REFERENCE DOCUMENT | 2015-2016

Soitec

REFERENCE DOCUMENT 2015-2016

SOITEC

A French public limited company (société anonyme) with share capital of €60,623,021.70

Parc Technologique des Fontaines
Chemin des Franques
38190 Bernin – France

Grenoble Trade and Companies Register number 384 711 909

This Reference Document was filed with the Autorité des marchés financiers (the “AMF” - French Financial Markets Authority) on 4 July 2016, pursuant to Article 212-13 IV of its General Regulations. It may be used in support of a financial transaction if it is completed by a prospectus as provided by the AMF. This docu-ment has been prepared by the issuer and commits the responsibility of its signatories.

Copies of this Reference Document are available at no cost from:

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

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APPENDIX 167

1. Person responsible

1.1. Person responsible for the Reference Document

Mr Paul Boudre, Chairman and CEO.

1.2. Declaration by the person responsible for the Reference Document

I hereby certify, after taking all reasonable measures to this end, that the information contained in this Reference Document gives, to my knowledge, a true and fair view of the situation and does not include any omission likely to alter the scope.

I certify that, to my knowledge, the financial statements are drawn up in accordance with applicable accounting standards and give a true and fair view of the assets, financial position and results of the Company and all companies included in the consolidated group, and that the management report included in this Reference Document (see reconciliation table) presents a true and fair view of business developments, results and financial position of the Company and companies included in the consolidated group and a description of the main risks and uncertainties they face.

I have obtained from the statutory auditors an assignment completion letter in which they state that they audited the information on the financial position and statements given in this Reference Document and have also read the entire Reference Document.

The historical financial information presented in this Reference Document is the subject of a statutory auditors' report, featuring on page 109, which contains the following observation: "Without qualifying our opinion, we draw your attention to note 2.2.1. "Continuity of operations" of the consolidated financial statements which mentions the refinancing operations that occurred after the end of the financial year, which in particular enabled the Group to prepare its consolidated financial statements retaining the principle of continuity of operations." and a statutory auditors' report featuring on page 111 which contains the following observation: "Without qualifying our opinion, we draw your attention to the paragraph "Introduction: Continuity of operations" of the note of the appendix pertaining to the "Accounting rules and methods and notes to the Balance Sheet" which mentions the refinancing operations that occurred after the end of the financial year, which in particular enabled the Company to prepare its annual financial statements retaining the principle of continuity of operations."

The historical financial information as at 31 March 2015 incorporated by reference in the Reference Document 2014-2015 filed with the AMF on 10 June 2015 under number D.15-0587, was the subject of statutory auditors' report featuring on page 116 of the Reference Document 2014-2015, which contains the following observation: "Without qualifying our opinion, we draw your attention to note 2.2.1. of the consolidated financial statements which explains the assumptions underlying the continued application of the principle of continuity of operations of the Group." and a statutory auditors' report featuring on page 119 which contains the following observation: "Without qualifying our opinion, we draw your attention to the Introduction "Continuity of operations" of the note of the appendix relating to "Accounting rules and methods and notes to the Balance Sheet" which explains the assumptions underlying the continued application of the principle of continuity of operations of the Group and the refinancing terms given in the approved conciliation agreement combined with the additional measures mentioned in the note on the post-year-end events."

The historical financial information as at 31 March 2014 incorporated by reference in the Reference Document 2013-2014 filed with the AMF on 13 May 2014 under number D.14-0518, was the subject of a statutory auditors' report, featuring on page 120 of the Reference Document 2013-2014, which contains an observation drawing attention to note 2.4.7. of the consolidated financial statements which explains the assumptions underlying the continued application of the principle of continuity of the Group's operations, and a statutory auditors' report featuring on page 123 which contains the following observation: "Without qualifying our opinion, we draw your attention to the part "Accounting rules and methods" which explains the assumptions underlying the continued application of the principle of continuity of operations of the Company."

On 4 July 2016

Paul Boudre

Chairman and CEO

2. Statutory auditors

Principal statutory auditors

Muraz Pavillet represented by Mr Christian Muraz

3 Chemin du Vieux Chêne – 38240 Meylan

- First appointed on: 27 February 1992;
- Reappointed on: 7 July 2010;
- Expiry date of this term of office: At the Ordinary General Meeting called to approve the financial statements for the financial year ending 31 March 2016.

PricewaterhouseCoopers Audit represented by Mr Nicolas Brunetaud

PricewaterhouseCoopers Audit is a member of the Regional Association of Statutory Auditors of Versailles

63 Rue de Villiers – 92208 Neuilly-sur-Seine

- First appointed on: 7 July 2010;
- Expiry date of this term of office: At the Ordinary General Meeting called to approve the financial statements for the financial year ending 31 March 2016.

Alternate statutory auditors

René-Charles Perrot

65 Boulevard des Alpes - 38240 Meylan, France

- First appointed on: 27 February 1992;
- Reappointed on: 7 July 2010;
- Expiry date of this term of office: At the Ordinary General Meeting called to approve the financial statements for the financial year ending 31 March 2016.

Yves Nicolas

63 Rue de Villiers – 92208 Neuilly-sur-Seine

- First appointed on: 7 July 2010;
- Expiry date of this term of office: At the Ordinary General Meeting called to approve the financial statements for the financial year ending 31 March 2016.

3. Selected Financial Information

This chapter presents the selected financial information for the financial year 2015-2016.

In 2015-2016, the Group's consolidated revenue amounted to €233.2 million, up 36% on the previous financial year. This growth is due to the strong increase in the Electronics segment's sales volumes. Moreover, the favourable foreign currency exchange rate trend explains more than 40% (€27 million of total growth of €61 million) of the growth in Electronics sales, which are almost 100% denominated in dollars.

Cash flow from operational activities was negative in the financial year 2015-2016 in an amount of -€12.4 million. It is comprised of positive cash flow of €20.4 million from the Electronics division, offset by negative cash flow of -€32.9 million from discontinued operations.

As at 31 March 2016, available cash amounted to €49 million compared to €22.9 million at the end of March 2015.

Consolidated Income Statement

(in € million)	2013-2014	2014-2015 (published)	2014-2015 (restated)	2015-2016
Sales	247.1	222.9	171.6	233.2
Gross margin	(55.7)	(30.8)	26.6	62.2
Current operating profit (loss)	(137.3)	(125.9)	(22.9)	22.4
Other income and operating costs	(82.4)	(151.5)	(22.3)	(29.4)
Operating profit (loss)	(219.6)	(277.3)	(45.2)	(7.0)
Net profit (loss) from discontinued operations	-	-	(201.8)	(38.6)
Net profit (loss) (Group share)	**(236.7)**	**(259.2)**	**(258.7)**	**(71.7)**
Net total diluted profit (loss) per share (in €)	(1.45)	(1.23)	(1.23)	(0.31)

Sector-based analysis

(in € million)	31 March 2014	31 March 2015 (published)	31 March 2015 (restated)	31 March 2016
Sales				
Electronics	167	178	178	233
Solar Energy	79	43		0
Lighting	1	2		0
Corporate	-	-		0
Total sales	**247**	**223**	**178**	**233**
Current operating profit (loss)				
Electronics	(26)	(3)	(23)	22
Solar Energy	(94)	(103)	0	0
Lighting	(6)	(10)	0	0
Corporate	(11)	(10)	0	0
Total current operating profit (loss)	**(137)**	**(126)**	**(23)**	**22**

Balance Sheet

(in € million)	31 March 2014	31 March 2015 (published)	31 March 2015 (restated)	31 March 2016
Cash	44.7	22.9	22.9	49.1
Current assets	186.2	97.1	84.8	90.3
Assets held for sale	-	69.4	69.4	22.1
Non-current assets	353.8	204.1	201.7	159.9
Assets from discontinued operations	-	-	14.7	3.8
Total assets	**584.8**	**393.5**	**393.5**	**325.1**
Operating liabilities	107.3	153.7	109.5	96.8
Liabilities held for sale	-	16.9	16.9	-
Financial debt	256.9	173.0	168.3	218.9
Shareholders' equity	220.6	50.0	50.0	(7.1)
Liabilities from discontinued operations	-	-	48.9	16.5
Total liabilities	**584.8**	**393.5**	**393.5**	**325.1**

Cash flow statement

(in € million)	31 March 2014	31 March 2015	31 March 2016
Cash flow generated by the activities	(179)	(0)	(12.5)
Cash flow relating to investment transactions	(84)	(29)	27
Cash flow relating to financing transactions	181	(4)	12
Effects of changes in foreign exchange rates	(4)	11	(1)
Changes in net cash flow	**(85)**	**(22)**	**26**

4. Risk factors

The Company has conducted a risk analysis that may have a significant negative effect on its business activities, financial position, profit or ability to achieve its objectives and it considers that there are no other significant risks apart from those presented.

4.1. Operational risks relating to the Company's activities

4.1.1. Operational risks in the Electronics segment

Sensitivity of the Electronics segment's profits to technological changes

The semiconductor sector includes technologies and standards that change rapidly, as well as frequent launches of new products. It is also known for the succession of technology nodes for fine etching used by microprocessor manufacturers to install their circuits on silicon wafers. These technological leaps lead to constraints for our clients, who may have difficulties taking them on, which could result in a decrease in demand. Within the field of microprocessors requiring high-level performance and low levels of electricity use (servers, laptop computers, tablets, smartphones, game consoles), the semiconductor industry has entered into an uncertain area with regard to technological choices for the next generations of products. The Electronics segment's main revenue in the financial year was generated by sales of 200 mm-diameter plates for RF-SOI applications. Even though Soitec is confident regarding the prospects of adopting its FD SOI (Fully-Depleted SOI) technology, the foundries have not confirmed this adoption, and use of this technology by end clients who manufacture the chips is not guaranteed at present. In its position as supplier of basic materials to the foundries, Soitec is dependent on the end users adopting technological solutions proposed in cooperation with the foundries. Beyond technical performance, the degree to which the technologies developed by Soitec are adopted depends on their cost in comparison with other technical solutions available on the market. End users, like the foundries, may decide at any time to postpone or even abandon their SOI projects if they consider that the price-performance ratio is not favourable in relation to the solutions proposed by Soitec, or for specific reasons that are unrelated to Soitec's product characteristics. This phenomenon is intensified during periods of transition from one technical node to another, given the investments made, which is the case today with the choice between planar technology and 3D. In particular, the adoption of FD-SOI by end clients is not guaranteed, and if adopted, the time frame for strong progression of this technological solution is not certain; the future growth of Soitec in the semiconductor market may be called into question, which could bring Soitec's economic and financial viability into question.

Sensitivity of the Electronics segment's profits to client demand

The semiconductor sector is marked by rapid changes in clients' outlooks or unforeseen accumulation of inventory in the supply chain due to changes in end users' demands and macroeconomic conditions. This phenomenon is intensified, in relation to RF-SOI products, by strong competition that results in price pressure on sales of SOI plates produced by the Company and/or a loss its market share. A large part of the Electronics segment's revenue is generated, not by long-term supply contracts relating to set quantities, but rather contracts for supplying finished products on the basis of sales forecasts provided by key clients. Therefore, the industry is regularly required to implement capacity investments , hire personnel and stock raw materials and finished products to meet a demand that may be significantly adjusted. However, terms and conditions of sale include clauses that may reduce risk (automatic billing of products after a set length of inventory time, minimum advanced notice before adjusting consumption forecasts, take-or-pay penalties in cases where capacity investments may be at stake). Additionally, Soitec endeavours to limit risk by negotiating symmetrical conditions for the supply of raw materials, reducing the time of its production cycle and standardising its products to meet the demand of several clients through shared infrastructure and identical stored references. The contractual relations linking Soitec with its key clients do not include non-standard clauses, the implementation of which is likely to have a significant impact on its activities or its growth. But even in cases where the general terms and conditions of sale or other previously negotiated contractual agreements where penalties apply in the event of a major review of clients' consumption forecasts, Soitec may be required to waive these penalties to protect its relations with its clients or take into account standard practices in the sector. Lastly, there is a time lapse between the announcements made by end users with regard to their potential medium-term strategic choices, and these choices translating into orders by the suppliers of these end users, which adds to the difficulty for Soitec to anticipate changes in its order book.

Cyclical aspect of the semiconductor industry and inventory management

The cyclical nature of the semiconductor industry has a significant impact on demand for silicon and new products using the most advanced technology such as SOI. A downward cycle in the semiconductor industry may have a significant impact on the demand for Soitec products and lead to a de facto drop in its revenue and profit. Its inability to sell its products may have a significant negative impact on its inventory, revenue and profit. Although Soitec currently considers its inventory to be in line with the current economic climate, this is still marked by an overall economic uncertainty that may lead to lower demand than estimated. In the financial year 2015-2016, Soitec increased its inventory of finished products, mainly 200mm plates of Partially-Depleted SOI to be used for radiofrequency applications, which are being massively used for SOI and represent strong growth prospects. However, the current forecasts relating the Company's activities remain nuanced due to the uncertainties relating to the technological transition underway and the time frame for adopting FD SOI (Fully-Depleted SOI) technology (see the section „Sensitivity of the Electronics segment's profits to technological changes „). In order to put weight behind the success of strategic foundry clients , the first FD-SOI plate sales have been recorded in the financial year (for electronics for the general public, cars and industry), without the corresponding contribution being significant. Therefore, Soitec must reconcile the increase in demand recorded in the field of radiofrequency applications with the marked uncertainties in FD SOI technology.

Impact of short-term changes on the Electronics segment's profits

Within the framework of its strategy for industrial leadership, Soitec carried out major investments to respond to the anticipated changes in demand. These investments figure in the income statement as fixed depreciation costs and operating expenses. In the financial year 2015-2016, Soitec estimates that more than 50% of its operating costs in the Electronics segment may be treated as fixed. Faced with the major uncertainties related to the current technological changes (see the section „Sensitivity of the Electronics segment's profits to technological changes") Soitec must maintain a level of investment that is compatible with the positive changes in demand for SOI plates for radiofrequency applications whose current production capacities are close to saturation and development of a 28nm FD-SOI solution. In this context, the cost-reduction measures implemented by Soitec must be combined with the urgent need to have sufficient production resources to satisfy the development of the activity for radiofrequency applications and a potential upturn in the activity relating to the 28nm FD-SOI solution (although the Group anticipates that it is necessary to undertake major capacity investments in the financial year 2016 - 2017). Any sudden negative change in demand may have a significant impact on Soitec's profits given the difficulties in immediately reducing its fixed costs without definitively compromising its future in the semiconductor field.

4.1.2. Risks relating to the Group's discontinuance of solar energy operations

The Board of Directors took a decision on 16 January 16 2015 for the Group to refocus on its core business and discontinue Solar Energy operations. The plan to discontinue these operations was implemented in the financial year 2015-2016, and the actual stoppage of operational activities (production, R&D, project development) during the first quarter lead the Company to record them as discontinued operations in the financial results in the financial statements as at 31 March 2016. As stated in paragraph 4.1.2 of Chapter 4 of the Reference Document 2014-2015, some risks and obligations remain from specific contractual commitments that have been entered into within the scope of the solar plant projects, which are off-balance-sheet commitments. These commitments may be as long as five years for materials in the event of default, and as long as 25 years for energy production performance. Consequently, Soitec assumes a compensation risk for these commitments and must maintain a lean organisation in charge of their follow-up and management. The provisional cost of this organisation for the next 18 months is laid out in the financial statements as at 31 March 2016.

4.1.3. Industrial, regulatory or environmental risks

Use of dangerous products

The manufacturing process implemented by the Company includes the use of chemicals that could be dangerous for people and the natural environment. They include products currently used in the microelectronic and solar industry such as hydrofluoric acid, hydrochloric acid, ammonia, various liquid solvents, hydrogen chloride, gaseous ammonia, dichlorosilane and hydrogen for gases, arsenic and phosphorus for solids as well as substrates for IIIV materials such as gallium arsenide and indium phosphide.

The Company complies with local laws and regulations relating to the use and storage of these chemicals as well as the disposal of Hazardous Waste which is required further to their use.

An internal procedure related to managing chemicals ensures a preliminary approval by the Health and Safety/ Environmental Department prior to introducing new chemicals at each site.

Soitec has effective material resources to combat any chemical risks from work accidents (bodily injury) or industrial incidents (spills/leaks). The Company may also rely on an IOP (Internal Operation Plan) crisis management organisation implemented by the Group and based on the internal intervention teams specifically formed to act in this type of scenario.

All of these elements ensure the proper management of chemical risks; nevertheless, the Company does not exclude any risk that may have negative consequences on the health of people, the environment, its brand image, its profits and its financial position.

The importance of Research and Development efforts for the Group

Soitec allocates a large portion of its earnings to research and development. This Research and Development effort partly depends on financial and tax incentives that may in the future be called into question and increase the impact of these expenses on the operating income. With the Group refocusing on electronic operations, some of these financial incentives available to the Group for its research and development work concerning Smart Cell technology may be called into question, in whole or in part. Finally, some contracts that Soitec has entered into contain stipulations pursuant to which it aims to improve returns on its products in the long term. This commitment is translated by increased remuneration. Any difficulty encountered by Soitec in satisfying these contractual commitments may have a negative effect on its margins and operating income.

4.2. Legal risks

Soitec is involved to certain legal proceedings described in Chapter 20.8 of this Reference Document.

4.2.1. Competition and technological risks

The semiconductor market is highly competitive and marked by particularly rapid technological developments.

