731**	**-**

(in thousand Euros)	Notes	March 31, 2014 Carrying amount	At fair value through profit and loss	Available-for-sale assets	Loans and receivables	Held to maturity investments
Other financial liabilities	**3.15**	**190**	**-**	**-**	**190**	**-**
Trade and other payables	**3.17**	**45,972**	**-**	**-**	**45,972**	**-**
Total financial liabilities	**-**	**302,893**	**-**	**-**	**302,893**	**-**

* This amount corresponds to the deposit relating to the issue of non-convertible bonds in South Africa to finance the Touwsrivier solar power plant.
** This includes interest amounting to 3,634 thousand Euros invoiced by Soitec Solar GmbH and Soitec Solar RSA to the South African subsidiary dedicated to the Touwsrivier solar power plant in relation to the financing of the plant.

The information as at March 31, 2013 was as follows:

(in thousand Euros)	Notes	March 31, 2013 Carrying amount	At fair value through profit and loss	Available-for-sale assets	Loans and receivables	Held to maturity investments
Non-current financial assets:						
Non-consolidated investments	3.6	126	-	126	-	-
Investments in associates	3.6	14,150	14,150	-	14,150	-
Derivative financial instruments	3.6	-	-	-	-	-
Restricted cash	3.6	572	-	-	572	-
Other*	3.6	2,903	-	-	2,903	-
Non-current financial assets	**3.6**	**17,751**	**14,150**	**126**	**3,475**	**-**
Current financial assets:						
Derivative financial instruments	3.11	-	-	-	-	-
Restricted cash	3.11	1,000	-	-	1,000	-
Other**	3.11	1,938	-	-	1,938	-
Current financial assets	**3.11**	**2,938**	**-**	**-**	**2,938**	**-**
Trade and other receivables	**3.19**	**42,414**	**-**	**-**	**42,414**	**-**
Cash and cash equivalents	**3.12**	**130,128**	**59,250**	**-**	**70,878**	**-**
Total financial assets	**-**	**193,231**	**73,400**	**126**	**119,705**	**-**
Financial liabilities:						
Convertible bonds: 2014 OCEANE	3.15	138,436	-	-	138,436	-
Derivative financial instruments	3.15	341	341	-	-	-
Bank borrowings and financial liabilities***	3.15	16,514	-	-	16,514	-
Bank overdrafts	3.15	-	-	-	-	-
Used authorized credit line	3.15	41,181	-	-	41,181	-

(in thousand Euros)	Notes	March 31, 2013 Carrying amount	At fair value through profit and loss	Available-for-sale assets	Loans and receivables	Held to maturity investments
Current and non-current financial liabilities	**3.15**	**196,472**	**341**	**-**	**196,131**	**-**
Other financial liabilities	**3.15**	**190**	**-**	**-**	**190**	**-**
Trade and other payables	**3.15**	**57,593**	**-**	**-**	**57,593,**	**-**
Total financial liabilities	**-**	**254,255**	**341**	**-**	**253,914**	**-**

* This includes an amount of 2,790 thousand Euros reclassified in other non-current assets from April 1, 2014.
** This includes an amount of 214 thousand Euros reclassified in other current assets from April 1, 2014.
***This includes bank loans amounting to 999 thousand Euros.

- **Classification of financial instruments pursuant to the IFRS 7 amendment:**

The break down by level of the financial instruments at fair value through profit and loss is as follows:

(in thousand Euros)	Notes	Level 1	Level 2	Level 3	Total
Assets:					
UCITS	-	4,250	-	-	4,250
Interest bearing deposits	-	55,000	-	-	55,000
Derivative financial instruments	-	-	-	-	-
Liabilities:					
Derivative financial instruments	-	-	(341)	-	(341)
Net value as at March 31, 2013		**59,250**	**(341)**	**-**	**58,909**
Assets:					
UCITS	-	-	-	-	-
Interest bearing deposits	-	-	-	-	-
Derivative financial instruments	-	-	-	-	-
Liabilities:					
Derivative financial instruments	-	-	-	-	-
Net value as at March 31, 2014		**-**	**-**	**-**	**-**

The fair value hierarchy is discussed in note 2.3.11.

5.5.3. Financial instruments used

- **Foreign exchange risk:**

The exchange rates used to translate the financial statements of subsidiaries with functional currencies other than the Euro were as follows:

Currency	Average rate March 31, 2014	March 31, 2013	Closing rate March 31, 2014	March 31, 2013
US Dollar	0.744794	0.774163	0.725268	0.780945
Yen	0.007458	0.009228	0.007021	0.008273
South African Rand	0.067238	0.084262	0.068552	0.084602

The table below shows the unrealized income on financial hedging instruments available to cover foreign exchange risk as at March 31:

(in thousand Euros) Type of contract	Currency	March 31, 2014 Market value (net)	Position hedged	March 31, 2013 Market value (net)	Position hedged
Hedging of balance sheet line items (trade receivables and trade payables):					
Forward sales	USD to EUR	-	-	(292)	14,700
Subtotal		**-**	**-**	**(292)**	**14,700**
Future transaction hedges (off-balance sheet line items)		-	-	-	-
Total		**-**	**-**	**(292)**	**14,700**

The market value has been estimated using one or more commonly used models.

The Group's procedures have been put into place in order to reduce its exposure to US Dollar and Yen foreign exchange risk by entering into certain borrowing agreements in the same currency as the cash flows generated by operating activities. During the financial year, as part of this foreign exchange risk management policy, the Group also continued its program of hedging its transactions in US Dollars and Yen through forward purchases and sales, as well as short-term currency options (i.e. expiring in less than six months).

- **Sensitivity analysis of net exposure to foreign exchange risk after hedging**

The exchange rates for the three main currencies used by the Group are as follows:

- o EUR/USD: 1 EUR for 1.3788 USD as at March 31, 2014 and 1 EUR for 1.2805 USD as at March 31, 2013.
- o EUR / JPY: 1 EUR for 142.42 Yen as at March 31, 2014 and 1 EUR for 120.87 Yen as at March 31, 2013.
- o EUR/ZAR: 1 EUR for 14.5875 Rand as at March 31, 2014 and 1 EUR for 11.82 Rand as at March 31, 2013.

A 10% increase in the value of the Euro against these currencies as at March 31 would negatively impact earnings, as indicated below. For the purposes of this analysis, all other variables (in particular interest rates) are assumed to have remained constant.

(in thousand Euros)	March 31, 2014	March 31, 2013
US Dollar	(901)	(3,036)
Japanese Yen	32	(216)
South African Rand	(7,110)	(184)
Other currencies	(15)	(27)
Increase (decrease) on net income resulting from a 10% increase of the value of the Euro	**(7,994)**	**(3,463)**

A 10% decrease in the value of the Euro against these currencies as at March 31 would positively impact earnings, as shown below. For the purposes of this analysis, all other variables (in particular interest rates) are assumed to have remained constant.

(in thousand Euros)	March 31, 2014	31 mars 2013
US Dollar	1,102	,3,711
Japanese Yen	(39)	264
South African Rand	8,690	225
Other currencies	18	33
Increase (decrease) on net income resulting from a 10% decrease of the value of the Euro	**9,771**	**4,233**

- **Interest rate risk**

The Group's medium to long-term debt is mainly at fixed rates. As such, there is no significant risk exposure regarding changes in interest rates. The Group thus only makes limited use of hedging instruments:

(in thousand Euros)	March 31, 2014		March 31, 2013	
Type of contract	Market value (net)	Position hedged	Market value (net)	Position hedged
Hedge of financial debts:				
Interest rate swap hedge asset/ (liability)	-	-	(49)	8,056
Caps	-	-	-	-
Total	**-**	**-**	**(49)**	**8,056**

For the year ended March 31, 2014, an increase in interest rates of 1% applied to the portion of the debt and investments at variable rates would have led to a decrease in financial income of approximately 210 thousand Euros.

A decrease in interest rates of 1% applied to the portion of the debt and investments at variable rates would have led to an increase in financial income of approximately 210 thousand Euros.

- **Credit risk**

The financial instruments representing a potential credit risk to the Group are primarily cash and cash equivalents, restricted cash and trade receivables. The Group has established a cash management policy to optimize its investments regarding short-term and low-risk financial instruments. The Group's cash and cash equivalents are deposited mainly with leading international financial institutions.

The Group sells its products to customers within the semiconductor industry located in North America, Asia and Europe. As at March 31, 2014, there are five customers who represent more than 5% of turnover for the Electronics division, and together account for 61% of turnover. As at March 31, 2013, there were five customers who represented more than 5% of Group turnover and together accounted for 82% of turnover.

The Group periodically evaluates the credit risk and financial position of its customers and allocates reserves for potential losses on non-recoverable receivables. The size of these losses remained within the limits expected by Management.

- **Equity risk**

The Group does not hold any unconsolidated investments or securities or other investments traded on a regulated market.

- **Liquidity risk**

The Group's financing is provided via capital market transactions in the form of long-term resources (convertible bond issuances and capital increases), finance leases for investment in manufacturing and confirmed credit lines.

Most of these credit lines are not subject to financial ratios. One of the Group's credit lines requires a debt to equity ratio of below 1 at each drawdown notice.

- **Maturity schedule for financial debts in terms of cash flows**

This table shows the maturity schedule for financial liabilities recognized as at March 31, 2014 at their nominal amount including interest without any discount.

	Maturity of contracts:						
(in thousand Euros)	Amount due in less than 1 year	Amount due between 1 and 2 years	Amount due between 2 and 3 years	Amount due between 3 and 5 years	Amount due in 5 years and more	Total	Amount recognized in the balance sheet as at March 31, 2014
Non-derivative financial instrument liabilities:							
Finance leases	3,587	6	7	2	-	3,602	3,505
Bonds and other borrowings	147,067	13,052	14,605	133,564	-	308,288	270,846
Trade payables	45,972	-	-	-	-	45,972	45,972
Other payables (excluding tax and social security liabilities)	10,481	-	-	-	-	10,481	10,481
Non-derivative financial instruments	**207,107**	**13,058**	**14,612**	**133,566**	**-**	**368,343**	**330,804**
Derivative financial instruments:							
Interest rate derivatives:	-	-	-	-	-	-	-
Currency derivatives:	-	-	-	-	-	-	-
Other derivative instruments:	-	-	-	-	-	-	-
Total derivative instruments	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total financial instruments	**207,107**	**13,058**	**14,612**	**133,566**	**-**	**368,343**	**330,804**

- **Confirmed credit lines**

In 2012, the Group subscribed to confirmed credit lines with its bank partners amounting to 72,000 thousand Euros falling due March 31, 2017 and amortized over five years. One of these credit lines was restructured for an amount of 8,000 thousand Euros to be amortized as at August 31, 2014. These credit lines carry a commitment fee of between 0.15% and 0.40% and a utilization fee ranging from EURIBOR + 0.60% to 1.00% depending on the credit lines.

As part of the factoring on the research tax credit, the Group subscribed to extendable credit lines with Oséo for a total of 17,507 thousand Euros due in September 2014, September 2015 and September 2016. These credit lines carry a commitment fee of 0.30% and a utilization fee of 1 month Euribor + 0.70%.

See off-balance sheet commitments in note 5.2.2.

5.5.4. Capital management

The Group's primary objective is to have the necessary and sufficient financial resources in order to fund the development of its operations. To this end, it has in the past called on its shareholders, through capital increases and the issuance of convertible bonds, in order to finance its capital expenditures. Pursuing a strategy of industrial growth focused on strong product innovation, the Group systematically reinvests its earnings and does not foresee the payment of dividends over the coming years.

The Group’s capital is unrestricted, enjoying a broad base among institutional investors and a high level of turnover.

5.6. Consolidated statement of cash flows

Depreciation, amortization and impairment break down as follows:

(in thousand Euros)	March 31, 2014	March 31, 2013
Net amortization of intangible assets	(10,372)	(11,084)
Net depreciation of property, plant and equipment	(43,780)	(45,576)
Depreciation, amortization and impairment	**(54,152)**	**(56,660)**

Depreciation, amortization and impairment per category is presented in notes 3.3 and 3.4.

5.7. Post-balance sheet events

There have been no significant changes to the financial or commercial position of the Group since March 31, 2014, which continues to be exposed to uncertainties in the semiconductor and solar energy industries, as described in chapter 3 and to the risks identified in chapter 4 of the “Document de Reference”.

In the Solar Energy business segment, the Group has successfully completed certain milestones (in particular the second tender of the French Energy Regulation Commission (“CRE”) for the construction and operation of solar power plants with capacities exceeding 250 kWc – please refer to the press release dated April 7, 2014 (http://www.soitec.com/en/news/press-releases/soitec-selected-in-more-than-10-new-solar-power-plant-projects-in-france-1460/) but has also been unsuccessful on certain projects including the notification by CSOLAR IV West, LLC (« CSOLAR », a subsidiary of Tenaska Solar Ventures, LLC) to San Diego Gas & Electric (“SDG&E”) of its decision not to use Soitec Solar’s concentrated photovoltaic technology to produce 150 megawatts (MW) of “clean” energy for its CSOLAR IV West solar plant located in Imperial County – please refer to the press release dated April 15, 2014 (http://www.soitec.com/en/news/press-releases/soitec-update-on-tenaska-s-solar-project-1465/).

20.3.1.3 Statutory auditors’ report on the consolidated financial statements [20.3.1.3]

(Year ended March 31, 2014)

SOITEC
Parc Technologique des Fontaines
Chemin des Franques
38190 Bernin

To the shareholders,

In compliance with the assignment entrusted to us by the Shareholders’ Meeting, we hereby report to you, for the year ended March 31, 2014, on:

- the audit of the accompanying consolidated financial statements of Soitec
- the justification of our assessments;
- the specific verification required by law.

These consolidated financial statements have been approved by the Board of Directors. Our role is to express an opinion on these consolidated financial statements based on our audit.

I - Opinion on the consolidated financial statements

We conducted our audit in accordance with professional standards applicable in France; those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at March 31, 2014 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Without qualifying our opinion, we draw your attention to the matter set out in the Note 2.4.7 in the consolidated financial statements regarding the assumptions underlying the Group’s going concern.

II - Justification of our assessments

In accordance with the requirements of article L.823-9 of the French Commercial Code relating to the justification of our assessments, we bring to your attention the following matters:

- **Accounting principles**

We carefully examined the accounting policies adopted by the Group in relation to revenue recognition, and to impairment testing of goodwill and non-current assets. We believe that Note 2.3 ‘‘Summary of significant accounting policies’’ provides appropriate disclosure in this respect.

- **Accounting estimates**

In preparing its financial statements, the Group is required to make certain estimates and assumptions, specifically as regards the impairment of non-current assets and goodwill, the capitalization of solar project-related expenses, provisions for inventories, expenses relating to share-based payments and provisions for risks and charges.

The policies adopted in this respect are disclosed in Note 2.4 “Significant estimates and judgments”. For all of these estimates, we reviewed the available documentation, assessed the reasonableness of the assessments made and verified that the relevant notes (included in section 3 entitled “Notes to the balance sheet” and section 4 entitled “Notes to the income statement” of the consolidated financial statements) included appropriate disclosures of the assumptions used by the Group.

These assessments were made as part of our audit of the consolidated financial statements taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

III - Specific verification

As required by law, we have also verified in accordance with professional standards applicable in France the information presented in the Group’s management report.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

Neuilly-sur-Seine and Meylan, on May 13, 2014
The statutory auditors

PricewaterhouseCoopers Audit
Philippe Willemin

Cabinet MURAZ-PAVILLET
Christian Muraz

20.3.2 Financial statements of the Company as at March 31, 2014

20.3.2.1 Statutory Accounts as at March 31, 2014

Income statement

	Year ended 31 March	
(inthousands of Euros)	2014	2013
Net revenue	149 764	248 265
Inventoried and capitalized production	(2 186)	(2 510)
Operating grants	12 981	8 273
Reversals of provisions and depreciating, transfer of charges	25 344	12 287
Other income	2 878	3 078
Total operating income	188 781	269 393
Purchase of raw materials and other supplies	52 637	103 016
Variation of inventories	1 488	4 952
Other purchases and external services	74 819	87 374
Taxes	3 930	4 412
Employee related expenses	62 957	78 128
Depreciation and amortization expense and increase in provisions	50 787	49 956
Other expenses	3 021	5 179
Total operating expenses	249 638	333 018
Operating loss	(60 857)	(63 625)
Financial income	13 785	19 046
Financial expenses	266 081	23 219
Fiancial result	(252 296)	(4 172)
Exceptional result	(1 156)	533
Income tax	(7 463)	(8 902)
Net Loss	(306 846)	(58 361)

Balance Sheet - Assets

	March 31, 2014			
(in thousands of euros)	Gross	Amortization and provisions	Net	31 March 2013
Intangible assets				
Research and development costs	3 710	1 113	2 597	2 968
Concessions, patents and other rights	42 765	31 059	11 705	15 494
Goodwill	-	-	-	-
Other intangible assets	745	-	745	1 408
Property, plant and equipment				
Land	781	-	781	781
Buildings	6 657	1 829	4 829	5 264
Machinery and equipment	231 789	176 882	54 907	39 419
Other property, plant and equipment	59 950	29 940	30 010	18 001
Property, plant and equipment in progess	13 669	-	13 669	43 806
Financial assets				
Other investments	227 854	208 889	18 965	203 506
Receivables related to investments in subisidiaries	456 880	50 541	406 339	329 318
Other securities	-	-	-	-
Loans	114	-	114	247
Other financial assets	11 609	273	11 336	612
Total long term assets	1 056 522	500 526	555 997	660 825
Inventory				
Raw materials	19 773	7 765	12 009	16 590
Work in progress	7 242	1 024	6 218	6 664
Finished and semi-finished goods	3 191	841	2 350	4 270
Goods	67	-	67	-
Accounts receivable				
Advances and down-payments	92	-	92	3 195
Trade receivables	36 083	-	36 083	42 240
Other receivables	40 256	-	40 256	32 105
Marketable securities	1 000	-	1 000	60 239
Cash on hand	13 158	-	13 158	47 610
Prepaid expenses	456	-	456	518
Current assets	121 318	9 630	111 689	213 431
Expenses to be allocated to future periods	3 949	-	3 949	1 454
Foreign currency exchange differences	10 449	-	10 449	417
Total	1 192 239	510 155	682 083	876 127

Balance sheet - Liabilities

(in thousands of euros)	End of period 31 March 2014	2013
Share capital	17 258	12 263
Share, merger, contribution premiums	704 157	641 233
Reserve		
Legal reserve	3 393	3 393
Other reserves	26 429	26 496
Retained earnings	(127 241)	(68 880)
Loss for the year	(306 846)	(58 361)
Investment grants	36	108
Regulated provisions	1 327	1 327
Equity	318 514	557 579
Redeemable advances	20 212	17 906
Other equity	20 212	17 906
Provisions for risks and charges	17 422	5 005
Financial debt		
Convertible bonds	189 325	150 045
Borrowings and debt from financial institutions	60 666	41 400
Other borrowings and financial debt	27	34
Advances and down payments received	204	2 559
Accounts payable		
Trade payables	31 461	43 201
Tax and social security payables	15 633	19 174
Liabilities on fixed assets	2 720	9 620
Other liabilities	12 754	7 710
Deferred revenue	7 589	7 746
Liabilities	320 380	281 454
Foreign currency exchange differences	5 555	14 183
Total	682 083	876 127

20.3.2.2 Notes to the company's annual financial statements as at March 31, 2014

The condensed financial statements of the parent company Soitec S.A. are presented in accordance with French generally accepted accounting principles relating to company financial statements.

The other elements of the annual financial statements do not contain any additional information considered useful to investors. The full financial statements, including the notes to the financial statements, are available on request.

20.3.2.3 Statutory auditors' report on the annual financial statements

This is a free translation into English of the statutory auditors' report on the annual financial statements issued in French and is provided solely for the convenience of English speaking users. The statutory auditors' report includes information specifically required by French law in such reports, whether modified or not. This information presented below is the audit opinion on the annual financial statements and includes an explanatory paragraph discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the annual financial statements taken as a whole and not to provide separate assurance on individual account balances, transactions or disclosures.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

(Year ended March 31, 2014)

SOITEC

Parc Technologique des Fontaines
Chemin des Franques
38190 Bernin

To the shareholders,

In compliance with the assignment entrusted to us by the Shareholders' Meeting, we hereby report to you, for the year ended March 31, 2014, on:

- the audit of the accompanying annual financial statements of Soitec;
- the justification of our assessments;
- the specific verifications and information required by law.

The annual financial statements have been approved by the Board of Directors. Our role is to express an opinion on these financial statements based on our audit.

I - Opinion on the annual financial statements

We conducted our audit in accordance with professional standards applicable in France; those standards require that we plan and perform the audit to obtain reasonable assurance about whether the annual financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the annual financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the annual financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company as at March 31, 2014 and of the results of its operations for the year then ended in accordance with French accounting principles.

Without qualifying our opinion, we draw your attention to the matter set out in the section 'Accounting policies' regarding the assumptions underlying the Group's going concern.

II - Justification of our assessments

In accordance with the requirements of article L.823-9 of the French Commercial Code relating to the justification of our assessments, we bring to your attention the following matters:

- **Accounting principles**

The note entitled 'Long-term assets' sets out the accounting methods and policies regarding investments in associates and related receivables.

In the context of our assessment of the accounting principles applied by the Company, we verified the appropriateness of the accounting methods described above and the information provided in the notes to the annual financial statements, and ensured that they were correctly applied.

- **Accounting estimates**

In preparing its financial statements, the Company is required to make certain estimates and assumptions, specifically as regards to provisions to cover potential risks relating to the impairment of investments in associates, capitalization of development costs, and more broadly provisions for inventories and provisions for risks and charges.

We have assessed the methods adopted by the Company and described in the notes to the annual financial statements relating to investments, capitalization of development costs and estimates regarding allocation for inventories and provisions for contingencies, based on the latest available information, and have performed tests to ensure that these methods have been applied correctly.

These assessments were made as part of our audit of the annual financial statements taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

III – Specific verifications and information

We have also performed the specific verifications required by law, in accordance with professional standards applicable in France. We have no matters to report as to the fair presentation and consistency with the annual financial statements of the information given in the management report of the Board of Directors, and in the documents addressed to the shareholders with respect to the financial position and the annual financial statements.

With regard to the information provided in accordance with the requirements of article L.225-102-1 of the French Commercial Code, relating to compensation and benefits received by corporate officers and any other commitments made in their favor, we have verified its consistency with the financial statements or with the underlying information used to prepare these financial statements, and, where applicable, with the information obtained by your Company from the companies that control or are controlled by your Company. Based on this work, we attest to the accuracy and fair presentation of this information.

In accordance with French law, we have verified that the required information relating to acquisitions of participating and controlling interests and the identity of holders of share capital or voting rights has been properly disclosed in the management report.

Neuilly-sur-Seine and Meylan, on May 13, 2014
The statutory auditors

PricewaterhouseCoopers Audit
Philippe Willemin

Cabinet MURAZ-PAVILLET
Christian Muraz

20.3.3 Marketable securities portfolio

	Carrying Amount (in thousands of Euros)
A. Investments in subsidiaries	
Soitec USA Inc.	17
Soitec Specialty Electronics S.A.S.	30 763
Soitec Microelectronics Singapore Pte Ltd	67 197
Soitec Japan, Inc.	2 637
Soitec Solar GmbH	101 244
Soitec Korea	328
Altatech	24 158
Soitec Corporate Services	1
Soitec Shangaï Trading	102
Innovative Silicon	-
Exagan	6
Cissoïd	300
Medgrid	600
Technocom	500
B. Receivables from subsidiaries and affiliates	
Soitec Microelectronics Singapore Pte	70 425
Soitec Solar GmbH	384 506
Cissoid	40
C. Marketable securities (SICAV)	
Marketable securities	1 000
D. Treasury shares	
112 059 Soitec treasury shares	478
Total	684 302

20.3.4 Statement for the last five years

	Year 31/03/2010	Year 31/03/2011	Year 31/03/2012	Year 31/03/2013	Year 31/03/2014
I. Share capital at year end					
Share capital	8 614 523	8 748 781	12 212 839	12 262 674	17 258 080
Number of existing common shares	85 145 233	87 487 811	122 128 392	122 626 743	172 580 795
Number of existing preferred shares (without voting rights)					
Maximum number of future shares to be created					
- Via convertible bonds					
- Via exercise of warrants					
II. Opersations and results of the year					
Revenue (excluding tax)	203 383 732	262 624 046	296 757 836	248 265 323	149 763 853
Result before tax, profit sharing, depreciation, amortization and provisions	(37 795 656)	22 432 461	15 519 323	(22 749 433)	(30 879 143)
Income tax	(3 137 734)	(9 699 622)	(5 445 343)	(8 902 491)	(7 463 321)
Depreciation, amortization and increases in provisions	(6 179 569)	18 029 014	22 364 663	44 514 363	283 430 002
Result after tax, profit sharing, depreciation, amortization and provisions	(28 478 352)	14 103 069	(1 399 997)	(58 361 305)	(306 845 824)
Dividend distribution					
III. Earnings per share					
Result after tax and profit sharing and before depreciation, amortization and provisions	(0,40)	0,37	0,17	(0,11)	(0,14)
Result after tax, profit sharing, depreciation, amortization and provisions	(0,33)	0,16	(0,01)	(0,48)	(1,78)
Dividends per share					
IV. Personnel					
Average number of employees	806	981	1 030	1 056	909
Salary costs	37 954 164	43 406 665	46 776 271	52 657 377	43 742 171
Amount paid in social benefits (social security)	17 684 728	20 317 266	25 268 426	25 470 464	19 214 511

20.3.5 List of subsidiaries and holdings

Please refer to chapter 7.2 of this Registration Document for the list of subsidiaries and holdings.

20.4. Verification of historical financial information

20.4.1 20.4.1. Statement of the statutory auditors

Please refer to the Auditors' report on the consolidated financial statements as at March 31, 2014 and the Auditors' report on the Company financial statements, included respectively in section 20.3.1.3 and 20.3.2.3 of this 2013-2014 Registration Document.

Moreover, the consolidated financial statements for the year ended March 31, 2013 were subject to an audit report by the Auditors included on page 118 of the Registration Document filed under number D.13-0676. The consolidated financial statements for the year ended March 31, 2012 were subject to an audit report by the Auditors included on page 100 of the Registration Document filed under number D.12-0619.

The annual financial statements for the years ended March 31, 2013 and March 31, 2012 were subject to unqualified audit reports, included respectively on pages 120 and 102 of the 2012-2013 Registration Document and the 2011-2012 Registration Document filed under number D.12-0619.

20.4.2 Other information audited by the statutory auditors

None.

20.4.3 Financial information that is not included in the financial statements

None.

20.5. Date of the last financial information

March 31, 2014.

20.6. Interim financial information and other information

None.

20.7. Dividend payment policy

The Company has not paid any dividend for the last three fiscal years. The Company intends to reinvest its earnings to finance its future growth and does not contemplate paying dividends in the next three fiscal years. Dividends which reach their legal statute of limitation in accordance with the provisions of the French State Property Code are the property of the State.

20.8. Lawsuits and arbitration proceedings

The Company is not subject to any significant litigation proceedings.

During the year ended March 31, 2014, Soitec and SunEdison (NYSE: SUNE -ex MEMC Electronics Materials Inc.) definitively put an end to all outstanding litigation between them and entered into a patent cross-licensing agreement relating to silicon-on-insulator (SOI) substrates. This agreement provides access for each company to a portfolio of patents owned by the other company (c.f. press release of November 26, 2013- http://www.soitec.com/en/news/press-releases/soitec-and-sunedison-enter-into-patent-license-agreement-1390/)

In addition, on November 7, 2013, the French Court of Cassation rejected the appeal filed by Soitec against the ruling of the Court of Appeal of Grenoble on July 11, 2012, which had ordered the Company to repay an amount of 316 thousand Euros to correct the social solidarity contribution of companies payment, which was made for 2007.

As at March 31, 2014 there are no ongoing tax audits being conducted at the level of Soitec S.A. or its subsidiaries.

To the Company's knowledge, there are no other governmental, judicial or arbitration proceedings pending or threatened that might have or have had a material effect on the financial position or profitability of the Company or the Group over the past twelve months.

20.9. Significant changes in the financial or commercial position since March 31, 2014

There have been no significant changes to the financial or commercial position of the Group since March 31, 2014, which continues to be exposed to uncertainties in the semiconductor and solar energy industries, as described in chapter 3, and to the risks identified in chapter 4 of this Registration Document.

In the Solar Energy business segment, the Group has successfully completed certain milestones (in particular the second tender of the French Energy Regulation Commission ("CRE") for the construction and operation of solar power plants with capacities exceeding 250 kWc – please refer to the press release dated April 7, 2014 (http://www.soitec.com/en/news/press-releases/soitec-selected-in-more-than-10-new-solar-power-plant-projects-in-france-1460/) but has also been unsuccessful on certain projects, including the notification by CSOLAR IV West, LLC (« CSOLAR », a subsidiary of Tenaska Solar Ventures, LLC) to San Diego Gas & Electric ("SDG&E") of its decision not to use Soitec Solar's concentrated photovoltaic technology to produce 150 megawatts (MW) of "clean" energy for its CSOLAR IV West solar plant located in Imperial County – please refer to the press release dated April 15, 2014 (http://www.soitec.com/en/news/press-releases/soitec-update-on-tenaska-s-solar-project-1465/).

21. Additional Information

21.1. Share capital

21.1.1 Share capital on the filing date for this Registration Document

On the Registration Document filing date, the Company's share capital totals 17,258,079.50 euros, divided into 172,580,795 shares with a nominal value of 0.10 euro, fully paid up.

There are no issued but unpaid-up shares.

On the Registration Document filing date for the 2012-2013 fiscal year, the Company's capital stock totaled 12,320,878.30 euros, divided into 123,208,783 shares with a nominal value of 0.10 euro, fully paid up.

This change is the result of the Board of Directors and Chairman and CEO recording the following capital increases:

- on December 13, 2013, the CEO, acting under the delegation granted by the Board of Directors recorded that the Company's capital had been increased from 17,249,229.50 euros to 17,258,079.50 euros, divided into 172,580,795 shares, due to the acquisition of 88,500 performance shares resulting from plan B of December 13, 2011, and in exercising these acquisitions, the issuance of 88,500 new Company shares;

- on July 23, 2013, the CEO, acting under the authority of the Board of Directors, recorded that the Company's capital had been increased from 12,320,878.30 euros to 17,249,229.50 euros divided into 172,492,295 shares due to the capital increase with preferential subscription rights resulting in the subscription of 49,283,512 new Company shares;

- On May 21, 2013, the Board of Directors recorded that the Company's capital had been increased 12,262,674.30 euros to 12,320,878.30 euros, divided into 123,208,783 shares, due to the acquisition of 582,040 performance bonus shares, and the exercise thereof resulting in the issuance of 582,040 shares.

In addition, the authorizations and the summary table in paragraph 21.1.4 of this Registration Document provide information on the shares and securities giving access to the Company's capital, which have already been issued and can be issued in the future.

21.1.2 Non capital stock shares

None

21.1.3 Treasury shares

Treasury shares held by Company.

As of March 31, 2014, the Company held 112,059 shares, i.e. 0.06% of the capital stock. Those shares all are allocated to stimulate the secondary market for the stock.

The reader is referred to Note 3.13.2 of the notes to the consolidated financial statements for an analysis of the treatment and book value of the treasury shares held by the Company as of March 31, 2014. The par value of the shares of treasury stock is 0.10 euro.

Number of shares held through sub-subsidiaries.

