ANNUAL REPORT | 2011-2012

Soitec

Photo credits / Christian Morel

Interview with

André-Jacques AUBERTON-HERVÉ
Chairman and Chief Executive Officer

“In solar energy, our technology allows us to achieve a yield in our modules double that of standard photovoltaic technologies.”

How would you sum up 2011–2012?

We are in a period of transition. The past financial year demonstrated the expansion in our business portfolio and in the applications of our technologies and products, especially in the solar energy market.

The ramp-up in this new business has led to a period of heavy investment, but one that will enable us to pursue this strategy on an industrial scale given an order backlog totaling over 700 million US dollars.

It also represents an opportunity to double our sales over the next three years, as this new solar energy business is set to grow to around the same size as our semiconductors business.

We are thus on track to meet the goal we announced, which is to build on our success in semiconductor materials–still our core business–to establish a solid presence in electronics, solar energy and light-emitting diodes (LED). These three growth drivers have similar potential, but further work is required for us to unlock it in LEDs.

During the financial year, we had a growth in sales of over 15%.

That said, this growth increase fell short of our original forecasts. Our potential was curbed by macroeconomic conditions caused by the endemic crisis in Europe, as well as unforeseen events, such as the floods in Thailand, which disrupted worldwide deliveries of products manufactured in these regions. These factors are likely to continue to affect our sales in 2012.

Against this backdrop, the electronics business did not generate the expected profits or make the contribution towards funding development of the solar energy business to the extent we had hoped for.

All in all, it was a year of significant change, albeit with somewhat lackluster performance, but we clearly demonstrated the relevance of our positioning and strategy. In electronics, we upheld our commitment to establish ourselves in next-generation substrates in fast-growing markets for semiconductors. ST-Ericsson’ s decision to select our FD-2D technology for its next generation of processors, for example, is testimony to this.

André-Jacques AUBERTON-HERVÉ, Chairman and Chief Executive Officer

“ Smartphones and touch-screen tablets are flying off the shelves. Consumers are used to a new and richer experience being rolled out for them every 12 to 18 months. The ability to boost the performance of these products and deliver greater energy efficiency is a critical competitive advantage. ”

Given this backdrop, how do you see Soitec’s markets developing?

All our markets are experiencing change.

In semiconductors, growth is now driven by end consumers, rather than by manufacturers. In microelectronics, the market used to be powered by servers and PCs, with demand flowing from the requirements of major industrial groups. But now mobile products, an area in which an ability to adapt swiftly to the short cycles in mass markets is critical, have taken up the baton. Unlike our competitors, we have successfully demonstrated our ability to plan ahead for the inevitable changes and our agility by supplying the right products at the right time.

There has also been tremendous change in renewable energies and in solar energy in particular, with the growth in our markets forecasted to hold up at over 15% over the next five years. For a long time, Europe has led the way in this sector through its policy of offering generous tax incentives, but these encentive are currently being slashed. As a result, the market is naturally shifting towards very sunny regions with lower subsidies.

Along these same lines our investment in solar energy with our Concentrator Photovoltaic (CPV) technology is focused primarily in the sunniest regions and capable of generating electricity wich is more cost effective than other energy sources-be they renewable, fossil fuels or nuclear.

The energy yield of our modules is already two times higher than that of standard photovoltaic technologies. Our products, which are directly based on space technologies, use robust and straightforward components that have been tried and tested for 40 years. In addition, their energy footprint turns neutral after just a few months.

We are clearly targeting an industrial-scale model, as adopted by energy producers possessing an installed capacity of several tens of megawatts and operating several large solar farms. This model is in stark contrast with the disparate portfolio of small sensors common in Europe, which can be hard to manage because of its unpredictability with intermittent sunshine and the wide variety of equipment used.

How do these initiatives fit with your sustainable development goals?

Since its inception, Soitec has adopted an integrated approach to improve the performance of its products, reduce their power consumption and cut costs.

This approach is even more relevant today with the boom in products such as smartphones and tablets, for which energy efficiency and battery life are crucial factors. While contributing to performance improvements, the reduction in thermal heating associated with Silicon on Insulator (SOI) technology has played a key role in our success in these mobile products.

Do you have sufficient funds to complete these strategically important programs given that you expect business conditions to remain "under pressure" in 2012?

If we look back at the key milestones of 2011, it is clear that funding was never lacking.

In solar energy, following on from the acquisition of German company Concentrix in 2009 and the research agreements with the Fraunhofer Institute for Solar Energy Systems, the power purchase agreements signed with San Diego Gas & Electric (SDG&E) represented the first commercial success achieved by our strategy. Building on these contracts during 2012, we intend to set up a facility assembling our concentrator photovoltaic systems in San Diego, handling the annual equivalent of 200 MW $_{(AC)}$ in production capacity for customers in North America.

The rights issue that we completed for this purpose in July 2011 was taken up in full by our shareholders. By giving us the funds we need to execute our strategy, they backed the pertinence of our strategic positioning and uptake of our products in the marketplace.

Their confidence was crucial at this key time. The gratitude that we owe them has made us even more demanding in our continuous improvement drive for our industrial processes and the quality of our products.

"We are developing our technologies using a profitable and competitive industrial-scale model, while abiding by our commitment to an environmental and social responsibility program."

Did you also devote more resources to innovation?

The execution of our strategy of innovation was also backed up with critical financial resources and with investments dedicated to our new substrates for the electronics market, our next-generation solar cells and our advanced materials for light-emitting diodes. In particular, we received support from the public authorities by responding to calls for projects under the French government's "Investissements d'Avenir" program.

This program will help roll out our technological advances in semiconductors while retaining our leadership position and our firmly established competitive advantage.

FSI (Fonds Stratégique d'Investissement), which moved into our capital in July 2011, has enhanced our credentials in energy markets; an area in which relationships with public authorities can play a key role.

Lastly, the innovation agreement we signed in 2011 with Sumitomo Electric, the world leader in materials for light-emitting diodes, laid the foundations for our strategy in the lighting segment.

Our progress during the financial year thus confirmed the Group's new dimension, with expansion in solar investments in Germany and the United States and a stronger sales presence in South Africa, Morocco, etc.

Leveraging our global culture, we can legitimately lay claim to be established in both the electronics and energy markets.

2011–2012

- A lackluster year. Results demonstrate the importance of our investments to execute of our growth strategy.

Key figures

Full year
sales up 15.1%
to 323.4 million euros

Gross profit of
50.4 million
euros

Current operating loss of
45.8 million
euros

259.8 million euros
in cash and cash equivalents
at March 31, 2012

- Shareholders demonstrate renewed confidence in us despite the adverse environment. New financial resources are being devoted to speeding up development.

- In keeping with the change sweeping through the markets, Soitec has renewed its range of products by serving mobile markets and meeting the needs of consumers.
  - Electronics – New Fully Depleted 2D and 3D substrates and Bonded-SOS: Soitec delivering innovatime products to commensurate with the requirements of major industrial customers.
  - Energy – With its concentrator photovoltaic (CPV) technology, Soitec is establishing itself as a the global leader in supplying of high-power solar facilities.

- Worldwide – Expansion in its manufacturing operations in international markets has brought Soitec closer to its strategic markets.

- Sustainable Development: introduction of a Code of Conduct, launch of a carbon footprint assessment, “Sunidarity” initiative.

CONTENTS

Photo credits / Soitec Solar GmbH

SOLAR

“Soitec’s solar offering stands out with its high level of energy performance and has established the company as a leading player in this market.”

CUTTING-EDGE TECHNOLOGY
OPTIMIZING GENERATION OF SOLAR ENERGY

Expansion into solar energy on an international scale now represents a major strategic avenue of development for Soitec. Its initial contract wins, in particular in the United States, have vindicated the merits of its innovative approach combined with the most effective range of technical products in the solar energy market.

Given that global energy demand is forecasted to double out to 2050 and concerns about global warming are gaining ever more credence, new forms of electricity generation need to be developed to provide access to energy sources for everyone wherever they are in the world.

Soitec's innovative solutions are focused on solar energy, which is clean and inexhaustible. The Group provides an extensive, coherent and well-structured range geared to a fast-growing market, particularly in the sunniest regions.

Highly efficient technology for the sunniest regions

In keeping with its culture of innovation focused on highly differentiated products able to meet the needs of specialized, expanding markets, Soitec provides the sunniest regions (south-western US, northern and southern Africa, Middle East, certain regions of Asia, etc.) with integrated electricity generation solutions operating on a large scale.

The Group uses Concentrix technology to manufacture concentrator photovoltaic (CPV) modules, which generate an energy yield double that of products employing standard silicon-based technologies.

These modules comprising Fresnel lens plates, which concentrate sunlight by a factor of 500 on high-efficiency solar cells, are mounted on automatic biaxial trackers and are delivered in the form of turnkey solar facilities.

This strategy has led to orders from San Diego Gas & Electric (SDG&E) representing a total of close to 305 $MW_{(AC)}$ in capacity.

The systems fulfilling these orders will be manufactured using photovoltaic modules assembled in San Diego, closer to the end markets, at a manufacturing facility recently acquired for this purpose. It is due to enter service in early 2013, with its annual capacity ultimately set to reach 200 $MW_{(AC)}$.

Other projects involving the supply of solar systems continued during 2011–2012, especially in South Africa, Morocco and China.

An additional range of products for remote locations

At the same time, the Group has developed a small-scale version of its systems for standalone solar farms.

These Plug&Sun™ mini-trackers have a generating capacity of just a few kilowatts, but can cover the local consumption needs of remote locations without power transmission and distribution infrastructure.

This system is the first high-efficiency solar energy system that can generate clean energy at remote sites. It is intended for use in highly sunny regions and represents a viable alternative to using an electricity generator.

SOITEC'S CPV TECHNOLOGY BOOSTS SOLAR ENERGY GENERATION

Soitec's concentrator photovoltaic technology (CPV) uses triple-junction cells commonly found on satellites. Mounted on a glass plate, they convert sunlight concentrated over 500 times using Fresnel lens plates (also manufactured using silicone-on-glass) into electrical energy. Each CPV module is thus formed of two glass plates mounted on a metal frame–a design giving the overall unit its strength.

Stacking three junctions means that cells can convert different parts of the solar spectrum (infra-red radiation, short and medium waves) and achieve an energy yield of 38%.

This efficiency translates within the modules into performance double that of conventional photovoltaic technologies.

At present, Soitec is developing the Smart Cell, a new type of cell. It will harness Soitec's Smart Cut™ and Smart Stacking™ technologies used to transfer thin layers of semiconductor materials. The aim is to achieve an energy yield of close to 50%.

Focus

2011–2012

Contracts in California/San Diego facility

- Dec. 21, 2011 | Inauguration of Soitec's new manufacturing facility and the US headquarters of its solar energy activities in the presence of the Governor of California
- Dec. 16, 2011 | Manufacturing facility acquired in San Diego to produce CPV modules for the US market
- Nov. 11, 2011 | Regulatory approval secured for power purchase agreements totaling 155 MW for California projects
- May 18, 2011 | SDG&E signs new contracts with Soitec for 125 MW of solar power in San Diego
- April 12, 2011 | Announcement by SDG&E of three renewable power contracts with Soitec for up to 30 MW

Photo credits / Soitec Solar GmbH

South Africa

- February 9, 2012 | Financing secured by Soitec for construction of a 50 MW power plant in South Africa
- Dec. 9, 2011 | Inauguration of a Soitec solar power plant by the President of the Republic of South Africa
- Dec. 7, 2011 | Preselection of Soitec by the South African government to set up a 50 MW CPV plant
- Nov. 28, 2011 | Supply by Soitec of green energy to the UN's annual conference on climate change (COP17)

North Africa

- July 4, 2011 | Franco-Tunisian cooperation in energy: installation of a demonstration facility combining Soitec's Concentrix™ concentrator photovoltaic technology with the electricity storage systems developed by the CEA
- June 15, 2011 | Signature by Soitec and Schneider Electric of a memorandum of understanding with Masen to set up an integrated partnership based on CPV technology in Morocco

Other countries

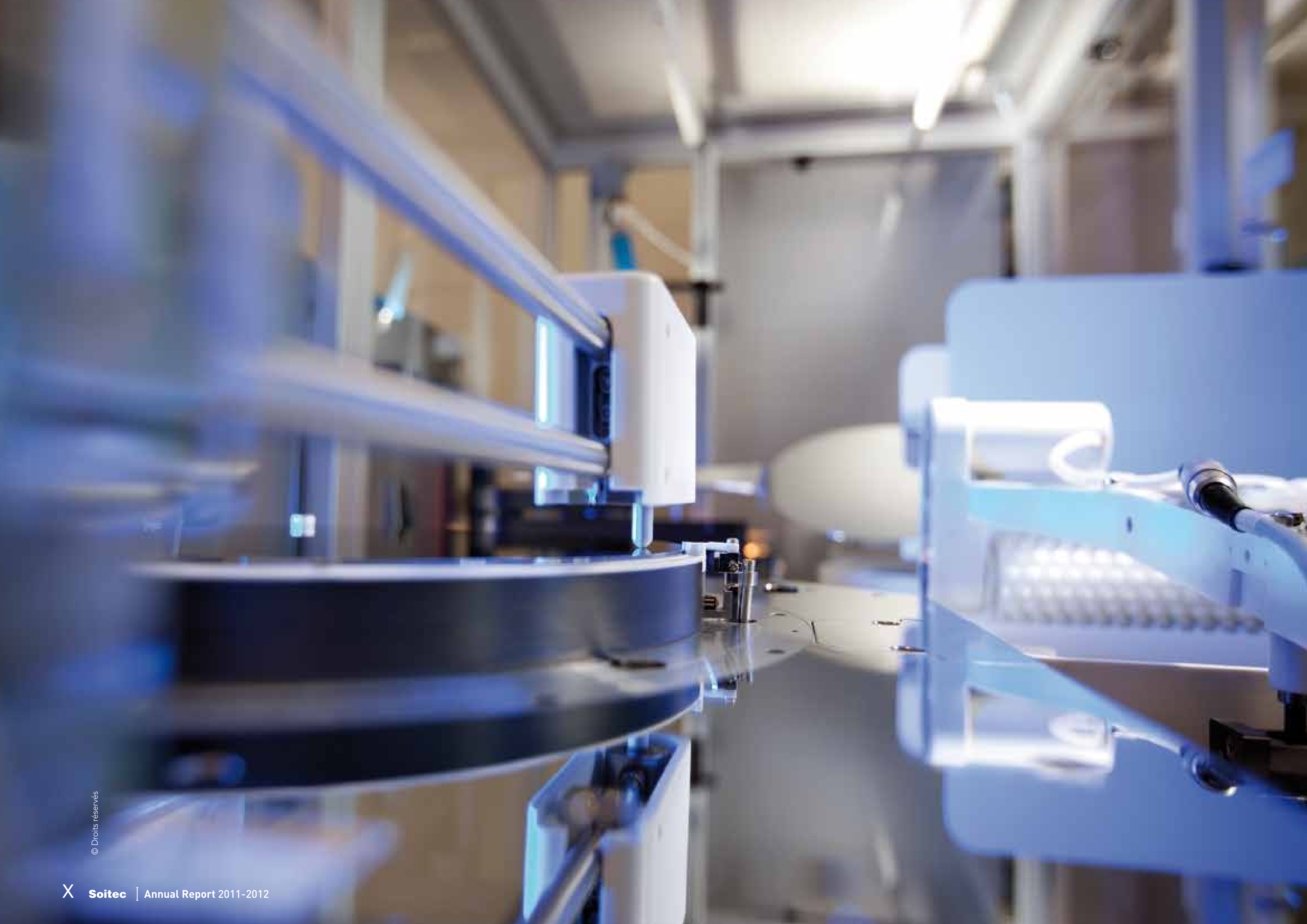
- February 23, 2012 | Call for tenders launched by the French energy regulation commission: Soitec's CPV technology at the heart of solar energy projects with 72 MW in France.
- Nov. 30, 2011 | Signature by Soitec of its first order in China to supply CPV solar systems

Partnerships

- March 15, 2012 | Finalization of Soitec's acquisition of Soitec Solar GmbH and extension of its technological alliance with the Fraunhofer Institute for Solar Energy Systems
- Nov. 15, 2011 | Joint venture set up by Soitec and Reflexite Energy Solutions to ensure the most competitive CPV solutions
- April 1, 2011 | Announcement by Soitec and Schneider Electric of a major technological cooperation agreement in solar farms

Products

- Dec. 13, 2011 | Launch of Plug&Sun™, the first concentrator solar mini-tracker designed for remote sites
- Oct. 18, 2011 | Launch of the fifth generation of concentrator photovoltaic systems for large-scale solar power plants



ELECTRONICS

“ *Developments in microelectronics are increasingly focused on mobile products* ”

BETTER, CHEAPER, FASTER:
MOBILITY NOW A REALITY, INNOVATION GATHERING PACE

Growing demand for mobile solutions and increasingly targeted usage patterns are now powerful drivers in the electronics market. The semiconductor industry is set to continue boosting circuit speeds while cutting power consumption, and this means further miniaturization of transistors, delivering higher performance at a competitive cost. By harnessing its innovative technologies, Soitec is able to provide materials satisfying these requirements.

The electronics market is experiencing tremendous change as a result of a fundamental trend that has been seen for nearly five years now–the worldwide development of smartphones and tablets, together with moderate growth in PCs and laptops.

Since it has developed semiconductor materials perfectly suited to rising to the performance and energy efficiency challenges, Soitec has always been able to meet the needs of large industrial groups, such as IBM and GLOBAL FOUNDRIES, as well as the manufacturers of the three main game consoles in the market.

For the past 20 years, the regular enhancements made to its SOI (Silicon On Insulator) product, the cornerstone of its product range, have helped chip manufacturers to reap constantly enhanced benefits in terms of processing speed, power consumption and miniaturization.

Even so, Moore's law (which states that the number of transistors on a processor doubles every two years) is now in question. With etching at below 28nm, current technologies in the semiconductor industry experience serious leakage issues. And this puts the cost/performance ratio under pressure. To combat these parasitic effects, the insulation of transistors needs to be improved.

Fully Depleted technology gives a fresh boost to transistor performance

This observation prompted Soitec to put a platform into production during the 2011–2012 financial year dedicated to the so-called Fully Depleted architecture, which represents a major industrial milestone. According to research by ITRS (International Roadmap for Semiconductors), this new architecture is the sole hope of achieving further miniaturization in transistors while maintaining a healthy cost/performance ratio.

Designed primarily for next-generation mobile platforms, Soitec's FD range features two types of products:

- **For planar transistors, Soitec's FD-2D products comprise an ultra-thin top silicon layer (12 nm) insulated by an ultra-thin (25 nm) buried oxide (BOX) layer on top of the silicon substrate.**

  They allow IC manufacturers to keep the same chip design and technological processes, while delivering multimedia mobile products to mass markets with immediate performance and energy efficiency improvements. Compared with conventional CMOS technology (based on bulk silicon), FD wafers can reduce power consumption by up to 40%.

  They may also boost processor performance by up to 60%, depending on the design optimizations.

  Soitec's FD-2D products, which are already available, have been chosen by ST-Ericsson for its next-generation mobile platform.

- **For three-dimensional (FinFET) transistors, Soitec is able to deliver wafers based on its FD-3D products on which the top silicon layer has exactly the fin height required by manufacturers for etching transistors.**

  The benefits provided by predefining the height of these silicon fins, as well as their insulation at substrate level, make manufacturing simpler and thus lead to less variability in processes, paving the way for higher chip performance.

  Thanks to Soitec's FD-3D products, industrial groups are able to adapt their manufacturing processes to the new technology more easily. Compared with massive silicon, these FD-3D wafers have shorter learning and refinement cycles for the FinFET process, with fewer industrialization-related hurdles to overcome.

  This translates into a more rapid time to market for wafer fabs embracing FinFET technology– perhaps up to a year less compared with conventional bulk silicon substrates.

These two types of products employ the Smart Cut™ layer-transfer technology developed by Soitec to generate ultra-thin silicon layers with a high standard of quality and uniformity.

Industrial groups embracing Soitec's innovations

Soitec's Fully Depleted wafers, which are already available, facilitate a low-risk migration to FD technology from 28 nm technology cores. The new technology, which is initially being adopted for 300 mm wafers, will also be compatible with future 450 mm wafers.

Soitec is currently working on validating the industrialization processes for FD technology as part of its alliance with IBM at the Albany facility (New York state) and with its other longstanding partners, CEA-Leti and STMicroelectronics.

ST-Ericsson (for FD-2D) and IBM (for FD-3D) demonstrated their determination during 2011 to adopt Soitec's new FD products for the development of their very high-performance processors.

Bonded-SOS adheres to end user's expectations

The past year also saw additions to Soitec's range of substrates for the manufacture of RF integrated circuits for mobile applications in the form of Bonded-SOS (Bonded Silicon on Sapphire).

Developed with US company Peregrine Semiconductor, Bonded-SOS has been qualified for use in manufacturing its next-generation STeP5 UltraCMOS™ RF integrated circuits.

Combining Soitec's wafer-bonding technologies and industrial know-how with the expertise gained by Peregrine in the design of integrated circuits, this substrate delivers the leading-edge RF performance required by the constantly evolving mobile wireless and industrial markets. It makes for major improvements in RF integrated circuits by reducing circuit size and boosting performance by up to 30%.

LIGHT-EMITTING DIODES SIGNAL A PROMISING PARTNERSHIP

Following on from the strategic alliance forged in 2010 by Soitec and Sumitomo Electric in the development of engineered gallium nitride (GaN) substrate, the partners unveiled a major milestone in January 2012 when they demonstrated four- and six-inch engineered GaN substrates using Soitec's mature Smart Cut™ layer transfer technology.

These substrates were produced by transferring ultra-thin high-quality GaN layers from a single GaN wafer to produce multiple engineered GaN substrates.

The partners have started to launch pilot production lines at the Bernin facility in France and Itami plant in Japan. The combination of Smart Cut™ technology with Sumitomo Electric's high-performance, but costly product has broken down the barriers to entry for light-emitting diodes (LEDs) into mass markets. The joint products are ideally suited for manufacturing advanced high-brightness LEDs for the lighting market and power-efficient controllers for the electric vehicles and energy markets.

ELECTRONICS

BETTER, CHEAPER, FASTER: MOBILITY NOW A REALITY, INNOVATION GATHERING PACE

Photo credits / Christian Morel

Focus

2011–2012

Public financing for R&D programs

- July 21, 2011 | French government's call for digital technologies-nanoelectronics projects: projects submitted by Soitec receive a letter of commitment from the French Prime Minister

Fully Depleted SOI

- April 16, 2012 | Mobile and consumer electronics industry: Soitec provides affordable paths to higher performance, lower-power processors for mobile and consumer devices
- April 16, 2012 | Soitec outlines its fully depleted product roadmap for advanced planar and three-dimensional transistors
- March 12, 2012 | Soitec announces adoption of its fully depleted technology for advanced new mobile platforms: ST Ericsson selects FD planar transistor technology for NovaThor™, its next generation of processors

Bonded-SOS

- May 17, 2011 | Soitec showcases its full range of RF substrate technologies at CS ManTech in California

Advanced substrates for LEDs

- January 25, 2012 | SEMATECH and Soitec partner to advance next-generation transistors and metrology techniques
- January 24, 2012 | Soitec and Sumitomo Electric announce major milestone in strategic joint development of engineered gallium nitride (GaN) substrates. Successful demonstration of 4- and 6-inch GaN engineered substrates leading to the installation of pilot production lines

Key figures

Soitec's products are used in:

- the three main game consoles available
- in the marketmost smartphones and tablets with RF circuits

Patents:

Soitec was among the top 30 French companies filing patents with the National Industrial Property Institute (INPI) or the other principal patent offices in 2010 (Source: OPI, March 2012)

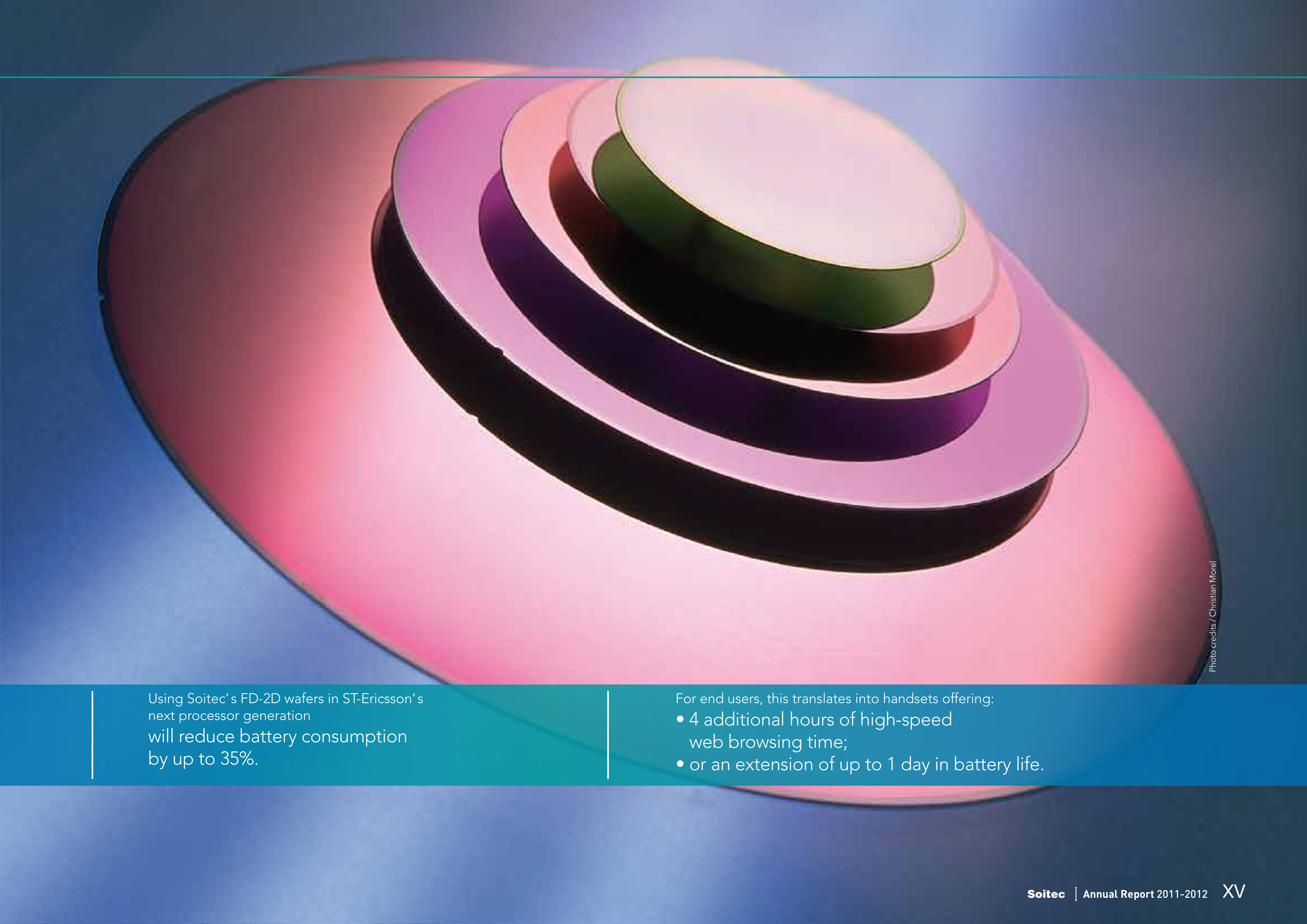


Photo credits / Christian Morel

Using Soitec's FD-2D wafers in ST-Ericsson's next processor generation
will reduce battery consumption by up to 35%.

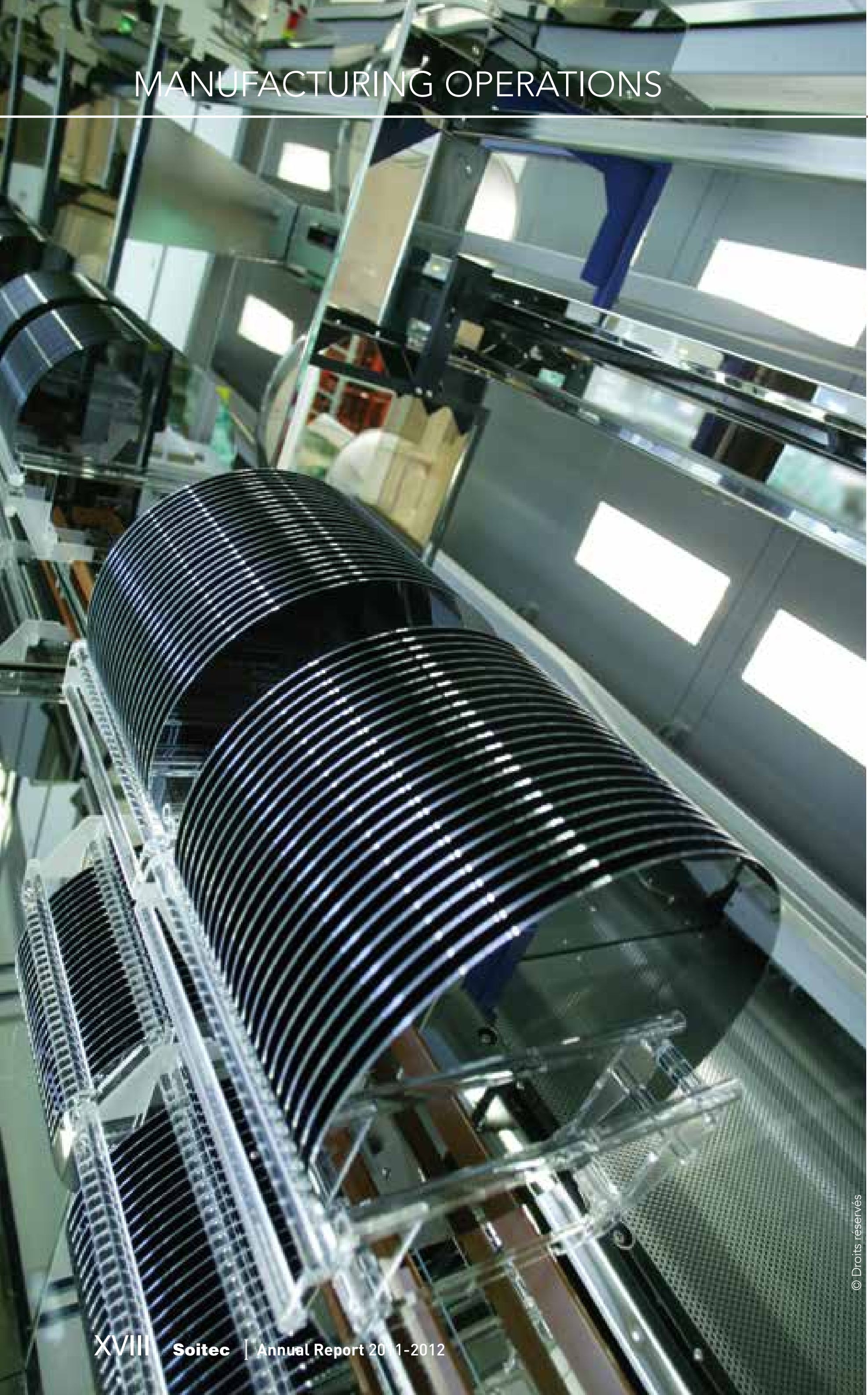
For end users, this translates into handsets offering:

- 4 additional hours of high-speed web browsing time;
- or an extension of up to 1 day in battery life.


Photo credits / Christian Morel

MANUFACTURING OPERATIONS

“ *By employing the most efficient methods and the best expertise, our manufacturing organization has become even more competitive and efficient* ”



FACILITIES AND METHODS:
SOITEC READY TO MEET THE CHALLENGES ASSOCIATED WITH NEW PRODUCTS

Soitec successfully optimized its production operations during 2011. With the ramp-up in its solar energy business, the installation of a module production facility in California will help to serve this highly competitive and demanding flagship market. At the Bernin facility, the incubators are preparing for the emergence of new products to support the Group's strategic realignment.

Building an extensive, competitive and innovative offers and developing a range of services commensurate with customers' expectations are among the unwavering goals of Soitec's industrial strategy.

Operations supporting the ramp-up in new products

From an industrialization standpoint, the highlight of the year was the ramp-up in Smart Stacking™ bonding technologies for the manufacture of Bonded-SOS. The goal is to meet growing demand in mobile telephony for higher wave reception quality (owing to improved signal linearity in the RF front end module) of smartphones, which have to deal with a tremendous increase in data volumes.

The year was also marked by qualification and preproduction of the planar (2D) Fully-Depleted substrates, which are highly competitive from a cost and performance gain perspective.

Soitec has set up incubator units to speed up development of the new products and technologies, while optimizing the available resources.

The Smart Cell incubator focuses on improving the efficiency of photon-electron cells. Its goal is to boost the cells' yield to 50%.

The LED incubator is also addressing industrialization-related challenges, with the aim of optimizing the Bernin facility's resources by implementing a common pilot line for LEDs and the Smart Cell.

Lean management and certification, to achieve constantly greater competitiveness and quality

Soitec's multi-facility organization has prompted the Group to improve relentlessly the efficiency of its manufacturing operations by adopting the most effective methods and the most advanced expertise.

Focused on the Group's flagship projects (solar energy, Fully Depleted 2D and 3D substrates, support for the activities of the incubators, etc.) and looking to make the continued cost-effectiveness of its manufacturing processes its top priority, Soitec took steps during 2011–2012 to boost its use of lean management techniques.

The Freiburg facility in Germany, which specializes in the manufacture of solar modules using Concentrix™ technology, was selected as a pilot plant to demonstrate how the introduction of visual management or the short-interval reviews characteristic of lean management, can be used to optimize the suitability of the industrialization of its products for market cycles, reduce risks and enable customers to benefit from production that is broadly more effective and yet less costly.

Lastly, Soitec gained ISO/TS 16949 certification during 2012 for the electronics activities at its Bernin and Paris South facilities, ISO 9001 and ISO 14001 accreditations for the Freiburg plant dedicated to photovoltaic activities and OHSAS 18001 certification for the Paris South facility (all plants dedicated to the manufacture of semiconductor materials are now compliant, and the Freiburg site is set to join them by year-end 2012).

SOITEC'S PRODUCTION FACILITIES

MANUFACTURE OF SOI, BERNIN SITE

Bernin 1-1 150-200 mm wafer line, with production capacity of 800,000 wafers p.a.

Bernin 2-1 300 mm wafer line, with production capacity of 700,000 wafers p.a.

Bernin 3-1 line dedicated to the production of the Bonded-SOS substrate and to the incubators

MANUFACTURE OF SOI, SINGAPORE SITE

1 300 mm line with a capacity of one million wafers p.a. eventually.

MANUFACTURE OF CONCENTRATOR SOLAR MODULES, FREIBURG FACILITY (GERMANY)

Acquired in 2009 through the integration of Concentrix, the facility manufactures IV and V generations of solar modules. It has an annual production capacity of 18 $MW_{(AC)}$, which is set to rise to 50 $MW_{(AC)}$ from the summer of 2012.

MANUFACTURE OF CONCENTRATOR SOLAR MODULES, SAN DIEGO FACILITY (CALIFORNIA)

The plant will specialize in high volumes for solar energy generation, with production expected to reach 200 $MW_{(AC)}$ from 2013 onwards.

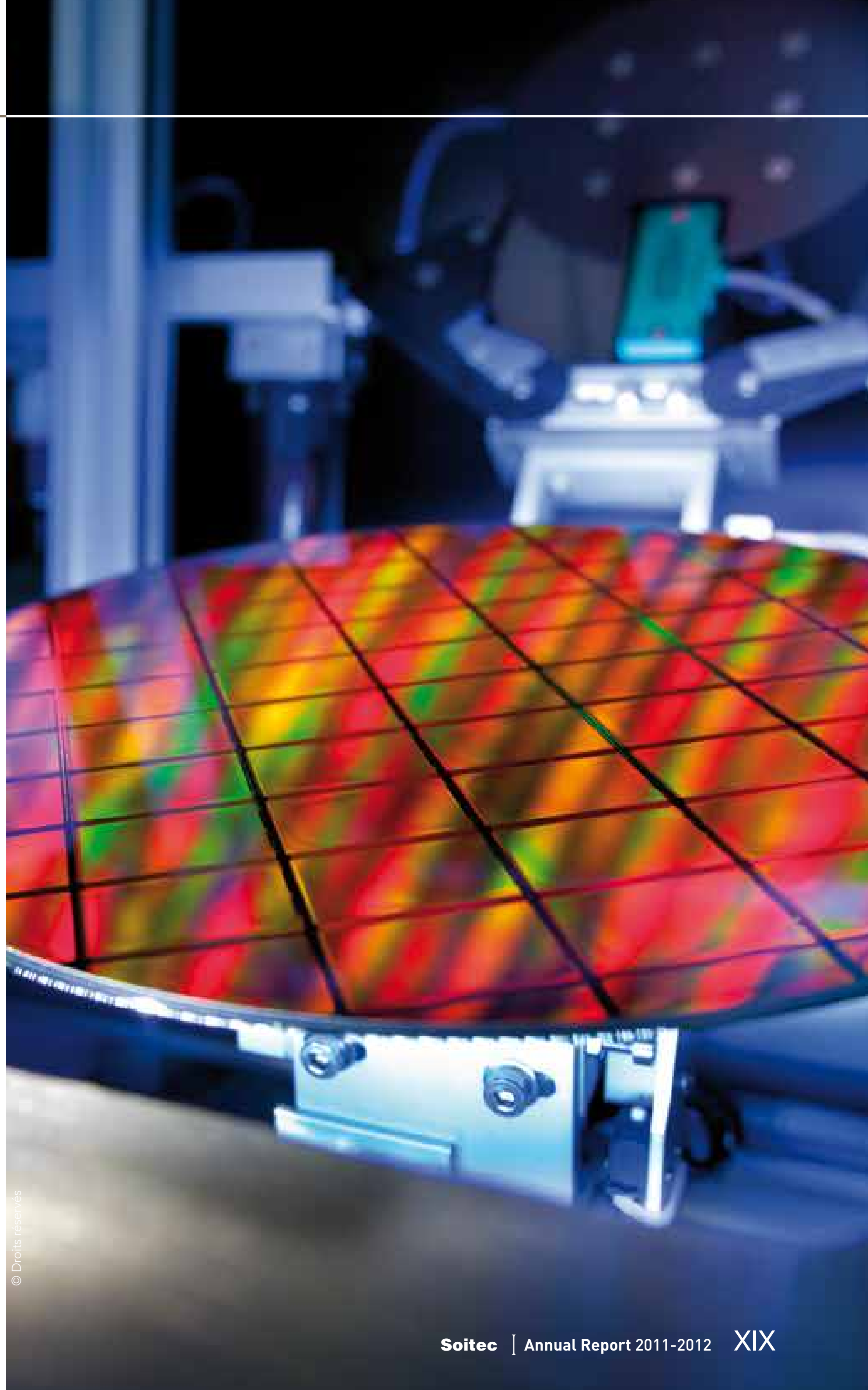


Photo credits / Christian Morel

SUSTAINABLE DEVELOPMENT

CONCRETE INITIATIVES,
IN KEEPING WITH THE GROUP'S VALUES

Soitec has been pursuing a strategy of sustainable development in line with the fast pace of its international expansion and the boom in its new businesses. The creation of a sustainable development department in 2011 led to a switch from project mode to a full-fledged organized corporate body. The Group also implemented a number of concrete initiatives for the environment and introduced ethical, solidarity-based and socially responsible practices.

Environment: tangible progress

From an environmental perspective, the highlights of 2011–2012 include the 14001 certification of two new Soitec facilities, namely Paris South in France and Freiburg in Germany. The Bernin and Singapore facilities had already gained ISO 14001 accreditation, and the San Diego plant is set to secure certification next year.

In parallel, Soitec launched a carbon footprint assessment of all its production facilities and subsidiaries (in France and outside of France) to obtain clear and extensive information about its energy needs and impact on the environment. Areas for improvement, targets for medium-term reductions (2012-2015) and definitive action plan will be finalized by the end of 2012. This will cause Soitec to implemente clear and progressive checks on its contribution to cutting greenhouse gas emissions.

In addition, the Group has implemented its Sunidarity initiative, with a call for projects from associations, foundations and NGOs to support the availability of generation systems in regions with very little energy infrastructure. Soitec will make its Plug&Sun™ product, which can be used to generate electricity completely autonomously available to selected projects.

Lastly, Soitec teamed up in November 2011 with the Champs-Elysées Committee to offset electricity consumption from the end-of-year illuminations using the power generated by 26 trackers at its Themis solar energy plant (Department of Pyrénées Orientales, South of France).

Adoption and introduction of a Code of Conduct

To ensure its actions remain consistent with its corporate culture and values, Soitec introduced a Code of Conduct in 2012. It applies to all its employees and is implemented in all the countries in which the Group operates, in accordance with the Group's legal and cultural environment. It also governs Soitec's relationships with its various partners, including shareholders, customers, suppliers, public agencies and authorities, etc.

The goal of our sustainable development policy is to protect confidential data, appropriatly use corporate assets and while ensure adherence maintain to the principles of fair competition, integrity of relationships with third parties, and prevent conflicts of interest and insider trading.

In addition to respect for employees, the Soitec Code of Conduct sets forth principles for training, career growth and protects, knowledge and research results.

Lastly, it reiterates Soitec's commitment to abide by international labor agreements and fundamental human rights, to protect the environment, and promote sustainable development.

Social responsibility: promote training and integration

Given the acceleration in its international expansion (30 nationalities are now represented in the Group's workforce), Soitec has introduced a mobility policy between its facilities at Bernin, Paris, Singapore, Freiburg and San Diego.

In parallel, expansion in solar energy is expected to lead to around 300 new hires during 2012 (250 for the San Diego facility and another 50 or so for the Freiburg plant).

The Group has also planned ahead for strategic changes and technological advances with its employee development policy, which is as favorable as possible for its employees. For example, the training plan for the Bernin facility accounted for 5% of payroll costs. It is focused on developing technical expertise, introducing systems to enhance process efficiency, while keeping a tight grip on costs and safety. It involves courses leading to the award of diplomas or other qualifications.

Over the past few years, Soitec has supported the employment of people with disabilities. Work has been carried out at its Bernin head office to make it more accessible for people with reduced mobility. Soitec currently employs 37 people with disabilities (workforce in France).

Lastly, the Group participates in community outreach initiatives for young people and for those with underprivileged backgrounds. It has signed up to the *100 Chances, 100 Emplois* (100 Opportunities, 100 Jobs) program to promote the employment of at-risk youth.

INCUBATORS FOSTERING INNOVATION

The role of Soitec's incubators is to encourage as much innovation as possible. Each incubator comprises a team of 20 people fully dedicated to developing a new project. These highly autonomous units are tasked with finding the most ground-breaking solutions possible in terms of products and technologies already present in the marketplace, while ensuring that these solutions are always commercially viable.

In 2011, these incubators brought the Plug & Sun concept to fruition and continued their research efforts on light-emitting diodes (LEDs) and the Smart Cell.

SAFETY: REDUCTION IN THE FREQUENCY RATE OF ACCIDENTS AND OHSAS 18001 CERTIFICATION

The SAFE (Safety For Everyone) program introduced five years ago has helped to get all employees involved in addressing safety issues. Soitec is now reaping the benefits, with a lost-time accident frequency rate at the Group level of 2.35 in the fiscal year ended March 31, 2012.

In addition the Paris South facility was awarded OHSAS 18001 certification during 2011. As a result, all Soitec's facilities dedicated to the manufacture of semiconductor materials now comply with this specification.

HIGH TECH UNIVERSITY: IMPROVE ACCESS TO SCIENTIFIC CAREERS FOR YOUNG PEOPLE

For the past six years, Soitec has participated in the High Tech U program run by the SEMI foundation (Semiconductor Equipment and Materials International), which helps educate and spark student interest in scientific careers and jobs. All in all, ten discovery and observation days organized in partnership with Grenoble INP and STMicroelectronics were arranged as part of this initiative (360 students from 7 different high schools in the Grenoble region). The Singapore facility also took part in the initiative, putting similar arrangements in place.

