UNOFFICIAL COURTESY TRANSLATION

Soitec

HALF-YEAR REPORT 2012-2013

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1. Responsible Persons

Person in charge of the half-year financial report

Mr. André-Jacques Auberton-Hervé, CEO.

Certification of the person in charge of the half-yearly financial report

I hereby certify that, to the best of my knowledge, the consolidated accounts were established in accordance with applicable accounting rules and represent an accurate description of the company's financial situation, assets and results for each of the companies appearing in the consolidated report. The half-year financial report contains an accurate description of the important events that occurred during the first six months of the financial year and their effects on the half-yearly statements as well as a description of the principal risks and uncertainties for the next six-month period and the material related party transactions.

November 13, 2012

André-Jacques Auberton-Hervé

CEO

2. Statutory auditors

Primary statutory auditors

Cabinet Muraz Pavillet represented by Mr. Christian Muraz

3, chemin du Vieux Chêne – 38240 Meylan

- Date of first engagement letter: February 27, 1992
- Renewal term: July 7, 2010
- Expiration of current term: General shareholders' meeting called to approve the accounts for the fiscal year ending March 31, 2016.

PricewaterhouseCoopers Audit represented by Mr. Philippe Willemin

63, rue de Villiers – 92208 Neuilly sur Seine

- Date of first engagement letter: July 7, 2010
- Expiration of current term: General shareholders' meeting called to approve the accounts for the fiscal year ending March 31, 2016.

Alternate statutory auditors

René-Charles Perrot (alternate to Cabinet Muraz Pavillet)

65, boulevard des Alpes – 38240 Meylan

- Date of first engagement letter: February 27, 1992
- Renewal term: July 7, 2010
- Expiration of current term: General shareholders' meeting called to approve the accounts for the fiscal year ending March 31, 2016.

Yves Nicolas (alternate to Cabinet PricewaterhouseCoopers Audit)

63, rue de Villiers – 92208 Neuilly sur Seine

- Date of first engagement letter: July 7, 2010
- Expiration of current term: General shareholders' meeting called to approve the accounts for the fiscal year ending March 31, 2016.

3. Risk factors

The primary risks and uncertainties that the Group will have to face during the remaining six months of fiscal year 2012-2013 have not significantly changed with regards to those identified in Chapter 4 "Risk Factors" pages 7 to 13 of the Soitec 2011-2012 Annual Report which was filed with the Market Authority (AMF) on June 15, 2012, under number D. 12-0619.

The principal risk factors and the measures undertaken by the Group to manage such risks are as follows:

In the Electronics division :

- The sensitivity of the Group's results to the semiconductor activity, which is heavily impacted by change in customer demand;
- The sensitivity of the Group's results to the choices made by its primary customers with regards to technologies to be used in future nodes and intense competition from market leaders;
- The concentration of the Group's customers in the semi-conductor industry, with 3 customers accounting for 81% of the sales of

the electronics division;

- The cyclical nature of the semiconductor industry and the material impact it has on the Group's sales and earnings as well as inventory management and, as a result, on the Group's overall value and stock price;
- The impact of short-term demand trends on the Group's results, as a consequence of the difficulty for the Group to adjust its financial structure to meet shifts in short-term demand, which are associated with the difficulty for the Group to forecast the end markets for its key customers;
- The use of chemical products in the Group's industrial processes, for which treatment and elimination may be dangerous for both people and the environment.

In the *Solar Energy* division:

- The innovative nature of the concentrated photovoltaic technology promoted by the Group and the uncertain penetration rate of such technology as a result of numerous factors some of which are outside of the Group's control;
- The development cycle of solar energy generation using concentrated photovoltaic technology which requires significant upfront project financing by the Group and has consequences on the timing of sales recognition and requires specific contractual guarantees that the Group must provide within the framework of these projects which may, if called upon, have negative consequences on the profitability of any given project.
- The fact that the development of solar energy production using concentrated photovoltaic technology depends on the availability of funding for the Group and its customers;
- The management of growth in solar energy using concentrated photovoltaic technology which requires the Group to ensure that its production levels are commensurate with projected sales, but remain profitable;
- The risk linked to the absence of administrative authorizations for solar power station projects using concentrated photovoltaic technology, which may lead to project abandonment and forfeiture of revenue recognition;
- The potential existence of a restrictive regulatory framework for solar energy generation using concentrated photovoltaic technology which may limit the potential development of the Group in this sector;

Generally :

- The Group's exposure to the weakness of the US dollar compared to the Euro, almost all of the Group's revenues are recognized in dollars whereas a significant part of the production costs are payable in Euros ;
- The importance of research and development for the Group, which represents a significant investment amount for the Group and is partly dependent on tax incentives which may be called into question in the future;
- The difficulties relating to managing the Group's growth which require significant financial, technical and human resources;
- The protection of the Group's intellectual property which may require the Group to devote substantial resources in order to defend its intellectual property;
- The Group's dependence on key personnel and the necessity of attracting and retaining qualified, skilled employees.

This half yearly report contains certain assumptions and forward looking statements that may prove incorrect with the passage of time. The primary risks and uncertainty presented here above may have a negative impact on the activities, financial situation, Group's results or share price, specifically during the remaining six months of this fiscal year.

Other risks and uncertainties, which have yet to be identified or considered as material by Soitec may also have a negative impact on the Group during the remaining six months of this fiscal year.

4. Financial situation and results.

The half yearly financial report that follows here below should be read in conjunction with the interim consolidated financial reports for the half year period ended on September 30, 2012, and Soitec's 2011-2012 Annual Report which was filed with the Market Authority (AMF) on June 15, 2012, under number D. 12-0619.

4.1. Group's activities and situation

Total sales declined by 19.9% in the first half of 2012, with total revenues amounting to 130.2 million Euros compared to 162.5 million Euros during the first six months of the previous fiscal year and compared to 160.8 million Euros in the second half of the previous fiscal year. During the first half of 2012-2013, the Group recognized an operating loss of 70.2 million Euros, compared to 8.5 million Euros in the first half of the preceding fiscal year and 37.4 million Euros in the second half of the previous fiscal year.

The sensitivity of the *Electronics* division's results to Euro/dollar parity remains strong. The progressive strengthening of the dollar vis-a-vis the Euro has had a positive effect; the average exchange rate was 1.26 during the first half of 2012-2013 versus 1.43 during the first half of the preceding fiscal year. That the US dollar strengthened nearly 13% affected the division's total sales (+13.6 million

Euros) as well as gross margin (+7.7 million Euros). At a constant exchange rate (1.43), the current operating results of the Group for the first half year would have gone from -53.8% of total sales to -66.6%;

The Group continued to reinforce its research and development efforts (net costs increased by 8.1 million Euros from the first half of 2011-2012 to the first half of 2012-2013) by accelerating its strategic programs (FD SOI, highly efficient solar cells, materials to be used for the production of electroluminescent diodes). Subsidies decreased (-3.5 million Euros from the first half of 2011-2012 to the first half of 2012-2013) which also contributed to the increase in net research and development expenditures.

Back office and support function activities increased by 4.1 million Euros from the first half of 2011-2012 to the first half of 2012-2013. This increase is principally due to the renewed sales efforts and the development of Solar Energy division projects (+1.1 million Euros) as well as the strengthening of the administrative structure of such division (+1.8 million Euros). The growth of general expenses (overhead) for the Electronics division (+1.4 million Euros) corresponds, in part, to the Altatech being absorbed into the Group.

During the first half of 2012-2013, the four operating divisions contributed to the financial results in the following manner:

- the Electronics division: operating loss of 17.1 million Euros versus a profit of 20.7 million Euros during the first half of the preceding fiscal year.
- the Solar Energy division: operating loss of 40.0 million Euros versus a loss of 17.5 million Euros during the first half of the preceding fiscal year.
- the Lighting division: operating loss of 6.4 million Euros versus a loss of 3.8 million Euros during the first half of the preceding fiscal year.
- the Corporate division: loss in an amount equal to 6.7 million Euros compared to 7.9 million Euros during the first half of 2011-2012.

At the end of September 2012, the Group had 464.8 million Euros in equity and 130.9 million Euros in cash or cash equivalents. The net financial position of the Group significantly weakened, to negative 45.1 million Euros versus a positive balance of 96.4 million Euros at September 30, 2011. The amount of disbursements for industrial investments rose dramatically and is the primary reason that available cash was utilized during this half-year period (88.6 million Euros for the first half of 2012-2013 compared to 18.1 million Euros during the first half of 2011-2012).

4.2. Electronics Division

The Microelectronics business unit remains the largest contributor to the total revenues of this division, even if its relative weight significantly declined from the first half of 2011-2012 (93%) to the first half of 2012-2013 (77%).

4.2.1. Microelectronics

During the first half of 2012-2013, the annual rate of change for wafer sales decreased sequentially from 29.3% at 95.2 million Euros (32.7% at a constant exchange rate) to 35.8% (43% at a constant exchange rate). 300mm sales accounted for 72% of total wafer sales during the first half of the fiscal year, a sequential decrease of 39% (41.9 % at constant exchange rates) and 42.7% (49.1% at constant exchange rates) with regards to the annual rate of change. The sale of other sizes increased sequentially by 18.2% (12.6% at a constant exchange rate) and decreased by 7.6% (18% at constant exchange rates) with regards to the annual rate of change.