Existing authorization

Resolution 6, passed at the Ordinary and Extraordinary Shareholders' Meeting held on July 2, 2013, authorized the Board of Directors to acquire shares in the Company, under the terms set forth in article L. 225-209 et seq., of the Commercial Code and European Regulation 2273/2003 of December 22, 2003, implementing European directive 2003/6/EC of January 28, 2003, on one or more occasions, as and when it deems appropriate, up to a maximum of 10% of the total number of shares forming the share capital, i.e. 12,212,839 shares as of the date of the aforementioned Shareholders' Meeting.

This authorization terminated and supersedes the authorization granted to the Board at the Annual Shareholders' Meeting held on June 24, 2011.

Shares may be acquired for any of the following purposes:

– Ensuring the secondary market stimulation or the shares' liquidity through an investment service provider acting independently and in respect to a liquidity agreement complying with the AMAFI's ethical chart, as recognized by the Autorité des Marchés Financier (AMF); or

– Ensuring the coverage of purchase stock option plans and other forms of share allocations granted to employees or former employees and/or executive officers or former executive officers of the Company or affiliated companies in accordance with conditions and terms provided by applicable law, notably with respect to the framework of the purchase of share plans or projects for free allocation of existing shares or the Company's savings plan; or

– Retaining shares and subsequently providing them (exchange, payment or otherwise) with respect to external growth transactions, it being understood that the maximum amount of acquired shares that are to be retained and remitted at a later time as a payment or exchange in connection with the merger, spin-off, or contribution, may not exceed 5% of the capital; or

– Hedging securities giving rights to shares of the Company upon exercise of rights attached to such securities, the rights for the attribution of Company's shares arising out of the redemption, conversion, exchange, presentation of bonds, or any other means; or

– Cancelling, in whole or in part, any shares which were acquired, in accordance with article L. 225-209 of the French Commercial Code, subject to the adoption of the eleventh resolution approved by the Extraordinary General Shareholders' Meeting held on June 24, 2011; or

– Implementing any securities practice that is permitted or would be permitted by the market authorities; or

– Pursuing any other authorized purpose or purpose that would be authorized by applicable law or regulations subject to the notification of Shareholders by a Company press release.

Shares may be purchased by any method, including acquiring blocks of shares on the market or over the counter, as and when the Board of Directors deems appropriate, including during a public offer period, within the constraints of stock exchange regulations. The Company does not, however, intend to make use of derivatives.

The maximum purchase price is set at 5 euros per share. This means that the maximum possible total value of purchases that may be made under this program is 30,532,100 euros.

In the event of any transaction concerning the capital, including in particular share splits, stripping, or bonus share distribution, the aforementioned amount shall be adjusted on a pro rata basis (by applying an adjustment coefficient equal to the ratio of the number of shares making up the share capital prior to the corporate action to the number of shares after the action).

The 2012-2013 Registration Document filed with the AMF on June 27, 2013, under number D.13-0676 sets out the key characteristics of the share buyback program approved at the Shareholders' Meeting held on July 3, 2012. Between July 3, 2012, and March 31, 2013, the Company neither bought nor transferred any of its own shares.

Half-yearly statement of the liquidity agreement:

The company shareholders will be asked to approve the new authorization to replace the above authorization at the Shareholders' Meeting which has been called to approve the financial statements for the fiscal year closed on March 31, 2013. Such authorization would be granted to the Board of Directors for a period of eighteen (18) months as of the date of the Shareholders' Meeting, and would enable the Board to repurchase shares of the Company for a maximum price of 5 euros per share, the maximum amount of the transaction being set at 43,145,199 euros.

Description of repurchase of treasury shares which will be subject to approval by the Shareholders' Meeting on May 28, 2014

1. Legal framework

Pursuant to article 241-2 of the AMF's General Regulations, this description of the program is intended to set out the objectives and terms of the Company's share buyback program, which will be put to the vote at the Ordinary and Extraordinary Shareholders' Meeting due to be held on July 2, 2013.

2. Number of shares and percentage of capital held directly or indirectly by the Company

As of March 31, 2014, the Company held 112,059 of its own shares with a total value of 477,851 euros, representing 0.06% of the Company's share capital.

3. Distribution, by objectives, of the shares that the Company holds directly or indirectly to date

On today's date, all the treasury shares held by the Company are allocated to the liquidity agreement.

4. Objectives of the buyback program

Shares may be acquired for any of the following purposes:

– to ensure the liquidity of and organize the secondary market in the Company's shares, through an investment services provider acting independently under the terms of a liquidity agreement that complies with the ethics charter of the AMAFI recognized by the AMF; or

– to allot or transfer shares to employees or former employees and/or Corporate Officers or former Corporate Officers of the Company and/or companies affiliated with the Company now or in the future under the terms and conditions laid down in applicable regulations, including, in particular, as part of stock option plans, bonus share distributions, or employee savings schemes; or

– to retain and subsequently tender shares (by way of exchange, payment, or other purpose) as part of an external growth transaction; the maximum total amount of shares acquired for retention and subsequent tender by way of payment or exchange as part of a merger, demerger, or capital contribution may not exceed 5% of the total share capital; or

– to cover securities entitling the holder to an allotment of shares in the Company by delivering shares upon the exercise of rights attached to securities that may be redeemed, converted, or exchanged, the presentation of warrants or any other means that may result in the allotment of shares in the Company; or

– to subsequently cancel, in full or in part, any shares thus acquired under the conditions set forth in article L. 225-209 of the Commercial Code, in accordance with the tenth Resolution adopted during the Combined Shareholders' Meeting on May 28, 2014; or

– to carry out any market practice such as is or may be accepted by market authorities; or

– to operate for any other purpose which is or may be authorized by the law or applicable regulations, subject to informing the Company's shareholders by way of a press release.

5. Maximum percentage of capital, maximum number and characteristics of the shares of capital that the Company proposes to acquire and the maximum purchase price

The number of shares acquired throughout the duration of the program may not at any time exceed 5% of the total number of shares forming the Company's share capital. This percentage shall apply to the total amount of share capital adjusted to reflect transactions affecting the share capital subsequent to this Shareholders' Meeting; in the specific case of shares bought back under the terms of a liquidity agreement, the number of shares taken into account when calculating the 5% limit shall correspond to the number of shares purchased less the number of shares resold throughout the duration of the authorization. The number of shares that the Company holds at any time may not exceed 5% of the Company's share capital, this percentage applies to an adjusted capital as a function of transactions affecting it, following this Shareholders' Meeting.

These share purchases may occur one or more times, by any means, on a regulated market, a multi-lateral negotiation system, via a systematic internalization or over the counter, including by public offer or block share transactions (which could reach the totality of the program). Nonetheless, the Company does not intend to seek out derivative products. These operations may be performed at any time, in accordance with applicable law, except for the public offer periods targeting Company shares.

The Shareholders decide that the maximum purchase price per share is set at five (5) euros per share. In case of an operation on the capital, particularly the division or grouping of shares or attribution of bonus shares, the aforementioned amount shall be adjusted in the same proportions (adjustment coefficient equal to the ratio between the number of shares comprising the capital before the operation and the number of shares afterwards.

As such, under article R. 225-151 of the French Commerce Code, the Shareholders set the maximum global amount for the share above authorized buyback at 43,145,199 euros, as calculated on the basis of share capital on March 31, 2014, comprising 172,580,795 shares.

The Shareholders's Meeting grants all powers to the Board of Directors, with the possibility to sub delegate, in order to carry out this authorization, execute all agreements, perform all formalities and declarations with organisms and generally to do all that is necessary.

This authorization takes effect at the end of this Meeting and shall expire on the date of the Shareholders' Meeting to approve the accounts for fiscal year closing on March 31, 2015; it cancels and replaces that granted by the Combined Shareholders' Meeting on July 2, 2013, in its sixth resolution.

The shares covered by this program are shares in the Company listed on Eurolist on the Paris Stock Exchange.

6. Duration of buyback program

In accordance with Resolution 10 to be put to the vote at the Shareholders' Meeting on May 28, 2014, the buyback program will be conducted over a period expiring on the date of the Shareholders' Meeting called to rule on the financial statements for the year ending March 31, 2015.

7. Balance of the preceding program

Resolution 6, passed during the Ordinary and Extraordinary Shareholders' Meeting held on July 2, 2013, authorized the Board of Directors to acquire shares in the Company, under the terms set out in article L. 225-209 et seq. of the Commercial Code and European Regulation 2273/2003 of December 22, 2003, implementing European directive 2003/6/EC of January 28, 2003, on one or more occasions, as and when it deems appropriate, up to a maximum of 5% of the total number of shares forming the Company's share capital.

Declaration by the Issuer of transactions conducted on its own shares from July 2, 2013, to March 31, 2014

Percentage of capital held as treasury stock directly and indirectly*	0.06%
Number of shares cancelled during the last 24 months **	0
Number of shares held in portfolio*	112,059
Book value of the portfolio*	477,851.70 euros
Market value of the portfolio*	259,976.88 euros

* As of the date of publication of the description of the program,
** These are the last 24 months preceding the publication date of the description of the program.

	Cumulative gross flows*		Positions open as of the day of publication of the description of the program **			
	Purchases	Sales/ transfers	Positions open at purchase		Positions open at sale	
Number of shares	0	0	Purchase options bought	Forward purchases	Purchase options sold	Forward sales
Average maximum expiration			None	None	None	None
Average price of the transaction*			-	-	-	-
Average exercise price			None	None	None	None
Amounts			-	-	-	-

*The cumulative gross flows include cash purchase or sale transactions as well as forward or option transactions exercised or expired.
** Open positions include unexpired forward purchases or sales as well as unexercised purchase options.

21.1.4 Shares and securities giving access to the capital

21.1.4.1 Information relating to the potential dilution of the Company's equity on April 16, 2014

Type of potentially dilutive instrument	Exercise price	Number of shares to which instruments entitle the holder	Potential dilution that may arise from exercise of instruments
SOP*	3.71/17.81	922,760	0.53%
BSAARs issued not exercised	4.1618-13.5431	2,839,388	1.65%
OCEANEs 2014	8.55	9,708,091	5.62%
OCEANEs 2018	2.58	40,000,000	23.18%
BONUS SHARES	2,340/10,725	1,568,797	0.91%
Total		55,039,036	31,89%

The table below summarizes the free share plans detailed in paragraph 21.1.4 of this Registration Document with a future acquisition period:

Board of Directors Meeting Date	**13/12/2011**	**04/06/2012**	**07/03/2013**	**06/03/2014**
Number of shares	168,000	1,205,707	268,450	215,000
- incl. number of shares for Corporate Officers	0	217,457	0	0
Number of acquired shares	88,500	0	0	0
Number of cancelled shares	50,000	161,660	147,500	0
Number of remaining shares	29,500	1,044,047	120,950	215,000

21.1.4.2 Summary of authorizations and uses

Summary of authorizations in progress

Transaction/security in question	Maximum nominal issuance amount	Utilization (date)	Duration of authorization (and expiry)
Capital increase of all securities having preferential subscription rights SM 04/22/14 resolution 1	Capital =20 million euros	None	26 months (06/16)
Capital increase, all securities, with pre-emptive subscription rights SM 04/22/14– Resolution 2	Capital = 15 million euros Borrowing = 415 million euros	None	26 months (06/16)
Capital increase all securities, without pre-emptive subscription rights to specific categories of persons SM 04/22/14 – Resolution 3	Capital = 15 million euros Borrowing = 250 million euros	None	18 months (06/15)
Capital increase all securities, without pre-emptive subscription rights – offers under II of article L 411-2 of the Monetary and Finance Code SM 04/22/14 – Resolution 4	Capital = 20% of share capital Borrowing= 250 million euros[2]	None	26 months (06/16)
Increase in number securities to be issued in case of excess demand SM 04/22/14-resolution 5	Up to a maximum of (i) 15% of the initial issuance and (ii) the limit specified in the relevant delegated authority	None	26 months (06/16)
Capital increase all securities, without pre-emptive subscription rights – derogation of terms setting issuance price SM 04/22/14– Resolution 6	Capital = 10% of share capital per year limited to 15 million euros[1] Borrowing= 250 million euros[2]	None	26 months (06/16)
Capital increase by compensation of contribution in kind comprised of company shares or securities giving access to share capital SM 04/22/14- resolution 7	Capital = 10% of share capital per year limited to 15 million euros[1] Borrowing= 250 million euros	None	26 months (06/16)
Capital increase by incorporation of share premiums, reserves, income or other SM 04/22/14- resolution 8	Limited by amount of reserves, share premiums or income and ceiling of 20 million euros	None	26 months (06/16)
Capital increase by compensation of contribution of shares performed in the scope of a public exchange offer initiated by the Company SM 04/22/14- resolution 9	Capital = 15 million euros Borrowing = 250 million euros	None	26 months (06/16)
Capital increase by way of share or securities issuance giving access to equity, reserved for company savings plan members, with no preferential subscription rights SM 07/02/13 – resolutions 13-17	Capital = 500 000 euros within the 15 million euro ceiling	None	26 months (06/16)
Attribution of bonus shares SM 07/02/13 –resolution 18	2 % of capital (on day of attribution) The attribution to corporate officers shall not exceed 20% of total attributed amount	Allocation of bonus shares on 03/06/14 215,000 bonus shares issued	24 months (07/15)

Transaction/security in question	Maximum nominal issuance amount	Utilization (date)	Duration of authorization (and expiry)
Issuance of free warrants in case of a public offer targeting the Company SM 07/02/13 –resolution 22	40% of share capital	None	12 months (07/14)
Company share buyback SM 07/02/13 –resolution 6	5 % of share capital	None	12 months (07/14)
Cancellation of shares acquired under Company treasury share buyback authorizations SM 04/22/14 – resolution 11	10 % of share capital	None	18 months (07/15)

[1]Ceiling distinct from 5 million euro ceiling set in resolution 11.

[2]Common ceiling which is imputed on the 250 million euro ceiling set in resolution 12.

Authorization to buy back shares in the Company

Resolution six at the combined Shareholders' Meeting held on July 2, 2013 authorized the Board of Directors to buy back shares in the Company up to a maximum of 5% of the total share capital as at the date of the Shareholders' Meeting at a maximum price of 5 euros per share (making a maximum total amount of 30,656,686 euros). Any shares thus acquired may be used to organize a secondary market in the shares or to ensure their liquidity under the terms of a liquidity agreement, cover stock option plans and other forms of share distribution to employees and/or corporate officers of the group, form an exchange or payment as part of an external growth transaction or form a delivery of securities upon the exercise of rights attached to equity securities in the Company; alternatively, they may be cancelled or used to carry out any market practice accepted by the AMF. This authorization expires on the date of the Shareholders' Meeting called to rule on the financial statements for the year ended March 31, 2014.

Authorization to cancel shares in the Company

Resolution eleven at the Extraordinary Shareholders' Meeting held on April 22, 2014 authorized the Board of Directors to cancel shares in the Company acquired pursuant to Resolution 11 adopted during the Combined Shareholders' Meeting on July 2, 2013, up to a maximum of 10% of the total share capital over a period of 24 months.

Delegation of power granted to the Board of Directors in order to carry out a capital increase by issuing ordinary shares with preemptive subscription rights maintained and/or other securities giving immediate or future access to equity of the Company in a total nominal amount not to exceed 20 million euros.

The first resolution at the Extraordinary Shareholders' Meeting held on April 22, 2014 delegated authority to the Board of Directors (which has the option of sub-delegating that authority), for a term of twenty-six months, to carry out capital increases up to a maximum nominal amount of 20 million euros by issuing ordinary shares or any financial securities giving access to equity with shareholders' preemptive subscription rights maintained, the par value of any debt securities that might be issued pursuant to the aforementioned Resolutions may not exceed 250 million euros.

Delegation of power granted to the Board of Directors in order to carry out a capital increase by issuing debt securities or similar giving immediate or future access to equity of the Company without preemptive subscription rights in a total nominal amount of 15 million euros

Resolution two at the Extraordinary Shareholders' Meeting held on April 22, 2014 delegated authority, with the possibility to sub-delegate, to the Board of Directors for a term of twenty-six months to carry out capital increases up to a maximum nominal amount of 15 million euros by issuing any financial securities giving access equity, with shareholders' pre-emptive subscription rights suspended, in France or abroad, the par value of any debt securities that might be issued pursuant to the aforementioned Resolutions may not exceed 250 million euros.

Delegation of power granted to the Board of Directors in order to issue share and/or securities giving access to the Company's capital without preemptive subscription rights for shareholders for the benefit of persons responding to certain characteristics

The third resolution at the Extraordinary Shareholders' Meeting held on April 22, 2014 delegated authority, with the possibility to sub-delegate, to the Board of Directors for a term of eighteen months to carry out capital increases up to a maximum nominal amount of 15 million euros by issuing ordinary shares or any other financial instruments giving access to the Company's capital, with shareholders' preemptive subscription rights suspended for the beneficiaries responding to the following characteristics: industrial or commercial companies, French or foreign (or entities affiliated with them) having – directly or indirectly – activities which can reinforce the development perspectives of one of the three Soitec group divisions (electronics, energy, lighting); the nominal amount of debt instruments likely to be issued under this resolution may not exceed 250 million euros..

Delegation of power granted to the Board of Directors in order to carry out a public offer pursuant to article L411-2 II of the French Finance and Monetary Code, debt obligations or similar securities giving access to the Company's capital without preemptive subscription rights attached thereto.

Resolution four at the Extraordinary Shareholders' Meeting held on April 22, 2014 delegated authority, with the possibility to sub-delegate, to the Board of Directors for a term of twenty-six months to carry out capital increases up to a maximum nominal amount of 20% of the share capital per year and 15 million euros nominal by issuing ordinary shares or any debt obligations giving access to equity, with shareholders' pre-emptive subscription rights suspended, in France or abroad, in accordance with article L411-2 II of the French Financial and Monetary Code, the par value of any debt securities that might be issued pursuant to this resolution may not exceed 250 million euros.

Delegation of power granted to the Board of Directors in order to increase the nominal amount of capital increases carried out either with or without preemptive rights in an amount not to exceed 15% of the initial offering.

Resolution five at the Extraordinary Shareholders' Meeting held on April 22, 2014 delegated to the Board of Directors for a term of twenty-six months, with respect to all issues agreed pursuant to resolutions one, two or three of the Extraordinary Shareholders' Meeting held on April 22, 2014 the power to decide to increase the number of securities to be issued and carry out the corresponding issues at the same price as that used for the initial issue, up to a maximum of 15% of the amount of the initial issue and subject to the total combined issue not exceeding the limit established by these Resolutions.

Delegation of power granted to the Board of Directors in case of issuance without preemptive subscription rights and/or all securities giving access to the Company's capital immediately or at a later date, with the intent to set the issuance price within the limit of 10% of Company share capital according to the terms set forth by the Shareholders.

Resolution six at the Extraordinary Shareholders' Meeting held on April 22, 2014 delegated its authority, with the possibility to sub-delegate, to the Board of Directors for a term of twenty-six months, with the intent to increase the share capital within the limit of 10% of share capital per year and 15 million euros nominal, by issuance of ordinary shares and all financial instruments giving access to equity, without preemptive subscription rights for shareholders, the issuance price of ordinary shares to be issued within the scope of this issuance or to which are likely to give the securities to be issued rights under this same resolution shall be, at the Board of Directors' discretion, equal to (i) the average share price registered over a maximum period of six months preceding the issuance or (ii) the weighted market average on the day preceding the issuance (VWAP 1 day) with a maximum discount of 15%; the nominal amount of debt instruments likely to be issued under this resolution are capped at 250 million euros.

Delegation of power granted to the Board of Directors in order to increase the share capital of the Company in order to compensate for in-kind contributions consisting shares or other securities giving access to equity.

Resolution seven during the Extraordinary Shareholders' Meeting held on April 22, 2014 delegated to the Board of Directors for a term of twenty-six months, the power to decide to increase share capital, in an amount not to exceed 10% of the share capital, by issuing ordinary shares and/or other securities giving immediate or future access, at any time or on a set date, Company shares. Such issuance has been delegated in order to compensate in-kind contributions comprised of shares or other securities giving access to capital. As article L. 225-148 of the Commercial Code is not applicable, the preemptive rights pertaining to the securities of those persons holding shares or other securities arising out of in-kind contributions have been eliminated. The maximum capital increase for shares that may be issued as such, whether directly or upon presentation of securities, shall not exceed the ceiling of 15 million euros nominal or the counter value of this amount, the nominal amount of debt instruments likely to be issued under this resolution is capped at 250 million euros.

Delegation of power granted to the Board of Directors in order to increase the share capital of the Company through the incorporation of share premiums, reserves, profits or any other amounts that may be capitalized.

Resolution eight during the Extraordinary Shareholders' Meeting held on April 22, 2014 delegated to the Board of Directors for a term of twenty-six months, the power to decide to increase the share capital, in one or more times, in the proportion and at times deemed appropriate by it, by capitalizing premiums, reserves, earnings or other items that may be capitalized in accordance with the law and the articles of Association and in the form of bonus share distributions or increases in the par value of existing shares.

The total amount of any such increases in the share capital that may be carried out, together with the amount required, in accordance with the law, to protect the rights of securities holders entitling them to shares, may not exceed the total amount of any amounts to be incorporated nor the 20 million euros nominal ceiling.

Delegation of power granted to the Board of Directors in order to increase the share capital of the Company in order to compensate for share contributions made in the context of an exchange offer initiated by the Company.

Resolution nine during the Extraordinary Shareholders' Meeting held on April 22, 2014 delegated to the Board of Directors for a term of twenty-six months, the power to decide to issue ordinary shares or other securities giving immediate or future access, at any time or on a set date, to Company shares as compensation for any shares that may be contributed during a public exchange offer initiated by the Company, in France or abroad, in accordance with local law (including any operation that would have the same effect as a public exchange offer initiated by the Company over its own securities or over the shares of any company traded on the open market and subject to foreign laws, or any similar operation), by the Company with regards to the shares or securities of another company that are listed on one of the exchanges covered by article L. 225-148 of the Commercial Code. The maximum nominal amount of any capital increases performed pursuant to this delegation shall not exceed 15 million euros, or the equivalent thereof in any other foreign currency or system; the nominal amount of the debt instruments likely to be issued under this resolution are capped at 250 million euros.

Delegation of power granted to the Board of Directors in order to increase the share capital through the issuance of shares or other securities to savings plans members, without preemptive rights attached in favor of these members.

Resolution seventeen during the Combined Shareholders' Meeting held on July 2, 2013 delegated to the Board of Directors for a term of twenty-six months, the power to decide to increase the share capital, at one or several times, for a maximum nominal amount of 500,000 euros through the issuance of shares or other securities giving access to capital, which shall be reserved solely for the members of one or several company savings plan (or any other plan whose members would be able to benefit from a capital increase under similar conditions in accordance with articles L. 3332-18 of the Labor Code) which could be implemented within the Group, the Company, the subsidiaries, either French or foreign, which form part of the consolidated balance sheet pursuant to article L. 3344-1 of the Labor Code. The maximum nominal amount of the capital increases likely to be carried out under this delegation of authority shall not exceed the 15 million euro nominal ceiling, or counter value of this amount; the nominal amount of the debt instruments likely to be issued under this resolution are capped at 250 million euros.

The issue price of new shares or securities giving access to capital shall be determined in accordance with articles L. 3332-18 et seq. of the Labor Code and shall be at least equal to 80% of the average price of the shares on Euronext Paris during the 20 market sessions immediately preceding the date upon which the decision to set the date that subscription to the capital increase reserved for company savings plans was made (the "Reference Price"); however, the Shareholders' meeting expressly authorized the Board of Directors, if it deems such to be timely, to reduce or eliminate the discount mentioned above, subject to legal or regulatory limits, in order to comply with local law, accounting rules, tax regulations and labor laws.

Authorization to carry out bonus share distributions to certain senior managers and employees of the Group

Resolution eighteen during the combined Shareholders' Meeting held on July 2, 2013, authorized the Board of Directors, for a term of twenty-four months, to allocate, in an amount not to exceed 2% of the share capital, bonus shares consisting of existing shares or shares to be issued by the Company. The total amount of bonus shares to be allotted pursuant to this authorization may not exceed 2% of the share capital calculated on the date that the decision to allot such was taken by the Board of Directors, it be specified that the allotment of bonus shares to corporate officers must not exceed 20% of the total amount of the distribution. The allocation of shares of the Company to its beneficiaries shall be definitive upon the expiry of a vesting period of not less than two years for all or part of the shares so distributed and must, as it pertains to the allocation of shares to corporate officers and managers, be subject to Group performance conditions that shall be evaluated during the entirety of the vesting period and that the acquisition of such shall also be conditioned upon the continued employment of the beneficiaries within the Group in accordance with the conditions set forth by the Board of Directors. The holding period for Company shares by such beneficiaries shall be set at a minimum of two years, beginning at the time of definitive allocation of the shares, it being specified that, for those shares allotted which have a four-year vesting period, the minimum holding period may be eliminated so that such are freely transferrable upon vesting. Vesting of shares allocated to corporate officers shall be linked the Group performing to the satisfaction of its shareholders as measured by an internal composite index based on EBITDA, consolidated available cash flow and the completion of the principle facets of the Group's strategic plan.

Delegation of power granted to the Board of Directors in order to issue free share subscription warrants in the event of a tender offer concerning the Company

Resolution nineteen during the combined Shareholders' Meeting held on July 2, 2013, which authorized the Board of Directors, for a term of eighteen months, to issue, in the event of a tender offer for the shares of the Company, at one or several times, warrants subject to the legal regime set forth in articles L. 233-32 II and L. 233-33 Commercial Code, which allows the subscription of one or many shares of the Company at preferential rates. Such warrants may be issued for free to any and all Company shareholders who are shareholders of record before the expiration of the tender offer. The terms and conditions and other characteristics of the exercise of these warrants may also be defined. The total nominal amount of capital increase that takes place due to the exercise of such warrants may not exceed forty percent (40%) of the share capital, it being specified that this ceiling is determined without regards to any other caps or ceilings related to the issuance of shares or other securities giving access to capital of the Company as authorized by the combined Shareholders' meeting of July 2, 2013 or any other Shareholders' meeting. The maximum amount of warrants that may be issued may not exceed forty percent (40%) of the number of shares comprising the share capital at the time that such warrants are issued. These warrants shall become automatically void if the tender offer or any other competing offer fails or is otherwise withdrawn; it being specified that the warrants that become void by operation of law shall not count towards the maximum number of warrants that may be issued, as indicated above.

21.1.4.3 Implementation of authorizations adopted by the Shareholders' Meetings of July 10, 2003, July 1, 2005, July 6, 2006, July 7, 2009, June 24, 2011, July 3, 2012 and July 2, 2013

The table below indicates the extent to which authorizations adopted at the Shareholders' Meetings held on July 10, 2003, July 1, 2005, July 6, 2006, July 7, 2009, June 24, 2011, July 3, 2012 and July 2, 2013 relating to share subscription options and bonus share distributions had been put into effect prior to the beginning of the fiscal year ended March 31, 2014. It also delineates the extent to which prior authorizations had been utilized. The reader is referred to section 17.2.1.2 for an overview of the use of the delegation granted by the Extraordinary Shareholders' Meeting of November 5, 2007.

Stock option plans in force (subsequent to March 31, 2014)

Date of Meeting of Shareholders	07/10/03	07/10/03	07/10/03	07/01/05	07/01/05	07/01/05	07/01/05
Date of Board of Directors meeting	04/30/04	11/16/04	05/13/05	11/03/05	07/06/06	10/26/06	12/03/07
Number of shares	39,860	59,500	23,600	982,250	82,600	236,000*	31,800
- incl. number of shares for corporate officers	0	0	0	100,000	0	0	0
- incl. number of shares for date allotted	39,860	59,500	23,600	638,050	82,600	236,000	31,800
Number of beneficiaries	2	2	1	20	2	1	2
Starting date of exercise of options	04/30/08	11/16/08	05/13/09	11/03/09	07/06/10	10/26/10	03/12/11
Expiration date	04/29/14	11/15/14	05/12/15	11/02/15	07/05/16	10/25/16	03/11/17
Number of shares subscribed	8,000	30,000	0	0	0	0	0
Number of shares cancelled	-	-	-	474,850	-	-	20,000
Number of shares remaining	31,860	29,500	23,600	507,400	82,600	236,000	11,800
Subscription price per share (in Euros)	3.86	3.71	6.73	10.83	17.81	16.39	17.34

** All of these options were allotted to Mr. Paul Boudre before his appointment as a COO at the Board of Directors meeting on May 16, 2008.

Bonus share plans in progress

Date of Shareholders' Meeting	07/06/2006	07/06/2006	07/06/2006	07/06/2006	07/06/2006	07/06/2006	07/07/2009	07/07/2009	07/07/2009
Date of Board of Directors meeting	07/06/2006	06/01/2007	01/24/2008	06/04/2008	02/25/2009	06/05/2009	07/07/2009	06/01/2010	09/22/2010
Number of shares	100,000	46,096	8,000**	129,297	30,000	228,556	55,000	219,542	5,650
- of which number of shares for corporate officers	100,000	28,464*	0	62,674	0	145,683	0	105,611	0
- of which number of shares for top ten employee beneficiaries	0	17,632	8,000	66,623	30,000	82,873	55,000	113,931	5,650
Number of beneficiaries	1	6	1	9	1	10	1	11	1
Vesting period	from 07/06/06 to 07/05/08	from 06/01/07 to 05/31/09	from 01/24/08 to 01/23/10	from 06/04/08 to 06/03/10	from 02/25/09 to 02/24/11	from 06/05/09 to 06/04/11	from 07/07/09 to 07/06/11	from 06/01/10 to 05/31/12	from 09/22/10 to 09/21/12
Lock-in period	from	from	from	from	from	from	from	from	from

	07/06/08 to 07/05/10	06/01/09 to 05/31/11	01/24/10 to 01/23/12	06/04/10 to 06/03/12	02/25/11 to 02/24/13	06/05/11 to 06/04/13	07/07/11 to 07/06/13	06/01/12 to 05/31/14	09/22/12 to 09/21/14
Number of shares acquired	100,000	38,115	8,000	129,297	30,000	216,403	55,000	184,452	5,650
Number of shares cancelled	0	7,981*	0	0	0	12,153***	0	35,090*****	0
Number of shares sold	0	0	8,000****	27,000****	0	0	0	0	0
Number of shares remaining to be acquired	0	0	0	0	0	0	0	0	0

*These shares were cancelled after Mr. Pascal Mauberger left the Company on February 21, 2008.
** All these bonus shares were allocated to Mr. Paul Boudre prior to his appointment as Chief Operating Officer.
*** These shares were cancelled following the departure of an executive employee on September 8, 2010.
**** These shares were sold by Paul Boudre on August 24, 2012 and were duly declared to the AMF
***** These shares were cancelled in part when an employee resigned on March 15, 2011, and in part due to performance goals having not been met as deemed by the Board of Directors who decided that such were not achieved as of the vesting date.