The silicon substrate industry is able to respond to the stakes relating to the consumer electronics market, characterised by:

- growing consolidation;
- strong innovation capacity;
- reduction of market launch times for new products.

The need for regular reduction in manufacturing costs puts great pressure on the players in the sector. Beyond technical performance, the degree to which the technologies developed by Soitec are adopted depends on their cost in comparison to other technical solutions available on the market. End users, like the foundries, may decide at any time to postpone or even abandon their SOI projects if they consider that the price-performance ratio is not favourable in relation to the solutions proposed by Soitec, or for specific reasons that are unrelated to Soitec's product characteristics. This phenomenon is intensified during periods of transition from one technical node to another, given the investments made, which is the case today with the choice between planar technology and 3D. The acceptance of Smart Cut™ technology by silicon leaders in licence agreements entered into with the Company is a factor for developing this technology with the foundries, by enabling the existence of several supply sources for SOI substrates and contributing to virtuous competition. Therefore, the Company's main competitor for the SOI product, Shin-Etsu Handotai, is also a sub-licensee which participates in the development of the market. Likewise, during the financial year 2013-2014, the settlement of the dispute between Soitec and SunEdison (formerly MEMC) was accompanied by a cross-licence agreement giving each company access to a patent portfolio concerning the SOI substrates held by the co-signatory (press release of 26 November 2013). The Company remains confident about maintaining its competitive position and the competitiveness of its technology but cannot rule out that this may be weakened in the long term, with adverse impacts on its financial results.

4.2.2. Industrial property

The Company attaches value to protecting its industrial property. Some patents protecting the techniques used in manufacturing Soitec products are owned by the CEA-Leti or other organisations which are responsible for their protection. Soitec holds several exclusive licences for CEA patents used in Smart Cut™ and Smart Stacking™ terminologies. Smart Cut™ designs technology protected by a portfolio of several thousand patents. Even though the first patent in the Smart Cut™ portfolio became part of the public domain in the financial year 2012-2013, the Company does not identify the expiry of the initial patents regarding this technology as a major risk.

With over 200 patents filed each year worldwide, Soitec is one of the 35 most active companies in terms of patent filing (source: Palmarès 2015 des déposants de brevets publié par l'Observatoire de la Propriété Intellectuelle – https ://www.inpi.fr/sites/default/files/inpi_statistiques_palmares_2015.pdf).

This policy also extends to the protection of its trademarks (e.g., Soitec, Smart Cut™ or Smart Stacking™). Soitec strengthens and expands its intellectual property each year in the key technological sectors of its current and future activities. In fact, the continued increase in patents has enabled allowed the Company to maintain a competitive edge on the market. For example, at the end of 2012, the Company announced the renewal of the licence agreement originally granted to Shin-Etsu Handotai in 1997 for manufacturing SOI substrate. Additionally, at the beginning of 2013, the Company announced the licence agreement for Smart Cut™ technology entered into with Sumitomo Electric to manufacture GaN substrate. At the end of 2013, the Company granted a Smart Cut™ technology licence to SunEdison and in 2014 to Shanghai Simgui Technology.

The absence of sufficient protections, the invalidation of the circumvention of patents licensed to or owned by the Company, an alleged infringement of third party rights, may have negative impacts on its activities and financial situation. Likewise, in order to protect its technologies and have its rights respected, the Company may, if necessary, file litigation through the courts. This type of litigation involves large costs and the mobilisation of personnel for a long period of time, and may also have a negative impact on the Company's activities and financial position. It cannot be excluded that litigation may end in the cancellation of a patent or the payment of fees by the Company to a third party.

4.3. Risks of dependence on third parties

4.3.1. Dependence on key clients

Risks relating to the concentration of clients in the semiconductor sector

The concentration of clients is a typical characteristic for semiconductor sector suppliers. This concentration is combined, in Soitec's case, with the phenomenon of market capture relating to the technological choices implemented by its key clients. If Soitec hopes to manage to balance its client structure over time by progressively moving on to new clients in the production phase of large volumes using the substrates supplied to them, there is no assurance of achieving this in the short term. Likewise, the Company is dependent on the technological choices of its clients' customers. These technological choices, if they are unfavourable to the technical solutions for the Company's substrate products, there would be an immediate effect on Soitec's volume of activity with its key clients. In the financial year 2015-2016, Soitec's first client only generated 19% of revenue in the Electronics segment (down from 23% in the previous financial year) and its second client 10% (down in 14% for the previous financial year). There were nine clients generating over 5% of revenue in the Electronics segment, up from seven in the previous financial year, and jointly they represented 80% of the sales in the segment (up from 79% in the previous financial year). The expected penetration of FD SOI (Fully-Depleted SOI) technology may, once again result, in the adoption phase, in a concentration of the client portfolio for the Electronics segment. To reduce its exposure, Soitec seeks to introduce products in its Electronics segment for new applications (radiofrequency, potency, photonics).

Risks relating to the quantification of key clients' final markets in the Electronics segment

Soitec had no direct information to quantify the expected impacts of key client launches (or of their customers) on the Electronics segment of new products on their respective markets. Soitec's business forecasts may consequently be challenged by a different assessment and/or a review by their clients of their own forecasts. It is stated that Soitec adapts its sales forecasts based on the indications from its clients with regard to their needs and takes into account their consumption of SOI plates. In general, the inventory of plates that it has placed with its clients only represents several weeks of their expected consumption. If the demand for 200mm PD-SOI products increases beyond the available capacities, and for 300mm FD-SOI products, Soitec may make additional capacity investments during future financial years. The financing of these new investments remains to be defined, but should include Soitec soliciting the financial markets during the next financial years, as has been the Company's past practice.

The risk of insolvency of an Electronics segment client

The concentration of the client portfolio in the Electronics segment is not synonymous with a significant credit risk. In the Electronics sector, the average payment term for key clients is less than 60 days. The risk of non-payment is reduced because the Company's clients include large international groups in the microelectronic industry. Soitec has not seen a significant payment default in its Electronics segment during the last three financial years. In the Solar Energy segment, Soitec has a more diversified client group in terms of their nature and size, and this may present larger solvency risks depending on the country. Longer payment terms are frequent, in that the agreements provide for the payment of the balance after verifying the performance of the solar plant once it is connected. Additionally, the complexity of financial arrangements may lead to a delay in the availability of funds. Such conditions explain the presence of relatively old and non-provisioned receivables in the table showing client receivables in paragraph 3.8 of Chapter 20 of the Reference Document. However, products are most often delivered in the scope of the projects for which specific financing has been obtained; the exposure to risk is automatically reduced. Furthermore, Soitec has implemented internal follow-up and monitoring procedures for its payment default risks and, generally, for managing credit risk. Nevertheless, these procedures may not guarantee Soitec protection against insolvency of one or more of its clients. Should such an event occur, there would be a negative impact on Soitec's earnings and financial position.

4.3.2. Dependence on partners

Dependence on silicon suppliers and the impact on Soitec's earnings

Given the cyclical nature of the semiconductor industry and the consequences on the consumption of silicon, Soitec may, in the event of a strong increase in demand, have problems obtaining supplies that are detrimental to its activity. In the framework of the partnerships entered into with silicon suppliers, specifically Shin-Etsu Handotaï (SEH), the later has agreed to supply the raw materials that the Company needs. In the framework of its supply agreement with SEH, which applies up until 2023, the Company has agreed to do its best to obtain 60% of its supply needs from SEH. The volumes and the financial terms and conditions of these supplies are renegotiated every year. Nevertheless, the Company retains the right to buy from other suppliers, which allows it to ensure other supply sources in the event of a problem and control over its purchase price.

The price of silicon is adjusted on a six-monthly basis with the key suppliers.

The principle of repercussion on the sale price of a price adjustment for silicon is set out in the agreements signed with key clients, so that Soitec can guarantee a strict consistency, with it being specified that the length of the production cycle and the amount of inventory of raw materials is less than three months of consumption. SOI often being in direct competition with Soitec's clients' bulk silicon, a long-term difference between the purchase price of the material and the sale price of finished products is unlikely.

The cost of silicon is between 40 and 50% of the cost price for a SOI plate, higher than that of other consumable materials and other kinds of costs. To sustainably reduce the cost of silicon in its cost price, Soitec has implemented a strategic cost-reduction programme using an internally developed process, entirely dedicated to a better use of the raw materials. Soitec is confident in its capacity to successfully implement this strategic programme, but nevertheless it cannot exclude that an increase in the price of raw materials may have a significant impact on Soitec's earnings.

Value of non-current assets

The value of the Group's non-current assets is distributed among several Cash Generating Units (CGUs). At year-end on 31 March 2015, Soitec performed impairment test procedures on each of the CGUs based on the updated business plan. These tests led to recording impairment losses for non-current assets. The basic assumptions, as well as the amount of losses are laid out in note 2.4.1. in the Annex to the Consolidated Financial Statements, in Chapter 20.3 of the Reference Document.

Continuity of Operations Plan

The continuity plan has been completely revised and reinforced for better adaptation for a multi-site organisation. The operational risk chart has been updated and finalised. It enables identifying and working on several scenarios concerning the key risks that may affect the Company's activities at the Group level and at local level. The implementation of a new continuity of operations plan in Bernin is underway and will be rolled out at the other sites so as to reinforce the methods currently in place.

In order to anticipate the risks that may lead to operations being interrupted, the Company has prevention and protection methods that guarantee the continuity of its operations. The methods implemented allow for securing the supply and delivery to the clients. As part of the prevention programme established with its insurers, the Company is working to reduce risks at production sites and their potential impacts on the continuity of its operations.

4.4. Market risk

The data presented below comes from the audited financial statements as at 31 March 2016. Also refer to the notes to the consolidated financial statements provided in paragraph 20.3.1.2, and particularly note 5.5.3. on the financial instruments used.

4.4.1. Interest rate risk

Financial assets and liabilities as at 31 March 2016:

(in thousand euros)	Less than one year	From 1 to 2 years	From 2 to 3 years	From 3 to 4 years	From 4 to 5 years	Over 5 years	Non-attributable	Total
Assets								
Fixed rate	111,261	31,304	1,712	11,949	2,602	8,772	-	167,600
Variable rate	-	-	-	-	-	-	-	-
Total	**111,261**	**31,304**	**1,712**	**11,949**	**2,602**	**8,772**	**-**	**167,600**
Liabilities								
Fixed rate	(151,698)	(10,683)	(97,920)	(2,225)	(1,941)	(16,044)	-	(280,511)
Variable rate	(6,416)	(6,399)	(974)	(37,945)	-	-	-	(51,734)
Total	**(158,114)**	**(17,082)**	**(98,894)**	**(40,170)**	**(1,941)**	**(16,044)**	**-**	**(332,245)**
Net exposure before hedging								
Fixed rate	(40,437)	20,621	(96,208)	9,724	661	(7,272)	-	(112,911)
Variable rate	(6,416)	(6,399)	(974)	(37,945)	-	-	-	(51,734)
Total	**(46,853)**	**14,222**	**(97,182)**	**(28,221)**	**661**	**(7,272)**	**-**	**(164,645)**
Hedging instruments								
Fixed rate	-	-	-	-	-	-	-	-
Variable rate	-	-	-	-	-	-	-	-
Total	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Net exposure after hedging								
Fixed rate	(40,437)	20,621	(96,208)	9,724	661	(7,272)	-	(112,911)
Variable rate	(6,416)	(6,399)	(974)	(37,945)	-	-	-	(51,734)
Total	**(46,853)**	**14,222**	**(97,182)**	**(28,221)**	**661**	**(7,272)**	**-**	**(164,645)**

As at 31 March 2016, the financial instruments owned for exchange rate risk management are laid out in the following table:

(in thousand euros) Type of contract	Financial year ending 31 March 2016 Market value (net)	Financial year ending 31 March 2016 Hedged position	Financial year ending 31 March 2015 Market value (net)	Financial year ending 31 March 2015 Hedged position
Hedging of financial debts	-	-	-	-
Interest rate swap - assets/(liabilities)	-	-	-	-
Cap	-	-	-	-
Total hedging of financial debts	**-**	**-**	**-**	**-**

The Group's financial debt in the medium and long term is mainly contracted at a fixed rate. As a result, the Group is not subject to significant risk relating to interest rate variations. In the financial year ending 31 March 2016, an increase in the interest rate of 1% applied to part of the debt and variable-rate investments, would have led to a decrease in the financial profit by approximately €517,000. A drop in the interest rate by 1% applied to part of the debt and the variable-rate investments, would have led to an increase in the financial profit by approximately €517,000.

(in thousand euros)	31 March 2016 Impact on pre-tax income	31 March 2016 Impact on pre-tax equity
Impact of a variation of +1% in interest rates	(517)	0
Impact of a variation of -1% in interest rates	517	0

4.4.2. Foreign exchange risk

Impact of the change in the Dollar/Euro exchange rate on the Group's earnings

The majority of transactions on the semiconductor market are carried out in US dollars. In addition, nearly all of the revenue in the Electronics segment is invoiced in this currency, likewise for silicon purchases, which represent 48% of the production costs. Other costs, which mostly correspond to local resources in Bernin, are mainly invoiced in euros.

Independent of risk hedging instruments implemented by the Group on its commercial transactions, the Group is exposed to an accounting conversion risk because it publishes its consolidated financial statements in euros.

Given the structural surplus in revenue in dollars of the Electronics segment, any unfavourable changes to the Dollar/Euro exchange rate have a negative impact on the Group's profits published in euros in that a decrease in revenue is not compensated by an equivalent decrease in costs. The US Dollar appreciated by 13.02% compared to the Euro between the financial year 2014-2015 and the financial year 2015 - 2016. The Group stated that for the Electronics segment, the gross margin of 26.4% generated in the financial year 2015-2016 will amount to 21.2% if the Euro/Dollar exchange rate stays at the same level as in the previous financial year.

The changes in Yen have become marginal and key Japanese clients now also buy in US Dollars. As a result, changes in the Euro/Yen exchange rate no longer represent a significant risk for the Group.

The amount of risk exposure relating to exchange rates is laid out in paragraph 5.5.3 of paragraph 20 of this Reference Document.

The conversion rates used to convert the subsidiaries' financial statements whose operating currency is different from the Euro have the following exchange value in Euros:

Assets (in thousand euros)	Average rate 31 March 2016	Average rate 31 March 2015	Closing rate 31 March 2016	Closing rate 31 March 2015
US Dollar	0.904 962	0.800 739	0.878 349	0.929 454
Yen	0.007 502	0.007 262	0.007 819	0.007 755
South African Rand	0.058 280	0.076 463	0.059 571	0.076 148

Net position in foreign currency

Foreign currency commitments including off-balance-sheet commitments. The table below shows the financial items on the consolidated balance sheet by currency transaction:

(in thousand euros)	EUR	JPY	USD	NTD	SGD	KRW	SAR	ZAR	CLP	CNY	Other currency	31 March 2016
Assets	84,677	680	57,510	19	1,270	518	-	22,805	-	102	20	167,600
Liabilities	(291,073)	(917)	(37,825)	-	(1,495)	(169)	-	(754)	-	(9)	-	(332,245)
Off-balance-sheet commitments - assets/liabilities	(99,635)	-	(13,936)	-	-	-	-	-	-	-	-	(113,570)
Net position before hedging	(306,031)	(237)	5,749	19	(225)	349	-	22,051	-	93	20	(278,213)
Financial hedging instruments	-	-	3,513	-	-	-	-	-	-	-	-	3,513
Net position after hedging	(306,031)	(237)	2,235	19	(225)	349	-	22,051	-	93	20	(281,726)

The following table shows the existing financial instruments as at 31 March to hedge exchange rate risks:

(in thousand euros) Type of contract	Currency	31 March 2016 Market value (net)	31 March 2016 Hedged position	31 March 2015 Market value (net)	31 March 2015 Hedged position
Balance sheet hedging (client receivables and supplier debts)					
Futures sales	USD conversion to EUR	-	(3,514)	-	-
Total		**-**	**(3,514)**	**-**	**-**

The market value was estimated using one or more commonly used models.

The Group's procedures aim to reduce the exposure to the foreign exchange risk on the US Dollar by entering into some loan agreements denominated in the same currency as the cash flows generated by the operating activities. Within the framework of this foreign exchange risk management policy, the Group also continued a programme in the financial year to hedge its transactions in US dollars by using forward purchases and sales with short maturities (less than six months).

Only having a very limited access to foreign exchange risk hedging instruments due to the heavy restriction of bank lines of credit as a result of the implementation of a refinancing plan as part of a conciliation procedure, the Company's exposure to foreign exchange risk on transactions has increased. Any unfavourable changes to the Dollar/Euro exchange rate have a negative impact on the Group's profits published in euros in that a decrease in revenue is not compensated by an equivalent decrease in costs.

A 10% depreciation of the Euro as at 31 March, in relation to these currencies, will have the consequence of a supplementary gain of €4,249 thousand. A 10% appreciation of the Euro as at 31 March, in relation to these currencies, will have the consequence of a supplementary loss of €3,476 thousand. For this analysis, all other variables, specifically interest rates, are considered to remain constant. These calculations are carried out using the table that shows commitments by currency, without taking off-balance-sheet commitments into account.

4.4.3. Liquidity risk

As at 31 March 2016, the Group had cash flow of €49.1 million compared to €22.9 million as at 31 March 2015, an improvement resulting mainly from the new financing implemented within the framework of the reconciliation procedure described in paragraph 4.4.3 of Chapter 4 of the Reference Document 2014-2015, the detailed description of which is repeated in Chapters 10.3 and 22 of this document.