The five largest clients represented 93% of wafer sales during the first half of 2012-2013. The largest client (Global Foundries) accounted for 64% of wafer sales and the second largest client (NXP) accounted for a 13% of such sales.

Licensing revenues came to 1.4 million Euros for the first half of this fiscal year.

Analysis of half-yearly sales figures for SOI wafers:

- Geographic distribution

	H1 2010-2011	H1 2011-2012	H1 2012-2013
United States	18 %	14 %	28 %
Europe	68 %	73 %	65 %
Asia	14 %	13 %	13 %

- Distribution by client

	H1 2010-2011	H1 2011-2012	H1 2012-2013
Five largest clients	92 %	89 %	93 %
Clients n° 6 through n° 10	4 %	4 %	3 %
Other clients	4 %	7 %	4 %

- Distribution by wafer size

	H1 2010-2011	H1 2011-2012	H1 2012-2013
300mm	79 %	80 %	72 %
200mm	13 %	16 %	22 %
Others	8%	4 %	6 %

4.2.2. Specialty Electronics

Specialty Electronics sales resulted sequentially higher by 22% or 5.4 million Euros, up 20% compared to the same time period last year (4.5 million Euros).

4.2.3. Layer Transfer Solutions

Layer Transfer Solutions sales increased three-fold to 21.9 million Euros compared to the same time period last year.

4.2.4. Equipment

Equipment sales amounted to 2.1 million Euros during the first half of this fiscal year. This activity was absorbed into the Group in January 2012 pursuant to the acquisition of Altatech.

4.3. Solar Energy division

The Solar Energy division recognized revenues of 4.2 million Euros, which were the result of module sales in Italy for 3.3 MWp.

4.4. Gross Margin

The gross margin corresponds to the total revenues minus the total costs of sales. The total cost of sales is equal to the sum of production costs, license fees and distribution costs (CEA-Leti for the right to use SmartCut™ and Fraunhofer concerning certain solar licenses).

For the *Electronics* division, 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.

For the *Solar Energy* division, production costs include supplies used to assemble the solar systems, manufacturing costs which are similar to those in *Electronics* division, but which may also entail development expenses as well as the expenses related to the installation of solar power stations.

The combined effect of the decrease in demand for 300mm SOI wafers and the implementation of generation V modules capacity in the two solar module production sites has resulted in the significant degradation of the Group's gross margin, which became negative in September 2012. Gross margin went from 36.6 million Euros (22.5% of total sales) during the first half of 2011-2012 and 13.7 million Euros (8.5% of total sales) during the second half of last year to -12.8 million Euros (-9.9 % of total sales) during the first half of 2012-2013.

For the *Electronics* division, the gross margin fell substantially from 41.7 million Euros (25.7 % of total sales) during the first half of 2011-2012 to 25.2 million Euros (16.4 % of total sales) during the second half of 2011-2012 to only 7.6 million Euros (6.1 % of total sales) for the first half of 2012-2013. At a constant exchange rate the gross margin for the first half of 2012-2013 would have been zero. The primary factors contributing to this deterioration are the decrease in demand and price for 300mm SOI wafers, the low load rates for 300mm SOI and 300mm refresh production lines, as well as the significant decrease in finished product inventories.

During the first half of 2012-2013, the Solar Energy division's gross margins were negative in an amount equal to 20.5 million Euros (5.1 million Euros for the first half of 2011-2012). The implementation of the generation V modules production lines in San Diego and Freiburg, for which fixed costs had not been absorbed, explain this turn of events.

4.5. Research and Development

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.

Research and Development costs essentially consist of:

- wages and social security contributions, including stock-based payments,
- costs of operating equipment dedicated to clean rooms and equipment necessary for R&D activities, and
- costs associated with maintaining and securing the Group's intellectual property rights.

Provided that the agreements are signed and the administrative authorizations have been obtained, the amounts received in the context of any subsidies are deducted from the gross cost of research and development and the figure resulting from such is then imputed to the financial results.

Some of the subsidies received to finance R&D activities were made in the form of reimbursable advances. In accordance with IAS 38 and IAS 20, if the Group deems that the technical or commercial progress of any particular project hinders its likelihood for success, the development expenses related thereto are not considered to have been activated but they do appear in the financial statements and the relevant reimbursable advances are recognized by deducting these costs, independent from any notifications sent by any financial institutions, which may only be implemented at a later date, either due to missing a milestone which would terminate the programs or by opening the reimbursement period concerning such advances.

The Group may, be forced to recognize a financial liability with respect to the potential sales generated by the new products developed with subsidies, as a function of the probability of the technical or commercial success of the projects in question.

In France, some research and development costs are incentivized through research tax credits. This tax credit is also found as a deduction for R&D costs in accordance with IAS 20.

Research and development efforts grew significantly and resulted in net expenses of 28.8 million Euros, or 22.1% of total sales, compared to 20.7 million Euros or 12.7% of total sales during the first half of 2011-2012.

Gross expenses grew from 30.0 million Euros (first half of 2011-2012) to 34.7 million Euros (first half of 2012-2013). This increase is primarily due to the acceleration of two strategic programs, "Smart Cell" and "S-LED" (+3.6 million Euros, related to the construction of the "Corsica" pilot line) and the acquisition of Altatech (1.1 million Euros).

The other factor that explains the substantial increase in net research and development costs is that public subsidies have been decreased: public subsidies were at 5.9 million Euros during the first half of 2012-2013, including a research tax credit in an amount equal to 3.3 million Euros, compared with 9.4 million Euros of which 2.5 million Euros were research tax credits for the first half of 2011-2012. A breakdown of public aide by type (subsidy or advance) and by program appears in note 7.4.2.

4.6. Operating expenses

4.6.1. Sales and marketing expenses

The sales and marketing expenses amounted to 8.2 million Euros for this half year period compared to at 4.4 million Euros the first half year 2011-2012 and 9.4 million Euros for the second half of 2011-2012.

The increase in the amount of 3.8 million Euros is principally due to the Solar Energy division, which added 3.0 million Euros to this amount through the restructuring and reinforcement of its sales and marketing departments.

The Electronics division also added to this amount, primarily via the acquisition of Altatech (+0.3 million Euros). Finally, a support team was put into place in order to further develop the Lighting division.

4.6.2. Photovoltaic power plant project expenses

Expenses related to the launch of photovoltaic power plant projects amounted to 1.6 million Euros for this half year versus 3.7 million Euros for the first half of 2011-2012 and 0.8 million Euros for the second half of 2011-2012. This decrease is mostly due to a significant portion of the development expenses for the California projects were capitalized after such were approved by the regulator in November 2011.

4.6.3. Overhead and administrative expenses

Overhead and administrative expenses increased to 18.7 million Euros for the first half of fiscal year 2012-2013, compared with 16.3 million Euros for the first half of 2011-2012 and 20 million for the second half of that year. This increase of 2.4 million Euros from one year to the next is due to the increased legal fees (+0.7 million Euros), extension of IT support to the Solar Energy division (0.4 million Euros) and the incorporation of Altatech into the Group in January 2012 (0.4 million Euros).

4.7. Current operating income

The current operating results reveal a loss of -70.2 million Euros (-53.9% of total sales) versus a loss of 8.5 million Euros (-5.2% of total sales) for the first half of 2011-2012 and a loss of 37.4 million Euros (-23.2 % of total sales) for the second half of the previous fiscal year.

During the first half of 2012-2013, each division recognized an operating loss, a 17.1 million Euros loss for the Electronics division, a 40.0 million Euros loss for the Solar Energy division, a 6.4 million Euros loss for the Lighting division and a 6.7 million Euros loss for the Corporate division.

4.8. Operating results

Operating results are comprised of the current operating results and other profits or operating expenses.

During the first half of 2012-2013, the Group recognized a non-current operating expense in an amount equal to 56.2 million Euros. This expense arose out of two primary events: the effort to centralize industrial activities to confront economic downturn, which resulted in the halting of the 300mm SOI production line in Singapore and the generation IV photovoltaic module line in Freiburg. This decision lead to the accelerated amortization of the machines and equipment used therein for 17.2 million Euros (SOI 300mm) and 5.0 million Euros (photovoltaic modules). Furthermore, due to indicators pointing to the loss of value due to the major slowing of the demand for 300mm SOI wafers, the Group performed impairment tests on non-current assets in the for this cash generating unit. Based on the updated business plan that was presented to the board of directors in September 2012, 33.6 million Euros depreciation of non-current assets was booked. The analysis of the operating expense appears in note 7.4.4.

The operating results show a loss of 126.4 million Euros, whereas during the first half year periods in 2011-2012 and 2010-2011, the operating results were the same as the current operating results.

4.9. Financial results

For the first half of 2012-2013, the Group's net financial results resulted in a charge of 5.5 million Euros compared with an expense of 4.5 million Euros for the first half of 2011-2012.

This deterioration is due primarily to the decrease in financial profits, which were less by 0.5 million Euros when compared with the previous year.

Deposited funds generated 1.6 million Euros of profits from interest versus 2.2 million Euros during the first half of 2011-2012. This is explained by the significant decrease in cash and cash equivalents (130.9 million Euros as at September 30, 2012 compared to 381.4 million Euros as at September 30, 2011).