Date of Shareholders' Meeting	07/07/2009	07/07/2009	07/07/2009	07/07/2009	07/07/2009	07/07/2009	06/24/2011	06/24/2011	24/06/2011
Date of Board of Directors meeting	04/01/2011	04/01/2011	04/01/2011	04/01/2011	04/01/2011	04/01/2011	12/13/2011	12/13/2011	12/13/2011
Number of shares	418,100	389,850	95,580	126,560	97,440	94,400	50,000	88,500	29,500
- of which number of shares for corporate officers	418,100	0	0	0	0	0	0	0	0
- of which number of shares for top ten employee beneficiaries	0	362,730	95,580	126,560	97,440	94,400	50,000	88,500	29,500
Number of beneficiaries	2	12	6	5	6	2	1	1	1
Vesting period	from 04/01/11 to 03/31/13	from 04/01/11 to 03/31/13	from 01/04/11 to 31/03/15	from 01/04/11 to 31/03/13	from 04/01/11 to 03/31/15	from 04/01/11 to 03/31/15	from 12/13/11 to 12/12/13	from 12/13/11 to 12/12/13	from 12/13/11 to 12/12/15
Lock-in period	from 04/01/13 to 03/31/15	from 04/01/13 to 03/31/15		from 04/01/13 to 03/31/15			from 12/13/13 to 12/12/15	from 12/13/13 to 12/12/15	
Number of shares acquired	272,601	254,182	0	55,257	0	0	0	88,500	0
Number of shares cancelled	145,499*	135,668**	14,160***	71,303****	25,460*****	88,500******	50,000*******	0	0
Number of shares sold	0	0	81,420	0	71,980	5,900	0	0	29,500

*These shares were cancelled following the performance conditions defined by the Board of Directors having attributed them and not achieved on the acquisition date
**These shares were cancelled following the performance conditions defined by the Board of Directors having attributed them and not achieved on the acquisition date
*** These shares were cancelled following the departure of an executive employee on November 1, 2013.
**** These shares were cancelled following the departure of two employee managers on September 2, 2011 and June 21, 2012, and also the performance conditions defined by the Board of Directors having attributed them and not achieved on the acquisition date
***** These shares were cancelled following the departure of two executive employees on March 15, 2011 and September 1, 2013.
****** These shares were cancelled following the departure of an executive employee on December 7, 2013.
******* These shares were cancelled following the departure of an executive employee on April 30, 2013.

Date of Shareholders' Meeting	06/24/11	06/24/11	06/24/11	06/24/11	06/24/11	06/24/11	06/24/11
Date of Board of Directors meeting	06/04/12	06/04/12	06/04/12	06/04/12	06/04/12	06/04/12	06/04/12
Number of shares	177,000	29,500	217,547	307,980	244,260	29,500	200,010
- of which number of shares for corporate officers	0	0	217,457	0	0	0	0
- of which number of shares for top ten employee beneficiaries	177,000	29,500	0	307,980	244,260	29,500	200,010
Number of beneficiaries	3	2	2	10	6	1	7
Vesting period	from 06/04/12 to 06/03/14	from 06/04/12 to 06/03/16	from 06/04/12 to 06/03/14	from 06/04/12 to 06/03/14	from 06/04/12 to 06/03/14	from 06/04/12 to 06/03/16	from 06/04/12 to 06/03/16
Lock-in period	from 06/04/14 to 06/03/16		from 06/04/14 to 06/03/16	from 06/04/14 to 06/03/16	from 06/04/14 to 06/03/16		
Number of shares acquired	0	0	0	0	0	0	0
Number of shares cancelled	0	0	0	23,600*	88,500**	0	49,560***
Number of shares sold	177,000	29,500	217,457	284,380	155,760	29,500	150,450

* These shares were cancelled following the departure of an executive employee on November 5, 2013.
** These shares were cancelled following the departure of an executive employee on February 20, 2014.
*** These shares were cancelled following the departure of an executive employee on December 7, 2013.

Date of Shareholders' Meeting	07/03/12	07/03/12	07/03/12	07/02/13	07/02/13	07/02/13	07/02/13
Date of Board of Directors meeting	03/07/13	03/07/13	03/07/13	03/06/14	03/06/14	03/06/14	03/06/14
Number of shares	91,450	29,500	147,500	85,000	75,000	25,000	30,000
- of which number of shares for corporate officers	0	0	0	0	0	0	0
- of which number of shares for top ten employee beneficiaries	91,450	29,500	147,500	85,000	75,000	25,000	30,000
Number of beneficiaries	1	1	1	1	1	1	1
Vesting period	from 03/07/13 to 03/06/15	from 03/07/13 to 03/06/17	from 03/07/13 to 03/06/17	from 03/06/14 to 03/05/16	from 03/06/14 to 03/05/18	from 03/06/14 to 03/05/18	from 03/06/14 to 03/05/16
Lock-in period	from 03/07/15 to 03/06/17			from 03/06/16 to 03/05/18			from 03/06/16 to 03/05/18
Number of shares acquired	0	0	0	0	0	0	0
Number of shares cancelled	0	0	147,500*	0	0	0	0
Number of shares sold	91,450	29,500	0	85,000	75,000	25,000	30,000

* These shares were cancelled following the departure of an executive employee on December 7, 2013

21.1.4.4 Operations during the 2013-2014 fiscal year

COMPLEMENTARY REPORT OF THE CHAIRMAN/CHIEF EXECUTIVE OFFICER REGARDING THE INCREASE IN THE COMPANY'S SHARE CAPITAL IN CASH WITH PREEMPTION RIGHTS ON JUNE 28, 2013

In accordance with the provisions set forth in articles L.225-129-5 and R.225-116 of the Commercial Code, the CEO of Soitec, (the "Company") drafted a supplemental Board of Directors' report to be submitted to the Extraordinary Shareholders' Meeting on July 3, 2012 ("Shareholders' Meeting"), describing the conditions under which the Board of Directors, and the Chief Executive Officer, after receiving authorization from the Board, used the authorization granted by the shareholders in the eleventh resolution of the Shareholders' Meeting.

I. Shareholder's Meeting Delegation

The Company's Combined Shareholders' Meeting was held on July 3, 2012 and in its eleventh resolution, in accordance with the dispositions of article L. 225-129-2 of the Commerce Code, delegated its authority, with possibility to sub-delegate, to the Board of Directors under the conditions set forth by law, for a period of twenty-six months starting from said Meeting with the intent to proceed with, in one more times, in the proportions and at times that it will decide, in France as well as abroad, with issuing, with preemptive subscription rights, all securities of any kind whatsoever likely to be performed immediately and/or at a later day which shall not exceed 5 million euros (to which will be added, as the case may be, the nominal amount of supplementary shares to be issued in order to preserver, according to the law, the rights of bearers of securities giving rights to shares) and that the nominal amount of debt instruments likely to be issued shall not exceed 250 million euros or its equivalent value in foreign currency.

II. Board of Directors' Delegation

In the meeting that took place on July 3, 2012, the Board of Directors, authorized to act pursuant to the delegation obtained from the shareholders during the Shareholders' Meeting of July 3, 2012 in the eleventh resolution, (a) authorized in principle the immediate launch of a capital increase operation with preemptive subscription rights and (b) within this scope, delegated to the CEO, or to the COO with his agreement, the power to decide the issuance, by public offering, without preemptive subscription rights, of a capital increase through the issuance of new ordinary shares up to 50 milion shares, representing a maximum nominal amount of shares of 5 milion euros (the "New Shares").

The Board of Directors granted, subject to legal and regulatory restrictions, all powers to the Chief Executive Officer, in accordance with applicable laws and regulations and within the limits set by the July 2, 2013 Combined Shareholders' Meeting, to implement this issuance within a period of eight months beginning on July 3, 2012 and set the definitive conditions thereof, particularly to:

- set the subscription price of the new shares to be issued;
- set the size and other definitive terms of the transaction, acknowledge the execution of the capital increase, and subsequently modify the Company's by-laws;
  - grant shareholders the right to subscribe to more shares (*réductible*) than they could have done under their preemption right, proportionally to the subscription rights which they hold, and within the limit of their request;
  - decide, if the subscription rights under preemption and as the case might be, greater than the preemption right, has not absorbed all ordinary shares issued, in the order which it shall determine, to either limit, in accordance with the law, the issuance to the amount of subscriptions that have actually been made, with the reservation that these reach at least three quarters of the initial issuance, or to freely redistribute all or part of the unsubscribed shares, or to offer them in the same way to the public;
  - decide, in accordance with article L. 225-210 of the Commerce Code, to sell preemptive subscription rights attached to Company treasury shares on the stock exchange;
  - request admission of preemptive subscription rights and new shares for trading on a the NYSE Euronext regulated exchange in Paris; determine the date on which the new shares issued shall become fully vested and their assimilation, as the case may be, with Company shares traded on the regulated NYSE Euronext exchange in Paris;
  - perform any formality related to opening the facility to exercise Company call options and the warrants attached to BSAARs and, as the case may be, to OCEANEs;
  - proceed with, after the capital increase subscription period has closed and before opening the facility to exercise Company call options and warrants attached to BSAARs and OCEANEs, adjusting the rights (i) of call option beneficiaries, (ii) beneficiaries of bonus share attribution plans in an acquisition period at the end of closing the subscription period, (iii) bearers of BSAARs and/or OCEANEs, shall be preserved in accordance with legal and regulatory dispositions and respectively to stipulations of rules for option plans, terms for issuing BSAARs and OCEANEs as well as stipulations in rules for bonus share attribution plans;
  - record the definitive performance of the capital increase and proceed with the related modification of the by-laws ;
  - register the share premium amount in the reserve account "share premiums", and proceed with, if necessary, imputing the share premium to all fees and taxes incurred by the operation;
  - establish the terms for the complementary report in accordance with article L.225-129-5 of the Commerce Code;
  - in general, take all necessary measures in order to arrive at the proper completion of the issuance and to register the capital increase(s) resulting from the issuance of new shares.

The Board of Directors also granted all powers to the Chief Executive Officer, with a possibility to sub-delegate in accordance with applicable laws and regulations, for the purpose of entering into any agreement and signing all documents necessary to carry out this transaction, and particularly to perform all required formalities and filings, and more generally, taking all useful measures, taking all actions and completing all required formalities to achieve the successful completion of the issuance of the new shares, their listing, the delivery of the issued securities and the resulting adjustments.

III. Decisions of the Chief Executive Officer (CEO)

The Chief Executive Officer, exercising those powers granted to him by the Board of Directors in the aforementioned delegation, according to the terms of a decision dated June 28, 2013, decided:

- To increase the Company share capital, with preemptive subscription rights, for 71,460,092.40 euros by issuance of 49,283,512 New Share with a nominal of 0.10 for 1.45 euro each (share premium included), with preemptive subscription rights according to 2 new shares for 5 old share, to subscribe and be paid up in cash;
- To reserve New Shares for subscription by preference for (i) existing shareholders registered in the accounting system under their title-account resulting from the June 28, 2013 accounting day, (ii) to those who assign their preemptive subscription rights; owners of preemptive subscription rights may subscribe (i) in the proportion of 2 new shares for 5 currently held shares, 5 preemptive subscription rights allowing subscription for 2 new shares (ii) above the proportion for the number of new shares that they would like in addition to those resulting from their proportional rights;
- That the subscription period shall be open from July 1st, 2013 to July 12, 2013 inclusive. The preferential subscription rights shall be detached on July 1st, 2013. The shall be traded on the regulated NYSE Euronext stock exchange in Paris from July 1st, 2013 until July 12, 2013 inclusive;
- Request the admission of New Shares for trading on the regulated NYSE Euronext stock exchange in Paris. They shall be assimilated to existing Company shares already traded on this exchange from their admission, under the same ISIN code as the existing Company shares, or FR0004025062;
- To grant the power to BNP Paribas Securities Services, in order to perform the centralization of the issuance of New Shares and to establish the fund deposit certificate registering the performance of the capital increase;
- To authorize the execution of a guarantee contract with Natixis in a capacity as guarantor of the capital increase. This guarantee covers the new shares unsubscribed by the existing Company shareholders. It does not constitute a guaranteed result as defined in article L225-145 of the Commerce Code;
- To establish the terms of the operation prospectus detailing the characteristics and definitive conditions for the shares to be issued which shall be submitted for approval by the market Authority and for which a copy shall be a schedule to these minutes;
- To impute the costs incurred by the issuance on the amount of the resulting premium and to withhold from this amount the money necessary to top up the legal reserve;

This decision dated June 28, 2013 was duly reported to the Board of Directors on July 2, 2013.

IV. Terms of issuance price determination and justification

The subscription price is 1.45 euro per share, of which 0.10 euro nominal value and 1.35 euro share premium. The subscription price is therefore a discount of 37.5% with respect to the Soitec share closing price (and 30% with respect to the closing price for excluding rights) on June 27, 2013.

V. Impact of the issuance on the share of equity per share

a) Impact on the proportion consolidated equity shareholdings

The impact of the issuance on the share of consolidated equity in the Group, per share (calculations made on the basis of Group consolidated equity – such as it is recorded in the consolidated accounts on March 31, 2013 – and the number of shares comprising the Company share capital on this date after deducting treasury shares) would be the following:

	Share of equity	
(in euros)	**Undiluted basis**	**Diluted basis[1)]**
Before issuance of new shares resulting from this capital increase	3.18	3.69
After issuance of 49,283,512 new shares resulting from this capital increase	2.68	3.13

(1) in the case of exercising the totality of (i) the subscription options exercisable or not, (ii) the right of attribution of shares under the totality of the OCEANEs and BSAARs as well as in case (iii) the acquisition period for the totality of bonus shares has expired. As indicated in part 21.1.4 of the Company Registration Document, 1,352,610 subscription options are currently in circulation as well as 2,719,075 BSAARs, 19,161,807 OCEANEs and 1,414,429 bonus shares.

b) Impact of the issuance on the shareholder's position

The impact of the issuance on the equity share of a shareholder holding 1% of the Company share capital before the issuance and not subscribing to this issuance (calculations performed on the basis of the number of shares comprising the Company share capital as of May 31, 2013) would be the following:

	Shareholder participation	
(in euros)	**Undiluted basis**	**Diluted basis[(1)]**
Before issuance of new shares resulting from this capital increase	1 %	0,83 %
After issuance of 49,283,512 new shares resulting from this capital increase	0,71 %	0,62 %

(1) in the case of exercising the totality of (i) the subscription options exercisable or not, (ii) the right of attribution of shares under the totality of the OCEANEs and BSAARs as well as in case (iii) the acquisition period for the totality of bonus shares has expired. As indicated in part 21.1.4 of the Company Registration Document, 1,352,610 subscription options are currently in circulation as well as 2,719,075 BSAARs, 19,161,807 OCEANEs and 1,414,429 bonus shares.

c) Impact of the issuance on the price of Soitec shares

The theoretical impact on the market value of a Soitec share, or 2.739 (average closing price of the 20 exchange days immediately before July 1, 2013), from the issuance of new shares resulting from the capital increase would be the following:

	Number of shares	**Exchange value per share (in euros)**
Before issuance of new shares resulting from this capital increase	123,208,783	2.739
After issuance of 49,283,512 new shares resulting from this capital increase	172,492,295	2.671

The exchange value was obtained by taking the market capitalization before the operation, corresponding to the average of the last 20 trading sessions preceding July 1, 2013 (or 2.739 euros) multiplied by the number of shares (or 123,208,783 shares as of June 30, 2013), and adding to that the estimated net product from the issuance (or 68,882,051 euros) and then dividing it all by 172,492,295, corresponding to the total number of shares on June 30, 2013 (or 123,208,783 shares) and the total number of shares issued under the capital increase (or 49,283,512 shares).

Your statutory auditors will verify that the capital increase complies with the authorization terms from the shareholders' meeting on July 2, 2013, that they will certify in their complementary report, established under and according to the terms of article R.225-116 of the Commerce Code.

In accordance with applicable legal dispositions, this complementary report as well as that of your Auditors shall be made available to you, at the headquarters and shall be directly brought to your knowledge at the next Shareholders' Meeting.

COMPLEMENTARY REPORT OF THE CEO REGARDING THE ISSUANCE OF WARRANTS FOR NEW OR EXISTING SHARES

In accordance with the dispositions of articles L. 225-129-5 and R. 225-116 of the Commerce Code, the CEO of Soitec (the "Company") wrote a supplemental to that of the Board of Directors' at the Extraordinary Shareholders' Meeting on July 2, 2013 (the "Shareholders' Meeting"), describing the conditions under which the Board of Directors and under delegation from it, the CEO, used the authorizations adopted in the scope of the eleventh resolution of the Shareholders' Meeting.

I. Shareholders' Meeting Delegation

The Combined Shareholders' Meeting has, in its ninth and tenth resolutions, in accordance with the dispositions in articles L. 225-129 et seq. and L. 228-91 et seq. of the Commerce Code:

- Delegated to the Board of Directors with a possibility to sub-delegate, for a period of 26 months from the date of this Shareholders' Meeting, the authority to decide, on one or more occasions, in France or abroad, in euros, in the context of a public offer or, within the limit of 20% of the Company' equity during the course of this delegation, an offer under the provisions set forth in II of article L. 411-2 of the Financial and Monetary Code, debt instruments or equivalent securities issued in exchange for consideration or for free, giving access by any means, immediately or upon a later date, to new or existing ordinary shares in the Company;

- Decided that the total amount of the capital increases likely to be performed immediately and/or on a later date, on the basis of these resolutions, shall not be greater than 4 million euros nominal, this amount being set without taking into account the supplementary amount of shares to be issued in order to preserve, in accordance with the law, the rights of bearers of securities giving access to shares in the Company;

- Decided that the nominal amount of debt instruments likely to be issued under this delegation shall not exceed 250 million euros, or its equivalent value in foreign currencies;

- Decided to suspend the preemptive subscription rights of the shareholders of these instruments which shall be issued in accordance with the legislation;

- Decided that the issuance price of shares issued or to which are likely to give the right to financial instruments giving access to shares in the Company issued under this delegation shall be set by the Board of Directors in accordance with the dispositions in articles L.225-136 1° and R.225-119 of the Commerce Code and shall be at least equal to the weighted average of the last three (3) trading period preceding its determination, possibly reduced by a maximum discount of 5%.

The aforementioned Shareholders' Meeting also, in the scope of these resolutions:

- granted all powers to the Board of Directors with the possibility to sub-delegate, necessary to proceed with this delegation issuance in accordance with applicable law;

– decided that, in case of exercising the sub-delegation power, the General Manager shall report to the Board of Directors regarding the use made with this delegation, and shall establish the complementary report according to the guidelines set forth in article L. 225-129-5 of the Commerce Code.

The aforementioned Shareholders' Meeting also, in its eleventh resolution, in accordance with the dispositions of article L.225-135-1 of the Commerce Code, authorized the Board of Directors with a possibility to sub-delegate, for any issuance decided pursuant to the aforementioned ninth and tenth resolutions, to increase the number of instruments to issue and to proceed with the corresponding issuances, at the same price as that retained for the initial issuance, within the limit of 15% of the amount thereof, and all within the ceiling limit set forth in the aforementioned ninth resolution.

II. Board of Directors Delegation

In its meeting on July 2, 2013, the Board of Directors unanimously:

– decided under the delegation granted by the Shareholders' Meeting in its ninth and tenth resolutions, the Board of Directors decides in principle to proceed with, in the scope of a public offer, with suspension of the preemptive subscription rights, a loan represented by OCEANEs of the Company having a maximum nominal amount of 250 million euros (comprising the nominal amount of the OCEANEs which would result from implementing a possible facility extension and the exercise of a possible over-allocation option by guarantor financial institutions), the nominal amount of the capital increase resulting from the conversions of OCEANEs being set a maximum nominal amount of 4,000,000 euros, without taking into account the supplementary amount of shares to be issued in order to preserve, in accordance with the law, the rights of bearers of securities giving access to shares in the Company, this issuance must be performed within six months from the date of these deliberations.

– delegates to its CEO and, the CEO having given his agreement, to Mr. Paul BOUDRE, Chief Operating Officer, all powers under the applicable legal and regulatory conditions and under the conditions set by the Shareholders' Meeting, in order to perform this issuance, or to postpone it, and to definitely establish all conditions, specifically:

– set the number and the nominal amount of the OCEANEs as well as the amount of capital increases likely to be performed in case of conversion of OCEANEs within the limits authorized by the Shareholders' Meeting and this decision;

– determine the calendar and terms for the issuance of OCEANES to be issued, including the inclusion or not of a priority waiting period;

– establish their price and terms and conditions, particularly the interest rate, loan period and amortization term;

– set their conditions repurchase and normal or anticipated reimbursement;

– set their terms for exchange or conversion; determine at their sole discretion, in case of exercise of the option to convert or exchange by any OCEANE holder, if necessary to issue new shares or attribute existing treasury shares, proceed with acquiring Company shares within the limits which were set upon them by the Shareholders' Meeting in its tenth resolution or, as the case may be, which shall be set by any new Shareholders' Meeting and this, in accordance with the law and regulations, determine at its discretion, in accordance with applicable regulation, the source of existing shares to be given;

– set the terms for which the preservation of rights for bearers of OCEANES shall be ensured; specifically by means of issuing new shares, providing existing shares or, if necessary, payment in cash;

– proceed, if necessary, with all imputations of issuance costs on the share premium(s);

– perform any formality relative to restarting the facility to exercise Company subscription options and the right of attribution of shares attached to BSAARs and, if necessary, to OCEANE 2014;

– establish the terms of the report set forth in articles L. 225-129-5 and R.225-116 of the Commerce Code;

– generally take all necessary measures in order to achieve the end of the issuance and record the capital increase(s) resulting from all share issuances resulting from the conversion of the OCEANEs into new Company shares and modify the Company bylaws; and

– proceed at this moment with the total or partial repurchase of 2014 OCEANEs in circulation, particularly over the counter within the scope of a procedure to build an inversed order book and if necessary on the exchange within the scope of a divestiture procedure.

– granted all powers to its CEO, and the CEO having giving his agreement, to Mr. Paul BOUDRE, Chief Operating Officer, with the possibility to sub-delegate according to the applicable legal and regulatory conditions, with the intent to execute all agreements (which includes the repurchase and guarantee for the 2014 OCEANEs, which be taken out with a guarantor banking institutions for the new OCEANEs investments as well as the contract related to servicing securities) and sign all documents necessary for performing this operation, and particularly execute all agreements and contracts, establish and sign operation memorandum relative to his operation and all documents related thereto, proceed with all necessary formalities and filing, particularly with the exchange authorities, request the admission of OCEANES and new Company shares resulting from their conversion to trading on the Euronext Paris and more generally take all necessary measures, carry out all procedures and fulfill all necessary formalities in order to achieve the definitive performance of the OCEANEs issuance, to trading and to trading and issued securities servicing as well as all adjustments resulting from this issuance.

These deliberations of the Board of Directors shall be provided as a schedule to this complementary report.

III. Chief Executive Officer's Decisions

The Chief Executive Officer,

1. after having acknowledged on September 10, 2013, the operation launch day, that the 6 month time limit for performing the issuance of the OCEANEs set forth by the aforementioned Board of Directors' delegation had not expired;

2. using the power that had been granted to him by the Board of Directors in the aforementioned delegation has, specifically:

– According to the terms of a decision dated September 10, 2013, 7:30am, decided to issue OCEANEs, directed by Natixis in its capacity as Sole Global Coordinator, Leader and Joint Bookrunner (acting in the name and on behalf of guarantor institutions of this issuance) exercisable no later than September 16, 2013, for an initial nominal amount of approximately 84 million euros, likely to be increased to an amount of 100 million euros in the case of exercising the totality of the over-allocation;

– According to the terms of a decision dated September 10, 2013, 2:00pm, following an bookbuilding procedure, set the definitive terms and conditions for this issuance, particularly its amount (84 million euros, likely to be increased to an amount of 100 million euros in the case of exercising the totality of the over-allocation), the number of OCEANEs to be issued (or 34,782,609 before exercise of the over-allocation option), the nominal unit value of the OCEANEs (or 2.58 euros), resulting in a premium of 35% compared to the average Soitec share price, weighted by volumes, recorded since the open of trading on September 10, 2013 until the moment of setting the definitive conditions for the OCEANEs issuance, the OCEANEs issuance price (equal to the nominal price, or 2.58 euros, payable in one installment on the date of payment for the OCEANEs), the annual actuarial yield (or 6.75%) and the yearly interest rate (6.75% paid semiannually at term maturity of September 18 and March 18 of each year or the first business day following if this date is not on a business date);

– According to the terms of a decision dated September 12, 2013, decided, taking into account the guarantor's exercise of the over-allocation option, to increase the issuance amount to approximately 103.2 million euros.

These decisions dated September 10, 2013, 7:30am, September 10, 2013, 2:00pm and September 12, 2013, duly reported to the Board of Directors shall be added as a schedule to the complementary report.

IV. Terms and justification for issuance price determination

The bond market price will depend particularly on the price of Soitec shares on the market and volatility, market interest rates, the Company's credit risk and the change in its evaluation by the market, and the level of dividends paid by the Company. As such, a drop in market price and/or volatility in Company shares, an increase in interest rates, any aggravation of real or perceived credit risk, or an increase in dividends paid could have a real unfavorable impact on the market price of the bonds.

V. Impact of the issuance

a) Impact of the issuance on the consolidated share in equity per share

As an illustration, the impact of the issuance and the conversion into new shares or the exchange of existing shares for the totality of the Bonds on the consolidated share in Group equity per share (calculations made on the basis of Group consolidated equity - as of March 31, 2013, - and the number of shares comprising Company share capital on this date after deduction of treasury shares) would be the following:

	Share of equity per share	
(in euros)	**undiluted basis**	**Diluted basis[(1)]**
Before issuance of the bonds	3.18	3.85
After issuance and conversion or exchange into shares of 34,782,609 Bonds	3.02	3.59
After issuance and conversion or exchange into shares of 40,000,000 Bonds[(2)]	3.01	3.56

(1) in the case of exercising the totality of (i) the subscription options exercisable or not, (ii) the right of attribution of shares under the totality of the 2014 OCEANEs and BSAARs as well as in case (iii) the acquisition period for the totality of bonus shares has expired. 1,235,460 subscription options are currently in circulation as well as 2,719,075 BSAARs, 16,957,351 OCEANEs 2014 and 1,846,089 bonus shares (not taking into account the cancellation of the totality of the OCEANEs 2014 which could occur following the buyback procedure mentioned in paragraph 7.6).

(2) In case of exercise of the totality of the over-allocation option.

As an illustration, the impact of the issuance on the consolidated shareholding in Group equity per share after the capital increase (calculations made on the basis of Group consolidated equity as of March 31, 2013, to which is added the gross amount of the 71.5 million euro capital increase performed in July 2013 and the number of shares comprising Company share capital as of July 31, 2013, after deduction of treasury shares, or 172,380,236) would be the following:

	Share of equity	
(in euros)	**undiluted basis**	**Diluted basis[(1)]**
Before issuance of the bonds	2.68	3.22
After issuance and conversion or exchange into shares of 34,782,609 Bonds	2.65	3.11
After issuance and conversion or exchange into shares of 40,000,000 Bonds[(2)]	2.65	3.10

(1) in the case of exercising the totality of (i) the subscription options exercisable or not, (ii) the right of attribution of shares under the totality of the 2014 OCEANEs and BSAARs as well as in case (iii) the acquisition period for the totality of bonus shares has expired. 1,235,460 subscription options are currently in circulation as well as 2,719,075 BSAARs, 16,957,351 OCEANEs and 1,846,089 bonus shares (not taking into account the cancellation of the totality of the OCEANEs 2014 which could occur following the buyback procedure).

(2) In case of exercise of the totality of the over-allocation option.

b) Impact of the issuance on the shareholder's position

For purely indicative purposes, the impact of the issuance and the totality of the Bonds converted into shares on the share of equity that a shareholder holding 1% of Company shares prior to the issuance and not subscribing thereto (calculations performed on the basis of the number of shares comprising Company share capital as of September 10, 2013) would be the following:

	Shareholder's participation	
(in %)	**undiluted basis**	**Diluted basis[(1)]**
Before issuance of the bonds	1.00	0.87
After issuance and conversion or exchange into shares of 34,782,609 Bonds	0.83	0.74
After issuance and conversion or exchange into shares of 40,000,000 Bonds[(2)]	0.81	0.72

(1) in the case of exercising the totality of (i) the subscription options exercisable or not, (ii) the right of attribution of shares under the totality of the 2014 OCEANEs and BSAARs as well as in case (iii) the acquisition period for the totality of bonus shares has expired. 1,235,460 subscription options are currently in circulation as well as 2,719,075 BSAARs, 16,957,351 OCEANEs and 1,846,089 bonus shares (not taking into account the cancellation of the totality of the OCEANEs 2014 which could occur following the buyback procedure mentioned in paragraph 7.6).

(2) In case of exercise of the totality of the over-allocation option.

c) Impact of the issuance on the price of Soitec shares

The theoretical impact on the exchange value of a Soitec share, or 1.873 euros (average closing share price for the last 20 trading sessions preceding September 12, 2013), from the issuance of new shares resulting from the capital increase would be the following:

	Number of shares	Share exchange value per share(in euros)
Before issuance of new shares resulting from this capital increase	172,492,295	1.873
After issuance and Bond conversion (undiluted basis)	212,492,295	2.006
After issuance and Bond conversion (diluted basis)	267,531,331	1.594

The market value was obtained by taking market capitalization before the operation, corresponding to the average of the 20 trading sessions preceding September 12, 2013 (or 1.873 euros) multiplied by the number of shares (or 172,492,295 shares as of July 23, 2013), adding to it the estimated net amount from the issuance (or 103.2 million euros) and dividing the result by 212,492,295, corresponding to the sum of the number of shares as of July 23, 2013 (or 172,492,295 shares) and the total number of shares attached to the OCEANEs after exercise of the over-allocation option (or 40,000,000 shares).

BONUS SHARE ALLOCATIONS AND STOCK OPTIONS DURING FISCAL YEAR 2013-2014

a) Distribution of bonus shares for certain managers and employees of the Group

Pursuant to the authorization granted under Resolution eighteen passed at the Combined Shareholders' Meeting held on July 2, 2013, the Board of Directors decided at its meeting on March 6, 2014 to distribute 215,000 bonus shares to senior executives.

The vesting period of the shares thus distributed was set at two (2) years and the lock-in period was also set at two (2) years, regarding employees domiciled in France. The acquisition period for the shares allocated to non-resident employees was set to four (4) years with no lock-in period.

b) Acquisition of bonus shares allocated for fiscal year 2013-2014 and prior years:

Pursuant to the bonus and performance based share allocation plan decided upon by the Board of Directors at it is meeting on April 1st, 2011, whose beneficiaries were Mr. André-Jacques Auberton-Hervé and Mr. Paul Boudre, as well as Company management executives, and since the acquisition period had expired on April 1st, 2013, the Board of Directors acknowledged at its meeting on

May 21, 2013 that on June 4, 2012 Mr. Auberton-Hervé had acquired 162,087 bonus shares, Mr. Paul Boudre had acquired 110,514 bonus shares, and the other beneficiaries of the plan had acquired 309,439 bonus shares as of April 1st, 2013; the Board also acknowledged the corresponding increase in the Company's capital.

Pursuant to the bonus share allocation plan decided upon by the Board of Directors at its meeting on December 13, 2011, the beneficiaries were management executives of the Company, and since the acquisition period had expired on December 13, 2013, the President acknowledged on December 13, 2013the acquisition of 88,500 shares that were allocated by one of the beneficiaries for whom the acquisition period had expired, and on the other hand, the correlative capital increase of the Company.

c) Cancellation of bonus shares allocated in respect of the 2013-2014 fiscal year and previous fiscal years

Regarding the bonus share allocation plan decided by the Board of Directors on April 1, 2011:

- 14,160 bonus shares, the beneficiary of which was a salaried executive, were cancelled as a result of his departure on September 1st, 2013.
- 14,160 bonus shares, the beneficiary of which was a salaried executive, were cancelled as a result of his departure on November 1st, 2013.
- 88,500 bonus shares, the beneficiary of which was a salaried executive, were cancelled as a result of his departure on December 7, 2013.

Under the bonus share allocation plan established by the Board of Directors on December 13, 2011:

- 50,000 bonus shares, the beneficiary of which was a salaried executive, were cancelled as a result of his departure on April 30, 2013.

Under the bonus share allocation plan established by the Board of Directors on June 4, 2012:

- 23,600 bonus shares, the beneficiary of which was a salaried executive, were cancelled as a result of his departure on November 5, 2013.
- 197,060 bonus shares, the beneficiary of which was a salaried executive, were cancelled as a result of his departure on November 5, 2013.
- 88,500 bonus shares, the beneficiary of which was a salaried executive, were cancelled as a result of his departure on February 20, 2014.

d) Allotments of stock options to certain of the Group's senior executives and employees

During fiscal year 2013-2014, there was no allotment of stock options.