Photo credits / Soitec Solar GmbH

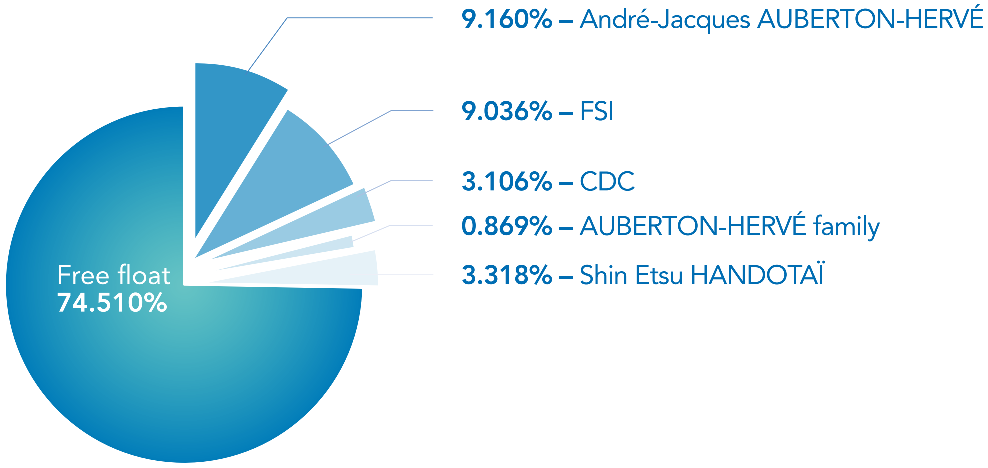
Focus

2011–2012

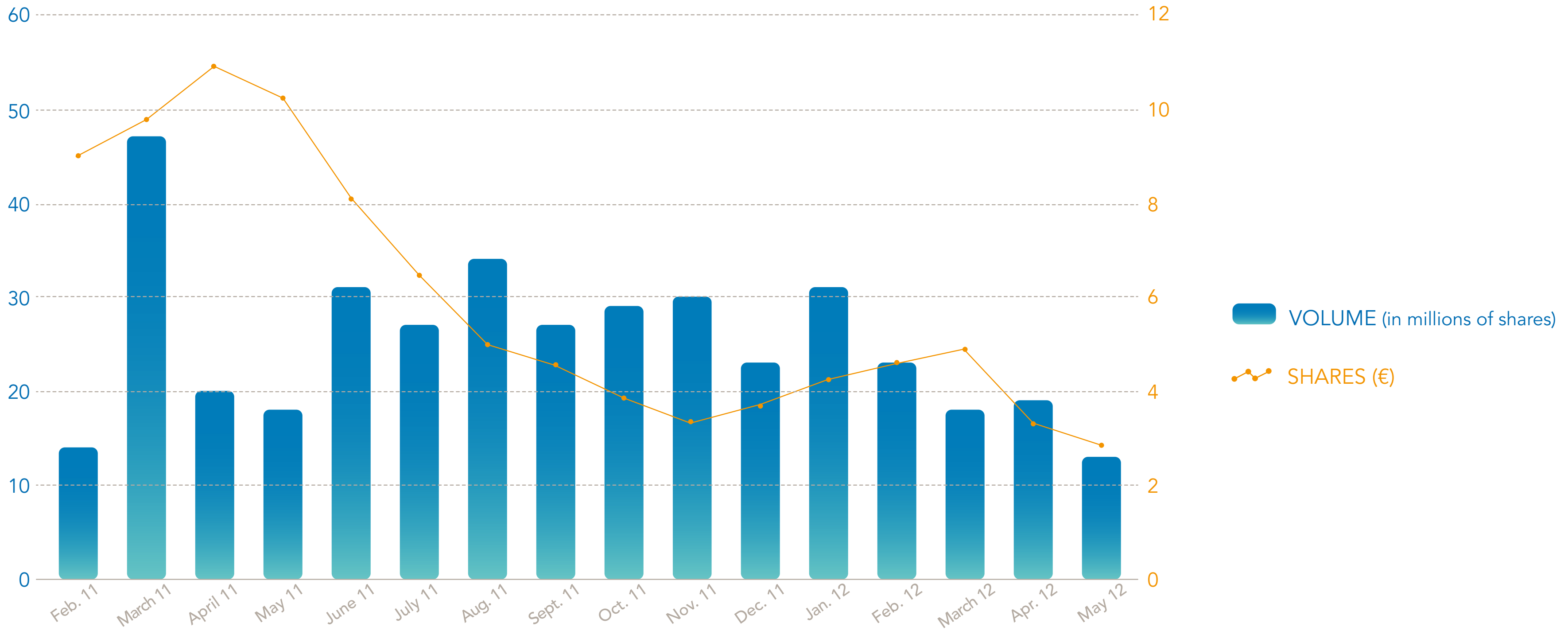
Certifications and sustainable development

- March 21, 2012 | Soitec earns new ISO/TS 16949, ISO 9001, ISO 14001 and OHSAS 18001 certifications for its global quality, safety and environment management systems at its manufacturing facilities around the world
- March 8, 2012 | Soitec participates in the "High Tech U" program for its sixth year
- Nov. 16, 2011 | Soitec participates in the Champs-Elysées illuminations with an objective of "zero consumption"

OWNERSHIP STRUCTURE
(AS A PERCENTAGE OF VOTING RIGHTS AT JUNE 8, 2012)

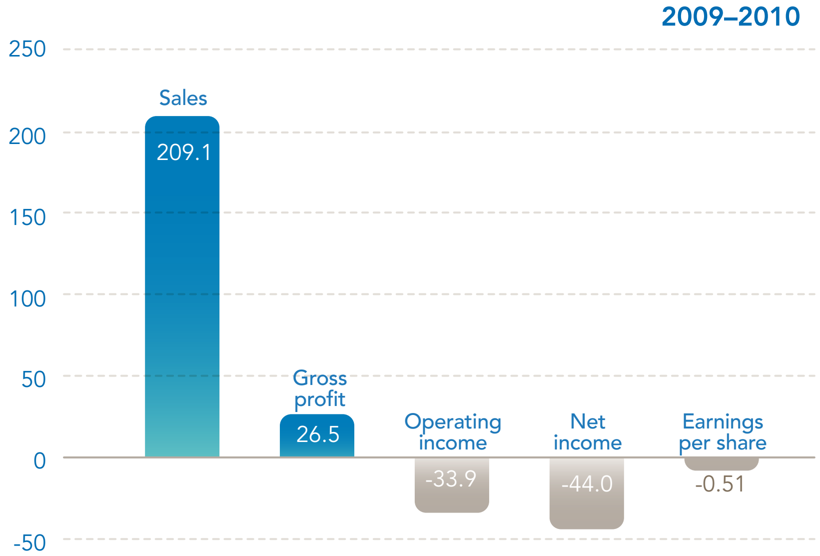


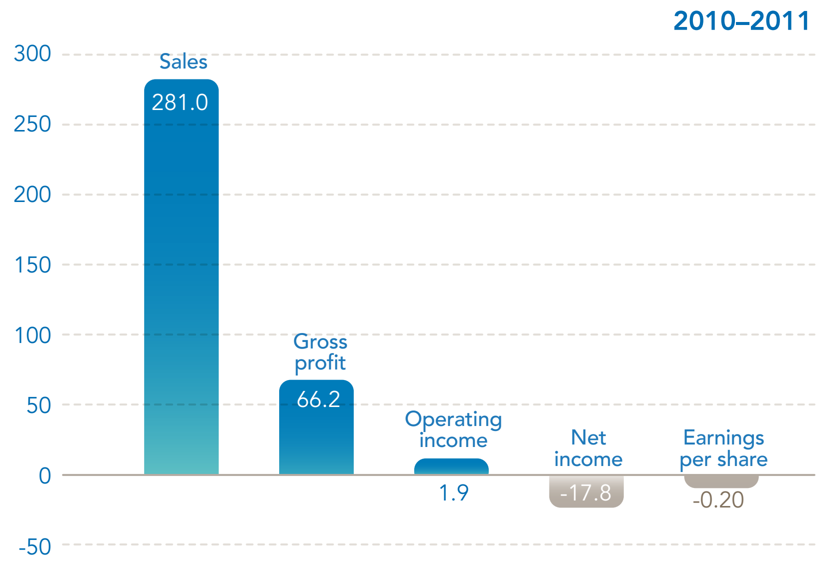
SHARE PRICE PERFORMANCE
(FEB. 2011 TO MAY 2012)

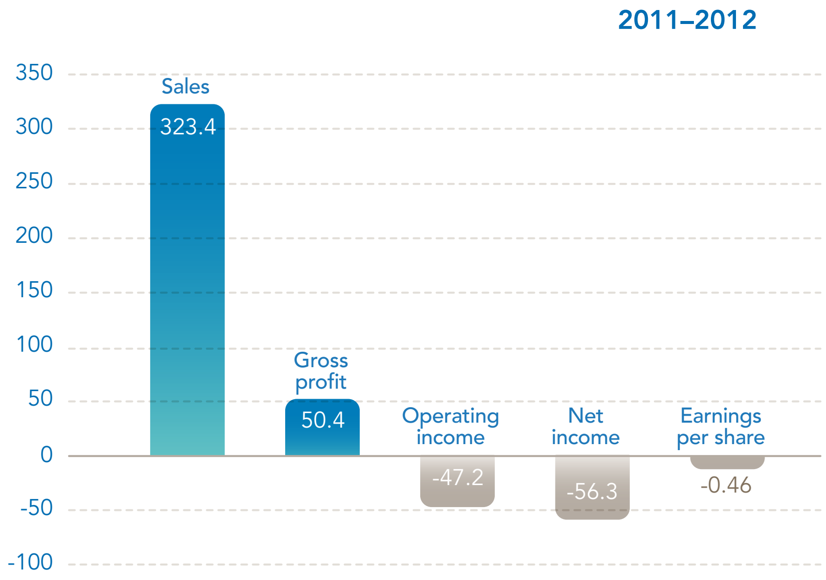


KEY FIGURES

IN MILLIONS OF EUROS (EXCEPT FOR EARNINGS PER SHARE)

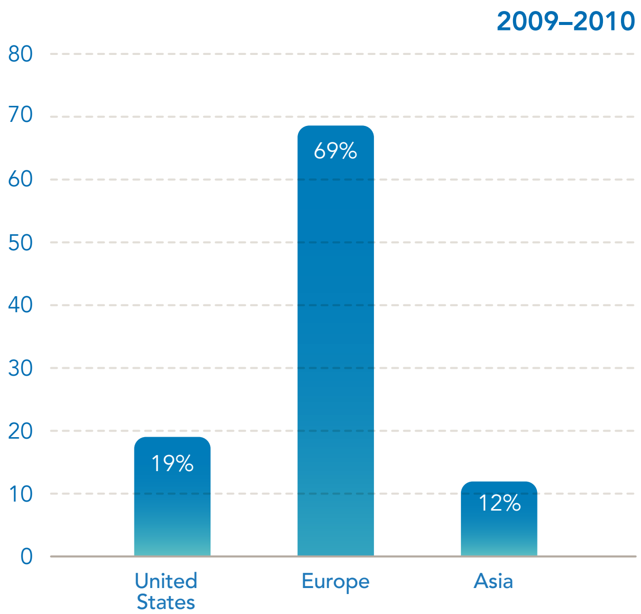


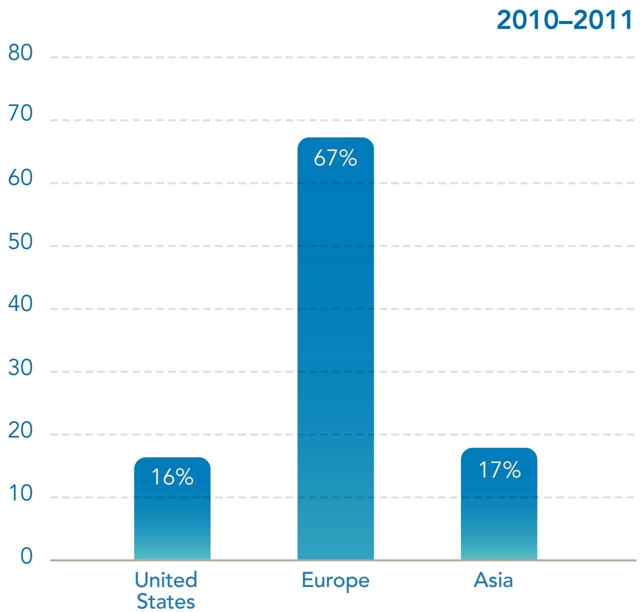


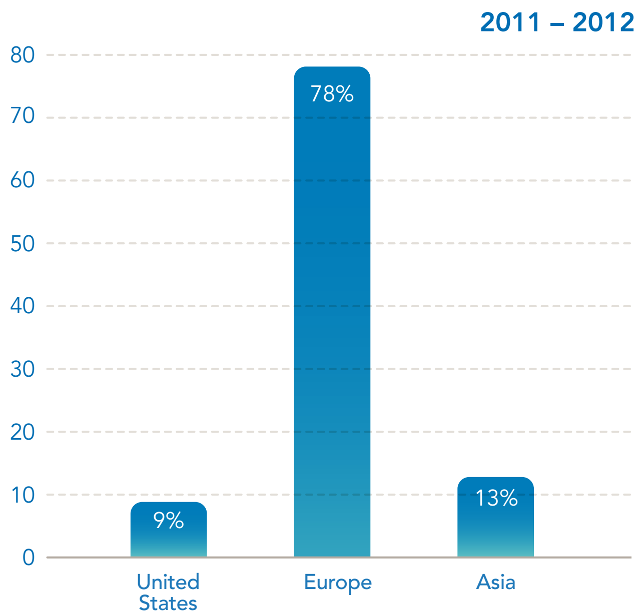


BREAKDOWN OF SOI SALES

BY GEOGRAPHICAL REGION

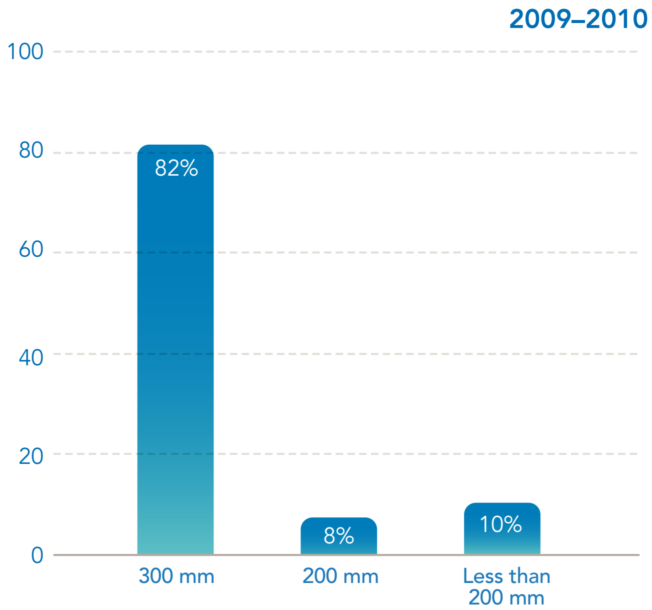


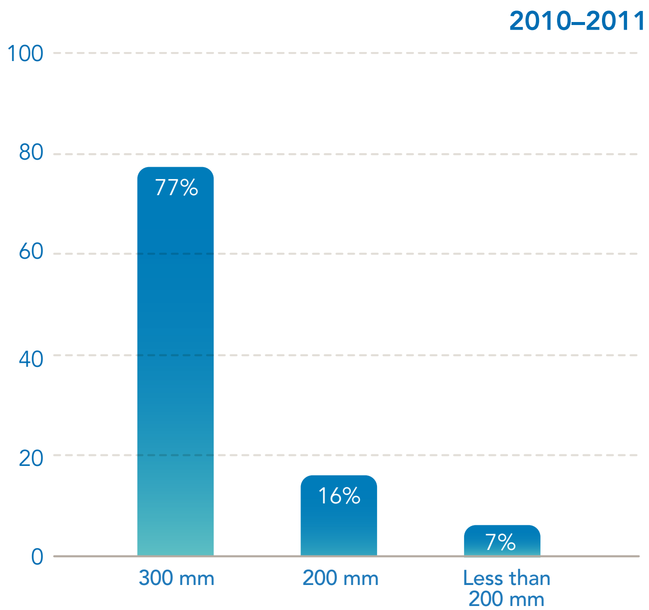


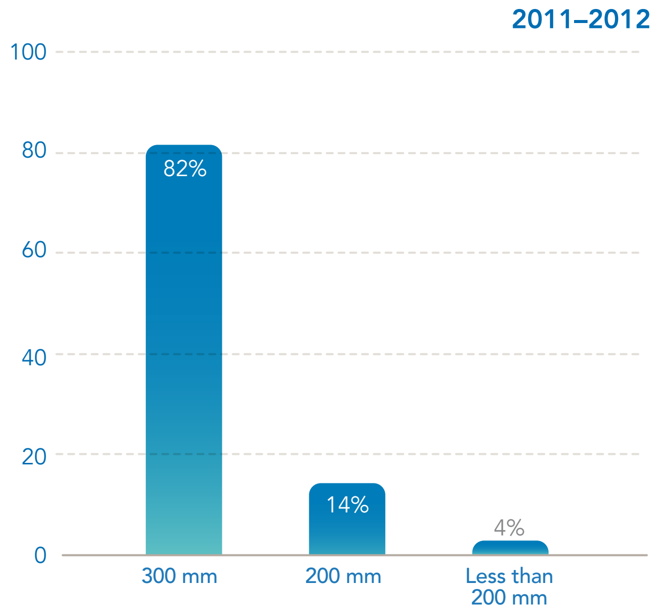


BREAKDOWN OF SOI SALES

BY WAFER SIZE







REGISTRATION DOCUMENT AND ANNUAL FINANCIAL REPORT 2011 - 2012

SOITEC

Société Anonyme with a share capital of 12,212,839.20 Euros

Parc Technologique des Fontaines
Chemin des Franques
38190 Bernin – France
384711909 RCS Grenoble

AUTORITÉ DES MARCHÉS FINANCIERS AMF

This Registration Document was filed with the French Financial Market Authority ("AMF") on June 15, 2012, in accordance with article 212-13 of the AMF's general regulations. It may be used in support of a financial transaction if accompanied by a memorandum approved by the AMF. This document was prepared by the issuer and binds its signatories.

Additional copies of this Registration Document are available without charge at:

- Soitec – Parc Technologique des Fontaines – Chemin des Franques, 38190 Bernin - France,
- On the Soitec website (www.soitec.com) and on the AMF website (www.amf-france.org).

Table of contents

The paragraph numbers below correspond to the format described in Appendix I of the EC Regulation No. 809/2004 of 29 april 2004.

1. Corporate governance

The company SOITEC S.A. (hereinafter referred to as "Soitec" or the "Company") has adopted the April 2010 revised version of the AFEP-MEDEF Corporate Governance Code for listed companies (the "AFEP-MEDEF Code") as its reference framework for corporate governance purposes.

The Company has endeavored to implement the recommendations of the AFEP-MEDEF Code within the specific legal framework that governs the Company through the creation of the Board of Directors' Standard Policies and Procedures and Procedures adopted by the Board of Directors which sets out the principles of its operations and the terms under which it carries out its tasks (see paragraph 1.1.1 below).

In addition, pursuant to the provisions of article L.225-37 of the French Commercial Code, the Chairman of the Board of Directors must render a report, attached to the Board's management report, which sets out the conditions of preparation and organization of the Board's tasks, as well as the internal control procedures implemented by the Company. This report is also annexed to the statutory auditor's report in accordance with article L.225-235 al. 5.

1.1. Members of the administrative, management and supervisory bodies

1.1.1. The Board of Directors

1.1.1.1. Composition of the Board since the beginning of the 2011-2012 fiscal year

a/ Composition

The Soitec Board of Directors is currently composed of eight Board members, in accordance with Article 12 of the Company's By-laws, which provide that it must be composed of at least three, and at most fifteen, members. Table 1.1.1.2 below contains information on the terms of office of each of the Board members.

On March 31, 2012, there Board of Directors was composed of the following members:

- Mr. André-Jacques AUBERTON-HERVE;
- Mr. Douglas DUNN;
- Mr. Fumisato HIROSE;
- Mr. Joël KARECKI;
- Mr. Didier LAMOUCHE;
- Mr. Joseph MARTIN;
- Mr. Patrick MURRAY;
- Ms. Annick PASCAL.

Currently, Mr. André-Jacques Auberton-Hervé is the only Executive Director.

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, Director of the Strategic Investment Fund, was appointed as a non-voting Board member (*censeur*) of the Board of Directors during the Shareholders' Meeting held on January 20, 2012. He will have an advisory vote in the deliberations of the Board of Directors.

b/ Terms of office-expiry

Since the Combined Ordinary and Extraordinary Shareholders' Meeting held on July 7, 2010, Article 12.2 of the By-laws were amended so that the terms of office for the appointed Board members as from this date, would be four years, in accordance with the duration recommended by the AFEP-MEDEF Code; 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	07/06/2006	Shareholders' Meeting approving accounts for the fiscal year ending 03/31/2012	3
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
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, the Combined Ordinary and Extraordinary Shareholders' Meeting held on June 24, 2011 amended Article 13 of the Company's By-laws, deleting the obligation placed on Board members to 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, 2012, the majority of the members of the Board of Directors satisfied this recommendation, as follows:

Name	Number of shares owned
André-Jacques Auberton-Hervé	6,216,184
Douglas Dunn	1
Fumisato Hirose	2,400
Joël Karecki	2,200
Didier Lamouche	2,000
Joseph Martin	2,000
Patrick Murray	0
Annick Pascal	105

1.1.1.2. Information concerning the Board members

The following table shows the various positions held by the Board members both inside and outside 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	51 yrs	Chairman-CEO	02/27/92	Shareholders' Meeting approving the accounts for the fiscal year ending March 31, 2012	- 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 l'ANRT - Board member of l'ENIAC - Board member of Nanosciences Foundation - Steering committee President of GRAIN - Committee Member with CNRS, at *l'Ecole Centrale*, - Member of Growth+ - President of the Engagement committee of ARDI
Board members not performing duties within Executive Management						
Douglas Dunn	68 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 - Member of the Supervisory Board of STMicroelectronics - Member of the Supervisory Board of Philips – LG LCD Display - Member of the Supervisory Board of TomTom - Board member of OMI
Fumisato Hirose	65 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 Handotaï Europe, Ltd. U.K.

Joël Karecki	58 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
Didier Lamouche	52 yrs	Board member	07/01/05	Shareholders' Meeting approving the accounts for the fiscal year ending March 31, 2015	None	- Chief Executive Officer (since 2010) and formerly member of the Supervisory Board of ST Microelectronics (Dec. 2004-May 2010) - Chairman and Chief Executive Officer of the Bull group (2005-2010) - Board member of Cameca (2005-2007) - Member of the Supervisory Board of STMicroelectronics - Board member of Atari (2007-2011) - Board member of Adecco - CEO of ST-Ericsson
Joseph Martin	64 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. - Vice Chairman of the Board of Directors of Fairchild International Inc. (1997-2006) - Member of the Office of the President of Fairchild Semiconductor Corp. (until 2006)
Patrick Murray	68 yrs	Board member	06/24/11	Shareholders' Meeting approving the accounts for the fiscal year ending March 31, 2015	Honorary Attorney	NA
Annick Pascal	56 yrs	Board member	06/24/11	Shareholders' Meeting approving the accounts for the fiscal year ending March 31, 2015	None	NA

Non-voting Board members ("Censeur")						
Sébastien Blot	34 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)
Non-Director Corporate Officer						
Paul Boudre	53 yrs	Executive Director	06/01/08		- Board member of Soitec Japan Inc. - Board member of Soitec Microelectronics Singapore Pte Ltd	- President Europe of Kla Tencor (2003-2004) - Executive vice President USA and President Europe Kla Tencor (2004-2007)

1.1.1.3. Frequency and topics of the meetings of the Board of Directors

The Board of Directors sets the strategies of the Company's activities and monitors their implementation. Within the scope of the Company's activities, and to the extent that it has the power to do so, it concerns itself with all issues affecting the Company's operations regulations the Company's affairs. The Board of Directors exercises continuous control over the management of the Company through its Chairman and Chief Executive Officers, André-Jacques Auberton-Hervé and its Chief Operating Officer, Paul Boudre. Meetings are convened by its Chairman, whenever necessary.

During fiscal year 2011-2012, the Board of Directors met six times: on April 1, 2011, May 17, 2011, June 24, 2011, November 15, 2011, December 13, 2011, and January 20, 2012.

The average attendance rate at Board Meetings was 90%.

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 2012-2013;
- 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;
- allocation of bonus shares to Corporate Officers, as well as performance conditions governing such allocations;
- allocation of bonus shares to the Company's management executives;
- use of the PACEO capital increase program;
- a share capital increase with maintained preemptive subscription rights;
- preparation and terms and conditions of the Group Code of Conduct;
- recording of capital increases;
- approval of regulated agreements.

Before every Board meeting, its members receive documentation relating to the agenda which are 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 paragraph 1.1.1.7 for a description of the Board of Directors' Policies and Procedures.

Professional address of the Board members and Corporate Officers of the Company

The Board members and the officers can be contacted at the headquarters of the Company: Parc Technologique des Fontaines – Chemin des Franques – 38190 Bernin (Tel: +33 (0)4 76 92 75 00).

1.1.1.4. Board members' areas of expertise and management experience

The criteria used to select the members of the Board of Directors include factors such as their management expertise, and experience, and more generally, their confirmed international expertise in the semiconductors sector. The table in paragraph 1.1.1.2 above presenting the professional activity of each of the Board members gives an idea of their expertise and experience; 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 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 Leti Laboratory of the French Atomic Energy Commission where he began his scientific career.

At Leti, 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 Leti taught him how to manage innovation and the associated industrial transfers in high technology industries. In March 1992, he left Leti 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'électronique 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 Board of Directors 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 members 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.

Douglas Dunn:

Mr. Dunn has some forty years of professional experience in the electronics industry, including thirty-two 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 CEO for 6 years.

Before that, Mr. Dunn was President and CEO 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:

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:

Mr. Didier Lamouche has been the Chief Executive Officer and Vice-Chairman of the Industrial Strategy Committee of the ST Microelectronics Group since January 2011, and from December 2004 to May 2010 occupied the position of Chairman and Chief Executive Officer of the Bull group. Prior to that, he was Vice-Chairman of worldwide operational semiconductor activities for the IBM's Microelectronics division in the United States. Between 1999 and 2003, Didier Lamouche was the Chief Executive Officer of Altis Semiconductors, having previously held the positions of Chief Executive Officer of the Microelectronics division of IBM in France, Director of Advanced Operations at Motorola in Toulouse, and General Manager for Siemens/IBM Advanced Memory Program.

Didier Lamouche is a graduate of the *Ecole Centrale de Lyon* and has a doctorate in semiconductor technology. He is the author of about a dozen publications summarizing his work on gallium arsenide.

He is a Board member and Chairman of Atari's Compensation Committee, and has been a Board member of Adecco since April 2011.

He has been a member of the Board of the *Ecole Centrale de Lyon*, and a Vice-President of Sitelesc *(Syndicat des Industries Electroniques et Semiconducteurs français)*.

In April 2010, he was made a Knight of the Order of the *Légion d'Honneur*.

In December 2011, Didier Lamouche was appointed as Chief Executive Officer of ST-Ericsson.

Joseph Martin:

In June 2006, after thirty 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 (USA).

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, graduate from University of Michigan, and 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, Ms Pascal founded the consulting company Oro Verde specialized in advising, training and auditing quality management systems (ISO 9001), environment (ISO 14001) and safety.

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

1.1.1.5. 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 1.1.1.2 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, 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 by the AMF Enforcement Committee.

1.1.1.6. Independence of the Board members

In accordance with the recommendations in the AFEP-MEDEF Code, the Board of Directors assesses its composition, organization and performance on an annual basis. When this review is carried out, the Board members are asked to confirm their independent status as defined in 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 Board members' independence within the scope of accomplishing their terms of office. Accordingly, even though certain members of the Board of Directors do not satisfy all the elements of independence proposed by the AFEP-MEDEF Code, the following Board members confirm their independent status:

- Douglas Dunn,
- Didier Lamouche,
- Joseph Martin,
- Patrick Murray,
- Annick Pascal.

Five out of eight members of the Company's Board of Directors are independent Board members.

1.1.1.7. Board of Directors' Standard Policies and Procedures

During the Board meeting held on July 1, 2005, the Board of Directors adopted the Board of Directors' Standard Policies and Procedures which organizes, in particular, the reports between the Board members and the Company and acts as a operational framework which must be regularly updated in order to take into consideration the evolution of the governing legal and regulatory provisions but also the best practices for corporate governance. The Board of Directors and its Committees' Standard Policies and Procedures was revised for the first time on May 18, 2010. It was subsequently updated during the Board meeting held on November 15, 2011, in order to extend the equity of the Strategic Investment Fund to include the Company's share capital. This latest revision has essentially had the effect of amending the limits to the Chief Executive Officer's powers so as to strengthen the Board's supervision of the decisions made by the Chairman/CEO.

By defining the powers of the respective corporate bodies, the Board of Directors' Standard Policies and Procedures also establishes the Board's right to review, by requiring the Chief Executive Officer to obtain the Board's prior authorization for certain important transactions, such as setting up establishments abroad, significant transactions susceptible to affect the Group's strategy or which would modify the Group's financial situation or its scope of activity, and certain transactions exceeding a certain amount.

1.1.1.8. Shareholder Participation in the Shareholders' Meeting

Shareholders' Meetings are convened by the Board of Directors, according to the conditions and formalities provided by law, as well as those set forth in articles 21-25 of the Company's By-laws.

1.1.1.9. Elements likely to have an impact in case of a tender offer

The information required under article L.225-100-3, relating to the elements likely to have an impact in case of a tender offer regarding the Company, is mentioned in this Registration Document. In particular, at the Shareholders' Meeting of July 3, 2012, it shall be offered to the shareholders to renew the resolution adopted at the Shareholders' Meeting of June 24, 2011 allowing the issuance, during a tender offer, of anti-takeover warrants. These warrants, which are dilutive for a predator, would result in the significant raising of an hostile offer. If they are issued, these warrants will be granted free of charge to all the shareholders of the Company having this capacity before the expiry of the tender offer period. They could in any way only be issued in case of a tender offer initiated with regard to the Company against the opinion of the Board of Directors. They will be automatically considered as null and void when the tender offer or any competing offer fails, is considered as null and void or is withdrawn.

Moreover, the Shareholder Agreement binding Mr. André-Jacques Auberton-Hervé to the Strategic Investment Fund (*Fonds Stratégique d'Investissement* – FSI) described in detail in this Registration Document includes a commitment to retain the respective shares of FSI and Mr. André-Jacques Auberton-Hervé for a period of three years from its entry into force, as well as a right of first refusal. Mr. André-Jacques Auberton-Hervé granted a right of first refusal to FSI with regard to (i) the preemptive subscription rights that Mr. André-Jacques Auberton-Hervé would not exercise on the occasion of a subsequent capital increase or (ii) the Soitec shares held by Mr. André-Jacques Auberton-Hervé in case of his death. FSI also has a preemptive subscription right with regard to the Soitec shares held by Mr. André-Jacques Auberton-Hervé in case of a project to transfer the Soitec shares to a competitor of Soitec, except in the case of a tender offer recommended by the Board of Directors of Soitec.

1.1.2. The General Management

1.1.2.1. The Office of the President

Up until the arrival of Mr. Gaëtan Borgers on February 13, 2012, the Office of the President was composed of five 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,
- Iain Murray, Director of Strategic Alliances.

Since the aforementioned date, Mr. Gaëtan Borgers joined the Office of the President in his capacity as Executive Vice-President of the Solar Energy division. Before joining Soitec, Gaëtan Borgers created the Solar division of Dow Corning in 2001. He then managed the Sales, Marketing and Technical Support activities in the US and then in Japan until 2011. In particular, he pioneered the construction of a new production factory in Brazil and coordinated the development of partnerships with the renowned technological solar energy institutions such as the Fraunhofer Institute (*l'Institut Fraunhofer*). Before this time, he occupied various management positions at Dow Corning which included activities involving production, sales, quality, and customer service. He is 49 years old and holds a masters in Chemical Engineering and an MBA (UCL, Belgium).

1.1.2.2. Powers of the General Management

1.1.2.2.1. 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 group's industrial strategy.

1.1.2.2.2. 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, and, in particular decisions related to mergers and acquisitions.

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:

- 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 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 €50 million 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.

1.1.2.2.3. 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.

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.

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 operations 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 or 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 whatever 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:

- to grant or enter into any loans, borrowings, credits and advances;
- to purchase or sell any receivables, by any means.

1.1.3. Committees of the Board of Directors

The Board of Directors has three committees whose organization, operation and powers are defined in the Board of Directors' Standard Policies and Procedures adopted by a Board decision dated July 1, 2005 and amended at the Board of Directors' meeting on November 15, 2011. The main purpose of this update, following the Strategic Investment Fund's participation in the Company capital, was to limit the Chief Executive Officer's powers in order to reinforce the Board of Directors' supervision of decisions made by the President.

Finally, in order to account for the Board member appointments during the Shareholders' Meeting held on June 24, 2011 and January 20, 2012, the Board of Directors, acting upon the proposal by the Compensation and Nominations Committee, decided, during the meeting held on January 20, 2012, to expand the composition of the committees by welcoming the newly elected Board members. At this time, the Committees are composed and operate as described below.

1.1.3.1. The Strategy Committee

1.1.3.1.1. Composition and operation

The Strategy Committee is made up of the seven following Board members:

- Chairman: André-Jacques Auberton-Hervé;
- Members: Douglas Dunn,
  Joël Karecki,
  Didier Lamouche,
  Joseph Martin,
  Patrick Murray, and
  Annick Pascal.

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.

The Strategy 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.

1.1.3.1.2. Missions and powers

The Strategy 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 Strategy 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 Strategy Committee may make contact with 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 Strategy 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.

1.1.3.1.3. Activity of the Strategy Committee during the 2011-2012 fiscal year

During fiscal year 2011-2012, the Strategy Committee met 4 times with a member attendance rate of 73%.

1.1.3.2. The Audit Committee

1.1.3.2.1. Composition and operation

The following Board members sit on the Audit Committee:

- Chairman: Joseph Martin;
- Members: Douglas Dunn,
  Joël Karecki,
  Didier Lamouche, and
  Patrick Murray.

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.

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.

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 videoconference 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, 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.

1.1.3.2.2. Missions and powers

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

(i) With respect to financial statements:

- to ensure that the process of preparing financial information is monitored;
- 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 regarding the relevance of the accounting methods used, 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 on the Group's financial strategy and on the terms of its principal financial transactions.

(ii) With respect to 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.

(iii) With respect to the internal audit 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.

(iv) With respect to risks:

- to review, on a regular basis, 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 about that department's work program.

The missions of the Audit Committee thus defined are consistent with those listed in Article L.823-19 of the 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 Committee so wishes, provision must be made for them to be interviewed without members of the Company's General Management being present;
- may, when the need arises, after informing the Board of Directors and at the Company's expense, make use of outside experts in relation to matters within its scope, and subject to reporting on the use of such experts at the next Board Meeting;
- must be sent any reports on internal audit, or a periodic summary of such reports;
- must be informed by the Board of Directors, for each capital expenditure in excess of €5 million at least seventy-two (72) hours before the participation;
- must receive from the Board of Directors any documentation necessary to conduct each meeting at least eight (8) days before such meeting.

1.1.3.2.3. Activity of the Audit Committee during fiscal year 2011-2012

During fiscal year 2011-2012, the Audit Committee met 4 times with a member attendance rate of 67%.

On each of these occasions, the Committee was able to confer independently with the Company's Auditors.

When establishing the biannual 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 the complete consolidation of the Company's Accounts operation.

The Committee has also examined the off-balance sheet liabilities, risks and accounting options retained in relation to provisions, as well as applicable legal and accounting developments.

The Committee has also examined the President report on internal control procedures.

1.1.3.3. The Compensation and Nominations Committee

1.1.3.3.1. Composition and operation

The following Board members sit on the Compensation and Nominations Committee:

- Chairman: Douglas Dunn;
- Members: Joseph Martin,
  Fumisato Hirose,
  Didier Lamouche, and
  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.

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.

1.1.3.3.2. Missions and powers

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

- to make recommendations to the Chairman concerning the compensation, insurance and pension plan, benefits in kind and various pecuniary rights, including any allocations of options to subscribe for or purchase the Company's shares and the allocation of bonus shares, that are allocated to the Chairman of the Board of Directors, 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 Board members;
- to make proposals to the Board of Directors as to the selection of new Board members, their co-option, appointment or re-election; the Committee shall take account a desirable balance of the Board's composition with respect to its composition and changes in the Company's shareholder structure;
- as the expiry 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 compensation policy for principal management executives who are not Corporate Officers. In carrying out this task in particular, the Committee shall be joined by the Corporate Officers.

1.1.3.3.3. Activity of the Compensation Committee during fiscal year 2011-2012

During fiscal year 2011-2012, the Compensation Committee met three times, and its members had an attendance rate of 60%.

Its principal recommendations were on the following points:

- determination of the variable portion of the compensation of Corporate Officers for the 2011-2012 fiscal year;
- establishment of the compensation elements of the Company's management for fiscal year 2011-2012: the Committee presented its recommendations in this area to the Board of Directors at its meeting on May 16, 2011;
- allocation of bonus shares to Corporate Officers and certain employees, and determination of the performance conditions applicable to the bonus shares allocated to Corporate Officers;
- set up a program of capital increases for the benefit of Group employees.

1.1.3.4. Conflicts of interest within the management bodies

The Board of Directors has eight members. Apart from the Chairman and Chief Executive Officer, the seven 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 the respective functions described in the table appearing in paragraph 1.1.1.2; 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.

Finally, Mr. Joël Karecki, whose application to be a member of the Board of Directors was submitted by the Strategic Investment Fund, was called to share information relative to the Company with the Strategic Investment Fund and to suggest the positions to be taken by the Board of Directors.

As stated in paragraph 1.1.1.6. 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 Board of Directors within the scope of their duties.

In particular:

- 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 Strategy 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 are 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. As for Mr. Didier Lamouche, particular attention was given to the risk of a conflict of interest, notably in the scope of his participation in the works of the Strategic Committee.
- in the case of Mr. Didier Lamouche, his appointment to the position of Managing Director and Vice-Chairman of the Strategy Committee of ST Microelectronics raised the question of assessing his independence in the

context of his participation in the Board of Directors' work. The conclusion reached was that the independence criteria could be considered as maintained, but that particular attention would be paid, on an ongoing basis, to the issue of conflict of interest, particularly in the context of the Mr. Didier Lamouche's participation in the Strategy Committee's work.

1.2. Interests of the Corporate Officers and Managers

1.2.1. Compensation of the members of the Office of the President

Currently, the Office of the President has four members, excluding Corporate Officers. The total gross compensation of these members, including direct and indirect benefits, amounted to €777,000 for the fiscal year ending March 31, 2012.

The amount of this compensation was €792,000 for the three persons which made up the Office of the President for the fiscal year ending March 31, 2011.

1.2.2. Compensation paid to the Corporate Officers (Chairman and Chief Executive Officer, Chief Operating Officer and Board members) for the 2011-2012 fiscal year

The summary tables appearing in paragraph 1.2.2.3 below provide information concerning the compensation of Corporate Officers both for the 2011-2012 fiscal year and for fiscal year 2010-2011.

1.2.2.1. General compensation policy for Corporate Officers

At its meeting on December 8, 2008, the Board of Directors of the Company formally adopted the AFEP-MEDEF recommendations, published on October 6, 2008, on the compensation of Directors and Corporate Officers of companies whose shares are traded on a regulated market.

The Company's Corporate Officers receive compensation determined by the Board of Directors on a proposal from its Compensation and Nominations Committee. This compensation consists of the following components: (I) fixed annual compensation payable in twelve 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 Company shares, subject to performance conditions.

The variable or incentive components are determined by the Board of Directors on a proposal from the Compensation and Nominations Committee; the Board members concerned do not take part in the decision. The Compensation and Nominations Committee has suggested a change to the manner in which the variable part of the compensation of Corporate Officers is determined.

From now on, the variable portion of the compensation of Corporate Officers will depend on the following criteria: (1) 25% based on the level of the Group's available treasury (on a like-for-like basis); (2) 25% based on the Group's operating income (EBIT) (on a like-for-like basis), compared to the revenue; (3) 25% based on the level of the Group's revenue (on a like-for-like basis) compared to the targets set by the Board of Directors; and finally (4) 25% based on the assessment, in the discretion of the Board of Directors, of the Corporate Officer's contribution with respect to the achievement of those strategic objectives set for him or her by the Compensation and Nominations Committee.

The ratio between the fixed and variable portions of the compensation of Corporate Officers is determined annually by the Board of Directors, after the Compensation and Nominations Committee issues its opinion. Regarding the fiscal year ending March 31, 2012, the Corporate Officers variable portion of the compensation could represent between 100% and 150% of the fixed portion in the case of Mr. André-Jacques Auberton-Hervé, and between 75% and 112.5% of the fixed portion in the case of Mr. Paul Boudre.

The acquisition of bonus shares allocated to Corporate Officers at the end of the acquisition period is subject to the performance conditions attached to such bonus shares, which are only acquired if criteria measured by reference to an internal composite indicator based on revenue, EBITDA and consolidated available cash flow are achieved, and if the main stages of the Group's strategic plan have been accomplished. 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 amount of compensation paid is calculated on a gross basis.

Detailed information and figures concerning such compensation is given below in paragraph 1.2.2.3 Summary tables.

1.2.2.2. Directors' fees

The Shareholders' Meeting on January 20, 2012, decided to renew the principle of paying directors' fees. The maximum amount of directors' fees distributable for all fiscal years starting from April 1, 2011 onwards is set at €450,000. However, the Compensation and Nominations Committee, in its meeting held on January 19, 2012, decided, on the Strategic Investment Fund's proposal, that the Board of Directors would use its best efforts to limit the directors' fees that will be distributed during the fiscal years 2012-2013 to €350,000, with the intention to share the efforts expected from everyone considering the difficult environment that the Company is facing, and which the Board of Directors has taken into consideration during its meeting on January 20, 2012.

Moreover, per request by the Strategic Investment Fund, the Compensation and Nominations Committee proposed to the Board of Directors not to distribute directors' fees to the non-voting Board member *(Censeur)*.

Finally, the directors' fees are distributed exclusively between the members of the Board of Directors who do not hold any operative positions in other Group companies, so that Mr. André-Jacques Auberton-Hervé does not receive any directors' fees.

The total amount to be paid in respect of the 2011-2012 fiscal year amounts to €262,673. Details of these payments are given in the table below.

Corporate Officers not holding management positions	Amounts paid during fiscal year 2010-2011	Amounts paid during fiscal year 2011-2012
Douglas Dunn		
Directors' fees	60 000	61,500
Other compensation	0	0
Fumisato Hirose		
Directors' fees	26,000	34,000
Other compensation	0	0
Joël Karecki		
Directors' fees	-	9,361
Other compensation	-	0
Didier Lamouche		
Directors' fees	58,000	37,500
Other compensation	0	0
Joseph Martin		
Directors' fees	66,000	66,000
Other compensation	0	0
Patrick Murray		
Directors' fees	-	27,156
Other compensation	-	0
Annick Pascal		
Directors' fees	-	27,156
Other compensation	-	0
Total	**210,000**	**262,673**

The directors' fees are allocated according to the following principles:

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

Committees: €4,000 per year for members, €6,000 per year for the Chairman of the Compensation and Nominations Committee, and €8,000 per year for the Chairman of the Audit Committee; €1,000 for members per physical attendance, €1,500 for the Chairman of the Compensation and Nominations Committee per physical attendance, and €2,000 for the Chairman of the Audit Committee per physical attendance.

Board members' traveling expenses are reimbursed.

1.2.2.3. Summary tables

In accordance with the provisions set forth in Article L.225-102-1 of the Commercial Code, the tables below indicate the gross compensation and benefits of any kind paid to each Corporate Officer by Soitec and companies under its control with respect to fiscal years 2010-2011 and 2011-2012:

a/ Summary table of compensation and options and shares allotted to each Corporate Officer holding a management position (in Euros)

André-Jacques Auberton-Hervé, Chairman and Chief Executive Officer	Fiscal Year 2010/2011	Fiscal Year 2011/2012
Compensation owed for the fiscal year (itemized in table 1.2.2.3.b)	1,086,177	707,562
Value of the options allotted during the fiscal year	N/A	N/A
Value of the bonus shares allotted during the fiscal year	396,692	2,532,923
Total	**1,482,869**	**3,240,485**

Paul Boudre, Chief Operating Officer	Fiscal Year 2010/2011	Fiscal Year 2011/2012
Compensation owed for the fiscal year (itemized in table 1.2.2.3.b)	747,489	509,587
Value of the options allotted during the fiscal year	N/A	N/A
Value of the bonus shares allotted during the fiscal year	317,350	1,726,994
Total	**1,064,839**	**2,236,581**

b/ Summary table of the compensation of each Corporate Officer holding a management position (in Euros)

André-Jacques Auberton-Hervé, Chairman and Chief Executive Officer	Fiscal Year 2010/2011	Fiscal Year 2011/2012
Fixed compensation	450,000	450,000
Variable compensation	617,625*	238,050
Variable/fixed %	137.25%	52.9%
Exceptional compensation	0	0
Directors' fees	0	0
In-kind benefits	18,552	19,512
Total	**1,086,177**	**707,562**

Paul Boudre, Executive Director	Fiscal Year 2010/2011	Fiscal Year 2011/2012
Fixed compensation	360,000	360,000
Variable compensation	370,575**	127,305
Variable/fixed %	102,94%	35.36%
Exceptional compensation	0	0
Directors' fees	0	0
In-kind benefits	16,914	22,282
Total	**747,489**	**509,587**

*Due to a printing error, the number 675,000 appeared in the Management Report 2010-2011, and should be read as 617,625. The correction is taken into account in table 1.2.2.3 a).

**Due to a printing error, the figure 405,000 appeared in the Management Report 2010-2011, and should be read as 370,575. The correction is taken into account in table 1.2.2.3 a).

Furthermore, no additional compensation or directors' fees were allocated to the Corporate Officers by controlled companies.

Reference is made to Section 1.3 below for a detailed description of incentive mechanisms based on the Company's capital.

c/ Summary table of the Company's application of the AFEP-MEDEF Code of Governance

	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	
Corporate Officer Managers	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.

1.2.3. Retirement obligations

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

- pursuant to Article 83 – Supplementary defined-contribution pension plan – Since January 1, 2009, the Company has contributed between 2.5% and 3.0% of gross salary depending on salaries and categories of personnel;
- pursuant to Article 39 – Supplementary defined-benefits pension plan – the Company contributes up to 10% of the last gross annual salary less pension income paid pursuant to Article 83.

1.2.4. Commitments of any kind made by Soitec to its Corporate Officers with respect to the acceptance or termination of or change in Corporate Officer duties

With respect to the salaried functions associated with his employment contract (which has been suspended since his appointment as Chief Operating Officer), and in accordance with the collective bargaining agreement, Mr. Paul Boudre receives payments relating to the application of a non-competition clause, in an amount of €379,500.

On a proposal from the Compensation and Appointment Committee dated May 16, 2011, the Board of Directors, at its meeting on 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 would 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, that in the event of his removal as Chief Executive Officer, Mr. Auberton-Hervé shall be paid of a maximum amount of 18 months' compensation (fixed and variable, based on the average of the 12 months preceding his departure). The payment of such compensation depends on Mr. Auberton-Hervé performance, during the 3 months prior to his departure, of the conditions required for the payment of his variable compensation. The compensation will be fully paid if Mr. Auberton-Hervé has satisfied, during the 3 years prior to his departure, at least 75% of said conditions. The compensation will not be paid if he has satisfied less than 50%. 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.

During the Board meeting held on May 15, 2012, the Board members voted in favor of the renewal of Mr. André-Jacques Auberton-Hervé's term as well as the renewal of his severance allowance. The related resolutions shall be submitted for the shareholders' approval during the Shareholders' Meeting to be held on July 5, 2012.

1.3. Stock-options and allocation of bonus shares

1.3.1. Stock-options

1.3.1.1. Stock-options granted and exercised during the fiscal year

a/ Corporate Officers

No stock-options were allotted or exercised during the 2011-2012 fiscal year.

b/ Employees

No warrants were allotted during the 2011-2012 fiscal year.

22,600 warrants were exercised during the 2011-2012 fiscal year.

1.3.1.2. Special report on stock subscription options for the 2011-2012 fiscal year.

In accordance with the provisions of Article L.225-184 of the Commercial Code, please find below the special report on the allocation and exercise of stock-options for shares in the Company during fiscal year 2011-2012.

I. ALLOCATION OF STOCK SUBSCRIPTION OPTIONS FOR FISCAL YEAR 2011-2012:

For fiscal year 2011-2012, no subscription options were allotted.

II. EXERCISE OF STOCK SUBSCRIPTION OPTIONS FOR FISCAL YEAR 2011-2012:

1. Exercise of stock subscription options for plans allotted in 2011-2012:

Not applicable.

2. Exercise of stock subscription options for prior plans

For the stock subscription option plan decided on by the Board of Directors on November 4, 2002:

Number of options exercised
- 22,600 options were exercised in March 2012,

Strike price of the exercised options
€3.04

All options exercised were done so by the sole beneficiary of the plan.

III. CANCELLATION OF STOCK SUBSCRIPTION OPTIONS FOR THE 2011-2012 FISCAL YEAR:

In respect of the stock-option allocation plan decided upon by the Board of Directors on November 3, 2005:

- 84,750 options whose beneficiary was a salaried executive were cancelled following his departure on March 15, 2012.

IV. INTERVENING ADJUSTMENTS DURING FISCAL YEAR 2011-2012:

In accordance with Article L.225-181 of the Commercial Code, and following the share capital increase with maintained preemptive subscription rights carried out by the Company during the fiscal year, the Company took the measures necessary to protect the interest of the options beneficiaries pursuant to the conditions set forth in Article L.228-99 of the Commercial Code, by proceeding with an adjustment to the subscription conditions for the shares in the Company. The summary table set forth in Chapter 7 takes this adjustment into account.

1.3.2. Bonus shares

1.3.2.1. Performance shares allotted to each Corporate Officer

a/ Bonus shares allotted to each Corporate Officer

			Plan A of June 1st, 2011		
Shares granted free of charge to each Corporate Officer during the fiscal year	Number of bonus shares allotted/ shares subscribed	Value (in Euros)	Acquisition period	Holding period	Performance conditions
Shares granted free of charge to each Corporate Officer by the issuer and by any company of the Group					
André-Jacques Auberton-Hervé	248,600	10.725	from 04/01/11 to 03/31/13	from 04/01/13 to 03/31/15*	YES**
Paul Boudre	169,500	10.725	from 04/01/11 to 03/31/13	from 04/01/13 to 03/31/15*	YES**

*The period of unavailability, after transfer of ownership, is set at two years. 90% of the shares will be sold at the end of this 2-year period and the remaining 10% will not be transferrable until after the beneficiaries' duties end, if this occurs after this 2-year period.