The difference in the exchange rate lead to a gain of 1.2 million Euros compared to 1.5 million Euros during the first half of the previous fiscal year.

Financial expenses in relation to financial leases were 0.2 million Euros versus 0.4 million Euros for the first half of the previous year due to the end of financial leases in relation to certain production equipment.

4.10. Results and taxes

For the first half of 2012-2013, the results before taxes come to a loss of 131.9 million Euros and, as such, there are no taxes.

The Group's net results for the half year is a loss of 132.3 million Euros versus a loss of 12.9 million Euros for the first half of 2011-2012 and a loss of 43.4 million Euros for the second half of the previous year. The result takes the portion of the JV Refexite Soitec Optical

Technology (RSOT in the text) results into account that were subject to the equity method of accounting: a loss of 0.4 million Euros as at September 30, 2012 compared with 0.13 million Euros for the second half of 2011-2012.

Diluted earnings per share resulted in a loss of 1.08 Euro versus a loss of 0.12 Euro per share for the first half of 2011-2012.

4.11. Balance sheet

The balance sheet comes to a total of 744.8 million Euros as at September 30, 2012 compared to 861.3 million Euros at the end of March 2012. The primary variations of the accounting items appear in detail below.

4.11.1. Non-current assets

Non-current assets amounted to 455.9 million Euros as at September 30, 2012 compared with 422.6 million Euros as at March 31, 2012. The increase of 33.4 million during the reporting period may be analyzed as follows:

- Fixed assets

The net value of fixed assets grew by 20.2 million Euros during the first half of 2012-2013. This variation is the result, principally, of the gross value of the fixed assets themselves (+99.4 million Euros) and the impact of impairment tests and accelerated depreciations (a loss of -55.7 million Euros).

The increase in the gross value of these fixed assets is due to the implementation of capacity for the production of generation V photovoltaic modules in San Diego and Freiburg as well as a pilot line for strategic programs concerning research and development in Bernin.

The Group performed impairment tests on non-current assets on September 20, 2012.

- *Electronics*

Though client relations are managed centrally, three different product lines corresponding to distinct technologies and manufacturing infrastructures are marketed. The Identified Cash Generating Units (CGU) are SOI 300 mm, other wafer sizes, other activities. The goodwill that resulted from the acquisition of Altatech was tested on the basis of the overall Electronics CGU.

Considering that indicators pointing to the loss of value exist, the Group performed an impairment test with respect to the three CGU and the Altatech goodwill. The test demonstrated that the net book value of non-current assets assigned to the SOI 300 mm Cash Generating Unit had become lower than the sum of corresponding discounted cash flows. As a consequence, such non-current assets were depreciated by 32,150 thousand Euros.

- *Solar Energy*
- For projects involving the design, construction and operation of photovoltaic installations, a CGU encompasses each individual project or a group of inter-dependent projects located in the same geographic area;
- for installations which will be operated, a CGU encompasses individual installations or a number of inter-dependent installations located in the same geographic area;
- for the manufacture and sale of concentrated photovoltaic 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 was tested on the basis of the overall Solar Energy CGU.

The medium term perspectives do not show any impairment, the Group has not updated its impairment assessment for non-current assets that was performed on March 31, 2012.

Accelerated depreciation

Soitec reassessed the value of specific equipment and accelerated their depreciation in order to re-establish net book value to the useful economic value:

- decrease by 5.0 million Euros for the Freiburg generation IV photovoltaic modules production line, pursuant to the decision made in September 2012 to discontinue the sale of this product due to the negative margin on sales.
- decrease in value by 17.2 million Euros for the 300mm SOI wafer production line equipment in Singapore, as it was halted in August 2012;

- Other assets

The growth of 12.7 million Euros is principally due to the increase in the non-current portion of the research tax credit (3.3 million Euros) and by the recognition of down payments made to fixed asset providers (9.3 million Euros).

4.11.2. Working capital

The need for working capital is calculated in the following manner:

- Operating working capital including inventory, receivables, accounts payable, advances or down payments either paid or received as well as any social security or tax credits or debts that are not considered corporate income tax.
- The non-operating working capital including credits and debts from fixed asset suppliers (including down payments either paid or received) and tax credits or debts related to corporate taxes.

During the first half of 2012-2013, the need for working capital decreased, going from 81.2 million Euros at March 31, 2012 to 71.8 million Euros at September 30, 2012. This variation may be analyzed in the following manner:

- Operating working capital decreased from 70.7 million Euros as at March 31, 2012 to 60.9 million Euros at September 30, 2012. The difference of 9.7 million is mostly due to a reduction in tax assets and subsidies to be received (-15.7 million Euros) with an increase in accounts payable (+5.4 million Euros).
- non-operating working capital was basically unchanged, increasing from 10.5 million Euros as at March 31, 2012 to 10.8 million Euros at September 30, 2012.

4.11.3. Equity

The Group’s equity significantly decreased (-127.7 million Euros) during the first half of 2012-2013. This variation is primarily due to the loss recognized over the half-year reporting period in an amount equal to 132.3 million Euros, which was partially compensated for by the favorable exchange rate for the conversion of foreign subsidiaries in an amount equal to 4.6 million Euros. The Group’s equity stood at 464.8 million Euros as at the end of September 2012 versus 592.5 million Euros as at March 31, 2012.

4.11.4. Financial debt

Financial debt grew from 163.4 million Euros at the end of March 2012 to 176.0 million Euros at the end of September 2012 due to a drawdown on a line of credit for an amount equal to 20.0 million Euros and the reimbursement of a financial lease for 4.9 million Euros.

4.11.5. Net cash flow

The negative net cash flow comes to -45.1 million Euros as at September 30, 2012 though such was positive (96.4 million Euros) at the end of March 2012.

4.12. Cash and financings

The cash flow resulting from operating activities was negative for the first half of 2012-2013 (-37.4 million Euros), in stark contrast to the same period during the previous year (-6.9 million Euros). This degradation is the direct result of the undercutting of the operating results (unfavorable gap of 61.7 million Euros from one year to the next) and is partially offset by the improvement in the need for working capital (utilization of cash stable, and actually of a lesser amount equal to 28.1 million Euros during the first half of 2012-2013 compared to the same time period of the previous year).

At the same time, investments made in order to increase the Solar Energy division’s capacity at the San Diego site and at the Freiburg site and to a lesser extent to increase capacity at the Electronics division’s Bernin plant, have had a significant impact on the Group’s cash situation: disbursements in an amount equal to 97.5 million Euros during the first quarter of fiscal year 2012-2013 versus only 23.9 million Euros during the first quarter of the previous year.

Cash flow fluctuations related to financings are slightly positive for the first half of 2012-2013 (+5,3 million Euros). This amount can be explained by a drawdown on a line of credit in an amount equal to 20.0 million Euros. During the first half of 2011-2012, positive cash flow was extremely high (+ 142.3 million Euros), due primarily to the capital increase that occurred in July 2011.

In total, the Group’s cash situation decreased by 128.8 million Euros during the first half of 2012-2013 and stands at 130.9 million Euros.

4.13. Cash management policy objectives

The Group has put a cash management policy in place in order to minimize transactional risk and to ensure a proper return on its investments and financial assets. The Group's commercial transactions are exposed to certain risks related to exchange rates, especially as it pertains to Euro/dollar parity since the vast majority of its sales are made in dollars. This risk is partially off-set by the fact that all raw materials are purchased in dollars, and for this half year period, the investments regarding the San Diego factory were paid in USD. Forward contracts, options and currency swaps have also been used as hedges for a limited time horizon and for known expenses.

4.14. Material related party transactions

Material related party transactions are set forth in note 7.5.2 to the half-year financial statements.

5. Information regarding tendencies

In the Electronics sector, global end-customer consumption remains uncertain, especially for high performance PC-related markets, but demand for mobility products remains robust (tablets, mobile phones) and this impetus drives technological changes for chip manufacturers.

Soitec's major customers for 300 mm wafers face intense competition and have announced their willingness to propose new solutions based on standard silicon technologies. At the same time, Intel's technological roadmap takes a three-pronged approach regarding transistor structure for 20nm nodes and below. While Soitec has developed SOI-based solutions which address both planar and non-planar designs for 20 nm nodes and below, these solutions have yet to be adopted on a large scale in order to off-set the current trend observed for traditional 300mm SOI markets. ST Microelectronics' recent announcement concerning fully-depleted SOI-based solutions demonstrates the value of Soitec's technological arsenal, but needs to translate into mass adoption by several other industry players in order to generate sufficient revenue for Soitec, directly or from royalties paid by its licensee, Shin Etsu Handotai with which Soitec recently renewed its license agreement.

Considering the general economic uncertainty, the semiconductor industry is cautious about accelerated adoption of new technologies. As a consequence, activity is anticipated to remain soft in the Electronics division in the coming quarters with visibility limited to the second half of the current financial year. Beyond this time frame, the major technological choices currently contemplated by the industry shall significantly affect the Group's prospects either positively or negatively considering the importance of the revenues stemming from the business concerned with such technological choices.

For the second half of the current fiscal year:

Electronic sales for the second half of this financial year are thus expected to be flat for segments linked with the current PCs market (300 mm) but will continue to benefit from strong growth expected for RF segments, mobility and smart phones (200 mm).