21.1.5 Acquisition rights and obligations attached to the subscribed but unpaid up capital

On the filing date of this Registration Document, there is no acquisition right or obligation attached to the subscribed but not yet fully paid capital.

21.1.6 Information relating to the capital in the Group's Companies which is the subject of an option or a conditional or unconditional agreement to place it under an option

To the Company's knowledge, on this Registration Document's filing date, there is no option over the capital of the Companies in the Group or a conditional or unconditional agreement to place the capital of these Companies under option.

21.1.7 Distribution of capital and voting rights

Changes in and history of the capital stock during the last five years

Date	Nature of the transaction	Capital increase in Euros	Issuance and contribution premium in Euros	Number of shares issued	Par value in Euros	Cumulative value of capital stock	
						in Euros	in shares
01/24/08	Capital increase by exercise of BCE and conversion of Océanes	18,155	1,197,807	181,545	0.10	8,260,360	82,603,597
03/11/08	Capital increase by exercise of SOP and BCE and conversion of Océanes	15,204	454,361	152,035	0.10	8,275,563	82,755,632
06/16/08	Capital increase by issuance of ABSAARs	225,000	11,708,200	2,250,000	0.10	8,500,839	85,008,392
06/19/08	Capital increase by exercise of BCE	674	29,603	6,737	0.10	8,501,513	85,015,129
09/03/08	Capital increase by exercise of BCE and acquisition of bonus shares	10,185	-1,956	101,854	0.10	8,511,698	85,116,983
10/14/08	Capital increase by exercise of BCE	240	10,560	2,400	0.10	8,511,938	85,119,383
06/05/09	Capital increase by exercise of BCE and acquisition of bonus shares	5,025	48,113	50,247	0.10	8,516,963	85,169,630
07/07/09	Capital increase by exercise of BCE	6,493	277,896	64,929	0.10	8,523,456	85,234,559
09/15/09	Capital increase by exercise of BCE	22,858	978,322	228,580	0.10	8,546,314	85,463,139
10/14/09	Capital increase by exercise of BCE, BSAARs, and SOP	52,634	2,187,284	526,342	0.10	8,598,948	85,989,481
11/17/09	Capital increase by exercise of SOP and BCE and conversion of Océanes	9,451	408,452	94,509	0.10	8,609,399	86,083,990
01/14/10	Capital increase by exercise of BCE and SOP	6,124	267,925	61,243	0.10	8,614,523	86,145,233
04/09/10	Capital increase by exercise of SOP and acquisition of bonus shares	3,050	95,500	30,500	0.10	8,617,573	86,175,733
05/06/10	Capital increase by issuance of ABSAARs	75,000	9,825,000	750,000	0.10	8,692,573	86,925,733
07/07/10	Capital increase by exercise of BSAARs and acquisition of bonus shares	42,304	1,193,109	423,036	0.10	8,734,877	87,348,769
09/22/10	Capital increase by exercise of options	3,650	171,915	36,500	0.10	8,738,527	87,385,269
03/08/11	Capital increase by exercise of BSAARs, conversion of OCEANEs and acquisition of bonus shares	10,254	299,443	102,542	0.10	8,748,781	87,487,811
05/25/11	Capital increase by issuance of ABSAARs	110,000	12,527,253	1,100,000	0.10	8,858,781	88,587,811
06/20/11	Capital increase by acquisition of bonus shares	21,640	-	216,403	0.10	8,880,421	88,804,214
07/25/11	Capital increase with maintained preemptive subscription rights	3,330,158	146,526,943	33,301,578	0.10	12,210,579	122,105,792
03/26/12	Capital increase by exercise of	2,260	66,766	22,600	0.10	12,212,839	122,128,392

Date	Nature of the transaction	Capital increase in Euros	Issuance and contribution premium in Euros	Number of shares issued	Par value in Euros	Cumulative value of capital stock in Euros	in shares
	options						
06/04/12	Capital increase by exercise of bonus shares	18,445	-	184,451	0.10	12,231,284	122,312,843
11/13/12	Capital increase by exercise of bonus shares	565	-	5,650	0.10	12,231,849	122,318,493
01/22/13	Capital increase pursuant to an offer made under article L.411-2 II of the Financial Code, subscribed by Fraunhofer-Gesellschaft zur Förderung der Angewandten Forschung e.V.	30,825	855,024	308,250	0.10	12,262,674	122,626,743
05/21/13	Capital increase by acquisition of bonus shares	58.204	-	582,040	0.10	12,320,878	123,208,783
07/23/13	Capital increase with maintained preemptive subscription rights	4,928,351	66,532,741	49,283,512	0.10	17,249 923	172,492,295
12/13/13	Capital increase by acquisition of bonus shares	8,850	-	88,500	0.10	17,258,079	172,580,795

Breakdown of share capital and voting rights as at March 31, 2012.

Shareholders	Number of shares	% of capital	Voting rights	In %
André-Jacques Auberton-Hervé	6,216,184	5.090	12,293,639	9.160
Fonds Stratégique d'Investissement	12,127,352	9.930	12,127,352	9.036
Caisse des Dépôts et Consignations	4,168,352	3.413	4,168,352	3.106
Famille Auberton-Hervé	1,166,658	0.955	1,166,658	0.869
Shin-Etsu Handotaï Co Ltd (partenaire depuis 1997 et premier sous-licencié de Soitec)	4,452,599	3.646	4,452,599	3.318
Public	93,885,188	76.874	99,883,954	74.427
Treasury	112,059	0.092	112,059	(0.083)
Total	**122,128,392**	**100**	**134,204,613**	**100**

Breakdown of share capital and voting rights as at March 31, 2013

Shareholders	Number of shares	% of capital	Voting rights	In %
André-Jacques Auberton-Hervé*	6,263,240	5.108	12,372,876	9.175
Famille Auberton-Hervé	1,166,658	0.951	1,166,658	0.865
Auberton-Hervé Family	**7,429,898**	**6.059**	**13,539,534**	**10.040**
Fonds Stratégique d'Investissement*	12,127,352	9.890	12,127,352	8.993
***shareholders' agreement**	**18,390,592,**	**14.997**	**24,500,228**	**18.168**
Caisse des Dépôts et Consignations	4,168,352	3.399	4,168,352	3.091
Shin-Etsu Handotaï Co Ltd (partner since 1997 and for Soitec sub-licensee)	4,452,599	3.631	4,452,599	3.302
Public	94,336,483	76.930	100,454,587	74.494
Treasury	112,059	0.091	112,059	(0.083)
Total	**122,626,743**	**100**	**134,854,483**	**100**

Breakdown of share capital and voting rights as at March 31, 2014

Shareholders	Number of shares	As % of share capital	Voting Rights	As %
André-Jacques Auberton-Hervé*	6,425,327	3.723	12,641,511	6.383
Famille Auberton-Hervé	1,655,812	0.959	2,822,470	1.425
Groupe familial Auberton-Hervé	**8,081,139**	**4.682**	**15,463,981**	**7.809**
BPI France Participations	16,978,294	9.838	29,105,646	14.697
***Pacte d'actionnaire**	**23,403,621,**	**13.561**	**41,747,157**	**21.080**
Caisse des Dépôts et Consignations	6,647,404	3.852	6,647,404	3.357
Shin-Etsu Handotaï Co Ltd (partner since 1997 and for Soitec sub-licensee)	4,452,599	2.580	4,452,599	2.248
Public	136,309,300	78.983	142,258,103	71.833
Treasury	112,059	0.065	112,059	(0.083)
Total	**172,580,795**	**100**	**198,039,792**	**100**

Employee shareholding

In accordance with article L. 225-102 of the Commercial Code, employees of Soitec owned 628,606 registered shares as at March 31, 2014, representing approximately 0.36% of the Company's share capital.

In addition, by way of the first and second tranches of the PACEO (back-up equity line) program, employees held 1,948,011 BSAARs (redeemable share subscription or purchase warrants) each entitling the holder to one share, representing potentially 1.59% of the Company's total share capital.

Statutory declaration of crossed thresholds

Dimensional Fund Advisors LP declares to have crossed by way of:

- Increased holdings, on July 23, 2013, the 3 % threshold for Company voting rights, and holds 5,615,751 Company voting rights, representing 3.044 % of the voting rights therein.

- Decreased holdings, on September 12, 2013, the 3 % threshold for Company voting rights, and holds 5,522,423 Company voting rights, representing 2,986 % of the voting rights therein.

UBS AG declared to have crossed:

- Increased holdings, on May 17, 2013, the 3 % threshold for Company voting rights, and holds 3,695,679 Company shares, representing 3.01 % of the share capital thereof.

- Decreased holdings, on May 20, 2013, the 3 % threshold for Company voting rights, and holds 3,644,243 Company shares, representing 2.97 % of the share capital thereof.

- Increased holdings, on May 24, 2013, the 3 % threshold for Company voting rights, and holds 3,697,906 Company shares, representing 3.02 % of the share capital thereof.

- Decreased holdings, on May 27, 2013, the 3 % threshold for Company voting rights, and holds 3,666,710 Company shares, representing 2.99 % of the share capital thereof.

Due to the existence of double voting rights, BPI France Participations holds 9.84% of share capital and 14.7% of voting rights, which makes it the primary Company shareholder ahead of André-Jacques Auberton-Hervé and his family.

Shareholders' agreement:

A shareholders' agreement was executed between BPI France Participations and Mr. Auberton-Hervé following BPI taking a share in the Company in June 2011. The primary stipulations of this agreement are described below, it being specified though that Mr. Auberton-Hervé and BPI France Participations (the "Parties") do not intend to implement a common policy or act in concert with respect to the Company.

Soitec governance: The Parties agree to make their best efforts such that the Company Board of Directors constantly includes (i) an member chosen from a list of candidates proposed by BPI France Participations, as long as BPI France Participations holds at least 5% (inclusive) of the share capital and/or Company voting rights, and (ii) two board members chosen from a list of candidates proposed by BPI France Participations, as long as BPI France Participations holds at least 9% or more of the share capital and/or Company voting rights. The agreement also sets forth that the Parties will make their best efforts such that non-voting board member be nominated by the Board of Directors, chosen from a list of candidates proposed by BPI France Participations and chosen among its employees, as long as this person has the required independence qualities in order to avoid any conflict of interest. Finally, the Agreement sets for that the Parties make their best efforts such that at least one of the board members nominated upon BPI France Participations proposals be nominated as a member of the Audit Committee, that at least one of the board members nominated upon BPI France Participations proposals be nominated as a member of the Compensation and Nominations Committee, and that all board members nominated upon BPI France Participations proposals be nominated as members of the Strategic Committee.

It is specified that the stipulations regarding Soitec's governance shall be null and void if André-Jacques Auberton-Hervé is removed, for any reason whatsoever.

Conservation agreement: The agreement sets forth a mutual holding conservation agreement between BPI France Participations and M. André-Jacques Auberton-Hervé until July 25, 2014.

Said agreement shall not apply to:

- Sales by Mr. André-Jacques Auberton-Hervé of his shares (i) to a family holding company, (ii) to a third party limited to 40% of his initial holding, and (iii) in case of a public offer for Company shares approved by the Soitec Board of Directors. Sales for (ii) may not under any circumstances occur until after 180 days from July 23, 2013;

- Sales by BPI France Participations to an affiliate, or in the case of absence of co-optation or nomination of a board member and/or non-voting member under the aforementioned conditions.

It is specified that the conservation agreement shall be null and void if Mr. André-Jacques Auberton-Hervé is removed is for negligence or gross negligence.

Right of first refusal: Mr. André-Jacques Auberton-Hervé granted a first refusal right to BPI France Participations covering (i) preemptive subscription rights that Mr. André-Jacques Auberton-Hervé will not exercise in the scope of a future capital increase or (ii) Soitec shares held by Mr. André-Jacques Auberton-Hervé in the case of his death.

Preemptive right: the FSI has a preemption right on Soitec securities held by Mr. André-Jacques Auberton-Hervé in case of a plan to sell Soitec shares to a Soitec competitor, except in the case of a public offer recommended by the Soitec Board of Directors.

Non-compete agreement: Mr. André-Jacques Auberton-Hervé agreed for the term of the shareholders' agreement and for a term of three years following his departure from Soitec to not compete with Soitec.

Effective date and term of the shareholders' agreement: The shareholders' agreement shall be effective on June 28, 2013. It will expire on July 25, 2019. The shareholders' agreement may be terminated by anticipation by mutual agreement of the parties. In addition, it shall automatically terminate by anticipation if the FSI should hold less than 5% of Soitec share capital. In the case of passive crossing of this threshold, the FSI shall have 6 months in order to acquire the number of shares allowing it to hold 5% of more of Soitec share capital. In this last case, the agreement shall remain fully applicable during this 6 month period and shall not terminate unless FSI continues to be under the threshold 5% of share capital upon expiration of this period.

To the Company's knowledge, there is no shareholders' agreement nor shareholders holding directly or indirectly 3%, 5% or more of share capital or voting rights outside of those persons mentioned above.

Outside of the founding directors and their heirs, the Company SEH, the named shareholdings remains insignificant. Nearly the all of the public shareholdings are in bearer form.

21.2. Articles of incorporation and bylaws

21.2.1 Corporate purpose (article 2 of the bylaws)

The Company's purpose in France and all countries:

- refining, research, fabrication, sales of materials for microelectronics and in general for industry;

- diverse technological assistance and development of specific machines and applications;

- all industrial and commercial operations in relation with:

- creation, acquisition, rental, management of any business, taking leases, installation, operation of any establishment, business, factory, workshop, related to one or another specified activities,

- taking, acquiring, operating or assigning any processes and patents regarding these activities,

- direct or indirect participation in all financial, real property or property or commercial or industrial enterprises which fall under the corporate purpose or any similar or tangential purpose,

- any operation whatsoever contributing to achieving this purpose.

21.2.2 Provisions in the bylaws, a charter or a Company regulation affecting Board of Directors members

21.2.2.1 Board of Directors (articles 12 to 16 of the bylaws)

The provisions relative to the Board of Directors can be found in articles 12 to 16 of the bylaws. The main information is given below.

Composition – Term of office

The statutory corporate law applies.

The Company is managed by a Board of Directors with a minimum of 3 and a maximum of 12 members, or 15 if the Company's shares are listed on a stock market.

Directors are appointed or renewed to perform their obligations by the Annual Shareholders' Meeting, which may dismiss them at any time.

Directors can be physical persons or legal entities.

A Company employee may only be appointed as a director if his employment contract predates his appointment and corresponds to an actual position within the company. No more than a third of the directors may be Company employees.

A directors' term of office is six years. The term of office expires at the end of the board meeting approving the previous fiscal year's financial statements, and which is held during the year their term of office expires. Directors may always be reappointed.

Board of Directors Powers

The Board of Directors determines the direction of the Company's activity and makes sure that this direction is implemented. Except for powers reserved exclusively for the Shareholders and within the limit of the company's business purpose, the Board deals with any issue involving the Company's stable operation and settling those matters concerning it. The Chairman represents the Board of Directors. He may delegate authority to representatives of his choice.

The company, when dealing with third parties, is bound even by Board of Directors actions which do not fall within the company's purpose, unless the Company can prove that the third-party knew or should have known under the circumstances that the action exceeded the purpose. The public availability of the Bylaws alone is insufficient to constitute this proof.

The Board carries out audits and verifications it deems necessary.

Chairman of the Board of Directors

The Chairman of the Board of Directors is elected by the Board members, who decide the length of his term of office.

See paragraph 14.1.2.2 above for information regarding the Company's general management.

21.2.2.2 Board of Directors' Standard Policies and Procedures (internal rules)

The Board of Directors updated its Standard Policies and Procedures adopted on July 1, 205, at its meeting on November 15, 2011, and updated during the Board of Directors Meeting on May 18, 2010. The November 15, 2011 update mainly concerned modifying the maximum limits to the CEO's powers in order to reinforce the Board of Directors supervision of decisions made by the CEO.

These Standard Policies and Procedures govern the dealings between the directors and the Company. They are an operational framework intended to be updated frequently and consistent with changes in the statutory and regulatory provisions and corporate governance best practices.

Without overriding the law or Company bylaws, the Standard Policies and Procedures is an internal document, which sets out rules governing the composition, role and respective powers of the Board of Directors, General Management and different Board of Directors committees by explaining or supplementing certain statutory provisions and clauses in the bylaws. The Standard Policies and Procedures also establishes the compensation framework for the Company's directors and senior executives.

In defining the respective powers of the corporate bodies, the Standard Policies and Procedures also establish a right of examination for the Board of Directors by provided that the President and CEO obtain the Board's prior authorization for certain important actions such as significant decisions concerning establishing foreign subsidiaries, significant actions that may affect the Group's strategy or change its financial position or scope of activity and certain operations that exceed a certain amount.

The purpose of the Standard Policies and Procedures is to optimize the effectiveness of the Board of Directors' meetings and discussions and to integrate corporate governance best practices into the way corporate bodies operate.

21.2.3 Rights, privileges and restrictions attached to shares (article 10 of the bylaws)

As of the filing date of this Registration Document, only Company ordinary shares have been issued .

The rights and obligations attached to the shares are described in article 10 of the bylaws reproduced below.

Each share gives a right to the Company's profits and assets proportional to the percentage of capital it represents and a right to vote and representation at Shareholders' Meetings according to conditions set by law and the bylaws.

All shareholders are entitled to be informed about the Company's performance, and to obtain disclosure of certain company documents at times and under the conditions set by law and the Bylaws.

Shareholders are only liable for losses up to the amount of their investment.

Subject to the statutory and bylaws provisions, no majority decision may compel a shareholder to increase his obligations. The rights and obligations attached to the share follow the share regardless of owner.

The possession of a share automatically binds the shareholder to Shareholders' Meeting decisions and obligations under the Bylaws. The transfer includes rights to all dividends due and unpaid and all future dividends, as well as a share of the reserves, subject to provisions to the contrary declared by the Company.

A shareholder's heirs, creditors, or assigns may not demand that seals are fixed to the company's assets and documents for any reason whatsoever, demand the distribution or the auctioning of its assets, or interfere with the Company's management. In order to exercise their rights, they must address themselves to the company's list of assets and liabilities and Shareholders' Meeting decisions.

Each time a certain number of shares is required to exercise a specific right,, in case of exchange, grouping or allocation of shares or a capital increase or reduction, merger, or any other operation, shareholders possessing less than the required number of shares may only exercise the right provided that they personally undertake acquiring the required number of shares.

21.2.4 Modification to shareholders' rights

Extraordinary Shareholders' Meetings adopt the decisions which in general modify the Company's bylaws according to statutory majority votes.

21.2.5 Shareholders' Meetings (articles 21 to 25 of the bylaws)

The Board of Directors calls Shareholders' Meetings according to the law.

Meetings are held at the headquarters or in any other place indicated in the call notice. Any shareholder may attend Meetings personally or through a proxy, irrespective of the number of shares he possesses, upon presentation of proof of identity and share ownership. The right to participate in Shareholders' meetings is established by a shareholding entry in the share register in the Shareholder's or registered agent's name and according to the seventh paragraph of article L. 228-1, as of midnight Paris time on the third business day prior to the meeting, either in the share registered held by the company, or in the registered agent's bearers accounts mentioned in article L. 211-3 of the French Monetary and Finance Code (*Code monétaire et financier*). The registration or recording of shares in the accounts of intermediary shareholders mentioned in article L. 211-3 of the French Monetary and Finance Code is acknowledged by a certificate of participation provided by the latter, if necessary, by email, according to the conditions in article R. 225-61, appendices to the absentee ballot or proxy form or upon request for an admission card established in the Shareholder's name or for the Shareholder account represented by the registered agent. A certificate is also issued to shareholders wishing to personally participate in the meeting and who has not received an admission card by midnight Paris time the third business day prior to the meeting.

Voting rights are proportional to the capital that the shares represent. When Shareholders' Meetings are held, each share grants the right to one vote. However, as stated in chapter 18.2, following the decision of the Combined Shareholders' Meeting of November 30, 1998, the Company bylaws provide that starting from August 31, 2000 a double voting right is granted to shares which have been held by the same shareholder in registered form for at least two years. The double voting right ceases for any share that has been converted to a bearer form or transferred.

Shareholders who have submitted an absentee vote, appointed a proxy or requested an admission card or certificate of participation pursuant to the conditions outlined above, may not subsequently choose another method of participating in the meeting, unless a provision to the contrary exists in the bylaws. Shareholders who have already submitted an absentee vote, appointed a proxy or requested an admission card or certificate of participation may sell all or some of their shares at any time. However, if the sale takes place before midnight Paris time three business days prior to the meeting, the company shall invalidate or modify, as appropriate, the absentee vote, proxy, admission card or certificate of participation. Accordingly, the intermediary mentioned in article L. 211-3 of the French Monetary and Financial Code shall inform the company or its agent of the sale and provide it with the necessary information. The intermediary mentioned in article L. 211-3 of the French Monetary and Financial Code shall not inform the company of any sale or any other transaction, regardless of the manner in which it is carried out, taking place after midnight Paris time three business days prior to the meeting, nor shall the company take it into account, notwithstanding any agreement to the contrary.

Meetings are chaired by the Chairman of the Board of Directors, or if he is absent, by a director specially designated by the Board. Failing this, the Meeting elects the Chairman.

The vote counters' role is performed by the two shareholders who possess the largest number of votes who are present at the Meeting and accept. The meeting appoints the secretary who need not be a shareholder.

An attendance list is kept according to the conditions required by law. The copies or extracts of the Meeting's minutes are validly certified by the Chairman of the Board of Directors, a director performing the functions of CEO or by the Meeting's secretary.

21.2.6 **Provision in the company certificate of incorporation, bylaws, a charter or a Company regulation which may have an effect of delaying, postponing or preventing a change of control**

With the exception of double voting rights as described above, there are no provisions in the Company's certificate of incorporation, Bylaws, charter or regulations that might have the effect of delaying, deferring or preventing a change in its control.

Nonetheless the Combined Shareholders' Meeting held on July 3, 2012 adopted Resolution 22, providing a mechanism by which anti-takeover warrants could be issued during the public offer period. The Shareholders' Meeting therefore delegated powers to the Board of Directors to carry out one or more warrant issues subject to the provisions of articles L. 233-32 II and L. 233-33 of the Commercial Code enabling parties to subscribe for one or more shares in the Company on preferential terms. If they were to be issued, these warrants would be given at no cost to every shareholder of the Company having this capacity before the expiration of the public offering. However, they could only be issued in the event of a public offering issued by the Company against the Board's advice. This authority delegated to the Board of Directors expires at the end of the offer period for any public offer targeting the Company and filed within 18 months from the Shareholders' Meeting or January 2014.

A similar resolution will be put to vote at the Shareholders' Meeting called to approve the financial statements for the fiscal year closed on March 31, 2013.

21.2.7 **Crossing thresholds (article 11 of the bylaws)**

Any shareholder who acting alone or in concert, without prejudice to the thresholds mentioned in article L.233-7 paragraph 1 of the Commercial Code, directly or indirectly holds at least 3% of the Company's capital or voting rights must notify the company of this by registered mail with acknowledgement of receipt sent to the headquarters within 15 days of the date when the threshold was crossed.

This declaration must also be made if the interest in the capital falls to below the above-mentioned threshold.

Failure to declare the threshold crossing, as required by law or bylaws, will result in the loss of share voting rights, pursuant to article L.233-14 of the Commercial Code, upon request of one or more shareholders holding at least 3% of the Company's capital or voting rights.

21.2.8 **Modification of share capital and voting rights attached to shares**

Any modification of capital or voting rights attached to the shares that comprise it is subject to statutory law, as the bylaws do not make any specific provisions.

21.3. Statutory Auditors' fees

The fees of the Statutory Auditors and the members of their networks are paid for by the Company and its subsidiaries.

The fees for the fiscal years closed on March 31, 2013 and 2014, are broken down as follows:

	PricewaterhouseCoopers Audit				**Muraz Pavillet Firm**			
	Pre-tax amount		**Percentage**		**Pre-tax amount**		**Percentage**	
(in thousands of euros)	2013-2014	2012-2013	2013-2014	2012-2013	2013-2014	2012-2013	2013-2014	2012-2013
Audit:								
Statutory auditors, certification, review of individual and consolidated accounts								
- Issuer	190.6	203.9	42.3 %	50.7 %	90	90	69.44 %	65.69 %
- Fully integrated subsidiaries	257.9	136.8	57.2 %	34 %	24	36	18.53 %	26.28 %
Other due diligence and services directly linked with the Statutory Auditor's mission								
- Issuer	2.0	52.9	0.4 %	13.2 %	15.6	10	12.03 %	7.30 %
- Fully integrated subsidiaries		8.5	0 %	2.1 %	0	1	0.00 %	0.73 %
Subtotal	**450.5**	**402.1**	**100 %**	**100 %**	**129.6**	**137**	**100 %**	**100 %**
Other services rendered by the network to fully integrated subsidiaries :								
Legal, tax, labor	0	0	0 %	0 %	0	0	0 %	0 %
Other (specify if > 10 % of audit fees)	0	0	0 %	0 %	0	0	0 %	0 %
Subtotal	**0**	**0**	**0 %**	**0 %**	**0**	**0**	**0 %**	**0 %**
Total	**450.5**	**402.1**	**100 %**	**100 %**	**129.6**	**137**	**100 %**	**100 %**

22. Material contracts

At the end of 2009, Soitec began to develop activities in the solar energy and lighting sectors. This diversification led the Group to enter into contracts different to those that it had customarily executed in relation to its historical business activity: semiconductors. More generally, the Group's business activities expose it to the risks set forth in chapter 4 of this Registration Document.

Over the two-year period, Soitec has not, with respect to the Electronics Division, executed any agreements that would not be considered as in the ordinary course of business, conferring any obligation or material commitment upon the Group. The majority of the sales from the Electronics Division does not come from long-term supply agreements for firm quantities, but rather from spot supply agreements regarding finished products that have been produced based on forecasted sales figures received from our major clients. As a result, the Company must regularly make capacity investments and hire extra personnel to service this demand that could be adjusted downwards in a material manner without any forewarning. The sales terms and conditions contain clauses that help reduce risk (automatic invoicing after a determined warehousing period, minimum notice period for supply forecast adjustments, "take or pay" penalties in the event that capacity investments are in play). Additionally, the Company limits overall risk by negotiating symmetrical conditions with regards to its supply of raw materials, by reducing production cycle time and by standardizing its products so that it can meet the demands of many clients by using the same equipment as well as the use of identical stock reference numbers. However, even in cases where their standard terms and conditions of sale or other contractual agreements do not permit a customer to materially alter supply forecasts without penalty, Soitec may, from time to time, accept cancellations without penalty to maintain customer relationships or because of industry practices. Contracts entered into by Soitec with its principal clients for the electronics division contain no unusual clauses that could have a material impact on its activities or its development.

During the past two fiscal years, Soitec has entered into certain contracts that, though they were executed in the normal course of business for the Solar Energy Division, may carry material obligations or commitments for the entire Group.

Solar energy activities are developed either as part of contracts for systems supply to developers, which in turn have Power Purchase Agreements ("PPA") with their clients, for example the solar farm project developed by Tenaska Solar Ventures, through its subsidiary CSOLAR IV West LLC, for San Diego Gas & Electric, announced on March 10, 2011 (and recently brought into question by CSOLAR IV West LLC – see press release from April 15, 2014), or as part of PPAs signed directly by the Group, taking on the roles of both developer and systems supplier, such as the power contracts signed directly with San Diego Gas & Electric, announced on April 12, 2011, and May 18, 2011. These agreements are typical structures for the Solar Energy Division.

In the medium-long term, the Group intends to fund its key Solar Energy subsidiaries with equity so that they will have more resources available to develop their commercial activities independently from Soitec SA. Until such time, Soitec SA fully intends on providing parent company guarantees or other forms or guarantees to support the Solar Energy Division. Such guarantees shall be accounted for as off-balance sheet commitments. Soitec SA assesses each request for a guarantee on a case by case basis in order to determine whether such are justified and in the interest of the Group.

Parent company guarantees are generally necessary with respect to three activities undertaken by the Solar Energy Division: (i) supply of parts and components used in the manufacture of CPV modules and systems, (ii) the design and contruction of projects and electric power stations using concentrated photovoltaic technology, and (iii) the sale of CPV modules and systems. For example, one of the Solar Energy Division's subsidiaries (the "Seller") may undertake to provide a large number of CPV systems to a project company that is under construction. With respect to the equipment sales agreement, the Seller would be under an obligation to achieve a certain result concerning the delivery of the CPV systems on time. Furthermore the systems must meet the requirements set forth in the specifications. Penalties are most likely to be levied in the event of late delivery or CPV system defects. In most instances, the Seller will also have to indemnify the owner of the solar station if, during the first two years of operation, CPV system yields are less than the theoretical yields set forth in the specifications. The Seller is also held to an obligation in relation to the modules and other CPV system components, as per industry practice. The Seller may also be liable for other types of normal representations and warranties including those concerning the intellectual property rights that are used. Except for certain rare cases, the amount of the indeminties that the Seller may owe is generally limited to theoverall price of the CPV systems. Considering the relatively large size of solar farm projects, the majority will necessitate third party or other bank guarantees in order to proceed with construction. It is typically in this context, one in which it is necessary to provide significant cash and debt-related support, that the Seller may be required to provide assurances in the form of a parent company guarantee in order to support the Seller's obliagtions under the agreement.

In the case in which the Group designs and constructs its own CPV power stations, the Group bears the costs for financing such projects for as long as it is unable to find investors or lessees that could take the place of the Group in its financial obligations pursuant to terms and conditions that would be acceptable for the economic viability of the project. The bond issuance for one billion Rand through the CPV Power Plant No. 1 Bond SPV (RF) Ltd., a subsidiary of Soitec Solar GmbH, that was announced on April 17, 2013, was performed in order to finance the construction of the 44 MW industrial scale photovoltaic power plant at Touwrivier in South Africa. The proceeds from the issuance will not be available until the first phase of development, financed by CPV Power Plant No.1 (Pty) Ltd., is complete. As announced on March 25, 2014, the solar power plant at Touwsrivier had successfully completed all the steps necessary in order to bring the first 50% of its total capacity on line, the proceeds from the bond issuance could be used to pay for the CPV systems provided by Soitec to the project company.

23. Information from third parties, declarations by experts and declarations of interests

No report or declaration by an expert other than the Company's Statutory Auditors is included in this Registration Document.

24. Documents Available to the Public

24.1. Documents Available on the Company's Website

All the regulatory information, as defined by AMF General Regulations article 221-3, is available on the Company's website (www.soitec.com), and it includes:

- Registration Document filed with the Financial Markets Authority on June 23, 2009, under number D.09-537;
- update of the above Registration Document filed with the Financial Markets Authority on September 1, 2009, under number D.09-0537-A01;
- Registration Document filed with the Financial Markets Authority on June 22, 2010, under number D.10-0552;
- Registration Document filed with the Financial Markets Authority on June 10, 2011, under number D.11-0565;
- Registration Document filed with the Financial Markets Authority on June 15, 2012, under number D.12-0619;
- Registration Document filed with the Financial Markets Authority on June 27, 2013, under number D.13-0676
- Financial press releases;
- Updated by-laws;
- Documents and information concerning the Company, such as the certificate of incorporation and bylaws, can be obtainred at the Company headquarters: Parc Technologique des Fontaines – Chemin des Franques, 38190 Bernin (tel: 04 76 92 75 00).