**Acquisition of the shares at the end of the acquisition 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 indicator	Year 1 FY12	Year 2 FY13
Consolidated revenue vs. 5 year budget	20%	20%
Consolidated EBITDA vs. 5 year budget	20%	20%
Available cash flow vs. 5 year budget	10%	10%
Achievement of the strategic plan in 5 years	50%	50%
Total	**100%**	**100%**

b/ Bonus shares acquired for each Corporate Officer

Bonus shares acquired during the fiscal year by each Corporate Officer	Plan Date	Number of shares acquired during the fiscal year	Acquisition Conditions	Performance Conditions
André-Jacques Auberton-Hervé	06/05/09	37,807	Yes	Yes*
Paul Boudre	06/05/09	107,876	Yes	Yes*
Total		**145,683**		

*The acquisition of the shares issued during the acquisition period is conditioned upon performance criteria assessed in light of an internal composite index based on sales, EBITDA, the consolidated net cash available, and the fulfillment of the strategic Group plan, according to the balance of the following (the fulfillment of these conditions shall be observed every year by the Board of Directors):

Composite indicator	Year 1	Year 2
Consolidated sales vs. budget	10%	20%
Consolidated EBITDA vs. budget	10%	20%
Available cash flow vs. budget	20%	10%
Achievement of the strategic plan	60%	50%
Total	**100%**	**100%**

c/ Bonus shares that have become available to each Corporate Officer

Under the free shares plan dated June 1, 2007, of which Mr. André-Jacques Auberton-Hervé was the sole beneficiary, 20,483 bonus shares have become available on June 1, 2011.

1.3.2.2. Bonus shares granted to employees

Shares granted free of charge to the first ten non Corporate Officer employee beneficiaries and warrants exercised by these employees	Number of bonus shares allocated/ subscribed	Price (in Euros)	Plan B of April 1st, 2011 Acquisition period	Holding period	Performance Conditions
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)	792,130	10.725	from 04/01/11 to 03/31/13	from 04/01/13 to 03/31/15	Yes*
			Plan of December 13, 2011 Acquisition period	Holding period	
	150,000	3.733	from 12/13/11 to 12/12/13	from 12/13/13 to 12/12/15	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	70,720	5.00	Plan of June 5, 2009		N/A
	55,000	5.24	Plan of July 7, 2009		N/A

1.3.2.3. Special report concerning bonus share allocation operations for fiscal year 2011-2012.

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 allocations made by the Company during fiscal year 2011-2012.

I. ALLOCATION OF BONUS SHARES FOR FISCAL YEAR 2011-2012:

1. Acting pursuant to the authorization given by the fifteenth and sixteenth resolutions of the Shareholders' Meeting on July 7, 2009, the Board of Directors decided at its meeting on April 1, 2011 to adopt the following bonus share allocation plans, which have been modified by the Board of Directors on June 24, 2011:

Plan A

- Shares covered by the plan
  Allocation of 418,100 shares of the Company with a par value of €0.10.

- Beneficiaries
  All of these bonus shares were allocated to the Corporate Officers André-Jacques Auberton-Hervé and Paul Boudre, in the amounts of 248,600 and 169,500 shares respectively.

- Value of the shares allotted
  €10.725 per share.

- Acquisition period
  From April 1, 2011 to March 31, 2013.

- Acquisition conditions
  Acquisition of the shares at the end of the acquisition period is conditioned upon achieving the performance criteria measured by reference to an internal composite indicator based on revenue, EBITDA, consolidated available cash flow, and accomplishment of the main stages of the Group's strategic plan as described below (achievement of these conditions being established by the Board of Directors):

Composite Indicator	Year 1	Year 2
	FY12	FY13
Consolidated sales v. Group budget in 5 years	20%	20%
Consolidated EBITDA v. Group budget in 5 years	20%	20%
Available cash flow vs. Group budget in 5 years	10%	10%
Achievement of the Group's strategic plan in 5 years	50%	50%
Total	**100%**	**100%**

Holding Period

From April 1, 2013 to March 31, 2015, given that 10% of the number of shares allocated to each of the beneficiaries are non-transferrable up until their functions cease at the Company.

As indicated, after the transfer of property, the vesting period is fixed at two years; 90% of the shares will be transferrable after the end of the 2-year vesting period, and the 10% of the remaining shares will be non-transferrable until the beneficiary no longer works for the Company, if such termination intervenes before the two-year vesting period. Consequently, and in order to ensure this condition will be upheld, the Board decided that the allocated shares must be registered in a securities account, with the mention of this vesting period.

From our recollection, in any event, the shares cannot be transferred:

1. During the ten trading sessions prior and subsequent to the date when the consolidated financial statements or, failing that, the annual financial statements are published;
2. For a period between the date on which the Company's management bodies receive information that, if made public, might have a significant impact on the Company's share price, and the date faling ten trading sessions after the public disclosure of said information.

Plan B

- Shares covered by the plan
  Allocation of 389,850 shares of the Company with a par value of €0.10.
- Beneficiaries
  The 12 beneficiaries of this plan are salaried management executives.
- Value of the shares allotted
  €10.725 per share.
- Acquisition period
  From April 1, 2011 to March 31, 2013.
- Acquisition Conditions
  Acquisition of the shares at the end of the acquisition period is conditioned upon achieving the performance criteria measured by reference to an internal composite indicator based on revenue, EBITDA, consolidated available cash flow, and accomplishment of the main stages of the Group's strategic plan. The General management may communicate to the beneficiary the different personalized goals connected with the achievement of the strategic plan in 5 years. The General Management will also be in charge of recognizing the achievement of the personalized goals and will notify the beneficiary of the consequences of the acquisition of the allocated bonus shares, during the course and at the time of the acquisition period.
- Holding period
  From April 1, 2013 to March 31, 2015.

Plan B'

- Shares covered by the plan
  Allocation of 91,530 shares of the Company with a par value of €0.10.
- Beneficiaries
  The 6 beneficiaries of this plan are salaried management executives.
- Value of the shares allotted
  €10.725 per share.
- Acquisition period
  From April 1, 2011 to March 31, 2015.
- Acquisition Conditions
  Acquisition of the shares at the end of the acquisition period is conditioned upon achieving the performance criteria measured by reference to an internal composite indicator based on revenue, EBITDA, consolidated available cash flow, and accomplishment of the main stages of the Group's strategic plan. The General management may communicate to the beneficiary the different personalized goals connected with the achievement of the strategic plan in 5 years. The General Management will also be in charge of recognizing the achievement of the personalized goals and will notify the beneficiary of the consequences of the acquisition of the allocated bonus shares, during the course and at the time of the acquisition period.

Plan C

- Shares covered by the plan
  Allocation of 126,560 shares of the Company with a par value of €0.10.
- Beneficiaries
  The 5 beneficiaries of this plan are salaried management executives.
- Value of the shares allotted
  €10.725 per share.
- Acquisition period
  From April 1, 2011 to March 31, 2013.
- Acquisition Conditions
  Acquisition of the shares at the end of the acquisition period is conditioned upon achieving the performance criteria measured by reference to an internal composite indicator based on revenue, EBITDA, consolidated available cash flow, and accomplishment of the main stages of the Group's strategic plan. The General management may communicate to the beneficiary the different personalized goals connected with the achievement of the strategic plan in 5 years. The General Management will also be in charge of recognizing the achievement of the personalized goals and will notify the beneficiary of the consequences of the acquisition of the allocated bonus shares, during the course and at the time of the acquisition period.
- Holding period
  From April 1, 2013 to March 31, 2015.

Plan C'

- Shares covered by the plan
  Allocation of 93,790 shares of the Company with a par value of €0.10.
- Beneficiaries
  The 6 beneficiaries of this plan are salaried management executives.

- Value of the shares allotted
  €10.725 per share.

- Acquisition period
  From April 1, 2011 to March 31, 2015.

- Acquisition Conditions
  Acquisition of the shares at the end of the acquisition period is conditioned upon achieving the performance criteria measured by reference to an internal composite indicator based on revenue, EBITDA, consolidated available cash flow, and accomplishment of the main stages of the Group's strategic plan. The General management may communicate to the beneficiary the different personalized goals connected with the achievement of the strategic plan in 5 years. The General Management will also be in charge of recognizing the achievement of the personalized goals and will notify the beneficiary of the consequences of the acquisition of the allocated bonus shares, during the course and at the time of the acquisition period.

Plan D'

- Shares covered by the plan
  Allocation of 90,400 shares of the Company with a par value of €0.10.

- Beneficiaries
  The 2 beneficiaries of this plan are salaried management executives.

- Value of the shares allotted
  €10.725 per share.

- Acquisition period
  From April 1, 2011 to March 31, 2015.

2. Acting pursuant to the authorization given by the twenty-seventh resolution of the Shareholders' Meeting on June 24, 2011, the Board of Directors decided at its meeting on December 13, 2011 to adopt the following bonus share allocation plan:

Plan A

- Shares covered by the plan
  Allocation of 50,000 shares of the Company with a par value of €0.10.

- Beneficiaries
  These bonus shares were allocated in their entirety to one salaried management executive.

- Value of the shares allotted
  €3.733 per share.

- Acquisition period
  From December 13, 2011 to December 12, 2013.

- Acquisition Conditions
  Acquisition of the shares at the end of the acquisition period is conditioned upon achieving the performance criteria measured by reference to an internal composite indicator based on revenue, EBITDA, consolidated available cash flow, and accomplishment of the main stages of the Group's strategic plan. The General management may communicate to the beneficiary the different personalized goals connected with the achievement of the strategic plan in 5 years. The General Management will also be in charge of recognizing the achievement of the personalized goals and will notify the beneficiary of the consequences of the acquisition of the allocated bonus shares, during the course and at the time of the acquisition period.

- Holding period
  From December 13, 2013 to December 12, 2015.

Plan B

- Shares covered by the plan
  Allocation of 75,000 shares of the Company with a par value of €0.10.

- Beneficiaries
  These bonus shares were allocated in their entirety to one salaried management executive.

- Value of the shares allotted
  €3.733 per share.

- Acquisition period
  From December 13, 2011 to December 12, 2013.

- Acquisition Conditions
  Acquisition of the shares at the end of the acquisition period is conditioned upon achieving the performance criteria measured by reference to an internal composite indicator based on revenue, EBITDA, consolidated available cash flow, and accomplishment of the main stages of the Group's strategic plan. The General management may communicate to the beneficiary the different personalized goals connected with the achievement of the strategic plan in 5 years. The General Management will also be in charge of recognizing the achievement of the personalized goals and will notify the beneficiary of the consequences of the acquisition of the allocated bonus shares, during the course and at the time of the acquisition period.

- Holding period
  From December 13, 2013 to December 12, 2015.

Plan C

- Shares covered by the plan
  Allocation of 25,000 shares of the Company with a par value of €0.10.

- Beneficiaries
  These bonus shares were allocated in their entirety to one salaried management executive.

- Value of the shares allotted
  €3.733 per share.

- Acquisition period
  From December 13, 2011 to December 12, 2015.

- Acquisition Conditions
  Acquisition of the shares at the end of the acquisition period is conditioned upon achieving the performance criteria measured by reference to an internal composite indicator based on revenue, EBITDA, consolidated available cash flow, and accomplishment of the main stages of the Group's strategic plan. The General management may communicate to the beneficiary the different personalized goals connected with the achievement of the strategic plan in 5 years. The General Management will also be in charge of recognizing the achievement of the personalized goals and will notify the beneficiary of the consequences of the acquisition of the allocated bonus shares, during the course and at the time of the acquisition period.

II. ACQUISITION OF BONUS SHARES ALLOCATED FOR FISCAL YEAR 2011-2012 AND PRIOR YEARS:

Pursuant to the bonus share allocation plan decided upon by the Board of Directors at it is meeting on June 5, 2009, 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 June 4, 2011, the Board of Directors acknowledged at its meeting on June 20, 2011 that on June 5, 2011 Mr. Auberton-Hervé had acquired 37,807 bonus shares, Mr. Paul Boudre had acquired 107,876 bonus shares, and the other beneficiaries of the plan had acquired 70,720 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 July 7, 2009, the only beneficiary who was a management executive of the Company, and since the acquisition period had expired on July 6, 2011, the Chairman of the Board of Directors decided on July 7, 2011 to acknowledge, on one hand, the end of the acquisition period for the 55,000 bonus shares allocated by the meeting of the Board of Directors on July 7, 2009, and, on the other hand, the allocation to the beneficiary of 55,000 treasury shares held by the Company, previously acquired in the scope of the implementation by the Company of its share buy-back program.

III. CANCELLATION OF BONUS SHARES ALLOCATED IN RESPECT OF THE 2011-2012 AND PREVIOUS FISCAL YEARS:

Regarding the bonus share allocation plan decided by the Board of Directors on April 1, 2011:

- 11,300 bonus shares, the beneficiary of which was a salaried executive, were cancelled as a result of his departure on September 2, 2011.
- 28,250 bonus shares, the beneficiary who was a salaried executive, were cancelled as a result of his departure on March 15, 2012.

1.4. Operations on securities held by Company Managers

During the operation of the share capital increase with maintained preemptive subscription rights for existing shareholders, Mr. André-Jacques Auberton-Hervé transferred to the Strategic Investment Funds a part of his preferential subscription rights, pursuant to the conditions described in the prospectus received on June 27, 2011 under AMF visa no. 11-0266.

In addition, as part of the acquisition of Altatech Semiconductor S.A., announced December 23, 2011, Mr. André-Jacques Auberton-Hervé allocated for payment of his shareholding in Altatech Semiconductor SA, his Soitec shares, which are subject to an active conservation conditions for a period of two years.

Finally, on February 10, 2012, Mr. Paul Boudre transferred a certain number of warrants (BSAAR) issued under the PACEO program as detailed in 1.5 below.

In accordance with Article L.621-18-2 of the Monetary and Financial Code and Article 223-22 of the General Regulations of the AMF, the managers made the following declarations:

Registrant	André-Jacques Auberton-Hervé	STAR, legal entity connected to André-Jacques Auberton-Hervé	Paul Boudre
Position	Chief Executive Officer	Chief Executive Officer	Chief Operating Officer
Issuer	Soitec	Soitec	Soitec
Description of the securities	Common shares	Common shares	Share Purchase Warrants and/or acquire redeemable shares
Number of securities	68,741*	529,707*	50,000
Nature of the operation	Delivery of common shares used in payment in the context of an external growth transaction	Delivery of common shares used in payment in the context of an external growth transaction	Sale
Date of the operation	01/25/2012	01/25/2012	02/10/2012
Place of the operation	Euronext Paris	Euronext Paris	Euronext Paris
Unit price	4.50 €	4.50 €	1.5162 €
Total amount of the operation	**309,334.50 €**	**2,383,681.50 €**	**75,810 €**

*On June 8, 2012, the Company submitted a corrective statement with the AMF to amend the declaration dated February 2, 2012.

1.5. Incentive and profit-sharing plans

1.5.1. Incentive plan

The Company has had an incentive plan since 1998. The last agreement, signed in June 2011, is based 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);
- quality (quality of wafers produced);
- control of costs (ratio of costs to revenue): a supplemental bonus of 0.2% is triggered based on the overall level of client satisfaction. Soitec Microelectronics Singapore also benefits from a similar "profit sharing" system.

Statement of incentive payments and employer's contributions to the employee savings plan (PEE) for the previous years:

Year	Incentive (in thousands of Euros)	Employer's contribution (in thousands of Euros)
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

*including the employer's contribution paid for share subscription or purchase warrants (BSAARs), i.e., €317,000 (see 1.7.2 below).

**including the employer's contribution in respect of BSAARs, namely €182,000 (see 1.7.2 below).

1.5.2. Employee profit-sharing through the establishment of a PACEO (step-up equity program) with sale of share subscription or purchase warrants to employees

The Shareholders' Extraordinary Meeting held on November 5, 2007 voted in favor of a set of resolutions which allowed the establishment by Société Générale of a PACEO (capital increase program through the exercise of options) with a maximum duration of 4 years, based on the issuance of share subscription rights (BEA) that requires Société Générale, as sole holder, to subscribe at Soitec's request to shares with subscription warrants and/or redeemable share purchase warrants (ABSAAR).

The implementation of the PACEO program has a dual purpose:

- to ensure the diversification of financing of the Company's growth by allowing it to benefit from an equity line at Société Générale allying flexibility and security: it may be implemented by the Board of Directors at any time by increments, depending on the opportunities it assesses;
- 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 for entrepreneurs plans that can no longer be set up by the Company as in the past.

In summary, the overall mechanism is as follows:

Number of Soitec shares likely to be issued

The face value of the new shares likely to be issued through exercise of the share subscription rights (BEA) or through the exercise of share subscription or purchase warrants (BSAARs) will amount to a maximum of €821,973.56. The dilution for shareholders resulting from the implementation of the PACEO will therefore represent at most a little less than 10% of the Company's current capital.

It must be stated that exercising share subscription or purchase warrants (BSAARs) may also lead to the acquisition of existing shares, which in this case will not cause any additional dilution. Furthermore, the diluting impact connected with the implementation of these resolutions may, if applicable, be limited by the Company thanks to a capital reduction through cancellation of the shares acquired in connection with the buyback of its own shares by the Company resulting from the adoption of the 11th resolution presented to the Combined Shareholders' Meeting on July 10, 2007.

Subscription price of the new shares

The subscription price of an ABSAAR to be issued through exercise of a BEA is determined based on (i) the execution price weighted by the volume of trading on the Soitec share, excluding block trades and excluding after hours trading, executed during the three-day stock quotation period preceding the subscription date and (ii) the market price of the BSAARs determined by an independent expert, to which a discount from par may be applied that may not exceed 5%. The subscription price of the ABSAARs will be paid up full in cash at the time of subscription.

Detachment of BSAARs [warrants]

The BSAARs attached to the Shares issued on exercise of the BEAs will be detached immediately in order to be sold subsequently to the following beneficiaries:

- members of a corporate or group savings plan of the Company and of the companies that are affiliated with it in under the conditions of Articles L.225-180 of the Commercial Code and L.444-3 of the Labor Code, the unit sale price for the BSAARs decided upon by the Board of Directors based on their market value determined by an independent expert, knowing that a portion of the BSAARs may also be allocated free of charge, as employer's contribution, in accordance with the provisions of Article L.443-5 of the Labor Code and since a discount from par may also be applied within the legal limits (second resolution of the Shareholders' Meeting held on November 5, 2007);
- salaried senior executives of the Company or the managers and/or employees of any French or foreign subsidiary of the Company not eligible to participate in a corporate savings plan, consolidated, where applicable, in an ad hoc structure, the unit sale price of the BSAARs decided upon by the Board of Directors based on their market value determined by an independent expert (third resolution); or finally
- the Corporate Officers of the Company, however, the BSAARs going to them may not exceed 30% of the BSAARs acquired under the conditions described in the second and third resolutions of the Extraordinary Shareholders' Meeting on November 5, 2007, it being stated that the Chairman and Chief Executive Officer of Soitec, André-Jacques Auberton-Hervé, decided not to take part in the vote on the fourth resolution of the Shareholders' Meeting on November 5, 2007, since he is a potential beneficiary of these BSAARs. The Board of Directors will determine the list of beneficiaries satisfying the characteristics mentioned above, the number of BSAARs that may be sold to the beneficiaries, as determined, and will set the unit sale price for the BSAARs based on their market value determined by an independent expert, it being stated that any Board member concerned will refrain from taking part in the decision of the Board of Directors concerning him personally (fourth resolution of the Shareholders' Meeting on November 5, 2007).*

If all of these BSAARs are not purchased by employees and Corporate Officers of the Soitec group and if a number of them remain, these remaining BSAARs may either be bought back by the Company at their market value determined by an independent expert to then be cancelled or exercised by Société Générale at Soitec's request in the percentages and on the dates to be determined by the Board of Directors.

Price and conditions of sale of the BSAARs

The Board of Directors determines the number of BSAARs that may be sold to the beneficiaries mentioned above, and determines the unit sale price for the BSAARs based on their market value determined by an independent expert, knowing that a portion of the BSAARs may also be allocated free of charge as employer contribution to members of the corporate savings plan in accordance with the provisions of Article L.443-5 of the Labor Code and that these members may also benefit, where applicable, from a discount from par within the legal limits.

First PACEO Issuance

During its meeting on June 4, 2008, the Board of Directors decided to make a 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 (Board of Directors meeting of July 2, 2008, 2000,000 of which were sold to Mr. André-Jacques Auberton-Hervé and 50,000 to Mr. Boudre). The characteristics and assumptions used to value the BSAAR plan are as follows:

Issue price:	€1.2878
Issue price in the PEE:	€1.03
Exercise price:	€4.1618
Exercise parity:	1 new or existing share for 1 BSAAR
Exercise period:	From July 2, 2008 to July 2, 2015
Lock-up period:	From July 22, 2008 to July 22, 2010
Early redemption period:	From June 17, 2013 to July 2, 2015
Early redemption price:	€1.03
Forcing level (%):	150%* exercise price
Forcing level (€):	€6.2427

Second PACEO Issuance

At its Board meeting on November 17, 2009, the Board of Directors decided in principle to make a second partial use 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
Purchase price within the PEE:	€2.8000
Exercise price:	€13.5431
Exercise parity:	1 new or existing share for 1 BSAAR
Exercise period:	July 13, 2010 to July 13, 2015
Lock-up period:	N/A
Early redemption period:	July 13, 2013 to July 13, 2015
Early redemption price:	€2.8000
Forcing level (%):	150%* exercise price
Forcing level (€):	€20.3147

Third PACEO Issuance

At its Board meeting on April 1, 2011, the Board of Directors decided in principle to make a third and final partial use of the PACEO program, thereby offering up to 1,100,000 BSAARs on April 11, 2011.

The characteristics of the BSAARs were as follows:

Issue price:	€1.900
Purchase price within the PEE:	€1.520
Exercise price:	€16.772
Exercise parity:	1 new or existing share for 1 BSAAR
Forcing level (%):	130%* exercise price
Forcing level (€):	€21.803

However, due to market conditions, the offer of BSAARs to employees of the Group under the third issuance was not completed. Indeed, the sharp fall in the stock market price of the Soitec shares made the conditions of this third issuance uneconomical. Accordingly, on November 15, 2011, the Board of Directors authorized the cancellation of the aforementioned BSAARs. These BSAARs were acquired by the Company at their issue price in light of their cancellation.

Summary table of the three PACEO issuances

	1st issuance	2nd issuance	3rd issuance
Date of Shareholders' Meeting	11/05/2007	11/05/2007	11/05/2007
BoD Meeting	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
- o/w number of BSAARs for the Corporate Officers	250,000*	75,000	0
Issue price	€1.2878	€3.4900	N/A
Exercise Price	€4.1618	€13.5431	N/A
Exercise Period	from 07/02/08 to 07/02/15	from 07/13/10 to 07/13/15	N/A
Number of BSAARs remaining, acquired by the employees	1,434,660	513,351	0

*Mr. Paul Boudre transferred 50,000 BSAARs on February 10, 2012

Adjustments during fiscal year 2011-2012

Pursuant to Article L.228-99 of the Commercial Code, and due to the share capital increase with maintained preemptive subscription rights made by the Company during the year, the Company has taken steps necessary to protect the interests of the holders of the BSAARs, by making an adjustment to the Company share subscription conditions in exercising the BSAARs. The summary tables presented in Chapter 7 reflect this adjustment.

2. 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.

2.1. Risks related to the Company's business activities

2.1.1. Operational risk

2.1.1.1. Operational risks associated with the semiconductor activity

Sensitivity of the Group's results to the semiconductor activity

The semiconductor sector is affected by a rapid change of customers' perspectives or by the unexpected accumulation of stocks in the supply chain due to changes in end users' demand and macroeconomic conditions. The commercial relationships established by Soitec with its main customers result from the signing of purchase orders rather than long-term supply contracts. Consequently, many of these purchase forms or forecasts may be revised or canceled without penalty. As a result, Soitec commits part of its resources to the production of wafers without binding purchase commitments from its customers. The Group's contractual relationships with its main customers Global Foundries and IBM, do not contain any unusual clauses which, when implemented, would have a material impact on its activity or development. However, even in cases where its standard terms and conditions of sale or other contractual agreements do not permit a customer to cancel an order 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 difference between the announcements made by the end users despite their eventual strategic choices in the medium term, and the translation of these choices into orders made by the suppliers for these end users which reinforces the Group's difficulty in anticipating the evolutions of its purchase orders.

Impact of short-term demand trends on the Group'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. During fiscal year 2011-2012, the Group believes that around 50% of its operating expenses can be regarded as fixed. Even though the cost-cutting measures implemented by the Group may lead to a gradual reduction in this ratio, any sudden downtrends in demand may have a material impact on the Group's results given the difficulties it faces in cutting its fixed cost base immediately. This reduction is not compatible with the overriding goal of having production facilities to satisfy any short-term rebound in business activity.

Cyclicality 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. The Group therefore cannot rule out the possibility that a severe downward cycle in the semiconductor industry may have a material impact on demand for its 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 2011-2012, we successfully stabilized our inventory level and we will continue to carefully manage it during fiscal year 2012-2013; however, our current business forecasting is still qualified by the risk that our backlog may deteriorate as a result of customer cancellations.

Cyclicality of the semiconductor industry and Group's overall value

The semiconductor industry is highly cyclical, and the value of our business may decline as a result of markets response to this cyclicality. As we have experienced in the past, uncertainty in global economic conditions may continue to negatively affect our Company and the rest of the semiconductor industry, by causing us to experience backlog cancellations, higher inventory levels and reduced demand for our products. We may experience renewed, possibly severe and prolonged downturns in the future as a result of this cyclicality. Even as demand increases following such downturns, our profitability may not increase because of price competition and supply shortages that historically accompany recoveries in demand. In addition, we may experience significant fluctuations in our profitability as a result of variations in sales, product mix, end user markets, the costs associated with the introduction of new products, and our efforts to reduce excess inventories that may have built up as a result of any of these factors. The markets for our products depend on continued demand for consumer electronics such as personal computers, cellular telephones, tablet devices, digital cameras and automotive, household and industrial goods. Deteriorating global economic conditions may cause these end user markets to experience decreases in demand that could adversely affect our business and future prospects.

Sensitivity of the Group's results to technology advances

The semiconductor industry is characterized by rapidly changing technologies and industry standards, together with frequent new product introductions. 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. The more the etching precision increases, the less the consumption of SOI wafers increases. These technology advances bring constraints on our clients, which they may be unable to face, that may lead to decreases in demand. Thus, during fiscal year 2011-2012, Global Foundries experienced yield and manufacturing difficulties related to 32nm products resulting in unexpected decreases in demand and increases in inventory during the second and third quarter. At the same time, Intel, the leader in the microprocessor market and the integrated graphic chipsets market, announced that it would no longer pursue the race to linear reduction of etching sizes, and will adopt a manufacturing technology for its three-dimensional processors, which is a major technological breakthrough for all smelters. Although Soitec is satisfied that the SOI will allow the continued miniaturization of the etch size, it also has a competing technology proposal to that of Intel and will make every effort to have this technology adopted by the widest possible audience in the semiconductor industry. However, we could fail to meet the challenge of technological change initiated by Intel and fail in having foundries adopt our alternative technology solution. In this case, our future development in the market for semiconductors could be questioned, which could jeopardize our economic and financial viability.

2.1.1.2. Operational risks specifically related to the Photovoltaic activity

Innovative nature of concentrated photovoltaic technology

The solar energy generation equipment market is at an early stage of development and the penetration rate of the concentrated photovoltaic technology developed and promoted by the Group 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 the Group expects, this may have a negative impact on the Group'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 energies 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 development cycle of solar power stations using concentrated photovoltaic technology, which goes from 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, the Group will invest heavily during the early stages of development and dedicate considerable resources. This investment, which sometimes takes place several years before power purchase agreements and engineering, construction and maintenance contracts relating to the stations are signed, is accompanied by the paying out of funds that will not necessarily be paid back. In certain cases, after signing a power purchase agreement, it must then be validated by independent governmental authorities (notably in California, by the California Public Utilities Commission) 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 Group'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 Group is not able to sell the its stations 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 our future development in solar energy using concentrated photovoltaic technology depends on our ability to increase our solar panel production capacity significantly under acceptable financial conditions. Otherwise, we may find ourselves unable to develop our business activities, reduce our manufacturing costs relative to the cost per watt of electricity generated, increase and maintain our market share, meet our contractual obligations towards our partners and ensure our financial viability. Our ability to develop our 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 our control, such as our inability to negotiate appropriate contracts with production equipment suppliers;
- authorization deadlines or refusals from the relevant authorities;
- difficulties that may be encountered in recruiting the staff needed to develop our production activities;
- any other difficulties that may be encountered in the operational implementation of our plan.

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

As of the publishing date of recording of the present Report, various solar energy projects using concentrated photovoltaic technology which were announced by the Group are waiting for the necessary administrative authorizations. The Group cannot guarantee that these administrative authorizations will be obtained and the Group cannot therefore guarantee that this pre-condition for developing its revenue within the scope of these projects will be satisfied.

Moreover, the development of solar energy production projects will also require obtaining certain property rights the grant of which is conditioned on respecting a number of administrative and regulatory constraints. These property rights may be subject to appeal by third parties. Once these rights are acquired, the solar power plants may also require obtaining various further administrative authorizations which may be refused and/or for which the grant is delayed before such plants can be operated.

Failure to obtain the authorizations necessary for developing the various solar energy projects may have a substantial unfavorable effect on the Group's activity, including its financial situation and 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 the Group and its clients" here below.

2.1.2. Industrial, regulatory or environmental risks

Use of hazardous substances

The manufacturing process used by the Company for the production of advanced materials 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 industry, such as hydrofluoric acid, hydrochloric acid, ammonia for liquids, and hydrogen chloride, ammonia, dichlorosilane (DCS) and hydrogen for gases.

The Company observes local laws and regulations concerning the use and storage of chemical products, as well as the disposal of hazardous industrial waste 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.

The Company has effective equipment to combat chemical risks caused either by work related accidents (corporal contact) or product spills/leaks. The Company 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 risks are controlled properly. However, the Company cannot rule out any accidental risks that may have a detrimental effect on people's health, the environment, and its brand image, results and financial position.

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 while others concern the terms and cost of connecting this electricity to the distribution grid. In particular, the increase in the shares represented by solar power in electricity generation depends on the existence and support of government policies targeting facilitating its development. These policies, implemented in most of the countries in which the Group expects to deploy its solar power generation activities, most often offer 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. As a result, they may create roadblocks to developing the solar power generation equipment market, particularly for those using concentrated photovoltaic technology, should it be amended or put into question.

Importance of research and development for the Group

The Group dedicates a large share of its sales to research and development. These research and development efforts depend partly on 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 our contracts contain stipulations under which we undertake to improve the efficiency of our products over time in return for increased remuneration. Any difficulties that we may encounter in meeting these contractual commitments may have an unfavorable impact on our margins and operating income.

The Company actively monitors the market which not only anticipates regulatory changes but also allows, as was the case in the past, to seize new market opportunities. The increasing pressure of regulatory compliance related to the environment today is particularly monitored by the Company. However, any delay or difficulty encountered in the development of power generation using solar concentrator photovoltaic technology may have an adverse effect on the development of our business.

2.1.3. Risks relating to the Group's expansion in energy activities

Difficulties relating to managing the Group's growth

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

Risks relating to the development of solar power stations using concentrated photovoltaic energy

The development of solar energy using concentrated photovoltaic technology entails specific risks relating mainly to the pre-financing of these development projects by the Group and the specific contractual guarantees that the Group must provide within the framework of these projects (see, in particular, section 2.4.6 regarding off-balance sheet commitments). More specifically, in the event the Group does not respect the contractually agreed upon development timetable, it may be required to pay its co-contractor compensation, which may call into question the financial interest of the project as a whole for the Group. The projects led by the Group are shown in the consolidated financial statements on the assets side under "Projects under development". If the Group 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. During the fiscal year ending March 31, 2013, the Company believes that significant investment will be required in the development of solar energy using concentrated photovoltaic technology. This investment may have to be accompanied by the mobilization of the Group’s equity to pre-finance the projects in question. See, in particular, the section entitled “The development of the solar energy activity using concentrated photovoltaic energy depends on the availability of funding for the Group and its customers”.

Risks relating 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, the Company’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, the Company could lose market share and have to deal with significant financial expenses relating to the guarantees given for our facilities. The Company 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, which should not decline by more than 10% of the initial power generation observed during the first 10 years after commissioning, or 20% over the next 15 years. As a result, it is exposed to a risk of paying out compensation in respect of these guarantees, which last for a long time after its systems are sold.

2.2. Legal risks

The Group is a party to certain lawsuits described in paragraph 5.6 of the Management Report.

2.2.1. Competition and technological risks

The semiconductor industry is highly competitive and marked by a very rapid pace of technological progress.

The adoption of Smart Cut™ technology by silicon leaders such as Shin-Etsu Handotaï under licensing agreements with the Company reduces the risk of technological competition. The Company’s principal competitor in SOI products is thus Shin-Etsu Handotaï, which is also a license holder contributing to the development of the market as part of the licensing strategy announced by the Company.

Nonetheless, the current major manufacturers of silicon may 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, making it harder for another technology to emerge and thus reduces the competition from existing alternative technologies, which were primarily marketed by US Company Ibis Technology and its SIMOX technology. Ibis halted the manufacture of SOI products during 2004 and is in the process of liquidation. This technology is predicated 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.

MEMC has also publicly stated its determination to invest heavily in SOI technologies. The Group is currently in a lawsuit against MEMC over the potential infringement of its technology, as described in note 5.3 of the Notes to the Consolidated Financial Statements.

The Group is therefore confident of its ability to maintain its competitive position and the competitiveness of its technology, but cannot overlook 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.

In concentrated photovoltaic technology, the Group's technology is focused primarily on areas with high irradiance. It is in competition with other suppliers, mainly from North America, as well as other emerging technologies such as CSP (Concentrated Solar Power). This competition is based primarily on the average cost of power generation rather than the power generation technologies adopted. However, in the case where competing power generation technologies manage to substantially reduce the average cost of generating power, the Company could be exposed to unfavorable consequences on its competitive position, and as a consequence its results and financial position.

2.2.2. Intellectual property

The Company pays particular attention to the protection of its intellectual property and has an active policy of filing patents and registering trademarks (e.g. Unibond™ and Smart Cut™). In the absence of sufficiently extensive protection, the invalidation or bypassing of the patents that the Company is licensed to use or owns may have a material adverse effect on its business activities or financial situation.

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

With more than two hundred new patents filed each year, the Company reinforces and extends its intellectual property in the technology sectors key to its current or future business. Even though the first patent of the Smart Cut™ falls into the public domain during fiscal year 2012-2013, this policy prolongs as much as possible its protection with respect to third parties in this domain.

To protect 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.

2.3. Risks of dependence on third parties

2.3.1. Dependence on key customers

Risks related to the concentration of customers in the semiconductor industry

A significant reduction in the volume of business with a major customer will have an immediate impact on the Company's growth and financial situation. During fiscal year 2011-2012, the Group's largest customer accounted for 59% of sales of Electronic department and the second-largest for 7%. There were 5 customers accounting for over 5% of the Group's sales for Electronic department, which together accounted for 81% of sales of the department. 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 the Company 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 performed by the Company with its main customers.

Risks related to the quantification of end markets for key customers

The Group 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) in their respective markets. The Group's business forecasts may thus be called into question by a different assessment and/or a revision by its customers of their own forecasts. The Group 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. However, during the fiscal years 2011-2012, the performance and manufacturing problems faced by Global Foundries for the 32nm products, led to a slowdown in demand and an unforeseen increase in our inventories in the second and third quarter.

Risk of customer insolvency

The concentration of the Group's customer portfolio is not synonymous with substantial credit risk. 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. In addition, the Group 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 protect the Group against the risk of insolvency of one or more of its customers. Assuming this were to happen, the Group's results and financial situation could be negatively affected.

2.3.2. Dependence on partners

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

In order to construct solar power plants using concentrated photovoltaic technology, funding could be secured through the use of bank loans, market borrowings of debt or equity investments. The Group cannot guarantee that such financing will be available, or if it is, that their economic conditions will not affect the profitability of these projects. Contracts for the supply of solar module signed by the Group could be conditioned upon the existence of appropriate sources of funding for the Group's customers. Similarly, the Group anticipates that investors will proceed with the acquisition of plants or solar power plants that have developed internally by pre-financing the projects with the Group's equity. In the absence of such investors, or in the event that such investors encounter financial difficulties, the ability for the Group 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.

Dependence on silicon suppliers and impact on the Group'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, and 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 the 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 the Group being able to guarantee full consistency. The length of the production cycle and the level of raw materials inventories still represent less than three months' consumption.

The cost of silicon represents around 40-50% of the production cost of an SOI wafer, higher than other consumable materials and types of costs. In order to reduce the weighting of silicon in production costs on a long-term basis, the Group has adopted a strategic cost-cutting program using a procedure developed internally, dedicated entirely to ensuring better use of silicon. The Group is confident of 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

Non-current assets are assigned to three cash-generating units (CGUs): Electronics, Solar Energy and Lighting. Despite continuing unfavorable general conditions in the semiconductor industry, the outlook is positive, causing the Group to conclude that there was no indication of impairment as of the balance sheet date relating to the Electronics CGU. For the Solar Energy CGU, the existence of attached goodwill led the Group perform an impairment test that supported the value of non-current assets related to this CGU.

Details of the method used to determine any impairment are provided in note 2 of the Notes to the Consolidated Financial Statements. In addition, more details about the assumptions made and sensitivity measurements are provided in note 3.5 of the Notes to the Consolidated Financial Statements.

Dependence on key staff

The departure of certain members of the management team and certain senior members of staff could have a negative impact on Group's business activities. The Company believes that its success will depend to a large extent on its ability to attract and retain skilled employees, for which market demand can be very high.

There cannot be any certainty that these employees will not leave the Company or that it will actually recruit and retain skilled employees.

However, to mitigate this risk, the Company has implemented an expanded management structure, based on a Chairman and Chief Executive Officer assisted by the Office of the President consisting of six members and various operational committees. The Company has also developed an incentive-based structure of compensation and benefits for all of its key employees, so as to retain them within the Company over the long term.

Plan to continue operations

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 at 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.

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.

2.4. Market risks

2.4.1. Interest rate risk

Financial assets and liabilities as at March 31, 2012:

(in thousands of Euros)	Less than 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	More than 5 years	Non-affected	Total
Financial assets								
Fixed rate	336,072	5,508	6,628	-	213	70	-	**348,491**
Variable	36,001	133	74	-	-	-	-	**36,208**
Total	**372,074**	**5,641**	**6,702**	**-**	**213**	**70**	**-**	**384,700**
Financial liabilities								
Fixed rate	112,549	2,627	145,754	372	372	5,858	-	**267,532**
Variable	6,283	8,122	3,593	-	-	-	-	**17,998**
Total	**118,832**	**10,749**	**149,347**	**372**	**372**	**5,858**	**-**	**285,530**
Net exposure before hedging								
Fixed rate	223,523	2,881	(139,126)	(372)	(159)	(5,788)	-	**80,960**
Variable	29,718	(7,989)	(3,519)	-	-	-	-	**18,210**
Total	**253,242**	**(5,108)**	**(142,645)**	**(372)**	**(159)**	**(5,788)**	**-**	**99,170**
Interest rate hedging instruments								
Fixed rate	-	-	-	-	-	-	-	**-**
Variable	-	-	-	-	-	-	(15,410)	**(15,410)**
Total	**-**	**-**	**-**	**-**	**-**	**-**	**(15,410)**	**(15,410)**
Exposure after hedging								
Fixed rate	223,523	2,881	(139,126)	(372)	(159)	(5,788)	-	**80,960**
Variable	29,718	(7,989)	(3,519)	-	-	-	(15,410)	**2,800**
Total	**253,242**	**(5,108)**	**(142,645)**	**(372)**	**(159)**	**(5,788)**	**-**	**83,760**

As at March 31, 2012, financial instruments held for the management of interest rate risk broke down as follows:

	Fiscal year ended March 31, 2012		Fiscal year ended March 31, 2011	
(in thousands of Euros)	Market value (net)	Position hedged	Market value (net)	Position hedged
Hedging of financial liabilities:				
Interest rate swaps	(72)	15,410	0	0
Caps				
Total	**(72)**	**15,410**	**0**	**0**

The Group's medium to long-term debt is primarily a fixed rate. It is therefore not exposed to a significant risk of changes in interest rates.

For the fiscal year ended on March 31, 2012, a 1% increase in interest rates applied to floating-rate debt and investments would have triggered an increase in financial income/expense of around €28,000. An interest rate reduction of 1% applied to variable rate investments would have led to a reduction in the financial results on the order of €28,000.

(in thousands of Euros)	March 31, 2012 Impact on pre-tax income	Impact on equity before tax
Impact of a +1% change in interest rates	28	0
Impact of a -1% change in interest rates	(28)	0
Total	**552**	**0**

2.4.2. Currency risk

Impact of Dollar/Euro parity on the Group

As the global semiconductor market is Dollar dominated, the vast majority of the Group's revenues appear in U.S. Dollars. Regardless of the hedging instruments, the Group has put into place for 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. 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 revenue amounts (primarily Dollar transactions) is not off-set by a reduction of its expenses. The value of the U.S. Dollar decreased approximately 4% against the Euro between fiscal years 2010-2011 and 2011-2012. The Group notes that the current operating margin ratio of -14.2% obtained during the 2011-2012 fiscal year would be -11.4% if the Euro/Dollar parity had remained at the levels experienced in the previous fiscal year.

The Group's strategic decision to open a new Dollar zone factory in Singapore as well as the growth of the Solar Energy division in the United States should progressively reduce the volatility of the results published in Euros.

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

	Average exchange rate		Exchange rate	
Currency	Fiscal year ended March 31, 2012	Fiscal year ended March 31, 2011	as at March 31, 2012	as at March 31, 2011
US dollars	0.726216	0.755309	0.748727	0.703878
Yen	0.009118	0.008844	0.009127	0.008503

Net positions in foreign currencies

Commitments in foreign currencies relate to off-balance sheet commitments.

(in thousands of Euros)	Euro	JPY	Dollar	NTD	SGD	KRW	Other Currencies	March 31, 2012
Assets	315,413	2,078	77,543	59	2,063	210	1,741	399,107
Liabilities	227,465	1,799	37,267	-	2,233	28	-	268,792
Off-balance sheet Commitments asset/liability	(109,976)	-	(4,037)	-	-	-	-	(114,013)
Net position before hedging	(22,028)	279	36,239	59	(170)	182	1,741	16,302
Hedging instruments	-	-	7,487	-	-	-	-	7,487
Net position after hedging	(22,028)	279	28,752	59	(170)	182	1,741	8,815

The following table shows the latent results with regards to currency hedges existing as at March 31:

	Fiscal year ended March 31, 2012		Fiscal year ended March 31, 2011	
(in thousands of Euros)	Market value (net)	Position hedged	Market value (net)	Position hedged
Coverage of balance sheet accounts (trade receivables and trade payables)				
US dollar - Euro option contracts	-	-	-	-
JPY - Euro selling contracts	-	-	-	-
US dollar - Euro forward sales contracts	53	7487	612	19,920
US dollar - Euro forward purchase contracts	-	-	-	141
US dollar – JPY forward sales contracts	-	-	-	-
Singapore dollar - Euro forward purchase contracts	-	-	-	-
Futures contracts (off-balance sheet)				
US dollar - Euro option contracts	-	-	-	-
US dollar - Euro forward sales contracts	-	-	-	-
Total	**53**	**7487**	**612**	**20,061**

Market value has been estimated with the help of one or more currently used models.

The Company's procedures aim 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 operating activities. Within the framework of this currency risk management policy, the Company also continued during the fiscal year to hedge its transactions in US dollars and yen by using forward purchase and sale contracts, as well as currency options with short maturities of 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 €3,643,000. For the purposes of this analysis, all other variables - in particular interest rates - are assumed to have remained constant.

2.4.3. Liquidity risk

The Group's financing is provided via capital market transactions in the form of long-term obligations (convertible bond issues and capital increases), as well as finance leases for investment in manufacturing. The Company has carried out a specific review of its liquidity risk and believes that it is in a position to meet its coming obligations.

(in thousands of Euros)	Total	Less than 1 year Nominal	Less than 1 year Interest	1 to 2 years Nominal	1 to 2 years Interest	2 to 3 years Nominal	2 to 3 years Interest	3 to 4 years Nominal	3 to 4 years Interest	4 to 5 years Nominal	4 to 5 years Interest	More than 5 years Nominal	More than 5 years Interest	Total Nominal	Total Interest
Finance Leases:															
Real estate financial lease	16,866	7,067	490	6,315	325	3,484	128	-	-	-	-	-	-	16,866	943
Financial lease for furniture	1,044	1,044	24	-	-	-	-	-	-	-	-	-	-	1,044	24
Loans:															
2014: OCEANE bonds	150,045	-	9,062	-	9,062	144,985	9,062	-	-	-	-	-	-	144,985	27,185
Bank loan in Euros or other currencies	3,176	2,173	8	489	37	506	18	-	-	-	-	-	-	3,168	63
Other loans and financial debt:															
Reimbursable advances	828	95	-	695	-	-	-	-	-	-	38	-	-	828	-
Financial suppliers	49	49	-	-	-	-	-	-	-	-	-	-	-	49	-
Derivative instrument liability	72	72	-	-	-	-	-	-	-	-	-	-	-	72	-
Bank overdrafts	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Drawn authorized credit lines	1	1	-	-	-	-	-	-	-	-	-	-	-	1	-
Other financial liabilities	8,107	8,106	-	-	-	-	-	-	-	-	-	-	-	8,106	-
Financial Debt	**180,187**	**18,607**	**9,584**	**7,499**	**9,424**	**148,975**	**9,208**	**-**	**-**	**-**	**-**	**38**	**-**	**175,119**	**28,215**

Please note that the Group's financial debt does not include financial covenants or any specific eligibility clauses.

2.4.4. Credit risk

The financial instruments with respect to which the Company may potentially be exposed to credit risk are primarily cash, cash equivalents and marketable securities, as well as trade receivables. The Company has adopted a cash management policy that aims to optimize its investments in short-term and low-risk financial instruments. As at March 31, 2012, most of the Company's cash and cash equivalents were invested directly in sovereign bonds or funds investing in sovereign bonds.

The Company sells its products to customers in the semiconductor industry located in North America, Asia and Europe. With regards to the Solar Energy division, the growth in this sector could expose the Company to significant credit risks as the number, types, and location of potential clients are substantially more diverse. As at March 31, 2012, the Company had four customers accounting for more than 5% of the Electronics division's sales, together accounting for 81% of total 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 immaterial and within the limits anticipated by Executive Management.

Confirmed credit facilities

The Company has taken out confirmed credit facilities with its banking partners representing total outstanding amount of €82.7 million as at March 31, 2012, payable at the end of March 2017.

2.4.5. Equity risk

The Company may be exposed to equity risk due to the treasury shares it holds. However, this risk is limited insofar as the Company held only 112,059 treasury shares as at March 31, 2012 or 0.09% of the share capital.

Share price volatility

Stock markets have been subject to major fluctuations over the last few years that, in many cases, have not been related to the results of listed companies. Market fluctuations combined with economic conditions, news reported by the Group's main customers, and press releases from the Company may increase the volatility of the Company's shares.

Over the last 12 months, Soitec's average share price volatility over 10 days has been 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 paid any dividends for the last three years and does not plan to pay a dividend for fiscal year 2011-2012. Its future dividend policy will take account of the development of the Group's results, additional investment requirements and the share price performance.

2.4.6. Risks related to the level of off-balance sheet commitments

The Group has taken out off-balance sheet commitments within the framework of its ordinary operations. These commitments are set forth in detail in note 5.2 in the appendix to the Company's consolidated financial statement.

Due to the growth of the Group's solar power activities, specifically the use of photovoltaic concentration technologies, the volume and the amount of these obligations will increase. These commitments generally entail:

- limited recourse clauses against the Group for the payment of obligations resulting from finance lease agreements taken out by the project companies during the construction phase of production plants;
- completion guarantees;
- obligations to acquire production plants and equipment;
- obligations to buy shares in project companies.