The primary factor contributing to growth for Solar Energy revenue growth remains connected to the refinancing of the South African project and successful completion of Italian projects, which will begin to generate revenue streams. Indeed, the recognition of the total sales for this project depends upon the total refinancing of such project, the absence of which would result in sales to a group affiliate, which is not recorded as revenue. No other current project is likely to produce significant revenue for the Solar Energy division, until the end of the current fiscal year.

In order to restore its profitability and continue to support its customers, the Electronic Division has instituted a program to achieve additional cost savings of 20 million Euros per year. As part of this program, negotiations with unions in order to implement savings initiatives regarding the Bernin payroll expenses are in progress. The company will provide an update at the end of the negotiation process. Other sites in the Electronics segment are also currently implementing measures to reduce costs.

The Group expects that its consolidated results for the year 2012-2013, will show negative operating[1] margins. Cash and cash equivalents available as at the end of September 2012 should remain sufficient to address challenges and opportunities for the financial year 2013-2014.

[1] EBIT is not operating income

6. Financial Information

6.1. Consolidated financial statements for the 6 month period ended September 30, 2012

6.1.1. Consolidated income statement

(in thousand Euros)	Notes	September 30, 2012	September 30, 2011
Sales	**6.1.6**	**130 243**	**162 574**
Cost of sales	-	(143 091)	(125 933)
Gross profit	**6.1.6**	**(12 848)**	**36 641**
Selling and marketing expenses	6.1.6	(8 154)	(4 374)
Research and development expenses	7.4.2	(28 831)	(20 709)
Photovoltaic project development costs	6.1.6	(1 592)	(3 725)
General and administrative expenses	6.1.6	(18 750)	(16 299)
Current operating income	**6.1.6**	**(70 175)**	**(8 466)**
Other operating income	7.4.4	-	-
Other operating expenses	7.4.4	(56 260)	-
Operating income	**-**	**(126 435)**	**(8 466)**
Finance income	-	8 598	7 819
Finance costs	-	(14 060)	(12 326)
Net finance costs	**-**	**(5 462)**	**(4 506)**
Loss before income tax	**-**	**(131 897)**	**(12 792)**
Income tax	7.4.5	-	3
Consolidated net loss for the period	**-**	**(131 897)**	**(12 969)**
Share of loss of associates	-	(441)	-
Loss for the period	**-**	**(132 338)**	**(12 969)**
Non-controlling interests	-	-	(61)
Net loss (Group share)	**-**	**(132 338)**	**(12 908)**
Basic net earnings per share in Euros	-	(1.08)	(0.12)
Diluted net earnings per share in Euros	-	(1.08)	(0.12)

6.1.2. Comprehensive income

(in thousand Euros)	Notes	September 30, 2012	September 30, 2011
Net loss	**-**	**(132 338)**	**(12 969)**
Exchange gains arising on translation of foreign operations	6.1.4	4 666	6 110
Actuarial gains/(losses) on pension obligations and other post-retirement benefits	6.1.4	-	-
Total income and expenses for the period recognized directly in equity	**6.1.4**	**4 666**	**6 110**
Total comprehensive loss for the period	**-**	**(127 672)**	**(6 859)**
Non-controlling interests	-	-	(17)
Total comprehensive loss for the period (Group share)	**-**	**(127 672)**	**(6 842)**

6.1.3. Consolidated Balance sheet

Assets (in thousand Euros)	Notes	September 30, 2012	March 31, 2012
Non-current assets :			
Goodwill and intangible assets	7.3.1	64 619	63 259
Capitalized development projects	7.3.1	3 155	3 339
Property, plant and equipment	7.3.1	348 066	328 974
Deferred tax assets	-	-	-
Investments in associates	-	14 506	14 353
Non-current financial assets	-	6 223	5 938
Other non-current assets	-	19 402	6 689
Total non-current assets	**-**	**455 971**	**422 552**
Current assets :			
Inventories	7.3.2	67 172	66 623
Trade receivables	7.3.3	45 755	47 161
Other current assets	-	35 328	55 931
Current financial assets	-	9 600	9 232
Cash and cash equivalents	7.3.4	130 956	259 804
Total current assets	**-**	**288 811**	**438 751**
Total assets	**-**	**744 782**	**861 303**

Equity and liabilities (in thousand Euros)	Notes	September 30, 2012	March 31, 2011
Equity :			
Share capital	6.1.4	12 231	12 213
Share premium	6.1.4	640 378	641 663
Treasury shares	6.1.4	(478)	(478)
Retained earnings	6.1.4	(198 244)	(67 120)
Other reserves	6.1.4	10 899	6 233
Total shareholders' equity	**6.1.4**	**464 786**	**592 511**
Non-controlling interests	6.1.4	-	-
Total equity	**6.1.4**	**464 786**	**592 511**
Non-current liabilities :			
Long-term financial debt	7.3.8	138 713	139 702
Deferred tax liabilities	7.4.5	-	-
Provisions and other non-current liabilities	7.3.9	8 092	10 186
Total non-current liabilities	**-**	**146 806**	**149 888**
Current liabilities :			
Short term financial debt	7.3.8	37 310	23 674
Trade payables	-	46 659	41 267
Provisions and other current liabilities	-	49 221	53 963
Total current liabilities	**-**	**133 190**	**118 904**
Total liabilities	**-**	**744 782**	**861 303**

6.1.4. Statement of changes in equity

(in thousand Euros)	Number of shares	Share capital	Share premium	Treasury shares	Retained earnings	Other reserves	Total shareholders' equity	Non-controlling interests	Total equity
March 31, 2011	**87 487 811**	**8 749**	**492 318**	**(210)**	**(16 671)**	**(233)**	**483 953**	**421**	**484 374**
Exchange gains arising on translation of foreign operations	-	-	-	-	-	6 066	6 066	44	6 110
Actuarial gains/(losses) on pension obligations and other post-retirement benefits	-	-	-	-	-	-	-	-	-
Total income and expenses for the period directly recognized in equity	**-**	**-**	**-**	**-**	**-**	**6 066**	**6 066**	**44**	**6 110**
Loss for the period	-	-	-	-	(12 908)	-	(12 908)	(61)	(12 969)
Total comprehensive income/(loss) for the period	**-**	**-**	**-**	**-**	**(12 908)**	**6 066**	**(6 842)**	**(17)**	**(6 859)**
Stock options, warrants and free shares	216 403	22	-	-	-	(22)	-	-	-
ABSAAR transactions	1 100 000	110	13 530	-	-	-	13 640	-	13 640
Proceeds from share issues	33 301 578	3 330	146 527	-	-	-	149 857	-	149 857
Share issuance expenses, net	-	-	(8 122)	-	-	-	(8 122)	-	(8 122)
Change in equity component of compound financial instruments	-	-	271	-	-	(271)	-	-	-
Share-based payments	-	-	-	-	2 930	-	2 930	-	2 930
Purchase of treasury shares	-	-	-	210	-	(423)	(213)	-	(213)
Other items	-	-	-	-	-	30	30	-	30
September 30, 2011	**122 105 792**	**12 211**	**644 524**	**-**	**(26 649)**	**5 147**	**635 233**	**404**	**635 637**

(in thousand Euros)	Number of shares	Share capital	Share premium	Treasury shares	Retained earnings	Other reserves	Total shareholders' equity	Non-controlling interests	Total equity
March 31, 2012	**122 128 392**	**12 213**	**641 663**	**(478)**	**(67 120)**	**6 233**	**592 511**	**0**	**592 511**
Exchange gains arising on translation of foreign operations	-	-	-	-	-	4 666	4 666	-	4 666
Actuarial gains/(losses) on pension obligations and other post-retirement benefits	-	-	-	-	-	-	-	-	-
Total income and expenses for the period directly recognized in equity	**-**	**-**	**-**	**-**	**-**	**4 666**	**4 666**	**-**	**4 666**
Loss for the period	-	-	-	-	(132 338)	-	(132 338)	-	(132 338)
Total comprehensive income/(loss) for the period	**-**	**-**	**-**	**-**	**(132 338)**	**4 666**	**(127 672)**	**-**	**(127 62)**
Stock options, warrants and free shares	184 451	18	-	-	(18)	-	-	-	-
ABSAAR transactions	-	-	(1 286)	-	-	-	(1 286)	-	(1 286)
Share-based payments	-	-	-	-	1 273	-	1 273	-	1 273
Other items	-	-	-	-	(39)	-	(39)	-	(39)
September 30, 2012	**122 312 843**	**12 231**	**640 378**	**(478)**	**(198 242)**	**10 899**	**464 787**	**-**	**464 787**