24.2. List of Press Releases and Other Publications

During the fiscal year 2013-2014 and up to the date on which the present Registration Document was filed, the following press releases and publications in the French bulletin of mandatory legal announcements were published on the Company's website (www.soitec.com) and that of the French Markets Authority (www.amf-France.org), as well as in the French bulletin of mandatory legal announcements:

- April 30, 2014: Press release regarding the total number of voting rights attached to shares;
- April 28, 2014: Exosun and Soitec share expertise to sell a new CPV system;
- April 22, 2014: Minutes from the ordinary general shareholders' meeting of April 22, 2014;
- April 22, 2014: Extraordinary general shareholders' meeting of April 22, 2014;
- April 22, 2014: Annual results 2013-2014;
- April 15, 2014: Soitec: update regarding the Tenaska solar farm project;
- April 15, 2014: Soitec: modification of publication calendar;
- April 14, 2014: Inspection and meteorological system produced by Altatech selected by OSRAM, one of the world's largest LED manufacturers;

- April 11, 2014: Press release regarding the total number of voting rights attached to shares;
- April 7, 2014: Soitec selected to as provider for more than 10 solar power station projects in France;
- April 1, 2014: Soitec announces eligibility for the new PEA-PME;
- March 31, 2014: University of Washington chooses Altatech's CVD system for the development of new treatment materials;
- March 31, 2014: Invitation to appear at the Extraordinary General Shareholders' meeting of April 22, 2014;
- March 25, 2014: Soitec announces the commissioning of 22 MWc for its Touwsrivier plant in South Africa;
- March 24, 2014: Invenergy purchases the "Desert Green" solar project from Soitec Solar Development, construction to begin shortly;
- March 18, 2014: Press release regarding the total number of voting rights attached to shares;
- March 12, 2014: The South African Department of Energy approves changes to the financial structure of Soitec's 44 MWc solar project;
- February 26, 2014: Press release regarding the total number of voting rights attached to shares;
- February 20, 2014: Alatech, a Soitec subsidiary, finalizes partnership with Helmoltz-Zentrum Berlin and installed a new CVD system;
- February 17, 2014: Soitec announces a new, more powerful generation of CPVs for isolated sites;
- January 27, 2014: The lighting Division unveils a new family of LED tubes for the North Amercian market allowing energy saving of up to 60%;
- January 22, 2014: Press release regarding the total number of voting rights attached to shares;
- January 20, 2014: Soitec publishes consolidated sales figures equaling 33.1 million euros for the third quarter 2013-2014;
- December 18, 2013: Soitec and CEA – R&D partnership over a term of 5 years regarding innovative materials and substrates;
- December 16, 2013: Press release regarding the total number of voting rights attached to shares;
- December 12, 2013: Soitec and IntellEPI announce a collaboration agreement to better serve the arsenide and gallium markets (GaAs);
- December 5, 2013: Confirmation of the strategic importance of the Guépard program, coordinate with Soitec;
- December 3, 2013: Soitec announces large volume productionof its new eSI™ substrate for 4G/LTE-Advanced smartphones;
- December 2, 2013: Soitec announces the financing and commencement of construction of a solar power station in Portugal;
- November 26, 2013: Soitec and SunEdison sign a license agreement;
- November 25, 2013: 2013-2014 Quarterly Financial Statement available;
- November 20, 2013: Focusinc and Soitec announce that they have received a loan from the China Development for the construction of a 20 MW solar power station (CPV) in the Xinjiang province;
- November 20, 2013: Quarterly Results 2013-2014;
- November 13, 2013: Press release regarding the total number of voting rights attached to shares;
- October 21, 2013: Soitec publishes consolidated sales figures of 91 million euros for the first quarter 2013-2014;
- October 15, 2013: Press release regarding the total number of voting rights attached to shares;
- October 10, 2013: With Soitec's support, Fondation Energies pour le Monde installed concentrated photovoltaic equipment in Madagascar;
- September 26, 2013: Results of the satisfaction of the holders of Convertible Debt Obligations and/or the Exchange for New or Existing Shares that matured on September 9, 2013;
- September 23, 2013: World record – a solar cell attains 44.7% efficiency;
- September 19, 2013: Press release regarding the total number of voting rights attached to shares;
- September 19, 2013: Opening of the procedure, from September 20 through 26, 2013 of the satisfaction of the holders of Convertible Debt Obligations and/or the Exchange for New or Existing Shares that matured on September 9, 2013;
- September 18, 2013: U.S. Department of Defense signs an agreement with Soitec for a 1 MW CPV pilot power station in California;
- September 12, 2013: Soitec issues OCEANEs, set to mature on September 18, 2018. Option to over subscribe fully utilized, issuance for an aggregate amount equal to 103,200,000 euros;
- September 11, 2013: At 31.8% efficiency, the new Soitec module sets itself apart from the products currently available in bulk on the photovoltaic market;
- September 10, 2013: Soitec issues OCEANEs, set to mature on September 18, 2018 for a initial nominal amount equal to 89.7 million euros which could be subscribed up to approximately 103.2 million euros. Opinion from the market regulator (AMF) received;
- September 10, 2013: Soitec repurchases 7,249,260 OCEANE 2014 for a unit price equal to 8.55 euros;
- September 10, 2013: Soitec issues OCEANEs, set to mature on September 18, 2018 for a initial nominal amount equal to 89.7 million euros which could be subscribed up to approximately 103.2 million euros. Terms and conditions set, subject to AMF opinion;
- September 10, 2013: Soitec launches issuance of OCEANEs, set to mature on September 18, 2018 for a initial nominal amount roughly equal to 84 million euros which could be subscribed up to approximately 100 million euros. Proposed repurchase of OCEANEs issued in 2009 pursuant to reverse bookbuilding program:
- September 9, 2013: Soitec grants TSMC a license in connection with reverse facing lighting technology for image sensors;
- September 5, 2013: The Solar Energy Division signs a performance guarantee with Munich-Re;
- August 28, 2013: Soitec continues in its quest for ISO 22301 certification;
- August 20, 2013: Press release regarding the total number of voting rights attached to shares;
- July 25, 2013: Soitec publishes consolidated sales results of 43.2 million euros for the first quarter of 2013-2014, in line with expectations;
- July 23, 2013: Alstom and Soitec sign cooperation agreement for the creation of a French subsidiary for CPV technology;
- July 19, 2013: Completion of capital increase for an amount equal to 71.5 million euros;
- July 10, 2013: Soitec completes first solar power station in California with modules produced in its California facility;
- July 10, 2013: Soitec's RF substrates are most widely used in smartphones today;
- July 2, 2013: Minutes of the Extraordinary General Shareholders' Meeting of July 2, 2013;
- June 28, 2013: Capital increase announced;

- June 27, 2013: Registration Document for 2012-2013 available;
- June 19, 2013: OCEANE 2014 convertible bond refinancing;
- June 12, 2013: Khaled Juffali and Soitec announce that Saudi Aramco selected Soitec CPV technology in a recent RFP;
- June 11, 2013: Combined General Shareholders' Meeting of July 2, 2013 – methods for making preparatory documents available;
- June 11, 2013: Maxwell Technologies and Soitec join forces to enhance the advantages of energy storage associated with CPV technology;
- June 10, 2013: Soitec installs in Namibia a pilot solar energy production site that is connected to the network;
- May 30, 2013: Press release regarding the total number of voting rights attached to shares;
- May 30, 2013: Invitation to appear at the Combined Shareholders' meeting of July 2, 2013;
- May 27, 2013: Minera El Tesoro and Soitec announce pilot solar energy production site for a copper mine in Chile;
- May 23, 2013: Annual results 2012-2013;
- May 22, 2013: Soitec announces an industry first: a four-junction solar cell to be used for concentrated photovoltaic systems;
- April 30, 2013: Soitec announces that it finalized its debt issuance in the amount of one billion Rand, a first in South Africa;
- April 22, 2013: Khaled Juffali Co. and Soitec sign an agreement to accelerate development of the Saudi solar energy market;
- April 18, 2013: Press release regarding the total number of voting rights attached to shares;
- April 17, 2013: A project company held by Soitec Solar GmbH obtains bond financing in an amount of 1,000,000 000 Rand for its Touwsrivier project;
- April 15, 2013: Soitec publishes consolidated sales figures for 2012-2013 in an amount of 262.8 million euros;

25. Information on shareholdings

This chapter lists the companies in which the Company owns more than 50% of the share capital and voting rights.

The Company owns 100% of the share capital and voting rights of the following companies:

- Soitec U.S.A Inc., 2 Centennial Drive, Peabody, MA 01960, U.S.A;
- Soitec Specialty Electronics S.A.S. head office at Parc Technologique des Fontaines, Chemin des Franques, 38190 Bernin, France, and main production center at Marcel Rebuffat, Zone artisanale de Courtabœuf 7 – 91140 Villejust, France;
- Soitec Microelectronics Singapore Pte Ltd., 81 Pasir Ris Industrial Drive 1, Singapore 518 220;
- Soitec Japan, Inc., 3-1, Marunouchi 3-Chome, Chiyoda-Ku, 100-0005 Tokyo, Japan;
- Soitec Solar GmbH située au Bötzinger Strasse 31, 79111 Freiburg im Breisgau, Germany ;
- Soitec Korea LLC, Kyunggi-do Hwasung-si Bansong-dong 93-10, Shinyoung Gwell Estates B-dong 4th floor, unit 5, South Korea;
- Altatech Semiconductor S.A.S. 611, rue Aristide Bergès, 38330 Montbonnot St Martin, France;
- Soitec Corporate Service S.A.S., 54, avenue Marceau, 75008 Paris.
- Soitec Trading Shanghai Co. Ltd., registered address is located at Room 103-12, Zenhua Heavy Industry R&D Building, Tower B n°3261 Dong Fang, Pu Dong, New District Shanghai.

All Company subsidiaries except Soitec Specialty Electronics S.A.S., Soitec Solar GmbH, Alatech Semiconductor SAS, Soitec Corporate Services SAS and Soitec Microelectronics Singapore Pte Ltd., are marketing units for the Company's products.

Intra-Group trade balances and transactions are eliminated from the consolidated financial statements.

Since the fiscal year ended March 31, 2005, the Company has also had a branch in Taiwan, at Rm. 217, 11F, No. 51, Hengyand Rd., Taipei, Taiwan, R.O.C.

See Chapter 7 of this Registration Document for a description of parent/subsidiary relationships and paragraphs 7.2 and 20.3.5 for a full list of subsidiaries and shareholdings.

26. Company's financial instrument market

The Company's shares have been listed on Euronext Paris since February 9, 1999.

Trading volume and changes in share price

	Share					
	High (in euros)	Low (in euros)	Average share price (in euros)	Trading volume (no. of shares)	Trading volume (thousands of euros)	Market capitalization based on average share price (in thousands of euros)
2009						
January	3.729	2.392	2.986	40,613,676	128.46	254,166
February	2.950	2.060	2.471	20,387,074	50.27	210,330
March	3.649	1.991	2.448	34,678,656	91.98	208,372
April	5.140	2.971	3.900	38,074,432	151.73	331,966
May	5.250	4.303	4.867	22,443,624	110.07	414,276
June	5.680	3.969	4.893	23,784,604	117.85	416,735
July	6.868	5.137	5.943	28,676,968	175.48	506,549
August	6.738	5.725	6.167	12,825,039	79.80	525,642
September	10.220	5.560	8.278	65,551,878	560.79	705,572
October	12.880	8.510	10.700	83,046,714	890.57	920,087
November	11.400	8.391	9.582	46,925,321	459.57	824,857
December	10.445	9.240	9.821	21,008,915	206.93	845,431
2010						
January	11.915	9.860	10.770	39,429,386	427.62	927,784
February	11.030	8.554	9.800	29,401,539	287.62	844,223
March	11.870	9.600	10.840	33,715,552	370.07	934,145
April	11.770	10.075	11.175	26,567,838	297.26	963,014
May	10.495	6.950	8.919	48,021,327	411.10	775,291
June	8.770	7.100	7.874	34,194,431	269.93	687,784
July	8.740	7.021	7.965	28,772,002	232.39	695,733
August	8.454	6.483	7.539	23,565,708	175.27	658,522
September	7.489	6.560	7.197	28,099,986	201.71	628,912
October	7.713	6.564	7.194	24,709,573	177.41	628,650
November	8.990	7.070	8.026	40,041,419	379.43	701,354
December	8.752	7.910	8.270	15,333,375	127.54	722,676
2011						
January	9.669	8.122	8.953	25,386,180	228.88	782,360
February	9.610	8.432	9.115	14,183,632	129.14	796,517

	Share					
	High (in euros)	Low (in euros)	Average share price (in euros)	Trading volume (no. of shares)	Trading volume (thousands of euros)	Market capitalization based on average share price (in thousands of euros)
March	11.100	8.720	9.956	47,460,329	481.49	871,029
April	11.470	10.410	11.054	19,982,239	221.42	967,090
May	11.090	9.650	10.246	17,734,023	181.49	896,400
June	9.005	5.923	8.028	31,395,636	259.71	712.920
July	7.300	5.870	6.668	26.634.534	178.01	814.201
August	6.500	4.570	5.148	34.083.648	176.55	628.601
September	5.150	3.601	4.462	26.840.556	118.44	544.836
October	4.673	3.480	3.897	28.977.394	113.16	475.846
November	4.194	3.010	3.424	30.478.373	107.45	418.090
December	4.190	3.250	3.709	23.492.786	88.40	452.890
2012						
January	5.100	3.750	4.343	30.531.498	134.10	530.305
February	5.170	4.200	4.616	22.847.639	107.04	563.640
March	5.139	4.306	4.775	18.379.996	88.38	583.163
April	4.390	3.030	3.482	18.744.951	62.55	425.251
May	3.240	2.608	2.892	12.551.773	36.32	353.195
June	3.087	2.450	2.737	11.862.954	33.84	334.770
July	3.250	2.120	2.593	17.181.732	45.00	317.157
August	3.150	2.240	2.729	19.192.667	52.72	333.792
September	2.860	2.280	2.582	10.908.127	28.09	315.812
October	2.449	2.157	2.293	8.283.785	18.99	280.463
November	2.679	2.153	2.309	13.504.537	32.10	282.433
December	2.722	2.282	2.484	12.821.880	32.08	303,839
2013						
January	3.540	2.616	2.972	28.519.589	85.74	364,447
February	2.960	2.640	2.770	10.729.593	29.98	339,676
March	3.200	2.710	2.952	11.603.462	34.49	361,994
April	2.970	2.540	2.687	7.719.440	20.91	329,498
May	2.870	2.403	2.882	11,564,509	36.35	355,088
June	2.834	2.000	2.739	17,329,372	41.20	337,469
July	2.090	1.590	1.752	50,795,344	48.50	302,207
August	2.100	1.660	1.855	64,496,579	121.35	319,973
September	2.110	1.750	1.937	46,966,352	91.65	334,118
October	2.040	1.650	1.828	34,610,894	63.01	315,316
November	1.730	1.330	1.556	46,423,730	69,89	268,398
December	1.570	1.370	1.437	20,732,194	30.17	247,871
2014						
January	1.710	1.400	1.541	42,428,115	67.85	265,947
February	2.280	1.430	1.610	55,976,191	105.29	277,855
March	2.660	2.100	2.283	119,642,043	281.58	394,002
April	2.530	1.780	2.198	79,674,969	170.82	379,333

Source: Euronext

Trading volume and changes in price of convertible bonds OCEANEs 2014

	OCEANE 6.25%	
	Monthly average (in euros)	Trading volume
2009		
September	10.02	126,631
October	11.44	121,240
November	10.73	109,876
December	11.06	12,452
2010		
January	11.87	44,848
February	11.20	123,106
March	12.55	63,165
April	12.78	38,729
May	10.79	70,837
June	10.01	25,888
July	10.01	20,439
August	9.91	18,363
September	9.53	22,601
October	9.51	33,782
November	10.18	54,107
December	10.16	7,448
2011		
January	10.49	25,949
February	10.52	21,767
March	11.62	75,158
April	12.30	21,484
May	11.64	3,917
June	10.41	10,854
July	9.72	33,804
August	9.03	29,174
September	8.19	88,480
October	7.89	190,640
November	7.60	82,578
December	7.95	90,324
2012		
January	8.47	143,948
February	8.84	85,232
March	8.93	71,119
April	8.41	26,071
May	8.38	34,588
June	8.53	35,396
July	8.34	58,537
August	8.22	67,569
September	8.01	38,844
October	7.57	52,035
November	7.19	79,191
December	6.98	769,529

2013		
January	7.81	78,313
February	7.89	80,557
March	8.00	50,916
April	7.94	33,604
May	7.93	62,311
June	8.06	322,513
July	8.70	386,730
August	8.89	57,717
September	8.70	432,139
October	8.70	70,537
November	8.70	151,650
December	8.61	33,100
2014		
January	8.68	73,189
February	8.68	63,322
March	8.81	23,980
April	8.91	15,355

Trading volume and changes in price of convertible bonds OCEANEs 2018

	OCEANE 6.75%
	Monthly average (in euros)
2013	
September	2.64
October	2.55
November	2.21
December	1.98
2014	
January	2.09
February	2.13
March	2.63
April	2.66

Source: Euronext
The closing price of Soitec stock as of May 12, 2014, was 2.400.

27. Glossary

Equipment

Wafers Thin slices of crystal used in the manufacture of integrated circuits. These micro-structures are a major component in the manufacture of integrated systems, transistors, semi-conductors and other electromechanical micro systems.

Photovoltaic Solar Module (or Solar Panel)

Electric capacity generator composed of photovoltaic cells, which are electrically connected. This is the base unit of a solar installation such as solar farms and solar power stations

Solar Tracker A portable, movable structure that allows solar panels to align with the sun thereby increasing productivity

Inverter an electrical power converter that changes direct current to alternating current; it has the inversed function of a rectifier. The inverter is a continuous/alternative type of static converter.

Balance of System BOS encompasses all components of a photovoltaic system other than the photovoltaic panels. This includes wiring, switches, support racks, an inverter, and batteries in the case of off-grid systems. In the case of free-standing systems, land is sometimes included as part of the BOS.

LED Optical-electric component, capable of emitting light when electricity flows through it. Consumes little power and is small in size

S-LED A super-luminescent diode (SLED or SLD) is an edge-emitting semiconductor light source based on super luminescence. It combines the high power and brightness of laser diodes with the low coherence of conventional light-emitting diodes. It consumes little power s well.

Components

Substrate Base material, housing or stand that will take any component, etched or other, organic, which allows it to remain, viable or to be further refined

SOI Silicon on Insulator, technology refers to the use of a layered silicon-insulator-silicon substrate in place of conventional silicon substrates (from 50 nm to some µm) in semiconductor manufacturing, especially microelectronics, to reduce parasitic device capacitance, thereby improving performance. Indeed in spite of the fact that its development costs are 10% greater than other traditional technologies, on substrates or solid, the performance gains have been estimated at 20 to 35%.

Bulk Silicon Solid form of silicon know as its “base” form (as compared to advanced substrates such as SOI) whose semi-conductor properties made it the preferred choice for transistor and integrated circuits (“chips”)

Solar Technology

Plug&Sun mini trackers
PV Technology (photovoltaic)
technology used to produce renewable electric energy from the sun. This electricity is produced from cells that are connected together forming a solar panel. Several panels may be grouped together to form a solar installation that produces energy that may be used on site or placed on the electric grid.

CPV Technology (Concentrated photovoltaic):
concentrated photovoltaic technology is the progression of PV technology. It employs lenses or mirrors in order to concentrate a large amount of sunlight over a small area. In each solar module, the most expensive component by far is the PV cell. By placing a concentrating apparatus between the sun and the PV cell, a much smaller panel surface is required and use high performance cells with performance yields that range between 30 and 40% (and that, over the medium term, will exceed 50%). Using this technology we get the concentrated photovoltaic panel or concentrated panel.

Thermal solar technology / solar thermal:
this technology consists of concentrating solar energy in a specific area in order to reach significantly high temperatures. Electricity is then produced through the use of vapor turbines or other thermal engines. By using the heat transmitted by sunlight rather than the sunlight itself, the energy transformation methods may be distinguished from other forms of solar energy such as solar cells.

Thin film (PV): a semi-conductor laying on top of a silicon and other precious metal alloy that produces energy by capturing a larger spectrum of light (not only infrared) and generally used in high temperature conditions without having to worry about overheating which normally leads to reduced performance for crystalline structures. However, toxic materials are used in this process which makes recycling more difficult.

Industrial applications

Bonded SOI: a gluing procedure for silicon wafers without using additional intermediary layers.

FD-SOI (Fully Depleted Silicon On Insulator):
FD-SOI technology is considered as a new generation lower consumption and high performance alternative to traditional silicon technologies. The wafers used in fully depleted planar transistor are composed of a

thin layer of silicon on an oxide insulator. These wafers, which may be used for consumer mobile and multimedia applications, consume up to 40% less energy compared with traditional technologies while performing to the same level.

Smart Cut: procedure that allows the transfer of very thin layers of crystalline materials to a mechanical support. The application of this technical procedure is primarily used for SOI. SOI is used to electrically isolate a thin layer of mono crystalline silicon from the rest of the silicon tablet; an ultra-thin silicon film is transferred to the mechanical support which places an intermediary layer, insulation. Semi-conductor manufacturers may then produce integrated circuits on the upper layer of the SOI wafers by using the same procedures that they would use on raw silicon

Smart Cell: a PV cell that uses Smart Cut and Smart Stacking technologies developed by Soitec to transfer thin layer of high-quality crystalline semi-conductor materials. Smart Cell technology, developed in conjunction with CEA-Leti (Smart Cut technology expert) and the Fraunhofer Institute (for multi-junction III-V solar cells), will produce multi-junction cells composed of high-quality III-V materials capable of producing yields that are significantly higher than classic epitaxic multi-junction cells. This PV technology is useful in regions receiving abundant sunlight and for high power cells.

Smart stacking: Smart Stacking technology developed by Soitec allows the transfer of thin substrate or circuitry layers in an efficient industrial environment. It is used for image capturing devices using backlighting; this increases the sensitivity of the image capturing device and allows for a reduction in the amount of pixels. It opens up new possibilities in the RF and 3D fields.

Financial

AMF *Autorité des marchés financiers* (Financial Markets Authority)

Bond Issuance An arrangement pursuant to which a legal entity (bank, company, state, governmental subdivision) receives a certain amount of money from purchasers of the bonds issued. The payment obligations under a bond issuance are in the form of interest paid to the investors. These securities also give the holders the right to be reimbursed on the maturity date. In the event of insolvency, bond holders are reimbursed ahead of shareholders.

Goodwill: May be estimated based on prospective investment profitability, in light of the positions that it has developed on its market. The notion of excess value or goodwill is a financial valuation based on notoriety, know-how and company performance but also its market position and its suppliers and other commercial partners. Goodwill is a factor that investors monitor closely because in the event of the sale or acquisition of the company, the estimated value of goodwill could provide a good base for the sales price.

IFRS Rules: International Financial Reporting Standards are accounting rules that apply to international companies and are set by the International Accounting Standard Board. IFRS rules regard summary documents (financial statements, income statements and tables) that are made available by the company but also, more generally, with regards to all financial information that it publishes.

OCEANE: is a bond (debt security) that is convertible into new shares. An OCEANE gives its holder the possibility of converting her bond, at any point in time, on specific dates or upon maturity. An OCEANE may also, in some cases, be converted at the issuer's discretion in accordance with the terms and conditions thereof.

CGU (Cash Generating Unit):
According to IFRS rules, a company must provide a list of the greatest number of CGUs that make up such company. These CGUs must be largely operationally independent and the company must allocate assets to each one of its CGUs. It is at the CGU level that the company must occasionally perform its impairment tests if there is reason to believe that their value has gone down or each year if they also include goodwill.

Other

Power Purchase Agreement (PPA)
a contract for the purchase of electricity containing all the terms and conditions for the sale of electricity between two parties including when the project will begin commercial operations, delivery schedule for electricity, penalties for under delivery, payment conditions and discontinuance. It is generally expressed in terms of euro/KWh.

Moore's law Moore's law was set forth in 1965 in "Electronics Magazine" by Gordon Moore, an engineer with Fairchild Semiconductor, one of the three founders of Intel. Noting that the complexity of entry-level semi-conductors doubled every year at constant prices since 1959, the date upon which they were invented, he postulated this growth (in 1965, the most powerful circuit comprised 64 transistors). This exponential increase was standardized by Moore's law or, in light of subsequent adjustments, Moore's First Law.

Transistor a transistor is a semi-conductor apparatus comprised of three active electrodes which control the amount of current. There are found in great number in processors (smartphones, computers).

MW: a megawatt (MW) is equal to one million watts and is the unit of measure frequently used in the production of electricity.

Mwh the megawatt hour (Mwh) is the unit of measure of energy consumed by a device that uses 1 MW in one hour.

MWp megawatt peak, that is to say, the crest energy, a measurement unit regularly used in photovoltaic projects.

Production tax credit (PTC):
a tax credit of 2.2 cents per kilowatt hour granted to certain types of electricity produced (wind, biofuel, geothermal, solar, etc…).

Load charge load charge or use charge of a power station is the ratio of electrical energy actually produced over a given amount of time and the energy that it could have produced at nominal output rates over the same period. This is a yield indicator (load charge of 100% shows use of full output).

Investment tax credit (ITC)
tax credit granted to individuals or companies who use solar energy sources. This is used to incentivize the private sector to use this energy source. The ITC is the cornerstone of the sector's growth in the United States and consists of a tax credit of 30% on solar systems in private residences or commercial establishments. Currently, the ITC shall remain in effect until December 31, 2016.

28. Cross-reference table

For the reader's convenience, the cross-reference table below shows where the various required items of information can be found in this Registration Document.

Annual report information	Chapter or section
Board of Directors' report	Chapters 9, 10 and 20
Business performance over the past year by the Company and any subsidiaries that it controls	Chapters 3, 6 and 9
Business results by the Company, its subsidiaries and companies that it controls by business line	Chapters 9 and 20.3
Significant events between the closing date of the fiscal year and the filing date of this document	Chapter 20.9
Difficulties encountered and outlook	Chapters 3, 9 and 13
Research and Development activities	Chapter 11
Analysis of business performance, results and financial position	Chapters 6 and 9
Key financial performance indicators	Chapter 3
Key indicators for environmental and employee issues	Chapters 4.1.2, 5.3 and 17.1
Main risks and uncertainties	Chapter 4
Indicators for the use of financial instruments and the Company's targets and policy for managing financial risks	Chapters 4 and 10
Status of employee stock ownership	Chapter

Annual report information	Chapter or section
	18.1 and 21.1.7
Total compensation and benefits in kind paid to each Corporate Officer	Chapters 15.1 and 17.2
Employment and environmental consequences	Chapters 4.1.2 and 5.3
Information on the risk prevention policy for technological accidents and the Company's capacity to cover its civil liability	Chapters 4.1.2, 4.5 and 5.3
Dividends paid in the last three years	Chapter 20.7
Information on the share buyback program	Chapter 21.1.3
Stock transactions by managers	Chapter 14.2.2
Method of calculation and results of adjustments to the bases for conversion or exercise of securities giving access to the capital and stock options.	Chapter 21.1.4
Investments of more than 1/20, 1/10, 1/5, 1/3, 1/2 or 2/3 of the capital or voting rights and takeovers of companies whose head office is in France	Chapters 7, 20.3.5 and 25
Summary table of powers to increase capital currently delegated to the Board of Directors	Chapter 21.1.4.2
Commonly Used names of directors and company officers	Chapter 14.1
Summary of financial information on the Company for the last five fiscal years	Chapter 20.3.4
Inventory of investment securities	Chapter 20.3.3
Annual separate financial statements	Chapter 20.3.2
Consolidated financial statements	Chapter 20.3.1
Statutory Auditors' report on the annual separate financial statements	Chapter 20.3.2.3
Statutory Auditors' report on the consolidated financial statements	Chapter 20.3.1.3
Statutory Auditors' report on regulated agreements	Chapter 19
Statutory Auditor's report, intended for third party organisms regarding consolidated environmental, labor, company information provided in the management report.	Chapter 28
Chairman's special report on internal audit procedures	Chapter 16.5.1
Statutory Auditors' special report on internal audit procedures	Chapter 16.5.2
Board of Director's special report on stock options	Chapter 17.2.2.2

Integration of sustainable development indicators Grenelle 2 into the Soitec management report

Exhaustive nature of the information:

In the table set forth below, Soitec presents the information related to the Grenelle 2 indicators. For those topics for which Soitec was unable to provide information or did not desire to provide information for the indicators, we have stated the reasons for such.

Comparability of the indicators:

The decree requires that, to the extent possible, the indicators provided in the RSE reports cover a period of two years. 2012 was the first time the DD report was prepared. 2013 was the second and we indicated, in the table below, the references that allow a comparison between the 2012 data and the 2013 data. In any event, 2012 was the first year that Soitec prepared any RSE reports. Each time that it was possible, a comparison with 2011 data was provided in the tables set forth below. We have recommended that Soitec place greater emphasis on these issues in its next report.

Scope of the information:

Soitec has put indicators in place at the group level insofar as such was possible. Currently, the organization of its activities other than the Bernin plant is still a work in progress, which does not lend itself to establishing indicators that are suitable for all the Group's sites. In order to be fully transparent, we specifically identify indicators for the group and those solely for the Bernin site in the tables below. Soitec's primary objective is to improve the overall quality of its indicators Singapore site logically led to the discontinuance of any information gathering specific to that site. Moreover, the exceptional economic conditions faced by the company impeded the implementation of reporting improvements or to transition the reporting parameters to the group level with respect to the indicators.

Verification of the information:

Soitec has been assisted by Nicomak, which helps the company with its RSE reporting requirements. Soitec will be required to have its RSE reports certified beginning in 2016. As of now, Soitec continues to rely on Nicomak's assistance in order to establish the most detailed extra-financial reporting procedures as possible before it applies for official certification.

Soitec's exposure to climate change:

The activities undertaken at Soitec's facilities do not directly expose the Group to the impact of climate change.

Use of rare earth metals or soil:

Soitec's activities do not require it to use a significant amount of rare earth metals or materials.