The occurrence of events requiring the Group to honor these commitments, as they will have grown with respect to the development of the Group's solar energy production may, in certain cases, have a material negative impact on the Group's operating results and financial situation.

2.5. Insurance risk coverage

Insurance

In addition to the prevention and protection measures implemented by the Company, it has also has instituted a global insurance program in order to cover:

- risk of physical damages and loss of the ability to operate;
- risks associated with the transportation of merchandise;
- environmental risks;
- risk of civil liability arising out of its operations or from the circulation of its products over the world.

Other insurance policies have been taken out for incidents of lesser consequence.

The Group's risk management and insurance maintenance policies have been developed in order to:

- distribute the transfer of risk over several first-rate insurance companies;
- take out Group insurance plans so that the transfer of risk is consistent with the policies acquired as well as to improve the Group's economies of scale while taking into account the specificity of the Group's activities;
- ensure that the deductibles in place are in line with capacities of each insured entity.

Physical damage and loss of operations

Property is covered by "Comprehensive Insurance" policies. These policies are adapted to the different production sites and are regularly visited by experts from our insurers in order to adjust the coverage amounts as well as deductibles to better fit the realities of the risk profiles.

Deductibles for "damage to property" and "loss of operation" are customized for each site and the type of operation. These policies are usually taken out for a period of eighteen months. These policies include "additional operating costs" as well as a guarantee for "client or supplier defaults."

Shipping

For shipment of merchandise, the Group's risk management and insurance plan has lead the Group to take out policies that covers its merchandise throughout the logistic chain, from suppliers to clients.

Civil liability for environmental damages

"Civil liability for environmental damages" covers all of our production sites in France and Singapore.

Civil liability

"Civil liability" insurance policies cover the Company's liability for its activities either after the products have been delivered, for criminal actions or any other action. These insurance policies have been taken out for each of the production sites and for the distribution facilities from the same insurance companies. The policies take the particularities of each production site into account as well as the risks associated with each different geographic zone where the products are delivered.

Photovoltaic activities

In addition to the insurance plans described above, the following guarantees have been put into place:

- Comprehensive Assembly Testing Worksite and consequent Loss of Operations for the San Diego factory;
- Damages policy for the primary solar farms, both for the construction phase as well as production phase of such.

3. Employment and environmental information

3.1. Employment information

Workforce on March 31, 2012

The employees are distributed over the various geographic zones as follows:

- EUROPE
  - Bernin (Soitec S.A.)/Villejust (Soitec Specialty Electronics S.A.S.)/Montbonnot (Altatech Semiconductor S.A.S.): activity - Electronics. The 35 employees located at Montbonnot joined Soitec on February 1, 2012 pursuant to the acquisition of Altatech Semiconductor.
  - Freiburg and its subsidiaries: activity - Solar Energy.
- ASIA
  - Singapore, Japan, South Korea and Taiwan: activity - Electronics.
- UNITED STATES
  - Peabody (Soitec USA Inc.) and Phoenix (Soitec Phoenix Labs Inc.): activity - Electronics and Lighting
  - San Diego: activity Solar Energy. The production site, acquired in December 2011, is currently being outfitted.

As at March 31, 2012, the total number of employees was at 1,557 of which 149 were of a temporary nature. This is the Group's highest ever number of employees.

The average age is 36.6 years.

Annual turn-over is at 5.5%. Stable and low at both Bernin with 4.1% and 2.9% at Freiburg, it is 18.3% in Singapore, where turn-over is culturally higher.

The workforce breaks down as follows:

Workforce status	France Bernin/Villejust/ Montbonnot	EUROPE Freiburg and subsidiaries	ASIA Singapore Japan Korea Taiwan	USA Peabody Phoenix	USA San Diego	Total Group
Workforce as at 31/03/2012	1,133	200	136	54	34	**1,557**
- temporary	107	42	-	-	-	**149**
Average age	36.5	34.9	34.9	43.5	44.5	**36.6**
Turn-over rate	4.1%	2.9%	18.3%	8.8%	6.9%	**5.5%**
Workforce variations during 2011-2012	108	114	12	22	27	**283**
- Operators	(22)	60	3	3	-	**44**
- Technicians & employees	42	24	6	5	-	**77**
- Engineers & management	88	30	3	14	27	**162**
Distribution by category						
- Operators	25%	38%	19%	6%	0%	**25%**
- Technicians & employees	35%	25%	36%	22%	3%	**33%**
- Engineers & management	40%	37%	45%	72%	97%	**42%**
Distribution by activity						
- Administrative staff	16%	15%	16%	15%	29%	**16%**
- Comm. & Marketing	3%	4%	4%	22%	21%	**4%**
- R&D	19%	32%	4%	63%	12%	**21%**
- Production	62%	49%	76%	0%	38%	**59%**

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.

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.

In Singapore, the organization of production facilities is based on four teams working 12-hour shifts.

To respond to new production challenges and to increase the production capacity of the Villejust plant, four teams alternate on a continual basis, day and night, weekends and holidays and the schedule is based on one day off for every two worked.

At the Group level, 86 employees work part-time, representing 5.5% of the total number of employees.

The absenteeism rate (short and long term) was 3.5% over the year. Short-term absences increased relative to the previous year but remained at a normal level for the industry. The absenteeism rate at Bernin was in line with the historic level (2.7%). The number of long-term absences of more than three months increased and had an unfavorable impact on the overall absenteeism rate (1.2%).

Compensation – Wage policy

Gross payroll costs recognized as expenses over the year amounted to €90.9 million, including €26 million in employer social security contributions.

The increase in payroll costs is related to the increase of more than 20% across Soitec as a whole.

In addition, the average pay rise based on merit given over the period was more than an average of 3.5% compared with 3% in 2010-11 across Soitec as a whole.

(in millions of Euros)	France Bernin/Villejust/ Montbonnot	EUROPE Freiburg and subsidiaries	ASIA Singapore Japan Korea Taiwan	USA Peabody Phoenix	USA San Diego	Total Group
Total payroll 2011-2012	72.4	6.9	4.7	4.9	2.0	90.9
Including employer social security contributions	23.7	1.3	0.47	0.35	0.2	26.0
Average raise	3.5%	4.0%	5.0%	3.5%	-	3.5%
Average annual wage (in Euros)	**39,200**	**46,800**	**34,530**	**79,520**	**82,860**	**41,215**

Female personnel

The wage gap between men and women is less than 5% for an equivalent level of responsibility. Women make up 31% of the total number of employees and are present in all business lines.

	France Bernin/Villejust/ Montbonnot	EUROPE Freiburg and European subsidiaries	ASIA Singapore Japan Korea Taiwan	USA Peabody Phoenix	USA San Diego	Total Group
Female personnel	33%	16%	36%	39%	15%	31%

Corporate Social Responsibility (csr) and dialogue with employees

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.

Dialogue with employees therefore contributes to a balanced relationship with employees in both individual working relationships and on a team basis.

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;
- continuous work schedule system agreement;
- POPARTT agreement for management staff;
- 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 (renewed in 2010-11);
- annual wage agreement;
- agreement on diversity and professional equality (renewed in 2010-11);
- agreement on the employment of older workers.

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.

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 and the Operations department.

The Soitec group's HSE department consists of a total of eleven people: seven at the Bernin plant, one at the Villejust plant and two at the Pasir Ris plant and one in Freiburg.

In April 2007, senior management launched the "SAFE" project to deal with the increase in workplace accidents resulting in sick leave at Soitec over the last few years. This project took place over two years (2007-08 and 2008-09) and resulted in a significant reduction in the level of risk at the Soitec's plants and improved its safety culture. The project was implemented at the Group's three production plants (Bernin, Villejust and Pasir Ris) and is currently being deployed in Freiburg. The SAFE project is currently being integrated into the global safety management system, through:

- performance of risk analysis 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 role 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 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 five times. The FR for the Group was 17.9 in FR 2007 to 2.35 in 2011-2012 (FR at the end of March 2012). This represents a significant reduction in the number of workplace accidents resulting in sick leave from 23 a year to four, putting us well below the average frequency rate for the microelectronics industry in France, which is 4.45 and we consider this quite an accomplishment. It should be noted that the serious work-related injury rate for the Group at the end of the 2011-2012 fiscal year (FR at the end of March 2012) is very low. It is situated at 0.02 versus 0.13 for the profession generally, which equals 28 injured leave days per year.

The Group has had 5 recognized professional illnesses. These are each musculo-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 operations 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 *Inspection du Travail* (French employment supervisory authority) and internally on the corporate portal.

Risk analysis also allows for individual risk exposure records to be obtained for each employee, which are sent to the Medical department to enable it to adapt monitoring of each employee as necessary.

Risk analysis also led to the establishment of the individual exposition sheets (FIE) for each employee. These sheets are sent to the medical department so that it can then monitor the employees.

The projects also undergo a Health, Safety and Environment risk analysis that generally identifies health and safety risks during operational and maintenance phases, environmental impact assessments, HSE improvement plans. The project to initiate 2 progressive programs for LED and CPV (Smart Cell) activities in Bernin which are to be the subject of this ADR project.

During the 2011-2012 fiscal year, preventative measures regarding exposure to noise were undertaken. The methodology used to measure the intensity of the noise was improved and Soitec purchased materials to perform this metrology internally. After validation by the CHSCT medical department, the noise measures was completed.

During 2011-2012, we did not identify any work zones in which the noise level exceeded the threshold of (80dB(A)).

In addition, chemical risk prevention measures were rolled out on a priority basis in 2011-12, concerning primarily:

- perform an annual review of position noise exposition in order to protect the employees concerned by such noise;
- continuing analysis of the substitution of CMR substances (chemical substances classified as carcinogenic, mutagenic and toxic to reproduction). In this respect, use of products containing chromium has been abolished altogether at production plants;
- implementation of working groups to minimize or eradicate exposition to the CMR products used;
- continuing application of REACH regulations;
- creation of a working party to review nanoparticle risk in partnership with CEA Grenoble as part of France's national Nano'Innov program.

Lastly, with regards to the OHSAS 18001 certification, the production sites in Bernin, Villejust and Pasir Ris underwent safety and compliance audits by outside consultants. These audits pointed to what improvements needed to be made on a priority basis and, which were implemented in 2010-2011 in order to help improve the level of safety on these sites. As such, the production facilities in Bernin and Singapore obtained OHSAS 18001 certification in October 2010 and Villejust obtained such in October 2011. The certification served to validate the effectiveness of the sites' safety management system.

Freiburg (Soitec Solar GmbH) intends to pursue the goal of obtaining OHSAS 18001 certification in July 2012.

Training

During the fiscal years 2011-2012, the training program encountered two significant periods: one marked by an activity supported activity and numerous integrations of employee, and then a second by a slowing down of investments on the Bernin site in connection to our plan to reduce costs. This lead to a global training effort of 3.8 days of training on average per employee in the framework of the training program in Bernin, representing 5% of total payroll costs.

The volume of training hours was well below the objective of the program as well as the volume of the previous year, and compared to the two programs during fiscal years 2008-2009 and 2009-2010.

Training efforts were mainly based on the development of technical skills with 31% of the volume of training focused on job training, but also on the accompanying of the implementation of tools which are dedicated to improve the efficiency of our procedures and the control of our costs (financial management tools, statistic tools, quality tools, financial training).

In parallel, Soitec pursued investments in safety training (21%). Among these, 60% corresponded to internal safety policy and 40% to legal obligations.

The main strategic areas of training over the year related to:

- the development of strategic projects seeking to develop our operational effectiveness (certification ISO TS, Soitec Financial System Project);
- establishment of Operational Excellence methods and tools (relating to quality in particular);
- integration of new employees and training employees changing position (220 new hires and 94 employees in internal mobility for the years 2011-2012);
- performance development of our matrix organization (collective program effectiveness);
- safety of personnel.

For several years, Soitec implements a policy to support the development of its employees through qualified and certified courses (14% of the volume of training).

Community outreach

Soitec supports local initiatives to support the integration of young people and also for elderly people and handicap workers:

- participation in meet and greet forum with Grésivaudan Mission Locale and ANPE;
- participation in 100 chances -100 employs, which allows us to get in touch with people from low-income areas;
- mentoring of young people with the goal of giving them professional experience;
- participation in a "Diversity Recruitment" project with CSR consultants, for example.

However, the allocated budget for these initiatives remains modest, often compensated by a significant investment and a strong engagement from our employees.

3.2. Environmental information

Environmental policy and objectives

The Company's environmental policy, updated in September 2011, has four main objectives: preventing land, air and water pollution, improving waste recovery, reducing use of natural resources, and guaranteeing the management of prohibited substances. These targets are reviewed and rolled out each year as part of the deployment of the Company's strategy. For Soitec, 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.

Management system

The management system covers three areas: Quality, Safety and Environment. It ensures that risks are identified, controlled and prevented at all levels.

Since October 2010, the Company has obtained ISO 14001/OHSAS 18001 multi-site/multi-standard certification for the Bernin plant and the Pasir Ris plant in Singapore and in September 2011 for the Villejust plant. ISO 14001 certification for the Freiburg plant was obtained in January 2012 and the certification OHSAS18001 is planned for July 2012.

The quality control system in place is certified ISO TS 16 949 since January 2012 at the Bernin and Villejust plants. The Pasir Ris plant has maintained its certification ISO 9001.

The Freiburg plant obtained its ISO 9001 certification in January 2012.

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

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 and Pasir Ris plants received the Green Partner certification delivered by Sony in 2005 and in 2011 respectively.

Structural and human investments

The Bernin plant's HSE (Health, Safety and Environment) department consists of a head of department, two engineers, two technicians and one assistant. The department has a Group function and an operational function for Bernin. An additional four Safety-Environment engineers work at the Pasir Ris, Villejust and Freiburg plants.

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. Two simulation exercises are organized each year, providing training for all members of the crisis team. The Internal Operation Plan was filed with the local *Préfecture* in February 2010.

An orientation session for new staff and outside contractors provides the opportunity for them to find out about the risks at each plant and familiarize themselves with emergency procedures.

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 and communicated to all subcontractors at the various plants. The Environment Safety Regulations for external companies was updated on September 2011.

As regards critical suppliers vis-à-vis the environment, in particular waste processors, the Company applies strict selection and monitoring requirements.

Soitec carries audits of critical co-contractors every year and audits of waste processors every three years.

Environmental impact assessments and performance improvement

As the Group plants are ISO 14001 certified, 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, which is allocated a budget. The plan is validated by the Management Committee and presented to the certification organization at the time of supervisory audits.

In 2011-12, this assessment resulted primarily in continuing efforts to bring facilities up to regulatory standards following the new authorization to operate order from the local *Préfecture* published in October 2009 for the Bernin plant. The improvement efforts initiated at all of the Group's plants concern waste, natural resources and reducing polluting emissions.

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 continuing 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 the Company 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 moving 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.

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.

3.2.5. Environmental performance

Since February 2003, the Bernin 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).

The DREAL Inspector also commissions a laboratory each year to perform an unannounced check 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 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.

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

Since October 2009, the new order from the local *Préfecture* requires:

- regulatory limits on the overall monthly and maximum daily concentration and flux. These regulated limits have been amended and lowered;
- monthly measurements of chromium VI, chromium III, copper and mercury.

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

During the 2009-2010 fiscal year, the results of testing confirmed that wastewater discharge was within allowed values.

During fiscal year 2010-2011, an ammonia parameter anomaly was reported three times but this amount was within the authorized limit. These were due, in part to the increase in the production at the Bernin III facility and in part to the exceptional operational tests performed on the acid gas scrubber pumps.

During the 2011-2012 year, an ammonia parameter anomaly was reported four times (3 times elevated but within the authorized limit and 1 outside the authorized limit) due to the maintenance of a hydrochloric acid closet and two overruns in concentration of the fluoride parameter caused by the annual maintenance of the acid gas scrubber. These alerts took place during an annual audit of the facility in Bernin in December 2012.

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.

In December 2011, DREAL conducted an inspection visit to review some of the recommendations of the order from the local *Préfecture* concerning discharges of all residual water evacuated by the plant, as well as feed waters. Two minor disparities were revealed: (updating of the water networks plan and stable temperature for the sample taker for industrial wastewater checks).

These two action items have been closed.

Management of Gas emissions – Bernin plant

Air emissions are measured each quarter by an accredited organization. The results of these checks are sent to the Inspector of Facilities Classified for Environmental Protection (DREAL).

The checks performed showed that emissions comply with regulatory limits.

In 2010-11, one overrun of the fluoride concentration limit was reported in February 2011. Investigations were conducted but were unable to determine the cause of the overrun. The results had not been announced at the time the annual report was published. The results of the counter-analysis in April 2011, respects the regulatory concentration limits (0.06 mg/ v. 1 mg/m^3).

During this same year, measurements of ammonia concentration at the Bernin III chimney increased (but were not more than double the authorized limit). Work to optimize the running of the Bernin III gas scrubber was carried out in December 2010, improving its performance in capturing pollutants.

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 note relating to energy consumption.

Management of Legionella emissions – Bernin plant

		Bernin I	Bernin II	Bernin III
RLV* >10^5				
Number of overruns of the shutdown threshold for the towers	2009-2010	0	0	0
	2010-2011	0	0	0
	2011-2012	0	0	0

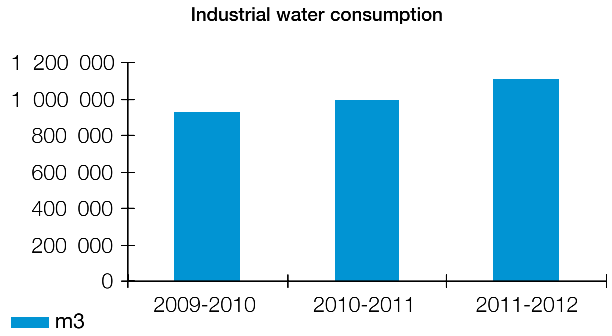
* VLR: regulatory limit value. Ordinance of December 13, 2004: C < 10^3: proper control of facilities, 10^3 < C < 10^5: Facilities to be monitored, c > 10^5: shutdown of facilities for compliance work. C: Legionella concentration in UFC/L.

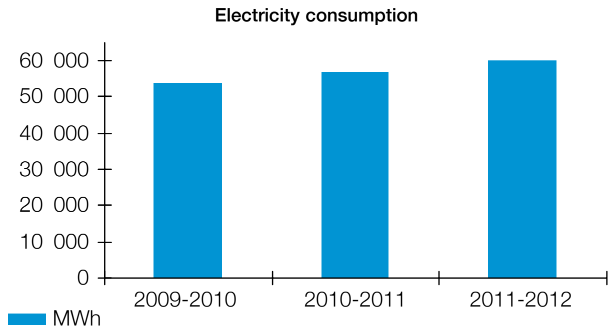
Since December 2004, the plant's cooling towers have been governed by the decree of December 13, 2004 relating to general recommendations applicable to facilities classified for environmental protection subject to the declaration under section No. 2921 "Cooling systems that circulate water into an air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

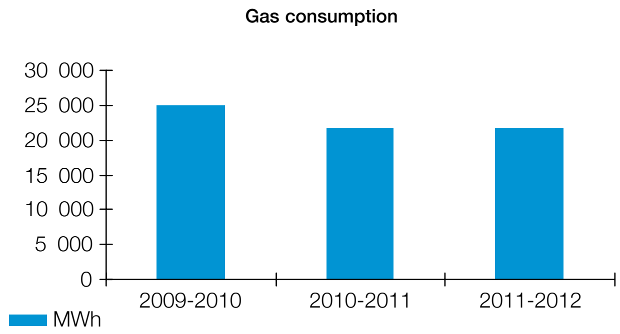
To meet the requirements of this regulation, the Company has implemented:

- 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 analysis (since 2003 at Bernin I/Bernin II and since August 2006 at Bernin III). The results of this analysis are sent each month to DREAL. The presence of Legionella above the threshold of 10^5 UFC/l has never been recorded. The supervisory limit of 10^3 UFC/l has not been exceeded since 2006;
- 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 in 2007 for Bernin I, Bernin II and Bernin III). In 2007, this audit revealed a non-compliance: “Technical and/or economic impossibility of draining, cleaning and disinfecting cooling circuits at Bernin I and Bernin II.” A compensatory measure in the form of dispensation from shutting down the cooling circuits was therefore submitted to DREAL and the local *Préfet*, which validated it in March 2009. In order to test the procedure, the compensatory measure was set up at Bernin I and Bernin II in March 2008. This compensatory measure is carried out every year at Bernin I and Bernin II;
- training staff working on these systems in Legionella risk.

3.2.6. Consumption of natural resources at the Bernin plants







In 2007, Soitec launched an energy efficiency plan with the aim to:

- reduce its electricity, gas and water consumption; and
- reduce the impact of its carbon dioxide emissions.

Water consumption

Water consumption increased slightly in 2007-08 due to the inclusion of Bernin III. However, a saving of 10,000 m³ of water representing 5% of water consumption in 2006-07 was achieved as a result of the following measures:

- optimization of equipment consumption: 62% of measures carried out, mainly on air treatment plants and clean room equipment (reducing line rinsing rates). The Bernin III plant was included in the plan of action;
- targets set for the operator concerning the output of ultra-pure water treatment plants.

Water consumption decreased in 2008-09, but so did activity.

The measures implemented the previous year were continued and other measures were taken:

- adjustment of theoretical rates for equipment at Bernin III;
- optimization following the decline in activity: 80% of Bernin I's ultra-pure water requirements are produced by Bernin II, resulting in a reduction in wastewater of 5,000 m³ per month since January 2009.

The measures taken allowed for a saving of 10,000 m³ of water, equal to 8% of water consumption in 2007-2008.

One of the main measures planned for 2009-2010 was the optimization of plant water recycling rates, with an anticipated gain of 25,000 m³. This is still under review for 2011-2012.

A number of works were carried out in 2009-2010 at ultra-pure water production plants and air cooling towers and allowed for a reduction in water consumption.

These works and the optimization of consumption in 2009 led to a total of 93,000 m³ of water saved in 2010.

In 2010-2011, an evaporator was installed in order to concentrate our ammonia and hydrofluoric acid waste. This allowed a water saving of 3,000 m³ in 2011-2012.

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

For the fiscal years 2012-2013, we are currently assessing a method of reutilization of the water used for rinsing during the production process. These actions will primarily affect newly installed equipment.

Electricity consumption - Bernin plant

The savings achieved in 2006-07 (19MWh per year) were confirmed in 2007-08, at 2,072MW. Other sustainable measures were taken, such as:

- the introduction of measurements using mobile electricity consumption meters;
- output optimization (compressors, air treatment plants) or even the shutting down of facilities (recyclers);
- streamlining of consumption (air conditioning, etc…).

In 2007-08, all of these measures allowed for a reduction in greenhouse gas emissions and thereby avoided 79 tons of carbon dioxide being emitted into the atmosphere.

In 2008-09, a saving of 3,100MWh was achieved. The following measures were taken:

- roll-out of the 2007-08 measures at Bernin III;
- raising the awareness of staff and informing them about measures to reduce energy consumption in offices (variable office temperature at weekends/night, fixed temperature during the day, working with the communications department, etc…).

In 2008-09, the measures taken allowed the Group to avoid emitting 128 tons of carbon dioxide into the atmosphere.

A number of measures taken in 2009-10 allowed for a reduction in electricity consumption.

Optimization of "engines" in plant and equipment and periods of suspended production allowed for a saving of 2,500MWh, corresponding to 138 tons of carbon dioxide not emitted into the atmosphere.

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 1,800MWh 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.

For the fiscal year 2012-2013, we are currently reviewing high performance equipment start-up procedures.

Gas consumption - Bernin plant

During this fiscal year, an energy economy project (Electricity, Natural Gas, Water) was established with the operating company, including an audit and energy consumption report followed up by a plan of action.

The first carbon evaluation was performed during fiscal year 2009-2010. This evaluation will be updated and detailed next year.

During fiscal year 2010-2011, magnetic filters were installed in the air treatment centers and led to a savings of 2,000MWh of natural gas, or 460 tons of CO_2.

The Company Employee Transport Plan (PDE) was implemented in the beginning of April 2011 as well as other measures intended to reduce CO_2 emissions have been included in an overarching Sustainable Development plan.

In conclusion, for 2010-2011, boiler function and air treatment optimization reduced Bernin's direct carbon footprint by 6% for the fiscal year 2009-2010 (gas and electricity consumption).

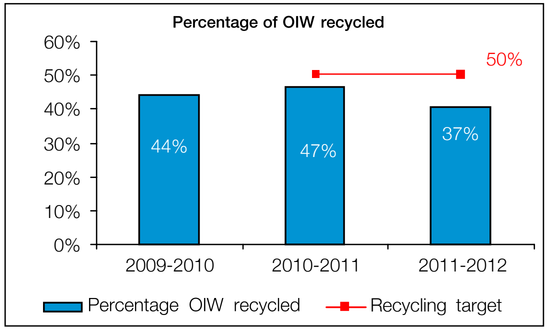
This amounts to emissions savings of 360 tons of CO_2. This improvement has an impact equal to taking 109 cars off the road.

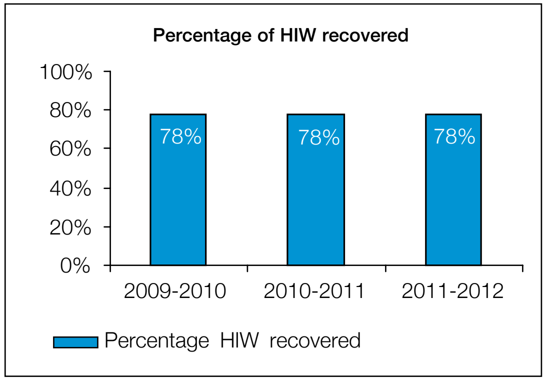
During fiscal year 2012-2013, we will continue to implement more efficiency measures regarding the boilers (hot water), specifically those at Bernin III.

Waste recovery and elimination:

The main types of waste recycled are:

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





At present, waste already recycled is at a maximum level of optimization. Furthermore, in view of the volume of non-recycled waste, it is difficult to find economically reasonable forms of recycling.

However, optimization measures are planned each fiscal year.

In 2008-09, returnable containers were introduced between raw material suppliers and Soitec in order to reduce cardboard waste. This project was subsequently extended to other ram material suppliers.

In 2009-10, a general waste management system was introduced and a person dedicated to the collection and sorting of waste is now present during the day.

A number of initiatives have been launched to improve waste sorting:

- recycling of 1,000 liter containers that have contained non-classified products;
- recycling of wood pallets;
- sorting and recovery of stainless steel and aluminum waste;
- reorganization of the management and sorting of ordinary industrial waste: analysis and installation of suitable collection containers, updated posters on waste sorting through the plant and reorganization of waste collection by the various parties involved in order to achieve optimization;
- reorganization of waste storage areas.

Our method for calculating the recovery rate changed in 2009-10. Percentages are now calculated according to the type of recovery - energy recovery or physicochemical recovery. These calculations have therefore been revised retrospectively.

A number of measures were taken in 2010-11 to improve the ordinary industrial waste recycling rate:

- introduction of recycling of food packaging;
- until November 2010, household waste was sent to landfill. It is now sent for incineration with energy recovery;
- until now, all FOSBs and foops were recycled. Since September 2010, some FOSBs have been reused;
- introduction of sorting and recycling of plastic caps, plastic bottles and cans.

During the same year, an evaporator was installed in order to reduce the tonnage of bulk ordinary industrial waste containing ammonia.

The concentrate is sent for incineration with energy recovery and the distillate is sent to the plant's neutralization station.

During the 2011-2012, the implementation of a evapo-concentrator allowed the decrease in bulk HIW.

The two main actions that were conducted during the 2011-2012 year were:

- sorting of the organic waste (restaurant + kitchen) in order to compost the waste;
- sorting and recycling of the plastic store wrap films.

3.2.7. Carbon output

Soitec, convinced that any sustainable development process should be accompanied by a diagnosis of what exists, implemented its First Carbon Output (*Premier Bilan Carbone®* all sites) for all the production facilities and all its subsidiaries in 2012.

This Carbon Output (*Bilan Carbone®*) will allow Soitec to obtain clear and complete information on the dependence of these facilities on fossil fuels as well as their impacts on the environment, to identify trends in these facilities in regards to the previous Carbon Output carried out in 2010, but also to coordinate focused and efficient actions.

Initiated in January 2012, this program was made possible by "collectors," or highly mobilized internal relays, which allowed for data collection. Many other employees participated in the aspects of the progress, including members of working groups, who are thinking today about the areas of improvement.

The collection stage is coming to an end; the first results of the Carbon Output for Soitec are expected to come out in the summer of 2012. In addition to the Carbon Output for these facilities, Soitec also measures the carbon footprint for four of its products, in microelectronics and in the solar energy sector, particularly taking into account the carbon savings achieved through energy savings of our materials or from the production of renewable energy.

The areas of improvement, the reduction targets in the mid-term (2012-2015) and the definitive action plan will be finalized, in turn, before the end of 2012.

These actions will engage Soitec in the perspective of a progressive and lucid control of its necessary contribution in the reduction of greenhouse gas emissions (GGE).

3.2.8. Complaints

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

4. Research and Development

As at March 31, 2012, Research and Development costs were recognized as expenses as they were incurred, while amounts received within the framework of contracts or subsidiaries were deducted from gross research and development costs to give a net amount recognized in the income statement, taking into account that 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, some 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 expenditure in the 2011-2012 fiscal year increased by 24% to €66 million, including €11.5 million allocated to the Solar Energy business and €13.4 million allocated to Lighting compared with €53.3 million including €8.4 million for the Solar Energy business and €9.6 million for Lighting the previous year. However, net Research and Development costs decreased significantly from €24 million or 8.5% of sales in 2010-2011 to €41.5 million or 12.8% of sales in 2011-2012. The Group recognized €20.2 million of public aid for Research and Development in 2010-2011, in the form of reimbursable advances, subsidies and tax credits compared with 24.9 million the previous year. This reduction is primarily due to the expiry of the multi-year NanoSmart™ program (December 2011). New aid programs are being put together but will not be implemented in time for such aide to be recognized during the last quarter of the fiscal year as a result of the payment schedule for public aid and the high amount of patent protection costs taken into account in the calculation of research tax credits this year.

Research and Development costs comprise mainly wages and social security charges, including share-based payments, operating costs for equipment dedicated to clean rooms and equipment required for research and development activities and costs relating to maintaining and strengthening the Group’s intellectual property rights.

5. Information relating to the consolidated financial statements

This Chapter constitutes a part of the Management Report of Soitec S.A., relating to the financial information concerning the assets, the financial situation and the Group's income. It should be read in conjunction with the consolidated financial statements for the year ended March 31, 2011 (the "Consolidated Financial Statements").

5.1. Accounting principles

In application of the European Directive 1606/2002 of July 19, 2002 on the international standards, the consolidated financial statements of Soitec S.A. 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 repository is available on the European Commission web site (http://ec.europa.eu/internal_market/accounting/ias_fr.htm), which includes international accounting standards (IAS and IFRS), interpretations from the Standing Interpretations Committee – SIC, and the International Financial Reporting Interpretations Committee – IFRIC.

This repository also appears in the appendix to the Consolidated Financial Statements.

The accounting rules and methods applied during the preparation of the financial statements are identical to those used for the consolidated financial statements for the fiscal year ending March 31, 2011 taking into account or as an exception to new rules and interpretations described in note 2 to the Consolidated financial Statements and in the modification to the presentation of the financial results.

Furthermore, in the absence of a rule or interpretation applicable to the circumstances described below, Group Management used its business judgment to determine and apply the most pertinent accounting positions regarding the following issues:

- depreciation of non-current assets and goodwill;
- evaluation of minority puts and calls;
- estimated value of options associated with employee stock-option plans;
- the date upon which expenses for design, construction and operation projects for solar installations would be deemed to have commenced;
- inventory and potentially unrecoverable debt depreciation;
- estimation of provisions;
- use of current tax deferrals.

The accounting treatment used by the Group is described in note 2 to the Consolidated Financial Statements.

5.2. Group activity in 2011-2012

Consolidated income statement

(in € million)	2009-2010	2010-2011	2011-2012
Sales	209.1	281.0	323.4
Gross profit	26.5	66.2	50.4
Current operating income	(28.9)	1.9	(45.9)
Other operating income and expenses	(5.1)	0.0	(1.4)
Operating income	(33.9)	1.9	(47.2)
Net income (Group share)	(44.0)	(17.8)	(56.3)
Undiluted results per share (in €)	(0.51)	(0.20)	(0.46)

Consolidated sales

€323.4 million

The Group's consolidated sales increased by 15.1% to €323.4 million in 2011-2012 compared with €281 million in 2010-2011. The Euro/Dollar parity progressed in an unfavorable manner, from an average of 1.32 during the previous fiscal year to 1.38 for the fiscal year 2011-2012. This change had a negative impact on consolidated sales on the order of €12.5 million or 4% of the Electronics division's total revenue, of which more than 97% were made in Dollars.

Sales by division

The Electronics division made up 98% of consolidated sales, with total revenue equal to €316.6 million. These sales figures increased by 15.1% when compared with the previous year (19.6% at constant exchange rates). The sales figures from this division are analyzed in detail in section 5.3 below.

The Solar Energy division contributed an amount equal to €6.8 million to the consolidated sales figures compared to €5.8 million the previous fiscal year.

Gross margin and Current Operating Income

Gross margin resulted in an amount equal to €50.4 million for the fiscal year 2011-2012.

The Electronics division's income amounted to €67 million down €8.7 million from the previous fiscal year. The division accounted for 27.5% of sales the year before and this year accounted for 21.1% (22.6% at constant exchange rates). The impact of the unfavorable change in the exchange rate amounted to €7.5 million. Beyond the exchange rate and weakening sales prices, the under-utilization of production capacity, which was particularly high during the second half of the year due to a significant decrease in finished product inventories, was the primary reason for diminished returns.

The Solar Energy division's income amounted to -€16.6 million, significantly worse than the previous year (gross margin of -€8.6 million Euos). This lower performance is due to the rise in industrial costs related to the production capacity being place on the Freiburg site, which was continuously under capacity during the fiscal year.

Operating income also decreased substantially to a loss of €45.9 million compared to the positive result of €1.9 million obtained during the previous fiscal year. The Electronics division had a positive result in the amount of €23.1 million compared to €44.3 million during the fiscal year 2010-2011. The other market segments obtained the following results: loss of €44.9 million for the Solar Energy division (-€25 million in 2010-2011); loss of €8.6 million for the Lighting division (-€4.6 million in 2010-2011); increase in primary function costs (from €12.8 million in 2010-2011 to €15.5 million in 2011-2012). The decrease in gross margins were weighed on by several factors such as the acceleration of Research and Development programs combined with the expiry of the NanoSmart subsidy program, growth in development expenses regarding solar projects and hiring of personnel in anticipation of a diversification of activities.

Other operating losses and expenses

The Company recognized a non-recurring charge in an amount equal to €1.4 million this fiscal year due to the granting of certain favorable terms to minority shareholders upon the exercise of call options on their shares in Solar GmbH. No non-current item was recognized during the previous fiscal year.

Operating income

The operational result for the Group consists of a loss of €47.2 million over fiscal year 2011-2012, against a profit of €1.9 million over the previous fiscal year.

Net financial results

For fiscal year 2011-2012, the Group's net financial results ended at negative €8.9 million compared to a negative result of €19.4 million for the previous year, or an improvement of €10 million.

This improvement was due to the following: reduction in financial charges corresponding to the updating of the debt pertaining to the sale of minority shareholdings in Soitec Solar GmbH (€0.5 million this year versus €4.8 million last year); an increase in an amount equal to €1.6 million in financial gains due to the investments made with the sums collected during the capital increase of €147 million that was performed in July; exchange gains of €3.1 million this year compare with a loss of €1.5 million last year.

The net financial results ended in a loss of €56.3 million compared with a loss of €17.8 million during the previous year.

Summary consolidated balance sheet

(in € million)	2009-2010	2010-2011	2011-2012
ASSETS			
Cash and cash equivalents	278	268	260
Current assets	103	136	179
Non-current assets	414	341	422
Total assets	**795**	**745**	**861**
LIABILITIES			
Operating liabilities	65	92	105
Borrowings	232	169	163
Shareholders' equity	498	484	593
Total liabilities	**795**	**745**	**861**

Major changes in the balance sheet for the year 2011-2012 reflect primarily a reinforcement of equity from the capital increase in an amount equal to €147 million that took place in July 2011 and the growth of non-current assets through industrial investments that were performed during the fiscal year, the acquisition of Altatech and the contact lens joint-venture in Fresnel. The increase in solar module inventories is the primary reason for the growth in current assets.

At the end of March 2012, the Group has a sound financial position with equity of €593 million, stable financial debt of €163 million composed of €133 million of OCEANEs including accrued interest in an amount equal to €5 million (it should be noted that pursuant to IAS 39, OCEANE bonds represent €128.2 million debt including associated expenses and is a component of equity instruments in an amount equal to €23.6 million) and €18 million in outstanding financial leases. Available cash remains substantial at €259.8 million.

5.3. Condition and earnings of the Group for fiscal year 2011-2012

5.3.1. Group financial condition

Group activity

Net consolidated sales increased by 22.7% at constant exchange rates to €323.4 million compared to €281 million in 2010-2011. Essential to this increase was the volume of sales for 300 mm wafers. The Solar Energy division contributed the modest amount this year, going from €5.8 million in 2010-2011 to €6.8 million this year.

The Electronics division regroups the following management business units (sub-sections): Microelectronics, Speciality Electronics, Layer Transfer Technology, and Equipment.

Microelectronics

For the fiscal year 2011-2012, wafer sales increased by 11.7% to €282.8 million, or +16.3% at constant exchange rates. The Microelectronics department (silicon on insulation), 300 mm wafer sales amounted to 82% of total wafer sales, up 17.9% (22.7% at constant exchange rates) during the fiscal year. Wafer sales for other sizes went down 9.2% (-5,5% at constant exchange rates).

Our five largest clients accounted for 93% of wafer sales. The number one global client (Global Foundries) accounted for 59% of total wafer sales.

Licensing revenues accounted for 1.4% of the department's total sales with €4.1 million, an increase of 27% over the previous year.

Breakdown of SOI sales by wafer size

	2009-2010	2010-2011	2011-2012
300 mm	82%	77%	82%
200 mm	8%	16%	14%
Less than 200 mm	10%	7%	4%

Geographical distribution of SOI consolidated revenues

	2009-2010	2010-2011	2011-2012
United States	19%	16%	9%
Europe	69%	67%	78%
Asia	12%	17%	13%

Distribution of consolidated SOI revenues by customer

	2009-2010	2010-2011	2011-2012
Top five customers	96%	89%	93%
Customer No. 6 to No. 10	2%	9%	5%
Other customers	2%	2%	2%

Specialty Electronics

The department posted revenues of €8.3 million, a decrease of 11% (6.8% at constant exchange rates) compared to the preceding fiscal year. This downward trend is due to lessened demand from its largest client regarding its traditional segment of activity, radio frequency (RF) components. This department is currently developing a project regarding gallium nitride substrates in order to meet demand for power applications.

Layer Transfer Solutions

Similar to the previous fiscal year, total sales more than doubled to €21.4 million compared to €9.6 million in the preceding fiscal year. This was due primarily to a significant increase in demand from its largest client for a product to be used in mobile telephone applications, which led the Company to authorize further capacity related investments at the Bernin site.

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 new solar cell. For the fiscal year 2011-2012, this division contributed a rather modest amount to the total sales figures, €6.8 million.

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 payable to ECA-Leti, 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 price erosion which was not completely off-set by higher volumes, the unfavorable evolution of the Euro/Dollar exchange rate and the reduction in the utilization rates of production lines during the second quarter. The Solar Energy division was affected by rising industrial costs for future load increases.

5.3.2. Current Operating Income

5.3.2.1. Other operating expenses trends

As at March 31, 2012, gross Research and Development costs are expensed as they occur, while Research and Development costs are deducted for the amounts received for subsidies or through contracts 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 hereto).

In France, some Research and Development costs are incentivized through research tax credits. This tax credit is found as a deduction for R&D costs in accordance with IAS 20. Revenues received in connection with the sale of a prototype prepared in connection with joint developments performed with commercial partners appear as a cost reduction item in the gross costs of Research and Development.

The gross amount of Research and Development costs for fiscal year 2011-2012 resulted in a 24% increase to €66 million of which €11.5 million are attributable to Solar Energy and €13.4 million are attributable to Lighting compared with €53.3 million, of which 8.4 are attributable to Solar Energy and €9.6 million to lighting the previous year. Net R&D also rose sharply going from to €24 million or 8.5% or turnover in 2010-2011 to €41.5 million or 12.8% of total sales in 2011-2012. In effect, the Group only recognized €20.2 million in public subsidies for Research and Development in 2011-2012 in the form of reimbursable advances, subsidies and research tax credits compared to €24.9 million during the previous fiscal year. This decrease is primarily due to the expiry of the multi-year NanoSmart program (December 2011). New subsidy programs are being put into place but when they become effective is still subject to prior European agreement.

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 Research and Development activities, and costs associated with maintaining and securing the Group's intellectual property rights.

Sales and marketing expenses

The sales and marketing expenses increased 47% to €18.4 million compared €12.5 million the previous year. This increase corresponds to the strengthening of our marketing teams, specifically within the Energy and Lighting sectors as well as putting structured commercial teams in place in regions targeted for solar power station development.

Overhead and administrative expenses

Overhead and administrative expenses are €36.3 million versus €27.9 million for fiscal year 2010-2011, an increase of 30%. This increase is due to the enlargement of the Group’s activities through the acquisition of Altatech, as well as the structuring of administrative functions to support increasing new sectors of activity.

5.3.2.2. Current operating margin

The published current operating margin came to -14.2% of total sales versus +0.7% for the preceding fiscal year.

5.3.3. Operating income

5.3.3.1. Other operating losses and expenses

An expense in the amount of €1.4 million was recognized during fiscal year 2011-2012 for the exercise of the option to purchase the shares held by the minority shareholders in the Soitec Solar GmbH subsidiary. No item was recognized during the previous fiscal year.

5.3.3.2. Operating margin

The operating margin came to -14.6% of total sales for fiscal year 2011-2012 versus +0.7% for the previous fiscal year.

5.3.4. Other income statement items

Financial income

Financial income improved significantly, going from a charge of €19.4 million in 2010-2011 to a charge of €8.9 million in 2011-2012. The factors contributing to this improvement are discussed in section 5.2 above.

Income and taxes

The net income (Group share) shows a loss of €56.3 million versus a loss of €17.8 million in 2010-2011. The earnings per share are a loss of €0.46 per share on an undiluted basis compared with -0.20 in 2010-2011.

5.3.5. Financing and sources of liquidity

The Group's financial structure remained healthy during fiscal year 2010-2011 despite the net loss recognized. As at the end of March 2012, the Group had solid capital resources with consolidated equity of €593 million, and available cash of €259.8 million (including cash equivalents).

As at March 31, 2012, the amount of the Group's financial debts was €163 million versus €169 million as at March 31, 2011.

Additional details on the breakdown of the financial debts and the financing of the Company and the Group are provided in note 3.16 of the notes to the Consolidated Financial Statements relating to financial debts and borrowings.

5.3.6. Consolidated cash flow

Despite the decline in its operational results and the increase in the need for day-to-day cash arising out of the increase in solar module inventories, the Group was able to limit its use of cash flow in connection with its operational needs to less than €10 million.

The total amount of investments exceeded €100 million to which €27 million for the acquisition of shares in Altatech, Reflexit-Soitec Optical Technologies and Soitec Japan should be added as well as the €5 million that were allotted to solar power station projects.

A capital increase with preferential subscription rights brought in an amount equal to €147 million. Net debt servicing and finance charges consumed €18 million.

As at March 31, 2012, the Group had available cash (including cash equivalents) of €259.8 million. The Group may, nonetheless, seek third party financing for its long-term development needs.

5.3.7. Consolidated balance sheet

Please refer to section 5.2 above.

5.3.8. Factors that may have an effect on income

This chapter refers to the risk factors that are described in Chapter 2 of this Management Report.

5.4. Financial position and results of the Company

This section corresponds to a part of the management report relating to the Company. It shall be read in parallel to the Company annual financial statements for the fiscal year ended March 31, 2012.

5.4.1. Accounting aspects

The annual financial statements of the Company as at March 31, 2012 are presented in accordance with the French generally accepted accounting principles relating to Company financial statements.

5.4.2. Financial position of the Company

Total net sales of the Company increased to €296.8 million compared with €262.6 million in 2010-2011.

Reference is made to section 20.3.2 of this Registration Document for additional information on the business of the Company during the 2010-2011 fiscal year.

5.4.3. Major changes in the balance sheet of the Company

5.4.3.1. Balance sheet – Assets

Fixed assets

As at March 31, 2012, fixed assets increased from €337.5 million during the 2010-2011 fiscal year to €493.7 million during the 2011-2012 fiscal year.

Current assets

Current assets as a whole declined, going from €371.2 million as at March 31, 2011 to €370.2 million as at March 31, 2012.

The items under current assets changed significantly: decline of inventories and work in progress, increase of receivables and investment securities during the 2011-2012 fiscal year. The Company keeps significant available cash of €256.4 million compared with €263.7 million during the previous year.

5.4.3.2. Balance sheet – Liabilities and shareholders' equity

Shareholders' equity

Shareholders' equity increased, going from €464.9 million as at March 31, 2011 to €616.2 million as at March 31, 2012.

Contingency and loss provisions

Contingency and loss provisions amounted to €1.7 million as at March 31, 2012 compared with €2.3 million as at March 31, 2011. No provision for restructuring costs was kept as at March 31, 2012.

Debt

The debt declined very slightly during the fiscal year due to a debt redemption. The convertible bonds issued in September 2009 and with a maturity in five years now almost constitute the entire debt of the Company.

5.4.4. Operating result of the Company

For the fiscal year ended March 31, 2012:

Sales of the Company amounted to €296.8 million compared with €262.6 million during the previous year. Considering the inventories of products, the total operating revenue amounted to €306.4 million compared with €298.1 million during the previous year, or an increase of 3%. The operating expenses for the year amounted to €312.9 million compared with €285.5 million during the previous year, and the operating loss amounted to €6.6 million compared with an operating income of €12.6 million during the previous year. The financial statements for the year showed a loss of €1,399,997 compared with an income of €14,103,069 during the previous year.

The annual financial statements for the fiscal year ended March 31, 2012 were prepared in accordance with the presentation rules and assessment methods provided for in the regulations in force. The presentation rules and assessment methods are similar to those of the previous fiscal year.

Moreover, for additional information on the financial position of the Company, reference may be made to the management reports prepared by the Board of Directors of the Company for the previous fiscal years, in particular to page 24 of the annual report for the fiscal year ended March 31, 2011 filed as a Registration Document with the French securities regulator (*Autorité des marchés financiers* – AMF) under number D.11-0565 and page 24 of the annual report for the fiscal year ended March 31, 2010 filed as a Registration Document with the AMF under number D.10-0552.

5.5. Main transactions with affiliated parties

The main transactions with affiliated parties are described in note 5.4 of the notes to the annual consolidated financial statements.

During the fiscal year ended on March 31, 2012, the acquisition of Altatech Semiconductor S.A., published on December 23, 2011, was approved pursuant to the conditions set forth in Article L.225-38 of the Commercial Code, given Mr. André-Jacques Auberton-Hervé's shareholding in Altatech Semiconductor S.A.

5.6. Important contracts

As at March 31, 2012, the Group has continued its historical Electronics activities as part of its business relationships with key customers who enter into a standard contractual framework, based on short-term order estimations. Contracts with major customers such as IBM and Global Foundries do not contain any non-standard clauses which may have a significant impact on its business or development.

Solar Energy activities are developed either in the framework of systems supply contracts with developers who themselves benefit from power purchase agreements entered into with their customers (Power Purchase Agreement - PPA), as in the case of the solar farm project developed by Tenaska Solar Ventures, through its subsidiary CSOLAR Development LLC, for San Diego Gas & Electric announced on March 10, 2011, or as part of a PPA signed directly by the Group, which combines the roles of both developer and systems provider, as in the case of power purchase agreements signed directly with San Diego Gas & Electric announced on April 12, 2011 and on May 18, 2011.