The Group recorded a net loss of €71.6 million for the financial year ending 31 March 2016 (€259 million for the year ending 31 March 2015) and recorded negative equity at year-end of €7 million compared to a positive balance of €50 million as at 31 March 2015.

The net financial debt at 31 March 2016 is at €170 million compared to €145 million at 31 March 2015, which does not include financial debt recorded as discontinued operations.

To restore its equity, strengthen its financial structure and ensure its development goal, the Group launched a capital increase in May 2016, followed by a capital increase with maintenance of preferential subscription rights in June 2016. The income from these transactions will be partially allocated to the repayment of bridge loans maturing in May 2016 and partial redemptions of convertible bonds maturing September 2018, the balance being reserved for capital investments to increase the volume of FD SOI.

Refocusing on the Electronics segment should generate positive cash flows from its operational activities and the repayment of a large part of the financial debts should lead to a large reduction in financial costs.

On these basis, the Group considers that it will be able to continue operations in 2016-2017. The consolidated financial statements have therefore been prepared based on the principle of continuity of operations over the next 12 months.

The table below shows the breakdown of the Group's financial liability by date.

	Less than one year		From 1 to 2 years		From 2 to 3 years		From 3 to 4 years		From 4 to 5 years		Over 5 years		Total	
(in thousand euros)	Nominal	Interest	Nominal	Interest	Nominal	Interest	Nominal	Interest	Nominal	Interest	Nominal	Interest	Nominal	Interest
Financing lease agreement:														
Real estate financing lease agreement:														
Furnishing financing lease agreement:	6,735	1,161	7,024	478	978	28	-	-	-	-	-	-	14,757	1,667
Borrowings:														
Bond loan: "OCEANE 2018"	-	6,966	-	6,966	103,169	3,483	-	-	-	-	-	-	103,169	17,415
Bank loans														
Loans from partners	41,735	2,921	-	-	-	-	-	-	-	-	-	-	41,735	2,921
Other borrowings and financial debts														
Repayable advance	840	-	648	-	598	-	507	-	524	-	10,207	-	13,324	-
Financial suppliers	431	-	-	-	-	-	-	-	-	-	-	-	431	-
Derivative financial instruments - liabilities	92	-	-	-	-	-	-	-	-	-	-	-	92	
Bank overdraft	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Authorised line of credit used	6,416	77	6,399	84	974	8	37,945	1,026	-	-	-	-	51,734	1,195
Other financial liabilities	150	-	-	-	-	-	-	-	-	-	-	-	150	-
Financial liabilities	**56,269**	**11,125**	**14,071**	**7,528**	**105,719**	**3,519**	**38,452**	**1,026**	**524**	**-**	**10,207**	**-**	**225,242**	**23,198**

4.4.4. Credit risk

The financial instruments on which the Group potentially incurs a credit risk are mainly cash, liquid assets subject to restrictions and accounts receivables. The Group has implemented a cash flow management policy with the objective of optimising its investments in short-term and low risk financial instruments. The Group's liquid assets are mainly invested with large international financial institutions.

The Group markets its products to actors in the semiconductor industry mainly located in the United States, Asia and Europe. As at 31 March 2016, the clients representing more than 5% of the Electronics Division's revenue amounted to nine and jointly represented 76% of the revenue. As at 31 March 2015, the clients representing more than 5% of the Group's revenue amounted to seven and jointly represented 74% of the restated revenue.

The Group frequently evaluates its clients' credit risk and the financial position and provisions the potential losses on receivables that cannot be recovered. The amount of these losses remained within the limits forecast by the Management.

Confirmed lines of credit

In 2012, the Group signed lines of credit with its banking partners confirmed for a total amount of €72,000k to mature on 31 March 2017 and which are depreciated over five years. One of these lines was restructured for an amount of €8 million, depreciable on 31 August 2014. These lines of credit bear a confirmation commission of 0.15% to 0.40%, and a usage commission ranging from Euribor 0.60% to 1.00% depending on the lines of credit.

The amount outstanding as at 31 May 2015, i.e. €37.2 million, was restructured in the form of credit facilities repayable *in fine* in November 2019, principal plus interest. These lines of credit bear a confirmation commission of 0.15% to 0.40%, and a usage commission ranging from Euribor 0.6% to 1.00% depending on the lines of credit.

Within the framework of the mobilisation of receivables on the research tax credit and competitiveness-employment tax credit, the Group signed lines of credit with Oséo for a total amount of €18,250k to mature in September 2016, September 2017 and September 2018. These lines of credit bear a confirmation commission of 0.30%, and a usage commission of Euribor 1 month 0.70%.

4.4.5. Equity risk

The Group may be exposed to equity risk due to the shares which it owns, however this risk is limited because the Company only owns 111,451 of its own shares as at 31 March 2016, i.e. 0.03% of the Company's share capital.

Share price volatility

The stock market has seen major fluctuations over recent few years that have often been unrelated to the companies' results whose shares are traded. Market fluctuations combined with the economic context, news published by the Group's key clients and press releases issued by the Company may increase the volatility of the Company's share price.

In this respect, it is highlighted that, during the last 12 months, Soitec's shares experienced much higher average volatility over ten days, than those of the companies comprising the SBF 120 index. The Company also highlights the high turnover rate of its capital.

Dividend policy

The Company has not distributed dividends during the last three financial periods and does not intend to distribute dividends in the financial year 2015-2016. The future dividend policy will take into account the changes in the Group's financial position, additional investment needs and the changes in Soitec's share price, but as with any growth stock, the Group will prioritise financing its development.

4.4.6. Risks relating to the materiality of off-balance sheet commitments

The Group has entered into off-balance sheet commitments for its continuing operations, which are more precisely described in note 5.2. of the Annex to the Company's consolidated financial statements given in paragraph 20.3.1.2 of this Reference Document.

4.5. Insurance risk cover

Insurance

In addition to prevention and protection means, the Company has an overall insurance programme that covers, specifically:

- Risks and damages to goods and operating losses;
- Risks related to transporting merchandise;
- Risks relating to environmental harm;
- Risk of the financial consequences of civil liability which it may incur because of its operations or the distribution of its products worldwide.

Other insurance programmes are also taken out for lesser risks.

The Group's risk management and insurance policies meet the following objectives:

- Spreading the risk over different first-tier insurance companies;
- Taking out insurance policy so the Group may cohere to the risks transferred and the insurance coverage taken out, as well increase savings while taking into account the specificities of the Group's operations;
- Putting in place excesses adapted to the size and capacity of each insured entity.

Damages to goods and operating losses

Goods are covered by "all risks except" type of insurance policies. These policies are adapted to different production sites and include regular visits by our insurers' experts to adjust the amounts of the coverage and the excesses in relation to the reality of risks.

Both the "damage to goods" and "operating losses" excesses are adapted based on the sites and operating losses are generally insured for 18-month periods. This programme includes "additional operating cost" coverage as well as "supply and/or client shortage" coverage.

Transporting merchandise

In relation to transporting merchandise, the Group's risk management and insurance policies are insurance policies that cover its merchandise throughout the logistic chain, from suppliers to clients.

Civil liability for environmental harm

"Civil liability for environmental harm" insurance covers our production sites in France and Singapore.

Civil liability

"Civil Liability" insurance covers the Company's liabilities during operations of its activity, i.e., after its products are delivered, as well as in the framework of criminal defence and appeals. This insurance is take out for all production and distribution sites with the same insurance companies. These policies take into account the specificities of each production site as well as the risks relating to different geographic areas where the products are delivered.

5. **Information** on the Company

5.1. History and development of the Company

5.1.1. Company's name and trading name

The Company's name is Soitec. The Company's trading name is SOITEC or Soitec.

5.1.2. Company's place and number of registration

The Company is registered on the Grenoble Trade and Companies Register under number 384 711 909.

Its business activity code is 2611Z.

5.1.3. Company's date of incorporation and term

The Company was formed on 27 February 1992.

The Company's term is fixed at 80 years with effect from its registration date on the Trade and Companies Register, except in case of early winding-up or extension. As the Company was registered on 3 March 1992, it will expire on 3 March 2072.

5.1.4. Company's registered office, legal form and regulations

The Company's registered office are located at Parc Technologique des Fontaines – Chemin des Franques, 38190 Bernin. The Company's telephone number is +33 (0)4 76 92 75 00.

The Company is incorporated in the form of a French public limited company (*société anonyme*) with a Board of Directors and is governed by the legal and regulatory provisions of the French Commercial Code.

5.1.5. Major events in the development of the Company's activities

1992 - Creation of a start-up

André-Jacques Auberton-Hervé and Jean-Michel Lamure, engineers at CEA-Leti, Grenoble (*Commissariat à l'Énergie Atomique/Laboratoire d'électronique et des technologies de l'information*), created Soitec to produce SOI (Silicon on Insulator) and use, on an industrial scale, the Smart Cut™ process invented in 1991 in a laboratory by Michel Bruel.

1997 - Transition to industrial scale

With the development of the first SOI applications in a laboratory and the implementation of a pilot line for its Smart Curt technology (1996), Soitec proved the potential of its technology. A strategic partnership was formed with the Japanese company Shin-Etsu Handotai (SEH), the leader in the silicon industry. The decision to build an initial production plant in Bernin, near Grenoble, was made.

1999 - Stock market floatation and first production site

Soitec was floated on the Nouveau Marché of the Paris Stock Exchange (which has since become Euronext Paris) and inaugurated Bernin I, the largest SOI production centre in the world. Its production capacity increased in stages to 800,000 200mm and smaller diameter wafers a year. The company employed over 100 people, compared to four when it was formed.

2002 - Bernin II, the start of the 300mm

Soitec saw the fruition of its efforts to develop its technology on 300mm wafers with the opening of the Bernin II production plant, which can produce 720,000 wafers a year. For the first time, turnover broke the €100 million barrier.

2003 - Launch of new materials

With the takeover of Picogiga International's assets, specialist in technologies for III-V compound materials, Soitec started to open up its Smart Cut technology to materials other than silicon. The first gallium nitride (GaN) substrate on insulator was scheduled to be manufactured as from the following year.

2004 - First premises opened in Asia

Soitec opened its trading subsidiary, Soitec Asia, in Tokyo. As from the following year, an office was scheduled to be opened in Taiwan. The company's headcount now amounted to over 500 employees.

2006 - New applications for Smart Cut technology

Started with the CEA-Leti, the R&D NanoSmart project aims to develop new applications for Smart Cut technology. €200 million invested over five years. The acquisition of TraciT Technologies, specialist in molecular adhesion and mechanical-chemical thinning, formed part of the same objective to extend markets.

2007 - SOI set to conquer the world

The strong progression in SOI production continued: For the first time, Soitec broke the 1,000 employees barrier. André-Jacques Auberton-Hervé, Chairman and CEO of Soitec, was elected Chairman of SOI Industry Consortium, composed of 30 or so of the world's largest manufacturers and research laboratories in the promotion of SOI.

2008 - Production in Asia started

Soitec manufactured its first SOI wafers in Asia at its Pasir Ris production site in Singapore. This plant, which has 4,000m^2 of clean rooms, will have a capacity of one million 300mm wafers a year in the future.

2010 - Entry on the solar market

Soitec acquired 80% of Concentrix Solar, one of the world's leading suppliers of concentrated photovoltaic systems, and entered the booming market of the solar industry. A partnership was signed with the American company Johnson Controls Inc. for the joint development of solar farms. The first solar farms were installed in the United States, South Africa and the Middle East.

2011 - Acquisition of Altatech Semiconductor

Soitec acquired Altatech Semiconductor, specialised in the development of high performance equipment for semiconductor production.

2012 - Soitec celebrated its 20th anniversary

It employed over 1,500 employees in around ten countries.

2015 - Corporate governance is developing: the role of the Chairman of the Board is now separated from the role of the Chief Executive Officer.

2016 - The functions of Chairman of the Board and CEO were combined again. The Company refocused on its core business.

The major events in the development of Company's activities in the financial year 2015-2016 were covered by press releases and posted online on the Company's website (see Chapter 24.2).

5.2. Investments

The objective of the Company's investment policy is to keep production capacity in line with the demand expressed by clients or anticipated by the Company whilst assuring the profitability of the investment.

In general, the Company launches a new production line when over 80% of the capacity of the existing lines are used. Most of the production equipment used by the Company is standard equipment in the semiconductor industry. Therefore, there is little risk of a supply or support outage. The manufacturing lead-times of the equipment suppliers are generally six to nine months. The same equipment is used in the Research and Development clean room for the development and pre-industrialisation of new products. Finally, investments in information systems remain high (automated production management, logistic flows) even though the Company has developed intensive use of the cloud.

5.2.1. Main investments in the financial year 2015-2016

In the previous financial year, the amount of industrial investments remained at a very low level at less than €9 million. Most new investments were made at the Bernin site with a view to increasing the production capacity of 200mm wafers intended for the power and radiofrequency markets, increasing the production capacity of the Bernin I line to 800,000 units a year. Investments were also made in the Bernin II line to increase its 300mm wafer production capacity for the Fully-Depleted SOI to more than 100,000 wafers a year. These two values depend on the product mix and yields, which are impacted by the ever-changing technical specifications required by clients. The impact of these parameters on the capacity can be significant.

5.2.2. Main expected investments

Investments will be made with a view to improving the production line capacity for 200mm wafers in Bernin I (reduction in defects, improvement of product quality). In accordance with the rate of growth in demand , investments may be made in Bernin II to increase the production capacity for 300mm wafers for the Fully-Depleted SOI. Finally, the Company is planning to invest in equipment intended for the development of the next product generations designed for digital applications (silicon epitaxy, germanium).

All new investments currently planned for the financial year 2016-2017 should amount to approximately €15 million. The amount may be higher if the increase in demand for 300mm wafers for the Fully Depleted SOI speeds up.

Reference should also be made to note 3 of the appendix to the consolidated financial statements shown in paragraph 20.3.1.2 of this Reference Document, and to note 3 of the appendix to the consolidated financial statements shown on page 90 and following pages of the Annual Report for the financial year ending 31 March 2015 and submitted in the form of a Reference Document to the AMF on 10 June 2015 under number D14-0518, and note 3 of the appendix to the consolidated financial statements shown on page 87 and following pages of the Annual Report for the financial year ending 31 March 2014 submitted in the form of a Reference Document to the AMF on 13 May 2014 under number D13-0686, for additional information on the investments made by the Company.

5.3. Environmental information

Only the results for the Bernin site have been included in this section. No data is provided for the Singapore site, which has been dormant since September 2013.

5.3.1. Environmental policy and objectives

Soitec's environmental policy at the Bernin site, implemented in February 2015, has four goals:

- prevent pollution of the soil, air and water;
- improve waste recycling;
- reduce the use of natural resources;
- ensure the management of prohibited substances.

These goals are reviewed and implemented annually in the context of the roll-out of the corporate strategy. This policy implies compliance with applicable local laws and regulations, continuous improvement of our environmental performance, involvement and responsibility of staff at all levels in the organisation.

An energy commitment was created in May 2015 in the context of implementing an energy management system. This commitment sets three goals, which are reviewed annually:

- have an effective Energy Management System;
- improve Significant Energy Users' understanding;
- improve Significant Energy Users' energy performance.

Soitec has never recorded an industrial or environmental pollution incident critical to its human and natural environment.

Nevertheless, and in order to comply with the Decree of 31 May 2012 relating to the methods to determine and update the amount of financial guarantees, Soitec recorded provisions for hazards and pollution. Thus a proposal to provide €339,000 of financial guarantees was sent to DREAL in December 2013, and will be sent to the Prefect before the end of July 2017.

5.3.2. Management system

The management system includes four areas: Quality, safety, environment and energy. It guarantees the identification of risks at all levels, risk control and prevention. It is rolled-out across all production sites.

	ISO 9001	ISO TS 16949	ISO 14001	OHSAS 18001	ISO 50001
Bernin	ISOTS 16949 covers ISO 9001	Initial certification, January 2012 Renewal November 2014	Initial certification, December 2001 Renewal December 2013	Certification December 2010 Renewal December 2013	Certification November 2015
Plans		Renewal November 2017	Renewal November 2016	Renewal November 2016	Renewal November 2016

Supervision audits are carried out annually by LRQA (Lloyd's Register Quality Assurance), the certification body chosen by the company.

This management system integrates compliance with the non-use of prohibited substances in our products in order to protect the health of employees and the planet under the name "Green Procurement". The Bernin site was recognised as a "Green Partner" by Sony in 2005, which is reviewed annually.

5.3.3. Structural and human investments

HSE responsibilities are managed by the HSE Department (Health, Safety, Environment), which is composed of the department manager, two engineers and one technician.

An introduction session is systematically organised for new employees and external companies to inform them of risks relating to safety and the environment present on the Bernin site as well as action undertaken to reduce energy consumption and advise them on the emergency instructions.

The procedures to manage accident risks are regularly tested. These tests provide feedback on the relevance of the procedures and the organisation's reaction, in order to review these procedures and create improved action plans, if needed.

The Bernin site is required to draw up tan Etare plan, which was updated in 2009 and approved by an external fire department. The emergency organisation is based on a crisis management organisation, called POI. It is available 24 hours a day, 7 days a week, and provides the functions needed for effective crisis management (director of internal operations, safety expert, facilities and communications, etc.). An annual simulation exercise is carried out, which enables all members of the crisis unit to train. The POI was filed with the Prefecture in February 2010.