Information required under article 225 of the Grenelle 2 law	Chapter and page	Scope of information	Comparability with 2012 provided in Registration Document
Labor-related information			
a) Employment			
Total amount of employees and distribution of such by sex, age and geographic zone	17.1 Workforce status and Diversity plus female personnel, pages 72 to 74	Group	Pages 67, 69
New hires and dismissals	17.1 Workforce evolution, page 72	Group	Page 67
Compensation and evolution	17.1 Compensation, Compensation policy, pages 73-74	Group	Page 69
b) Work organization			
Working hours	17.1 Working hours, page 73	Group	Page 68
Absenteeism	17.1 Work organization, page 73	Group	Page 68
c) Labor relations			
Organization of labor-related dialogue, specifically notification procedures and consultation, negotiation with employees	17.1 Professional relations and company-wide agreements, page 75	Bernin	Pages 68, 69, 70, 72
Summary of collective agreements	17.1 Professional relations and company-wide agreements, page	Bernin only	Page 70

Information required under article 225 of the Grenelle 2 law	Chapter and page	Scope of information	Comparability with 2012 provided in Registration Document
	75		
d) Health and safety			
Health and safety conditions	17.1 Health and safety conditions, page 76	Group	Pages 22, 23, 62, 70, 71, 141
Summary of agreements signed with unions or personnel representatives with respect to health and safety	17.1 Professional relations and company-wide agreements, page 75	Bernin only	Pages 69, 70, 72
Work accidents inlcuding frquency and gravity, occupational diseases	17.1 Health and safety conditions, page 76	Group	Page 71
e) Training			
Training policies	17.1 Training, page 76	Group	Pages 22, 23, 28, 31, 70, 71
Total number of training hours	17.1 Training, page 76	Group	Page 71
f) Equality			
Measures taken to ensure equality between men and women	17.1 Female employees, page 74	Group	Page 69
Measures taken with respect to disabled persons	17.1 Handicapped workers, pages 74-75	Bernin	Pages 30, 69, 70
Anti-discrimination policies	17.1 Anti-discrimination policies , page 74	Group	Page 69
g) Promotion and compliance with the essential agreements of the ILO regarding...			
Freedom of association and right to collective bargaining	17.1 Promotion and compliance with the essential agreements of the ILO, page 77	Group	Page 72
Elimination of work and professional discrimination	17.1 Promotion and compliance the ILO, page 77	Group	Page 72
Elimination of mandatory or forced labor	17.1 Promotion and compliance the ILO, page 77	Group	Page 72
Abolition of child labor practices	17.1 Promotion and compliance the ILO, page 77	Group	Page 72
Environmental information			
a) General environmental policies			
Company organization to handle environmental issues and potentially any certification or assessment procedures	5.3.2 and 5.3.4, pages 21-22	Group	Pages 19, 20, 21, 22, 23, 24

Information required under article 225 of the Grenelle 2 law	Chapter and page	Scope of information	Comparability with 2012 provided in Registration Document
Employee training and awareness with respect to environmental protection	5.3.6, page 29	Group	Page 28
Means allocated to environmental and pollution risks	5.3.3, page 22	Group	Page 12
Amount of provisions and guarantees for environmental risks, provided that such information would not cause irreparable harm in relation to currently pending litigation	5.3.1, page 21	Group	Page 22
b) Pollution and waste management			
Prevention, reduction or remediation measures for air, water and soil pollution that significanly impact the environment	5.3.5.1, 5.3.5.2, 5.3.5.3, pages 22 à 25	Group	Pages 23, 24, 25
Prevention, recycling and elimination of waste	5.3.5, pages 27 to 29	Group	Pages 12, 22, 24, 27, 28
Noise pollution et de toute autre forme specific to one activity	5.3.8, Report regarding noise pollution and any other pollution specific to a particular activity 29	Bernin	Page 29
c) Sustainable use of resources			
Use of water and provision of water in light of local restrictions	5.3.5.4, pages 25-26	Group except Singapore	Pages 26, 27
Use of raw materials and measures to improve efficiency	5.3.4, pages 25 to 27	Group except Singapore	Page 16, 99,
Energy use, measures to improve efficiency, use of renewable energy sources	5.3.4, pages 25 to 27	Group except Singapore	Pages 26, 27, 28, 29
Use of soil	*Soitec considers this point to be of little impact due to its manufacturing process, which does not use soil*	n/a	*Information not available, little to no impact according to Soitec*
d) Climate change			
Greenhouse gas emissions	5.3.7, page 29	Group except San Diego	Page 24, 25
Modification due to climate change	5.3.7, page 29	Group except San Diego	Page 24, 25
e) Protection of biodiversity			
Measures taken to protect or develop biodiversity	5.3.8 Measures taken to protect or develop biodiversity, page 29	Bernin	Page 29
Company information			

Information required under article 225 of the Grenelle 2 law	Chapter and page	Scope of information	Comparability with 2012 provided in Registration Document
a) Territorial, economic and labor impact of the company's activities			
Labor market and regional development	5.4.1 a) and b), page 30	Group	Pages 29, 30 (Group)
Effect on neighboring or local populations	5.4.1 c), page 30	Bernin	Page 30
b) Relations with persons or organizations interested in the Company's activities, specifically, recruiters, educational institutions, environmental defense associations, consumer protection groups, local action committees			
Conditions regarding contacting these persons or organizations	5.4.2 Rules governing stakeholder relations 30-31	Group	Page 30
Partnerships and sponsoring	5.4.2 Partnerships and sponsoring, page 31	Bernin	Page 30
c) Sub-contracting and suppliers			
Procurement policy regarding potential effects on company and environment	5.4.3 a), page 31	Group	Page 30
Importance of sub-contraction, role of environmental and RSE issues in relations with suppliers and sub-contractors	5.4.3 b), page 31	Group	Pages 30, 31
d) Best practices			
Anti-corruption measures	5.4.4 a), page 31	Group	Page 31
Consumer health and safety measures	*Soitec has not put any specific measures in place as its activities are B2B and there is little to no health/safety impact of its activities on consumers*	n/a	*Soitec has not put any specific measures in place as its activities are B2B and there is little to no health/safety impact of its activities on consumers*
Other measures put into place with respect to this no.3, in order to promote human rights	5.4.4 b), pages 31-32	Group	Page 31

[CERTIFICATE OF ASSISTANCE NICOMAK –

I, the undersigned, Myriam Boniface, hereby attest to the fact that Nicomak (2474 Route du Lac de Saint André, 73800 Les Marches) assisted Soitec (Parc Technologique des Fontaines Chemin des Franques, 38190 Bernin) in the preparation of its 2013 Sustainable Development report which was published in 2014.

Though Nicomak is not currently accredited by the French Accreditation Committee (COFRAC), we may, nonetheless, attest to the accuracy of the information presented in Soitec's Sustainable Development report, such information being required under article 225 of the Grenelle 2 law.

Information that was not reviewed (and justified in the report) as of today's date are:

– Soil use

– Consumer health and safety measures

Soitec is in its second year of reporting under Grenelle 2 which provides a basis for comparing indicators over the years. The Group has not being fully included in the scope of the reporting, which remains an essential goal for the company in much the same way that the inclusion of quantitative data and not only qualitative data remains a priority with respect to certain aspects of this report.

April 22, 2014
Myriam Boniface, manager]

nicomak

Attestation d'accompagnement

Je soussignée Myriam Boniface, gérante, atteste que la société Nicomak (2474 Route du Lac de Saint André, 73800 Les Marches) a accompagné Soitec, (Parc Technologique des Fontaines Chemin des Franques , 38190 Bernin) dans la rédaction de son rapport Développement durable 2013 publié en 2014.
En tant qu'organisme non accrédité pour la vérification des données par le Comité français d'accréditation (COFRAC), Nicomak, atteste cependant la sincérité des informations présentes dans le rapport développement durable de Soitec et demandées par l'article 225 de la loi Grenelle 2.

Les informations non traitées (et justifiées dans le rapport) à ce jour sont :
- L'utilisation des sols
- Les mesures prises en faveur de la santé et de la sécurité des consommateurs

Soitec est dans son deuxième exercice de reporting, ce qui permet une comparabilité des indicateurs. Le périmètre Groupe n'est pas atteint pour l'instant sur tous les indicateurs et doit constituer une cible prioritaire pour l'entreprise, de même que l'introduction de données quantitatives et pas seulement qualitatives pour certains aspects du rapport.

Fait à Les Marches, le 22 avril 2014

Myriam Boniface, gérante

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REPORT REGARDING CONSOLIDATED LABOR, ENVIRONMENTAL AND CORPORATE INFORMATION CONTAINED IN THE MANAGEMENT REPORT, PREPARED BY ONE OF THE STATUTORY AUDITORS IN ITS CAPACITY AS A DESIGNATED INDEPENDENT THIRD PARTY

Fiscal year ended March 31, 2014

To the shareholders,

In our capacity as Soitec's statutory auditors, designated as an independent third party, having filed an application for accreditation with the COFRAC, we hereby present our report regarding the labor, environmental and corporate information provided in relation to fiscal year 2013-2014, which was presented in the management report (the "RSE Information") in accordance with article 225-102-1 of the Commercial Code.

Obligations incumbent upon the company

The Board of Directors must prepare a management report containing the RSE Information set forth in article R.225-105-1 of the Commercial Code, which must be presented in accordance with the reference documents used by the company (the "Reference Documents").

Independence and quality control

Our independence is set forth by regulations, professional code of ethics as well as article L.822-11 of the Commercial Code. Furthermore, we have put into place quality control measures which include documented policies and procedures intended to ensure compliance with the rules of ethics, professional norms and standards and applicable law and regulation.

Obligations incumbent upon the statutory auditor

With respect to our mission, we are under the obligation to:

– Certify that the required RSE Information has been presented in the management report or has been placed in a note, in the event of an omission, in accordance the third paragraph of article R.225-105 of the Commercial Code (Certification of the inclusion of RSE Information);

– Express reasonable assurances with respect to the fact that the RSE Information, taken in their entirety, are presented, in all material aspects, in an accurate manner in accordance with the Reference Document (Reasoned Opinion regarding the accuracy of RSE Information).

Our work was performed by a team comprised of 4 members. This report was prepared between March 31, 2014 and May 12, 2014, or approximately 5 weeks. For this project we used RSE experts from within our company.

We performed the work set forth in detail below in accordance with the professional rules in effect in France under the decree of May 13, 2013, which set the framework the mission of independent third party providers.

1. Certification of the inclusion of RSE Information

During interviews conducted with management and department heads, we were able to gain significant insight into the direction that the company has chosen to take with respect to sustainable development, the labor and environmental consequences related to the company's activities and, as the case may be, any actions or programs that arises out of such.

We compared the RSE Information presented in the management report to the list of items required under article R.225-105-1 of the Commercial Code.

In the event that consolidated information was absent or unavailable, we made sure that appropriate explanations were provided in accordance with article R.225-105 paragraph 3 of the Commercial Code.

We verified that the RSE Information covered the entire consolidated group, that is to say, the company and its subsidiaries, as such term is defined in article L.233-1 and controlled companies as per article L.233-3 of the Commercial Code, in the limits set forth in the legal reference table appearing in the management report.

Based on this work and taking into consideration the limits mentioned above, we hereby certify that RSE Information was included in the management report.

2. Reasoned Opinion regarding the accuracy of RSE Information

Nature and scope of the report

We conducted over ten interviews with those persons responsible for the preparation of RSE Information who work in the departments in charge of gathering such information and, if such was necessary, we interviewed those in charge of internal control procedures and risk management, in order to:

– To determine whether the Reference Documents were appropriate with respect to relevance, comprehensive nature, reliability, if such was comprehensible while taking into consideration, when necessary, industry best practices;

– Verify that collection, compilation, processing and control procedures have been put in place to ensure that the RSE Information is exhaustive and to fully understand the internal control and risk management procedures related to the preparation of the RSE Information.

We determined the nature and scope of our tests and controls according to the nature and overall importance of the RSE Information as such pertained to the company's characteristics, labor and environmental issues related to its activities, the direction it had chosen to take in connection to sustainable development and industry practices.

The RSE Information that we considered most important:

– At the level of the reporting entity and at the Bernin and Freiburg sites, we reviewed documents and conducted interviews in order to corroborate the qualitative data provided (organization, policies, action taken), we thoroughly analyzed such data and verified, based on surveys, the calculation and consolidation of data and we verified that such data was relevant and in-line with the information contained in the management report;

– With respect to representative sample of entities (Bernin and Freiburg) that were selected due to their respective activities, their contribution to the information in the consolidated indicators, where they are located and a risk analysis, we conducted interviews to verify that the detailed test procedures put in place with respect to the samples were correctly applied. This consisted in verifying the calculations and comparing the data with the evidence produced to justify such. The sample that was selected represents 80% of the workforce.

For the rest of the consolidated RSE Information, we assessed whether such was relevant in comparison to what we knew about the Company.

Finally, we assessed the relevance of the explanations offered in connection to the total or partial absence of certain types of information, where necessary.

We believe that the sampling methods that we employed, using our professional judgment, were sufficient to draw valid conclusions with respect hereto. Conclusions guaranteeing a higher level of certainty would have required further work and in-depth certifications. Due to that fact that we employed sampling techniques and that there were other limitations inherent in any information system or internal audit, the risk of not detecting a material anomaly in the RSE Information cannot be completely eliminated.

Conclusion

Based on the work we performed, we did not detect any material anomalies that would bring the RSE Information, taken in their entirety, contained in the management report into question and that such have been presented in an accurate manner, in accordance with the Reference Documents.

Neuilly-sur-Seine, May 13, 2014

A statutory auditor

PricewaterhouseCoopers Audit
Philippe Willemin
Partner

Sylvain Lambert
Partner in the
Sustainable Development department

29. Identification card

Headquarters

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RESOLUTIONS OF THE COMPETENCE OF THE ORDINARY SHAREHOLDERS' MEETING:

- **First resolution – Approval of the statutory financial statements for the fiscal year ended March 31, 2014;**
- **Second resolution – Approval of the consolidated statements for the fiscal year ended March 31, 2014;**
- **Third resolution – Allocation of net income for the fiscal year ended March 31, 2014;**
- **Fourth resolution – Approval of the regulated agreements.**
- **Fifth resolution – Renewal of Joseph Martin's term as board member;**
- **Sixth resolution - Renewal of Douglas Dunn's term as board member;**
- **Seventh resolution – Renewal of Sébastien Blot's term as non-voting board member;**
- **Eighth resolution – Opinion with respect to the different compensation components due and allocated to André-Jacques Auberton-Hervé during fiscal year ended March 31, 2014;**
- **Ninth resolution - Opinion with respect to the different compensation components due and allocated to Paul Boudre during fiscal year ended March 31, 2014**
- **Tenth resolution – Authorization for the Board of Directors for the purpose of carrying out transactions with the Company's shares**

RESOLUTIONS OF THE COMPETENCE OF THE EXTRAORDINARY SHAREHOLDERS' MEETING

- **Eleventh resolution — Delegation of authority to the Board of Directors to issue free equity warrants in case of a public offer against the Company;**
- **Twelfth resolution — Authorization for the Board of Directors to increase share capital through share issuance restricted to employees subscribing to a Company savings plan when the preferential subscription right has been suppressed.**
- **Thirteenth resolution – Power for formalities.**

RESOLUTIONS FALLING UNDER THE AUTHORITY OF THE ORDINARY PART OF THE SHAREHOLDERS' MEETING

- **First resolution: Approval of the statutory financial statements for the fiscal year ended March 31, 2014**

The General Shareholders' Meeting, deliberating pursuant to the quorum and majority requirements for ordinary general sharholders' meetings, having been made aware of the contents of the Board of Directors' management report as well as the Statutory Auditors' general report regarding the statutory financial statements for the fiscal year ended on March 31, 2014, hereby approves the all the astatutory financial statements as such were presented, showing sales of 149,736,835 euros and a loss of 306,845,824.06 as well as the transactions appearing in the financial statements or summarized in these reports. The The General Shareholders' Meeting also approves the aggregate amount of non-deductible expenses and charges subject to corporate income tax in an amount equal to 188,042 euros for the fiscal year.

- **Second resolution: Approval of the consolidated statements for the fiscal year ended March 31, 2014**

The General Shareholders' Meeting, deliberating pursuant to the quorum and majority requirements for ordinary general shareholders' meetings, having been made aware of the contents of the Board of Directors' management report as well as the Statutory Auditors' general report regarding the consolidated financial statements for the fiscal year ended on March 31, 2014, hereby approves the consolidated annual financial statements of the Company for the fiscal year ended March 31, 2014, which show sales of 247,135,000 euros and a net loss of 236,673,000 euros at the Group level, as well as the transactions appearing in the financial statements or summarized in these reports.

- **Third resolution**: **Allocation of net income for the fiscal year**

The General Shareholders' Meeting, deliberating pursuant to the quorum and majority requirements for ordinary general shareholders'' meetings, having been made aware of the contents of the Board of Directors' management report as well as the Statutory Auditors' general report regarding the annual accounts for the fiscal year ended on March 31, 2014, decides to allocate the loss recognized for the fiscal year ended on March 31, 2014, which amounted to 306,845,824.06 euros, as a loss carry-forward which will increase from (127,241,462.35) to (434,087,286.41) euros.

- **Fourth resolution**: **Approval of regulated agreements**

The General Shareholders' Meeting, deliberating pursuant to the quorum and majority requirements for ordinary general shareholders'' meetings, having been made aware of the contents of the Statutory Auditors' special report regarding regulated agreements as defined in article L. 225-38 et seq. of the French Commercial Code declares that it approves such report presenting the regulated agreements and the undertakings executed or approved previously, which continued during the fiscal year.

- **Fifth resolution**: **Renewal of Joseph Martin's term as board member**

The General Shareholders' Meeting, deliberating pursuant to the quorum and majority requirements for ordinary general shareholders'' meetings, having been made aware of the contents of the Board of Directors' report, acknowledges that Joseph Martin's term as board member has expired and decides, as a result, to renew his term for a period of four (4) years, which shall expire at the time upon which the General Shareholders' Meeting convened in order to approve the financial statements for fiscal year ending March 31, 2018 is adjourned.

- **Sixth resolution - Renewal of Douglas Dunn's term as board member**

The General Shareholders' Meeting, deliberating pursuant to the quorum and majority requirements for ordinary general shareholders'' meetings, having been made aware of the contents of the Board of Directors' report, acknowledges that Douglas Dunn's term as board member has expired and decides, as a result, to renew his term for a period of four (4) years, which shall expire at the time upon which the General Shareholders' Meeting convened in order to approve the financial statements for fiscal year ending March 31, 2018 is adjourned.

- **Seventh resolution – Renewal of Sébastien Blot's term as non-voting board member**

The General Shareholders' Meeting, deliberating pursuant to the quorum and majority requirements for ordinary general shareholders'' meetings, having been made aware of the contents of the Board of Directors' report, acknowledges that Sébastien Blot's term as non-voting board member has expired and decides, as a result, to renew his term for a period of two (2) years, which shall expire at the time upon which the General Shareholders' Meeting convened in order to approve the financial statements for fiscal year ending March 31, 2016 is adjourned.

- **Eighth resolution – Opinion with respect to the different compensation components due and allocated to André-Jacques Auberton-Hervé during fiscal year ended March 31, 2014;**

The General Shareholders' Meeting, which was consulted pursuant to the AFEP-MEDEF Code of corporate governance (section 24.3) and deliberating pursuant to the quorum and majority requirements for ordinary general shareholders'' meetings, having been made aware of the contents of the Board of Directors' report, hereby issues a favorable opinion with respect to the different compensation components due and allocated to André-Jacques Auberton-Hervé during fiscal year ended March 31, 2014, which is set forth in the Company's 2013-2014 Registration Document.

- **Ninth resolution - Opinion with respect to the different compensation components due and allocated to Paul Boudre during fiscal year ended March 31, 2014**

The General Shareholders' Meeting, which was consulted pursuant to the AFEP-MEDEF Code of corporate governance (section 24.3) and deliberating pursuant to the quorum and majority requirements for ordinary general shareholders'' meetings, having been made aware of the contents of the Board of Directors' report, hereby issues a favorable opinion with respect to the different compensation components due and allocated to Paul Boudre during fiscal year ended March 31, 2014, which is set forth in the Company's 2013-2014 Registration Document.

- **Tenth resolution – Authorization for the Board of Directors for the purpose of carrying out transactions with the Company's shares**

The General Shareholders' Meeting, deliberating pursuant to the quorum and majority requirements for ordinary general shareholders'' meetings, having been made aware of the contents of the Board of Directors' report and in accordance with the French Commercial Code, specifically articles L. 225-209 et seq. and European regulation n° 2273/2003 of December 22, 2003, as well as pursuant to the market practices allowed by the AMF, authorizes the Board of Directors, who may delegate such authority in accordance with the conditions set forth in the Company's by-laws, to acquire or cause to be acquired shares of the Company in order to:

- Ensure liquidity and to stimulate the secondary market for the shares through an investment service provider acting independently and in respect to a liquidity agreement complying with the AMAFI's ethical chart, as recognized by the Autorité des Marchés Financier; or

- Allocate or sell shares to employees or former employees and/or executive officers or former executive officers of the Company or an affiliated company in accordance with conditions and terms provided by applicable law, specifically to a share repurchase program, allocation of bonus shares or the Company's savings plan; or

- Retain shares and subsequently provide them (exchange, payment or otherwise) with respect to external growth transactions, it being understood that the maximum amount of acquired shares that are to be retained and remitted at a later time as a payment or exchange in connection with the merger, spin-off, or contribution, may not exceed 5% of the capital; or

- Hedge securities giving rights to shares of the Company upon exercise of rights attached to such securities, the rights for the attribution of Company's shares arising out of the redemption, conversion, exchange, presentation of bonds, or any other means; or

- Cancel, in whole or in part, any shares which were acquired, in accordance with article L. 225-209 of the French Commercial Code, subject to the adoption of the seventh resolution presented for vote during this Ordinary General Shareholders' Meeting; or

- Implement any securities practice that is permitted or would be permitted by the Autorité des Marchés Financiers; or

- Pursue any other authorized purpose or purpose that would be authorized by applicable law or regulations subject to the notification of Shareholders by a Company press release.

The share repurchase may involve a certain number of shares, such as:

- The number of shares acquired during the term of the repurchase program may not exceed, at any time, 5% of the shares. This percentage applies to the capital adjusted for the function of these operations occurring after the present meeting, provided that in the event the shares are purchased with a liquidities contract, the number of shares taken into account for calculating the 5% limit is the number of shares reduced by the number of shares sold during the duration of the authorization period;

- The number of shares that the Company may hold, at any time, may not exceed 5% of the shares comprising the share capital of the Company; this percentage applies to the capital adjusted to take into account the effect of these transactions subsequent to this General Shareholders' Meeting.

The purchase of the shares may be made performed on one or several occasions, by all means available, on a regulated market, a system of multilateral negotiations, with a systematic internalizer or over the counter, including a Public Exchange Offer or transaction of share blocks (which could encompass the entire program). However, the Company does not intend to make use of any derivative products. These transactions may be performed at any time in accordance with applicable law, excluding time periods during which when there is Public Exchange Offer pending with respect to the Company's shares.

The Board of Directors has set the maximum purchase price at five (5) euros per share. In the event of transactions carried out on the share capital, such as a share split, reverse split stock or the allocation of bonus shares, the above-indicated amount will be adjusted in the same proportions (adjustment factor equal to the ratio between the number of shares comprising the capital before the transaction and the number of shares after the transaction).

Pursuant to article R. 225-151 of the French Commercial Code, the General Shareholders' Meeting sets the maximum aggregate amount for the repurchase program at 30,656,686 euros, calculated on the basis of the share capital on March 31, 2013, consisting of 122,626,743 shares.

The General Shareholders' Meeting hereby grants all powers to the Board of Directors, with the power to delegate, for the purpose of implementing this authorization, to enter into any agreement, carry out any formalities, file any declaration with any agency, and more generally, to perform all that is necessary with respect hereto.

This authorization shall become effective upon the adjournment of this meeting and shall expire on the date that the General Shareholders' Meeting is held to approve the financial statements for fiscal year ending on March 31, 2015; this authorization shall supersede the authorization granted by the Combined General Shareholders' Meeting of July 2, 2013 pursuant to its sixth resolution.

RESOLUTIONS FALLING UNDER THE AUTHORITY OF THE EXTRAORDINARY SHAREHOLDERS' MEETING

- **Eleventh resolution — Delegation of authority to the Board of Directors to issue free equity warrants in case of a public tender offer against the Company**

The General Shareholders' Meeting, deliberating pursuant to the quorum and majority requirements for ordinary general shareholders'' meetings, having been made aware of the contents of the Statutory Auditors' special report:

1. Delegates its authority to the Board of Directors, in the event of public tender offer for the Company's shares, to issue on one or several occasions, share warrants pursuant to articles L. 233-32 II and L. 233-33 of the French Commercial Code, granting the right to subscribe, under preferential conditions, to one or multiple shares of the Company and shareholders of the Company who are considered as such before the tender offer period expires and to set the terms and conditions as well as the characteristics of such warrants;

2. Decides that aggregate nominal amount of any capital increase resulting from the allocation of free warrants shall not exceed forty percent (40%) of the amount of the Company's share capital, it being specified that this cap is to be independent from any other cap set forth in relation to the issuance of equity shares or any other securities that give access to Company capital authorized by this General Shareholders' Meeting or any prior General Shareholders' Meeting; this ceiling shall be increased by the nominal amount of the securities necessary to perform any adjustments that may arise under applicable law or regulation (such as in the event of a modification of the par value of the shares, a capital increase by way of incorporation of reserves, issuance of new equity securities with preferential subscription rights attached, which are reserved for shareholders) and, should such be necessary, any adjustments which may result from contractual stipulations providing for other instances of adjustments in order to preserve the rights of the warrant holders mentioned above;

3. Decides that the maximum number of warrants that may be issued in furtherance hereof shall not exceed forty percent (40%) of the number of shares that comprise the Company's share capital at the time that such are issued;

4. Decides that this delegation of authority may only be used in the event of a tender offer over the Company's shares;

5. Decides that the Board of Directors, who shall have the power to sub-delegate, shall be vested with all powers necessary to implement this authorization in accordance with the limits imposed by law;

6. Decides that the warrants that may be issued as a result hereof shall automatically become null and void at such time as any tender offer or competing offer expires, the warrants shall be withdrawn at such time. It is hereby specified that the warrants that become null and void by operation of law shall not be taken into account for the calculation of the maximum number of warrants that may be issued, as indicated above;

7. The term of this authorization shall expire at the end of the tender offer period for any tender offer over the Company's shares, which has been instituted with the twelve months immediately following this General Shareholders' Meeting;

8. Terminates the unused portion of the delegation of authority previously granted to the Board of Directors during the Combined General Shareholders' Meeting of July 2, 2013, in the nineteenth resolution.

- **Twelfth resolution — Authorization for the Board of Directors to increase share capital through share issuance restricted to employees subscribing to a Company savings plan when the preferential subscription right has been suppressed.**

The General Shareholders' Meeting, deliberating pursuant to the quorum and majority requirements for ordinary general shareholders'' meetings, having been made aware of the contents of the Statutory Auditors' special report, in order to comply with provisions of articles L. 225-129, L. 225-129-2 to L. 225-129-6, L. 225-138, L. 225-138-1, L. 228-91, and L. 228-92 of the French Commercial Code, and articles L. 3332-18 et seq. of the Labor Code:

1. Authorizes the Board of Directors, with faculty of sub-delegation in the conditions set forth at law, to decide one or several share capital increases, for a maximum nominal amount of 500,000 euros, by issuance of shares or other securities giving access to the capital of the Company and restricted to employees subscribing to one or more of the Company's saving plans (or other plans for which the provisions of the articles L. 3332-18 of the French Labor Code would enable to restrict to subscribers a capital share increase under similar conditions) that would be implemented within the group comprised of the Company and the French or foreign entities included in the consolidation perimeter of the group following the provisions of article L. 3344-1 of the French Labor Code; it being specified that (i) the maximum share capital increase that could be realized immediately or in the long term according to this delegation will be included in the overall ceiling of 20 million euros set forth in paragraph "3.a(i)" of the first resolution of this Shareholders' Meeting, or as the case may be, in the overall ceiling that may be established by a resolution of the same nature that may be subsequently voted during the validity of this resolution, and that (ii) the maximum nominal value of debt securities giving access to the capital of the Company or other similar instruments that may be issued following this delegation will be included in the global ceiling of 250 million euros, referred to in "3.b" of the first resolution of the Shareholders' Meeting of April 22, 2014, or as the case may be, in the overall ceiling that may be established by a resolution of the same nature that may be subsequently voted during the validity of this resolution and to determine the identity of the beneficiaries of such allocations as well as the allocation criteria, should such exist;

2. Sets at twenty-six (26) months from the day of this General Shareholders' Meeting the time validity of this authorization;

3. Cancels, for the portions unused by the Board of Directors, the authorization previously granted by the Shareholders in the seventeenth resolution of the Combined Ordinary and Extraordinary Shareholders' Meeting held on July 3, 2012;

4. Decides that the issuance price of new shares and securities giving access to the capital of the Company will be determined following the conditions in articles L. 3332-18 et seq. of the French Labor Code and will be at least 80% of the average listed price of the share on Euronext Paris during the last 20 stock exchange days before the day the decision was made to open the subscription period of the share capital increase restricted to subscribers of the Company's saving plan (the "Reference Price"); however, the shareholders specifically allow the Board of Directors, if deemed necessary, to decrease or remove the above-mentioned discount, within the legal and regulatory limits, in order to take account, notably, of legal, accounting, tax, and social regimes applicable locally;

5. Allows the Board of Directors to award to the above-mentioned beneficiaries in addition to shares or securities giving access to the capital of the Company, free shares or free securities giving access to the capital of the Company, existing or to be issued, in exchange for some or all of the discount compared to the Reference Price; it being specified that the benefit resulting from the award could not exceed legal or regulatory limits set forth in articles L. 3332-18 et seq. and L. 3332-11 et seq. of the French Labor Code;

6. Decides to remove, for the benefit of the above-mentioned beneficiaries, the shareholders' preferential right to subscribe to shares and other securities giving access to the capital of the Company. In addition, the shareholders waive, in case of award to the beneficiaries of free shares or other securities giving access to the capital of the Company, any rights to the shares or other securities giving access to the capital of the Company, including to the portion of reserves, profit, or issuance premium in the event of the allocation of bonus shares pursuant to this resolution;

7. Authorizes the Board of Directors, in accordance with this authorization, to sell shares to subscribers of a Company saving plan as set forth in article L. 3332-24 of the French Labor Code; it being specified that sales of shares performed with a discount in favor of subscribers to one or several Company savings plans mentioned in this resolution will be included in the ceilings indicated in paragraph 1 above;

8. Grants, within the limit set below, the Board of Directors, with faculty to sub-delegate in the conditions set forth by law, all powers necessary to implement this authorization and notably in order to:

- determine, subject to legal provisions, the list of entities for which the subscribers to one or several Company savings plans will be able to subscribe to shares or other securities giving access to the Company's capital, and therefore, benefit, as the case may be, from the free shares or other securities giving access to the Company's capital;
- decide that subscriptions may be performed directly by the beneficiaries that are enrolled in a Company's saving plan, or through a Company investment fund or other structure allowed by legal and regulatory provisions;
- determine conditions (such as seniority) that would need to be satisfied by beneficiaries;

– set opening and closing dates for subscriptions;

– set the amounts of issuance that will be done following this authorization and determine notably the issuance prices, timing, modalities, and conditions for subscribing, award, delivery, and ownership of the shares (even retroactive), reduction rules applicable in case of over-subscription, as well as other modalities and conditions of issuances, within the applicable legal and regulatory limits;

– the event of award of free shares or other securities giving access to the Company's capital, set the nature, characteristics, and number of shares or other securities giving access to the Company's capital to be issued, the number to award to each beneficiary, and determine dates, timing, and modalities and conditions of award of these shares or other securities giving access to the Company's capital within the legal and regulatory limits, and notably to choose either to substitute fully or partially the award of the shares or other securities giving access to the Company's capital for discounts compared to the Reference Price, or to offset the counter-value of these shares on the total amount of the Company's contribution, or to combine these two options;

– in the event of award of free shares that are issued, offset, as the case may be, with the reserves, profits, or issuance premium, the amount necessary for the issuance of such shares;

– acknowledge the realization of capital increases up to the amount of shares subscribed (after potential reduction in case of over-subscription);

– as the case may be, offset the transaction costs related to the share capital increases with issuance premium, and remove from this amount what is necessary to bring the legal reserve to one-tenth of the new capital after the capital increase;

– execute all agreements, carry out, directly or indirectly by proxy, all operations, including to proceed with the formalities subsequent to the capital increase and any consequential amendments to the articles of incorporation, and more generally, to sign all agreements notably to ensure the completion of the issuance, to make any decision and do any formalities useful for the issuance, request the quotation and the financial service of the shares issued following this delegation as well as the rights that are attached hereto or arise after the capital increases have been completed.

- **Thirteenth resolution – Power for formalities.**

The General Shareholder Meeting decides, at the condition of quorum and majority applicable to the Extraordinary Shareholders' Meetings, to grant all powers to the bearer of an original, copy, or excerpt of these minutes for the purpose of carrying out all formalities required by law**.**

BOARD OF DIRECTORS' REPORT

COMBINED GENERAL SHAREHOLDERS' MEETING

MAY 28, 2014

I. Business report from the beginning of the current fiscal year

In accordance with applicable regulation, a description of the Company's business activities since the beginning of the current fiscal year has been provided in the Management Report for fiscal year 2013-2014 which is contained in this Registration Document.