The Group notes that the proposed solar farm developed by Tenaska Solar Ventures for San Diego Gas & Electric announced on March 10, 2011, is conditioned upon the conclusion of a framework agreement with Tenaska Solar Ventures currently under negotiation, and upon Tenaska Solar Ventures obtaining the necessary funding. Some other projects of the Group remain conditioned, depending on the country, on the confirmation of the power purchase agreements awarded, or on the administrative authorizations required, or on the granting of finance necessary for the development of these projects, including the Touwsrivier solar power plant project (South Africa) (see Press Release dated February 9, 2012).

When the Group takes on the role of both developer and systems provider, it must guarantee the payment obligations arising from contracts concluded by project Companies during the construction phases of production units and, as such, must provide a number of guarantees which will be recorded as off-balance sheet securities.

Moreover, the Group bears the cost of financing these projects as long as it has not found investors or lenders who could bear the financing responsibility on behalf of the Group and under terms acceptable given the economic viability of entire project.

These contracts and the risks associated with them are described in Chapter 2 of this Report.

5.7. Lawsuits and arbitration proceedings

The Company and the CEA v. MEMC Electronics Materials, Inc.

On May 19, 2008 the CEA (*Commissariat à l'Energie Atomique*) and the Company sued MEMC Electronic Materials Inc., based in St. Peters, Missouri in the United States ("MEMC") for patent infringement. That lawsuit, filed in the United States District Court of the District of Delaware, is based on the re-issued US patent bearing number RE 39,484 and the US patents numbers 6,809,009 and 7,067,396 and 7,498,234 which all concern SOI technology as well as other technologies. The ECA holds those three patents and the Company is its exclusive licensee.

Accordingly, the CEA and Soitec are seeking a judgment enjoining MEMC to cease any act of infringement as well as damages to repair the harm that they have incurred.

MEMC initially opposed the lawsuit, claiming that the Company did not provide enough details to enable MEMC to formulate an answer. On February 20, 2009, the court rejected that argument and, since that decision, the lawsuit has resumed a normal course.

MEMC also filed a counterclaim claiming that the Company was infringing on its US patent No. 5,834,812.

On October 10, 2010, the Federal Court in Delaware ruled on a number of the claims in the infringement action brought by Soitec against MEMC. Although the court rejected many of MEMC's allegations, it found that some of the patent claims asserted by Soitec were either invalid or not infringed. Soitec filed an appeal contesting the court's rulings, and the case thus went to trial in the Federal Circuit Court of Appeals for the State of Delaware.

On November 2, 2010, a jury in the Delaware Federal Court found that US patent 6.809.009 (the "009 patent") had been validly issued. Following this verdict, the trial court judge ruled that MEMC had failed to prove that the "009 patent" was unenforceable. Earlier rulings by the court had forced MEMC to admit that its SOI fabrication process had infringed the "009 patent" for a period of about two years between late 2004 and mid-2006. The "009 patent" was consequently found to be valid, enforceable and infringed by MEMC. The jury also found that certain of the BSOI wafers sold by the Company in the United States infringed one of the claims of US Patent 5.834.812 (the "812 patent") and that this claim was valid.

Both parties filed motions with the judge seeking to have aspects of the November 2, 2010 verdict vacated. Soitec has also moved to have injunctive relief measures imposed on MEMC and to proceed to the determination of monetary damages.

On July 13, 2011, the Judge refused to modify the verdict given on November 2, 2012 and thus upheld the verdict.

On August 13, 2011, Soitec filed an appeal against the verdict upholding the alleged infringement claim of the MEMC patent as well as other rulings of the Judge which rejected the Company's arguments for certain patents held by Soitec. On its end, MEMC filed an appeal against the verdict upholding the infringement claim against the "009 patent". The appeal calendar, which provided that the appellate briefs should have initially been submitted before the end of January 2012, was modified in order to allow the parties to try and resolve the conflict through means other than litigation. The briefs must be submitted before June 4, 2012, the hearings being scheduled in the fourth quarter 2012 and the appellate verdict during the first half of 2013.

AMF v. the Company:

The AMF alleges that Soitec wrongly included approximately €2 million of state Research and Development grants in its interim and annual non-consolidated financial statements for 2006-2007, and disclosed to certain analysts, in October 2006, indications on its operating profit forecasts for 2006-2007. Soitec challenged all the charges filed against it. In this regard, no liability was recognized in the balance sheet at March 31, 2009. In a ruling dated December 10, 2009, served on Soitec on January 21, 2010, the Penalties Commission of the AMF (*Autorité des marchés financiers*) held that Soitec had erroneously applied IAS 20 in recording certain public grants when preparing its interim financial statements on September 30, 2006 and its annual separate financial statements on March 31, 2007. While acknowledging that the accounting of those grants did not constitute a significant error, neither due to their amount nor because of their nature, the Commission concluded that Soitec had provided the market with inaccurate, vague or misleading information under the meaning of Article 632-1 of the general regulations of the AMF. The Enforcement Committee also held that Soitec had failed to fulfill its public disclosure obligations when it told certain financial analysts that, in light of certain factors previously announced by Soitec, the consensus forecast for its 2007-2008 operating margin appeared to be overstated, and did not simultaneously make this same information public. The Enforcement Committee, recognizing that the violations at issue had no serious consequences in the market, imposed a fine of €50,000 on Soitec. By an order issued on October 21, 2010, the Paris Court of Appeal rejected Soitec's appeal against this decision. On December 21, 2010, Soitec appealed on a point of law to the Supreme Court. In its decision rendered on December 13, 2011, the Supreme Court rejected the appeal filed by Soitec, its CEO and Olivier Brice (Financial Director).

Other Litigation

The Company has set aside a reserve of €144,000 for employment disputes.

To the Company's knowledge, there is no other governmental, judicial or arbitration proceeding pending or threatened that might have or has had during the last twelve months the significant effects on the financial condition or the profitability of the Company or the Group.

5.8. Events subsequent to the closing

Not Applicable.

5.9. Group outlook for 2012-2013

Electronics

The total expected sales for the Electronics division for the first quarter 2012-2013 should be approximately €140 million (at a Euro/Dollar exchange rate of 1.30). The significant decrease in wafer sales should be partially compensated for during the second quarter.

Soitec and the industry have noted several initiatives brought forth by the Electronics division.

On March 12, 2012, Soitec announced that ST-Ericsson, one of the premier semiconductor and wireless communications platform suppliers in the world, has chosen its flattened transistor technology, known as "depleted," on silicon and insulation (FD-SOI) for next generation mobile platforms, specifically high-performance, energy efficient NovaThor processors, which will be launched in the near future.

Relying on its SOI technology, IBM indicated that it would place its FinFET technology on SOI with a 14 nm core and to launch new products based on the 45 nm or 32 nm SOI technology such as eDRAM memory on SOI for the high-performance products market.

Solar Energy

The total revenue from the Solar Energy division should remain relatively insignificant during the first quarter; However, the second quarter should see an increase in activity with the delivery of solar systems being shipped from our German plant to the CPV power station (50MW) in South Africa. In the U.S.A., activity should also see significant increases due to the deliveries scheduled to take place during the second quarter of fiscal year 2012-2013 to be sent from the new production site. These deliveries are being made in connection with a book of orders for an amount equal to 305MW in California which will sustain future growth.

During the fiscal year, this activity will continue to receive substantial investments in order to derive significant revenue streams during fiscal year 2013-2014.

5.10. Information received from third parties, expert declarations, and interest declarations

Only the Statutory Auditor's report of the Company is included in this Registration Document. There are no other reports, or other expert declarations included.

6. Consolidated financial statements at March 31, 2012

6.1. Historical financial information

Pursuant to article 28 of European Regulation (EC) no. 809/2004 of the Commission, the following information is incorporated by reference in this Registration Document:

- The consolidated financial statements of the Group as at March 31, 2009 and the related audit reports included on pages 44 and seq. and on page 68 of the Registration Document filed with the AMF on June 23, 2009 under number D.09-0537;
- The consolidated financial statements of the Group as at March 31, 2010 and the related audit reports included on pages 50 and seq. and on page 77 of the Registration Document filed with the AMF on June 22, 2010 under number D.10-0552;

The sections of these documents that are not included are either of no interest for the investor or dealt with in another section of the Registration Document.

The Registration Documents mentioned above are available on the websites of the Company (www.soitec.com) and the AMF (www.amf-france.org).

6.2. Pro-forma financial information

None.

6.3. Consolidated financial statement

Income statement

(in thousands of Euros)	Notes	March 31, 2012	March 31, 2011
Sales	**-**	**323,423**	**280,995**
Cost of sales	-	(273,055)	(214,786)
Gross profit	**-**	**50,368**	**66,209**
Sales and marketing expenses	-	(13,801)	(7,153)
Research and development expenses	6.4.4.2	(41,520)	(23,954)
Photovoltaic projects launch expenses	-	(4,563)	(5,323)
General and administrative expenses	-	(36,339)	(27,874)
Current operating income	**-**	**(45,855)**	**1,905**
Other operating income	-	-	-
Other operating expenses	-	(1,372)	-
Operating income	**-**	**(47,227)**	**1,905**
Financial income	6.4.4.5	19,170	5,328
Financial expense	6.4.4.6	(28,043)	(24,719)
Net financial expense	**-**	**(8,873)**	**(19,391)**
Profit/(loss) before tax	**6.4.4.7**	**(56,100)**	**(17,486)**
Income tax	6.4.4.7	(28)	(247)
Consolidated net profit/(loss) for the year	**-**	**(56,128)**	**(17,733)**
Share of profit/(loss) of associates	-	(135)	-
Net income	**-**	**(56,263)**	**(17,733)**
Non-controlling interests	-	-	115
Net income (Group share)	**-**	**(56,263)**	**(17,848)**
Basic net earnings per share in Euros	-	(0.46)	(0.20)
Diluted net earnings per share in Euros	-	(0.46)	(0.20)

Comprehensive income

(in thousands of Euros)	Notes	March 31, 2012	March 31, 2011
Net income	**-**	**(56,263)**	**(17,733)**
Exchange gains (losses) on translation of foreign operations	-	6,210	(6,099)
Actuarial gains (losses) on pensions and other post-retirement benefits	-	(526)	(1,003)
Income and expenses recognized directly in equity	**-**	**5,684**	**(7,102)**
Total comprehensive income for the year	**-**	**(50,579)**	**(24,835)**
Non-controlling interests	-	-	133
Total comprehensive income for the year (Group share)	**-**	**(50,579)**	**(24,968)**

Balance sheet

Assets (in thousands of Euros)	Notes	March 31, 2012	March 31, 2011
Non-current assets:			
Goodwill and intangible assets	6.4.3.4	63,259	50,117
Capitalized development projects	6.4.3.4	3,339	3,710
Property, plant and equipment	6.4.3.5	328,974	282,469
Deferred tax assets	6.4.4.7	-	-
Investments in associates	6.4.3.7	14,353	-
Non-current financial assets	6.4.3.7	5,938	4,687
Other non-current assets	6.4.3.8	6,689	58
Total non-current assets	-	**422,552**	**341,041**
Current assets:			
Inventories	6.4.3.9	66,623	51,307
Trade receivables	6.4.3.10	47,161	44,858
Other current assets	6.4.3.11	55,931	37,491
Current financial assets	6.4.3.12	9,232	2,171
Cash and cash equivalents	6.4.3.13	259,804	267,745
Total current assets		**438,751**	**403,572**
Total assets	-	**861,303**	**744,613**

Equity and liabilities (in thousands of Euros)	Notes	March 31, 2012	March 31, 2011
Equity:			
Share capital	6.4.3.14.1	12,213	8,749
Share premium	6.4.3.14.1	641,663	492,318
Treasury shares	6.4.3.14.2	(478)	(210)
Retained earnings	-	(67,120)	(16,671)
Other reserves	6.4.3.14.3	6,233	(233)
Group equity	-	**592,511**	**483,953**
Non-controlling interests	-	-	421
Total equity	-	**592,511**	**484,374**
Non-current liabilities:			
Long term financial debt	6.4.3.16	139,702	143,416
Deferred tax liabilities	6.4.4.7	-	-
Provisions and other non-current liabilities	6.4.3.17	10,186	7,755
Total non-current liabilities	-	**149,888**	**151,171**
Current liabilities:			
Short term financial debt	6.4.3.16	23,674	24,493
Trade payables	6.4.3.18	41,267	44,123
Provisions and other current liabilities	6.4.3.19	53,963	40,451
Total current liabilities	-	**118,904**	**109,067**
Total liabilities	-	**861,303**	**744,613**

Statement of changes in equity

(in thousands of Euros)	Number of shares	Share Capital	Share premium	Treasury shares	Retained earnings	Other reserves	Total	Non-controlling interests	Total Equity
March 31, 2010	**86,145,233**	**8,615**	**483,379**	**(210)**	**(487)**	**6,887**	**498,184**	**289**	**498,473**
Exchange gains (losses) on translation of foreign operations	-	-	-	-	-	(6,117)	**(6,117)**	18	**(6,099)**
Actuarial gains (losses) on pensions and other post-retirement benefits	-	-	-	-	-	(1,003)	**(1,003)**	-	**(1,003)**
Total income and expenses for the year directly recognized in equity	**-**	**-**	**-**	**-**	**-**	**(7,120)**	**(7,120)**	**18**	**(7,102)**
Profit/(loss) for the year	-	-	-	-	(17,846)	-	**(17,846)**	113	**(17,733)**
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**(17,846)**	**(7,120)**	**(24,966)**	**131**	**(24,835)**
Stock options, warrants and free shares	226,297	23	268	-	(99)	-	**192**	-	**192**
ABSAAR transactions	750,000	75	9,825	-	-	-	**9,900**	-	**9,900**
Proceeds from share issue	366,281	37	1,492	-	-	-	**1,529**	-	**1,529**
Share issuance expenses, net	-	-	(2,647)	-	-	-	**(2,647)**	-	**(2,647)**
Convertible bond – Equity component	-	-	-	-	(3)	-	**(3)**	-	**(3)**
Share based payments	-	-	-	-	1,810	-	**1,810**	-	**1,810**
Other items	-	-	-	-	(46)	-	**(46)**	1	**(45)**
March 31, 2011	**87,487,811**	**8,749**	**492,318**	**(210)**	**(16,671)**	**(233)**	**483,953**	**421**	**484,374**

(in thousands of Euros)	Number of shares	Share Capital	Share premium	Treasury shares	Retained earnings	Other reserves	Total	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 (losses) on translation of foreign operations	-	-	-	-	-	6,210	**6,210**	-	**6,210**
Actuarial gains (losses) on pensions and other post-retirement benefits	-	-	-	-	-	(526)	**(526)**	-	**(526)**
Total income and expenses for the year directly recognized in equity	**-**	**-**	**-**	**-**	**-**	**5,684**	**5,684**	**-**	**5,684**
Profit/(loss) for the year	-	-	-	-	(56,263)	-	**(56,263)**	-	**(56,263)**
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**(56,263)**	**5,684**	**(50,579)**	**-**	**(50,579)**
Stock options, warrants and free shares	239,003	24	67	-	(22)	-	**69**	-	**69**
ABSAAR transactions	1,100,000	110	10,427	-	-	-	**10,537**	-	**10,537**
Proceeds from share issue	33,301,578	3,330	146,527	-	-	-	**149,857**	-	**149,857**
Share issuance expenses, net	-	-	(7,946)	-	-	-	**(7,946)**	-	**(7,946)**
Share based payments	-	-	-	-	5,745	-	**5,745**	-	**5,745**
Convertible bond – Equity component	-	-	271	-	-	(271)	**-**	-	**-**
Purchase of treasury shares	-	-	-	(267)	-	1,023	**756**	-	**756**
Reflexite JV	-	-	-	-	766	-	**766**	-	**766**
Acquisition of minority interests of Soitec Japan*	-	-	-	-	(744)	-	**(744)**	(341)	**(1,085)**
Other items	-	-	-	-	69	30	**-**	(80)	**18**
March 31, 2012	**122,128,392**	**12,213**	**641,663**	**(478)**	**(67,120)**	**6,233**	**592,511**	**0**	**592,511**

*The share of Soitec in Soitec Japan increased from 70% to 100% as at March 31, 2012.

Consolidated statement of cash flows

(in thousands of Euros)	Notes	March 31, 2012	March 31, 2011
Consolidated net profit/(loss) for the year		**(56,263)**	**(17,733)**
Elimination of non cash items			
Share of profit/(loss) of associates		135	-
Depreciation, amortization and provisions, net		58,795	57,073
Provision for retirement indemnitites	6.4.5.1.2	507	361
Profit/(loss) on disposal of assets		(601)	507
Income tax charge	6.4.4.7	28	247
Cost of net financial debt	6.4.4.5 and 6.4.4.6	8,869	19,390
Expenses linked to stock options		5,745	1,810
Buy out of Soitec Solar minority interests through net income	6.4.4.4	1,372	-
Total non cash items		**74,850**	**79,388**
Increase (decrease) in cash on:			
Inventories		(14,021)	(21,288)
Trade receivables		(1,209)	(6,158)
Other receivables		(8,662)	(7,537)
Trade payable		(4,759)	15,313
Other liabilities		1,643	1,443
Variation in working capital		**(27,008)**	**(18,227)**
Net cash generated by (used in) operating activities		**(8,421)**	**43,428**
Purchase of intangible assets		(11,847)	(9,398)
Purchase of tangible assets		(89,361)	(18,852)
Proceeds from sales of tangible and intangible assets		969	1,333
Purchase of financial assets*		(9,911)	(3,049)
Acquisition of Altatech, net of cash acquired**	6.4.3.3	(12,837)	-
Creation of the Reflexite JV	6.4.3.1	(6,535)	-
Acquisition of minority interests of Soitec GmbH	6.4.3.1	(3,549)	
Net cash generated by (used in) investing activities		**(133,071)**	**(29,966)**
Proceeds from capital increases and exercise of stock options		152,455	10,590
Sale of treasury shares		(656)	-
New borrowings		-	-
Repayment of borrowings (including finance leases)		(11,298)	(24,060)
Interest received		4,163	1,370
Interest paid		(10,526)	(10,691)
Net cash generated by (used in) financing activities		**134,138**	**(22,791)**
Impact of exchange rate fluctuations		(587)	(529)
Change in net cash		**(7,941)**	**(9,858)**
Cash at beginning of the year		267,745	277,603
Cash at end of the year		259,804	267,745

*Including the purchase for an amount of €1,085,000 of the minority interests of Soitec Japan, which the Group previously held at 70%, and deposits for an amount of €8,802,000.

**Including the amount paid in cash and the acquisition price of the treasury shares used as payment (see note 6.4.3.1).

6.4. Notes to the consolidated financial statements as at March 31, 2012

6.4.1. Overview of the Company 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 "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 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 decided to isolate the administrative costs which support each department. These costs are presented in the "Other" category which regroups the Group's general direction, the treasury functions, consolidation, internal control, planning, financial communication, legal costs related to regulations governing public companies, as well as all costs for teams in charge of harmonizing the practices and carrying out integrating activities between the departments (industrial direction, human resources, IT, quality).

On 15 May, 2012, the Board of Directors drew up and authorized the publication of the Group's annual consolidated financial statements for the financial year ended March 31, 2012.

6.4.2. Accounting policies

6.4.2.1. 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 of the accounts closing.

These standards, available on the European Commission's website (http://ec.europa.eu/internal_market/accounting/ias/index_en.htm) integrates 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).

6.4.2.2. 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 (€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, 2011, 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, 2011

- Amendments to IAS 32, "Financial Instruments: Presentation", Classification of Rights Issues;
- IFRIC 19, "Extinguishing Financial Liabilities with Equity Instruments";
- Amendment to IFRIC 14, "IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction";
- 2010 annual improvements.

These new documents published by the IASB, revisions of standards and interpretations did not have a material impact on the Group's financial statements.

6.4.2.3. 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 relate in particular to:

6.4.2.3.1. 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 an impairment loss. The recoverable amount of the relevant assets is estimated. Goodwill is allocated to Cash Generating Units (CGU) or groups of CGUs 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 and long-term growth rate used.

6.4.2.3.2. Valuation of call and put option on minority interests

Contractual options (calls) and obligations (puts) to buy out the non-controlling interests in Soitec Solar GmbH gave rise to the recognition of a liability measured at the present value of redemption (see note 6.2.3.1). The liability was measured at each reporting date on the basis of the expected exercise price of the options, which depends on the performance of the Company when these options are exercised. As a result, the liability varied depending on the estimated development of the Solar Energy business, and in particular sales growth. The liability recognized in the statement of financial position was adjusted to reflect the most recent business plan submitted to the Board of Directors and was discounted at the borrowing rate payable by the Group for an equivalent maturity debt. The liability has been extinguished as at December 31, 2011 with the exercise of the call option and the buy-out of the minority interests.

6.4.2.3.3. 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 entails the use of 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.

6.4.2.3.4. Date of first capitalization of project-related expenses for designing, building and operating photovoltaic installations

Expenses relating to projects involving the design, building and operating of photovoltaic installations 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 assuming that the project has been shown to be technically feasible and profitable. Until these criteria are met, the Group recorded these expenses in the income statement under “Photovoltaic project launch expenses”. These expenses primarily consist of employee benefits, site selection costs and the cost of getting 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 on the statement of financial position at the lower of its acquisition price and fair value. Any subsequent impairment is recognized in the income statement under “photovoltaic project launch expenses”. 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 statement of financial position.

6.4.2.3.5. 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.

6.4.2.3.6. Measurement of provisions

Provisions for risks are recorded when the Group has a present obligation (contractual or implicit). In certain cases, Management must estimate the potential risks.

6.4.2.3.7. Deferred tax assets

The Group has substantial deferred tax assets primarily associated with loss carry-forwards 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 Company will be able to generate taxable profits requires an assessment by Management.

6.4.2.4. Summary of significant accounting policies

6.4.2.4.1. 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 (Reflexite) which is 49% held 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 March 31, 2012 encompass the financial statements of the Company and of all its subsidiaries except for the joint venture Reflexite which is accounted for using the equity method:

Entity	Consolidated since	Percentage controlling interest	Country
Soitec USA Inc	1997	100%	United States
Soitec Specialty Electronics S.A.S	April 2003	100%	France
Soitec Japan Inc	June 2004	100%	Japan
Soitec Phoenix Labs Inc	February 2006	100%	United States
Soitec Microelectronics Singapore Pte Ltd	June 2006	100%	Singapore
Soitec Solar GmbH	December 2009	100%	Germany
Soitec Solar Spain S.A.U	December 2009	100%	Spain
Soitec Solar Inc	December 2009	100%	United States
Soitec Solar Industries LLC	December 2009	100%	United States
CPV Rians S.A.S	July 2010	100%	France
Soitec Solar Development LLC	September 2010	100%	United States
Soitec Solar RSA LTD	April 2011	100%	South Africa
Soitec Korea	July 2011	100%	Korea
CPV Cerdagne	October 2011	100%	France
Reflexite Soitec Optical Technology	November 2011	49%	United States
Altatech Semiconductor SAS	January 2012	100%	France

As part of its Solar Energy business, the Group may have to establish special purpose entities to handle 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 fully consolidated:

Entities	Consolidated since	Percentage controlling interest	Country
CPV Power Plant n°1 (Pty)	October 2009	100%	South Africa
Soitec Solar Italia S.R.L	August 2010	100%	Italy
Concentrix Silicy 2 S.R.L	August 2010	100%	Italy
Newberry Solar 1 LLC	September 2010	100%	United States
Desert Green Solar Farm LLC	February 2011	100%	United States
LanEast Solar Farm LLC	February 2011	100%	United States
LanWest Solar Farm LLC	February 2011	100%	United States
Alicoop Santa Lucia S.R.L	March 2011	100%	Italy
Alicoop Monte Bellone S.R.L	March 2011	100%	Italy
Desert Harvest Solar Farm LLC	April 2011	100%	United States
Rugged Solar LLC	April 2011	100%	United States
Tierra del Sol Solar Farm LLC	April 2011	100%	United States
CX Giuggianello S.R.L	October 2011	100%	Italy
CX Minervino S.R.L	October 2011	100%	Italy
CPV Thuir 1	February 2012	100%	France
CVP Durance 1	February 2012	100%	France
CVP Narbonne 1	February 2012	100%	France
CVP Llo 1	February 2012	100%	France
Sorrel Solar Farm	February 2012	100%	United States
Solar Touloubre Cannebière	March 2012	100%	France
CPV Power Plant n°2 (Pty)	March 2012	100%	South Africa

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 on the date of acquisition, except for non-current assets classified as held assets for the purposes of the acquisition and which are recorded at fair value less costs to sell.

The accounting rules governing business combinations and transactions with non-controlling interests in particular 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 and profit and loss.
- 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 analysis 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 except where they involve the correction of errors. 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 allocated to goodwill.

6.4.2.4.2. Translation of the financial statements of foreign subsidiaries

The Euro, used as the presentation currency, is the currency in which the bulk of the Group's cash flows are generated. The functional currency of the Company and its subsdiaires is as follows:

	Functional currency		
	Euro	US Dollar	Yen
France	Soitec SA Soitec Specialty Electronics SAS Altatech Semiconductor SAS CPV Rians S.A.S CPV Cerdagne and subsidiaries		
Germany	Soitec Solar GmbH		
Spain	Soitec Solar Spain S.A.U		
United States		Soitec Inc Soitec Phoenix Labs Inc Soitec Solar Inc and subsidiaries Reflexite Soitec Optical Technology	
Japan			Soitec Japan Inc
Singapore		Soitec Microelectronics Singapore Pte Ltd	
Korea		Soitec Korea	

The financial statements of Group entities with the US dollar or the yen as their functional currencies are translated into Euros as follows:

- Assets and liabilities are translated at the closing rates on March 31, 2012;
- The income and expenses in each income statement are translated at the average exchange rate for the period or financial year that is felt to reflect the rate applicable on the effective transaction date.

Translation adjustments stemming from the application of these various rates are recognized as a separate component of equity, "Exchange gains (losses) on translation of foreign operations".

6.4.2.4.3. 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 Cash-Generating Units that are expected to benefit from the combination. Goodwill is not amortized but rather tested for impairment at each annual reporting date or whenever there are indications of impairment losses. All impairment losses recognized are irreversible.

6.4.2.4.4. 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 (i) software recognized at their acquisition cost and amortized on a linear basis over its estimated useful life, i.e. between 1 and 5 years, (ii) the patented technology recognized following the acquisition of Soitec Solar GmbH, amortized over a period of 5 years, (iii) the technology recognized following the acquisition of Tracit SAS, amortized over a period of 10 years and (iv) the technology recognized following the acquisition of Altatech Semiconductor which is amortized over 7 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 project through to completion;
- there is a high probability that the future economic benefits attributable to the development expenses will go 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;
- the Group has the necessary resources to complete the project;
- Research and Development expenses which do not meet the above criteria are recognized under "Research and Development expenses" as expenses in the financial year in which they are incurred.

6.4.2.4.5. 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 book value 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 go to the Group or that the cost of the asset can be measured reliably. The book value of replaced components is derecognized. All repair and maintenance costs are recognized in the income statement.

Depreciation is calculated on a linear basis over the following estimated useful lives:

Buildings	15 to 30 years
Machinery and equipment	3 to 8 years
Other fixtures and fittings	5 to 10 years
Vehicles	5 years
IT and office equipment	4 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.

6.4.2.4.6. Leasing

Property leases or equipment leases (credit 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 lessor. Lease payments are allocated between financial expenses and depreciation of the relevant assets. When the lease contains a transfer of title clause upon the occurrence of its term, the depreciation conditions are the same as those applied for similar types of assets owned by the Company. 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.

6.4.2.4.7. 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 in the financial year in which they occur.

6.4.2.4.8. Current and non-current components of photovoltaic projects

Photovoltaic projects recognized as current and non-current assets represent the costs capitalized prior to the disposal of photovoltaic installations to third parties or those for installations to be operated by the Company. Starting from the moment where there exists a commitment from a third party to buy the installation or from an electricity producer to operate it, where the project has been shown to be technically and financially feasible, and where the discounted expected future cash flows make it possible to cover the costs incurred, all costs associated with the acquisition of sites, legal and consultancy fees, the acquisition of permits and more broadly the development phase, are capitalized. Where the Company 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. Those projects that are planned to be operated and those that are unlikely to be sold within twelve months are kept as non-current assets.

6.4.2.4.9. 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 its 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 and Lighting business segments, the Group is organized on a global basis with customers managed centrally and production capacities organized so as to optimize their use without regard to geographic location: the CGU encompasses the whole of segment.

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, 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 is tested on the basis of the overall Solar Energy CGU.

• Impairment indicators

The Group regularly monitors the evolution of its financial results against its forecasts for the whole of its businesses. It also monitors 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, with cash flows being extrapolated by applying a constant or decreasing growth rate and discounted using long-term after tax market rates that reflect market estimates of the time value of money and asset-specific risks. The terminal value is determined based on the estimated life of the assets tested.

• Impairment

An impairment loss is recognized as soon as the book value 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.

6.4.2.4.10. 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 in 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.

6.4.2.4.11. Fair value of financial instruments

The Group applies IFRS 7 on financial instruments measured at fair value in the statement of financial position. 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 the date of the statement of financial position. 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.

6.4.2.4.12. 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.

6.4.2.4.13. Cash and cash equivalents

Cash and cash equivalents primarily comprise 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 money-market UCITS which do not satisfy the criteria for recognition as cash equivalents under IAS 7 are recorded in other financial assets.

6.4.2.4.14. Equity

• **Equity instruments and convertible bonds**

Classification within equity depends on a specific analysis of the characteristics of each instrument issued.

• **Capital increase program by exercise of stock options (back-up equity line)**

On June 5, 2008, Soitec arranged with Société Générale 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. As per the contractual terms, Soitec has the right under this agreement to issue at its sole discretion over a period of 48 months, in several installments with a maximum unit amount of around 4.5 million shares, ABSAARs (shares with redeemable stock subscription and/or purchase warrants) that Société Générale has agreed to subscribe to at Soitec's request. This agreement does not currently oblige Soitec to issue all or part of the authorized number of shares. The BSAARs (redeemable stock subscription and/or purchase warrants) warrants will be detached immediately upon issue and employees and Corporate Officers will have an exclusive option of acquiring them at their market value, as determined by an independent expert, notably via the Group's employee savings plan.

The total amount drawn down will depend on the Group's requirements and on its share price and trading volumes. In each instance the shares will be subscribed at an issue price equal to the volume-weighted average price for the three previous trading sessions, less a discount of 5%. Société Générale is acting as a financial intermediary and does not intend to retain an interest in the Group's share capital over the long term.

• **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 (stock options and share warrants for entrepreneurs) 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 factors in the exercise price and 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.

• **Financial liabilities**

Financial liabilities are classified into two categories:

- borrowings 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.

6.4.2.4.15. 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.

• **Calls and puts**

As part of the acquisition of Soitec Solar GmbH in December 2009, the Group granted a put and obtained a call on non-controlling interests who, until the transfer of the shares on 31 December 2011, retained the risks and rewards inherent in holding shares. These contractual agreements give rise to the recognition of a debt (liability) stated at its present value, in accordance with IAS 32. The offsetting entry for this debt, reduced by the net carrying amount of the non-controlling interests, was initially recognized in goodwill.

In accordance with the AMF recommendation for the preparation of the 2009 financial statements of listed companies, which applies to the options put in place prior to the taking effect of the new IFRS 3 and IAS 27, the Company elected to retain, subsequent to that date, the policy of recognizing subsequent changes to the debt in goodwill. The impact of the revaluation of this debt at each reporting date is thus recognized in goodwill, except for the unwinding of the discounting effect which impacts the financial expense.

In the income statement, non-controlling interests are attributed their portion of earnings. In the balance sheet, the portion of earnings attributable to non-controlling interests reduces the amount of group reserves.

The liability has been extinguished as at December 31, 2011 with the exercise of the call option and the buy-out of the minority interests.

The Group has not granted any puts or received any calls on non-controlling interests after April 1, 2010.

6.4.2.4.16. 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.

6.4.2.4.17. 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 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 body.

In the United States, Soitec USA Inc. pays into 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.

6.4.2.4.18. Revenue recognition on ordinary activity

Revenue of 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 incoterms set out in the contracts;
- sales of photovoltaic modules that the Group will not be installing are recognized as income when the modules, trackers and inverters have been delivered to the customer on site;
- sales of photovoltaic modules that 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;
- 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 done 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.
- revenue from the production of equipment dedicated to the semiconductor industry (activities carried out by Altatech) is recognized upon completion when the equipment is installed.

6.4.2.4.19. 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).

6.4.2.4.20. 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.

6.4.2.4.21. Research and development expenses

Research and development expenses comprise expenses that do not meet the criteria laid down 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, that is to say the grants with respect to 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 grant aid is 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).

6.4.2.4.22. 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.

6.4.2.4.23. Photovoltaic project launch expense

Photovoltaic project launch expenses 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, where they are not capitalized.

6.4.2.4.24. 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.

6.4.2.4.25. 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.

6.4.2.4.26. 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.

Since the 2008 financial year, Soitec S.A. has opted for group tax consolidation for its French subsidiary Soitec Specialty Electronics S.A.S.: the subsidiary's income tax expense is the same as it would have been had it not been consolidated for tax purposes. Soitec S.A. thus benefits from any tax saving resulting from the difference between the total tax expenses calculated individually and the tax owed by the consolidated tax group.

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 create 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.

6.4.2.4.27. 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.

6.4.3. Notes to the balance sheet

6.4.3.1. Highlights of the financial year

In July 2011, the Group completed a share capital increase of €150 million through the issuance of 33,301,578 new shares.

In November 2011, the Group and the American company Reflexite Energy Solutions Inc. created a joint venture (JV) company under the name “Reflexite Soitec Optical Technology LLC”. The joint venture will produce silicone Fresnel lenses dedicated to Concentrating Photovoltaic (CPV) modules and co develop new generation technologies aimed at reducing costs and improving performance of the existing lenses. The joint venture will be located within the premises of the new solar plant which Soitec intends to put into service in San Diego, California. Soitec owns 49% of the JV's equity. The fair value of the shares acquired amounts to €14,353,000. The cash contribution from Soitec into the JV as at March 31, 2012 amounts to €6,535,000. A financial liability amounting to €7,966,000 was also recognized as at March 31, 2012 to account for the remaining amount to be paid by Soitec.

On December 31, 2011, the Company exercised its call option to buy out the minority shareholders of Soitec Solar GmbH, a company which Soitec took control of in December 2009. At the date of exercise, the fair value of the call was €2,177,000. The difference between the best estimate of the value of the call option recognized as a liability as at March 31, 2011 and the fair value of the call option calculated based on the formulas contractually agreed on was recorded against goodwill for an amount of €6,079,000, except for the impact of the unwinding of the discounting effect which was recorded in the financial result for an amount of €425,000. The difference between the fair value of the call amounting to €2,177,000 and the price effectively paid of €3,549,000, which corresponds to the latest negotiations with Soitec Solar GmbH minority interests, was recorded as an expense in the line item “Other income and expenses” for an amount of €1,372,000.

In January 2012, the Group acquired 100% of the company Altatech semiconductor, an equipment manufacturer for the semiconductor industry (see below for more details).

In March 2012, the Group acquired the minority interests of its subsidiary Soitec Japan, which was previously held at 70%.

6.4.3.2. Segment information

As indicated in the note “Nature of business”, the Company 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 concentrator photovoltaic modules, the performance, design and construction of turnkey photovoltaic projects and the operation of photovoltaic 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) before depreciation, amortization and non-cash share based compensation expenses. EBITDA is a non-IFRS quantitative measure used to assist in the assessment of the 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 reconciliation of the EBITDA with the current operating income/(loss) is presented below within the segment information table.

The segment information breaks down as follows:

	March 31, 2012				
(in thousands of Euros)	Electronics	Solar Energy	Lighting	Other	Total
Sales	316,605	6,818	-	-	323,423
Gross profit	**66,959**	**(16,592)**	**-**	**-**	**50,368**
Research and development expenses, gross	(36,812)	(11,534)	(13,356)	-	(61,702)
Grants and reimbursable advances	13,901	1,376	4,906	-	20,183
Research and development expenses, net	**(22,911)**	**(10,158)**	**(8,450)**	**-**	**(41,520)**
Commercial expenses	**(8,946)**	**(4,781)**	**(74)**	**-**	**(13,801)**
General expenses	**(11,997)**	**(10,178)***	**(59)**	**(15,478)**	**(37,111)**
Development cost	**-**	**(4,563)**	**-**	**-**	**(4,563)**
EBIT	**23,105**	**(46,272)**	**(8,583)**	**(15,478)**	**(47,227)**
Depreciation and amortization	***49,867***	***5,459***	***991***	***-***	***56,317***
Share based payments	***1,455***	***517***	***59***	***3,714***	***5,745***
EBITDA	**74,427**	**40,296**	**(7,533)**	**(11,764)**	**14,835**

*Including €1,372,000 corresponding to the buy-out of Soitec Solar minority interests recognized within other income and expense in the consolidated income statement (see note 6.4.3.1).

	March 31, 2012				
(in thousands of Euros)	Electronics	Solar Energy	Lighting	Other	Total
Intangible assets, net	38,296	28,302	-	-	66,598
- Out of which goodwill	*11,402*	*19,266*	*-*	*-*	*30,668*
Tangible fixed assets, net	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 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**

	March 31, 2011				
(in thousands of Euros)	Electronics	Solar Energy	Lighting	Other	Total
Sales	275,159	5,836	-	-	280,995
Gross profit	**75,625**	**(8,599)**	**-**	**-**	**67,026***
Research and development expenses, gross	(30,487)	(8,402)	(9,648)	-	(48,897)
Grants and reimbursable advances	18,251	1,667	5,025	-	24,943
Research and development expenses, net	**(12,596)**	**(6,735)**	**(4,623)**	**-**	**(23,954)**
Commercial expenses	**(6,882)**	**(271)**	**-**	**-**	**(7,153)***
General expenses	**(11,829)**	**(4,050)**	**-**	**(12,811)**	**(28,691)**
Development cost	**-**	**5,323**	**-**	**-**	**5,323**
EBIT	**44,317**	**(24,978)**	**(4,623)**	**(12,811)**	**1,905**
Depreciation and amortization	***53,247***	***5,114***	***795***	***-***	***59,156***
Share based payments	***416***	***111***	***-***	***1,283***	***1,810***
EBITDA	**97,980**	**(19,753)**	**(3,828)**	**(11,528)**	**62,871**

*Including a reclassification of €817,000 between Gross profit and Marketing expenses: industrial management function for Electronics included in cost of sales and reclassified in general expenses in Other.

	March 31, 2011				
(in thousands of Euros)	Electronics	Solar Energy	Lighting	Other	Total
Intangible assets, net	18,693	35,134	-	-	53,827
- Out of which goodwill	*-*	*25,695*	*-*	*-*	*25,695*
Property plant and equipment, net	266,063	12,645	3,761	-	282,469
Non-current assets (1)	**284,756**	**47,779**	**3,761**	**-**	**336,296**
Inventories (2)	43,188	8,119	-	-	51,307
Trade receivables (3)	43,382	1,476	-	-	44,858
Other current assets (4)	34,754	2,719	18	-	37,491
Trade payables (5)	41,073	2,610	441	-	44,123
Other current liabilities (6)	45,426	2,379	401	-	48,206
Capital employed (1)+(2)+(3)+(4)+(5)+(6)	**319,583**	**55,103**	**2,937**	**-**	**377,623**

Sales by sector and sub-sector break down as follows:

(in thousands of Euros)	March 31, 2012	March 31, 2011
Microelectronics division	286,821	256,251
Specialty Electronics division	8,303	9,325
Layer Transfer Solution division	21,442	9,582
Equipment	39	-
Electronics CGU subtotal	**316,605**	**275,158**
Solar Energy division	6,818	5,836
Solar Energy subtotal	**6,818**	**5,836**
Lighting subtotal	**-**	**-**
Total sales	**323,423**	**280,995**

6.4.3.3. Acquisition of Altatech Semiconductor (Altatech)

On January 25, 2012, the Group acquired the company Altatech semiconductor, an equipment manufacturer for the semiconductor industry based in Isère, France. This acquisition will allow the Group to develop its strategy in the area of light emitting diodes by providing specific equipment, and the production of new solar mini-trackers Plug&Sun™. The takeover of Altatech was accounted for according to the acquisition method.

For the purpose of determining the purchase price consideration for accounting purposes, the acquisition cost amounting to €15,358,000 breaks down into cash paid to the shareholders for an amount of €6,955,000 and Soitec shares used as payment for a value of €8,403,000 (1,787,941 shares at a fair value price of €4.70 at transaction date). For the purposes of the cash flow statement, the acquisition of Altatech, net of cash acquired, amounts to €12,837,000 which includes the cash paid to the shareholders for an amount of €6,955,000, the cost of the acquisition of the 1,787,941 treasury shares which were purchased at an average price of €3.91 or €6,991,000 less the cash acquired amounting to €1,110,000.

A portion of the goodwill was allocated to the patented technologies developed by Altatech for an amount of €3,921,000. These technologies have been valued using the relief from royalty method taking into account an estimated useful life of 7 years. In addition, the Group recognized the margin on works in progress at acquisition date and the retirement indemnity liability.

As at March 31, 2012, the goodwill relating to the acquisition of Altatech amounts to €11,402,000. The goodwill is entirely allocated to the Electronics CGU.

(in thousands of Euros)	Net book value	Fair value adjustments	Fair value recognized upon acquisition
Acquisition price	**15,358**		**15,358**
Patented technologies and other intangible items	4	3,921	3,925
Property, plant and equipment	231		231
Non-current financial assets	29		29
Non-current assets	**264**	**3,921**	**4,185**
Inventories	846	140	986
Trade receivables	1,261		1,261
Current tax receivables	752		752
Current financial assets	23		23
Other current assets	47		47
Cash and cash equivalents	1,110		1,110
Current assets	**4,029**	**140**	**4,169**
Non-current financial liabilities	1,877		1,877
Retirement indemnities	-	112	112
Non-current liabilities	**1,877**	**112**	**1,989**
Current financial liabilities	584		584
Trade payables	1,269		1,269
Warranty provisions	148		148
Other current liabilities	408		408
Current liabilities	**2,297**	**112**	**2,409**
Net assets acquired and liabilities assumed	**7**	**3,949**	**3,956**
Goodwill	**15,351**	**3,949**	**11,402**

6.4.3.4. Intangible assets

Intangible assets break down as follows:

(in thousands of Euros)	Gross value	Accumulated amortization	Impairment charges	Net book value
Goodwill – Electronics CGU	13,295	-	(13,295)	-
Goodwill – Solar Energy CGU	25,695	-	-	25,695
Capitalized development projects	3,710	-	-	3,710
Concessions, patents and other rights	17,178	(5,241)	-	11,937
Software	30,364	(22,940)	-	(7,425)
Intangible assets in progress	5,060	-	-	5,060
March 31, 2011	**95,302**	**(28,181)**	**(13,295)**	**53,827**
Goodwill – Electronics CGU	24,697	-	(13,295)	11,402
Goodwill – Solar Energy CGU	19,266	-	-	19,266
Capitalized development projects	3,710	(371)	-	3,339
Concessions, patents and other rights	22,299	(8,436)	-	13,863
Software	41,982	(28,515)	-	13,467
Intangible assets in progress	5,261	-	-	5,261
March 31, 2012	**117,218**	**(37,322)**	**(13,295)**	**66,598**

The increase in the goodwill of the Electronics CGU relates to the acquisition of Altatech (see note 6.4.4.3.3). The variation of the goodwill of the Solar Energy CGU relates to the exercise of the call option and the buy-out of the minority interests of Soitec Solar GmbH (see note 6.4.3.2).

As at March 31, 2012, the capitalized development projects amounting to €3,710,000 (gross amount) correspond to costs incurred as part of a technology license agreement and are amortized over the duration of the agreement.

Assets in progress mainly correspond to costs incurred as part of the development and implementation of the new IT system.

During the financial year ended March 31, 2012, the changes in the net carrying amounts by category of asset breaks down as follows:

(in thousands of Euros)	Goodwill	Capitalized development projects	Concessions, patents and other rights	Software	Intangible assets in progress	Total
March 31, 2010	**71,300**	**-**	**14,918**	**12,002**	**210**	**98,430**
Transfers (gross value)	-	-	-	779	(779)	-
Additions (gross value)	-	-	(1)	-	9,341*	9,340
Exchange differences (net book value)	-	-	(78)	(139)	(1)	(219)
Amortization (net book value)	-	-	(2,902)	(5,209)	-	(8,111)
Disposals (gross value)	-	-	-	(8)	-	(8)
Impairment charges	-	-	-	-	-	-
Variation of goodwill	(45,605)	-	-	-	-	(45,605)
March 31, 2011	**25,695**	**-**	**11,937**	**7,425**	**8,771**	**53,828**
Transfers (gross value)	-	3,710	1,200	10,840	(15,413)**	337
Additions (gross value)	-	-	-	-	11,847	11,847
Acquisition of Altatech (net book value)	11,402	-	3,921***	4	-	15,327
Exchange differences (net book value)	-	-	-	247	230	477
Amortization (net book value)	-	(371)	(3,195)	(5,034)	-	(8,600)
Disposals (gross value)	-	-	-	(15)	-	(15)
Impairment charges	-	-	-	-	-	-
Variation of goodwill	(6,429)	-	-	-	-	(6,429)
March 31, 2012	**30,668**	**3,339**	**13,863**	**13,467**	**5,261**	**66,598**

*This amount includes the €3,710 thousand in development costs for capitalized projects mentioned in the previous table.
**This amount has been reclassified from property, plant and equipment to intangible assets.
***This amount corresponds to the identifiable intangible assets recognized as part of the acquisition of Altatech (see note 6.4.3.3).

6.4.3.5. Property, plant and equipment

Property, plant and equipment break down as follows:

(in thousands of Euros)	Gross value	Accumulated depreciation	Impairment charges	Net book value
Machinery and Equipment*	142,648	(50,368)	-	92,281
Other tangible fixed assets*	379,419	(253,369)	(251)	125,799
Tangible fixed assets in progress*	71,198	(22,622)	(3,704)	44,872
March 31, 2011	**19,517**	**-**	**-**	**19,517**
Buildings*	612,783	(326,358)	(3,955)	282,469
Machinery and Equipment*	215,887	(79,804)	-	136,083
Other tangible fixed assets*	404,688	(280,898)	(975)	122,815
Tangible fixed assets in progress*	16,587	(10,484)	-	6,103
March 31, 2012	**64,945**	**-**	**(971)**	**63,974**
Machinery and Equipment*	702,107	(371,186)	1,947	328,974

Assets in progress mainly correspond to the construction of the plant in San Diego for an amount of €35,678,000 and the installation of new production equipment in Bernin for an amount of €15,600,000.