Simulation exercises with the mobile chemical intervention unit (CMIC) were also carried out at the Bernin site at the start of 2016.

Risks relating to work by external companies are managed through prevention plans. A Safety Policy and Environmental Safety Rules for external companies were drawn up in the financial year 2007-2008, and updated in September 2015. They are provided to all subcontractors at the various sites.

Soitec applies strict conditions on the selection and monitoring of critical suppliers in relation to their use of energy, the environment, and in particular waste disposal companies. The safety performance criteria are integrated in the selection table for on-site assessment of service providers.

HSEe (Health, Safety, Environment, Energy) audits are carried out at the Bernin site:

- Annually: with all co-contractors, permanently on-site and critical co-contractors;
- Every three years: with co-contractors, occasionally visiting the site and the waste disposal companies.

5.3.4. Assessment of environmental impacts and improvement of performances

The Bernin site is certified ISO 14001 and ISO 50001. An assessment of environmental impacts and an energy review are carried out internally each year by applying, first, a method based on the type of risks (topics) and a grading scale for environmental analysis and, second, a method which is customised to the type of use and consumption in the energy review. These assessments result in two action plans to which a budget is allocated. These plans are approved during the annual HSEe management review and presented to the certification organisation during their monitoring audits.

For the financial year 2015-2016, improvement actions which were decided were primarily related to bringing into compliance and optimising equipment functions in order to reduce the environmental or energy impact.

Soitec has developed a process since 2001 to manage the development of its new products and production procedures. This process, managed at a high level, covers all stages of maturity in the life cycle of products and procedures, research at the end-of-life, and includes continuous improvement. Each of these ten set stages is approved by a milestone which ensures that all the risks are managed, and that the maturity is satisfactory to enable progression to the following stage. The exhaustiveness of the data on which the company bases achievement of milestones is formalised by a document which includes the items and requirements for the milestone. Risks to the environment and safety, control of energy consumption as well as the review of the ICPE/Seveso classification of the site form part of the items with the same level of requirement for all risks relating to the market and to technology, for example. These risks enter into play very early in the life cycle, and influence the progression to the development stage. If deemed necessary, actions or projects are defined and monitored throughout the development to ensure control at the time of the qualification stage for progression to production.

At the Bernin site, in order to ensure taking into account the aspects of safety, environment and energy in the company's projects which are not linked to products or manufacturing procedures (such as: new installation of facilities), an analytical method for HSEe risks (Health, Safety, Environment, Energy) was implemented and deployed during 2009-2010. A training module for this analytical risk method was implemented for all project managers.

In order to continuously improve our analysis of HSEe risks for projects, the method was reviewed at the beginning of 2016, integrating new requirements from the standard ISO 14001, version 2015.

5.3.5. Environmental performances

5.3.5.1. Monitoring liquid waste

Self-monitoring of waste to the natural environment is carried out daily at the Bernin site since February 2003. The results of this self-monitoring are reported monthly to the inspector of Classified Facilities for the Protection of the Environment (DREAL).

In addition, the DREAL inspector requires annual laboratory testing for third-party monitoring, consisting of sampling our industrial wastewater over 24 hours in order to compare to our results in DCO, fluorines, ammonia, pH, MES and phosphorus.

Over the past three years, no excedence of the regulatory limit values was recorded during this monitoring of our industrial wastewater.

In addition, the mayor of Bernin has required since 2005 that the regional water testing laboratory, based in Montbonnot, carry out tests of industrial wastewater from Soitec every three months.

The prefectural decree authorisation no. 2013142-0033 of 22/05/13 and the supplementary decree no. 2014101-0072 of 11/04/14 at the Bernin site requires regulatory thresholds relating to monthly averages and daily maximums in concentration and flow along the following parameters: DBO5, DCO, MES, fluorines, phosphorus, ammoniac nitrogen, hydrocarbons, pH, temperature.

According to the prefectural decree, three monthly excedences at a maximum of double the limit value in concentration and in flow are allowed.

In the financial year 2013-2014, there was an excedence in the daily maximum concentration for the ammonia parameter due to an accidental spill of a base washing material at the neutralisation during maintenance of a conductivity probe.

In the financial year 2014-2015:

- an excedence in concentration and in flow were found for the parameter of materials in suspension due to the introduction of a new treatment product for the cooling towers with more than one pollen in the air. The following results showed a return to normal;
- an excedence in concentration was also found on the ammonia parameter due to an error in the control parameter for the deconcentration of a basic gas washing material. Immediate action was implemented to bring the deconcentration control parameter programme into compliance;
- a final excedence was recorded for the concentration of fluorides due to an increase in conductivity of the distillate at the outlet of the evaporation concentrator. The concentration level of the evaporation concentrator was therefore lowered, and consequently the conductivity of the distillate was reduced as well as the concentration of fluorine.

In 2015-2016, a number of excedences of the maximum daily threshold were recorded for the fluorine parameter. This is due to a modification of the concentrations of hydrofluoric acid used in the process which causes a change in the nature of the distillate in the evaporator concentrator.

Studies are underway to either optimise the function of the evaporator concentrator without changing the nature and quality of the distillate, or to use a new technology available on the market.

We note that none of these excedences had a notable impact on the natural environment.

		Regulatory limit value				Number of measures	Annual mean		Number of excesses	
		Flows (kg/d)		Concentration (mg/l)						
		Average monthly	Maxi Daily	Average monthly	Maxi Daily		Flows (kg/d)	Concentration (mg/l)	Flows (kg/d)	Concentration (mg/l)
2014-2015	DBO5	32	78	10	20	53	3.7	2.06	0	0
	DCO	96	234	30	60	365	12	6.3	0	0
	Fluorides	22	46	7	12	365	6.81	3.56	0	1
	Total hyd.				0.1	12		0.1		0
	MES	16	39		10	365	5.04	2.68	1	1
	Ammonium	32	58	10	15	365	13	6.84	0	1
	Phosphorus	3	19	1	5	365	0.44	0.23	0	0
	pH	5.5 < pH < 8.5				365	5.5 < pH < 8.5		0	
2015-2016	DBO5	32	78	10	20	51	4.27	1.72	0	0
	DCO	96	234	30	60	366	17.44	7.2	0	0
	Fluorides	22	46	7	12	366	12.51	5.14	0	9
	Total hyd.				0.1	12		0.1		0
	MES	16	39		10	366	4.58	2.1	0	0
	Ammonium	32	58	10	15	366	22	9.1	0	2
	Phosphorus	3	19	1	5	366	0.29	0.7	0	0
	pH	5.5 < pH < 8.5				366	5.5 < pH < 8.5		0	

5.3.5.2. Monitoring gaseous waste

Measurements of atmospheric emissions are carried out every quarter by an approved organisation at the Bernin site: APAVE. The results of this monitoring are forwarded to the inspector of Classified Facilities for the Protection of the Environment (DREAL).

According to the prefectural decree, no measurement result expressed as a concentration may exceed double the concentration limit value.

In the financial year 2013-2014, three flow excedences were recorded for the VOC parameter (volatile organic compounds). These were further to work carried out to bring a production system into compliance in Building K (improving sealing) using isopropyl alcohol (IPA).

A request was made to DREAL, and the flow threshold for the VOC parameter was increased in the latest prefectural operations authorisation no. 2013142-0033 of 22/05/13, and the supplementary decree no. 2014101-0072 on 11/04/14 for the Building K chimney.

In the financial year 2014-2015, a concentration of ammonia exceeded the threshold at the Bernin III chimney. A causal analysis showed a defect in sulphuric acid injection in the basic gas scrubber with incorrect information provided to the pH meter. The technical defect was resolved, and an additional measurement demonstrated the return to normal.

In the financial year 2015-2016, a VOC flow excedence was recorded at the Building K chimney. A causal analysis did not reveal the reason for this excedence.

We note that none of these excedences had a notable impact on the natural environment.

	Atmospheric emission parameters	Regulatory limit value		Number of measures	Annual mean			Number of excesses	
		Concentration (mg/Nm^3)	Flows (g/h)		Discharge point	Flows (g/h)	Concentration (mg/m^3)	Flows (g/h)	Concentration (mg/m^3)
2015-2016	Acidity	0.5	50	4	Chimney B1/B2	0.16	0.001	0	0
	Alkalinity	10	850			45	0.19	0	0
	NH3	1	500			88.75	0.38	0	0
	VOC	20	1,700			435	1.86	0	0
	HCl	5	300			90.25	0.4	0	0
	HF	1	110			12.75	0.05	0	0
	Acidity	0.5	10	4	Chimney Building K	0.08	0.004	0	0
	Alkalinity	10	100			0.53	0.02	0	0
	NH3	1	100			0.37	0.01	0	0
	VOC	20	350			295.7	15.4	0	0
	HCl	5	100			1.77	0.09	0	0
	HF	1	30			0.92	0.037	0	0
	Acidity	0.5	30	4	Chimney Building 3	0.66	0.009	0	0
	Alkalinity	10	500			6.27	0.08	0	0
	NH3	1	1,000			9.07	0.11	0	0
	VOC	20	900			191.25	2.16	0	0
	HCl	5	300			41	0.44	0	0
	HF	1	50			3.22	0.034	0	0
	Acidity	0.5	10	4	Heat extractor MOCVD	0.05	0.006	0	0
	Alkalinity	10	130			0.97	0.1	0	0
	NH3	1	100			30.5	3.21	0	0
	VOC	20	270			435	1.86	0	0
	HCl	5	60			0.55	0.07	0	0
	HF	1	10			0.35	0.03	0	0

* VOC: volatile organic compounds; NH3: ammoniac; HCl: hydrochloric acid; HF: hydrogen fluoride.

5.3.5.3. Monitoring of Legionella results

Since 2009, the Bernin I, II and III plants have never exceeded the threshold in their cooling towers. RLV* > 105.

The cooling towers at the site are subject to the decree of 14 December 2013 relating to general requirements applicable to facilities under the registration rules under chapter no. 2921 of the nomenclature for classified facilities for the protection of the environment.

Soitec has put the following in place in order to comply with the requirements of these regulations:

- a monitoring log including, *inter alia*, maintenance and upkeep of the cooling circuits. These monitoring logs are located at the three cooling circuits of Bernin I, II and III;
- a monthly test for Legionella pneumophilia (tests for Legionella species and Legionella pneumophilia has been carried out since 2003 for Bernin I and II, and since 2006 for Bernin III). The results of these tests are sent monthly to DREAL. There has been no confirmation of Legionella pneumophilia at a level higher than 10^5 CFU/l since 2009.
- a risk analysis relating to cooling circuits was carried out in 2005 for Bernin I and II, and in 2006 for Bernin III. The risk analysis are reviewed yearly;
- an annual audit of regulatory compliance by an approved body was carried out from 2007 to 2013 for Bernin I, II and III. This audit is no longer required by the ministerial decree of 14 December 2013. This audit needs only to be carried out in the case of the installation of a new facility or following the presence of Legionella pneumophilia in a quantity higher than 10^5 CFU/l;
- training on the risks of Legionella for the staff who work at these facilities is repeated every five years.

5.3.5.4. Noise disturbances

This takes into account noise disturbances and all other forms of pollution specific to an activity

The Bernin site is located near housing. The industrial activity can occasionally cause disturbances. The Environment Department pays attention to comments by the local residents, especially with regard to lighting and noise, and proposes solutions if there are problems (such as redirecting the lights).

In January 2016, a campaign to measure noise was carried out to determine the noise level at the border of the property as well as the exit (difference in the noise level between the operating site and the non-operating site). The noise measurements comply with the authorised limits.

The following tables show consumption of industrial water, electricity and gas for the Bernin site over the past three years.

5.3.5.5. Consumption of natural resources

The following tables show consumption of industrial water, electricity and gas for the Bernin site over the past three years.

Water consumption

Several actions were carried out in previous financial years in order to save water. In addition to these occasional actions, a more global approach was necessary. In 2013-2014, a detailed map of the inflows/outflows was carried out in order to implement an action plan for water recycling.

* RLV: regulatory limit value Decree of 14 December 2013: C < 10^3: proper control in the facilities, 103 < C < 105: facilities need to be monitored, c > 105: stop dispersion to bring back into compliance. C: concentration of Legionella pneumophila in CFU/L.

The main action implemented in 2013-2014 involves recycling the osmotic concentrates in the process of making ultrapure water at Bernin II. This action reduces the annual consumption of water by 208,000m³.

In 2014-2015, a study of the clean room waste was carried out in order to propose possible water recycling in the technical facilities.

In 2015-2016, the study was completed; it showed that reuse of the clean room waste at Bernin I is feasible in some technical facilities. This project would reduce the final amount of effluent emitted and increase the concentration of pollutants, such as fluorine and ammonia.

A discussion with DREAL will take place with regard to this project in the financial year 2016-2017.

Water supply

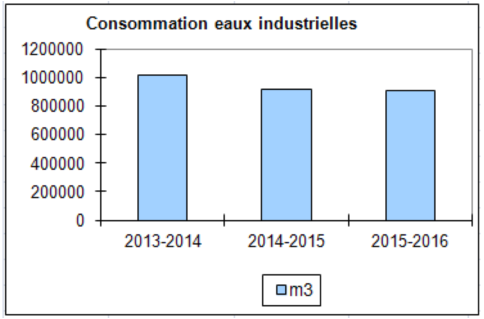
Soitec's water supply comes from the public drinking water supply managed by the town of Bernin. The town of Bernin has 3 900m3 tanks to provide water to the companies present downstream from chemin des Franques. This represents 86% of the volume delivered to the town.

The tanks are supplied by SIERG waters, coming from the Romanche water catchment of the underground alluvial aquifer located in the towns of Vizille and Saint-Pierre-de-Mésage. SIERG withdraws 49% of the authorised flow from these waters. The amount taken is offset by river seepage. SIERG has a security capture on the Olle at Oz-en-Oisans basin.

Technically, SIERG's current water distribution network functions effectively and its yield is excellent.

Pursuant to a prefectural order, the annual maximum withdrawal from the public water network is 1,350,000m³.

Industrial water consumption



Electricity and gas consumption

An energy review was carried out in the financial year 2013-2014. This audit created a map of the equipment and sites which consumed the most energy and then implemented an action plan to reduce energy consumption. The actions requiring little investment were implemented during that same financial year.

One of the major actions implemented was to optimise the air treatment facilities for the B and J offices, which reduced electricity consumption by 500 MWh/year.

The major actions implemented in the financial year 2014-2015 were:

- optimising the functional settings in the clean room:
  - lowering the overpressure which resulted in a reduction in the amount of fresh air brought in, and therefore lowering the air treatment facilities' electrical consumption;
  - reducing the laminar flow which reduced the air recyclers' electricity consumption;
- a heat recovery system at the end of the compressed air system to reheat EDI (deionised water) in the EUP (ultrapure water) station in Bernin II. This action preventing using calories produced in the gas heater in general , which reduced our energy impact;

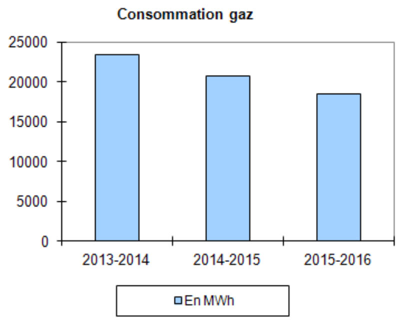
In the financial year 2015-2016, an energy management system was implemented at the site, and ISO 50001 certification was obtained in November 2015.

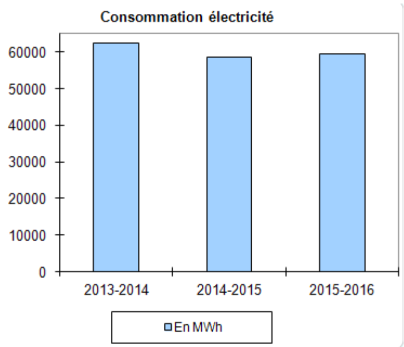
The energy review showed significant energy users (SEU) in 2015-2016:

- heat production;
- cold production;
- production of ultrapure water (UPW);
- production equipment;
- air recyclers.

The main actions implemented in this financial year were carried out on these SEU.

The main action was to implement a heat recovery system at the outflow of the condenser networks for cold production to reheat the water used for the production of ultrapure water for Bernin I. The gas consumption gain is 2,400MWh/year.





Measures to prevent ground pollution

Several preventive actions were implemented in order to reduce ground pollution as much as possible:

- roads and car parks, with collection of rainwater and hydrocarbon separators;
- distribution of concentrated chemical products into the dual-envelope conduits with leak detection;
- sealed unloading area for storing and decanting chemicals;
- plugs in the rainwater networks to protect against accidental spills.

Silicon consumption

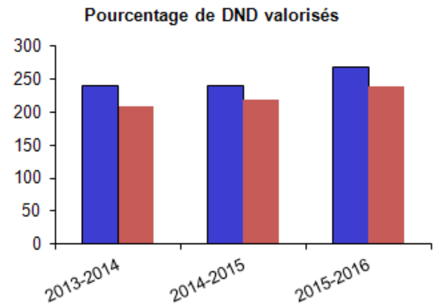
Silicon, which is the prime raw material used, is not subject to any risk of shortages due to its very composition.

5.3.5.6. Monitoring recycling and waste disposal

The main recycled waste categories are:

- NHW (non-hazardous waste): paper, cardboard, wood, silicon, plastic and glass;
- HW (hazardous waste):
  - Bulk HW: hydrofluoric acid, ammonia, mixtures of ammonia/sulphuric acid, etc.;
  - Packaged HW: ink cartridges, electronic waste, batteries and neon tubes, etc.