6.1.5. Statement of cash flows

(in thousand Euros)	Notes	September 30, 2012	September 30 , 2011
Consolidated net loss for the period		**(132 338)**	**(12 969)**
Adjustments for non cash items :			
Share of profit from associates		441	-
Depreciation, amortization	7.4.3 – 7.3.1	52 991	26 962
Provisions		2 452	643
Provision for retirement indemnities		349	253
Impairment charge	7.4.4	33 600	-
Loss on disposal of assets		(753)	(264)
Income tax charge		-	(3)
Net finance costs		5 461	4 509
Share based payments	7.3.6	1 273	2 930
Total non cash items		**95 814**	**35 030**
Increase/(decrease) in cash in :			
Inventories		(5 787)	(22 094)
Trade receivables		2 387	4 219
Other receivables		15 086	(8 249)
Trade payables		1 364	1 075
Other liabilities		(13 895)	(3 930)
Variation in working capital		**(845)**	**(28 979)**
Net cash generated by (used in) operating activities		**(37 369)**	**(6 918)**
Purchase of intangible assets		(8 459)	(6 160)
Purchase of tangible assets		(88 590)	(18 107)
Proceeds from sales of tangible and intangible assets		739	786
Proceeds from sales/(purchases) of financial assets		2 921	(385)
Settlement of shares in the Reflexite JV		(4 147)	-
Net cash generated by (used in) investing activities		**(97 536)**	**(23 866)**
Proceeds from issuance of ordinary shares and exercise of stock options		1	155 405
Purchase of treasury shares		-	(213)
Purchase of ABSAARS		(1 286)	-
Utilization of credit lines	7.3.8	20 001	-
Repayment of borrowings (including finance leases)		(5 503)	(5 545)
Interest received		2 351	2 369
Interest paid		(10 276)	(9 694)
Net cash generated by (used in) financing activities		**5 288**	**142 322**
Effects of exchange rate fluctuations		769	2 068
Change in net cash		**(128 848)**	**113 606**
Cash at beginning of the period		259 804	267 745
Cash at end of the period		130 956	381 351

6.1.6. Segment reporting

The Group operates in three business segments:

- the production and marketing of substrates and components for the microelectronics industry (Electronics)
- the production and marketing of concentrator photovoltaic modules, the design and construction of turnkey photovoltaic projects and the operation of photovoltaic installations (Solar Energy)
- the development of materials for the production of light-emitting diodes (Lighting)

The EBITDA reported in the segment analysis table represents the current operating loss (EBIT) before depreciation, amortization and share-based payments. EBITDA is a non-IFRS quantitative measure used to measure the firm's capacity to generate cash from its operating activities. The Group believes that reporting this indicator is useful to investors and other stakeholders involved in the evaluation of manufacturing companies. EBITDA is not defined within the scope of IFRS and should not be considered as an alternative to any other financial indicator.

The key segment figures are as follows:

- Breakdown of income

	September 30, 2012				
(in thousand Euros)	Corporate	Electronics	Solar Energy	Lighting	Total
Sales	-	126 003	4 240	-	130 243
Gross profit	**-**	**7 642**	**(20 490)**	**-**	**(12 848)**
Gross research and development expenses	-	(15 762)	(9 534)	(6 088)	(31 384)
Grants and repayable advances	-	2 531	22	-	2 553
Net research and development expenses	**-**	**(13 231)**	**(9 512)**	**(6 088)**	**(28 831)**
Selling and marketing expenses	**-**	**(4 551)**	**(3 346)**	**(257)**	**(8 154)**
General and administrative expenses	**(6 682)**	**(6 936)**	**(5 093)**	**(40)**	**(18 750)**
Photovoltaïc Project development costs	**-**	**-**	**(1 592)**	**-**	**(1 592)**
Other operating expenses* (note 7.4.4)	**-**	**(51 293)**	**(4 967)**	**-**	**(56 260)**
EBIT	**(6 682)**	**(68 369)**	**(44 999)**	**(6 385)**	**(126 435)**
Depreciation	*-*	*24 691*	*4 543*	*1 737*	*30 971*
Share-based payments	*642*	*406*	*194*	*31*	*1 273*
Other operating expenses	*-*	*51 293*	*4 967*	*-*	*56 260*
EBITDA	**(6 040)**	**8 021**	**(35 295)**	**(4 617)**	**(37 931)**

	September 30, 2011						
(in thousand Euros)	Corporate	Electronics	Solar Energy	Lighting	Total	Non-allocated	Total
Sales	-	162 572	2	-	162 574	-	162 574
Gross profit	**-**	**42 225***	**(5 080)**	**-**	**37 145**	**(504)***	**36 641**
Gross research and development expenses	**-**	(15 527)	(5 867)	(6 114)	(27 508)	-	(27 508)
Grants and repayable advances	-	3 733	636	2 430	6 799	-	6 799
Net research expenses	**-**	**(11 794)**	**(5 232)**	**(3 684)**	**(20 709)**	**-**	**(20 709)**
Selling and marketing expenses	**-**	**(4 237)**	**(116)**	**(20)**	**(4 374)**	**-**	**(4 374)**
General and administrative expenses	**(7 951)***	**(5 465)**	**(3 330)**	**(57)**	**(16 803)**	**504***	**(16 299)**
Photovoltaïc Project development costs	**-**	**-**	**(3 725)**	**-**	**(3 725)**	**-**	**(3 725)**
Other operating expense*	**-**	**-**	**-**	**-**	**-**	**-**	**-**
EBIT	**(7 951)**	**20 729**	**(17 483)**	**(3 762)**	**(8 466)**	**-**	**(8 466)**
Depreciation	*-*	*23 849*	*2 624*	*468*	*26 942*	*-*	*26 942*
Share-based payments	*1 937*	*723*	*241*	*29*	*2 930*	*-*	*2 930*
Other operating expenses	*-*	*-*	*-*	*-*	*-*		*-*
EBITDA	**(6 014)**	**45 302**	**(14 618)**	**(3 264)**	**(21 406)**	**-**	**(21 406)**

*In September 2011, the Group was split into three business segments and the cost of corporate support functions amounting to 504 thousand Euros was included in the gross profit and not in general and administrative expenses. In 2012, those costs are booked in general and administrative expenses.

- Breakdown of balance sheet

	September 30, 2012				
(in thousand Euros)	Corporate	Electronics	Solar Energy	Lighting	Total
Net intangible assets	-	34 831	32 472	471	67 774
of which goodwill	-	*11 402*	*19 266*	-	*30 668*
Net tangible assets	-	201 063	129 937	17 066	348 066
Non-current assets (1)	**-**	**235 894**	**162 410**	**17 537**	**415 840**
Inventories (2)	-	42 302	24 871	-	67 172
Trade receivables (3)	-	38 875	6 880	-	45 755
Other current and non-current assets (4)	-	40 938	13 748	36	54 722
Trade payables (5)	-	27 595	18 767	297	46 659
Other current and non-current liabilities (6)	-	50 034	7 112	167	57 313
Capital employed (1)+(2)+(3)+(4)-(5)-(6)	**-**	**280 379**	**182 029**	**17 109**	**479 517**

	March 31, 2012				
(in thousand Euros)	Corporate	Electronics	Solar Energy	Lighting	Total
Net intangible assets	-	38 296	28 302	-	66 598
of which goodwill	-	*11 402*	*19 266*	-	*30 668*
Net tangible assets	-	261 571	60 910	6 494	328 975
Non-current assets (1)	**-**	**299 867**	**89 212**	**6 494**	**395 573**
Inventories (2)	-	45 490	21 133	-	66 623
Trade receivables(3)	-	42 971	4 190	-	47 161
Other current assets (4)	-	35 353	20 563	15	55 931
Trade payables (5)	-	31 553	9 354	359	41 267
Other current and non-current liabilities (6)	-	50 214	13 489	446	64 149
Capital employed (1)+(2)+(3)+(4)-(5)-(6)	**-**	**341 916**	**112 255**	**5 703**	**459 874**

The information reported has been prepared in accordance with the accounting principles followed by the Group.

- Breakdown of revenue

The revenue by sector and sub-sector breaks down as follows:

(in thousand Euros)	September 30, 2012	September 30, 2011
Microelectronics	96 577	150 620
Specialty Electronics	5 436	4 456
Layer Transfer Solution	21 881	7 496
Equipment	2 109	-
UGT *Electronics*	**126 003**	**162 572**
Solar Energy	4 240	2
UGT *Solar Energy*	**4 240**	**2**
UGT *Lighting*	**-**	**-**
Total revenue	**130 243**	**162 574**

7. Notes to the consolidated financial statements as at September 30, 2012

7.1. Overview of the company and of the business activity

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 "Company" or the "Group".

The Group operates in three business segments:

- the Electronics business segment: the Group manufactures and sells silicon on insulator wafers primarily for the semiconductor industry. The Company's main products are Unibond™ wafers, which are made using the patented Smart Cut™ technology licensed exclusively to the Company by the French Atomic Energy Commission ("Commissariat à l'Energie Atomique" or "CEA"). This exclusive license runs up to the expiry of the registered patents, the first of which comes into the public domain in 2013. The activities acquired recently (III-V materials, layer transfer solutions) as well as the activity of Altatech are included in this scope.
- the Solar Energy business segment: since December 2009, when the Group took control of Soitec Solar GmbH (formerly Concentrix Solar GmbH), the Group has manufactured and sold concentrating photovoltaic modules while also designing and building photovoltaic installations with a view to their turnkey sale or their operation.
- the Lighting business segment: based on a portfolio of technologies developed by the *Electronics* business segment, the Group develops materials for the production of light emitting diodes and is implementing a strategy of alliances to become a player in this sector.

The Group has decided to separate the central support costs between the business segments. These costs, reported under the heading "Other", group together the general management costs of the Group including cash operations, consolidation, internal control, planning, financial reporting and legal expenses relating to regulations for listed companies, as well as the teams in charge of harmonizing practices and creating synergies between divisions (manufacturing, human resources, IT, quality control).