*Including assets financed through capital leases:

(in thousands of Euros)	Gross value	Accumulated depreciation	Impairment charges	Net book value
Buildings	75,661	(32,383)	-	**43,279**
Machinery and Equipment	13,478	(6,129)	(251)	**7,098**
Other tangible fixed assets	-	-	-	**-**
Tangible fixed assets in progress	-	-	-	**-**
March 31, 2011	**89,140**	**(38,512)**	**(251)**	**50,377**
Buildings	75,837	(36,803)	-	**39,034**
Machinery and Equipment	9,430	(5,371)	(619)	**3,440**
Other tangible fixed assets	10	(8)	-	**2**
Tangible fixed assets in progress	-	-	-	**-**
March 31, 2012	**85,277**	**(42,182)**	**(619)**	**42,476**

During the year ended March 31, 2012, the breakdown of the variations of net carrying amounts by category of asset is as follows:

(in thousands of Euros)	Buildings	Machinery and equipment	Other property, plant and equipment	Property, plant and equipment assets in progress	Total
March 31, 2010	**93,870**	**156,295**	**54,959**	**8,351**	**313,475**
Transfers (gross value)	6,770	7,200	(2,738)	(11,233)	**-**
Additions (gross value)	-	-	-	22,954	**22,954**
Acquisition of Altatech (net book value)	-	-	-	-	**-**
Exchange differences (net book value)	(2,379)	(1,938)	(1,117)	(233)	**(5,666)**
Depreciation and impairment (net book value)	(5,981)	(35,520)	(6,127)	-	**(44,629)**
Disposals (gross value)	-	(3,239)	(104)	(322)	**(3,665)**
March 31, 2011	**92,280**	**125,799**	**44,872**	**19,517**	**282,469**
Transfers (gross value)	68,937	29,156	(55,716)	(42,713)*	**(337)***
Additions (gross value)	-	-	-	87,189	**87,189**
Acquisition of Altatech (net book value)	159	48	24	-	**231**
Exchange differences (net book value)	3,268	2,586	771	1,104	**7,729**
Depreciation and impairment (net book value)	(28,550)	(26,220)	16,165	(971)	**(39,576)**
Disposals (gross value)	(13)	(8,553)	(14)	(955)	**(9,535)**
March 31, 2012	**136,083**	**122,815**	**6,103**	**63,974**	**328,974**

*This amount has been reclassified from property, plant and equipment to intangible assets.

6.4.3.6. Value of non-current assets

Impairment tests

As at March 31, 2012 the Group tested its non-current assets for impairment.

- **Electronics CGU**

The impairment test was carried out based on the most up-to-date business plan of the segment. Non-current assets are principally composed of the industrial capacities of the sites in Bernin (France) and Pasir Ris (Singapore) (clean rooms and equipment), the goodwill from the acquisition of Altatech, and patents relating to activities of layer transfer technologies and design of equipment. The discounted future cash flows justified the net book value of these assets (€299.9 million as at March 31, 2012). Management therefore took the view that there was no indicator of impairment.

- **Solar Energy CGU**

The Group carried out an impairment test as at March 31, 2012 consisting of estimating the value in use of the CGU's assets based on the discounted future cash flows calculated using the most up-to-date business plan. The long-term growth rate used was 2% (unchanged since March 31, 2010). The discount rate applied is 15% after tax, including a premium reflecting the risk associated with the ramp-up of the business for the Group. At each reporting date, the Group will accordingly adjust the level of the risk premium to be added to the discount rate based on the outlook and the deployment of this new business. Non-current assets at subsidiaries include solar power centre projects and were subject to an individual test. In addition, the non-current assets of this CGU include the goodwill on the acquisition of Soitec Solar GmbH, patents, production capacity installed at the Freiburg site, and the industrial buildings which the Group acquired in December 2011 on the California site in San Diego.

The business plan submitted covers a period of five financial years (2012-2013 to 2016-2017), and splits the manufacturing and sale activities into three regions: the United States and Europe plus the other regions. The financial data for the US region were put together in US dollars and translated into Euros at a constant exchange rate of 1.30 over the whole period. Those for Europe and the other regions were established directly in Euros. Sales are established on the basis of assumptions as to the success rate of projects under development. Production costs are based on detailed internal goals on the reduction of the purchase price of components, on the improvement of the efficiency of solar cells, on yields and on productivity. Capital expenditure is calculated on the basis of the Group's capacity models and takes account of planned changes in the features – in particular the dimensions – of successive generations of modules. The average tax rate is estimated to be 30% of operating income.

Based on this analysis and the study of the sensitivity of this impairment test to the main assumptions, the value of the non-current assets (€89,212,000 as at March 31, 2012) allocated to the CGU appears to be justified.

- **Lighting CGU**

The non-current assets are composed solely of new industrial equipment currently being installed in Bernin for a value of €16,494,000.

6.4.3.7. Non-current financial assets

Non-current financial assets break down as follows:

(in thousands of Euros)	March 31, 2012	March 31, 2011
Investments in associates: Reflexite JV	14,353*	-
Available-for-sale financial assets	1,573	1,473
Loans and advances to the finance lessor –Bernin plant	253	334
Deposits	5,685**	4,353*
Total non-current financial assets	**21,864**	**6,160**
Available-for-sale financial assets	(1,573)	(1,473)
Other financial assets	-	-
Less: provision for impairment of non-current financial assets	(1,573)	(1,473)
Non-current financial assets – net	**20,291**	**4,687**

*The Group acquired shares in the Reflexite joint venture for an amount of €14,353,000, from which 6,535 were paid during the period. A liability amounting to €7,966,000 (including the impact of exchange rates) was recorded in the balance sheet in the line item "Other financial liability" (See note 6.4.3.16).

**This amount includes €4,588,000 of restricted cash as at March 31, 2012 and €4,077,000 as at March 31, 2011.

Under the finance lease for the Bernin plant, the Company granted an advance for a nominal sum of €5,430,000 to the lessee. This advance will be repaid as the lessor receives the corresponding grants. The residual amount of this advance was €334,000 (€207,000 in non-current and €127,000 in current – note 6.4.3.12) at March 31, 2012 (€455,000 at March 31, 2011).

Available for sale financial assets break down as follows:

	March 31, 2012			March 31, 2011		
(in thousands of Euros)	Gross value	Provisions	% held	Gross value	Provisions	% held
Innovative Silicon	1,073	(1,073)	2.42%	1,073	(1,073)	2.42%
Cissoïd	300	(300)	2.26%	300	(300)	2.33%
Medgrid	200	(200)	5.00%	100	(100)	5.00%
Total available-for-sale financial assets	**1,573**	**(1,573)**		**1,473**	**(1,473)**	

The securities detailed above are classified in category 3.

6.4.3.8. Other non-current assets

Other non-current assets break down as follows:

(in thousands of Euros)	March 31, 2012	March 31, 2011
Tax receivables	6,628	-
Other assets	61	58
Total Other non-current assets	**6,689**	**58**
Less: provision for impairment of other non-current assets	-	-
Other non-current assets – net	**6,689**	**58**

The tax receivable of €6,628,000 as at March 31, 2012 corresponds to the non-current portion of the Research Tax Credit.

The total amount of Research Tax Credit receivable (current and non current portion) amounts to €15,384,000.

6.4.3.9. Inventories

Inventories break down as follows:

(in thousands of Euros)	March 31, 2012	March 31, 2011
Raw material	35,811	26,795
Work in progress	13,401	11,911
Finished goods	24,515	16,664
Total inventories	**73,727**	**55,370**
Less: provision for inventory write-down	(7,104)	(4,063)
Inventories – net	**66,623**	**51,307**

The increase in raw materials (increase of €9,016,000) is principally attributable to the Solar Energy division (+€5,200,000), in anticipation of the production of 5th generation modules. The remainder (€3,300,000) corresponds to the materials purchased for customer orders of SOI wafers later cancelled, and which had to be written off (increase of €3,100,000 of provision on inventories).

The increase in works in progress (€1,490,000) is, for the most part, attributable to the Solar Energy division (+€1,200,000).

The increase in finished goods of €7,851,000 is attributable for €1,300,000 (+7.8%) to the Electronics Division. The remainder (€6,551,000) corresponds to the value of the solar systems being installed on different sites of consolidated subsidiaries.

6.4.3.10. Trade receivables

Trade receivables break down as follows:

(in thousands of Euros)	March 31, 2012	March 31, 2011
Trade receivables	47,161	44,858
Less: provision for impairment of trade receivables	-	-
Trade receivables – net	**47,161**	**44,858**

As at March 31, 2012, no provision for impairment of trade receivables was recorded.

As at 31 March, the aging analysis of trade receivables is as follows:

(in thousands of Euros)	Total trade receivables	Not due and not impaired	<30 days	30 – 60 days	60 – 90 days	90 – 120 days	>120 days
March 31, 2012	**47,161**	42,305	825	-	1	973	3,056
March 31, 2011	**44,858**	43,965	516	215	-	-	163

6.4.3.11. Other current assets

Other current assets break down as follows:

(in thousands of Euros)	March 31, 2012	March 31, 2011
Tax and social security receivables	25,527	18,091
Receivables on asset disposals	-	1
Prepaid expenses	1,450	1,016
Grants receivable**	15,695	13,408
Prepayments	12,818	4,638
Other current assets	440	336
Total current assets	**55,931**	**37,491**
Less: provision for impairment of current assets	-	-
Current assets – net	**55,931**	**37,491**

The increase in tax and social receivables is principally explained by a VAT receivables at the subsidiary Soitec Solar GmbH.

Tax and social receivables include Research tax credits for an amount of €8,756,000, including €5,530,000 from 2011.

**Public grants to be received, which are composed of research and development subsidies and other public grants, break down as follows:

(in thousands of Euros)	Gross value
March 31, 2010	**15,083**
Received during the year	(17,727)
Recognized as income	16,052
Exchange differences	-
March 31, 2011	**13,408**
Received during the year	(12,402)
Recognized as income	14,624
Exchange differences	65
March 31, 2012	**15,695**

In accordance with IAS 20, research and development subsidies received are recorded as grants 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 to subsidized projects, after verifying that the grant conditions are respected. The grants are invoiced and recorded according to the milestones set out in the agreements.

The main program impacting the Group financial statements for the year ended March 31, 2012 is NanoSmart (the project finished in December 2011). The NanoSmart project covers three major axes of development: improving the mobility of electrons in the active layer and two different types of substrate for light emitting diodes.

Cumulative repayable advances recorded in the income statement regarding projects for which market opportunities have not been demonstrated amount to €18,651,000 as at March 31, 2012, split as follows: lot 2 of the Nanosmart project, €10,128,000; lot 3 of the Nanosmart project, €7,778,000; G²REC project, €745,000.

6.4.3.12. Current financial assets

Current financial assets break down as follows:

(in thousands of Euros)	March 31, 2012	March 31, 2011
Loans and advances to the finance lessor – Bernin plant	399	205
Accrued interests	1,137	1,041
Prepaid expenses	201	398
Deposits*	7,528	-
Derivate financial instruments	53	612
Other current financial assets	-	-
Total current financial assets	**9,317**	**2,256**
Less: provision for impairment of loans	(85)	(85)
Less: provision for impairment of other financial assets	-	-
Total provision for impairment	**(85)**	**(85)**
Other current financial assets - net	**9,232**	**2,171**

*Restricted cash

As at March 31, 2012, derivative financial instruments concern forward contracts on US dollars for €7,487,000 recognized at fair value through profit and loss.

6.4.3.13. Cash and cash equivalents

Cash and cash equivalents break down as follows:

(in thousands of Euros)	March 31, 2012	March 31, 2011
Cash	117,479	112,254
Cash equivalents	142,325	155,491
Total cash and cash equivalents	**259,804**	**267,745**

Cash held in banks is principally denominated in 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 8 March 2006 relating to the classification of money market UCITS as cash equivalents in accordance with IAS 7.

As at March 31, 2012, cash is mostly composed of interest paying accounts. Cash equivalents are principally composed of term deposits and money market UCITS.

6.4.3.14. Issued capital and reserves

6.4.3.14.1. Share capital and premium

As at March 31, 2012, the number of Company shares outstanding was 122,128,392. These are ordinary shares with a nominal value of €0.10 per share.

(in number of shares)	March 31, 2012	March 31, 2011
Ordinary shares with a par value of €0.10	122,128,392	87,487,811

During 2011-2012 the share capital was increased by €3,464,000 to reach €12,213,000 by the end of March 2012 as detailed in the table below:

Date	Nature of the transaction	Ordinary shares issued and fully paid-up (in number of shares)	Share capital Increase (decrease) in thousands of Euros	Share premium Increase (decrease) in thousands of Euros
April 1, 2010		**86,145,233**	**8,615**	**483,379**
April 9, 2010	Warrants issue	22,500	2	96
April 9, 2010	Free shares	8,000	1	-
May 18, 2010	ABSAAR issue	750,000	75	9,825
July 7, 2010	Exercise of BSAAR	293,739	29	1,193
July 7, 2010	Free shares	129,297	13	-
September 22, 2010	Warrants issue	36,500	4	172
March 8, 2011	Conversion of bonds (OCEANE)	1,092	-	9
March 8, 2011	Free shares	30,000	3	-
March 8, 2011	Exercise of BSAAR	71,450	7	290
	Share issuance expenses, net			(2,647)
March 31, 2011		**87,487,811**	**8,749**	**492,318**
May 25, 2011	ABSAAR issue	1,100,000	110	12,527
June 20, 2011	Exercise of BSAAR	216,403	22	-
July 25, 2011	Free shares	33,301,578	3,330	146,527
November 15, 2011	Cancellation of 1,100,000 BSAAR	-	-	(2,100)
March 26, 2012	Exercise of warrants	22,600	2	67
	Reclassification to other reserves			271
	Share issuance expenses, net			(7,946)
March 31, 2012		**122,128,392**	**12,213**	**641,663**

In terms of the number of shares issued, share capital movements can be summarized as follows:

Transaction	Number of shares issued
Exercise of warrants	22,600
ABSAAR issue	1,100,000
Share capital increase	33,301,578
Free shares	216,403
Total	**34,640,581**

During 2011-2012, the Board of Directors formally noted the capital increase resulting from the issue of 33,301,578 new shares and the exercise of 1,339,003 options, ABSAARs and the vesting of free shares, for an amount of €161,486,000, including a share premium of €146,527,000 (excluding issuance costs).

The costs associated with these capital increases and recorded as a deduction from share premium amounting to €7,946,000

6.4.3.14.2. Treasury shares

As at March 31, 2012, the Company holds 112,059 treasury shares.

	March 31, 2012	March 31, 2011
Number of treasury shares	112 059	32 557
Gross value (in thousands of Euros)	478	367
Unrealized gain/(loss) (in thousands of Euros)	60	(44)

The gross value of these treasury shares along with any capitals gain or losses recognized during their sale is deducted from equity.

6.4.3.14.3. Other reserves

(in thousands of 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, 2011	**705**	**(1,003)**	**-**	**-**	**65**	**(233)**
Variation for the year	-	(526)	1,023	(241)	6,210	**6,466**
March 31, 2012	**705**	**(1,529)**	**1,023**	**(241)**	**6,275**	**6,233**

The variation in exchange differences of €6,210,000 includes the effect of €5,064,000 of exchange differences in the intragroup 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.

The other variations for €241,000 concern a reclassification of share premium into other reserves.

6.4.3.14.4. 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 July 3, 2012.

6.4.3.15. Share-based payments

6.4.3.15.1. Impact of share-based payments on the consolidated income statement

The expense recognized in income for the financial year ended March 31, 2012 came to €5,745,000 (€1,810,000 for the financial year ended March 31, 2011). The corresponding entry was an increase in equity of the same amount.

The vesting of shares at the end of the vesting period is subject to performance criteria measured with reference to an internal composite indicator based on sales, EBITDA, consolidated available cash as well as the completion of the key stages in the Group's strategic plan.

6.4.3.15.2. 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:

(in number of shares)	Shares (in number of shares)	Weighted average exercise price per share (in Euros)	Price range (in Euros)
March 31, 2010	**3,758,072**	**12.57**	**3.44 – 25.69**
Granted	-	**-**	-
Exercised	(36,500)	**4.81**	4.81
Expired	(2,269,572)	**12.76**	8.71 – 12.78
March 31, 2011	**1,452,000**	**12.46**	**3.44 – 25.69**
After the share capital increase in July 2011*	**1,640,760**	**11.02**	**3.04 – 22.73**
Granted	-	**-**	-
Exercised	(22,600)	**3.04**	3.04
Expired	(84,750)	**11.31**	11.31
March 31, 2012	**1,533,410**	**11.13**	**3.04 – 22.73**

*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.

6.4.3.15.3. Share-based payments

The table below indicates the extent to which stock options and free shares were 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, 2011. It also sets out the extent to which prior authorizations had been utilized.

6.4.3.15.4. Share plans in force (post 7 November 2002)

Date of Shareholder's 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**	**56,500**	**38,510**	**58,250**	**22,600**	**959,750**	**180,800**
- Of which number of shares for Corporate Officers	-	-	-	-	-	100,000	-
- Of which number of shares for top ten employees	169,500	56,500	38,510	58,250	22,600	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	25/01/16
Number of shares subscribed	-	-	8,000	30,000	-	-	-
Number of shares cancelled	-	-	-	-	-	394,750	-
Number of outstanding shares	**169,500**	**56,500**	**30,510**	**28,250**	**22,600**	**565,000**	**180,800**
Subscription price per share (in Euros)	4.35	3.98	4.03	3.88	7.03	11.31	13.80
Share price at time of grant	4.38	5.12	4.5	4.78	9.08	13.13	21.17
Life	10	10	10	10	10	10	10
Expected dividend	-	-	-	-	-	-	-
Expected volatility	-	-	22%	22%	25%	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	3.2	5.80	11.11

Date of Shareholder's 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	**39,550**	**79,100**	**226,000**	**31,300**
- Of which number of shares for Corporate Officers	-	-	-	-
- Of which number of shares for top ten employees	39,550	79,100	226,000	31,300
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	-	-	-	20,000
Number of outstanding shares	**39,550**	**79,100**	**226,000**	**11,300**
Subscription price per share (in Euros)	22.73	18.59	17.12	18.11
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

6.4.3.15.5. 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**
Vesting period	06/07/06 to 05/07/08	01/06/07 to 31/05/09	24/01/08 to 23/01/10	04/06/08 to 03/06/10	25/02/09 to 24/02/11
Holding period	06/07/08 to 05/07/10	01/06/09 to 31/05/11	24/01/10 to 23/01/12	04/06/10 to 03/06/12	25/02/11 to 24/02/13
Number of shares subscribed	100,000	38,115	8,000	129,297	30,000
Number of shares cancelled	-	7,981*	-	-	-
Number of outstanding shares	**-**	**-**	**-**	**-**	**-**
Share price at time of grant	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
Date of Board of Directors meeting	05/06/09	07/07/09	01/06/10	22/09/10
Number of shares	**228,556**	**55,000**	**219,542**	**5,650**
- Of which number of shares for Corporate Officers	145,683	-	105,611	-
- Of which number of shares for top ten employees	82,873	55,000	113,931	5,650
Number of beneficiaries	**10**	**1**	**11**	**1**
Vesting period	05/06/09 to 04/06/11	07/07/09 to 06/07/11	01/06/10 to 31/05/12	22/09/10 to 21/09/12
Holding period	05/06/11 to 04/06/13	07/07/11 to 06/07/13	01/06/12 to 31/05/14	22/09/12 to 21/09/14
Number of shares acquired	216,403	55,000	-	-
Number of shares cancelled	12,153	-	14,179	-
Number of outstanding shares	**-**	**-**	**205,363**	**5,650**
Share price at time of grant	5.00	5.24	7.64	7.36

Date of Shareholders meeting	07/07/09	07/07/09	24/06/11	24/06/11
Date of Board of Directors meeting	01/04/11	01/04/11	13/12/11	13/12/11
Number of shares	**934,510**	**275,720**	**125,000**	**25,000**
- Of which number of shares for Corporate Officers	418,100	-	-	-
- Of which number of shares for top ten employees	406,800	239,560	125,000	25,000
Number of beneficiaries	**19**	**13**	**2**	**1**
Vesting period	01/04/11 to 31/03/13	01/04/11 to 31/03/15	13/12/11 to 12/12/13	13/12/11 to 12/12/15
Holding period	01/04/13 to 31/03/15		13/12/13 to 12/12/15	
Number of shares acquired	-	-	-	-
Number of shares cancelled	28,250	11,300	-	-
Number of outstanding shares	**906,260**	**264,420**	**125,000**	**25,000**
Share price at time of grant	10.72	10.72	3.73	3.73

6.4.3.16. Borrowings and financial debt

Borrowings and financial debt break down as follows:

Current (in thousands of Euros)	Effective interest rate (%)	Currency	Expiry date	March 31, 2012	March 31, 2011
Finance leases:					
Real estate (buildings)	2.82% - 5.625%	EUR		7,067	7,447
Machinery and equipment	3.67% - 4.57%	EUR		1,042	2,066
Machinery and equipment		JPY		2	-
Borrowings:					
Bonds: OCEANE 2014 (accrued interests)	6.25%	EUR		5,060	5,060
Bank loans	3.5% - 8.97%	EUR		2,181	1,650
Other borrowings and financial liabilities:					
Repayable advances	-	EUR		95	-
Derivative financial instruments	-	EUR		72	-
Financial suppliers	-	EUR		49	89
Debt on minority interests: Soitec Solar GmbH	-	EUR		-	8,181
Bank overdrafts	-	EUR		-	-
Credit lines	-	EUR		1	-
Other financial liabilities	-	EUR		45	-
Other financial liabilities	-	USD		8,062*	
Current financial liabilities				**23 674**	**24 493**

Non-current (in thousands of Euros)	Effective interest rate (%)	Currency	Expiry date	March 31, 2012	March 31, 2011
Finance leases:					
Real estate (buildings)	2.82% - 5.625%	EUR	2013-2015	9,799	16,865
Machinery and equipment	-	EUR	-	-	1,044
Machinery and equipment	-	JPY	-	-	-
Borrowings:					
Bonds: OCEANE 2014	6.25%	EUR	2014	128,174	123,481
Bank loans	3.5% - 8.97%	EUR	2015	995	1,700
Other borrowings and financial liabilities:					
Repayable advances	-	EUR	2014-2018	733	181
Derivative financial instruments	-	-	-	-	-
Other financial liabilities	-	-	-	-	145
Non-current financial liabilities				**139,702**	**143,416**

*This amount includes the portion of the shares in JV Reflexite still to be paid for €7,966,000.

To meet the Group's general financing requirements and specifically to finance its existing and future development projects, the Group continued to pursue a proactive refinancing policy by issuing OCEANE convertible bonds in 2009, increasing its share capital by €150 million during the year and implementing a conservative cash management strategy.

On September 9, 2009, Soitec S.A. thus issued OCEANE convertible bonds for the nominal amount of €145 million. 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 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.

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 €118,295,000 net of its portion of issuance costs. The estimated effective interest rate of the debt is 11.71%;
- 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 €23,644,000 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.

The OCEANE convertible bonds are recognized at transaction date in accordance with the Group's policies.

Bank loans

Bank loans are repayable on a quarterly basis until 2015.

Repayment schedule

The bank loan repayment schedule breaks down as follows:

	March 31, 2012				
(in thousands of Euros)	<1 year	1 to 5 years	> 5 years	Total	March 31, 2011
Finance leases:					
Real estate finance lease	7,067	9,799	-	**16,866**	24,312
Equipment finance leases	1,044	-	-	**1,044**	3,110
Borrowings:					
Bonds: OCEANE 2014	5,060	128,174	-	**133,234**	128,541
Bank loans	2,181	995	-	**3,176**	3,350
Other borrowings and financial liabilities:					
Repayable advances	95	695	38	**828**	181
Derivative financial instruments	49	-	-	**49**	89
Financial suppliers	72	-	-	**72**	-
Debt on minority interests: Soitec Solar GmbH	-	-	-	**-**	8,181
Bank overdrafts	1	-	-	**1**	-
Credit lines	-	-	-	**-**	-
Other financial liabilities	8,107*			**8,107**	-
Non-current borrowings and financial liabilities	**23,674**	**139,664**	**38**	**163,376**	**167,909**

*This amount includes the outstanding amount due for the investment in the Reflexite JV amounting to €7,966,000. An amount of €14.5 million was committed, of which €6,535,000 has been paid.

6.4.3.17. Provisions and other non-current liabilities

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

(in thousands of Euros)	March 31, 2012	March 31, 2011
Deferred income	2,968	3,710
Other debtors	-	-
Non-current liabilities	**2,968**	**3,710**
Provisions for other liabilities and charges	7,218	4,045
Provisions and other non-current liabilities	**10,186**	**7,755**

Prepaid expenses concern capitalized development projects for an amount of €3,339,000 as at March 31, 2012 (split into a non-current portion for €2,968,000 and a current portion for €371,000 (note 6.4.3.19).

Provisions for risks and charges are principally composed of the retirement provision for an amount of €4,340,000.

Variations in provisions for risks and charges

Provisions for risks and charges break down as follows:

(in thousands of Euros)	March 31, 2011	Allocation of the year	Used	Unused	Exchange differences	March 31, 2012
Current provisions:						
Litigation	**2,649**	554	(67)	(693)	-	**2,443**
Warranty	**-**	148	-	-	(148)	**-**
Other liabilities	**590**	832	(662)	-	97	**857**
Total	**3,239**	**1,534**	(729)	**(693)**	**(51)**	**3,300**
Non-current provisions:						
Retirement obligations	**3,009**	1,331	-	-	-	**4,340**
Litigation	**-**	-	-	-	-	**-**
Warranty	**-**	148	(8)	(11)	293	**422**
Other liabilities	**1,036**	2,456	(1,036)	-	-	**2,456**
Total	**4,045**	**3,935**	(1,044)	**(11)**	**293**	**7,218**

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 in note 6.4.5.3.

The provision for retirement indemnities is detailed in note 6.4.5.1.

6.4.3.18. Trade payables

Trade payables break down as follows:

(in thousands of Euros)	March 31, 2012	March 31, 2011
Trade payables	**41,267**	**44,123**

6.4.3.19. Provisions and other current liabilities

Provisions and other current liabilities break down as follows:

(in thousands of Euros)	March 31, 2012	March 31, 2011
Customer advances/prepaid income	527	2,149
Suppliers	15,411	8,865
Tax and social security liabilities	33,911	24,926
Deferred income	371	-
Others	443	1,272
Other liabilities	**50,663**	**37,212**
Provisions	3,300	3,239
Provisions and other current liabilities	**53,963**	**40,451**

The increase in tax and social liabilities over the period is explained by the recording of a VAT payable on the subsidiary Concentrix Solar for €8,559,000.

Provisions are detailed in note 6.4.3.17.

6.4.4. Notes to the income statement

6.4.4.1. Employee costs

Employee benefit expenses break down as follows:

(in thousands of Euros)	March 31, 2012	March 31, 2011
Wages and salaries, including social security costs*	(94,832)	(77,100)
Pension costs	(548)	(459)
Cost of share-based payments	(5,745)	(1,810)
Total employee costs	**(101,125)**	**(79,369)**

*Employee costs presented also include incentive schemes.

The Group staff level is over 280 employees higher than at the March 31, 2011 closing, an increase of 23%.

Half of the growth is attributable to the Solar Energy Division, which has more than doubled its staff levels over the period in order to implement new production capacity in Freiburg and San Diego (industrial staff went from 30 to 110 employees), to develop the new generation of modules (R&D: from 35 to 70 employees) and to strengthen commercial and administrative teams (from 35 to 55 employees).

In the Electronics Division (including the new Lighting and Corporate segments), staff levels increased almost 12%. R&D teams were strengthened to lead strategic programs (nearly 40 recruits). Central support functions have also been strengthened (more than 50 recruits). Industrial staff has increased slightly (around ten new recruits), principally for the implementation of test lines installed for R&D programs.

The consolidation of Altatech in the Group explains the rest of the growth of Group staff levels.

The average staff level of the Group in number of equivalent full time staff is as follows:

(full-time equivalent basis)	March 31, 2012	March 31, 2011
Production	861	725
Research and development	275	201
Sales and marketing expenses	55	47
Management and administrative staff	224	174
Total number of employees on a full-time equivalent basis	**1,415**	**1,147**

6.4.4.2. Research and development expenses

Research and development expenses break down as follows:

(in thousands of Euros)	March 31, 2012	March 31, 2011
Gross research and development operational expenses	**(65,976)**	**(53,273)**
Sales of prototype	4,273	4,376
Research and Development grants recognized in income	5,598	8,744
Repayable advances recognized in income	9,026	7,708
Research tax credit	5,559	8,491
Other revenue	-	-
Total revenue net of operating costs	**24,456**	**29,319**
Net Total Research and Development operational cost	**(41,520)**	**(23,954)**

Gross Research and Development expenses mainly consist of research expenses and are recognized in income. The Group has delineated 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 amount of research tax credits granted is reduced by grants received during a calendar year for the relevant projects. The amount of research tax credits received may vary from one period to the next depending on the level of grants received.

6.4.4.3. Depreciation included in the consolidated income statement

The depreciation and amortization expense in the income statement breaks down as follows:

(in thousands of Euros)	March 31, 2012	March 31, 2011
Cost of sales	(50,924)	(53,765)
Research and development expenses	(4,392)	(4,149)
Marketing expenses	(144)	(5)
Photovoltaic projects launch expenses	(2)	-
Administrative expenses	(856)	(1,247)
Total depreciation and amortization	**(56,318)**	**(59,166)**

6.4.4.4. Other operating income and expense

Other operating income and expense amounts to €1,372,000. As explained above, this represents the difference between the fair value of the call on Soitec Solar GmbH minority interests amounting to €2,177,000 as per the initial agreement and the price effectively paid of €3,549,000, which corresponds to the latest negotiations with the minority shareholders.

6.4.4.5. Financial income

Financial income breaks down as follows:

(in thousands of Euros)	March 31, 2012	March 31, 2011
Net gain on the disposal of marketable securities	-	155
Interest received on financial investments	2,744	2,110
Other interest and related income	1,515*	369
Foreign exchange gains	14,911	2,694
Total financial income	**19,170**	**5,328**

*Other interest and similar income principally concerns interest received on bank accounts.

6.4.4.6. Financial expense

Financial expense breaks down as follows:

(in thousands of Euros)	March 31, 2012	March 31, 2011
Interest on borrowings and bank overdrafts	(213)	(210)
Interest on lease purchases	(749)	(892)
Interest on OCEANE convertible bonds	(13,756)	(13,714)
Accretion of the debt on non-controlling interests in Soitec Solar GmbH	(425)	(4,824)
Impairment of available-for-sale assets	(100)	(100)
Other interest and related expense*	(1,036)*	(758)
Foreign exchange losses	(11,763)	(4,221)
Total financial expense	**(28,043)**	**(24,719)**

*This amount includes the impact of the unwinding of the discounting effect of the provision for retirement indemnities for €186,000 and bank fees for €418,000.

6.4.4.7. Income tax

Income before tax breaks down as follows:

(in thousands of Euros)	March 31, 2012	March 31, 2011
France	(14,155)	13,000
Germany	(30,415)	(19,490)
United States	(9,529)	(2,973)
Asia	(2,001)	(8,022)
Total income before tax	**(56,100)**	**(17,486)**

As at March 31, 2012, the income expense for the period is €28,000.

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 thousands of Euros)	March 31, 2012	March 31, 2011
Theoretical Income tax benefit (expense) at the standard rate	**19 315**	**5 862**
Unrecognized deferred tax assets	(21 600)	(4 940)
Non-deductible provisions and expenses	740	(716)
Tax-exempt income (Research Tax Credit)	1 829	3 406
Adjustments for differences in income tax rates	(312)	(3 858)
Total income tax benefit/(expense)	**(28)**	**(247)**

Deferred tax assets and liabilities are principally composed of the following elements:

(in thousands of Euros)	March 31, 2012	March 31, 2011
Deferred tax assets:		
Tax losses carried forward, net	11,156*	16,446
ABSAAR issuance costs	-	-
Temporary lag time	9,394	6,252
Other items	4,050	2,705
Total deferred tax assets	**24,601**	**25,403**
Deferred tax liabilities:		
Net deferred tax on finance leases	(15,045)	(18,133)
Deferred charges deducted from tax	-	-
Other items	(9,539)**	(7,284)***
Total deferred tax liabilities	**(24,585)**	**(25,417)**
Net deferred taxes	**16**	**(13)**

*The decrease comes from the ending of the undiscounting of the call option on Soitec Solar GmbH and the reduction in lease retreatments.
**Including repayable advances for €6,165,000, amortization of Soitec Solar GmbH patents for €2,749,000.
***Including repayable advances for €3,120,000, amortization of Soitec Solar GmbH patents for €3,531,000.

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 €16,400,000 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.

6.4.4.8. Net earnings per share

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

(in number of shares)	March 31, 2012	March 31, 2011
Weighted average number of ordinary shares (excluding treasury shares) for basic earnings per share	**113,288,837**	**87,142,821**
Diluting effect as measured by the treasury stock method		
Stock options	155,389	190,626
ABSAAR	275,577	470,341
OCEANE	-	-
Free shares	513,544	391,875
Dilutive effects	**944,510**	**1,052,842**
Adjusted weighted average number of ordinary shares (excluding treasury shares) for diluted earnings per share	**114,233,348**	**88,195,662**

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.

6.4.5. Other information

6.4.5.1. Pensions and other post-employment benefits

6.4.5.1.1. Amount of obligations

(in thousands of Euros)	March 31, 2012	March 31, 2011
Pension obligations	5,362	4,014
Actuarial gains (losses) deducted from the obligation	-	-
Fair value of plan assets	(842)	(818)
Legislative change - notes to the statement of financial position	(180)	(187)
Obligations recognized in the statement of financial position	**4,340**	**3,009**

The Group applies the Sorie option according to which pension obligations are recognized as liabilities in the statement of financial position 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”.

6.4.5.1.2. 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, 2012	March 31, 2011
Retirement age	Between 62 and 65 years	Between 62 and 65 years
Turnover rate (average)	3.50% on average	3.75% on average
Annual inflation rate	2.00%	2.00%
Annual rate of salary increase	2.50% to 3.00%	2.00% to 4.00%
Annual discount rate	3.80%	4.50%

• **Change in pension obligations**

(in thousands of Euros)	March 31, 2012	March 31, 2011
Obligations at beginning of the year	**4,014**	**2,339**
Cost of services rendered	506	356
Interest credited	203	123
Benefits actually paid	-	-
Acquisition of Altatech	112	-
Gain (loss) due to legislative changes impacting Prior Service Cost	-	191
Actuarial gains (losses) (assumptions and experience)	526	1,005
Obligations at beginning of the year	**5,362**	**4,014**

• **Change in fair value of plan assets**

(in thousands of Euros)	March 31, 2012	March 31, 2011
Fair value of plan assets at the beginning of the year	**818**	**793**
Cost of services rendered	-	-
Expected return on plan assets	25	24
Benefits paid by the fund	-	-
Actuarial gains (losses) (actual return – expected return)	-	2
Fair value of plan assets at the end of the year	**842**	**818**

• **Change in obligations recognized in the balance sheet**

(in thousands of Euros)	March 31, 2012	March 31, 2011
Obligations at beginning of the year	**3,009**	**1,547**
Cost of services rendered	506	356
Interest credited	203	123
Expected return on plan assets	(25)	(24)
Amortization of Prior Cost Service	8	4
Actuarial gains (losses)	526	1,003
Acquisition of Altatech	112	-
Benefits paid/deducted from plan assets	-	-
Obligations at end of the year	**4,340**	**3,009**

• **Expenses recognized in income**

(in thousands of Euros)	March 31, 2012	March 31, 2011
Cost of services rendered	(506)	(356)
Interest credited	(203)	(123)
Expected return on plan assets	25	24
Amortization of Prior Cost Service	(8)	(4)
Total	**(693)**	**(459)**

6.4.5.2. Commitments and contractual obligations

6.4.5.2.1. Commitments associated with operating activities

As at March 31, 2012, there are no guarantees or collateral.

6.4.5.2.2. Other commitments and contractual obligations

Contractual obligations recorded as on- and off-balance sheet items are as follows:

(in thousands of Euros)	March 31, 2012 <1year	1 to 5 years	> 5 years	Total	March 31, 2011
Contractual obligations shown on the balance sheet					
Financial liabilities (excluding financial lease contracts)	15,563	129,864	38	**145,466**	140,487
Loan financing liabilities	8,111	9,799	-	**17,910**	27,422
Sub-Total	**23,674**	**139,664**	**38**	**163,376**	**167,909**
Contractual obligations shown off-balance sheet					
Operating lease agreements	1,625	3,540	1,949	**7,114**	2,686
Authorized unused credit facilities	10,700	72,000	-	**82,700**	24,900
Guarantees given	-	-	171	**171**	1,955
Guarantees received	(70)	(136)	-	**(206)**	577
Collateralized	-	-	-	**-**	-
Other engagements	24,226	8	-	**24,234**	-
Sub-Total	**36,481**	**75,412**	**2,120**	**114,013**	**30,118**
Total	**60,155**	**215,075**	**2,158**	**277,388**	**197,938**

6.4.5.2.3. Commitments on derivative financial instruments

A description and breakdown of these obligations can be found in note 6.4.5.5.3.

6.4.5.2.4. 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, 2012 and there were a total of 86,644 vested but unused hours as at March 31, 2012. No provisions were recognized in this respect.

No other material off balance sheet commitments were known to the Company as at March 31, 2012.

6.4.5.3. Litigation

The main lawsuits involving the Company are as follows:

6.4.5.3.1. Lawsuits and arbitration proceedings

Soitec and CEA v. MEMC Electronics Materials, Inc.

On May 19, 2008, the CEA (Commissariat à l'Energie Atomique) and Soitec sued MEMC Electronic Materials Inc. for patent infringement. This lawsuit, filed in the US District Court for the District of Delaware, is based on the reissued US patent bearing the number RE 39,484 and US patents 6,809,009, 7,067,396 and 7,498,234, all of which relate to silicon-on-insulator technology as well as other technologies. CEA is the owner of these three patents, and Soitec is the exclusive licensee.

CEA and Soitec were thus seeking judgment enjoining MEMC to cease all acts of infringement and awarding damages for the harm they have sustained.

MEMC initially sought to have the suit dismissed, claiming that the complaint did not provide sufficient detail for MEMC to respond to it.

On February 20, 2009, the court rejected this argument.

MEMC then filed a counterclaim, alleging that Soitec was infringing its US patent 5,834,812.

On October 10, 2010, the Federal court in Delaware ruled on a number of the claims contained in the infringement action brought by Soitec against MEMC. Although the court rejected many of MEMC's allegations, it found that certain of the patent claims asserted by Soitec were either invalid or not infringed. Soitec filed an appeal contesting the court's rulings, and the case consequently went to trial in the federal Circuit Court of Appeals for the State of Delaware.

On November 2, 2010, a federal court jury in Wilmington, Delaware, found that US patent 6,809,009 (the “009 patent”) had been validly issued. Following this verdict, the trial court judge ruled that MEMC had failed to prove that the “009 patent” was unenforceable. Earlier rulings by the court had forced MEMC to admit that its SOI fabrication process had infringed the “009 patent” for a period of about two years between late 2004 and mid-2006. The “009 patent” was consequently ruled to be valid, enforceable and infringed upon by MEMC. The jury also found that certain of the BSOI wafers sold by the Company in the United States infringed one of the claims of US patent 5,834,812 (the “812 patent”) and that this claim was valid.

Both parties have filed motions with the judge seeking to have aspects of the November 2, 2010 verdict vacated. Soitec has also moved to have injunctive relief measures imposed on MEMC and to proceed to the determination of monetary damages.

On July 13, 2011, the judge refused to modify the verdict issued on November 2, 2010 and declared this verdict valid.

On August 13, 2011, Soitec filed an appeal against the verdict recognizing the infringement of the MEMC patent, as well as several other pronouncement of the judge which had discarded from the debate certain other patents held by Soitec. For their part, MEMC also appealed against the verdict which recognized the infringement of the “009 patent”. The appeal schedule, which sets out that the appeal conclusions should initially be filed before the end of the month of January 2012, was modified to allow the parties to look into an amicable solution to this litigation. The conclusions should be filed before June 4, 2012, arguments are expected in the fourth quarter of 2012, and the appeal verdict is expected in the first quarter of 2013.

AMF v. Soitec

The AMF alleges that Soitec unduly included €2 million in state Research and Development grants given to it in its half-yearly and annual financial statements for the 2006-2007 financial year, and that, in October 2006, it provided certain analysts with indications as to its anticipated operating margin for the 2006-2007 financial year. Soitec challenged all the charges filed against it. To this end, no liability was recognized at March 31, 2009. In a decision dated December 10, 2009, notified to Soitec on January 21, 2010, the Enforcement Committee of the AMF held that the Company had misapplied IAS 20 by recognizing certain government subsidies in its half-yearly financial statements at September 30, 2006 and its annual financial statements at March 31, 2007. While acknowledging that the accounting treatment of these subsidies did not constitute a material error by virtue of either the amount or the nature of the items involved, the Committee concluded that Soitec had provided the market with inaccurate, vague or misleading information within the meaning of Article 632-1 of the General Regulations of the AMF. The Enforcement Committee also held that Soitec had failed to fulfill its public disclosure obligations when it told certain financial analysts that, in light of certain factors previously announced by Soitec, the consensus forecast for its 2007-2008 operating margin appeared to be overstated, and did not simultaneously make this same information public. The Enforcement Committee, recognizing that the violations at issue had not had serious consequences in the market, imposed a fine of €50,000 on Soitec. The Paris Court of Appeal confirmed this sentence.

Soitec appealed on December 21, 2010. The claim was filed on May 3, 2011. After discarding certain priority questions from Olivier Brice's counsel regarding the constitutionality of the AMF inquiry procedures on July 12, 2011, the Court of Appeals rejected the claims of Soitec, its CEO and Olivier Brice (CFO) on December 13, 2011.

Other litigation

The Company has reserved €144,000 relating to a dispute involving employees.

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.

6.4.5.4. 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.

On January 25, 2012, Soitec acquired Altatech Semiconductor. As explained above, this transaction was financed partly in cash and partly in shares. The sellers agreed not to sell the Soitec shares they received as part of this transaction for a certain period of time. The transaction was carried out by the financial management and audit committee of the Group on behalf of the Board, given the implication of André-Jacques Auberton-Hervé. André-Jacques Auberton-Hervé is the chairman of the Board and CEO of the Group and chairman of the supervisory board of Altatech, a company in which he had a 28.63% shareholding. The transaction was authorized by the Board of Directors of the Group on November 15, 2011. André-Jacques Auberton-Hervé did not take part in the discussions and did not participate in the vote.

The gross amount of compensation granted to the Group's senior management, i.e. six executives during the financial year ended March 31, 2012 (2011: five executives) was as follows:

(in thousands of Euros)	March 31, 2012	March 31, 2011
Short-term employee benefits	1,994	2,627
Post-employment benefits	80	67
Share based payments	3,435	419
Total compensation paid to key management personnel, gross	**5,509**	**3,113**

Management does not benefit from any post employment benefits other than statutory retirement benefits and pensions.

The gross amount of compensation paid to Corporate Officers and non-executive directors is follows:

(in thousands of Euros)	March 31, 2012	March 31, 2011
Corporate Officers:		
Short-term employee benefits	1,217	1,834
Post-employment benefits	52	43
Termination benefits	-	-
Share-based payments	2,303	298
Total compensation paid to key management personnel	**3,571**	**2,175**
Non-executive directors:		
Director's fees	263	210
Reimbursement of travel expenses	24	27
Total compensation paid to non-executive directors	**287**	**237**

Break down of stock option and free share plans granted to management during the financial year:

(in numbers)	Stock options	Free shares	Total as at March 31, 2012
Senior management	-	627,150	**627,150**
Of which Corporate Officers		418,100	**418,100**

6.4.5.5. Financial risk management

6.4.5.5.1. 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 at March 31, 2012 based on undiscounted contractual payments:

(in thousands of Euros)	<3 months	3 to 12 months	1 to 5 years	>5 years	Total
Interest-bearing loans and borrowings	1,877	22,527	143,271	145	**167,820**
Other liabilities	89	-	-	-	**89**
Trade and other liabilities	44,123	-	-	-	**44,123**
Other financial liabilities	30,219	10,232	4,746	3,009	**48,206**
March 31, 2011	**76,308**	**32,759**	**148,017**	**3,154**	**260,238**
Interest-bearing loans and borrowings	10,104	13,572	139,663	38	**163,376**
Other liabilities	49	-	-	-	**49**
Trade and other liabilities	39,562	1,705	-	-	**41,267**
Other financial liabilities	35,507	18,455	4,366	5,820	**64,149**
March 31, 2012	**85,222**	**33,732**	**144,029**	**5,858**	**268,841**

6.4.5.5.2. 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.

		March 31, 2012				
(in thousands of Euros)	Notes	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	-	**-**	-	-	-	-
Investments in associates	-	**14,353**	-	-	14,353	-
Derivative financial instruments	-	**-**	-	-	-	-
Restricted cash	-	**4,588**	-	-	4,588	-
Other	-	**1,350**	-	-	1,350	-
Non-current financial assets	-	**20,291**	-	-	20,291	-
Trade receivables	-	**47,161**	-	-	47,161	-
Financial derivatives	-	**53**	53	-	-	-
Restricted cash	-	**7,528**	-	-	7,528	-
Other	-	**1,651**	-	-	1,651	-
Current financial assets	-	**9,232**	53	-	9,179	-
Cash and cash equivalents	-	**259,804**	142,325	-	117,479	-
Total financial assets	**-**	**336,488**	**142,378**	**-**	**194,110**	**-**
Financial liabilities:						
Convertible bonds: OCEANE 2014	-	**133,234**	-	-	133,234	-
Financial derivative instruments	-	**72**	72	-	-	-
Financial debt	-	**30,020**	-	-	30,020	-
Bank overdrafts	-	**-**	-	-	-	-
Financial liabilities:						
Authorized bank credit facilities	-	**1**	-	-	1	-
Financial liabilities	-	**163,327**	72	-	163,255	-
Other financial liabilities	-	**49**	-	-	49	-
Trade and other payables	-	**41,267**	-	-	41,267	-
Financial liabilities	**-**	**204,643**	**72**	**-**	**204,571**	

The information as at March 31, 2011 was as follows:

(in thousands of Euros)	Notes	Carrying amount	March 31, 2011 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	6.4.4.3.6	**-**	-	-	-	-
Financial derivatives	6.4.4.3.6	**-**	-	-	-	-
Other	6.4.4.3.6	**4,687**	-	-	4,687	-
Non-current financial assets	6.4.4.3.6	**4,687**	-	-	4,687	-
Trade receivables	6.4.4.3.8	**44,858**	-	-	44,858	-
Financial derivatives	6.4.4.3.9	**612**	612	-	-	-
Other	6.4.4.3.9	**1,559**	-	-	1,559	-
Current financial assets	6.4.4.3.9	**2,171**	612	-	1,559	-
Cash and cash equivalents	6.4.4.3.11	**267,745**	155,491	-	112,254	-
Total financial assets		**319,461**	**156,103**	**-**	**163,358**	**-**
Financial liabilities:						
Convertible bonds: OCEANE 2014	6.4.4.3.14	**128,541**	-	-	128,541	-
Financial derivative instruments	6.4.4.3.15	**-**	-	-	-	-
Financial debt	6.4.4.3.14	**39,279**	-	-	39,279	-
Bank overdrafts	6.4.4.3.14	**-**	-	-	-	-
Financial liabilities		**167,820**	-	-	167,820	-
Other financial liabilities	6.4.4.3.17	**89**	-	-	89	-
Trade and other payables	6.4.4.3.16	**44,123**	-	-	44,123	-
Financial liabilities		**212,033**	**-**	**-**	**212,033**	**-**

- **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 thousands of Euros)	Notes	Category 1	Category 2	Category 3	Total
Assets:					
UCITS	-	22,325	-	-	**22,325**
Deposits bearing interest	-	120,000	-	-	**120,000**
Derivative instruments	-	-	53	-	**53**
Liabilities:					
Derivative instruments	-	-	(72)	-	**(72)**
Net value as at March 31, 2012		**142,325**	**(19)**	**-**	**142,306**
Assets:					
UCITS	6.4.4.3.11	38,491	-	-	**38,491**
Deposits bearing interest	6.4.4.3.11	117,000	-	-	**117,000**
Derivative instruments	6.4.4.3.6	-	612	-	**612**
Liabilities:					
Derivative instruments	6.4.4.3.9	-	-	-	**-**
Net value as at March 31, 2011		**155,491**	**612**	**-**	**156,103**

The fair value hierarchy is discussed in note 6.4.2.4.11.