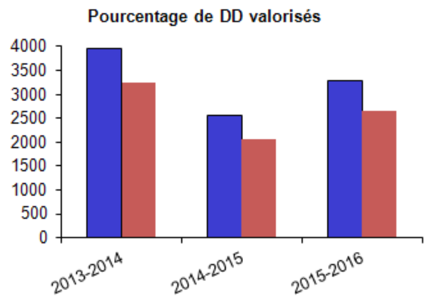
Tonnage and percent of recycled NHW



In 2015-2016: 89% of NHW was recycled.

Tonnage and percent of recycled HW

Tonnes



In 2015-2016: 81% of HW was recycled.

Reduction of waste at the source:

- Polypropylene plastic chocks: recovery and reuse by one of our raw material suppliers;
- Paper: using recycled paper and raising staff awareness about printing on both sides;
- Packaging: putting reusable containers in place to transport finished goods in order to reduce the tonnage of packaging waste;
- Plastics: removing overshoes in offices.

Improving waste recycling:

Non-hazardous waste (NHW)

- Recycling many NHW other than paper, cardboard and plastic:
  - Plastic containers which contained unclassified chemical products;
  - Stainless steel and aluminium waste;
  - Plastic cups;
  - Wooden pallets;
  - Plastic corks and bottles, aluminium spools and corks are given to the "*Bouchons d'Amour*" association;
  - Food packaging;
- Guests separate waste at the company restaurant, and biowaste is composted;
- Optimising the number of printers at the site, and raising staff awareness about paper consumption;
- Implementing a global waste management service as well as having a person who is dedicated to separating waste at the site;
- Putting in place two separation machines which recover plastic cups in order to recycle them.

Hazardous waste (HW)

- IPA (isopropyl alcohol): regeneration and reuse as reagents in the ONDEO treatment facility in Crolles (38);
- Concentrated ammonia: incineration with energy recovery which is used for heat at the chemical facility at Pont-de-Claix (38);
- WEEE (waste electrical and electronic equipment): recycling by the social work association called "*Solidarité Enfance*".

We are working daily with the waste management service provider to achieve a permanent improvement in reducing transport of bulk HW to approved treatment centres.

Improving waste volumes:

- 2 cardboard compactors and NHW in order to optimise the volume of transport needed for this waste;
- Evaporator/concentrator in order to reduce the volume of bulk ammonia and fluoride HW.

The concentrate is sent for incineration with energy recovery, and the distillate is sent to a site neutralisation facility.

- Daily optimisation of the management of the storage system for waste which provides optimal separation of waste.

"Refresh" procedure at Bernin

Production phase recycling was installed very early, which prevents the loss of raw materials. The most successful example is SOI (Silicon on Insulator) in microelectronics: we start with two silicon plates to create an SOI. The first plate is oxidised in order to create surface insulation. The process then consists in transferring a very fine layer of silicon from the second plate to the first. We then achieve a "Silicon on Insulator" structure. The transferred thickness is very low in comparison to the total plate thickness, less than 0.05%. We have developed a process to reuse this plate: we call this process "refresh". This consists in reworking the surface to restore its initial quality in terms of geometry and defects. We can then transfer again a new fine layer of silicon to a new oxidised plate We repeat this procedure ten times This reduces the total quantity of silicon that we use Finally, when we can no longer use the "refreshed" plates since they have become too thin, we sell them for use in other applications. As a result, the original silicon is used in another industrial cycle.

5.3.6. Environmental training and ISO 50001 awareness raising

Training is given to all new hires in order to inform the employees regarding the environmental impacts of the industrial activities, and the means implemented to prevent pollution.

In addition, more than 80% of employees were provided awareness training on the implementation of an energy management system.

Internal communication about the environment

Examples of communication initiatives relating to the environment and energy which were carried out at the Bernin site between 2009 and 2016:

- Creation of an environmental brochure;
- Creation of an environmental poster campaign;
- Creation of an energy communication campaign;
- Communication on separating waste at the company restaurant;
- Promotion of waste separation at the site, and preserving biodiversity;
- Campaign to reduce paper consumption;
- Creation of an Intranet page on energy management.

5.3.7. Carbon footprint

The carbon footprint report was updated in December 2015 and sent to the Isere Prefecture.

In order to comply with the Decree of 25 January 2016 relating to the IT system for the transmission of greenhouse gas emission reports, Soitec's 2015 carbon footprint report was recorded on the ministry's IT platform

It relates to the limits set by Law no. 2010-788 of 12 July 2010 relating to the National Commitment to the Environment and complies with the specifics described in the implementing decree no. 2011-829 of 11 July 2011.

The tables below refer to the measurements taken from 1 January 2015 to 31 December 2015.

Therefore, only scopes 1 and 2 (direct and indirect emissions relating to electricity and heat consumption) are accounted as follows:

Direct GHG emissions

Emissions Scope 1

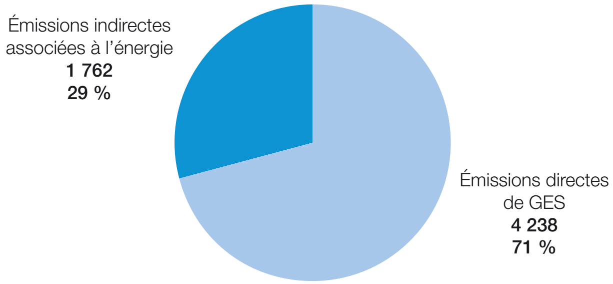
Categories of emissions	Types of emissions	Total (tCO_2e)	Uncertainty (tCO_2e)	Uncertainty (%)
Direct GHG Scope 1 emissions	Fossil fuel heating	3,818	270	7.1
	Vehicle fuel	94	15	16
	Refrigerant fluids and medical gases	326	96	29.4
	Total	**4,238**	**287**	**6.8**

Indirect GHG emissions

Emissions Scope 2

Categories of emissions	Types of emissions	Total (tCO_2e)	Uncertainty (tCO_2e)	Uncertainty (%)
Indirect emissions associated with Scope 2 energy	Electricity	1,762	279	15.8
	Total	**1,762**	**279**	**15.8**

GHG balance: GHG emissions by scope, in tCO_2 and in %



The results of our carbon footprint (*Bilan Carbone*™) resulted in us developing a three-year action plan:

	Action plan proposal	Emissions	Weight	Degree of implementation	Reduction potential by scope	Reduction 2017	Residual 2017	Maximum reduction potential by scope	Maximum reduction
No.	Description of the action	tCO_2e	%	Difficulty (5) Medium (3) Easy (1)	%	tCO_2e	tCO_2e	%	tCO_2e
	Global	**6,000**			**8%**	**489**	**5,511**	**11%**	**675**
1.x	**SCOPE1.P1: Fixed combustion sources**	**3,818**	**64%**		**10%**	**389**	**3,429**	**13%**	**512**
1.1	Awareness raising of staff and users on energy savings			1	1%	38		2.0%	76
1.2	Implementation of energy consumption monitoring indicators, Acion du Smé			1	1%	38		3.0%	115
1.3	Use the compressor cooling to pre-heat the UPW B2 water			3	3.4%	129		3.4%	130
1.4	Modification of the clean room parameters			5	4.8%	184		5%	191
2.x	**SCOPE1.P2: Mobile combustion sources**	**94**	**2%**		**2%**	**2**	**92**	**4%**	**4**
2.1	Widespread use of video-conferencing			1	1%	1		2%	2
2.2	Awareness raising and training of drivers Ecofriendly driving course			1	1%	1		2%	2
4.x	**SCOPE1.P4: Direct fugitive emissions**	**326**	**5%**		**1%**	**3**	**323**	**2%**	**7**
4.1	Control and regular maintenance of the air conditioning			1	1%	3		2%	7
6.x	**SCOPE2.P6: Supply of electricity**	**1,762**	**29%**		**5%**	**95**	**1,667**	**9%**	**153**
6.1	CTA: Shutdown of the air humidifiers in the summertime			3	0.2%	4		0.2%	4
6.2	Eliminate air leakage (awareness raising of contractors, staff)			1	0.3%	5		0.5%	9
6.3	Modification of the clean room parameters (overpressure, HR% (summer-winter), air flow, temperature, class/ overpressure/exhaust)			5	3.7%	66		4.0%	70
6.4	Lighting (LED + optimisation)			1	0.1%	2		1.0%	18
6.5	Awareness raising of staff			1	1%	18		3%	53

A solar panel installed at the site produces electricity, which is the subject of a contract with ERDF.

5.3.8. Use of soil

Soitec favours green spaces, trees and various plants at its site. Part of the site is not used for industrial purposes (fields) and contributes to biodiversity.

5.3.9. Measures taken to protect or develop biodiversity

Located on a former agricultural site, the Bernin site implements actions to reintegrate animal and plant species. Following a study, it was shown that the majority of species present on the site is concentrated at a flood basin which was rehabilitated in 2002.

Soitec deployed a project to preserve biodiversity in this flood basin in collaboration with a nearby horticultural secondary school.

The secondary school's assignment was to restore the basin and its edges: clean the basin, prune trees and plant new species.

In 2015-2016, nesting boxes and an insect hotel were created by the students and set up at the edges of the Bernin II flood basin.

5.4. Social information

Following the decree no. 2012-557 of Grenelle II for the environment, 2012 marked the first year that a sustainable development report was drawn up at Soitec. A compliance table with CSR information set forth in decree no. 2012-557 of 24 April 2012 is shown in Chapter 28 of this Reference Document.

In addition to the environment and the company, which were already included in the Reference Document, sustainable development issues also include social issues: those which respond to the needs of stakeholders in the company.

Most of the social actions take place at the Bernin site which is the oldest and most largest site for Soitec.

5.4.1. Territorial impact

a/ Global action vision

Soitec maintains long-term relations with public authorities. Local elected officials conduct visits at the Bernin site, which demonstrates the quality of these relations.

With regard to employment, Soitec is a purchaser which favours subcontracting with local companies. Soitec also indirectly impacts employment thanks to, *inter alia*, its partnerships with research laboratories which create employment and innovation:

- LETI-CEA (Grenoble), historical partner with which Soitec controls a shared laboratory;
- IRT Nanoélectronique (Grenoble);
- Catholic University (Louvain);
- Institut de Microélectronique et Composants [Microelectronics and Components Institute].

The Bernin site also maintains strong links with education institutions and companies in the Grenoble basin with its programme called Inn.OTech.

b/ Zoom to Inn.OTech O Tech

A loss of interest has been observed in industrial clusters over recent years at the level of higher education. Secondary school students specialize in scientific subjects, but not necessarily to then work in the technology field of semiconductors, which remains unknown, despite the Company's increasing digitalisation.

In order to encourage secondary school students to consider professions in high technology after graduating, especially in microelectronics, Soitec and its partners, STMicroelectronics and Grenoble-INP initiated the Inn.OTech programme. Other companies in this industry have joined this initiative. This welcomes students in sessions composed of 36 secondary school students, on an equal level, from two secondary schools in the Grenoble basin.

Two sessions are organised for four secondary schools annually. Each session lasts three days, and each day takes place at a different site, which gives the students an opportunity to understand the different industrial and academic fields: at STMicroelectronics Crolles, then Grenoble-INP, and finally at Soitec's Bernin site. Each day is comprised of educational workshops run by employees from the companies or students. Over time, Soitec and its partners plan to enthuse the young graduates and stimulate them to consider these technical fields, which are opportunities for young girls.

The success of Inn.OTech is measured by surveys filled out by students at the end of each session, and by the interest which the student teams have shown in this programme. In each secondary school, the students review the results, which helps to maintain their enthusiasm to participate again in the following year.

Soitec is involved locally and builds fruitful partnerships with schools, engineering schools and technological companies in the area with this project.

c/ Citizen commitment

Soitec continues to carry out activities relating to social and environmental topics in which the company is directly involved:

- Active policy to limit and separate waste (selective separation with Eco-Boxes, recovery of plastic glasses using Canibal systems, use of cups for coffee at the restaurant);
- Activities to reduce Soitec's environmental signature: Ecotar, for example, is a project undertaken from July to December 2015 to recover energy lost in the air chillers in Bernin I;
- A campaign to raise employee awareness about saving energy, at work and at home in the context of the "ISO 50001" project between May and December 2015, with the slogan: "At home and here, I act with energy!" ;
- Active policy to welcome disabled workers.

5.4.2. Dialogue with stakeholders

Conditions for organising dialogue with stakeholders

Soitec plans to initiate and implement a pro-active dialogue with its stakeholders. This process started to be implemented in autumn 2013, and Soitec joined forces with a consulting firm to act in this area.

In any event, exceptional economic conditions made it necessary to delay this project. This work, which corresponds to ISO 26000, will therefore be carried out later when the company can work in this area.

Partnership and sponsorship activities

The company's registered office and main production facility are based at the Bernin site and are most active in terms of partnership and sponsorship.

Soitec reinforces its local position through agreements with local, well-known active partners contributing to the life of the Grenoble region.

Partnerships and sponsorships create a feeling of belonging for the team members, bring together employees in a shared corporate culture, and maintain relations with the local community.

Soitec is in particular involved in the following partnerships or sponsorships:

- Our company is one of the main participants in Grenoble Rugby Club (FCG). Tickets are regularly offered to Bernin employees via lotteries or quizzes, and the partnership also enables clients and partners to be invited;
- Soitec is also a member of the “Club of Sponsors” at Grenoble Museum. This policy of sponsorship gives employees access to the collections at the Museum and guided tour opportunities.

Soitec is also a member of Grenoble Chamber of Commerce and Industry’s Ecobiz community. In this respect, we regularly attend workshops organised by the CCI to exchange good practices and participate in local economic initiatives.

Soitec arranges CCI Open Days by welcoming the public to visit the Bernin site, and also inviting students to “School Open Days” this to show them the industrial facilities (clean rooms), our products and know-how.

5.4.3. Subcontracting and suppliers

a/ Relations with subcontractors and suppliers

The impact of a company’s CSR process is also measured by its responsible purchasing policies.

Soitec’s purchasing policy revolves around three priorities:

- Systematic inclusion in our agreements with suppliers of a clause to adhere to ethical and environmental practices since 2012 for 100% of new agreements;
- Requirement for our major suppliers, especially the group of subcontractors who deploy employees at our site, to comply with the EICC standard (Electronic Industry Citizenship Coalition), since 2013. This standard which is specific to the electronics industry, promotes good practices. To date, the implementation of these requirements is pursued by 100% of strategic suppliers and 50% of site service providers;
- Developing relationships with adapted enterprises (EA) and enterprises which provide assistance through work (ESAT) employing disabled workers and/or those suffering from a disability. The activities carried out in this protected area generated sales of €52,242 net of tax in 2015, which provided €2.72 beneficial units. Soitec has accordingly developed the purchases of specific services from disabled workers (greenery, office supplies, caterer).

b/ Raising subcontractor and supplier awareness about sustainable development

Soitec would like to involve its suppliers and subcontractors in its sustainable development programme. This integration first takes place by optimising the supply chain: paying attention to the environmental impact of logistics raises supplier and subcontractor awareness. These first stages help our partners to reflect more broadly on sustainable development.

- Soitec has organised its transport network by opting to implement logistical platforms located as close as possible to its main customers: Japan, Singapore. This organisation makes it possible to carry out grouped shipping from Bernin, and optimises volumes, weight, routes and at the same time reduced the carbon footprint.
- We encourage our suppliers and clients to commit with us to taking measures which reduce greenhouse gases, especially working with them to consolidate transport to specific days rather than increasing the number of shipments with lower quantities.
- If deadlines allow, maritime transport is favoured for equipment transfers, but also for some consumables supplies.
- When we negotiate agreements, our customers are automatically pointed to delivery solutions using reusable containers.
- The use of dedicated containers for our main European customers allows for reuse of shipping packaging (plastic containers and foam wedges). The customers return the containers to us, which we can then reuse for the next shipment, which significantly reduces waste.
- Systematic qualification and use of smaller packages has also reduced transported volume for shipping of our finished goods by about one-third.

5.4.4. Fair practices

Global policy

To date, Soitec has had no activities in markets which are susceptible to corruption, and the nature of its activities, strictly B2B, mean that the issue has little relevance to its activities. Soitec has never had a scandal relating to this issue.

With changes in solar activity, Soitec will implement ad hoc preventive measures in compliance with international rules. However, Soitec’s Code of Good Conduct already complies with national and international law in this area.

This code illustrates Soitec’s CSR compliance, as its definition of conduct to be adopted is deployed at all sites.

Soitec has no specific action at present given its B2B activities and the low impact of its products in relation to consumer health and safety.

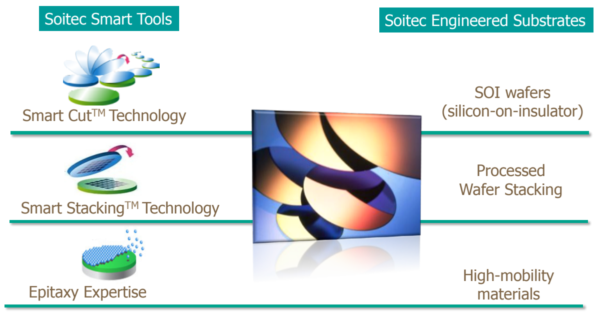
6. Overview of activities

6.1. Soitec technology: at the heart of semiconductor materials

6.1.1. Technological and industrial know-how in semiconductor materials

Soitec stands out due to its breakthrough technologies, protected by numerous patents, and due to its material know-how of atomic architectures. The main areas of expertise developed by the Group on the semiconductors market are: Smart Cut™, Smart Stacking and epitaxy.