7.2. Accounting policies

7.2.1. Basis of preparation of the financial statements

- Basis of preparation

The Group's interim consolidated financial statements have been prepared according to the International Financial Reporting Standard IAS 34 (Interim financial reporting).

The interim consolidated financial statements do not include all the information and annexes required for full annual financial statements and should therefore be read in conjunction with the Group's consolidated financial statement as at March 31, 2012.

The Group's consolidated financial statements for the financial year ended March 31, 2012 are available on request at the Company's head office, located at Parc Technologique des Fontaines in Bernin (38190) or on its website www.soitec.com.

- Accounting policies

The accounting policies used by the Group in the interim consolidated financial statements at September 30, 2012 are the same as those used for the Group's consolidated financial statements as at March 31, 2012, with the exception of the accounting method for income tax, which is provided for in the interim consolidated financial statements based on the best estimate of the annual tax rate expected for the full financial year.

The new amendment to IFRS 7 "Transfers of financial assets", whose application is mandatory for all financial years beginning January 1, 2012 has no impact on the interim consolidated statements for the period ending September, 30 2012. This amendment states that companies must disclose in the notes to the financial statements financial assets that are not derecognized in their entirety and financial assets that are derecognized in their entirety but for which the entity retains continuing involvement. These new requirements will be included in the annual financial statements as at December 31, 2012.

The company has not early adopted any standards or amendments in the period ending September 30, 2012.

- 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 are made on the basis of information available at the reporting date of the financial statements.

The accounting policies and valuation methods used by the Group in the interim consolidated financial statements at September 30, 2012 are the same as those used for the Group's consolidated financial statements as at March 31, 2012, with the exception of the accounting method for income tax, which is provided for in the interim financial statements based on the best estimate of the annual tax rate expected for the full financial year.

7.2.2. Significant events in the period

7.2.3. Consolidation principles

All Group companies are controlled by the parent company and are therefore fully consolidated, with the exception of the joint venture RSOT which is 49.37% owned and accounted for under the equity method.

Control exists where the Company 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.

The consolidated financial statements as at September 30, 2012 encompass the financial statements of the Company and of all its subsidiaries except for the joint venture RSOT which is accounted for under the equity method:

Entity	Consolidated since	Percentage controlling interest	Country
Soitec USA Inc	1997	100,00 %	United States
Soitec Specialty Electronics S.A.S	April 2003	100,00 %	France
Soitec Japan Inc	June 2004	100,00 %	Japan
Soitec Phoenix Labs Inc	February 2006	100,00 %	United States
Soitec Microelectronics Singapore Pte Ltd	June 2006	100,00 %	Singapore
Soitec Solar GmbH	December 2009	100,00 %	Germany
Soitec Solar Spain S.A.U	December 2009	100 ,00 %	Spain
Soitec Solar Inc	December 2009	100,00 %	United States
Soitec Solar Industries LLC	December 2009	100,00 %	United States
CPV Rians S.A.S	July 2010	100,00 %	France
Soitec Solar Italia S.R.L LLC	August 2010	100,00 %	Italy
Soitec Solar Development LLC	September2010	100,00 %	United States
Soitec Solar RSA LTD	April 2011	100,00 %	South Africa
Soitec Korea LLC	July 2011	100,00 %	Korea
Soitec Solar France (formerly CPV Cerdagne)	Octobrer 2011	100,00 %	France
Reflexite Soitec Optical Technology LLC (RSOT)	November 2011	49,37 %	United States
Altatech Semiconductor SAS	January 2012	100,00 %	France
Soitec Corporate Services	July 2012	100,00 %	France

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 plant project. In general, the intention is to sell these legal entities to investors when the projects are sufficiently advanced.

The following entities were created during the financial year, placed under the exclusive control of the Group and are fully consolidated:

Entity	Consolidated since	Percentage controlling interest	Country
CPV Power Plant n°1 LTD	December 2009	100,00 %	South Africa
Concentrix Silicy 2 S.R.L LLC	August 2010	100,00 %	Italy
Newberry Solar 1 LLC	September 2010	100,00 %	United States
CPV Power plant n° 2 LTD	September 2010	100,00 %	South Africa
Alicoop Poggio Santa Lucia S.R.L LLC	November 2010	100,00 %	Italy
Alicoop Monte Bellone S.R.L LLC	November 2010	100,00 %	Italy
Desert Green Solar Farm	February 2011	100,00 %	United States
LanEast Solar Farm LLC	February 2011	100,00 %	United States
LanWest Solar Farm LLC	February 2011	100,00 %	United States
Desert Harvest Solar Farm LLC	April 2011	100,00 %	United States
Rugged Solar LLC	April 2011	100,00 %	United States
Tierra del Sol Solar Farm LLC	April 2011	100,00 %	United States
CX Giuggianello S.R.L LLC	October 2011	100,00 %	Italy
CX Minervino S.R.L LLC	October 2011	100,00 %	Italy
CPV Thuir-1 S.A.S	February 2012	100,00 %	France
CVP Durance-1 S.A.S	February 2012	100,00 %	France
CVP Narbonne-1 S.A.S	February 2012	100,00 %	France
CVP Llo-1 S.A.S	February 2012	100,00 %	France
Sorrel Solar Farm LLC	January 2012	100,00 %	United States
Solaire Touloubre Cannebières SASU	March 2012	100,00 %	France
Tierra del Sol II Solar Farm LLC	May 2012	100,00 %	United States
Los Robles Solar Power Plant LLC	May 2012	100,00 %	United States

Balances and transactions between Group companies are eliminated from the consolidated financial statements.

7.3. Notes to the balance sheet

Testing for impairment

As at September 30, 2012 the Group has examined the value of its non-current assets for each Cash Generating Unit (CGU).

In the Electronics business segment, although customers are managed centrally, its three product lines correspond to distinct production technologies and capacities. The CGU's identified are the 300m wafers, other sized wafers and other activities .The goodwill generated from the acquisition of Altatech has been allocated to the whole Electronics CGU.

The Group considers that there is an indication of an impairment loss on the whole of the Electronics CGU for the period ended September 30, 2012 and has carried out an impairment test on the three distinct CGUs and on the goodwill allocated to the Electronics CGU.

The impairment test on the non-current assets was carried out based on different probable scenarios derived from the updated business plan that was presented to the Board of Directors in September 2012. This business plan was determined over a period of 5 financial years (2013-2014 to 2017-2018). Beyond this period no future cash flow has been considered for the 300mm wafers CGU and the other sized wafers CGU given the technological nature of the products concerned. The exchange rate used is 1.30 Dollars per Euro over the whole period. The different scenarios considered in the calculation have been weighted to take into account their respective probability. The discount rate used is 15% after tax.

Based on these elements, the Group has recognized an impairment charge amounting to 32.2 million Euros on the non-current assets of the 300mm wafers CGU. The Group has also conducted a sensitivity analysis of the result of this impairment test according to the assumptions mentioned above. If the exchange rate used had been 1.35, an additional impairment charge of 4 million Euros should have been recognized. Similarly, if the discount rate used had been 17%, an additional impairment charge of 0.8 million Euros should have been recognized.

In addition, the results of the impairment tests show that an increase of 2% in the discount rate for the Electronics CGU, representing a decrease of 5 million Euros in the recoverable value of the CGU's assets, would result in a recoverable value equal to the book value of these assets. An increase in the discount rate above this threshold would lead to the recognition of an impairment of the goodwill allocated to this CGU.

In the Solar Energy business segment:

- for projects involving the design, building and operation of photovoltaic installations, a CGU encompasses each individual project or a group of inter-dependent projects located in the same geographic area;
- for installations which will be operated, a CGU encompasses individual installations or a number of inter-dependent installations located in the same geographic area;
- for the manufacturing and sale of concentrating photovoltaic modules, a business in which the Group is globally organized and in which customers are managed centrally and production is 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 is tested on the basis of the overall Solar Energy CGU.

Write down

The Group has re-evaluated the value in use of some specific items of equipment, notably production lines in Singapore and Freiburg. The Group has recorded write downs in order to bring the carrying value down to the value in use for each of these production lines.

7.3.1. Proceeds from purchases and sales of assets

- Goodwill, intangible assets and development projects

In the first half of the financial year 2012-2013, the change in net value for each asset category is as follows:

(in thousand Euros)	*Goodwill*	Capitalized development projects	Concessions, patents and other rights	Software	Other	Intangible assets in progress	Total
March 31, 2012	**30 668**	**3 339**	**13 863**	**13 467**	**-**	**5 261**	**66 598**
Transfers (gross book value)	-	2	13	5 153	1 680	(6 537)	491
Additions (gross book value)	-	-	-	-	-	8 459	8 459
Change in scope (net book value)	-	-	-	-	-	-	-
Exchange differences (net value)	-	-	-	126	(34)	(4)	88
Amortisation(net)	-	(186)	(1 832)	(3 492)	-	-	(5 510)
Disposals (gross value)	-	-	-	-	-	-	-
Impairment charges*	-	-	-	(2 351)	-	-	(2 351)
Change in goodwill	-	-	-	-	-	-	-
September 30, 2012	**30 668**	**3 155**	**12 044**	**12 903**	**1 646**	**7 359**	**67 775**

*The impairment charge of 2 351 thousand Euros has been included in other operating expenses (see note 7.4.4).