II. Ordinary portion of the General Shareholders' Meeting

The resolutions that have been submitted for shareholder vote this year in during the Ordinary General Shareholders' Meeting include the approval of the accounts and consolidated financial statements for the fiscal year ended on March 31, 2014 (resolutions 1 and 2), the allocation of net profits or losses (resolution 3), approval of regulated or interested party transactions (resolution 4), the renewal of the terms of office in the Board of Directors of Joseph Martin and Douglas Dunn (resolutions 5 and 6), the renewal of Sébastien Blot's term as non-voting board member (resolution 7), the opinions regarding the compensation packages for certain officers (resolutions 8 and 9) and the renewal of our share repurchase program (resolution 10).

- **First resolution: Approval of the statutory financial statements for the fiscal year ended March 31, 2014**

The Shareholders' Ordinary Meeting will be asked to approve the annual financial statements of the Company for the fiscal year ended March 31, 2014, which show sales of 247,135,000 euros and a loss of 236,673,000 euros.

- **Second resolution – Approval of the consolidated statements for the fiscal year ended March 31, 2014**

The Shareholders' Ordinary Meeting will be asked to approve the annual consolidated statements of the Company for the fiscal year ended March 31, 2014, which show sales of 262,863,000 euros and the Group's net loss of 209,497,000 euros.

- **Third resolution – Allocation of net income for the fiscal year ended March 31, 2014**

The Shareholders' Ordinary Meeting will be asked to allocate the losses for the fiscal year ended March 31, 2014, which amounts to 306,845,824.06 euros, to the losses carried forward, which increased from (127,241,462.35) to (434,087,286.41) euros.

- **Fourth resolution – Approval of the regulated agreements**

A special report from the statutory auditors regarding the regulated agreements as defined in article L. 225-38 of the French Commercial Code is provided in Chapter 19 of the Registration Document. In accordance with applicable laws, the Board of Directors asks you to review the information provided in this report and to approve, pursuant to the provisions of article L. 225-40 of the French Commercial Code, the conclusions. No agreement was concluded in the course of the year ended March 31, 2014.

You will also acknowledge that the allotment of free shares to the CEO and the COO and the review of the implementation of the elements of compensation for managers with respect to fiscal year 2013-2014 were carried out in conformity with the procedure set forth by articles L. 225-38 et seq. of the French Commercial Code subsequent to the dispositions of article L. 225-42-1 of the French Commercial Code.

- **Fifth resolution – Renewal of Joseph Martin's term as board member**

Joseph Martin's, who sits on the Audit Committee, term as board member has expired as of the date hereof. As such we hereby propose that his term be renewed for a period of four (4) years (expiring at the time upon which the General Shareholders' Meeting convened in order to approve the financial statements for fiscal year ending March 31, 2018 is adjourned.)

- **Sixth resolution - Renewal of Douglas Dunn's term as board member**

Douglas Dunn's, who sits on the Compensation and Appointments Committee, term as board member has expired as of the date hereof. As such we hereby propose that his term be renewed for a period of four (4) years (expiring at the time upon which the General Shareholders' Meeting convened in order to approve the financial statements for fiscal year ending March 31, 2018 is adjourned.)

- **Seventh resolution – Renewal of Sébastien Blot's term as non-voting board member**

Sébastien Blot, who serves as a non-voting board member, term has expired as of the date hereof. As such we hereby propose that his term be renewed for a period of two (2) years (expiring at the time upon which the General Shareholders' Meeting convened in order to approve the financial statements for fiscal year ending March 31, 2016 is adjourned.) It should be noted that Sébastien Blot the director of investments at BPI France Participations and that he shall not be compensated for his contributions to the Board of Directors.

- **Eighth resolution – Opinion with respect to the different compensation components due and allocated to André-Jacques Auberton-Hervé during fiscal year ended March 31, 2014**

- **Ninth resolution - Opinion with respect to the different compensation components due and allocated to Paul Boudre during fiscal year ended March 31, 2014**

In accordance with the recommendations set forth in the AFEP-MEDEF Code as amended in June 2013 (article 24.3), a model code that the Company uses pursuant to article L.225-37 of the French Commercial Code, the shareholders will be asked to give an opinion with respect to the following components comprising the compensation due or attributed to each officer-manager of the Company during this fiscal year:

– Fixed salary;

– Annual variable portion, if necessary, the multi-year variable portion and the objectives used to determine this portion;

– Exceptional compensation;

– Stock options, performance based bonus shares or any other long-term compensation item;

– Indemnities (commencement bonus or severance) in connection with a position's beginning or ending;

– Supplemental retirement regimes;

– Perks of any nature.

In the 8th and 9th resolutions, you will be asked to give a favorable opinion with respect to the different compensation components due and attributed to André-Jacques Auberton-Hervé, the CEO and Paul Boudre, the COO over the course of fiscal year 2013-2014 as such are described in detail in Chapter 15 of the 2013-2014 Registration Document.

- **Tenth resolution – Authorization for the Board of Directors for the purpose of carrying out transactions with the Company's shares**

The Ordinary and Extraordinary Shareholders' General Meeting held on July 3, 2012, authorized the Board of Directors to acquire shares in the Company under the conditions provided for under article L. 225-209 of the French Commercial Code and under European regulation n° 2273/2003 of December 22, 2003, implementing European directive 2003/6/EC of January 28, 2003. The shares acquisition may be carried out in one or several transactions, at any time, as determined by the Board, within the limit of 5% of the share capital. The maximum purchase price was set at 5 euros per share.

The main terms and conditions of the share repurchase plan approved by the Shareholders can be found in the 2013-2014 Registration Document which describes the methods of the share purchase program approved by the Shareholder's Meeting of July 2, 2013.

Between July 3, 2013, and March 31, 2014, the Company neither acquired nor sold any of its shares.

You will be asked to grant new authorization to the Board of Directors in accordance with the provisions of article L. 225-209 of the French Commercial Code for a period expiring on the date of the Shareholders' Meeting convened to approve the financial statements for the fiscal year ending March 31, 2015, and will cancel and supersede the authorization granted in 2013.

This new share repurchase program shall be for the purposes of:

– Ensuring the secondary market stimulation or the shares' liquidity through an investment service provider acting independently and in respect to a liquidity agreement complying with the AMAFI's ethical chart, as recognized by the Autorité des Marchés Financier; or

– Ensuring the coverage of purchase stock option plans and other forms of share allocations granted to employees or former employees and/or executive officers or former executive officers of the Company or affiliated companies in accordance with conditions and terms provided by applicable law, notably with respect to the framework of the purchase of share plans or projects for free allocation of existing shares or the Company's savings plan; or

– Retaining shares and subsequently providing them (exchange, payment or otherwise) with respect to external growth transactions, it being understood that the maximum amount of acquired shares that are to be retained and remitted at a later time as a payment or exchange in connection with the merger, spin-off, or contribution, may not exceed 5% of the capital; or

– Hedging securities giving rights to shares of the Company upon exercise of rights attached to such securities, the rights for the attribution of Company's shares arising out of the redemption, conversion, exchange, presentation of bonds, or any other means; or

– Cancelling, in whole or in part, any shares which were acquired, in accordance with article L. 225-209 of the French Commercial Code, subject to the adoption of the eleventh resolution approved by the Extraordinary General Shareholders' Meeting held on April 22, 2014; or

– Implementing any securities practice that is permitted or would be permitted by the Autorité des Marchés Financiers; or

– Pursuing any other authorized purpose or purpose that would be authorized by applicable law or regulations subject to the notification of Shareholders by a Company press release.

The share repurchase may involve a certain number of shares, such as:

– The number of shares acquired during the term of the repurchase program may not exceed, at any time, 5% of the shares. This percentage applies to the capital adjusted for the function of these operations occurring after the present meeting, provided that in the event the shares are purchased with a liquidities contract, the number of shares taken into account for calculating the 5% limit is the number of shares reduced by the number of shares sold during the duration of the authorization period;

– The number of shares that the Company may hold, at any time, may not exceed 5% of the shares comprising the share capital of the Company; this percentage applies to the capital adjusted to take into account the effect of these transactions subsequent to this General Shareholders' Meeting.

The purchase of the shares may be made performed on one or several occasions, by all means available, on a regulated market, a system of multilateral negotiations, with a systematic internalizer or over the counter, including a Public Exchange Offer or transaction of share blocks (which could encompass the entire program). However, the Company does not intend to make use of any derivative products. These transactions may be performed at any time in accordance with applicable law, excluding time periods during which when there is Public Exchange Offer pending with respect to the Company's shares.

The Board of Directors has set the maximum purchase price at five (5) euros per share. In the event of transactions carried out on the share capital, such as a share split, reverse split stock or the allocation of bonus shares, the above-indicated amount will be adjusted in the same proportions (adjustment factor equal to the ratio between the number of shares comprising the capital before the transaction and the number of shares after the transaction).

Pursuant to article R. 225-151 of the French Commercial Code, the General Shareholders' Meeting sets the maximum aggregate amount for the repurchase program at 43,145,199 euros, calculated on the basis of the share capital on March 31, 2014, consisting of 172,580,795 shares.

You will be asked to grant all powers to the Board of Directors, with a possibility to delegate, for the purpose of implementing this authorization, entering into any agreement, carrying out any formality, and filing any declaration with any agency, and more generally, doing all that is necessary. This authorization will expire on the date of the Shareholders' Meeting convened to approve the financial statements for the fiscal year ending March 31, 2015.

III. Extraordinary portion of the General Shareholders' Meeting

With respect to the Extraordinary General Shareholders' meeting and in order to endow the Company with the means necessary to discourage any attempt at a hostile takeover, we propose that you renew the resolution that was submitted for approval last year, which provided for the issuance of poison pill warrants in the event of a tend offer (resolution 11) up to 40% of the share capital. We would also submit a resolution intended to provide the Company with the resources it needs to have its employees and managers participate in the success of the Company by allowing it to perform capital increases that will be reserved to members of company savings plans (resolution 12). The final resolution pertains to the power to perform formalities.

- **Eleventh resolution — Delegation of authority to the Board of Directors to issue free equity warrants in case of a public offer against the Company**

Taking into account the large volumes of shares of the Company which are exchanged every day, and of the important volatility of the market price, the Board of Directors cannot put aside the possibility of a hostile takeover of the Company with conditions which would not favor the Shareholders. As a consequence, we ask you renew the resolution voted for last year which would authorize the issuance, in case of a public offer, of anti-public offer warrants. Such warrants, which would be dilutive for a predator, would significantly increase the cost of a hostile offer.

Therefore, you will be asked to delegate to the Board of Directors authority and all powers necessary for the purpose of deciding on one or several occasions the issuance of warrants pursuant to articles L. 233-32 II and L. 233-33 of the French Commercial Code, granting the right to subscribe, under preferential conditions, to one or multiple shares of the Company within the limit of 40% of the Company's share capital.

When such warrants are issued, they will be freely allocated to every Shareholder of the Company prior to the period of the public offer. This delegation will only be exercised in case of a public offer against the Company without the consent of the Board of Directors. The warrants shall become fully void when the public offer or any competing offer becomes void, expires, or is withdrawn.

You will be asked to delegate authority to the Board of Directors to determine the characteristics of the warrants and the conditions in which the warrants may be exercised.

The maximum par value of the ordinary shares which may therefore be issued may not amount to more than 40% of the amount of the Company's capital.

This delegation would be granted to the Board of Directors for a period of time expiring at the end of the offering period of any tender offer for the Company filed within twelve (12) months from the date of this meeting.

- **Twelfth resolution — Authorization for the Board of Directors to increase share capital through share issuance restricted to employees subscribing to a Company savings plan when the preferential subscription right has been suppressed.**

article L. 225-129 of the French Commercial Code establishes that, before any decision to increase share capital or to issue securities giving access to any share of Company's capital, the Shareholders' Extraordinary Meeting shall consider a resolution to carry out a capital increase under the conditions set forth in article L. 3332-18 of the Labor Code.

In accordance with the dispositions mentioned above, we will ask that you delegate your authority to the Board of Directors, with faculty of sub-delegation in the conditions set forth at law, to decide one or several share capital increases, for a maximum nominal amount of 500,000 euros, by issuance of shares or other securities giving access to the capital of the Company and restricted to employees subscribing to one or more of the Company's saving plans (or other plans for which the provisions of the articles L. 3332-18 of the French Labor Code would enable to restrict to subscribers a capital share increase under similar conditions) that would be implemented within the group comprised of the Company and the French or foreign entities included in the consolidation perimeter of the group following the provisions of article L. 3344-1 of the French Labor Code; it being specified that (i) the maximum share capital increase that could be realized immediately or in the long term according to this delegation will be included in the overall ceiling of 20 million euros set forth in paragraph "3.a(i)" of the first resolution of this Shareholders' Meeting, or as the case may be, in the overall ceiling that may be established by a resolution of the same nature that may be subsequently voted during the validity of this resolution, and that (ii) the maximum nominal value of debt securities giving access to the capital of the Company or other similar instruments that may be issued following this delegation will be included in the global ceiling of 250 million euros, referred to in "3.b" of the first resolution of the Shareholders' Meeting of April 22, 2014, or as the case may be, in the overall ceiling that may be established by a resolution of the same nature that may be subsequently voted during the validity of this resolution and to determine the identity of the beneficiaries of such allocations as well as the allocation criteria, should such exist.

We propose that the maximum discount offered within the context of a company savings plan be placed at 20% of the average of the first or last share price of the Company on Euronext Paris during the twenty trading days immediately preceding the decision of the Board of Directors, which sets the date that the subscription period shall open. However, you will be asked to expressly authorize the Board of Directors to reduce the discount mentioned above, in accordance with applicable law and regulation, or to not grant any such discount in certain cases such as to take local laws and regulations into account in the countries in which this is offered.

In application of the third paragraph of article L. 3332-21 of the French Labor Code, the Board of Directors may award to the beneficiaries free shares or free securities giving access to the capital of the Company, in exchange for some or all the discount.

The vote of the resolution would imply the elimination, for the benefit of the beneficiaries subscribing to the Company's saving plan, the shareholders' preferential right to subscribe shares and other securities giving access to the capital of the Company.

This authority would be granted to the Board of Directors for a period of twenty-six (26) months from the day of this Shareholders' Meeting. It would also terminate, with immediate effect, the authority granted by the Shareholders in the seventeenth resolution of the combined Ordinary and Extraordinary Shareholders' Meeting held on July 3, 2013.

- **Thirteenth resolution – Power for formalities.**

Finally, you will be asked to grant all powers to the bearer of an original, copy, or excerpt of these minutes for the purposes of carrying out all formalities required by law.

We therefore ask you to vote in favor of all the resolutions that have been put before you. Before proceeding to vote on these resolutions that have been submitted to you, you are invited to hear a recitation of the statutory auditors' reports.

The Board of Directors

Balance Sheet

Assets

(in Euros)	Gross amount	Depreciation	31/03/2014	31/03/2013
Share Capital (not called up)				
Intangible Assets :				
Start up costs	-	-	-	-
Research and development costs	3 710 000	1 113 000	2 597 000	2 968 000
Concessions, patents and other rights	42 764 734	31 059 237	11 705 497	15 494 355
Goodwill	-	-	-	-
Other intangible assets	744 823	-	744 823	1 407 502
Advances and down payments on intangibles				
Property, Plant and Equipment				
Land	780 801		780 801	780 801
Buildings	6 657 481	1 828 862	4 828 620	5 264 405
Plant, machinery and tools	231 789 192	176 881 791	54 907 402	39 418 551
Other tangible assets	59 949 940	29 940 109	30 009 831	18 001 090
Fixed assets under construction / work in progress	13 668 641		13 668 641	43 805 961
Advances and down payments	-	-	-	-
Financial Assets :				
Investments accounted for under the equity method	-	-	-	-
Other investments	227 853 928	208 888 853	18 965 075	203 507 830
Receivables with subsidiaries	456 880 135	50 541 352	406 338 783	329 317 507
Other securities				
Loans	114 069		114 069	247 113
Other financial assets	11 608 719	272 567	11 336 152	611 574
Fixed Assets	**1 056 522 464**	**500 525 771**	**555 996 694**	**660 824 689**
Inventories				
Raw materials, supplies	19 773 382	7 764 874	12 008 508	16 589 987
Work in progress	7 242 274	1 024 038	6 218 236	6 664 228
Services in progress			-	-
Finished and semi-finished goods	3 190 819	840 716	2 350 102	4 270 447
Goods	67 139		67 139	-
Advances and down-payments	91 613		91 613	3 195 277
Receivables :				
Trade receivables	36 083 160		36 083 160	42 240 478
Other receivables	40 225 961		40 225 961	32 104 554
Unpaid capital				
Miscellaneous :				
Marketable securities (including treasury shares)	1 000 000		1 000 000	60 238 786
Cash	13 157 643		13 157 643	47 609 573
Accruals :				
Prepaid expenses	456 462		456 462	517 674
Current Assets	**121 318 451**	**9 629 629**	**111 688 822**	**213 431 004**
Expenses to be allocated to future periods	3 949 103		3 949 103	1 454 146
Bond reimbursement premiums				
Currency exchange gains	10 448 837		10 448 837	416 896
Total	**1 192 238 855**	**510 155 399**	**682 083 456**	**876 126 735**

Liabilities

(in euros)	31/03/2014	31/03/2013
Share capital paid up	17 258 080	12 262 674
Share, merger and contribution premiums	704 157 231	641 232 765
Revaluation reserve		
Legal reserve	3 393 047	3 393 047
Statutory or contractual reserves		
Regulated reserves	-	-
Other reserves	26 429 344	26 496 398
Retained earnings	(127 241 462)	(68 880 158)
Loss for the year	(306 845 824)	(58 361 305)

(in euros)	31/03/2014	31/03/2013
Investment grants	35 952	107 857
Regulated provisions	1 327 483	1 327 483
Equity	**318 513 850**	**557 578 762**
Equity share issuing income		
Redeemable advances	20 212 000	17 905 831
Other shareholders' equity	**20 212 000**	**17 905 831**
Provisions for risks	13 319 506	2 863 624
Provisions for charges	4 102 298	2 141 180
Provisions for risks and charges	**17 421 804**	**5 004 804**
Financial debt		
Convertible bonds	186 204 178	144 985 351
Other bonds	3 121 171	5 059 957
Borrowings and debts from financial institutions	60 666 052	41 399 687
Borrowings and other financial debts	27 252	34
Advances and down-payments received	203 556	2 558 798
Accounts payable		
Trade and other payables	31 461 411	43 200 593
Tax and social security accounts payable	15 633 257	19 173 667
Other payable		
Fixed assets and associated accounts payable	*2 720 074*	*9 619 562*
Other payables	12 754 279	7 710 267
Other liabilities		
Accruals	7 589 095	7 746 150
Debts	320 380 325	281 454 067
Currency exchange differences	5 555 477	14 183 271
General total	**682 083 456**	**876 126 735**

Loss for the year	(306 845 824.06)
Balance sheet total assets in cents	682 083 455.73

Income statement

	France	Exportation	31/03/2014	31/03/2013
Sale of goods	*395 210*	*22 918*	*418 128*	*16 466 873*
Production sold – goods	10 269 338	132 064 779	142 334 118	217 640 122
Production sold - services	1 388 780	5 622 827	7 011 607	14 158 328
Net revenue	**12 053 328**	**137 710 524**	**149 763 853**	**248 265 323**
Production held as inventory			(2 186 306)	(2 829 817)
Capitalized production			-	320 000
Operating grants			12 980 630	8 273 170
Reversal of depreciation, amortization and provisions, transfer of charges			25 344 435	12 286 896
Other income			2 878 101	3 077 536
Operating income			**188 780 712**	**269 393 109**
Purchase of goods (including customer duties)			337 811	14 651 865
Variation of inventories (goods)			(67 139)	499 976
Purchase of raw materials and other supplies (and custom duties)			52 365 935	87 864 494
Variation of inventories (raw materials and supplies)			1 487 972	4 952 275
Other purchase and external charges			74 819 099	87 374 188
Taxes and other related payments			3 930 079	4 412 347
Wages and salaries			43 742 171	52 657 377
Social security costs			19 214 511	25 470 464
Operating expenses				
On fixed assets : depreciation expenses			26 387 867	34 853 341
On fixed assets : provisions			6 916 244	5 602 141
On current assets : provisions			9 629 574	5 949 090
For risks and charges : provisions			7 853 000	3 551 600
Other charges			3 020 894	5 178 576
Operating expenses			**249 638 018**	**333 017 733**
Operating loss			**(60 857 305)**	**(63 624 623)**
Joint business operations				
Profits transferred in or losses transferred out				
Profits transferred out or losses transferred in				
Finance income				
Finance income on investments				
Income from other marketable securities and receivables from fixed assets				
Other interest and related income			8 651 207	6 054 927
Reversal of provisions and expenses transferred			1 725 332	537 244
Positive exchange differences			3 407 872	12 413 878
Net gain on the disposal of marketable securities			982	40 403
Finance income			**13 785 393**	**19 046 451**
Depreciation and amortization expense			250 288 648	2 074 820
Interest and related charges			11 541 061	10 143 664
Negative exchange differences			4 251 506	11 000 460
Net charges on sale of marketable securities				
Finance expenses			**266 081 216**	**23 218 945**
Financial result			**(252 295 823)**	**(4 172 494)**
Loss before income taxes			**(313 153 128)**	**(67 797 117)**

Income statement (Continued)

	31/03/2014	31/03/2013
Exceptional income from management operations	524	8 380
Exceptional income from equity transactions	481 257	859 814
Reversal of provisions and expenses transferred		
Exceptional income	**481 781**	**868 194**
Exceptional charges from management operations	2 245	6 232
Exceptional charges from equity transactions	1 635 553	142 247
Exceptional depreciation	-	186 394
Exceptional charges	**1 637 798**	**334 873**
Exceptional result	**(1 156 017)**	**533 321**
Employee profit sharing		
Tax on earnings	(7 463 321)	(8 902 491)
Total income	**203 047 887**	**289 307 754**
Total expenses	**509 893 711**	**347 669 059**
Net loss	**(306 845 824)**	**(58 361 305)**

Results for the last five years

Closing date Period duration (months)	31/03/2014 12	31/03/2013 12	31/03/2012 12	31/03/2011 12	31/03/2010 12
Share capital at the end of the year					
Share capital	17 258 080	12 262 674	12 212 839	8 748 781	8 614 523
Number of shares					
- ordinary shares	172 580 795	122 626 743	122 128 392	87 487 811	86 145 233
- priority dividend					

Maximum number of shares to be created					
via exercise of warrants					
- Results of operations					
Revenue before tax					
EBITDA	149 763 853	248 265 323	296 757 836	262 624 046	203 383 732
Taxes	(30 879 143)	(22 749 433)	15 519 323	22 432 461	(37 795 656)
Employee profit sharing	(7 463 321)	(8 902 491)	(5 445 343)	(9 699 622)	(3 137 734)
Depreciation and amortization					
Net Earnings	283 430 002	44 514 363	22 364 663	18 029 014	(6 179 569)
Distributed earnings	(306 845 824)	(58 361 305)	(1 399 997)	14 103 069	(28 478 352)
Earnings per share					
Earnings after interest, taxes, depreciation and amortization					
Earnings after interest, taxes, depreciation and amortization	-0,14	-0,11	0,17	0,37	-0,40
Dividends allocated	-1,78	-0,48	-0,01	0,16	-0,33
Personnel					
Average number of employees	909	1 056	1 030	981	806
Payroll	43 742 171	52 657 377	46 776 271	43 406 665	37 954 164
Benefits payments (social security, social bodies)	19 214 511	25 470 464	25 268 426	20 317 266	17 684 728

Notes

Total assets on the balance sheet as at March 31, 2014 amount to 682,083,456 Euros. The income statement for the year shows total expenses of 509,893,711 Euros and income of 203,047,887 Euros resulting in a total loss for the year of 306,845,824 Euros.

The fiscal year covers a 12 month period from April 1, 2013 to March 31, 2014.

The notes and tables below form an integral part of the annual separate financial statements.

The annual non-consolidated financial statements were approved by the Board of Directors on April 16, 2014.

ACCOUNTING POLICIES AND NOTES TO THE BALANCE SHEET

Generally accepted accounting principles were applied in compliance with principles of prudence, based on certain underlying assumptions: going concern, consistency of accounting methods across different periods and independence of the periods, in accordance with the general rules for the preparation and presentation of annual non-consolidated financial statements in France.

Items are generally measured on a historical cost basis.

The Group posted a net loss of 237.0 million Euros for the year ended March 31, 2014 and equity at the balance sheet date amounted to 220.6 million Euros. Cash used in operating activities, excluding working capital requirements, amounted to 79.0 million Euros for the year. As at March 31, 2014, cash and cash equivalents stand at 44.7 million Euros. The Group is expected to receive approximately 65.6 million Euros in the short term for the Touwsrivier transaction and must redeem certain OCEANE bonds maturing in September 2014 for an amount of 84.0 million Euros.

The Group considers that it will be in a position to continue with its operations in 2014/2015 due to available cash as at March 31, 2014, its capacity to raise capital and the development prospects of its activities in the coming year.

The annual non-consolidated financial statements have been prepared on a going concern basis for the next twelve months.

General accounting policies

The annual non-consolidated financial statements were drawn up in accordance with the French National Accounting Code of 1999, implemented by the Decree of June 22, 1999. The accounting policies applied were identical to those of the prior year.

Highlights

A restructuring plan regarding a downsizing of the workforce at the Bernin site was carried out during the course of the year, leading to the recording of a non-recurring expense amounting to 3,971 thousand Euros.

Intangible assets and property, plant and equipment

Intangible assets primarily comprise computer software, which is carried at cost and amortized on a straight-line basis over its estimated useful life, between 1 and 5 years.

Property, plant and equipment are carried at cost. Depreciation is computed using the straight-line method based on the following estimated useful lives:

Buildings, fixtures and fittings	15 to 30 years
Machinery and tools	3 to 8 years
Miscellaneous improvements	5 to 10 years
Transport equipment	5 years
Computer and office equipment	3 to 7 years
Office furniture	5 to 10 years

Impairment charges on current assets and accelerated depreciation have been recorded.

Impaired assets correspond to production equipment for SOI wafers 300 mm, which do not have sufficient expected future cash flows to cover the value of the related assets.

Long-term investments

Soitec S.A.

Long-term investments include controlling interests, receivables in respect of these interests, a lease on the Bernin plant, deposits and guarantees and treasury shares.

Controlling interests are measured at historical cost. At each year-end, they are tested to establish their carrying amount, principally based on the net financial position of the companies concerned. The lower of these two figures is recognized on the balance sheet.

Impairment charges for the fiscal year relate to the subsidiaries Soitec Japan for an amount of 1,607 thousand Euros, Soitec Singapore PTE for 67,197 thousand Euros, Soitec Solar GmbH for 101,244 thousand Euros and Altatech S.A.S. for 18,700 thousand Euros. In addition, impairment charges were recorded for 200 thousand Euros in relation to Medgrid and for 78 thousand Euros in relation to Innovacom Gestion.

Impairment losses were recognized in accordance with the Company's accounting policy.

Therefore the value of Soitec S.A.'s investments in subsidiaries has been adjusted based on the results of the impairment tests established based on the economic position of each subsidiary.

Soitec's investments in Cissoïd and Medgrid were fully impaired.

The impairment charge relating to Innovative Silicon has been reversed during the year due to the fact that this company filed for bankruptcy, and the related investment has been written off from the financial statements.

The total impairment for long-term investments amounts to 208,888 thousand Euros.

Receivables relating to investments have been impaired for an amount of 50,541 thousand Euros, corresponding to impairment charges amounting to 16,910 thousand Euros and 33,631 thousand Euros respectively for Soitec Singapore and Soitec Solar GmbH.

In addition, Soitec S.A. acquired a stake in Exagan for 6 thousand Euros.

There were no indicators that any other investments held by Soitec needed to be impaired as at March 31, 2014.

Loans and advances to the finance lessor - Bernin plant: under the finance lease for the Bernin plant, the Company granted an advance to the lessor for a nominal amount of 5,430 thousand Euros. This advance will be repaid as the lessor receives the corresponding subsidies linked to the agreement.

As at March 31, 2014 the residual amount of this loan was 114 thousand Euros.

As at March 31, 2014, the Company owned 112,059 treasury shares.

	March 31, 2014
Number of treasury shares	112 059
Gross value (in thousands of Euros)	477 852
Unrealized gains/ (losses) (in thousands of Euros)	(272 567)

Inventories

Inventories of raw materials and indirect materials are stated at cost. An impairment loss is recorded for obsolete or surplus items.

Inventories of finished goods are carried at production cost except where the cost is above their selling price during the start-up phase of production and for obsolete or surplus items.

An impairment loss is recognized to adjust the inventory of finished goods to its realizable value less proportional selling expenses.

Work-in-progress was recognized using the same method as for finished goods, applying the percentage of completion reached in the production process.

Inventories break down as follows:

Inventory category	Gross value	Impairment	Net value
Raw materials	10 748 282	4 611 101	6 137 181
Indirect materials	9 025 099	3 153 774	5 871 325
Work-in-progress	7 242 274	1 024 038	6 218 236
Finished goods	3 190 819	840 716	2 350 102
Goods	67 139	-	67 139

Receivables

Trade receivables, which are generally due between 30 and 90 days, are recognized at par value.

These receivables are then carried at amortized cost, less any impairment losses recognized on non-recoverable amounts. An impairment loss is recognized where there is objective evidence suggesting that the Company will not be able to recover the receivables.

Uncollectible receivables are recognized as losses, when identified as such.

Other receivables

Other receivables relate to tax and social security receivables and grants to be received.

The line item “state and local authorities” includes a research tax credit receivable amounting to 32,650 thousand Euros.

The tax credit for competitiveness and employment (CICE) for the financial year 2013-2014 amounted to 958 thousand Euros. The purpose of this tax credit is to enhance the competitiveness of businesses in France, in order to boost investment, research, innovation, training, employment and the exploration of new markets, and to help firms recover their working capital.

Companies are not permitted to use the CICE either to pay out larger dividends or to increase the compensation of key management.

Cash, cash equivalents and marketable securities

Cash, cash equivalents and marketable securities are listed as such. Bank overdrafts are reported as current liabilities.

Cash held in banks is mainly denominated in Euros.

As at March 31, 2014 cash is mostly composed of interest bearing accounts.

Foreign exchange differences

Foreign currency income and expenses are measured at their Euro equivalent based on the average exchange rate for the previous month. Foreign currency payables, receivables and cash are recognized on the balance sheet at the year-end exchange rate.

The difference arising from discounting foreign currency payables and receivables is recorded on the balance sheet under 'Foreign exchange gains/(losses)' A provision for liabilities and charges is recorded for any net unrealized foreign exchange losses.

Other equity

N/A

Borrowings and financial debts

The Company used an authorized credit line for an amount of 32 million Euros.

Financial debt increased due to the use of authorized credit lines (increase of 19 million Euros) and the issuance of new convertible bonds maturing in 2018, offset by the partial repayment of the convertible bonds maturing in September 2014 (net impact of 41 million Euros).

Financial instruments

Hedging derivatives

The Company hedges its foreign exchange risk on certain transactions denominated in US dollars, as well as its interest rate risk, using derivative instruments (forward sales, options and swaps). These derivate instruments hedge only currency and interest rate risk arising from firm commitments or highly probable future transactions.