6.4.5.5.3. 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:

	Average rate		Closing rate	
Currency	March 31, 2012	March 31, 2011	March 31, 2012	March 31, 2011
US Dollar	**0.726216**	0.755309	**0.748727**	0.703878
Yen	**0.009118**	0.008844	**0.009127**	0.008503

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

(in thousands of Euros)		March 31, 2012		March 31, 2011	
Type of contract	Currency	Market value (net)	Position hedged	Market value (net)	Position hedged
Hedging of balance sheet line items (trade receivables and trade payables)					
Option contracts	From US Dollar in Euros	-	-	-	-
	From US Dollar in JPY	-	-	-	-
	From Singapore Dollar in Euros	-	-	-	-
	From JPY in Euros	-	-	-	-
Forward purchase	From US Dollar in Euros	53	7,487	612	19,920
	From US Dollar in JPY	-	-	-*	141
	From Singapore Dollar in Euros	-	-	-	-
	From JPY in Euros	-	-	-	-
Forward sales	From US Dollar in Euros	-	-	-	-
	From US Dollar in JPY	-	-	-	-
	From Singapore Dollar in Euros	-	-	-	-
	From JPY in Euros	-	-	-	-
Subtotal		**53**	**7,487**	**612**	**20,061**
Future transaction hedges (off-balance sheet line items)					
Option contract	From US Dollar in Euros	-	-	-	-
	From US Dollar in JPY	-	-	-	-
	From Singapore Dollar in Euros	-	-	-	-
	From JPY in Euros	-	-	-	-
Forward purchase	From US Dollar in Euros	-	-	-	-
	From US Dollar in JPY	-	-	-	-
	From Singapore Dollar in Euros	-	-	-	-
	From JPY in Euros	-	-	-	-
Forward sales	From US Dollar in Euros	-	-	-	-
	From US Dollar in JPY	-	-	-	-
	From Singapore Dollar in Euros	-	-	-	-
	From JPY in Euros	-	-	-	-
Subtotal		**-**	**-**	**-**	**-**
Total		**53**	**7,487**	**612**	**20,061**

*Financial instrument liability under 0.5 thousand Euros.

The market value has been estimated using one or more commonly used models.

The Company'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 Company 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 main two currencies used by the Group are as follows:

- EUR/USD: 1 EUR for 1.3356 USD at March 31, 2012 and at 1 EUR for 1.4207 USD at March 31, 2011
- EUR/JPY: 1 EUR for 109.56 JPY at March 31, 2012 and 1 EUR for 117.61 JPY at March 31, 2011.

A 10% increase in the value of the Euro against these currencies 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, 2012	March 31, 2011
US dollar	(2,981)	495
Japanese Yen	(25)	(205)
Other currencies	(165)	-
Increase (decrease) on net income resulting from a 10% decrease of the value of the Euro	**(3,171)**	**291**

A 10% decrease in the value of the Euro against these currencies 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, 2012	March 31, 2011
US dollar	3,643	(605)
Japanese Yen	31	250
Other currencies	201	-
Increase (decrease) on net income resulting from a 10% decrease of the value of the Euro	**3,876**	**(355)**

- **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. Soitec thus only makes limited use of hedging instruments.

(in thousands of Euros)	March 31, 2012		March 31, 2011	
	Market value (net)	Position hedged	Market value (net)	Position hedged
Hedge of financial debts:				
Interest-rate swap hedge asset/ (liability)	(72)	15 410	-	-
Caps	-	-	-	-
Total	**(72)**	**15 410**	**-**	**-**

For the financial year ended March 31, 2012, a 1% increase in interest rates applied to floating-rate debt and investments would have triggered an approximate €28,000 increase of the net financial expense.

A 1% decrease in the interest rates applied to floating-rate debt and investments would have triggered an approximate €28,000 increase of the net financial expense.

• **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 in the semiconductor industry located in North America, Asia and Europe. In the year ended March 31, 2012, four customers respectively accounted for over 5% of the Company's sales, and together these customers accounted for 75.6% of sales. In the year ended March 31, 2011, four customers respectively accounted for over 5% of the Company's sales, and together these customers constituted 84.4% of sales.

From time to time, the Company 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), as well as finance leases for investment in manufacturing.

The loans taken out by the Group, as well as its short-term funding, are not subject to any covenants likely to accelerate repayment should these conditions be breached.

• **Maturity schedule for financial debts in terms of cash flows**

This table shows the maturity schedule for financial liabilities recognized as at March 31, 2012 at their nominal amount including interest without any discount.

	Maturity of contracts – Amont due						Amount recognized in the statement of financial position
(in thousands of Euros)	in less than 1 year	between 1 and 2 years	between 2 and 3 years	between 3 and 4 years	in 5 years and more	Total	
Non-derivative financial instrument liabilities:							
Finance leases	8,625	6,640	3,612	-	-	**18,877**	17,910
Debt on non-controlling interests in Soitec Solar GmbH	-	-	-	-	-	**-**	-
Bonds and other borrowings	19,566	10,283	154,571	-	38	**184,458**	162,278
Trade payables	41,267	-	-	-	-	**41,267**	41,267
Trade and other payables (excluding tax and social security liabilities	16,381	-	-	-	-	**16,381**	16,381
Non-derivative financial instruments	**85,839**	**16,923**	**158,183**	**-**	**38**	**260,983**	**237,836**
Derivative financial instruments:							
Interest rate derivatives:							
Derivative contracts received	(72)	-	-	-	-	**(72)**	(72)
Derivative contracts paid	-	-	-	-	-	**-**	-
Derivative contracts settled on a net basis	-	-	-	-	-	**-**	-
Currency derivatives:							
Derivative contracts received	53	-	-	-	-	**53**	53
Derivative contracts paid	-	-	-	-	-	**-**	-
Derivative contracts settled on a net basis	-	-	-	-	-	**-**	-
Other derivative instruments:							
Derivative contracts received	-	-	-	-	-	**-**	-
Derivative contracts paid	-	-	-	-	-	**-**	-
Derivative contracts settled on a net basis	-	-	-	-	-	**-**	-
Total derivative instruments	**(19)**	**-**	**-**	**-**	**-**	**(19)**	**(19)**
Total	**85,820**	**16,293**	**158,183**	**-**	**38**	**260,964**	**237,817**

• **Confirmed lines of credit**

The Company entered into revolving credit facilities with its banking partners for an aggregate amount of €9,200,000 which will become due on July 31, 2012.

These credit facilities carry a commitment fee of 0.10%, representing a non-use fee of 0.10%, as well as a utilization fee ranging between 0.40% and 0.55%, depending on the credit facility.

The Company entered into revolving credit facilities with its banking partners for an aggregate amount of €72,000,000 which will become due July 31, 2012.

These credit facilities carry a commitment fee of 0.15% to 0.35%, as well as a utilization fee ranging between 0.60% and 1.00%, depending on the credit facility.

See Off-Balance sheet note 6.4.5.2.2

6.4.5.5.4. Capital management

The Group's primary objective is to have the requisite and sufficient financial resources at its disposal 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, enabling it to meet demand and thereby increase its earnings and create value for its shareholders. 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 Company's capital is unrestricted, enjoying a broad base among institutional investors and a high level of turnover.

6.4.5.6. Consolidated statement of cash flows

Depreciation, amortization and impairment break down as follows:

(in thousands of Euros)	March 31, 2012	March 31, 2011
Net amortization of intangible assets	(8,615)	(8,116)
Net depreciation of tangible assets	(47,702)	(51,049)
Depreciation, amortization and impairment	**(56,317)**	**(59,165)**

6.4.5.7. Events occurring after the end of the reporting period

Not applicable.

6.5. Statutory Auditors' report on the consolidated financial statements

Financial year ended March 31, 2012

To the Shareholders,

SOITEC
Parc Technologique des Fontaines
Chemin des Franques
38190 Bernin

Following our appointment by the Shareholders' Meeting, we hereby present our report for the financial year ended March 31, 2012, relative to:

- the audit of the attached consolidated financial statements of S.O.I.TEC Silicon on Insulator Technologies (hereinafter the "Company");
- the premises of our assessments;
- the specific verifications required by French law.

The consolidated financial statements were 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 CONSOLIDATED FINANCIAL STATEMENTS

We conducted our audit in accordance with the professional standards applicable in France. Such standards require that we perform the audit with due care in order to reasonably ascertain whether the consolidated financial statements are free of material misstatements. An audit includes the examination, on a survey basis or using other selection methods, of evidence relevant to the amounts and disclosures contained in the consolidated financial statements. An audit also includes assessing the accounting principles used, the significant estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

We hereby certify that the consolidated financial statements concerning this reporting period are, for the purposes of the IFRS standards as adopted in the European Union, consistent and fair and represent an accurate picture of the assets and liabilities and financial position as well as of the results of the consolidated Group.

II. JUSTIFICATION OF ASSESSMENTS

In accordance with Article L.823-9 of the French Commercial Code relating to the justification of our observations, we would draw attention to the following:

• **Accounting principles**

We carefully examined the accounting policies applied by the Company with respect to revenue recognition, goodwill impairment testing and the put options granted to non-controlling interests. We believe that the note "Key accounting policies" provides appropriate disclosures 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 measurement of call and put options on non-controlling interests, expenses relating to share-based payments, the capitalization of development expenses and, in particular, the date of first capitalization of photovoltaic project-related expenses and more broadly allocations for inventories, trade receivables, and provisions for contingencies.

The policies adopted in this respect are disclosed in the "Significant estimates and judgments" section of the notes to the consolidated financial statements. For all of these estimates, we reviewed the available documentation, assessed the reasonableness of the assessments made and verified the relevant notes (included in section 3 entitled "Notes to the statement of financial position" and section 4 entitled "Notes to the income statement" of the consolidated financial statements) included appropriate disclosures of the assumptions used by the Company.

These assessments were made as part of our audit of the consolidated financial statements as a whole and thereby contributed to our audit opinion expressed in the first part of this report.

III. SPECIFIC VERIFICATION

We also specifically verified, in accordance with professional standards applicable in France, the information provided in the Group management report as required by French law.

We have no matters to report regarding its fair presentation and consistency with the consolidated financial statements.

Neuilly-sur-Seine and Meylan, June 14, 2012

The Statutory Auditors

PricewaterhouseCoopers Audit	Cabinet MURAZ PAVILLET
Philippe Willemin	Christian Muraz

6.6. Other information

Subsidiaries and associates

The table relating to subsidiaries and associates is included in section 8.2 of this Registration Document.

Statement of the Statutory Auditors

Please refer to the Auditors' report on the consolidated financial statements as at March 31, 2012 included in section 6.5 of this 2011-2012 Registration Document.

Moreover, the consolidated financial statements for the fiscal year ended March 31, 2011 were subject to an audit report by the Auditors included on page 70 of the Registration Document filed under number D.11-0565. The consolidated financial statements for the fiscal year ended March 31, 2010 were subject to an audit report by the Auditors included on page 77 of the Registration Document filed under number D.10-0552. This report included one observation relating to the change of accounting method.

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, 2012

Interim financial information and other financial 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 are required in the legal time periods to the benefit of the State, in accordance with the provisions of the French State Property Code.

Significant changes in the financial or commercial position since March 31, 2012

Since the end of the fiscal year ended March 31, 2012, there has been not significant change in the financial or commercial position of the Group. However, the Group highlights the uncertainty currently underlying its business in the fields of semiconductors and solar energy. First of all, the business in the field of semiconductors suffer from a poor visibility related to the technological choices that could be made by its main competitors (or their own customers). Then, some projects of the Group in the field of energy still depend, according to the countries concerned, on the confirmation of the energy purchase agreements granted, or the issuance of the required administrative authorizations, or the granting of the funding necessary to the development of the projects concerned, in particular the project relating to the photovoltaic plant in Touwsrivier (South Africa) for which the Group does not have, as at the date of this Registration Document, the confirmation of the availability of the expected funding (see the press release of February 9, 2012).

7. **General** information about capital

7.1. Capital stock as at March 31, 2012

As at March 31, 2012, the number of outstanding shares of the Company was 122,128,392 shares. They are common shares with a par value of €0.10 per share.

7.2. Modification of capital and rights attached to shares

Any modification of the capital or the voting rights attached to the corresponding shares are subject to statutory requirements, since the By-laws do not contain any specific provisions on this issue.

7.3. 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 Ordinary and Extraordinary Shareholders Meeting on November 30, 1998, the By-laws of the Company provide that a double voting right is conferred to shares held in registered fashion for at least two years for the same shareholder, as at August 31, 2000. The double voting right ceases for any share that has been converted to a bearer share or has been transferred.

7.4. Change in control

By voting to accept Resolution 28 of the Combined Shareholders' Meeting held on January 20, 2012, the shareholders adopted a mechanism by which warrants could be issued to block a takeover bid during the public offer period. Shareholders voted to delegate powers to the Board of Directors to carry out one or more issues of warrants subject to the provisions of Articles L.233-32 II and L.233-33 of the Commercial Code enabling parties to subscribe to one or more shares in the Company on preferential terms. If they were issued, these warrants would be allotted free of charge to all shareholders in the Company who were shareholders before the public offer period expired. In any event, they can only be issued if a bid was made for the Company against the Board of Directors' opinion. This authority delegated to the Board of Directors is valid for the term of the offer period of any public offer targeting the Company and filed within the eighteen months following June 24, 2011.

A similar resolution will be submitted for a shareholders' vote during the Shareholders' Meeting called to approve the accounts for the fiscal year ended March 31, 2012.

Other than the double voting rights and anti-takeover bid warrants described above, there are no other provisions in the instruments of constitution, the Company's By-laws, charter or Standard Policies and Procedures of the Company which could have the effect of delaying, deferring or preventing a change in control.

7.5. Change in the capital during the five last years

Changes in and history of the capital stock during the five last 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	Cumulative value of capital stock in shares
01/25/07	Capital increase by exercise of SOP and BCE and conversion of Océanes	166,050	40,131,503	2,178,557	0.076	6,117,781	80,264,777
01/25/07	Conversion of the par value of the share	+1,908,696	-1,908,696	-	0.10	8,026,477	80,264,777
03/12/07	Capital increase by exercise of SOP and BCE and conversion of Océanes	192,033	12,530,849	1,920,327	0.10	8,218,510	82,185,104
05/03/07	Capital increase by exercise of BCE	1,225	75,908	12,252	0.10	8,219,735	82,197,356
06/01/07	Capital increase by exercise of BCE	1,810	92,349	18,098	0.10	8,221,545	82,215,454
07/10/07	Capital increase by exercise of SOP and BCE	2,223	88,400	22,231	0.10	8,223,768	82,237,685
08/24/07	Capital increase by exercise of SOP and BCE	1,248	45,989	12,477	0.10	8,225,016	82,250,162
10/12/07	Capital increase by exercise of BCE and conversion of Océanes	11,818	776,914	118,178	0.10	8,236,834	82,368,340
11/06/07	Capital increase by exercise of BCE	5,371	190,828	53,712	0.10	8,242,205	82,422,052
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
05/16/08	Capital increase by exercise of BCE	276	11,985	2,760	0.10	8,275,839	82,758,392
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

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	Cumulative value of capital stock in shares
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	13,640,000	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	146,527,000	33,301,578	0.10	12,210,579	122,105,792
03/26/12	Capital increase by exercise of options	2,260	66,444	22,600	0.10	12,212,839	122,128,392

7.6. Company's acquisition of its own shares

7.6.1. Treasury stock

Number of shares held directly.

As at March 31, 2012, the Company held 112,059 shares, i.e., 0.09% of the capital stock. These shares were allocated to stimulate the secondary stock market.

Please refer to note 6.4.3.12.2 of the notes to the consolidated financial statements for an analysis of the treatment and book value of the shares of treasury stock held by the Company as at March 31, 2012. The par value of the shares of treasury stock is €0.10.

Number of shares held through sub-subsidiaries

As at March 31, 2012, no sub-subsidiary of the Company holds shares in the Company.

Existing authorization

Resolution 12 put to vote at the Ordinary and Extraordinary Shareholders' Meeting held on June 24, 2011 authorized the Board of Directors to acquire shares in the Company, under the terms set out in Article L.225-209 of the Commercial Code and European Regulation 2273/2003 of December 22, 2003 implementing European directive 2003/6/EC of January 28, 2003, one or more times, as and when it deems appropriate, up to a maximum of 10% of the total number of shares forming the share capital, or 8,748,781 shares as at the date of the aforementioned Shareholders' Meeting.

This authorization superceded the authorization granted to the Board at the Ordinary Shareholders' Meeting held on July 7, 2010.

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 AFEI code of conduct recognized by the AMF (*Autorité des Marchés Financiers*); or
- to cover stock-option plans and other forms of share allocations to employees and/or Corporate Officers of the Company under the terms and conditions set by law, in particular as part of profit-sharing schemes, employee savings schemes or bonus share distributions; or
- to retain shares thus purchased for subsequent exchange or payment in the context of potential external growth transactions, being specified that if the maximum amount of acquired shares with the intention of holding them and to subsequently use them for payment or exchange within the scope of a merger, scission, or contribution operation shall not exceed 5% of the capital; or
- to cover securities giving the rights to attribution of Company shares by conversion into shares upon exercising the rights attached to these securities giving rights by reimbursement, conversion, exchange, bearer bonds or any other means of attributing shares in the Company; or
- to later cancel all or in part, the repurchased shares according to the conditions set forth at Article 225-209 of the French Commercial Code, subject to Shareholders' Meeting adopting the eleventh resolution submitted for a vote; 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.

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 €18 per share. This means that the maximum possible total value of purchases that may be made under this program is €157,478,060.

In the event of a corporate action including in particular a share split, 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 2010-2011 Registration Document filed with the AMF on June 10, 2011 under number D.11-0565 sets out the key characteristics of the share buyback program approved at the Shareholders' Meeting held on June 24, 2011. Between June 24, 2011 and March 31, 2012, the Company acquired 1,922,443 shares and transferred 1,787,941 of it's own shares in payment within the scope of an external growth operation.

Shareholders will be asked to approve a new authorization intended to replace the aforementioned authorization at the Shareholders' Meeting called to approve the financial statements for the year ended March 31, 2012. This new authorization would be granted to the Board of Directors for a period of 18 (eighteen) months with effect from the date of the Shareholders' Meeting, and would authorize the Board to buy back shares in the Company for a maximum price of €5 per share, with the maximum total amount authorized under the program being €131,231,715.

7.6.2. Special report on transactions for the Company to purchase its own shares under fiscal year 2011-2012

1. Legal framework

Pursuant to Article 241-2 of the AMF's General Regulations, the 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 3, 2012.

2. Number of shares and percentage of capital held directly or indirectly by the Company

As at March 31, 2012, the Company held 112,059 of its own shares with a total value of €484,095, representing 0.09% of the Company's share capital.

3. Distribution, by objectives, of the shares that the Company holds directly or indirectly to date

As of this writing, all treasury shares held by the Company are allocated to the liquidity agreement.

4. Objectives of the repurchase 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 code of conduct recognized by the AMF; or
- to allocate or transfer shares to employees or former employees and/or Corporate Officers or former Corporate Officers of the Company and/or companies affiliated to 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 allocation 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 bonds 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 out in Article L.225-209 of the Commercial Code, subject to the adoption of Resolution 13 put to the vote at the Shareholders' Meeting on June 24, 2011; 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 representing 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 maximum purchase price authorized per share is fixed at €5. Based on the total amount of share capital as of this writing, the authorization will cover 6,106,420 shares representing a maximum total purchase amount of €30,532,100.

The shares covered by this program are shares in the Company listed on Eurolist on the Paris Stock Exchange.

The maximum authorized purchase price is set at €18 per share.

6. Term of repurchase program

In accordance with Resolution 10 to be put to vote at the Shareholders' Meeting on July 3, 2012, 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, 2013.

7. Balance of the preceding program

Resolution 12 put to vote at the Ordinary and Extraordinary Shareholders' Meeting held on June 24, 2011 authorized the Board of Directors to acquire shares in the Company, under the terms set forth in Article L.225-209 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 Company's share capital.

Issuer's declaration of transactions conducted for its own shares from June 24, 2010 to March 31, 2012

Percentage of capital held as treasury stock directly and indirectly*	0.09%
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
Market value of the portfolio*	€484,094.88

*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	1,900,000	1,787,941	Purchase options bought	Forward purchases	Purchase options sold	Forward sales
Average maximum expiration			None	None	None	None
Average price of the transaction*	3.913	4.70	-	-	-	-
Average exercise price	None	None	None	None	None	None
Amounts	7,434,700	8,403,322.70	-	-	-	-

*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.

7.7. Shares, securities giving access to the capital and stock subscription or purchase options

7.7.1. Recap of existing authorizations

7.7.1.1. Summary of authorizations in progress

Targeted Transaction/security	Maximum nominal issue amount	Utilization (date)	Term of authorization (and expiry)
Capital increase, all securities with preemptive subscription rights Shareholders' Meeting 06/24/11 17th resolution	Capital = €5 million Borrowed = €250 million	Issuance on 06/27/11 of 33,301,578 shares, or a capital increase of €3,330,157.80	26 months (08/13)
Capital increase, all securities without preemptive subscription rights Shareholders' Meeting 06/24/11 18th resolution	Capital = €2.5 million Borrowed = €250 million	None	26 months (08/13)
Capital increase by one or more offers according to section II of Article L.411-2 of the Monetary and Finance Code Shareholders' Meeting 01/20/12 7th resolution	Capital = €2,5 million Borrowed = €250 million	None	26 months (08/13)
Increase in number of securities to be issued in case of excess demand Shareholders' Meeting 06/24/11 20th resolution	Within the limit of (i) 15% of the initial issuance and (ii) threshold set in the delegation used	None	26 months (08/13)
Capital increase in Company in compensation for in-kind contribution comprised of capital shares or securities giving access to equity Shareholders' Meeting 06/24/11 22nd resolution	10% of share capital	None	26 months (08/13)
Capital increase in compensation for share contributions in the scope of a public exchange offering initiated by the Company Shareholders' Meeting 06/24/11 24th resolution	Capital = €2,5 million Borrowed = €250 million	None	26 months (08/13)
Capital increase by incorporation of share premiums, reserves, income or other Shareholders' Meeting on 06/24/11 23rd resolution	Within the limit of the amount in the reserve, premium or income accounts and not greater than €5 million	None	26 months (08/13)
Issuance of securities comprised of representative receivables Shareholders' Meeting 06/24/11 25th resolution	Within the limit of a €250 million threshold set in the first authorization above	None	26 months (08/13)
Capital increase by issuance of shares or securities giving access to equity, reserved for adherents of the employee savings plan with suspension of preemptive shareholders' rights Shareholders' Meeting 01/20/12 8th resolution	Capital = €500 000	None	20 months (09/13)
Issuance of warrants free of charge in case of a public offer targeting the Company, Shareholders' Meeting 06/24/11 28th resolution	The nominal amount of the resulting after exercising these warrants may not exceed the share capital	None	Term expires at the end of the any public offer period targeting the Company and filed within the last 18 months from the Shareholders' Meeting on 12/13
Allocation of shares free of charge Shareholders' Meeting 06/24/11 27th resolution			
- to employees and managers	3% of the capital (at the date of the Shareholders' Meeting or 2,624,634 shares)	Allocation on 12/13/11 of 150,000 free shares	
- to Company Officers	The allocation to officers may not exceed 30% of the global amount of the allocation	None	24 months (06/13)
Issuances of existing or to be issued share purchase options Shareholders' Meeting 07/07/09 14th resolution	10% of the capital (on the date of the Shareholders' Meeting 2,555,089 shares)	None	38 months (09/12)
Company shares buy back Shareholders' Meeting 06/24/11 12th resolution	10% of the share capital on the date of the Shareholders' Meeting and a maximum price of €18 per share (or a global amount of €157,478,060)	Buyback of 1,900,000 shares, or 2.17% of the capital on the date of the Shareholders' Meeting	This authorization expires on the date of the Shareholders' Meeting convened to approve the accounts for the fiscal year ending March 31, 2012
Cancellation of shares acquired under the buyback authorization of the Company's own shares Shareholders' Meeting 06/24/11 13th resolution	10% of share capital	None	24 months (06/13)

7.7.1.2. Description of existing authorizations

Authorization to buy back shares in the Company

Resolution twelve put into vote at the combined Shareholders' Meeting held on June 24, 2011 authorized the Board of Directors to buy back shares in the Company up to a maximum of 10% of the total share capital as at the date of the Shareholders' Meeting at a maximum price of €18 per share (making a maximum total amount of €157,478,060). 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, to cover stock-option plans and other forms of share distribution to employees and/or Corporate Officers of the Group, in the form of an exchange or payment as part of an external growth transaction or in the form of 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 approve the financial statements for the fiscal year ended March 31, 2012.

Authorization to cancel shares in the Company

Resolution thirteen put into vote at the combined Shareholders' Meeting held on June 24, 2011 authorized the Board of Directors to cancel shares acquired in the Company pursuant to Resolution 6, up to a maximum of 10% of the total share capital over a period of 24 months.

Authorization to carry out capital increases by issuing ordinary shares and/or other securities giving immediate or future access to equity with preemptive subscription rights maintained

Resolution seventeen put into vote at the combined Shareholders' Meeting held on June 24, 2011 delegated authority to the Board of Directors (which has the option of sub-delegating that authority) to carry out capital increases up to a maximum nominal amount of €5 million by issuing ordinary shares or any financial securities giving access to equity with shareholders' preemptive subscription rights maintained. The term of this authorization was set at twenty-six months; the par value of any debt securities that might be issued pursuant to the aforementioned Resolution may not exceed €250 million.

Authorization to carry out capital increases by issuing ordinary shares and/or other securities giving immediate or future access to equity with pre-emptive subscription rights suspended

Resolution eighteen put into vote at the combined Shareholders' Meeting held on June 24, 2011 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 €2.5 million by issuing ordinary shares or any financial securities giving access to the Company's equity or any of its subsidiaries, with shareholders' pre-emptive subscription rights suspended, as part of a public offer or, following the vote of the combined Shareholders' Meeting dated January 20, 2012, an offer covered under Article L.411-2 II of the Monetary and Financial Code, 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.

Authorization to increase the number of securities to be issued

Resolution twenty put into vote at the combined Shareholders' Meeting held on June 24, 2011 authorized, with the possibility to sub-delegate, the Board of Directors for a term of twenty-six months, with respect to all issues agreed pursuant to resolutions seventeen and eighteen, to increase the number of securities to be issued and carry out the corresponding issues at the same price as the issuance price, 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.

Authorization to carry out capital increases by way of incorporation of premiums, reserves, earnings or other

Authority was delegated to the Board of Directors at the combined Shareholders' Meeting held on June 24, 2011, for a period of twenty-six months, to decide to increase the share capital, 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 By-laws 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 reserves, premiums or earnings that exist at the time the capital increase is carried out.

Authorization to carry out bonus share distributions to certain senior managers and employees of the Group or certain categories thereof excluding Corporate Officers

At the combined Shareholders' Meeting held on June 24, 2011, the shareholders voted to authorize the Board of Directors to carry out bonus distributions of existing or new shares in the Company, up to a maximum of the equivalent of 3% of the total share capital as at the date of the Shareholders' Meeting. The beneficiaries of such distributions may be certain senior managers and employees of Soitec, and/or any companies or groupings directly or indirectly affiliated to it under the conditions set forth in Article L.225-197-2 of the Commercial Code or certain categories thereof, as well as Corporate Officers so long as the Corporate Officers' allocation does not exceed 30% of the total allocated amount. The authorization stipulates that shares shall only be finally allocated to their beneficiaries after a minimum vesting period of two years, after which they shall also be subject to a lock-in period of two years. This authorization is valid for a period of 24 months taking effect from June 24, 2011, or until June 24, 2013. This decision superceded the authorization passed at the combined Shareholders' Meeting held on July 7, 2009.

Authorization to issue share subscription or purchase options

Resolution fourteen put into vote at the combined Shareholders' Meeting held on July 7, 2009 authorized the Board of Directors, for a period of 38 months, to allocate to employees of the Company and its affiliates (excluding Corporate Officers) share subscription or purchase options with a term of between five and ten years, up to a maximum of 3% of the total share capital as at the date of the Shareholders' Meeting.

7.7.1.3. Implementation of authorizations adopted by the Shareholders Meetings on July 1, 2005, July 6, 2006, July 7, 2009, and June 24, 2011

The table below indicates the extent to which authorizations adopted at the Shareholders' Meetings held on July 1, 2005, July 6, 2006, July 7, 2009, and June 24, 2011 relating to share subscription options and bonus share distributions had been implemented prior to the beginning of the fiscal year ended March 31, 2011. It also sets out the extent to which prior authorizations had been utilized. Please refer to section 1.5.2 for an update on the utilization of the delegated authority granted at the Extraordinary Shareholders' Meeting held on November 5, 2007 (PACEO program to increase capital by the exercise of options).

Option plans in progress

Date of Meeting of Shareholders	11/30/98	07/10/03	07/10/03	07/10/03	07/10/03	7/10/03	7/10/03	07/01/05	07/01/05	07/01/05	07/01/05	07/01/05	07/01/05
Date of Board of Directors meeting	11/04/02	07/10/03	11/12/03	3/24/04	04/30/04	11/16/04	5/13/05	11/3/05	01/26/06	05/04/06	07/06/06	10/26/06	03/12/07
Number of shares	216,900	169,500	56,500	50,000	38,510	58,250	22,600	959,750	180,800	39,550	79,100	226,000**	31,300
- incl. number of shares for Corporate Officers	0	0	0	0	0	0	0	100,000	0	0	0	0	0
- incl. number of shares for date allottees	216,900	169,500	56,500	50,000	38,510	58,250	22,600	574,200	180,800	39,550	79,100	226,000	31,300
Number of beneficiaries	7	1	2	1	2	2	1	20	2	1	2	1	2
Starting date of exercise of options	11/04/06	07/10/07*	11/12/07	3/24/08*	04/30/08	11/16/08	05/13/09	11/03/09	1/26/10	05/04/10	07/06/10	10/26/10	03/12/11
		07/10/08*		3/24/09*									
		07/10/09*		3/24/10*									
Expiration date	11/03/12	07/09/13	11/11/13	3/23/14	04/29/14	11/15/14	05/12/15	11/02/15	1/25/16	05/03/16	07/05/16	10/25/16	03/11/17
Number of shares subscribed	92,600	0	0	50,000	8,000	30,000	0	0	0	0	0	0	0
Number of shares cancelled	-	-	-	-	-	-	-	394,750	-	-	-	-	20,000
Number of shares remaining	124,300	169,500	56,500	0	30,510	28,250	22,600	565,000	180,800	39,550	79,100	226,000	11,300
Subscription price per share (in Euros)	3.04	4.35	3.98	4.81	4.03	3.88	7.03	11.31	13.80	22.73	18.59	17.12	18.11

*1/3.
**All of these options were allocated 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	07/06/06 to 07/05/08	06/01/07 to 05/31/09	01/24/08 to 01/23/10	06/04/08 to 06/03/10	02/25/09 to 02/24/11	06/05/09 to 06/04/11	07/07/09 to 07/06/11	06/01/10 to 05/31/12	9/22/10 to 9/21/12
Lock-in period	07/6/08 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	9/22/12 to 9/21/14
Number of shares acquired	100,000	38,115	8,000	129,297	30,000	216,403	55,000	0	0
Number of shares cancelled	0	7,981*	0	0	0	12,153***	0	14,179	0
Number of shares remaining	0	0	0	0	0	216,403	0	205,363	5,650

*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.

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	06/24/2011
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	91,530	126,560	93,790	90,400	50,000	75,000	25,000
- 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	91,530	126,560	93,790	90,400	50,000	75,000	25,000
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 04/01/11 to 31/03/15	from 04/01/11 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	0	0	0	0	0	0	0	0	0
Number of shares cancelled	0	0	0	28,250****	11,300*****	0	0	0	0
Number of shares remaining	418,100	389,850	91,530	98,310	82,490	90,400	50,000	75,000	25,000

****These shares were cancelled after an executive employee left the Company on March 15, 2011
*****These shares were cancelled after an executive employee left the Company on September 2, 2011

7.7.2. Transactions conducted over fiscal year 2011-2012

7.7.2.1. Complementary report of the Chairman/Chief Executive Officer regarding the increase in the Company's share capital in the amount of €150 million.

In accordance with the provisions set forth in Articles L.225-129-5 and R.225-116 of the Commercial Code, the Chief Executive Officer of Soitec, (the "Company") drafted a supplemental Board of Directors' report to be submitted to the Shareholders' Meeting on June 24, 2011 ("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 seventeenth resolution of the Shareholders' Meeting.

I. SHAREHOLDER'S MEETING DELEGATION

The Shareholders' Meeting, in its seventeenth resolution, according to the provisions set forth in Articles L.225-129 and seq. and L.228-91 and seq. and specifically Articles L.225-129-2 and L.228-92 of the French Commercial Code:

1. delegated to the Board of Directors the necessary powers with a view to proceeding, on one or more occasions, in the amounts and at the times the Board deems appropriate, both in France and/or abroad, with the issuance with preferential subscription right of Company's shares and/or any securities of any kind whatsoever giving right immediately or in the long term to existing shares of the Company or to be created by the Company. The subscription to the shares and other securities can be made in cash or by way of set-off against due and payable receivables against the Company;
2. set at twenty-six (26) months from the date of said Shareholders' Meeting the term of the present delegation;
3. decided to set as such that which follows regarding the issuance amount limits in case the faculty is used by the Board of Directors under the present delegation of authority:
   a. the maximum nominal amount of capital increases that may be performed immediately or in the long term under this delegation of competence may not exceed the ceiling of €5 million nominal value, or counter value of this amount, being specified that:

      (i) the aggregate nominal amount of the capital increase in respect of shares issued directly or indirectly, on the basis of this resolution and the eighteenth, nineteenth, twentieth, twenty-first, twenty-second, twenty-third, twenty-fourth twenty-fifth resolutions and twenty-sixth subject to their adoption by the present Shareholders' Meeting, and on the basis of the issuance authorized by the resolutions of the same nature that could follow these resolutions during the term of this delegation, but shall not surpass the global ceiling of €5 million; and

      (ii) to these ceilings will be added the nominal amount of capital increases related to ordinary shares which may be issued to preserve, in accordance with the law, and where applicable; contractual provisions, the rights of holders of securities and other rights giving access to the Company's equity;

   b. the maximum nominal amount of these securities representing receivables or equivalents, giving access to the Company's equity, likely to be issued according to the present delegation of authority may not exceed the ceiling of €250 million or counter value of this amount, being specified that on this amount will be imputed the nominal amount of securities representing receivables or equivalents, giving access to the Company's equity which will be issued according to the eighteenth, nineteenth, twentieth, twenty-first, twenty-fourth, twenty-fifth and twenty-sixth resolutions subject to their adoption by the present meeting, and on the basis of issuances authorized by resolutions of the same nature which may follow said resolutions during the term of the present delegation;
4. if the Board of Directors should use the present delegation of authority:
   a. decided that the issuance(s) will be reserved by preference for shareholders who can subscribe within their preemption right;
   b. grants nonetheless to the Board of Directors the possibility to grant the shareholders the right to subscribe beyond their preferential right proportional to their preferential subscription rights and, in any case, within the limit of their request;
   c. decided that if preferential subscription rights and, if necessary, beyond preferential rights, has not absorbed the totality of the shares or securities issuance such as defined above, the Board of Directors may use, according to the conditions set by law and in the order that the Board shall determine, one and/or the other facilities hereafter:

(i) limit the capital increase to the amount of subscriptions under the condition that these are at least three quarters of the decided issuance;

(ii) distribute freely all or part of the issued unsubscribed securities among persons of its choice;

(iii) offer to the public all or part of the issued unsubscribed securities, on the French and/or international market;

5. decided that the Company's share subscription options may be carried out by subscription offer, but as well by allocation of bonus shares to Company shareholders, being specified that the Board of Directors will have the faculty to decide that the expired allocation rights will not be negotiable and that the correspond securities will be sold;
6. granted all powers to the Board of Directors, with the possibility to sub-delegate according to the conditions set forth by law and the Company By-laws, with the effect to carry out the aforementioned issuances according to the terms that the Board will establish in conformance with the law, and specifically:

a. determine the issuances' dates and terms as well as the form and characteristics of the securities to issue,

b. determine the number of shares and/or securities to issue, as well as their terms and conditions, and specifically the issuance price, if necessary, the premium amount, the terms of payment and date of vesting (as possibly retroactive),

c. to suspend if necessary, the exercise of rights attached to these securities for a maximum period of three months in the cases and the limits set forth by applicable laws and regulations,

d. on its own initiative, impute the fees for any issuance on the premium amounts which result therefrom and to withhold from this amount the amounts necessary to bring the legal reserve one tenth of the new share capital after each increase,

e. to generally take all necessary measures, execute all agreements, request all authorizations, perform all formalities and do what is necessary to properly carry out the projected issuances, or to postpone, and specifically to acknowledge the capital increase(s) resulting from the present delegation, modify the By-laws, request the valuation of all securities issued under the present delegation.

7. Terminates, with immediate effect, for the unused fraction, the previous authorization granted to the Board of Directors by the mixed Shareholders' Meeting eighth resolution on July 7, 2009.

II. BOARD OF DIRECTORS' DELEGATION

In its meeting on June 24, 2011, the Board of Directors' unanimously:

1. decided in accordance with the delegation granted by the Ordinary and Extraordinary Shareholders' Meeting held on June 24, 2011, in the seventeenth resolution, the Board of Directors decided to increase the Company's share capital by issuing new ordinary shares with the preservation of the shareholders' preferential subscription rights and delegated to its Chairman and Chief Executive Officer, or with the assent of the former, to its Chief Operating Officer, each of them being entitled to act independently, all powers necessary to decide the issuance, through a public offering, with preferential subscription rights to existing shareholders, of a capital increase by the Company to be carried out by the issuance of between 32,800,000 and 40,500,000 new ordinary shares i.e. a nominal increase of between €3,280,000 and €4,050,000 including shares that could be issued as a result of all subscription rights attached to all shares that could be issued as a result of all exercisable options, OCEANE bonds and BSAARs between the date of launch of transaction and, if applicable, the date on which any such options, OCEANE bonds and BSAARs shall be suspended.
2. granted, subject to legal and regulatory restrictions, all powers to its Chairman and Chief Executive Officer, or with the assent of the former, to its Chief Operating Officer, in accordance with applicable laws and regulations and within the limits set by the June 24, 2011 Ordinary and Extraordinary Shareholders' Meeting, to implement this issuance and set the definitive conditions thereof, particularly to:

a. set the subscription price of the new shares to be issued;

b. 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;

c. grant to the shareholders the right to reducibly subscribe to their rights for a number of new shares superior to that to which they would be entitled for an irreducible subscription, in proportion with the number of rights they hold and within the limits of their request;

d. decide if the irreducible subscriptions, and where applicable, reducible subscriptions, are not absorbed by the entire issuance or shares or securities, in the order of its choosing, to either limit the issuance to the subscriptions' amount upon the condition that this amount reaches at least three-quarters of the decided issuance, or to freely distribute all or part of the non-subscribed securities between the individuals chosen, or to offer to the public all or part of the non-subscribed securities, in the same conditions;

e. decide, in conformance with Article L.225-210 of the French Commercial Code, to sell on the market the preferential subscription rights attached to the treasury shares held by the Company;

f. to apply for the listing of the new shares on NYSE Euronext in Paris, to determine the date on which the newly-issued shares will be entitled to dividend rights and their assimilation, as the case may be, to shares of the Company which are traded on the Eurolist of NYSE Euronext market;

g. to suspend the exercise faculty of all outstanding stock-option plans (i.e., those of November 4, 2002, July 10, 2003, November 12, 2003, March 24, 2004, April 30, 2004, November 16, 2004, May 13, 2005, November 3, 2005, January 26, 2006, May 4, 2006, July 6, 2006, October 26, 2006 and March 12, 2007) and the allocation right relating to the BSAARs and if applicable the OCEANE bonds and to carry out the publication required under Article R.225-133 of the French Commercial Code;

h. to carry out any formality relating to the reinstatement of the exercise right attached to the outstanding stock-option plans, and the allocation right relating to the BSAARs and if applicable the OCEANE bonds;

i. to proceed, after the closing of the subscription period for the share capital increase and before the reinstatement of the exercise right attaching to the stock-option plans outstanding, and the allocation right relating to the BSAARs and if applicable the OCEANE bonds, to the required rights adjustments for (i) stock-option plans beneficiaries, (ii) beneficiaries of bonus share allocations in the acquisition period following the closing of the subscription period (iii) BSAAR and OCEANE holders, will be preserved according to legal and regulatory dispositions and respectively to stipulations to option plan rules, issuance terms for BSAAR and OCEANEs as well as stipulations to bonus share plan rules.

j. to acknowledge the completion of the share capital increase and make the related changes to the Company's By-laws;

k. to register the issuance premium to the corresponding reserve account and charge cost related to the issuance, as needed, against share premiums;

l. to determine the contents of the report provided for by Article L.225-129-5 of the French Commercial Code;

m. generally, to take all necessary measures in order to successfully complete the issuance and record the capital increase(s) resulting from the issuance of the new shares.

3. granted all powers to its Chairman and Chief Executive Officer, and with the agreement of the former, to its Chief Operating Officer, with a possibility to sub-delegate in accordance with applicable laws and regulations, for the purpose of entering into any agreement (including the underwriting agreement to be entered into between the banking institutions acting as underwriters of the subscription and of the placement of the new shares) and signing all documents necessary to carry out this transaction, and particularly, executing all undertakings and agreements, drafting and signing the transaction note relating to this transaction and all related information documents thereto, proceeding with all required formalities and filings, especially with stock exchange regulators, requesting the listing of the Company's new shares on the Eurolist of NYSE Euronext, 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

The Chairman/Chief Executive Officer, exercising those power granted to him by the Board of Directors in the aforementioned delegation, according to the terms of a decision dated June 27, 2011, decided:

- to increase the Company's capital, with maintained preemptive subscription rights, for a global amount of between €149,857.10, and €181,825,385 by issuance of between 33,301,578 and 40,405,641 new shares (taking into account those supplementary shares which could be issued according to the totality of the subscription rights attached to all shares that could be issued between June 28 and July 5, 2011 for share subscription options and BSAARs and between June 28 and June 30, 2011 for OCEANEs) with par value of €0.10, with maintained preemptive subscription rights, giving 3 new shares for 8 old shares, to be subscribed and paid up in cash;
- that the subscription period will be open from July 1, 2011 to July 12, 2011 included. The preferential subscription rights will be detached on July 1. They will be negotiated on the regulated NYSE Euronext in Paris from July 1, 2011 to July 12, 2011 included;
- that the preferential subscription rights attached to the shares held by the Company will be allocated, jointly with these shares, to bonus share shareholders for which the acquisition deadline occurs on July 7, 2011;
- to request admission of the New Shares for exchange on the regulated NYSE Euronext market in Paris. The New Shares will be assimilated to existing Company shares already exchanged on this market once they are admitted, 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 New Shares and to establish the funds deposit certificate acknowledging the completion of the capital increase;
- to conclude the terms of the draft operation note detailing the characteristics and definitive conditions of the shares to be issued which will be submitted for a visa from the AMF and of which a copy will be placed in the appendix of the present minutes;
- to charge the fees generated by the issuance on the premium amount resulting therefrom and to withhold this amount from the amounts necessary to raise the legal reserve;
- to suspend the faculty to exercise (i) any subscription options allocated in the scope of the plans of November 4, 2002, July 10, 2003, November 12, 2003, March 24, 2004, April 30, 2004, November 16, 2004, May 13, 2005, November 3, 2005, January 26, 2006, May 4, 2006, July 6, 2006, October 26, 2006, and March 12, 2007 who shall not have exercised their options no later than July 5, 2011 and (ii) holders of BSAAR from July 6, 2011 (00:01, Paris time) and until July 26, 2011 (23:59, Paris time) no later and to perform the publication according to Article R.225-133 of the French Commercial Code;

IV. TERMS OF ISSUANCE PRICE DETERMINATION AND JUSTIFICATION

Taking into account the closing price of Soitec shares on June 27, 2011 (€7.901), the subscription was set with a discount of 43.0% and 35.5% with respect to theoretical share prices excluding preferential subscription rights. The subscription price was determined taking into account all relevant parameters, such as, specifically, the stock market trends in general and that of the shares in particular.

V. IMPACT OF THE ISSUANCE

1. Issuance impact on the share of consolidated equity per share

The issuance impact on the share of the Group consolidated equity per share (calculations performed on the basis of Group consolidated equity – such as it is shown in the consolidated accounts on March 31, 2011 – and the number of shares comprising the Company's share capital on this date after deducting treasury shares) will be the following:

	Equity share (in Euros)	
	Undiluted Basis	Diluted basis(1)
Before issuance of new shares resulting from the present capital increase	5.45	4.80
After issuing 33,301,578 new shares resulting from the present capital increase	5.15	4.69
After issuing 40,405,641 new shares resulting from the present capital increase(2)	4.51	4.68

(1) In the case of the exercise of the totality (i) of share subscription options, exercisable or not, (ii) of the share allocation rights for the totality of the OCEANE and BSAAR as well as in the case (iii) of the deadline for acquiring the totality of the bonus shares. As indicated in section 21.1.4 of the Company Registration Document, 1,452,000 share subscription options are currently in circulation, as well as 3,434,811 BSAARs (of which 1,100,000 issued from the third PACEO drawing and for which the exercise period start on July 13, 2011), 16,957,351 OCEANE and 1,325,285 bonus shares (including 55,000 shares for which the acquisition period vests on July 6, 2011)

(2) In case of supplementary share issuances according to the totality of preferential subscription rights detached from shares allocated according to (i) exercising the totality of the share subscription options having a strike price less than €12 corresponding to the closing share price on June 27, or €7.901, increased by approximately 50% (corresponding to the creation of 402,000 shares) and (ii) exercising the totality of the share allocation rights attached to OCEANEs (corresponding to the creation of 16,957,351 shares) and to BSAARs have an strike price less than €12 corresponding the share closing price on June 27, or €7.901 increased by approximately 50% (corresponding to the creation of 1,584,811 shares)

2. Issuance impact on the shareholder's situation

The issuance impact on a shareholder's equity holding 1% of the Company's share capital prior to the issuance and not subscribing thereto (calculations performed on the basis of the number of shares comprising the Company share capital on June 24, 2011) would be the following:

	Shareholder participation (in % of share capital)	
	Non-diluted basis	Diluted basis(1)
Before issuance of new shares resulting from the present capital increase	1	0.79
After issuing 33,301,578 new shares resulting from the present capital increase	0.73	0.61
After issuing 40,405,641 new shares resulting from the present capital increase(2)	0.60	0.58

(1) In the case of the exercise of the totality (i) of share subscription options, exercisable or not, (ii) of the share allocation rights for the totality of the OCEANE and BSAAR as well as in the case (iii) of the deadline for acquiring the totality of the bonus shares. As indicated in section 21.1.4 of the Company Registration Document, 1,452,000 share subscription options are currently in circulation, as well as 3,434,811 BSAARs (of which 1,100,000 issued from the third PACEO drawing and for which the exercise period start on July 13, 2011), 16,957,351 OCEANE and 1,325,285 bonus shares (including 55,000 shares for which the acquisition period vests on July 6, 2011)

(2) In case of supplementary share issuances according to the totality of preferential subscription rights detached from shares allocated according to (i) exercising the totality of the share subscription options having a strike price less than €12 corresponding to the closing share price on June 27, or €7.901, increased by approximately 50% (corresponding to the creation of 402,000 shares) and (ii) exercising the totality of the share allocation rights attached to OCEANEs (corresponding to the creation of 16,957,351 shares) and to BSAARs have an strike price less than €12 corresponding the share closing price on June 27, or €7.901 increased by approximately 50% (corresponding to the creation of 1,584,811 shares)

3. Issuance impact on the market value of a Soitec share

The theoretical impact on the market value of a Soitec share, or €8.967 (average closing price for the last 20 market sessions preceding July 1, 2011), from the issuance of new shares resulting from the capital increase, would be the following:

	Number of shares	Share market value (in Euros)
Before issuance of new shares resulting from the present capital increase	88,804,214	8.967
After issuing 33,301,578 new shares resulting from the present capital increase	122,105,792	7.676

The market value was obtained by taking the market capitalization before the operation, corresponding the average of the last twenty sessions preceding July 1, 2011 (or €8.967), multiplied by the number of shares (or 88,804,214 shares on June 30, 2011), and adding the estimated net result from the issuance (or €149,857,101) and dividing this by 122,105,792, corresponding to the total number of shares on June 30, 2011 (or 88,804,214 shares) and the total number of shares issued within the scope of the capital increase (or 33,301,578 shares).