The increase in assets of 8 459 thousand Euros is split between the Solar Energy division (56%) and the Electronics division (44 %) and mainly relates to IT developments.

- Property, Plant and Equipment

In the first half of the financial year 2012-2013, the changes in net value according to asset category are as follows:

(in thousand Euros)	Buildings	Machinery and equipment	Other	Assets under construction	Total
March 31, 2012	**136 083**	**122 815**	**6 103**	**63 974**	**328 974**
Transfers (gross book value)	2 071	23 935	3 148	(28 071)	1 083
Additions (gross book value)	-	-	-	90 968	90 968
Change in scope (net value)	-	-	-	-	-
Exchange differences (net value)	2 297	1 875	22	110	4 304
Depreciation (net)	(5 798)	(14 090)	(724)	-	(20 612)
Impairment charge/write down**	(8 698)	(39 802)	(2 834)	22	(51 321)
Disposals	-	(5 335)	(6)	-	(5 341)
September 30, 2012	**125 955**	**89 398**	**5 709**	**127 003**	**348 065**

** An impairment charge of 29 798 thousand Euros is split between buildings (8 687 thousand Euros), machinery and equipment (18 277 thousand Euros) and other tangible assets (2 834 thousand Euros) and has been included in other operating expenses (see note

7.4.4).

The write down of specific equipment of 22 136 thousand Euros have been included in other operating expenses (see note 7.4.4).

The increase of 90 968 thousand Euros in assets is split between the Solar Energy division (70%) and the Electronics division (30%)

- In the Solar Energy division, the increase in the first half of the year relates to manufacturing investments (5th generation photovoltaic modules) in the San Diego site for an amount of 57 089 thousand Euros and in the Freiburg site for an amount of 5 764 thousand Euros, as well as other investments of 1 487 thousand Euros.
- The Electronics division established a pilot line for its research and development strategic projects.

7.3.2. Inventories

Inventories break down as follows:

(in thousand Euros)	September 30, 2012	March 31, 2012
Raw materials	39 147	35 811
Work in progress	19 793	13 401
Finished goods	18 870	24 515
Gross value	**77 810**	**73 727**
Inventory provisions	(10 639)	(7 104)
Net value of inventories	**67 172**	**66 623**

During the first half of the year, inventories remained relatively stable (+ 550 thousand Euros). The analysis per division shows opposing trends.

Inventories for the Electronics division decreased by 3 188 thousand Euros during the first half of the year. This decrease is attributable to the reduction of 4 018 thousand Euros in net finished goods and the net increase of 629 thousand Euros and 3 121 thousand Euros in raw materials and work in progress respectively.

The inventories for the Solar Energy division increased by 3 738 thousand Euros, due to the increase in raw materials and modules not yet delivered. An inventory provision of 1 600 thousand Euros was recognized on old generation modules, due to un-forecasted sales (for generations I to III) and in order to reduce this inventory to its net realizable value (for generation IV).

7.3.3. Trade receivables

The accounts receivable as at September 30, 2012 are as follows:

(in thousand Euros)	**Total accounts receivable**	Not past due	Past due 0-30 days	Past due 30-60 days	Past due 60-90 days	Past due 90-120 days	Past 120 days
September 30, 2012	**45 755**	39 824	563	2 526	458	9	2 374
March 31, 2012	**47 161**	42 305	825	-	1	973	3 056

The oldest receivables are subject to a repayment plan and do not require any provision.

7.3.4. Cash and cash equivalents

The cash and cash equivalents line item breaks down as follows:

(in thousand Euros)	September 30, 2012	March 31, 2012
Cash	64 792	117 479
Cash equivalents	66 164	142 325
Total value of cash and cash equivalents	**130 956**	**259 804**

Cash and cash equivalents is principally denominated in Euros

As at September 30, 2012, cash is invested in interest-bearing accounts. Cash equivalents are principally composed of short term deposits and money market securities.

7.3.5. Dividend payments

At the shareholders' General Meeting on July 3, 2012 the decision was taken to carry forward losses and not to pay out dividends.

7.3.6. Share-based payments

The expense recognized in the income statement for the period ended September 30 is 1 273 thousand Euros. In accordance with IFRS 2, and due to the failure to fulfill internal performance criteria based on revenue, EBITDA and available cash, as well as the completion of the key strategies in the Groups strategic plan, a part of the allocated recorded charge for the financial years 2010-2011 and 2011-2012 was reversed for an amount of 1 800 thousand Euros.

In the first half of the financial year, on June 4, 2012 the Board of Directors authorized a plan for the allocation of 1 021 786 free shares for 31 employees:

- Acquisition period:
  - from June 4, 2012 to June 3, 2014 for employees of French subsidiaries,
  - from June 4, 2012 to June 3, 2016 for employees of non-French subsidiaries.
- Conservation period: June 4, 2014 to June 3, 2016 for employees of French subsidiaries.
- Value of allocated shares : 2.614 Euros
- The acquisition of shares at the end of the period is subject to the meeting of performance criteria measured according to an internal composite indicator based on revenue, EBITDA and available cash, as well as the completion of the principal stages in the Group's strategic plan.

7.3.7. Contingent assets and liabilities

As part of the litigation relating to social security tax between the Company and the national insurance fund RSI, the Court of Appeal rejected Soitec's request for repayment after the latter lodged an appeal. An expense of 316 thousand Euros was booked for the financial years 2009-2010 for the fiscal adjustment.

The other pending litigations do not highlight any known risks which justify the recognition of a liability.

7.3.8. Borrowings and financial debt

The terms for the repayment of borrowings and financial debt as at September 30, 2012 are as follows:

	September 30, 2012				
(in thousand Euros)	< 1year	1 to 5 years	> 5years	Total	March 31, 2012
Finance leases :					
Property	6 325	6 669	-	12 994	16 866
Other machinery and equipment	45	-	-	45	1 044
Borrowings :					
Bonds: OCEANE 2014	529	130 776	-	131 305	133 234
Bank loans	1 779	755	-	2 534	3 176
Other borrowings and financial debt :					
Repayable advances	1 908	514	-	2 422	828
Financial payables	-	-	-	-	49
Derivative financial instruments	112	-	-	112	72
Used authorized line of credit	20 001	-	-	20 001	1
Bank overdraft	-	-	-	-	-
Other financial liabilities	6 612*	-	-	6 612	8 107
Total borrowings and non-current financial debt	**37 310**	**138 714**	**-**	**174 253**	**163 376**

*This amount includes shares amounting to 4 172 thousand Euros in the joint venture RSOT which has not yet been paid as at

September 30, 2012. As at March 31, 2012 the outstanding amount was 7 966 thousand Euros.

7.3.9. Provisions and other non-current liabilities

Provisions and other non-current liabilities break down as follows:

(in thousand Euros)	September 30, 2012	March 31, 2012
Deferred income	2 782	2 968
Other debtors	-	-
Non-current liabilities	**2 782**	**2 968**
Provisions for other liabilities and charges	5 310	7 218
Provisions and other non-current liabilities	**8 092**	**10 186**

Deferred income of 3 153 thousand Euros as at September 30, 2012 (split between 2 782 thousand Euros non-current and 371 thousand Euros current) relates to a payment received in advance in March 2011 as part of a development and technology licensing agreement. Revenue is recognized over the duration of the contract. The related development project costs are capitalized up to the amount of the advance payments received (see note 7.3.1).

The provisions for other liabilities and charges are mainly composed of a provision for post employment benefits amounting to 4 807 thousand Euros as at September 30, 2012.

- Statement of changes in provisions for other liabilities and charges

The provisions for other liabilities and charges break down as follows:

(in thousand Euros)	March 31, 2012	Allocation for the period	Reversal (Used)	Reversal (Unused)	Exchange diferences	Reclassification	September 30, 2012
Current provisions :							
Litigation	2 443	120	-	-	-		2 563
Warranty	-	-	-	-	-		-
Other liabilities	857	154	(857)	(21)		1 922	2 056
Total current	**3 300**	**274**	**(857)**	**(21)**	**-**	**1 922**	**4 619**
Non-current provisions :							
Retirement obligations	4 340	468	-	-		-	4 807
Litigation	-	-	-	-		-	-
Warranty	422	233	(12)	(141)		-	503
Other liabilities	2 456	386	(547)	(419)	46	(1 922)	-
Total non-current	**7 218**	**1 087**	**(559)**	**(560)**	**46**	**1 922)**	**5 310**

The provisions for other liabilities and charges are composed of various legal proceedings related to employee arbitration, commercial or tax issues.

7.4. Notes on the income statement

7.4.1. Employee costs

Employee costs recorded during the period break down as follows:

(in thousand Euros)	September 30, 2012	September 30, 2011
Wages and salaries, including social security costs*	(59 374)	(46 762)
Pension costs	(531)	(265)
Share-based payments	(1 273)	(2 930)
Total employee costs	**(61 178)**	**(49 957)**

*The employee costs reported also include incentive schemes.