Foreign exchange risk

The Company's objective is to hedge currency risk arising from fixed-rate transactions (amount and rate) using currency futures, and the currency risk arising on contracts where the amount and exchange rate are not certain through the use of options. The Company's policy consists in managing its interest expense using a combination of fixed-rate and floating-rate borrowings. Interest rate risk is hedged using short-term interest rate swaps. The Company does not engage in hedge accounting as defined in IAS 39. Accordingly, hedging instruments are recognized at their fair value, with changes in their value recognized in income. However, the Company's policy is to not use instruments for the purposes of speculation.

The exchange rates used to translate the financial statements of subsidiaries with functional currencies other than the Euro were as follows:

	Average rate		Closing rate	
Currency	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
US Dollar	0.744794	0.774163	0.72526	0.780945
Yen	0.007458	0.009228	0.007021	0.008273
South African Rand	0.067238	0.084262	0.06855	0.084602
Chilean Peso	0.001288	-	0.001322	-
Chinese Yuan	0.117630	-	0.116613	-

The market value has been estimated using one or more commonly used models.

The Company's procedures have been adopted in order to reduce its exposure to US Dollar and Yen currency risk by entering into certain borrowing agreements in the same currency as the cash flows generated by its operating activities.

As part of this currency risk management policy, during the fiscal year the Company also continued to hedge transactions in US Dollars and Yen through forward purchases and sales, as well as short-term currency options (i.e. expiring in less than six months).

Sensitivity analysis of net exposure to foreign exchange risk after hedging

The exchange rates for the main two currencies used by the Group are as follows:

– EUR/USD : 1 EUR for 1.378 US Dollars as at March 31, 2014 and 1 EUR for 1.2805US Dollars as at March 31, 2013.

– EUR/JPY : 1 EUR for 142.42 Yen as at March 31, 2014 and 1 EUR for 120.87 Yen as at March 31, 2013.

A 10% increase in the value of the Euro against these currencies as at March 31 would positively impact earnings, as indicated below. For the purposes of this analysis, all other variables - in particular interest rates - are assumed to have remained constant.

(in thousands of Euros)	March 31,	March 31, 2013
US Dollar	(192)	(3 306)
Japanese Yen	96	(216)
Other currencies	0	(211)
Increase (decrease) resulting from a 10% increase of the value of the Euro	**(96)**	**(3 463)**

A 10% decrease in the value of the Euro against these currencies as at March 31 would negatively impact earnings, as shown below. For the purposes of this analysis, all other variables - in particular interest rates - are assumed to have remained constant.

(in thousands of Euros)	March 31,	March 31, 2013
US Dollar	235	3 711
Japanese Yen	(117)	264
Other currencies	0	258
Increase (decrease) resulting from a 10% increase of the value of the Euro	**118**	**4 233**

Interest rate risk

The Company’s medium to long-term debt is primarily at fixed rates. As a result, the Company is not exposed to a significant risk arising from fluctuations in interest rates. The Company makes only limited use of hedging instruments:

(in thousands of euros)	31 March 2014		31 March 2013	
Contract type	Net market value	Hedged amount	Net market value	Hedged amount
Hedged financial debt				
Interest rate swap asset / (liability)	-	-	(49)	8 056
Cap	-	-	-	-
Total hedged financial debt	**-**	**-**	**(49)**	**8 056**

Credit risk

The financial instruments representing a potential credit risk to the Company are primarily cash, cash equivalents and marketable securities, as well as trade receivables. The Company has established a cash management policy to optimize its investments regarding short-term and low-risk financial instruments. The Company's cash and cash equivalents are deposited mainly with leading French financial institutions.

The Company sells its products to customers within the semiconductor industry located in North America, Asia and Europe. As at March 31, 2014, there are five customers who represent more than 5% of the turnover of the Company, and together account for 61% of total turnover. As at March 31, 2013, there were 5 customers who represented more than 5% of the turnover of the Company and together accounted for 82% of total turnover.

The Company periodically evaluates the credit risk and financial position of its customers and allocates reserves for potential losses on non-recoverable receivables. The size of these losses remained within the limits expected by Management.

Equity risk

The Group does not hold any unconsolidated investments or securities or other investments traded on a regulated market.

Liquidity risk

The Group's financing is provided via capital market transactions in the form of long-term resources (convertible bond issuances and capital increases), finance leases for investment in manufacturing, bank loans and confirmed credit lines.

Most of these credit lines are not subject to financial covenants. One of the Group’s credit lines requires a debt to equity ratio of below 1 at each drawdown notice.

The credit risk borne by Soitec S.A. on behalf of its subsidiaries constitutes a substantial risk in terms of the sustainability of Soitec S.A. as a going concern, regarding the payment schedules that Soitec S.A. will have to meet when the 2014 OCEANE convertible bonds are redeemed. The financing plan includes assumptions that new financing in the form of credit lines or finance leases will be put in place. If Soitec S.A. was not in a position to secure these types of financing, an alternative could be a share capital increase.

Maturity schedule for financial debts in terms of cash flows

	Contract maturities : Amount due						
(in thousands of euros)	- 1 year	1 and 2 years	2 and 3 years	3 and 5 years	5 years and more	Total	On balance sheet as at 31 March 2014
Non-derivative financial liability instruments							
Finance leases	3 484	-	-	-	-	3 484	10 167
Bonds and other borrowings	135 874	4 634	6 416	109 925	-	256 849	211 743
Trade payables	28 266	-	-	-	-	28 266	57 593
Other debts (excluding social and tax debts)	3 303	-	-	-	-	3 303	27 828
Total	170 927	4 634	6 416	109 925	-	291 902	307 331
Derivative instruments							
Interest rate derivatives							
Received						-	(49)
Paid						-	
Settled net						-	
Foreign exchange derivatives							
Received						-	(292)
Paid						-	
Settled net						-	
Other derivative instruments							
Received						-	

Paid						-	
Settled net						-	
Total derivative instruments	**-**	**-**	**-**	**-**	**-**	**-**	**(341)**
Total financial liabilities	**170 927**	**4 634**	**6 416**	**109 925**	**-**	**291 902**	**306 990**

Confirmed credit lines

In 2012, the Company subscribed to confirmed credit lines with its bank partners amounting to 72,000 thousand Euros falling due March 31, 2017 and amortized over five years. One of these credit lines was restructured for an amount of 8,000 thousand Euros to be amortized as at August 31, 2014. These credit lines carry a commitment fee of between 0.15% and 0.40% and a utilization fee ranging from EURIBOR + 0.60% to 1.00% depending on the credit lines.

As part of the factoring on the research tax credit, the Company subscribed to extendable credit lines with Oséo for a total of 17,507 thousand Euros due in September 2014, September 2015 and September 2016. These credit lines carry a commitment fee of 0.30% and a utilization fee of 1 month Euribor + 0.70%.

Research and development costs

Research and Development costs mainly consist of wages and social security costs, operating costs for cleanroom equipment and other equipment necessary for research and development activities and costs related to maintaining and strengthening the Group's intellectual property rights.

Research and Development costs are expensed as incurred.

The first five steps cover exploratory research (evaluation of technologies), while the following two phases correspond to the development of a product, generally in conjunction with a potential customer. The final stage is the high-volume industrialization of the product. The costs incurred during the exploratory research phases are expensed under research costs. Development expenses are incurred over a relatively short period and are generally not material. Finally, the costs incurred in the industrialization phase are recognized in the cost of sales.

Gross research and development costs decreased in the financial year 2013-2014 as the Company decided to focus its resources solely on strategic projects.

In the Electronics division, customer contributions to research and development efforts declined due to the fact that certain products (300mm for Fully Depleted SOI technology and 200mm for radio-frequency devices) have moved into the production phase.

Government funding for research recorded during the fiscal year 2013-2014 mainly corresponds to three programs: "Exact" (for advanced digital material), "Connect3D" (circuit transfer) and "Bright" (substrates for new generations of light-emitting diodes).

The amount of the research tax credit granted is reduced by grants received during a calendar year for the relevant projects. The amount of tax credit received may vary from one period to the next, depending on the level of grants received. Thus, the decrease in the research tax credit is mainly due to the increase in the amount of funding received by the Company during the 2013 calendar year.

The income of 7,463,321 euros recorded during the year comprises of an additional 264,642 euros corresponding to 2012, 5,545,304 euros corresponding to the 2013 research tax credit and 1,653,375 euros for the first quarter of 2014 (2014 RTC estimate of 6,613,500 euros in business plan).

Retirement indemnities

Retirement indemnities and other benefits

French law requires the payment of a lump sum retirement indemnity. This indemnity is calculated based on the employee's length of service and level of compensation upon retirement. Rights only vest for employees who are still with the company upon retirement. In addition, the Company has entered into an agreement to supplement the legally required retirement indemnity benefits.

Other pension plans

The Company decided to grant a supplementary plan to certain Group employees. This defined benefit plan is managed by an external contractor.

Defined benefit plans (article 83 of the French General Tax Code) undergo an actuarial valuation using the projected unit credit method, which factors in demographic (salary trends, age upon retirement, staff turnover, mortality rate) and financial (discount and inflation rate) assumptions. Actuarial gains or losses resulting from changes to the assumptions are recognized in equity under "Actuarial gains (losses) on pensions and other post-retirement benefits".

For defined contribution plans (article 39 of the French General Tax Code), payments are expensed when incurred. There are no actuarial liabilities in respect of these plans.

The Company decided to suspend the defined benefit plan at the end of October 2013 as a cost-saving measure.

Pension obligations for the Company as at March 31, 2014 amount to 5,904 thousand Euros.

Provisions

A provision is recognized when the Company has a present (contractual or constructive) obligation arising from a past event, the amount of which can be estimated reliably, and the settlement of which is expected to result in an outflow of resources embodying economic benefits for the Company. Provisions are discounted where the impact of discounting is material.

A provision for restructuring costs is only recognized when there is a constructive obligation vis-à-vis third parties arising from a decision by management reflected prior to the reporting date by a detailed and formalized plan and the announcement of this plan to the relevant parties.

Other provisions correspond specifically to identified liabilities and charges.

Provisions for litigation	2 870 670
Provisions for foreign exchange losses	10 448 837
Provisions for restructuring costs	4 102 298

Contingent liabilities consist of a possible obligation resulting from past events, the existence of which will only be confirmed by the occurrence of one or more uncertain future events not wholly within the control of the entity or a present obligation for which an outflow of resources is not likely. Contingent liabilities are not recognized but are disclosed in the notes.

Commitments given to subsidiaries (guarantees)	Amount in Euros
Power Plant 1 Bond RSA	38 168 220
Soitec Solar US	50 747 025
Soitec Solar Real Estate	33 265 158
Altatech	6 586 780
Soitec Solar GmbH	1 393 580

Litigation

The main litigations involving the Company are as follows:

During the year ended March 31, 2014, Soitec and SunEdison (NYSE: SUNE -ex MEMC Electronics Materials Inc.) definitively put an end to all outstanding litigation between them and entered into a patent cross-licensing agreement relating to silicon-on-insulator (SOI) substrates.

This agreement provides access for each company to a portfolio of patents owned by the other company (c.f. press release of November 26, 2013- http://www.soitec.com/en/news/press-releases/soitec-and-sunedison-enter-into-patent-license-agreement-1390/)

In addition, on November 7, 2013, the French Court of Cassation rejected the appeal filed by Soitec against the ruling of the Court of Appeal of Grenoble on July 11, 2012, which had ordered the Company to repay an amount of 316 thousand Euros to correct the social solidarity contribution of companies payment, which was made for 2007.

To the Group's knowledge, there are no other governmental, judicial or arbitration proceedings pending or threatened that might have or have had a material effect on the financial position or profitability of the Group over the past twelve months, or that were not provided for based on a risk assessment by Management. Provisions for litigations amounted to 4,371 thousand Euros as at March 31, 2014 and changes in provisions during the course of the year are detailed in note 3.16.

Related party information

Certain members of the Company's Board of Directors are also directors of ARM and STMicroelectronics. The Group has had business dealings with these companies during the past financial year. Each of these transactions was negotiated without the personal involvement of the members of the Board of Directors and Group Management believes that they have been entered into with sufficient independence and on an arm's length basis.

The gross amount of compensation granted to the Group's senior management, i.e. seven executives, two of whom left the Group during the year, was as follows during the financial year ended March 31, 2014:

(in thousands of Euros)	March 31, 2014	March 31, 2013
Short-term benefits	2 644	2 577
Post-employment benefits	81	90
Share-based payments	491	3 455
Total compensation paid to key management personnel	**3 216**	**6 122**

The gross amount of compensation paid to corporate officers and non-executive directors was as follows:

(in thousands of Euros)	March 31, 2014	March 31, 2013
Corporate officers :		
Short-term benefits	1 021	1 262
Post-employment benefits	63	58
Termination benefits	-	-
Share-based payments	229	2 135
Total compensation paid to corporate officers	**1 313**	**3 455**
Non-executive directors:		
Directors' fees	450	422
Reimbursement of travel expenses	70	69
Total compensation paid to non-executive directors	**520**	**491**

Stock option and free share plans granted to management during the financial year break down as follows:

(in numbers)	Stock options	Free shares	Total as at March 31, 2014
Key management personnel	-	-	-
Of which corporate officers	-	-	-

Information pursuant to article R. 123-198-9e of the French Commercial Code

Statutory Auditors' fees recognized in the income statement for the year were 460 thousand Euros.

Consolidated tax regime

The Company is designated head of the consolidated tax group comprising Soitec S.A., Soitec Specialty Electronics and Altatech.

The principle of neutrality is applied so that, as far as possible, Soitec Specialty Electronics and Altatech recognize the same tax expense or income for corporate income tax, additional contributions and flat-rate annual tax (IFA), that they would have done had they not been part of the tax group

Post-balance sheet events

N/A

Equity

General points

As at March 31, 2014, the number of outstanding shares of the Company was 172,580,795 shares.

They are common shares with a par value of 0.10 Euros per share.

Share capital increases

On May 21, 2013, the Board of Directors formally acknowledged that the share capital of the Company had been increased from 12,262,674.30 Euros to 12,320,878.30 Euros, divided into 123,208,783 shares, due to the exercise of 582,040 performance shares, leading to the issue of 582,040 shares;

On July 23, 2013, the Chief Executive Officer, acting by delegation on behalf of the Board of Directors, formally acknowledged that the share capital of the Company had been increased from 12,320,878.30 Euros to 17,249,229.50 Euros, divided into 172,492,295 shares, due to a share capital increase with preferential subscription rights leading to the issue of 49,238,512 new shares by the Company;

On December 31, 2013, the Chief Executive Officer, acting by delegation on behalf of the Board of Directors, formally acknowledged that the share capital of the Company had been increased from 17,249,229.50 Euros to 17,258,079.50 Euros, divided into 172,580,795 shares, due to the exercise of 88,500 performance shares relating to 'plan B' introduced on December 13, 2011, leading to the issue 88,500 new shares by the Company.

Information on changes to employee warrant and stock option plans

No new plans were introduced during the financial year.

The following table summarizes the changes to the employee warrant and stock option plans:

	Number of shares	Average exercise price (in euros)	Price range (in euros)
31 March 2011	**1 452 000**	**12,46**	**3,44 - 25,69**
After capital increase in July 2011*	**1 640 760**	11,02	3,04 - 22,73
Granted	-	-	-
Exercised	(22 600)	3,04	3,04
Cancelled	(84 750)	11,31	11
31 March 2012	**1 533 410**	**11,13**	**3,04 - 22,73**
Granted	-	-	-
Exercised	-	-	-
Cancelled	(180 800)	5,62	3,04 - 11,31
31 mars 2013	**1 352 610**	**11,86**	**3,88 - 22,73**
After capital increase in July 2013	**1 393 960**	**11,48**	**3,71-17,81**
Granted	-	-	-
Exercised	-	-	-
Cancelled	(474 200)	9,73	3,81 - 21,77
31 March 2014	**922 760**	**12,39**	**3,71 -17,81**

*In accordance with the dispositions of article L.225-181 of the French commercial code and as a result of the capital increase maintaining the preferential right of subscription carried out by the company during the year, the company took the measures necessary to protect the interests of the beneficiaries of the options under the conditions set out in article L.228-99 of the same code, by adjusting the subscription conditions for company shares.

Balance sheet information and results

ASSETS

	Start of period	Revaluation	Acquisitions / Contributions
Start up costs, research and development costs	**3 710 000**		
Other intangible assets	**41 980 863**		**1 564 391**
Land	780 801		
Buildings on owned land	6 627 480		30 001
Buildings on non-owned land			
General building installations, fixtures and fittings, improvements			
Plant, machinery and tools	201 745 898		32 730 200
General installations, fixtures and fittings, improvements	33 156 951		15 241 215
Transport equipment	300 312		
Computer and office equipment	10 902 365		386 379
Recoverable packaging and other items			
Fixed assets in progress	43 805 961		18 425 862
Advances and down-payments			
Total long term assets	**297 319 768**		**66 813 658**
Investments accounted for under the equity method			
Other investments	553 846 430		132 035 333
Other securities			
Loans and other financial assets	1 008 990		10 846 841
Financial Assets	**554 855 420**		**142 882 175**
General Total	**897 866 051**		**211 260 223**

	Transfer	Disposal	End of period	Initial value
Start up costs, research and development costs			**3 710 000**	
Other intangible asset accounts		**35 696**	**43 509 558**	
Land			780 801	
Buildings on owned land			6 657 481	
Buildings on non-owned land				
General building installations, fixtures and fittings, improvements				
Plant, machinery and tools		2 686 906	231 789 192	
General installations, fixtures and fittings, improvements		21 851	48 376 315	
Transport equipment		13 900	286 412	
Computer and office equipment		1 531	11 287 213	
Recoverable packaging and other items				
Fixed assets in progress	48 386 758	176 425	13 668 641	
Advances and down-payments				
Total long term assets	**48 386 758**	**2 900 613**	**312 846 056**	
Investments accounted for under the equity method				
Other investments		1 147 700	684 734 064	
Other securities				
Loans and other financial assets		133 044	11 722 788	
Financial Assets		**1 280 744**	**696 456 851**	
General Total	**48 386 758**	**4 217 053**	**1 056 522 464**	

AMORTIZATION

	Start of the period	Depreciation	Reversals	End of period
Start up costs, research and development costs	**742 000**	**371 000**		**1 113 000**
Other intangible asset accounts	**25 079 006**	**6 015 927**	**35 696**	**31 059 237**
Land				
Buildings on owned land	1 363 075	465 787		1 828 862
Buildings on non-own land				
General building installation, fixtures and fittings, improvements				
Plant, machinery and tools	155 694 864	14 569 577	2 428 409	167 836 033
General installations, fixtures and fittings, improvements	17 212 818	2 818 654	21 851	20 009 621
Transport equipment	261 689	10 033	13 900	257 822
Computer and office equipment	8 884 032	788 634		9 672 666
Recoverable packaging and other items				
Total long term assets	**183 416 478**	**18 652 686**	**2 464 160**	**199 605 004**
General total	**209 237 484**	**25 039 613**	**2 499 856**	**231 777 241**

Breakdown of depreciation	Linear	Double-declining	Exceptionnal	Tax-related depreciation
Start up costs, research and development costs				
Other intangible asset accounts				
Land				
Buildings on owned land				
Buildings on non-owned land				
General building installation, fixtures and fittings, improvements				
Plant, machinery and tools				
General installations, fixtures and fittings, improvements				
Transport equipment				
Computer and office equipment				
Recoverable packaging and other items				
Total long term assets				
General total				

Expenses allocated over several periods	Start of period	Increase	Depreciation	End of period
Expenses to allocate over several periods	1 454 146	3 843 210	1 348 253	3 949 103
Bond reimbursement premiums				

PROVISIONS

	Start of year	Allowances	Reversals	End of year
Provisions for mining seams and oil fields				
Provisions for investment				
Provisions for price increase				
Provisions for rate fluctuations				
Exceptional depreciation and amortization	1 327 483	0		1 327 483
Foreign operations before 01/01/92				
Foreign operations after 01/01/92				
Provisions for moving expenses				
Other regulated provisions				
Regulated provisions	**1 327 483**	**0**		**1 327 483**
Provisions for litigation	2 446 728	1 699 677	1 275 735	2 870 670
Provisions for customer guarantees				
Provisions for losses on future markets				

	Start of year	Allowances	Reversals	End of year
Provisions for fines and penalties				
Provisions for foreign exchange losses	416 896	10 448 837	416 896	10 448 837
Provisions for pensions and similar obligations	2 141 180	6 153 323	4 192 205	4 102 298
Provisions for taxes				
Provisions for replacement of fixed assets				
Provisions for major repairs				
Provisions for social security tax charges on vacation				
Other provisions for liabilities and charges				
Provisions for liabilities and charges	**5 004 804**	**18 301 837**	**5 884 837**	**17 421 804**
Provisions for intangible assets				
Provisions for fixed assets	6 632 482	6 916 244	4 502 969	9 045 758
Provisions for investments accounted for under the equity method				
Provisions for investments in associates	21 021 093	189 025 893	1 158 133	208 888 853
Provisions for other long-term investments	150 303	50 813 919	150 303	50 813 919
Provisions for inventories and work in progress	5 949 090	9 629 574	5 949 035	9 629 629
Provisions for trade receivables				
Other provisions for impairment				
Provisions for impairment	**33 752 968**	**256 385 630**	**11 760 440**	**278 378 158**
General total	**40 085 256**	**274 687 467**	**17 645 277**	**297 127 445**
Operating accruals (reversals)		24 398 818	15 919 945	
Financial accruals (reversals)		250 288 648	1 725 332	
Exceptional accruals (reversals)				
Impairment of investments accounted for under the equity method at year end				

PAYABLES AND RECEIVABLES

Receivables (in euros)	Gross amount	Up to 1 year	More than 1 year
Receivables related to subsidiaries	456 880 135		456 880 135,33
Loans	114 069	114 069	-
Other long-term investments	11 608 719	10 608 719	1 000 000,00
Doubtful trade receivables and litigation			
Other trade receivables	36 083 160	36 083 160	
Receivables from securities lending			
Employee benefits expenses	3 134	3 134	
Social security and other			
Central and local government : income tax	33 607 439	8 448 438	25 159 000,94
Central and local government : value added tax	1 926 386	1 926 386	
Central and local government : other taxes and contributions			
Central and local government : other receivables	2 816 927	2 816 927	
Group and affiliates			
Other receivables	1 902 074	1 902 074	
Prepaid expenses	456 462	456 462	
Grand total	**545 398 505**	**62 359 369**	**483 039 136**
Loans made during the year			
Repayments received during the year	133 044		
Loans and advances made to affiliates			

Payables (in euros)	Gross amount	Up to 1 year	From 1 to 5 years	More than 5 years
Convertible debt	186 204 178	83 004 178	103 200 000	
Other debt	3 121 171	3 121 171		
Borrowings with initial maturity less than 1 year	60 666 052	49 616 052	11 050 000	
Borrowings with initial maturity of more than 1 year				
Other borrowings	27 252		27 252	
Trade payables	31 461 411	31 461 411		
Employee benefits expenses	7 418 202	7 418 202		
Social security and other	A	6 142 922		
Governmant : income tax				
Government : value added tax	233 874	233 874		
Government : deferred tax bonds				
Government : other taxes and contributions	1 838 260	1 838 260		
Liabilities on fixed assets	2 720 074	2 720 074		
Group and affiliates	12 176 040		12 176 040	
Other liabilities	578 239	578 239		
Payables for securities borrowed				
Deferred income	7 589 095	987 216	3 948 864	2 653 015
Grand total	**320 176 768,57**	**187 121 597,67**	**130 402 155,90**	**2 653 015,00**
Loans taken out during the year	103 200 000			
Loans repaid during the year	61 981 173			
Loans from affiliates				

ELEMENTS RELEVANT TO SEVERAL BALANCE SHEET ACCOUNTS

	Affiliated companies	Investments	Notes payable/receivable
Fixed assets			
Investments	37 615 072	1 256 003	
Receivables related to subsidiaries	456 954 486		
Loans		39 900	
Current Assets			
Accounts receivable and related accounts	26 853 119		
Other receivables	31 327		
Share capital (called up, not paid up)		150 000	
Debts			
Other borrowings and financial debt	12 026 040		
Advance payments from customers	204 200		
Trade payables and related accounts	1 652 523		
Fixed assets and associated accounts payable			
Other debts			

EXCHANGE DIFFERENCES ON RECEIVABLES AND DEBTS IN FOREIGN CURRENCY

Nature of differences	Unrealised loss on assets	Difference covered by exchange	Provision for exchange rate	Unrealised gain on liabilities
Financial assets	10 314 008		10 314 008	5 484 084
Receivables	134 376		134 376	645
Financial debt	28 819		28 819	
Accounts payable	453		453	70 748
Total	**10 477 656**		**10 477 656**	**5 555 477**

EQUITY COMPOSITION

	Number of shares			
Category of shares	End of period	Created during the period	Paid off during the period	Value

Ordinary shares	172 580 795	49 954 052	0,10

STATEMENT OF CHANGES IN EQUITY

Equity at start of year		Balance
Equity before dividend payments from prior years		557 578 762
Dividend distributions from prior earnings		
Equity after dividend payments from prior years		557 578 762
Changes during the year	**Decrease**	**Increase**
Share capital		4 995 405
Share premiums		62 924 466
Reserves	67 054	
Investment grants	71 905	
Regulated provisions		
Other changes	306 845 824	
Balance	**239 064 912**	
Equity at year-end		**Solde**
Equity before dividends		318 513 850

APPROPRIATION OF INCOME SUBMITTED AT SHAREHOLDER’S MEETING

1 - Source	Amount
Previous years’ retained earnings	-127 241 462
Profit (loss) for the period	-306 845 824
Of which from continuing operations before tax	-306 845 824
Total	**-434 087 286**

2 – Appropriations	Amount
Retained earnings	-306 845 824
Total	**-306 845 824**

DEFERRED AND UNREALISED TAX POSITION

	Amountt
Taxes due :	
Other :	
Exchange difference for assets	3 482 760
Amortization of expenses	
Regulated provisions : tax related depreciation	
Investment grants	
Total increase	**3 482 760**
Taxes paid in advance :	
Temporarily non deductible charges (deductible the following year)	
Organic	20 422
Exchange difference	(1 631 104)
Other	5 005 283
Subsequently deductible :	
Provisions for own insurer	
Other : retirement compensation	1 967 815
Total relief	**5 362 416**
Net deferred tax position	**1 879 656**
Tax due :	
Attributable to :	
Tax losses carried over in thousands of euros	(69 634)
Long term loss	(69 634)
Unrealized net tax position	**69 634**

PROVISIONS FOR LIABILITIES AND CHARGES

	Situation and changes				
			Decrease		
	Provisions at start of year	Increase during the year	Amounts used over the years	Unused amounts reversed during the years	Provisions at end of year
Provisions for employee related litigation	176 351	19 004	73 348		122 007
Provisions for other litigation	2 270 377	1 680 673	172 615	1 029 772	2 748 663
Provisions for exchange losses	416 896	10 448 837		416 896	10 448 837
Provisions for restructuring	2 141 180	4 225 153	2 264 035		4 102 298
Total	**5 004 804**	**16 373 667**	**2 509 998**	**1 446 668**	**17 421 805**

Financial commitments and other information

Leases

	Land	Buildings	Machinery and equipment	Other non-current assets	Total
Initial value	**126 991**	**72 777 686**	**13 464 716**		**86 369 393**
Depreciation					
Total from previous years		40 558 049	13 464 716		54 022 765
Current year		2 872 396			2 872 396
Total		**43 430 445**	**13 464 716**		**56 895 161**
Net value	**126 991**	**29 347 241**			**29 474 232**
Royalties paid					
Total from previous years	200 955	105 588 937	119 118 912		224 908 804
Current year	9 981	5 861 445			5 871 426
Total	**210 936**	**111 450 382**	**119 118 912**		**230 780 230**
Royalties payable					
Up to 1 year	6 095	3 579 078			3 585 173
Total	**6 095**	**3 579 078**			**3 585 173**
Residual value					
Amount accounted for in year	9 981	5 861 445			5 871 426

Off-BAlance Sheet Commitments

		Off-balance sheet amount
Discounted unmatured notes /bills		
Pension obligations		5 903 504
Other commitments given		**130 216 959**
Long-term rental agreement	56 599	
Guarantee given	130 160 360	
Currency hedge		
Individual training rights in France		
Collateral for industrial materials		
Total		**136 120 463**

Individual training rights in France

The French Act of May 4, 2004 on occupational training states that certain French companies must grant their employees an individual right to a minimum of 20 hours training per calendar year. This allowance may be carried forward for a maximum of six years, at the end of which it remains capped at a maximum of 120 hours, should it not be used.

No charge was recognized in the financial year ended March 31, 2014.

There were a total of 87,987 vested but unused hours as at March 31, 2014.

LIST OF SUBSIDIARIES AND HOLDINGS

Name of head office	Capital equity	Stake held Dividends paid	Gross value of shares Net value of shares	Loans, advances, guarantees	Turnover Result
Subsidiaries (more than 50 %)					
Soitec USA Inc, Centennial Drive 2, 01960	10 000	100,00 %	16 796		62 791 000
Peabody MA, USA	14 007 000		16 796		1 716 000
Soitec Specialty Electronics S.A.S.	12 000 000	100,00 %	30 763 440	(5 986 166)	9 477 457
91140 VILLEJUST	11 203 519		11 600 483		(396 964)
Soitec Japan Inc, 3-1 Marunouchi 3- Chome	300 500 000	100,00 %	2 636 988		10 070 568
Chiyoda-Ku, 100-00005 TOKYO, Japan	146 619 563		2 636 988		264 337
Soitec Solar GmbH	319 890	100,00 %	101 244 230	384 506 420	45 015 977
Bötzinger Str.31 . 79111 Freiburg - Germany	(96 762 094)		101 244 230		(49 993 047)
Soitec Microelectronics Singapore Pte Ltd,	93 395 220	100,00 %	67 197 054	70 424 587	30 485 111
81 Pasir Ris Industrial Drive 1, Singapore 518220	(22 716 995)		67 197 054		(15 430 129)
Soitec Korea, Kyunggi-do hwasung-si Bansong	500 000 000	100,00 %	328 483		772 967
Dong 93-10, Shinyoung Gwell	564 104 776		328 483		20 687
Altatech	3 800 000	100,00 %	24 157 798	(3 248 039)	4 188 234
611, rue A.Bergès 38330 Montbonnot	2 749 157		24 157 798		(2 602 738)
Soitec Corporate services	1 000	100,00 %	1 000		
54, Av. Marceau - 75008 Paris	1 000		1 000		
Soitec Shangaï Trading	852 619	100,00 %	102 138		
3261 Dong Fang Road	456 000		102 138		(47 000)
Pu Dong New District - Shangaï - China					
Capital and equity are presented in their local currency. All other amounts are presented in euros.					
HOLDINGS (10 to 50 %)					
Exagan S.A.S.	40 000	15,00 %	6 000		
7 parvis Louis Néel 38040 Grenoble Cedex 9					
OTHER INVESTMENTS (less than 10 %)					
Medgrid					
38, avenue Hoche - 75008 Paris	11 000 000	5,45 %	600 000		21 136
Cissoid, chemin du Cyclotron 6	3 882 706				(2 668 273)
B- 1348 LOUVAIN LA NEUVE	2 126 599	2,32 %	300 003	39 900	482 174
Technocom 2					(966 434)
23, Rue Royale - 75008 Paris	6 249 360	8,00 %	500 000		
			422 177		(1 154 642)

Capital and shareholders' equity are presented in local currency, i.e. US Dollars for Soitec USA Inc and Soitec microelectronics Singapore. Other amounts are presented in Euros, in Korean Won for S oitec Korea, in Yuan for Soitec China and in Japanese Yen for Soitec Japan.

For the subsidiaries and holdings, no dividends have been paid during the course of the year.

For holdings which are held at less than 10%, no loan or guarantee has been granted during the course of the year.