7.7.3. Securities giving access to the Company's equity

Information relating to the potential dilution of the Company's equity as at May 17, 2012

Type of potentially dilutive instrument	Strike price	Number of shares to which instruments entitle the holder	Potential dilution that may arise from exercise of instruments
Stock-options*	3.04/22.73	1,533,410	1.26%
BSAARs issued, not exercised	4.1618-13.5431	2,334,811	1,91%
OCEANEs	8.55	16,957,351	13.88%
Total potential dilution		**20,825,572**	**17.05%**

Date of Board of Directors meeting	06/01/2010	09/22/2010	04/01/2011	12/31/2011
Number of shares	219,542	5,650	1,210,230	150,000
- of which the shares are held by Corporate Officers	105,611	0	418,100	0
Number of acquired shares	0	0	0	0
Number of cancelled shares	14,179	0	39,550	0
Number of remaining shares	205,363	5,650	1,170,680	150,000

7.8. Distribution of capital and voting rights

Breakdown of share capital and voting rights as at March 31, 2010

Shareholders	Number of shares	As % of capital	Voting rights	As %
André-Jacques Auberton-Hervé	6,077,455	7.06	11,242,603	11.56
Shin-Etsu Handotaï Co Ltd (partner since 1997 and number one licensee of Soitec)	4,452,599	5.17	4,452,599	4.58
Public	75,582,622	87.73	81,516,063	83.83
Treasury	32,557	0.04	32,557	-0,03
Total	**86,145,233**	**100**	**97,243,822**	**100**

Breakdown of share capital and voting rights as at March 31, 2011

Shareholders	Number of shares	As % of capital	Voting rights	As %
André-Jacques Auberton-Hervé	6,109,636	6.98	11,374,784	11.53
Shin-Etsu Handotaï Co Ltd (partner since 1997 and number one licensee of Soitec)	4,452,599	5.09	4,452,599	4.51
Public	76,893,019	87.89	82,298,480	83.93
Treasury	32,557	0.04	32,557	-0.03
Total	**87,487,811**	**100**	**98,689,430**	**100**

Breakdown of share capital and voting rights as at March 31, 2012

Shareholders	Number of shares	As % of share capital	Voting rights	As %
André-Jacques Auberton-Hervé	6,216,184	5.090	12,293,639	9.160
Strategic Investment Fund	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
Auberton-Hervé Family	1,166,658	0.955	1,166,658	0.869
Shin-Etsu Handotaï Co Ltd (partner since 1997 and number one licensee of 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**

7.9. Status of employee stock ownership

In conformance with Article L.225-102 of the French Commercial Code, employees of Soitec owned 877,698 registered shares as at March 31, 2012, representing approximately 0.72% of the Company's share capital.

In addition, by way of the first and second tranches of the PACEO program to increase capital by the exercise of options, employees held 1,948,011 BSAARs (redeemable share subscription or purchase warrants) each entitling the holder to one share, representing potentially 1.60% of the Company's total share capital.

7.10. Information about control of the Company's capital stock

Secured interests in Soitec shares

To the Company's knowledge, the shares that are registered directly on the Company's books that have been pledged or are otherwise encumbered represent less than 1% of the capital stock.

Regulatory disclosures of the crossing of share ownership thresholds

In a letter received on July 28, 2011, which was completed by a separate letter received on July 29, 2011, the *Caisse des Dépôts et consignations* (CDC) (56, rue de Lille, 75007 Paris) declared that it had crossed the 5% voting rights threshold and the 10% of the capital and voting rights on July 25, 2011, either directly or indirectly, through the intermediary of an Strategic Investment Fund (FSI) that it controls, with regards to Soitec. It declared that as of the date of its letter, it held, either directly or indirectly, through the intermediary of an Strategic Investment Fund (FSI) that it controls, 15,557,204 Soitec shares representing as many voting rights, 11.60% as capital, 12.74% in the Company, distributed as follows:

	Shares	% of capital	Voting rights	% voting right
CDC EVM	4,168,352	3.41	4,168,352	3.11
FSI	11,388,852	9.33	11,388,852	8.49
Total	**15,557,204**	**12.74**	**15,557,204**	**11.60**

This threshold was crossed because FSI participated in Soitec's capital increase.

Furthermore, the declaring entity stated that it held, as of July 28, 2011, either directly or indirectly, through the intermediary of an Strategic Investment Fund, 16,295,704 shares in Soitec which equaled 13.35% of the outstanding capital as well as 12.15% of the voting rights in the Company, distributed as follows:

	Shares	% of capital	Voting rights	% voting right
CDC EVM	4,168,352	3.41	4,168,352	3.11
FSI	12,127,352	9.93	12,127,352	9.04
Total	**16,295,704**	**13.35**	**16,295,704**	**12.15**

In a letter received on July 28, 2011, which was completed by a separate letter received July 29, 2011, the following intentions were provided:

"*La Caisse des dépôts et consignations*" hereby declares:

The thresholds were crossed (..) due to FSI's acquisition of preferential subscription rights, on and off the market, as well as having taken part in the capital increase, maintaining its preemptive subscription rights, that was performed by Soitec on June 28, 2011.

These acquisitions and subscriptions were financed with cash.

As the thresholds were crossed, the CDC hereby declares that during the next six months:

- to act alone and through CDC *Valeurs Moyennes* and FSI;
- that it may purchase more shares in the months to come, in insignificant amounts;
- that it has no intention of taking control of Soitec;
- that it has not entered into any temporary transfer agreement pertaining to the shares or voting rights of Soitec;
- that it has no defined strategy *vis-à-vis* Soitec;
- that it does not intend to nominate a Board member other than the one(s) named on behalf of FSI;
- that it is not party to the shareholders' agreement between FSI and André-Jacques Auberton-Hervé.

In this shareholders' agreement, FSI declares that it wishes to help Soitec to develop, specifically by requesting, in accordance with the shareholder's agreement executed on June 27, 2011 between FSI and André-Jacques Auberton-Hervé, (i) the nomination of a Board member proposed by FSI as soon as practicable after FSI had acquired at least 5% of Soitec's outstanding capital and, subject to certain conditions, the possibility of naming a second Board member in the event that FSI were to hold 12% or more of Soitec's outstanding capital, (ii) nomination of a non-voting Board member representing FSI (in the event of a second Board member proposed by FSI being nominated, FSI would not have the right to also have a non-voting Board member), and (iii) the nomination of the Board member proposed by FSI (or one of the two administrators should FSI come to held 12% or more of Soitec's outstanding capital) as a member Soitec's Audit Committee and the Strategic Committee."

Disclosures of the crossing of share ownership thresholds required by the By-laws

UBS Investment Bank, Wealth Management and Corporate Center disclosed that, on April 1, 2011, it fell below the threshold of 3% of the Company's share capital and held 2,236,420 shares in the Company, representing the same number of voting rights, i.e. 2.56% of the Company's share capital and 2.27% of its voting rights.

Crédit Suisse Group AG disclosed that it had crossed the following thresholds:

On July 4, 2011, it rose above the threshold of 3% of the Company's share capital and held 2,889,122 shares in the Company, representing 3.25% of its share capital.

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.

With the exception of the founding executives and their successors and SHE registered shareholdings continue to be very insignificant. Virtually all publicly-held shares are in bearer form.

Shareholders' agreement

In the context of the capital increase with maintenance of shareholder preferred subscription rights announced by Soitec on June 28, 2011, André-Jacques Auberton-Hervé agreed to sell a portion of his preferential rights to FSI. Furthermore, Shin-Etsu Handotai Co Ltd agreed to sell the 4,452,199 preferred rights that it held to FSI. FSI agreed to exercise the rights that it acquired. FSI also reserved the right to acquire, on or off the market, shares and/or preferential rights and that it would fully subscribe such even if such could be reduced.

The shareholders' agreement contains the following principal undertakings:

Soitec governance: André-Jacques Auberton-Hervé agreed to use his best efforts in order to (i) have the Board member proposed by FSI nominated as soon as practicable after FSI had acquired at least 5% of Soitec's outstanding capital and, subject to certain conditions, the possibility of naming a second Board member in the event that FSI were to hold 12% or more of Soitec's outstanding capital, (ii) the nomination of the Board member proposed by FSI (or one of the two administrators should FSI hold 12% or more of Soitec's outstanding capital) as a member Soitec's Audit Committee and the Strategic Committee, and (iii) that the Board of Directors nominate a non-voting Board member to represent FSI provided that there are not two Board members proposed by FSI serving at that time.

It should be noted that the clauses related to Soitec's governance shall become moot should André-Jacques Auberton-Hervé's term be revoked, for whatever reason.

Maintenance provision: The shareholders' agreement provides that the parties thereto shall undertake to ensure that the relevant positions of the parties with regards to the agreement are maintained for a period of three years beginning on the effective date of the agreement.

This obligation shall not apply 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;
- transfers made by FSI 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.

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 FSI 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: FSI has a preemptive right over the Soitec securities held by André-Jacques Auberton-Hervé in the event of a plan to 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 shall be effective for a term of eight years once FSI holds 5% of Soitec's outstanding capital. The shareholders' agreement may be terminated in advance upon agreement of the parties. Furthermore, the agreement shall automatically terminate if FSI obtains less than 5% of Soitec's outstanding capital. In the event of a passive threshold crossing, FSI 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 FSI holds the minimum 5% at the end of the six-month period.

Please refer to Section 11.6 of this Registration Document for a description of the instrument of incorporation, By-laws, the charter or the internal rules of the Company which could have the effect of delaying, deferring or preventing a change in control.

Agreements which could cause a change in control

Other than a partnership agreement entered into between the Atomic Energy Commission and the Company on December 1, 2007 for a term of five years, there are no significant agreements entered into by the Company which contains a clause allowing a party the option to automatically terminate the contract in the event of a change of control.

7.11. Dividends paid by the Company

The Company did not distribute any dividends during the three preceding fiscal years. The Company intends to reinvest its profits to finance its future growth and does not plan to pay any dividends in the next three years. Dividends are time-barred within the statutory time limits in favor of the State, in accordance with the provisions of the State Property Code.

7.12. Market of the Company's financial instruments

The Company's shares have been listed on Euronext Paris since February 9, 1999.

Trading volume and price of the share:

	Share					
	High (in Euros)	Low (in Euros)	Average price (in Euros)	Volume of shares traded	Capital exchanged (in thousands of Euros)	Capitalization based on average price
2007						
January	29.95	21.42	25.43	36,844,312	901.66	2,041,133
February	23.67	19.92	22.71	19,902,976	446.87	1,822,813
March	21.18	17.07	18.56	39,767,929	739.16	1,525,583
April	18.43	16.02	17.33	38,715,050	668.28	1,424,480
May	19.60	16.76	17.86	32,022,084	578.21	1,468,368
June	17.10	15.50	16.13	25,941,258	417.82	1,326,135
July	14.49	12.32	13.66	26,675,690	364.73	1,123,537
August	15.25	12.38	13.67	23,731,455	330.66	1,125,975
September	13.99	11.77	13.10	13,961,717	180.80	1,079,025
October	14.68	12.21	13.17	27,549,624	369.89	1,085,498
November	13.23	7.75	10.05	36,691,162	354.79	828,470
December	9.25	8.02	8.45	24,613,385	211.84	696,628
2008						
January	8.65	4.80	6.33	76,056,140	458.42	522,881
February	5.97	3.92	5.30	48,376,536	246.63	438,605
March	4.60	3.36	3.76	40,648,011	155.57	311,161
April	5.81	4.56	5.22	77,757,045	401.94	431,984
May	6.73	5.24	5.77	42,466,790	250.69	477,516

	Share					
	High (in Euros)	Low (in Euros)	Average price (in Euros)	Volume of shares traded	Capital exchanged (in thousands of Euros)	Capitalization based on average price
June	5.45	3.78	4.56	42,085,754	190.53	387,669
July	4.27	3.32	3.76	55,571,979	210.60	319,657
August	5.21	3.79	4.52	46,503,414	212.53	384,268
September	5.40	3.41	4.52	39,197,303	180.61	384,729
October	3.94	2.30	2.98	35,302,706	104.69	253,656
November	4.35	2.65	3.39	51,567,932	184.10	288,555
December	3.850	3.100	3.346	64,721,096	212.80	284,809
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
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

	Share					
	High (in Euros)	Low (in Euros)	Average price (in Euros)	Volume of shares traded	Capital exchanged (in thousands of Euros)	Capitalization based on average price
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

Source: Euronext Bloomberg

	OCEANE 6.25%	
	Monthly average (in Euros)	Volumes traded
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	11.63	75,158
April	12.30	21,484
May	11.77	3,387
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

Closing prices of the Soitec stock as at June 13, 2012 was €2.660.

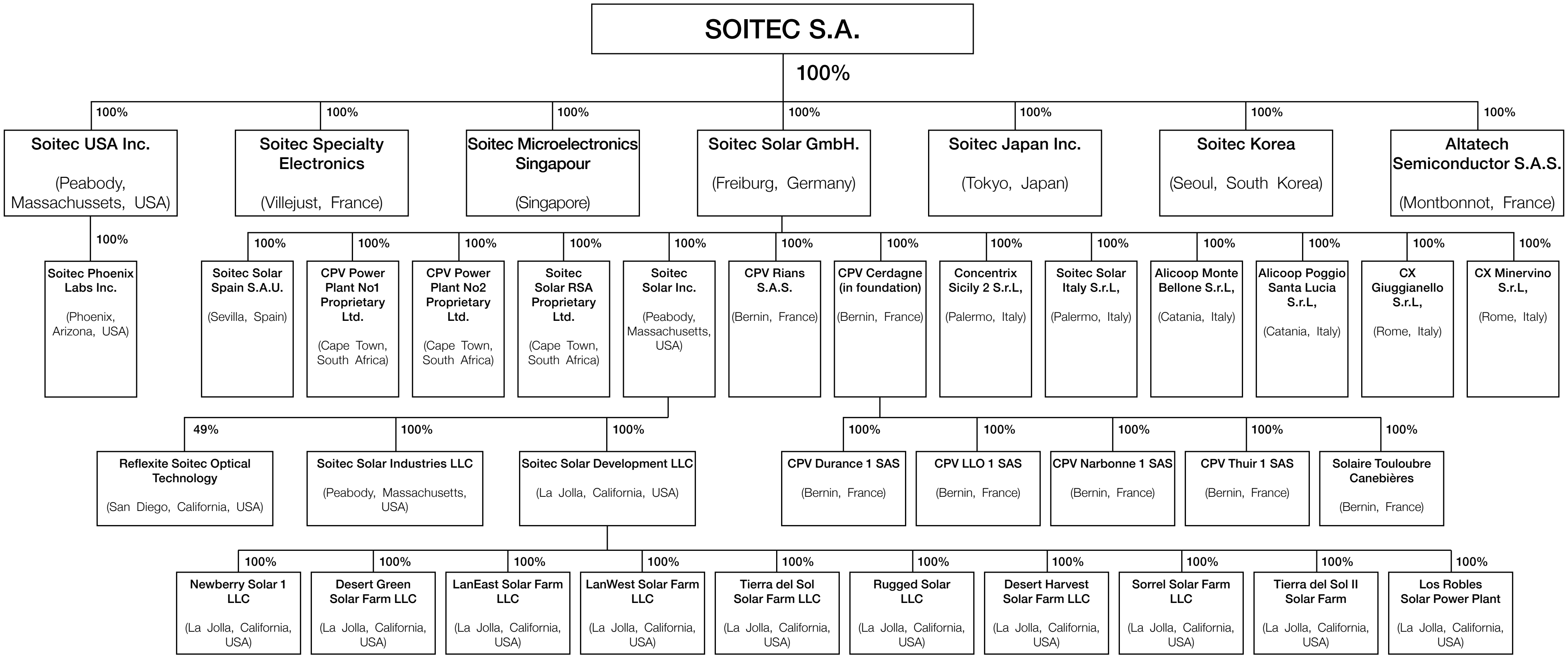
8. **Organizational** structure

8.1. The Group

8.1.1. 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.



8.1.2. Group Organization

The Group is organized into four business units: Microelectronics regroups all Smart Cut™ applications in silicon; Specialty Electronics regroups all activities in compound materials and non-silicon Smart Cut™ applications; Layer Transfer Solutions regroups all activities based on circuit-transfer technologies and Smart Stacking TM applications. These three business units are regrouped into a single Cash Generating Unit (CGU) for accounting purposes: the Electronics division. Since mid-December 2009 and following the acquisition of Soitec Solar GmbH, the Group has set up a second CGU covering the activities of Soitec Solar GmbH and the R&D that will be done by other Group business units with the aim of improving the efficiency of the solar cells used by Soitec Solar GmbH.

The solar business resulting from the acquisition of Soitec Solar GmbH is organized around Soitec Solar GmbH, which is currently the Group's only production unit in this field. This company has subsidiaries worldwide which either support its commercial efforts or are dedicated to running specific solar farm projects. The main active subsidiary is Soitec Solar Inc. in San Diego, California.

The acquisition terms of Soitec Solar GmbH are described in Note 6.4.3.2 to the consolidated financial statements.

A new Lighting CGU was set up this year to isolate the resources implemented in Bernin and Phoenix within the framework of the development plan of materials aimed at manufacturing light-emitting diodes.

The Group's sales network covers the regions for integrated circuit production worldwide. The parent company, which hosts the main production site, supplies its distribution subsidiaries. It is also responsible for certain global-scale marketing initiatives in support of the subsidiaries and distributors, as well as ensuring the distribution of products in Europe and other regions in the world outside Asia and North America.

In the United States: Soitec USA Inc. is wholly owned by the Company and is responsible for distribution, customer support and sales in North America. It has offices near Boston as well as in Texas and Silicon Valley. A 100% owned subsidiary of Soitec USA Inc, Soitec Phoenix Labs Inc (formerly Ganotec Inc), was set up in February 2006 to develop new applications on the GaN substrate;

In Japan: the local distribution subsidiary is Soitec Japan Inc (formerly Soitec Asia Inc), based in Tokyo and selling directly on the Japanese market. During the 2011-2012 fiscal year, the Company acquired the 30% stake that was still held by its local partner, Seika;

In the rest of Asia: the Company has, since July 2005, a branch in Taiwan in charge of the commercial representation of the Group in South-East Asia. This year, it set up another distribution subsidiary in South Korea. Finally, the distribution subsidiary for Asia excluding Japan is Soitec Microelectronics Singapore Pte Ltd. The main countries covered are Singapore, China, Taiwan and South Korea. Soitec Microelectronics Singapore Pte Ltd is also home to the second SOI wafer-making plant, at the Pasir Ris site in Singapore.

Relations between the Company and its subsidiaries are based on formal contracts, both concerning distribution of the Company's products as well as subsidiaries' operations.

The Group is currently considering to create subsidiaries for its Electronics division production activities, retaining within Soitec S.A. only transversal activities and services involving the different Group divisions.

8.2. List of the Company's subsidiaries and shareholdings

Please find below a table of subsidiaries and shareholdings held by the Company:

Name	Capital	Stake held	Gross value of shares	Loans, advances, guarantees	Sales
Head office	Shareholders' equity	Dividends received	Net value of shares		Profit (loss)
Subsidiaries (more than 50% owned):					
Soitec USA Inc.	10,000	100.00%	16,795		49,516,000
Centennial Drive 2 01960 Peabody, MA – USA	10,851,000		16,795		(1,412,000)
Soitec Specialty Electronics S.A.S.	12,000,000	100.00%	30,763,440	(6,704,940)	8,434,151
Place Marcel Rebuffat 91140 Villejust – France	12,908,103		12,908,103		(1,258,481)
Soitec Japan Inc. 3-1 Marunouchi 3-Chome	300,500,000	100.00%	2,636,987		19,449,975
Chiyoda-Ku – 100-0005 Tokyo – JPN	139,931,588		2,636,987		(53,932)
Soitec Solar GmbH	319,890	100.00%	61,244,230	134,837,329	10,565,968
Bötzinger Str.31 79111 Freiburg – Germany	(25,156,568)		61,244,230		(26,963,514)
Soitec Microelectronics Singapore Pte Ltd.	93,395,220	100.00%	67,197,054	76,240,883	60,334,786
81 Pasir Ris – Drive 1 Singapore 518 220	42,990,000		67,197,054		(1,870,733)
Soitec Korea Kyunggi-do Hwasung-si Bansong-	500,000,000	100.00%	328,483		0
dong 93-10, Shinyoung Gwell Estates B-dong 4th floor, unit 5	289,199,965				(186,086)
Altatech 611, rue Aristide Bergès	1,799,500	100.00%	17,357,798	(2,000,000)	6,255,896
ZAC de Pré Milet 38330 Montbonnot St Martin	1,566,799				(1,978,731)
Other shares – Equity interests:					
Medgrid S.A.S.	4,000,000	5.00%	200,000		16,682
38, avenue Hoche – 75008 Paris			0		
Innovative Silicon Inc.	49,005,000	2.42%	1,073,350	84,783	
Delaware – USA (in USD)					2,197 000
Cissoïd	4,162,000	2.32%	300,003		
Chemin du Cyclotron 6 B-1348 Louvain la Neuve (in Euros)					(803,798)

Capital and equity are those shown in the Company financial statements established according to local accounting standards and presented in their respective functional currencies, i.e., in dollars for Soitec USA Inc. and Soitec Microelectronics Singapore, yen for Soitec Japan, won for Soitec Korea, and Euros for the European subsidiaries and the other shareholdings. Other amounts, including sales and profit or loss, have been translated into Euros.

For the subsidiaries and shareholdings, no dividend was received during the financial year.

See also Chapter 12 of this Registration Document.

9. Related party transaction

During the fiscal year ended March 31, 2012, the Company acquired Altatech Semiconductors S.A., of which Mr. Auberton-Hervé held some shares, and, for this reason, the acquisition transaction was presented as a related party agreement, which was mentioned to the Auditors.

Some agreements approved by the Board of Directors during the previous fiscal years are still in force and described below.

Note 6.4.5.4. to the consolidated financial statements appearing on page 70 of this Registration Document specifies the information on related parties.

The information appears in the Auditors' special report on the related party agreements and commitments.

Auditors' special report on the related party agreements and commitments

(Fiscal year ended March 31, 2012)

To the Shareholders,

In our capacity as Auditors of your Company, we hereby report to you on related party agreements and commitments.

The terms of our engagement require us to communicate to you, based on information provided to us, the principal terms and conditions of those agreements and commitments brought to our attention or which we may have discovered during the course of our audit, without expressing an opinion on their usefulness and appropriateness or identifying such other agreements and commitments, if any. It is your responsibility, pursuant to Article 225-31 of the French Commercial Code, to assess the interest involved in respect of the conclusion of these agreements and commitments for the purpose of approving them.

Our role is also to provide you with the information stipulated in Article R.225-31 of the French Commercial Code relating to the implementation during the past year of agreements and commitments previously approved by the Shareholders' Meeting, if any.

Agreements and commitments submitted to the approval of the Shareholders' Meeting

Pursuant to Article 225-40 of the French Commercial Code, the following agreements and commitments, which were previously authorized by the Board of Directors, have been brought to our attention.

Director concerned:	**Mr. André-Jacques Auberton-Hervé**
Nature and purpose:	Your Company acquired Altatech Semiconductor on January 25, 2012. This transaction was financed partly with cash and partly with Soitec shares, bought by BNP Paribas Exane within the framework of a share buy-back program approved by the shareholders at the Shareholders' Meeting of June 24, 2011. The vendor shareholders undertook to comply with some obligations to retain with regard to the part of the sale price paid with Soitec shares. The transaction was authorized pursuant to a decision of the Board of Directors of Soitec on November 15, 2001.
Terms	Mr. André-Jacques Auberton-Hervé held 28.63% of the share capital of Altatech. Sale price: €4,294,525 Of which payment with cash: €1,601,503 Of which payment with shares: €2,693,022

Agreements and commitments approved during prior fiscal years that have remained in force during the fiscal year

Pursuant to Article 225-30 of the French Commercial Code, we have been informed that the following agreements and commitments, previously approved by Shareholders' Meetings of prior years, have remained in force during the year.

1. Company concerned:	**Soitec Specialty Electronics SAS**
1/ Nature and purpose:	Your Company has continued the agreement relating to administrative, commercial, financial, accounting and legal management services entered into with SOITEC SPECIALTY ELECTRONIC.
Terms:	Amount invoiced by your Company with regard to the 2011-2012 fiscal year: €378,000
2/ Nature and purpose:	Your Company performs paid cash transactions with SOITEC SPECIALTY ELECTRONIC SAS.
Terms:	Amount of the advance received by your Company as at March 31, 2012: €6,704,941 Remuneration of the year paid to SOITEC SPECIALTY ELECTRONIC: €79,801 (EONIA +0.1%)
3/ Nature and purpose:	Your Company entered into a tax consolidation agreement with SOITEC SPECIALTY ELECTRONIC, in relation to which your Company is the group leader.
Terms:	This agreement took effect on April 1, 2007.
2. Company concerned:	**Soitec USA Inc.**
Nature and purpose:	Your Company has continued the agreement relating to commercial and financial management and supervision services and human resources management services entered into with SOITEC USA INC.
Terms:	Amount invoiced by your Company with regard to the 2011-2012 fiscal year: €599,000
3. Company concerned:	**Soitec Micro Electronics Singapore Pte Ltd**
Nature and purpose:	Your Company made paid cash advances to the benefit of SOITEC MICRO ELECTRONICS SINGAPORE PTE LTD.
Terms:	Amount of the advance as at March 31, 2012: €76,240,883

1/ Remuneration of the year received by SOITEC: €217,041 (LIBOR +0.1%)

2/ Remuneration of the year paid to SOITEC: €2,606 (LIBOR +0.1%)

4. Company concerned:	**Soitec Solar GmbH**
Nature and purpose:	Your Company made paid cash advances to the benefit of SOITEC SOLAR GmbH.
Terms:	Amount of the advance as at March 31, 2012: €135,079,043 Remuneration of the year: €2,287,736 (EURIBOR as at the date of each transaction +1%)

5. Director concerned:	**Mr. André-Jacques Auberton-Hervé**
Nature and purpose:	Implementation at the Board of Directors' Meeting of May 17, 2011 of a scheme to compensate Mr. André-Jacques Auberton-Hervé, in the event his term of office as Managing Director is revoked by the Board of Directors, because of a change of control or in the event the Board of Directors does not approve the strategic orientations proposed by Mr. Auberton-Hervé.
Terms:	Payment to Mr. Auberton-Hervé of a compensation that may represent up to 18 months of his remuneration (fixed + variable), in the event his term of office as Managing Director of the Company is terminated. The payment of this compensation depends on the fulfillment by Mr. Auberton-Hervé, during the three years preceding his departure, of criteria on which the payment of his variable remuneration depends. The compensation would be paid in whole if Mr. Auberton-Hervé fulfilled at least 75% of the criteria concerned during the three years preceding his departure. It would not be paid if this threshold is below 50%. Between these two limits, the compensation will be calculated on a linear extrapolation basis.

Neuilly-sur-Seine and Meylan, June 14, 2012

The Auditors

PricewaterhouseCoopers Audit
Member of the Regional Agency of Versailles
Philippe WILLEMIN

Cabinet MURAZ PAVILLET
Member of the Regional Agency of Grenoble
Christian MURAZ

10. Documents available to the public

10.1. Documents available on the website of the Company

The following documents are in particular available on the website of the Company (www.soitec.com):

- Registration Document filed with the AMF on June 28, 2006 under number D.06-0654
- Registration Document filed with the AMF on July 3, 2007 under number D.07-0678
- Registration Document filed with the AMF on June 23, 2008 under number D.08-504
- Registration Document filed with the AMF on June 23, 2009 under number D.09-537
- Registration Document filed with the AMF on September 1, 2009 under number D.09-0537-A01
- Registration Document filed with the AMF on June 22, 2010 under number D.10-0552
- Registration Document filed with the AMF on June 10, 2011 under number D.11-0565
- Financial press releases
- Documents and information relating to the Company, including the articles of incorporation and By-laws, may be consulted at the principal office of the Company: Parc Technologique des Fontaines – Chemin des Franques, 38190 Bernin (tel.: +33 (0)4 76 92 75 00).

10.2. List of press releases and other publications

During the 2011-2012 fiscal year and until the filing date of this Registration Document, the following press releases and announcements in the Legal Gazette were published on the website of the Company (www.soitec.com), on the website of the AMF (www.amf-france.org) and in the Legal Gazette, respectively:

- Jun. 01, 2012: Notice of the Annual and Special Shareholders' Meeting of July 3, 2012
- May 25, 2012: Information on the total number of voting rights and shares outstanding
- May 21, 2012: Soitec announces full year results for 2011-2012
- Apr. 18, 2012: Information on the total number of voting rights and shares outstanding
- Apr. 16, 2012: Soitec provides affordable paths to higher performance, lower-power processors for mobile and consumer devices
- Apr. 16, 2012: Soitec outlines fully depleted product roadmap for advanced planar and three-dimensional transistors
- Apr. 16, 2012: Soitec reports consolidated sales of €323.4 million for the full year 2011-2012
- Mar. 21, 2012: Soitec earns new ISO/TS, ISO 9001, ISO 14001 and OHSAS 18001 certifications for its global quality, safety and environment management systems
- Mar. 16, 2012: Information on the total number of voting rights and shares outstanding
- Mar. 15, 2012: Soitec finalizes its acquisition of Soitec Solar GmbH and pursues its technological alliance with the Fraunhofer Institute for Solar Energy Systems
- Mar. 15, 2012: Gaetan Borgers joins Soitec as executive vice-president of Solar Energy Division
- Mar. 12, 2012: Soitec announces adoption of fully depleted technology for advanced mobile platforms
- Mar. 8, 2012: Come and participate in the 8th edition of the "High Tech U" program
- Feb. 23, 2012: Call for tenders launched by the French Energy Regulatory Commission: Soitec's CPV technology lies at the heart of solar-energy production projects with 72MW in France
- Feb. 17, 2012: Information on the total number of voting rights and shares outstanding
- Feb. 10, 2012: Soitec secures financing for 50-megawatt solar power plant in South Africa
- Feb. 01, 2012: Soitec announces successful completion of acquisition of Altatech Semiconductor
- Jan. 31, 2012: Financial year 2011-2012: Soitec provides full year guidance on its results
- Jan. 25, 2012: SEMATECH and Soitec partner to advance next-generation transistors and metrology techniques
- Jan. 24, 2012: Soitec and Sumitomo Electric announce major milestone in strategic joint development of engineered gallium nitride substrates
- Jan. 20, 2012: Minutes of the Annual and Special Shareholders' Meeting of January 20, 2012
- Jan. 16, 2012: Financial year 2011-2012: Soitec reports Q3 consolidated sales of €80.7 million
- Jan. 16, 2012: Buy-back by the issuer of its own shares/Weekly summary of share buy-backs
- Jan. 12, 2012: Information on the total number of voting rights and shares outstanding
- Jan. 9, 2012: Buy-back by the issuer of its own shares/Weekly summary of share buy-backs
- Jan. 3, 2012: Buy-back by the issuer of its own shares/Weekly summary of share buy-backs
- Dec. 23, 2011: External growth transaction: Soitec acquires Altatech Semiconductor S.A.
- Dec. 21, 2011: Soitec dedicates its San Diego North American solar headquarters and manufacturing plant with Governor of California
- Dec. 16, 2011: Soitec purchases manufacturing facility in San Diego to locally produce CPV modules for the U.S. renewable energy market

- Dec. 13, 2011: Soitec introduces Plug&Sun™, first portable CPV mini-tracker designed for remote applications
- Dec. 13, 2011: Sunidarity initiative: Soitec to donate a Plug&Sun™ system to three development aid organizations to support their electrification projects
- Dec. 12, 2011: Annual and Special Shareholders' Meeting of January 20, 2012 – Terms relating to the provision of preliminary documents
- Dec. 09, 2011: Presidential inauguration of COP17 solar flagship legacy project
- Dec. 07, 2011: Information on the total number of voting rights and shares outstanding
- Dec. 07, 2011: Soitec selected as a preferred bidder under South Africa's IPP program for the supply of 50 megawatts of solar energy
- Nov. 30, 2011: Soitec wins first order from China for concentrator photovoltaic systems
- Nov. 28, 2011: Soitec to provide green energy to the United Nations' COP17 climate change conference with South Africa's first CPV solar plant
- Nov. 17, 2011: The 2011-2012 Half-year Financial Report is available
- Nov. 16, 2011: Soitec and Reflexite Energy Solutions enter joint venture to ensure most competitive CPV solutions
- Nov. 16, 2011: Soitec announces half-year results for 2011-2012
- Nov. 16, 2011: Soitec is participating in the Champs-Élysées illuminations with an objective of "zero consumption"
- Nov. 11, 2011: Soitec receives regulatory approval of power purchase agreements totaling 155 megawatts for California projects
- Oct. 18, 2011: Soitec launches fifth generation of concentrator photovoltaic systems designed for large-scale solar power plants
- Oct. 17, 2011: Soitec reports total consolidated sales of €162.6 million for H1 2011-2012
- Sep. 30, 2011: Soitec confirms H1 2011-2012 outlook
- Sep. 28, 2011: Former TSMC executive Justin Wang named Senior Vice President of Corporate Marketing and Strategy at Soitec
- Sep. 08, 2011: Information on the total number of voting rights and shares outstanding
- Jul. 28, 2011: Q1 2011-2012 Consolidated Sales of €82.8 million
- Jul. 22, 2011: Investments for the future – Call for projects "Digital technologies – Nanoelectronics"
- Jul. 21, 2011: Information on the total number of voting rights and shares outstanding
- Jul. 21, 2011: Successful completion of Soitec's €150 million capital increase
- Jul. 11, 2011: FSI information on the capital increase
- Jul. 04, 2011: Franco-Tunisian cooperation in energy: Installation of a demonstration unit combining Soitec's Concentrix™ concentrating photovoltaic technology with the electricity storage systems developed by the CEA
- Jun. 28, 2011: Soitec announces the launch and main terms of a rights issue
- Jun. 27, 2011: Minutes of the Annual and Special Shareholders' Meeting of June 24, 2011
- Jun. 15, 2011: Soitec and Schneider Electric sign memorandum of understanding with Masen on integrated partnership on CPV technology in Morocco
- Jun. 11, 2011: The 2010-2011 Registration Document is available
- May 25, 2011: Information on the total number of voting rights and shares outstanding
- May 20, 2011: Notice of the Annual and Special Shareholders' Meeting of June 24, 2011
- May 18, 2011: SDG&E signs new contracts with Soitec for 125 megawatts of solar power in San Diego
- May 18, 2011: Soitec announces full year results for 2010-2011
- May 17, 2011: Soitec to showcase its full range of RF substrate technologies at CS ManTech, May 16-19 in California
- Apr. 19, 2011: Information on the total number of voting rights and shares outstanding
- Apr. 18, 2011: Soitec announces consolidated sales of €281.0 million for the full year 2010-2011
- Apr. 12, 2011: Soitec issues 1,100,000 shares within its PACEO
- Apr. 12, 2011: SDG&E signs three renewable power contracts with Soitec for up to 30 MW of locally generated solar power
- Apr. 01, 2011: Soitec and Schneider Electric announce a significant technological cooperation agreement in the field of solar farms
- Mar. 17, 2011: Information on the total number of voting rights and shares outstanding
- Mar. 10, 2011: Soitec announces major U.S. CPV solar power project
- Feb. 22, 2011: Steve Longoria joins Soitec as SVP of Worldwide Strategic Business Development to drive FD-SOI adoption
- Feb. 09, 2011: Information on the total number of voting rights and shares outstanding
- Jan. 17, 2011: Soitec reports excellent performance of Concentrix CPV system connected to Jordan's grid
- Jan. 17, 2011: Soitec announces consolidated sales of €65.1 million for Q3 2010-2011
- Dec. 07, 2010: Peregrine Semiconductor and Soitec Announce New Bonded Silicon-on-Sapphire Substrate for RFIC Manufacturing
- Dec. 01, 2010: Business & Environment Awards: Soitec wins a prize in the "Innovation in eco-technology" category
- Nov. 30, 2010: Soitec and Sumitomo Electric Announce Collaboration on Development of Engineered GaN Substrates
- Nov. 19, 2010: The 2010-2011 Half-year Financial Report is available
- Nov. 17, 2010: First half results 2010-2011
- Nov. 03, 2010: Soitec has prevailed in its patent infringement lawsuit against MEMC
- Oct. 20, 2010: Information on the total number of voting rights and shares outstanding
- Oct. 18, 2010: Soitec reports total consolidated sales of €137.3 million for H1 2010-2011
- Oct. 15, 2010: Soitec updates on MEMC lawsuit
- Oct. 11, 2010: Soitec announces global alliance with Johnson Controls to capture utility scale solar energy projects
- Sep. 27, 2010: Soitec confirms Q2 2010-2011 outlook
- Sep. 20, 2010: Information on the total number of voting rights and shares outstanding
- Sep. 14, 2010: Soitec announces Concentrix Solar joining the Transgreen Initiative
- Sep. 09, 2010: Soitec strengthens industrial operations team with the nomination of Francis Taroni
- Aug. 23, 2010: Information on the total number of voting rights and shares outstanding
- Aug. 11, 2010: Concentrix Solar, a Soitec company, announces inauguration of its first power facility in South Africa
- Jul. 28, 2010: Information on the total number of voting rights and shares outstanding
- Jul. 22, 2010: Objectives achieved for the "Bernin 2010" R&D program led by Soitec and the CEA-Leti

- Jul. 19, 2010: Q1 2010-2011 Consolidated Sales of €68.6 million
- Jul. 12, 2010: Concentrix Solar, a Soitec company, expands U.S. market presence
- Jul. 12, 2010: Soitec announces industrial readiness of complete Fully Depleted (FD) platform – Key to higher performance for mobile consumer devices
- Jul. 07, 2010: Minutes of the Annual and Special Shareholders' Meeting of July 7, 2010
- Jun. 23, 2010: The 2009-2010 Registration Document is available
- Jun. 18, 2010: Notice of the Annual and Special Shareholders' Meeting of July 7, 2010
- Jun. 15, 2010: Information on the total number of voting rights and shares outstanding
- Jun. 08, 2010: Concentrix Solar, a Soitec company, joins Desertec Industrial Initiative (Dii) as Associated Partner
- May 19, 2010: Soitec announces full year results for 2009-2010
- May 12, 2010: Information on the total number of voting rights and shares outstanding
- May 05, 2010: Soitec issued 750,000 shares within its PACEO(1)
- Apr. 19, 2010: Soitec announces consolidated sales of €209.1 million for the full year 2009-2010
- Apr. 13, 2010: Information on the total number of voting rights and shares outstanding

11. Company creation and By-laws

11.1. Corporate purpose (Article 2 of the By-laws)

The Company's purpose, in France and all countries:

- research, development, manufacture, selling materials for microelectronics and for industry in general;
- various technological developments, and development of custom machines and applications;
- all industrial and commercial operations relating to:
  - the creation, acquisition, rental, lease management of any businesses, taking of leases, installation, operation of all sites, businesses, factories, workshops, relating to any of the specified activities,
  - undertaking, acquiring, using or assigning all processes and patents relating to these activities,
  - taking direct or indirect interests in all financial, real property or fungible goods operations, or commercial or industrial companies which may be related to the Company's purpose or to any similar or connected purpose,
  - any operations whatsoever contributing to carrying out this purpose.

11.2. Corporate purpose (Article 2 of the By-laws)

11.2.1. Board of Directors (Articles 12 to 16 of the By-laws)

The provisions relative to the Board of Directors can be found in Articles 12 to 16 of the By-laws. 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 By-laws 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 1.1.2.2. above for information regarding the Company's general management.

11.2.2. Board of Directors' Standard Policies and Procedures (internal rules)

The Board of Directors updated its Standard Policies and Procedures adopted on July 1, 2005, at its meeting on May 18, 2010. This update mainly concerned adapting the Standard Policy and Procedures to the AFEP-MEDEF Code.

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 By-laws, 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 By-laws. 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.

11.3. Rights, privileges and restrictions attached to shares (Article 10 of the By-laws)

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 By-laws 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 By-laws.

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 By-laws.

Shareholders are only liable for losses up to the amount of their investment.

Subject to the statutory and By-laws 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 By-laws. 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.

11.4. Modification to shareholders' rights

Extraordinary Shareholders' Meetings adopt the decisions which in general modify the Company's By-laws according to statutory majority votes.

11.5. Shareholders' Meetings (Articles 21 to 25 of the By-laws)

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 share holders 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, attached 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 By-laws 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 By-laws. 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.

11.6. Provision in the Company certificate of incorporation, By-laws, 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, By-laws, 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 7, 2009 adopted Resolution 12, 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 issuance 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 expired on January 7, 2011.

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, 2011.

11.7. Crossing thresholds (Article 11 of the By-laws)

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 By-laws, 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.

11.8. 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 By-laws do not make any specific provisions.

11.9. Statutory Auditors' fees

The fees of the Statutory Auditors and the members of their networks are paid for by the Company and its subsidiaries.

For the fiscal years ended March 31, 2011 and 2012, the fees were as follows:

	PricewaterhouseCoopers Audit				Cabinet Muraz Pavillet			
	Amont excluding tax		Percentage		Amont net of tax		Percentage	
(€ thousand)	2011-2012	2010-2011	2011-2012	2010-2011	2011-2012	2010-2011	2011-2012	2010-2011
Audit:								
Audit, certification, review of individual and consolidated financial statements								
-Issuer	170.9	159.3	46%	35%	77.0	72.0	55.76%	73%
-Globally consolidated subsidiaries	106.5	76	29%	17%	31.5	16.8	22.81%	17%
-Other works and services directly related to the Auditors' mission								
-Issuer	91.2	217.5	25%	48%	22.6	6.7	16.36%	7%
-Globally consolidated subsidiaries			0%	0%	7.0	2.9	5.07%	3%
Subtotal	**368.6**	**452.8**	**100%**	**100%**	**138.1**	**98.4**	**100%**	**100%**
Other services provided by the networks to the globally consolidated subsidiaries								
Legal, tax, employment			0%	0%	0		0%	0%
Other (to be specified if > 10% of the audit fees)			0%	0%	0		0%	0%
Subtotal	**0**	**0**	**0%**	**0%**	**0**	**0**	**0%**	**0%**
Total	**368.6**	**452.8**	**100%**	**100%**	**138.1**	**98.4**	**100%**	**100%**

On December 1, 2011, PricewaterhouseCoopers NV, a Dutch company that is a member of the PricewaterhouseCoopers network, took control of TruEconomy Consulting BV ("TruEconomy"), a consulting company. TruEconomy provided logistics advice on behalf of Soitec S.A. Once this transaction was formalized, Soitec S.A. decided not to begin any new services and to end the services in progress as at the date of the transaction. Between December 1, 2011 and March 31, 2012, TruEconomy charged €359,000. This amount is not included in the table of the Auditors' fees presented above.

12. Information on shareholding

This section presents the list of the Companies in which the Company owns more than 50% of the shares and voting rights.

The Company fully owns the shares and voting rights of the following Companies:

- Soitec USA Inc., a Company having its principal office located at 2 Centenial Drive, Peabody, MA 01960, Unites States,
- Soitec Specialty Electronics S.A.S., a Company having its principal office located at Parc Technologique des Fontaines, Chemin des Franques, 38190 Bernin, France and having its principal place of business located at Place Marcel Rebuffat, Zone Artisanale de Courtaboeuf 7 – 91140 Villejust, France,
- Soitec Microelectronics Singapore Pte Ltd., a Company having its principal office located at 81 Pasir Ris Industrial Drive 1, Singapore 518 220,
- Soitec Japan Inc., a Company having its principal office located at 3-1, Marunouchi 3-Chome, Chiyoda-Ku, 100-0005 Tokyo, Japan,
- Soitec Solar GmbH, located at Bötzinger Strasse 31, 79111 Freiburg im Breisgau, Germany,
- Soitec Korea LLC, located at Kyunggi-do Hwasung-si Bansong-dong 93-10, Shinyoung Gwell Estates B-dong 4th floor, unit 5, South Korea,
- Altatech Semiconductor S.A.S., located at 611 Rue Aristide Bergès, 38330 Montbonnot St Martin, France.

Except for Soitec Specialty Electronics S.A.S., Soitec Solar GmbH and Soitec Microelectronics Singapore Pte Ltd., the subsidiaries of the Company are distribution units for the products of the Company.

The reciprocal balances and transactions between the Companies of the Group are eliminated in the consolidated financial statements.

Since the end of the fiscal year ended March 31, 2005, the Company also created a branch in Taiwan. This branch is located at Rm. 217, 11F, No. 51, Hengyand Rd., Taipei, Taiwan, R.O.C.

You may refer to section 8 of this Registration Document for a description of the relationships between the parent company and the subsidiaries, and to section 8.2 for the list of subsidiaries and holdings.

13. Glossary

AMF	*Autorité des marchés financiers* (Financial Markets Authority)
CMOS	Complementary metal oxide semiconductor
Company	Soitec S.A.
Group	Soitec S.A. and its subsidiaries
PV	Photovoltaic
Semi-conductor	The semiconductor industry is another name for the integrated circuit industry
Smart Cut™	Soitec patented process for manufacturing SOI wafers and, in general, wafers of any material manufactured with the process of the same registered trademark name.
Smart Stacking	Process for transferring thin layers of partly or fully processed wafers developed by TraciT Technologies
SOI	Silicon on Insulator, name of the material
sSOI	Strained SOI
Unibond™	Soitec process for manufacturing SOI wafers, registered trademark
Wafers	Thin slices of crystal used in the manufacture of integrated circuits

14. Cross-Reference table

Annual report information	Chapter or section
Board of Directors' report	Chapters 5, 6
Business performance over the past year by the Company and any subsidiaries that it controls	Chapter 5
Business results by the Company, its subsidiaries and companies that it controls by business line	Chapters 5, 6
Significant events between the closing date of the financial year and the filing date of this document	Chapter 6
Difficulties encountered and outlook	Chapter 5
Research and Development activities	Chapter 4
Analysis of business performance, results and financial position	Chapter 5
Key financial performance indicators	Chapter 5
Key indicators for environmental and employee issues	Chapter 3
Main risks and uncertainties	Chapter 2
Indicators for the use of financial instruments and the Company's targets and policy for managing financial risks	Chapter 2
Status of employee stock ownership	Chapter 7
Total compensation and benefits in kind paid to each Corporate Officer	Chapter 1
Employment and environmental consequences	Chapters 2, 3
Information on the risk prevention policy for technological accidents and the Company's capacity to cover its civil liability	Chapter 2
Dividends paid in the last three years	Chapter 6
Stock transactions by managers	Chapter 1.4
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 6
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	Chapter 6
Usual names of directors and Company Officers	Chapter 1
Consolidated financial statements	Chapter 6
Statutory Auditors' report on the consolidated financial statements	Chapter 6.5
Board of Director's special report on stock options	Chapter 1

15. Identification card

Headquarters

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Parc Technologique des Fontaines – Chemin des Franques – 38190 Bernin – France
Tel.: +33 (0)4 76 92 75 00 – Fax: +33 (0)4 38 92 17 89 – website: www.soitec.com

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Soitec Solar GmbH
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