The increase in payroll of 11 221 thousand Euros breaks down as follows:

- The Electronics division contributed 4 440 thousand Euros to the increase in employee costs. The acquisition of the company Altatech (in January 2012) accounts for the variance of 1 040 thousand Euros, given the headcount of 41 at the end of September 2012. In the United States investment in research and development in the Phoenix subsidiary (recruitment of 9 employees) and the payroll for the Phoenix and Peabody sites increased by 1 217 thousand Euros. In Asia, the creation of the subsidiary Soitec Korea contributed 248 thousand Euros and the 6 person increase in Soitec Japan's sales team led to additional employee costs of 172 thousand Euros.
- The development of the Solar Energy division resulted in an increase of 6 781 thousand Euros in employee costs. The Freiburg site contributed a further 4 064 thousand Euros following the recruitment of 80 employees during the course of the year, of which 56 were in the production team. The San Diego site saw its payroll increase by 2 717 thousand Euros after the recruitment of 67 extra employees, of which 45 were in production.

7.4.2. Research and development expenses

The research and development expenses break down as follows:

(in thousand Euros)	September 30, 2012	September 30, 2011
Gross research and development operating expenses	**(38 440)**	**(31 693)**
Sales of prototypes	3 743	1 655
Research and development grants recognized in the income statement	2 296	1 726
Repayable advances recognized in the income statement	257	5 073
Research tax credit	3 312	2 530
Other revenue	-	-
Total revenue net of operating expenses	**9 608**	**10 984**
Total research and development net of operational expenses	**(28 831)**	**(20 709)**

Research and development (R&D) expenses mainly consist of research expenses, which are recognized in the income statement. The increase in gross expenses was attributable to the ramp-up in R&D on the Group's strategic projects (Super-LED, solar cells and FD SOI).

During the six months ended 30 September 2012, the Group recorded total grants amounting to 2 553 thousand Euros (6 799 thousand Euros last year), including 2 296 thousand Euros in the form of subsidies (1 900 thousand Euros for the Exact programme alone) and 257 thousand Euros in the form of repayable advances. These repayable advances are recognized in the income statement where they reflect expenses committed to development projects at a preliminary stage, whose technical and commercial feasibility has not been established.

The research tax credit came to 3 312 thousand Euros over the course of the period (2 530 thousand Euros last year).

7.4.3. Depreciation and amortization included in the consolidated income statement

Depreciation and amortization included in the income statement breaks down as follows:

(in thousand Euros)	September 30, 2012	September 30, 2011
Cost of sales	(25 282)	(24 287)
Research and development expenses	(4 901)	(2 284)
Selling expenses	(61)	(55)
Photovoltaic project development costs	(3)	-
Administrative expenses	(724)	(316)
Total depreciation and amortization	**(30 971)**	**(26 942)**

7.4.4. Other operating income and expenses

The other operating income and expenses in the income statement break down as follows:

(in thousand Euros)	September 30, 2012	September 30, 2011
Other operating income :		
Total other operating income	**-**	**-**
Other operating expenses :		
Impairment charges	(33 600)	-
Write-downs	(22 136)	-
Inventory provision	(361)	-
Restructuring expenses	(164)	-
Total other operating expenses	**(56 260)**	**-**

Two main events have resulted in the recognition of a non current charge of 56.2 million Euros during the period; the first event was the realignment of manufacturing activities to address the deteriorating economic climate which resulted in the shutdown of the 300mm SOI production line in Singapore and of the 4th generation photovoltaic modules production line in Freiburg. This decision led to a write down of equipment of 17.2 million Euros (SOI 300mm) and 5.0 million Euros (photovoltaic modules) and a write down of associated inventory in Singapore of 361 thousand Euros. The second event was that impairment indicators arose due to the slowdown in demand of 300mm SOI which led the Group to perform an impairment test on the non-current assets of the 300mm wafer division. Based on the business plan presented to the Board of Directors in September 2012, an impairment charge of 33.6 million Euros has been accounted for.

7.4.5. Income tax

At the end of each period, the Group re-measures its deferred taxes. Within a single tax jurisdiction, deferred tax assets are recognized only up to the amount of deferred tax liabilities with the same maturity date.

As at 30 September 2012, the income tax amount for the period is nil. During the first half of the financial year 2011-2012 the income tax credit was 3 thousand Euros.

The difference between the theoretical income tax computed using the tax rate applicable in France (34.43% as at 30 September 2012) and the actual income tax expense shown in the income statement breaks down as follows:

(in thousand Euros)	September 30, 2012	September 30, 2011
Theoretical income tax benefit/(expense)	**45 412**	**4 432**
Unrecognized deferred tax assets	(46 232)	(6 294)
Non-deductible provisions and expenses	(309)	2 026
Non taxable income (research tax credit)	1 141	871
Adjustments for differences in income tax rates	(12)	(1 031)
Total income tax benefit/(expense)	**-**	**3**

7.4.6. Earnings per share

The earnings per share data used in the basic diluted earnings per share computations are as follows:

(in number of shares)	September 30, 2012	September 30 , 2011
Weighted average number of ordinary shares (excluding treasury shares) for basic earnings per share	**122 076 792**	**104 118 407**
Effect of dilution based on the treasury stock method :		
Stock options	-	219 905
ABSAAR	-	421 493
OCEANE	-	-
Free shares	586 446	389 513
Dilutive effect	**586 446**	**1 030 911**

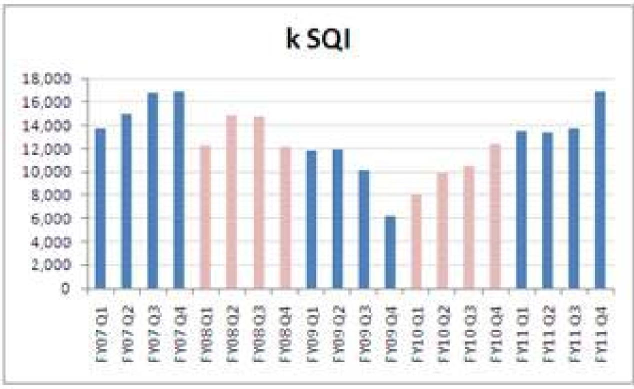
Weighted average number of ordinary shares (excluding treasury shares) adjusted for diluted earnings per share	**122 663 238**	**105 149 318**

Dilutive instruments are not taken into account in the calculation of diluted earnings per share where they lead to a reduction in the loss per share based on the number of shares outstanding.

7.5. Other information

7.5.1. Seasonal fluctuation in business trends

The Group's business activities do not show any seasonal pattern. The following chart shows quarterly wafer sales volumes over a period of five years, which is sufficiently long to eliminate the impact of fluctuations in exchange rates and selling prices. The fluctuations observed reflect cycles in the semiconductor sector or phases of growth linked to the launch of new products by our principal customers.



Some of the markets served by the Group may have their own seasonal patterns (impact of Christmas on game console sales or of the start of the school/university year on PC sales), but in actual fact sales fluctuations are driven to a greater extent by launches of the next generations of products, which are not generally seasonal (e.g. game consoles or tablets introduced first in the United States, then in Asia and then in Europe). Broadly speaking, the seasonal effects that may affect certain applications are diluted by the diversity of the markets catered to by the Group, i.e. consumer products (game consoles, PCs, tablets, smart phones, etc.), industrial products or products aimed at businesses (automotive, lighting, servers).

The solar energy business segment (predominantly sales of systems used to build power plants) is not subject to any seasonal effects.

7.5.2. Disclosures about related parties

Certain members of the Company's Board of Directors are also directors of ARM, Altatech and STMicroelectronics. The Group entered into commercial relationships over the six-month period with these companies. These transactions were negotiated without the personal involvement of members of the Board of Directors and the Group's senior managers believe that they were agreed with a sufficient degree of independence and at an arm's length basis.

Relationships with related parties, including arrangements for the compensation of senior managers, remained comparable to those in place for the financial year ended 31 March 2012.

7.6. Post balance sheet events

The Group entered into a PPA (Power purchase agreement) with the national electricity company Eskom for a 44 MWp solar power plant project in Touwsrivier, South Africa.

8. Statutory auditors' report on the interim financial statements Six months period from 1 April to 30 September 2012

(Six months ended 30/09/2012)

The report below is a free translation into English of the Statutory Auditors' report issued in French and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the shareholders

Soitec

Chemin Des Franques

38190 BERNIN

In compliance with the assignment entrusted to us by the Shareholders Meeting and in accordance with the requirements of article L.451-1-2 III of the French Monetary and Financial Code (Code monétaire et fianancier), we hereby report to you on:

- the review of the accompanying condensed half-year consolidated financial statements of Soitec, for the period April 1, 2012 to September 30, 2012,

- the verification of the information contained in the half-year management report;

These condensed half-year consolidated financial statements are the responsibility of the Board of Directors. Our role is to express a conclusion on these financial statements based on our review.

1. Conclusion on the financial statements

We conducted our review in accordance with professional standards applicable in France. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is less in scope than an audit conducted in accordance with professional standards applicable in France. Consequently, the assurance, obtained as part of a review, that the financial statements taken as a whole are free of material misstatement is a limited assurance and is lower than the level of assurance provided by an audit.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed half-year consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34- the standard of IFRS as adopted by the European Union applicable to interim financial information.

2. Specific verifications

We have also verified the information given in the half-year management report on the condensed half-year consolidated financial statements subject to our review. We have no matters to report as to its fair presentation and consistency with the condensed half-year consolidated financial statements.

Marseille and Meylan, the 19th November 2012

The statutory auditors

PRICEWATERHOUSECOOPERS AUDIT	Cabinet MURAZ PAVILLET
Philippe Willemin	Christian Muraz