Soitec tools

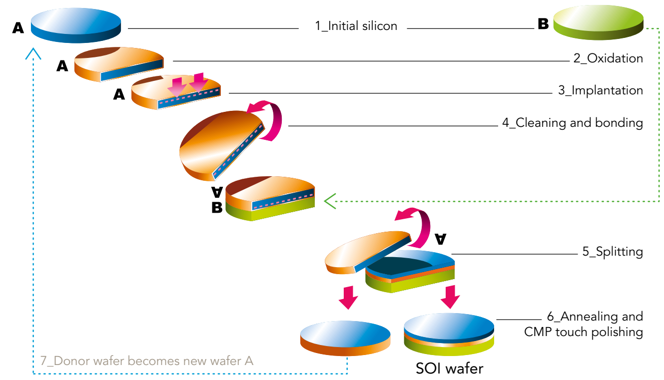


Source: Soitec.

6.1.1.1. Smart Cut™ technology, an atomic scalpel

Smart Cut™ technology makes it possible to transfer very thin layers of crystalline material from a donor substrate to another substrate, by ionic implantation and molecular adhesion. It overcomes the traditional limits on placing layers between metals (thermal dilatation, irregularities and defects in the structures); with complete control over the uniformity of the thickness of the silicon and oxide layers with an atomic mesh. Smart Cut™ technology also allows for recycling of the donor substrate and industrialising of the production to serve a wide range of applications (electronic components for computer servers, computers, games consoles, power electronics, cars, etc.). Combined with the other Soitec technologies, it is finding new applications (LED, photonics, display screens, four-junction solar panels).

Smart Cut™ technology



Source: Soitec.

6.1.1.2. FD-SOI wafers

The wafers used for Fully-Depleted (FD) flat structure transistor technology are composed of an extremely thin silicon layer on an insulting oxide layer (Buried Oxide or BOx). They confer specific properties to manufactured transistors in this silicon layer. Ideally adapted for "general public" mobile and multimedia applications, these wafers are able to reduce the energy consumption by 70% with equivalent performance compared to 28HKMG flat structure technology[1].

Likewise, processors made using FD-SOI wafers can see their performance peaks improved by 40%, depending on the design optimisations, compared to 28mm flat structure technology. Moreover, when the power voltage is reduced to very low values (0.4 V), the performances achieved are still exceptional (>500Mhz on an ARM A7 processor)[2], such that an ultra-low consumption operating of mobile devices can be considered in many user scenarios. Moreover, FD-SOI wafers are used in production lines in the traditional CMOS sector and share numerous manufacturing stages of the transistors with this sector. Finally, the use of these wafers reduces by 50% the cost of the masks required to manufacture the chips compared to the FinFET technology, leading to a very competitive cost of the finished product and reduced by 20%. Finally, the size of the FD-SOI chip is also reduced by 20% compared to the chip on FinFET[3].

6.1.1.3. RF-SOI wafers

The Soitec range of RF-SOI products was developed to initially respond to the antenna switch market for cellular and Wifi applications. Soitec offers a wide range of products covering the Wifi – Cellular 2G-3G market with its HR-SOI and Cellular 4G/LTE range and LTE Advanced with its RFeSI™ range. Apart from antenna switches, RF-SOI is currently being adopted on power amplifiers with several RF-specialist companies.

Designed and manufactured using the Smart Cut™ technology, the specificity of RF-SOI products is having a basic substrate with very low electromagnetic losses. By definition, this substrate is a so-called high-resistance substrate. Soitec cooperates with all players involved in the RF ecosystem (research centres, telephone manufacturers, "bulk" substrate suppliers, RF fabless, etc.) to continuously improve its product performance in order to respond to increasingly important specifications for mobile telephony 4G/LTE, LTE Advanced and future 5G standards.

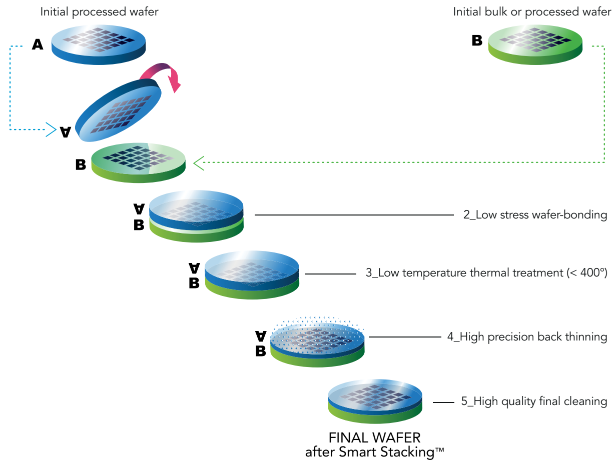
1 Source: GLOBALFOUNDRIES at the SOI Consortium in China on 15 September 2015, http://www.soiconsortium.org/fullydepleted-soi/presentations/design-for-fd-soi-2015/Kengeri %2022FDX %200915.pdf.
2 Source: GLOBALFOUNDRIES Webinar: "Extending Moore's Law with FD-SOI Technology", https://www.youtube.com/watch?v=7VmQlpXKtHE.
3 Source: GLOBALFOUNDRIES 22FX Product Brief: http://globalfoundries.com/docs/default-source/PDF/22fdx-product-brief.pdf.

6.1.1.4. Smart Stacking™, is a technology for transferring layers onto other materials

Developed from Soitec's experience in micro-electronics innovation, Smart Stacking™ technologies allow for partially or fully processed wafers to be transferred onto other components. Its advantages include the group processing (from substrate to substrate) of such a process which is then able to reduce the costs compared to individual processing. It enables manufacturing semiconductor components in a standard CMOS plant which only accepts silicon, and transferring these components to a different functional material.

For example, it can manufacture silicon transistors, and then transfer them on sapphire, which is more adapted for radiofrequency performances. Finally, this technology allows for accessing 3D stacking to vertically stack several layers of components and increase the density of the resulting component. It is compatible with a wide range of substrates. It comes into play to produce materials which are used in the electronic components of back-lit sensors and radio-frequency sensors.

Technologies Smart Stacking™



Source: Soitec.

6.1.1.5. Epitaxy, a technology to grow material layers

Soitec has recognised know-how and expertise in epitaxy. This technique is particularly able to grow layers of semiconductor materials on compound semiconductors or insulator substrates.

6.1.1.6. The "smart cell": a high-conversion multi-junction solar cell

The multi-junction solar cells use IIV-V compound semiconductor materials. Boosted by its know-how in this field and in the field of collage of materials, Soitec has developed with its partners, CEA-Leti in France and the Fraunhofer Institute for Solar Energy Systems (ISE), in Germany, a high-conversion solar cell, composed of two tandems of two junctions stuck together allowing for the introduction of a four-junction cell as opposed to three for the current technologies. This means that it can capture a larger percentage of the solar spectrum and therefore increase the light-energy conversion performance of the cell (in this design, each sub-cell also contributes to the conversion into electric power of the photons included in a wavelength of between 300 and 1,750nm).

After an initial record announced in September 2013, Soitec and its partners announced in December 2014 a new world record for the direct conversion of sunlight into electricity, with a solar cell demonstrating 46% efficiency.

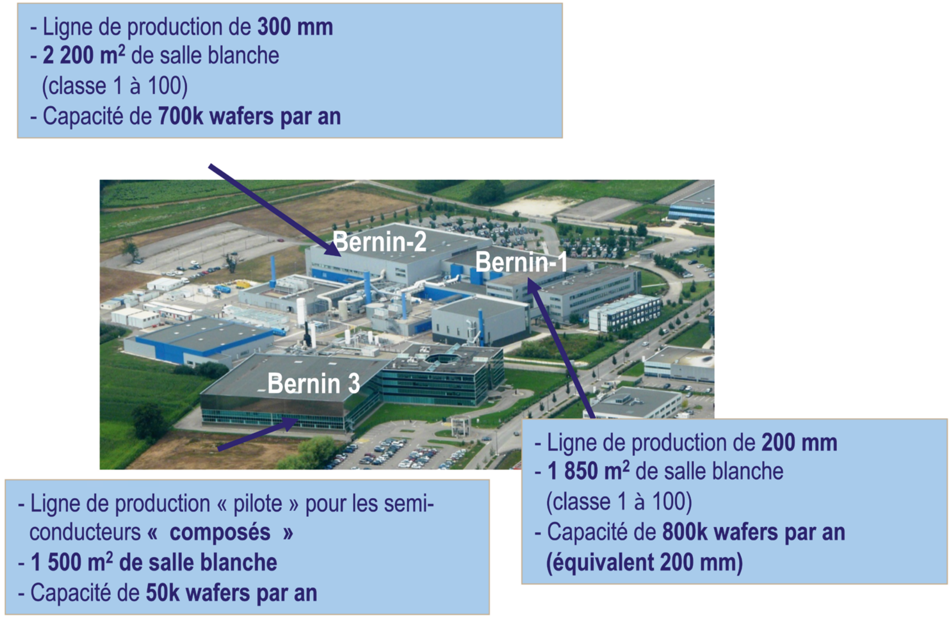
Within the framework of the development of the cell, Soitec uses its basic core-business technologies, namely Smart Stacking™ for the design of the cell, epitaxy, for the intelligence of the active layers of the junctions and SmartCut™ to allow this product to achieve the cost objectives.

The R&D and Corsica pilot production line activities (which developed the Smart Cell manufacturing process) are now grouped together within a "Compound Electronics" team in the "Communications and Power" Business Unit.

6.1.2. Production capacities in France and Asia

Based in Bernin, Soitec has the world's largest SOI industrial production site. In total, it has 4,500m² of clean rooms, distributed over three plants in France. Furthermore, the Group has a production plant in Singapore which is not currently being used and entered into a partnership with the Chinese company Simgui in 2015 for the manufacturing of 200mm wafers for the RF and power applications (see Soitec Press Release of 26 May 2014).

Bernin production site (France)



Source: Bernin production site (France)

6.1.3. An electronic business boosted by market transition towards mobility and connectivity

The Group's applications/clients mix is developing

For several years, the breakdown of the Group's turnover in electronics has been developing, both as regards applications and clients. This development accompanies the electronic market's transition towards "mobile" devices (smartphones, tablets) as opposed to the previous technological cycles (dominated by the PC market).

The Group does in fact benefit from a substantial increase in the sales of its "Communications and Power" Business Unit, which contrasts with the end-of-life of part of its portfolio in the "Digital" Business Unit (particularly PD-SOI products for PC/servers and video game consoles applications). Consequently, whereas digital applications (excluding photonic applications) represented around 75% of turnover up until the financial year 2011-2012, this percentage fell in recent financial years to represent approximately 19% of turnover in the financial year 2015-2016. During the same period, sales of wafers for RF applications increased from approximately 10% in the financial year 2011-2012 to almost 53% in 2015-2016. Wafers for the analogue applications in the power semiconductors also made progress to represent almost 20% of turnover in the financial year 2015-2016 (compared to approximately 10% in 2011-2012).

The client base has also been changing for several years. In general, Soitec reduced its risk profile by diversifying and reducing the relative weight of its largest clients. Whereas three clients represented 80% of turnover in the financial year 2011-2012 (the leading client then representing approximately 2/3 of turnover), eight clients represented 80% of turnover in the financial year 2015-2016 (with the leading client representing less than 20% of turnover).

6.2. The Group has continued to refocus on its core business

6.2.1. Strategic refocusing and new organisation

In January 2015, the Board of Directors unanimously decided to implement and support a strategic plan aimed at refocusing Soitec's activities on its core electronic business.

The Electronics business combines Soitec's historical activities in the field of semiconductors: the Bernin operating production lines in France (200mm and 200m wafers, 300mm material recycling) and those decommissioned in Pasir Ris, Singapore (300mm wafers).

This division further relies on its distribution subsidiaries and sales offices in the main regions in which semiconductor manufacturers are based: Europe, the United States and Asia (Seoul, Taipei, Tokyo and Shanghai). The Electronics sector also includes the research and development activities in the field of III-V materials which were previously shared between the Solar Energy and Lighting divisions, and the support functions which were previously reported in the "Corporate" division.

During the financial year 2015-2016, Soitec continued this strategic refocusing and discontinued its "Other activities", namely:

- Lighting business (sale of lighting solutions (light-emitting diode - LED - based) for clients managing buildings for tertiary, commercial and industrial use:
  - In December 2015, Soitec finalised the sale of its R&D business based in Phoenix, USA; in March 2016, Soitec contributed the assets allowing for the operating of its Lighting business in Europe to a joint venture created with a major player in the Lighting sector. Soitec holds a minority holding in this joint venture.
- Equipment business (Altatech subsidiary: development and assembly of equipment for the semiconductor industry):
  - At the end of March 2016, Soitec announced that it had sold 100% of its holding in Altatech Semiconductor for an undisclosed amount.
- Solar business (development and sale of high concentration photovoltaic systems or "CPV"):
  - In the last 12 months, Soitec discontinued all of its production and R&D business in San Diego (USA) and Fribourg (Germany) and sold the residual assets of this business (sale of production equipment in the USA). For accounting purposes, Soitec still owns the financial assets pertaining to the Touwsrivier solar power plant in South Africa.

6.2.2. Soitec Group is now subdivided into two Business Units

These Business Units are organised, as a priority, in accordance with the final applications relating to the wafers of different diameters developed and sold by the Group. Each Business Unit has its own resources for developing new products. The two Business Units rely on shared resources for the production (Bernin 1 industrial lines for the 200mm wafers and Bernin 2 for the 300 mm wafers), sales, marketing, logistics and administrative support functions.

"Digital" Business Unit

This Business Unit mainly focuses on digital applications, with PD-SOI ("Partially-Depleted" SOI) and FD-SOI ("Fully-Depleted" SOI) products.

- PD-SOI products are mainly used in digital processors for servers and ASIC-type circuits.
- FD-SOI products are used for manufacturing FD-SOI transistor-based circuits and are the Business Unit's main growth opportunity. This new technology favours, at the time of mobility, performance, energy efficiency and, finally, cost reduction.

The electronics industry is faced with the needs of users of mobile devices, which are both high-performing but also low-energy-consuming, to allow for a satisfactory battery life.

Two technologies have to meet these needs:

- FD-SOI: started to be developed in 2008 by IBM, then by STMicroelectronics. Now it is adopted by the major foundries: Samsung and GlobalFoundries;
- and FinFET: has been developed by Intel since 2005, then by the major foundries.

The choice of FD-SOI and/or FinFet depends on their results on several criteria: performance, power consumed, cost per chip, need for integration of analogue functions, etc.

This technology has been put into production for high-end telephone processors such as iPhone 6 or Samsung S6.

FD-SOI technology has the advantage of remaining a planar solution, and therefore simple and economically friendly, whilst solving the problems of previous generations of CMOS on silicon.

It also has the advantage of being currently available for the 28nm and 22nm fine etching (and in the process of development for a more advanced node), whereas FinFET technology only exists at commercial level for the 14nm, which only concerns the most advanced circuits for servers, PC or top-of-the-range smartphones. However, most of the market is satisfied with less fine etching.

According to the analyst Handel Jones from International Business Strategy "The 28nm node will represent approximately 6 million wafers by 2020, and FD-SOI could capture at least 25% of this market. "

The current consumption and cost constraints could therefore give the advantage to FD-SOI technology, which responds particularly well to the requirements of the new applications relating to the internet on devices but also to the requirements existing in the car and network sectors.

The ecosystem is reinforcing and thus confirms the growing interest of clients and partners for this technology with new major clients (such as Samsung, GF, ST, Sony, Ciena, Cisco, Lattice, NXP, Fujitsu and other circuit manufacturers, etc.).

In July 2015, GlobalFoundries, one of the largest semiconductor foundries, launched its new 22FDXTM product based on FD-SOI technology. GlobalFoundries also launched a marketing campaign through press conferences, social media or industry conferences and by publishing videos in the form of webinars as well as commercial brochures available on its website: http://globalfoundries.com/technology-solutions/leading-edge-technology/22fdx.

GlobalFoundries targets the mass applications listed below for its FD-SOI technology, such as consumer electronics, multimedia (TV box), connected devices (watches, bracelets, intelligent glasses, etc.), smartphones, tablets, cars, wireless connections, industrial market, etc.

Freescale (acquired in December 2015 by its competitor NXP Semiconductors) has announced that its next IMX7 and IMX8 processors will be on FD-SOI, and that FD-SOI is the best technological choice for this type of processor, with benefits in terms of performance, energy consumption, integration, cost and simplicity. Freescale processors are widely used in industrial and car applications.

FD-SOI, an ecosystem which is rapidly expanding

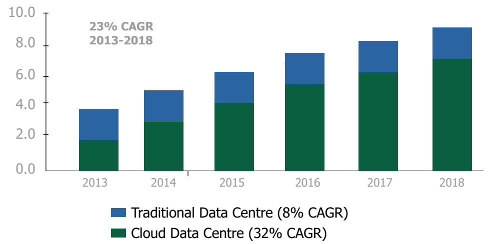
Source: SOI Consortium conference in San Francisco February 2015 http://www.soiconsortium.org/fully-depleted-soi/presentations/february-2015/Advances %20in %20Applications %20and %20Ecosystem %20for %20FD-SOI %20technology %20- %20ST.pdf.

In the financial year 2015-2016, Soitec supplied large amounts of FD-SOI substrates to GlobalFoundries, Samsung and ST. These volumes are growing and signify the start of the pick-up in volume with the foundries. In particular, Samsung announced the start of mass production of FD-SOI technology in 2016 (ref. http://www.soiconsortium.org/fully-depleted-soi/presentations/SOI-Consortium-FD-SOI-Symposium-Sanjose-2016/Samsung_Foundry_2016_FDSOI_Symposium_USA_13Apr2016.pdf.

PHOTONICS ON SILICON: DEVELOPMENT OF A BREAKTHROUGH TECHNOLOGY

The explosion of internet traffic and the need for calculation and storage capacity on the cloud, exported in calculation centres (datacentres), is the source of the demand for data transmission systems with increasingly larger outputs over increasingly shorter distances.

Total Data Centre Traffic Growth



Source: Cisco Global Cloud Index, 2013–2018.

One of the technical means of responding to this demand is using optical transmissions (light signal transmissions) rather than electric transmissions. Indeed, electronic transmissions are greater energy consumers (ohmic losses in the cables) and are limited in distance. Optical transmissions (photonics) have been used for a long time for long-distance transmissions (in communications networks for example, visible also by the arrival of “fibre-to-the-home” (FTTH)).

The technologies implemented are typically III-V material-based lasers (Indium Phosphide), manufactured at specific plants. However, with the increase in output, the need for optical communication over much shorter distances is growing and developing in the field of data transmission. Photonics consequently have to develop towards a mass industry and optimise costs. Photonics on silicon may thus play a major role, allowing for optical components to be made on silicon (transparent to used wavelengths) and compatible with the entire CMOS industry.

The largest semiconductor manufacturers (Intel, IBM, Samsung, STMicroelectronics, Fujitsu, etc.) have had a huge R&D activity in photonics on silicon for many years. Soitec has the tools and products which would enable it to see a potential increase in strength of the photonics-on-silicon market leaders.

“Communications and Power” Business Unit

This Business Unit’s activities mainly relate to:

- SOI products for the radiofrequency (RF) applications on the mobile applications markets (RF-SOI products for mobile phones and tablets);
- semiconductors used in power electronics (car and industrial applications);
- layer transfer technologies arising from the 2006 acquisition of Tracit Technologies may constitute a growth driver.

Very high demand for RF-SOI

The increasing use of multimedia applications, along with consumers’ need to be constantly connected, has caused major changes. We are seeing a slowdown in the growth of sales of smartphones to one digit (7% for 2016, source: Gartner, June 2016) but just as high demand for data consumption (+53% on average over 2015-2020 - source: Cisco VNI Mobile, February 2016).

New generations of mobile phones are released on the market each year, successively responding to the 3G, 4G/LTE, LTE Advanced standards and shortly LTE Advanced Pro. They achieve increasingly larger data transfer performances, which are today getting closer to 450Mb/s in downloading. For antenna switches, these changes in standards imply increasing strict specifications, mainly in terms of linearity. Our range of products is constantly adapting to these changes in specifications.

The number of approved frequency bands for mobile phones has increased from 6 in 2004 to almost 60 today. Each frequency band requires new antenna switches. Added to the constraints of overcrowding and cost of telephones, we now see constraints in terms of performance, with the integration of components having become a priority. The RF-SOI technology market developed by Soitec, currently represents 93% of the market share of antenna switches (Navian, January 2016).

Silicon content required to perform the antenna switch functions and power amplifiers by telephone generation

2.5 G smartphone	3G smartphone	LTE smartphone	LTE Adv smartphone
2007- 2008	2009- 2011	2012- 2015	2015-2018
2G 4 bands	2G 4 bands	2G 4 bands	2G 4 bands
	3G 4 bands	3G 6 bands	3G 6 bands
		LTE 4/12 bands	LTE >15/50 bands
2 PA & 1 SW	6 PA & 3 SW	System	System
5 mm²	**12 mm²**	**>24 mm²**	**>32 mm²**

Source: Soitec.

The increase in the number of telephones, complexity (and therefore the size) of antenna switches firstly, and the increasing market share of RF-SOI technology on this market secondly, are the source of the significant increase in demand for RF-SOI wafers, which should reach 1.2 million wafers in 2015 (source: ST, September 2015) and will continue in upcoming years with +20% CAGR over the period 2015-2020 (source: GF, September 2015).

The growth in the RF-SOI market has favoured an additional capacity offering through the start of an offering on 300mm, as announced by GlobalFoundries and Peregrine in July 2015 and TowerJazz in September 2015. Furthermore, systems solutions now integrate power amplifiers, antenna switches, control electronics, etc. These circuits are therefore more than three times larger than antenna switches alone. Soitec foresees that this integration and development of new products with a higher digital content, targeting operating frequencies above 5GHz such as 5G, should reinforce the RF-SOI requirement in 300mm and the continued development of RF-SOI technologies, particularly beyond the 90nm technological node.

Solid fundamentals on power semiconductors

The car sector is therefore one of the first sectors (since the 2000s) to have used SOI in mass production for power applications. The semiconductor market for cars is constantly growing due to the increase in the number of electronic components per vehicle and the number of vehicles sold.

Other sectors use SOI for the power semiconductors: flat screens (plasma and AMOLED technologies), lighting, electricity, medical, etc. To meet the needs of their clients, most power semiconductor manufacturers have developed “SOI-BCD” platforms: NXP, ATMEL, STMicroelectronics, Renesas, Freescale, Infineon, TI, AMS, XFAB, etc.

Strategic agreement with Simgui in China

For more than a decade, the importance of China has continued to grow within the global electronic value chain (semiconductor manufacturers, foundries, fabless, design, OEMs, etc.). Already present directly and indirectly via the sale of SOI wafers, on 26 May 2014 Soitec announced on 26 May 2014 a partnership with Shanghai Simgui Technology Co., Ltd. (Simgui), a Chinese manufacturer of silicon wafers for the semiconductor industry.

This alliance aims to meet the increase in Chinese demand and the global insufficiency of production capacities for 200mm SOI wafers, which are used in the manufacturing of semiconductors for radiofrequency (RF) applications and power applications. Most 4G/LTE smartphones currently use of RF-SOI wafers and particularly Soitec eSi™ wafers, widely used in the RF circuits. Another Soitec 200mm SOI product, Smart Power™ SOI, is used worldwide to manufacture integrated power circuits designed for car electronics, lighting and electric power.

In addition to giving Soitec its first SOI wafer production capacity in China, the agreement also increases the industrial production capacities to meet the increase global demand. Finally, this agreement constitutes the first step in the creation of an SOI ecosystem in China. This agreement includes a licence and technology transfer agreement allowing Simgui to manufacture 200mm SOI wafers using Soitec Smart Cut™ technology. Simgui will build a high volume SOI production chain to directly cater for the Chinese market. Simgui will also manufacture Soitec SOI 200mm products for the Soitec global market outside China, to extend Soitec’s range worldwide.

On 2 December 2014, Soitec and Simgui also announced the signature of a distribution agreement on the exclusive sale of 200mm silicon-on-insulator (SOI) wafers in China. After the previous licence and manufacturing partnership signed between the two companies in May 2014, this agreement constitutes a second key stage in the creation of an SOI ecosystem in China. It now gives Simgui the exclusive right to promote, distribute and sell Soitec 200mm SOI wafers in China.

6.3. Principal markets

Soitec operates on two markets, the SOI wafer supply market to client manufacturers of integrated electronic circuits and the market for the supply of advanced substrates for the entire component industry. Most of the wafer volumes are in massive silicon; SOI represents less than 7% of the substrates used by the industry. However, the main component manufacturers and the main silicon founders have implemented programmes using SOI substrates.

The Company is the leader in manufacturing and supplying SOI wafers. It was the forerunner in manufacturing SOI wafers with its Smart Cut™ technology, which currently represents almost 100% of SOI wafers sold (internal assessment). Smart Cut™ technology is able to offer integrated circuit manufacturers a competitive alternative to massive silicon, thanks to performance gains and reduction in energy consumption, and also through the reduction in manufacturing costs due to a simplified architecture.

Soitec’s main competitor is Shin-Etsu Handotaï, which was awarded an operating licence by the Company for its Smart Cut™ technology. The American company SunEdison, formerly MEMC, started to sell SOI wafers in 2010. Simgui will sell SOI wafers from 2016. Currently, we estimate that the market share of SOI wafers held by Soitec ranges between 65% and 70%.

The following tables can be used to assess the change in the breakdown of turnover by region, client and wafer size.

Geographic breakdown of turnover of the Electronics Division (300mm + small diameters + III-V materials)

	2013-2014	2014-2015	2015-2016
United States	39%	39%	28%
Europe	41%	29%	41%
Asia	21%	32%	31%

Breakdown of turnover of the Division by client

	2013-2014	2014-2015	2015-2016
Top five clients	61%	67%	57%
Clients no. 6 to no. 10	19%	21%	28%
Other clients	20%	11%	15%

The top five clients in the financial year 2015-2016 were Tower Jazz, Global Foundries BTV, Global Foundries Singapore, NXP Semiconductor and Global Foundries EFK.

6.4. Extraordinary events

On 16 January 2015, the Board of Directors unanimously decided to immediately implement and develop a strategic plan aimed at refocusing Soitec's activities on electronics, its core business. As at 31 March 2016, the withdrawal from other sectors in which the Group had tried to develop (Solar Energy, Lighting, Equipment) was practically finalised: all operational activities have been stopped or transferred, most of the assets have been sold apart from interests in the South African Touwsrivier solar power plant, and there is now only a limited number of guarantees for which a light operational structure and certain key skills have been maintained in the Group.

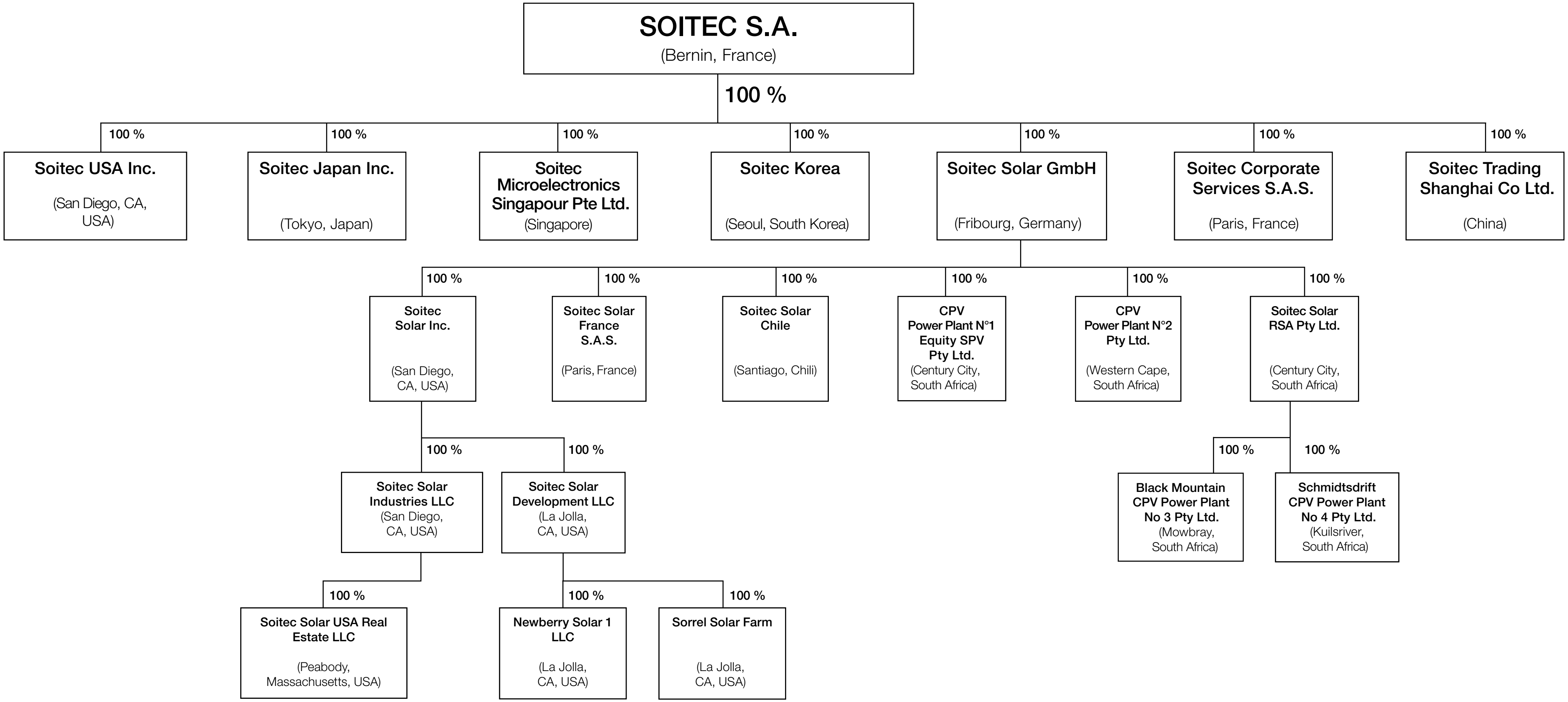
7. Organisation chart

7.1. Group

7.1.1. Group organisation chart

The organisation chart below shows the Company's subsidiaries on the submission date of this Reference Document.

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



7.1.2. Group organisation

As described in Chapter 9 below, the Group changed the sector-based presentation following the decision made in January 2015 to refocus on its core business and the actual implementation of this refocusing during the financial year 2015-2016. Thus, in the Reference Document 2015-2016, the Company presents financial statements broken down between the following three sectors:

Electronics: historical activity in the semiconductors sector, including the cost of the support functions previously reported in the "Corporate" division and the R&D activities related to the III-V materials previously shared between the Lighting and Solar Energy divisions. This division includes two Cash Flow Generating Units (200mm SOI and 300mm SOI).

Other activities: the Equipment (Altatech subsidiary) and Lighting CGUs, including R&D activities at the Phoenix site; due to the sale of the subsidiaries Soitec Phoenix Labs (December 2015) and Altatech (March 2016), and the transfer of the residual activities in the lighting sector to a non-controlled company (March 2016), the whole sector is classified as "discontinued operations" in the financial statements as at 31 March 2016.

Solar Energy: due to the discontinuance of operational activities and the probability of finalising the sale of the residual assets within less than a year, the whole sector is now divided between discontinued operations and assets planned to be sold (financial assets related to the Touwsrivier solar power plant in South Africa).

No CGUs have been combined.

7.2. List of the Company's subsidiaries and holdings

Table of the Parent Company's subsidiaries and holdings:

Name – Registered office	Capital Shareholders' equity	Percentage Holding distr. divid.	Gross val. shares Net val. shares	Loans, advances, bonds	Turnover result
SUBSIDIARIES (more than 50%)					
Soitec USA Inc., 11682 El Camino Real, Suite 260	10,000	100%	16,796		64,370,000
San Diego, CA, USA	7,875,000		16,796		(3,430,000)
Soitec Japan Inc., 3-1 Marunouchi 3-Chome	300,500,000	100%	2,636,988		18,865,783
Chiyoda-Ku, 100-00005 Tokyo, Japan	318,206,895		2,489,000		679,026
Soitec Solar GmbH	319,890	100%	101,244,230	412,058,361	11,584,857
79111 Freiburg, Germany	(432,108,000)		0		(21,608,000)
Soitec Microelectronics Singapore Pte Ltd,	93,395,220	100%	67,197,054	66,963,981	52,884,000
81, Pasir Ris Industrial Drive 1, Singapore 518220	(50,972,000)		0		(21,572,000)
Soitec Korea, Kyunggi-do hwasung-si Bansong	500,000,000	100%	328,483		0
Dong 93-10, Shinyoung Gwell	612,925,737		328,483		22,000
Soitec Corporate Services	1,000	100%	1,000		0
54, Av. Marceau – 75008 Paris	(5,467)		1,000		(1,958)
Soitec Shanghai Trading	852,619	100%	102,138		0
3261 Dong Fang Road	893,408		102,138		23,000
Pu Dong New District Shanghai, China					
OTHER SECURITIES					
HOLDINGS (10 to 50%)					
Exagan S.A.S.	85,104	15.34%	605,930		0
7 Parvis Louis Néel 38040 Grenoble Cedex 9	31,707,972		605,930		(729,303)
Ceotis Éclairage	937,270	30%	281,181	34,000	
C/o Soitec – Parc Technologique des Fontaines – 38190 Bernin	937,270		281,181		
EQUITY INTERESTS (less than 10%)					
Simgui	207,250,000	3.89%	4,440,962		43,713,777
200, Puhui Road District, Shanghai, China	402,133,643		4,440,962		(10,952,812)
Cissoid, Chemin du Cyclotron 6	3,782,772	3.09%	339,903		0
B-1348 Louvain la Neuve	2,360,133		0		(923,101)
Technocom 2	13,411,841	8.00%	1,400,000		0
23 Rue Royale – 75008 Paris	12,580,296		700,000		(833,681)

The capital and shareholders' equity are shown in local currency, i.e., US dollars for Soitec USA Inc. and Soitec Microelectronics Singapore. The other amounts are shown in Euros, Korean Won for Soitec Korea, Yuan for Soitec China and Japanese Yen for Soitec Japan.

Pour les filiales et participations, aucun dividende n'a été encaissé au cours de l'exercice.

Conclusion by Soitec of a "Security Trust" with Equitis Gestion as fiduciary: land and buildings were the subject of a transfer as consideration for the financial assets "266100" Rights representing net assets given as Security for a net value of €4,687,000.

For holdings below 10%, no loan, advance or deposit was granted during the financial year.

8. Property, plant and equipment

8.1. Major or planned tangible fixed assets

The total gross value of the Group's tangible fixed assets amounted to €677 million as at 31 March 2016 compared to €701 million as at 31 March 2015, with these two values not taking account of the tangible fixed assets of the discontinued operations during the financial year 2015-2016 (Solar Energy, Lighting and Equipment).

The total net value of the Group's tangible fixed assets, excluding discontinued operations, amounted to €121 million as at 31 March 2016, i.e. 37% of the total consolidated balance sheet, compared to €157 million or 52% of the total consolidated balance sheet as at 31 March 2015.

The change in the value of tangible fixed assets is detailed in paragraph 20.3.1.2. in note 3.3. of this Reference Document. The drop in the gross value of tangible fixed assets is a result of the following factors: new investments limited in value (less than €8 million), impact of the change in the Euro/Dollar exchange rate on the value of assets located in Singapore (fall of more than €9 million), sale or destruction of obsolete equipment.

It should be noted that the capacity of the Bernin 1 production plant (small diameter wafers) was increased to approximately 800,000 wafers a year for the product mix provided in the budget; its use rate is very high. Bernin II's capacity (SOI 300 mm) was approximately 800,000 wafers for the Partially-Depleted SOI and it is now very much in surplus compared to demand. However, it only achieves approximately 100,000 wafers a year for the Fully-Depleted SOI under current output and productivity conditions of the new equipment required for two stages of the production process specific to this product. The strong progression of the 300mm wafer production lines for the Fully-Depleted SOI will be accompanied by additional investments intended to adapt the Partially-Depleted SOI production lines to Fully-Depleted SOI technology. Bernin's capacity for recycling the 300mm material has increased to 350,000 wafers a year. The Singapore plant had been set up to be able to have a production capacity of 1 million wafers a year in the future. It should be noted that the capacities mentioned in this paragraph are for information purposes, and may be significantly impacted by the product mix, the change in client specificities and changes in the production process.

The annual production capacity of the fifth generation (M500) photovoltaic modules is 240MWp for the San Diego site at the current level of output and efficiency of the modules.

Some production equipment of the Bernin site is the subject-matter of a leasing agreement: the Bernin property was transferred in May 2015 to a Trust within the framework of the conciliation agreement, in order to guarantee the loans granted by Bpifrance Participations and CEA Investissement. The guarantee will expire after the repayment of the loans, which will take place on 27 May 2016.

Please refer to note 3.3. of the appendix to the consolidated financial statements in paragraph 20.3.1.2. of this Reference Document for further information on the financing terms of tangible fixed assets.

8.2. Environmental issues which may affect the Company's utilisation of the fixed assets

No additional significant environmental constraint was recorded in the financial year ending 31 March 2016.

Please refer to the environmental information contained in Chapter 5.3 of this Reference Document for further information on environmental matters.

9. Review of the financial position and results

9.1. Group's financial position and results

9.1.1. Accounting aspects

This chapter forms part of the Soitec S.A. management report. It should be read in parallel with the consolidated annual financial statements for the financial year ending 31 March 2016, and given in paragraph 20.3.1. below (the "consolidated financial statements").

Pursuant to Regulation (EC) No 1606/2002 of 19 July 2002 on the application of 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), adopted by the European Union and made compulsory for financial statements.

This reference base, available on the European Commission's website (http //ec.europa.eu/internal_market/accounting/ias/index_fr.htm), incorporates the international accounting standards (IAS and IFRS), the Standing Interpretations Committee – SIC and the International Financial Reporting Interpretations Committee – IFRIC.

Please refer to the appendix to the consolidated financial statements in Chapter 20.3.1.2

The accounting rules and methods applied to prepare the financial statements are the same as those used in the consolidated financial statements for the financial year ending 31 March 2015, after taking account of or with the exception of the new standards and interpretations described in note 2. of the appendix to the consolidated financial statements.

Soitec decided to record as discontinued operations the results of the Solar Energy division and the Other Activities segment as from the first half of the financial year 2015-2016; the presentation of an exit strategy for these activities enabled the verification of compliance with the criteria of the IFRS 5 standard. For comparison purposes, the financial statements for the first nine months of the financial statement 2014-2015 were restated in the same manner.

9.1.2. Group's activities in the financial year 2015-2016

Business in the financial year 2015-2016 was marked by a strong increase in sales which contributed, together with continued efforts to reduce costs and focus on Electronics, to a significant improvement in the operating result.

Income Statement

(in € million)	2013-2014	2014-2015 (published)	2014-2015 (restated)*	2015-2016
Revenue	247.1	222.9	171.6	233.2
Gross margin	(55.7)	(30.8)	26.6	62.2
Current operating profit (loss)	(137.3)	(125.9)	(22.9)	22.4
Other income and operating costs	(82.4)	(151.5)	(22.3)	(29.4)
Operating profit (loss)	(219.6)	(277.3)	(45.2)	(7.1)
Net profit (loss) from discontinued operations	-	-	(201.8)	(38.4)
Net profit (loss) (Group share)	(236.7)	(259.2)	(258.7)	(71.7)
Net profit (loss) per share	(1.45)	(1.23)	(1.23)	(0.31)

* Results of the Solar Energy sector presented as discontinued operations pursuant to IFRS 5 standard; impact of IFRIC 21 standard on taxes. To facilitate comparison between the two financial years, the analysis below are based on restated results for the financial year 2014-2015.

The consolidated total revenue for the continued operations increased by 36% to €233 million in 2015-2016 compared to €172 million in 2014-2015. This growth is due to the strong increase in the Electronics segment's sales volumes. Moreover, the favourable foreign currency exchange rate trend explains more than 40% (€27 million of total growth of €61 million) of the growth in Electronics sales, which are almost 100% denominated in dollars.

The gross margin improved strongly from €27 million (15.5% of revenue, to €62.2 million (26.7% of revenue) under the combined effect of the growth in sales volumes of 200mm panels and the improved Euro-Dollar exchange rate.

Continued efforts to reduce costs and increase the amount of subsidies resulted in a 19% reduction in total research and development costs and administrative and commercial expenses, from €49.5 million in 2014-2015 to €39.9 million in 2015-2016, allowing the Group to post a current operating income of €22.4 million (9.6% of revenue), compared to a current operating loss of €22.9 million in the previous financial year.

The other operating income and expenses mainly constitute an expense of €20.1 million resulting from the impairment tests of non-current assets (clean room in Singapore), the balance corresponding mainly to costs incurred at the start of the financial year to restructure the debt as part of the conciliation agreement.

In the financial year 2015-2016, the result of discontinued operations was mainly composed of the results of Other Activities (charge of €12.4 million) and an exchange rate loss from reincorporation in the income statement of the translation adjustments for subsidiaries conducting business in the solar energy field, previously included in shareholders' equity and the latent exchange result on loans in foreign currencies granted to those subsidiaries.

The net result (Group share) was a loss of -€71.7 million, a significant increase compared to the loss of €258.7 million in the financial year 2014-2015. The net result per share on an undiluted basis was a loss of €0.31 compared with a loss of €1.23 in the previous financial year.

Balance sheet

For comparison purposes on a constant basis, the portion of the Solar Energy division's assets and liabilities reclassified as discontinued operations was isolated and presented in the table below.

Assets (in € thousand)	31 March 2016	31 March 2015	31 March 2015 Details of the balance sheet of discontinued operations of the Solar Energy segment*	31 March 2015 Restated presentation of discontinued operations of the Solar Energy segment
Non-current assets:				
Goodwill and intangible assets	3,823	8,842		8,842
Capitalised development projects	1,855	2,226		2,226
Tangible fixed assets	120,642	156,736		156,736
Solar power plant projects	-	1,600	1,600	-
Deferred tax liabilities	-	-		
Securities under the equity method	-	-		
Non-current financial assets	8,900	5,739	561	5,178
Other non-current assets	24,692	28,961	269	28,692
Total non-current assets	**159,912**	**204,104**	**2,430**	**201,674**
Current assets:				
Inventory	30,910	33,073	5,013	28,060
Trade receivables and related accounts	40,436	43,812	1,638	42,174
Other current assets	17,508	18,894	5,323	13,572
Current financial assets	1,444	1,311	328	983
Cash and cash equivalents	49,068	22,911		22,911
Total current assets	**139,366**	**120,001**	**12,302**	**107,700**
Assets held for sale	22,054	69,435	-	69,435
Assets from discontinued operations	3,802	-		14,731
Total assets	**325,134**	**393,540**	**14,731**	**393,540**

Assets and liabilities for the Solar Energy sector presented as discontinued operations pursuant to IFRS 5 standard.

Equity and liabilities (in € thousand)	31 March 2016	31 March 2015	31 March 2015 Details of the balance sheet of discontinued operations of the Solar Energy segment	31 March 2015 Restated presentation of discontinued operations of the Solar Energy segment
Equity:				
Total shareholders' equity of the consolidated group	**(7,111)**	**49,958**	**(36)**	**49,994**
Non-current liabilities				
Long-term financial liabilities	159,980	123,552	1,947	121,605
Provisions and other non-current liabilities	14,148	17,543	2,055	15,488
Total non-current liabilities	**174,128**	**141,095**	**4,002**	**137,093**
Current liabilities:				
Short-term financial debts	58,960	49,455	2,755	46,700
Suppliers	42,551	52,279	5,199	47,080
Provisions and other current liabilities	40,123	83,902	37,014	46,888
Total current liabilities	**141,634**	**185,635**	**44,968**	**140,668**
Liabilities held for sale	-	16,852	-	16,852
Liabilities from discontinued operations	16,483	-		48,933
Total liabilities	**325,134**	**393,540**	**48,933**	**393,540**

The Group's available cash flow improved during the financial year 2015-2016 from €22.9 million as at 31 March 2015 to €49.1 million as at 31 March 2016. This improvement is mainly due to the financing implemented with its partners Shin-Etsu Handatoi (SEH), Bpifrance Participations, CEA and Realta Leasing.

Financial debt excluding discontinued operations increased from €168.3 million as at 31 March 2015 to €219 million as at 31 March 2016. Net debt increased during the financial year, from €145.4 million as at 31 March 2015 to €169.9 million as at 31 March 2016. At the same time, shareholders' equity fell from €50 million to -€7.1 million as at 31 March 2016.

9.1.3. Group's position and results in the financial year 2015-2016

9.1.3.1. Revenue

The Electronics division represents 100% of the Group revenue in the financial year 2015-2016 (as for the restated 2014-2015 financial year). With a strong upturn over the financial year (32%), sales totalled €233 million.

Breakdown by products of the Electronics Division's sales

(in € million euros)	Sales 2015-2016	Sales 2014-2015	Annual change (in %)	Key clients	Products	Applications
Royalties	9.1	4.2	117%			
GaAs	-	2.3	- 100%	TriQuint, UMS	GaAs wafers	RF
200 mm SOI	170.5	120.6	41%	TSMC, UMC, Global Foundries, NXP, Tower Jazz, Sony	eSI, HR SOI, Power SOI	Smartphones, Tablets, Automotive, Industrial
300 mm SOI	53.6	44.6	20%	Global Foundries, ST Microelectronics	PD SOI, FD SOI	Servers, PCs, Gaming, Smartphones
Total	**233.2**	**171.6**	**36%**			

Compared to the previous financial year, sales of 200mm wafers increased by 42% to €170.5 million compared to €120 million in 2014-2015. These wafers are mainly designed for radiofrequency (RF) applications and power electronics. The 200mm SOI wafer production unit in Bernin is now operating at full capacity. The agreement entered into with the Chinese subcontractor Simgui will give us access to additional industrial capacity to meet growing demand.

Sales of 300mm SOI wafers increased by 20% to €53.6 million, compared to €47 million in 2014-2015. These PD-SOI products for the PC and games console markets are reaching end-of-life. The Group is continuing to work on the qualification process of its 300mm fully-depleted silicon-on-insulator wafers (FD-SOI) with the major foundries in order to capture the high growth potential of the consumer electronics, car and industrial application markets. The radiofrequency (RF) market also offers a strong outlook for 300mm wafers.

In 2014-2015, Digital sales in the Electronics division stemmed from GaAs (gallium arsenide) material. This activity's business assets were sold in the financial year 2014-2015.

Geographic breakdown of revenue of the Division (300mm + small diameters + III-V materials)

	2013-2014	2014-2015	2015-2016
United States	39%	39%	28%
Europe	41%	29%	41%
Asia	20%	32%	31%

Breakdown of revenue of the Division by client

	2013-2014	2014-2015	2015-2016
Top five clients	61%	67%	57%
Clients no. 6 to no. 10	19%	21%	28%
Other clients / Royalties	20%	11%	15%

The top five clients represent 57% of sales in the financial year 2015-2016 compared to 67% in the previous year.

Other Activities: this sector combines the Lighting activity (€1.2 million in revenue in 2015-2016 compared to €1.8 million in 2014-2015), and Equipment activity (€3 million in sales in 2015-2016 compared to €6.3 million in 2014-2015). In the scope of the strategy refocusing on the Electronics business, the Group sold its subsidiary Altatech in March 2016, which conducted the Equipment business. In the same month, the staff and residual assets of the Lighting activity were transferred to a non-consolidated company called Ceotis, and in December 2016 the Group concluded the sale of its subsidiary Soitec Phoenix Labs, which hosted research and development in the lighting field. Pursuant to IFRS 5 standard on discontinued operations, the financial results for this activity are no longer given in detail, but incorporated in a single line of the consolidated income statement, representing the impact on the Group net profit/loss.

Solar Energy Division: the net revenue generated by the Solar Energy division was €22.5 million compared to €43.2 million in 2014-2015. Pursuant to IFRS 5 standard on discontinued operations, the financial results for this activity are no longer given in detail, but incorporated in a single line of the consolidated income statement, representing the impact on the Group net profit/loss.

9.1.3.2. Gross margin

The gross margin corresponds to the total revenue minus the total cost of sales. The cost of sales is equal to total of the cost of production and distribution as well as licence fees (in particular, CEA-Leti for the use of the Smart Cut™ technology).

The gross margin for the Solar Energy segment and the Other Operations segment does not appear in the Group's gross margin due to it being reclassified under discontinued operations for net income.

Production costs include the cost of raw material, mainly silicon, manufacturing costs, including direct labour costs, depreciation and maintenance costs on production equipment and clean room infrastructure, and the overhead costs allocated to production.

The impact of increased revenue on the gross margin in 2015-2016 was very positive. The gross margin improved significantly going from €26.6 million (16% of revenue) in 2014-2015 to €62.2 million (26.7% of revenue) in 2015-2016. The growth exclusively comes from the Electronics segment as a result of a strong increase in the volume of sales of 200mm wafers.

9.1.3.3. Research and Development costs

R&D costs are recorded when they occur if the criteria required under IAS 38 enabling their recording in the balance sheet are not verified.

Research and development costs are essentially comprised of the following:

- salaries and social security contributions;
- operating costs of clean room equipment and equipment required for research and development;
- material consumed for the finalising and manufacture of prototypes;
- subcontracting to public research centres or private laboratories, cooperation agreements;
- costs relating to maintaining and strengthening the Group's intellectual property rights.

Provided the agreements are signed and the administrative approvals obtained, the amounts received in subsidy contracts are deducted from gross R&D costs to reach a net amount recorded in the income statement.

Part of the subsidies used to finance the R&D activities may be granted in the form of repayable advances. In accordance with IAS 38 and IAS 20 standards, if the Group considers that the technical and commercial probability of success of a project has become too low, the related development costs are not capitalised but rather they are recorded directly against income, and the corresponding repayable advances are recorded as a deduction from these expenses, regardless of the notifications by the financial institutions which can only take action once milestones are not reached thus putting an end to the programme or triggering the repayment of advances.

The Group may be prompted, depending on changes to the probability of technical or commercial success of a project, to constitute a financial liability regarding the sales prospects to be generated by the new products developed within the framework of the subsidy programmes. Hence, a proportion of the reimbursable advances received for the Nanosmart and G²REC subsidy programmes were posted in the results on the basis of reimbursement assumptions deriving from the business plan. Hence, a proportion of the reimbursable advances received for the Nanosmart and G²REC subsidy programmes were posted in the results on the basis of reimbursement assumptions deriving from the business plan. The theoretical maximum amount that could be reclassified is €15 million and the probability of reaching such a level is extremely low. Conversely, if sales forecasts are revised downwards, the maximum amount of advances posted as liabilities in the balance sheet which could be reclassified as income is €12 million.

Soitec S.A. receives research tax credits (CIR). This credit is presented as a deduction from the Research and Development costs in accordance with IAS 20 standard. Research tax credits recorded in the financial statements for the financial year 2015-2016 totalled €11 million.

Net R&D expenditures saw a significant decline falling to €17 million (7% of revenue), compared to €25 million (15% of revenue) in the previous year. This reflects a decrease in costs due to the stoppage of programmes relating to non-strategic activities and a strong growth in the amount of subsidies, in part due to the time lapse between the signing date of the financing agreements, enabling the subsidy to be recognised under income, and the effective start date of the programmes, sometimes several months earlier.

9.1.3.4. Sales and marketing costs

Sales and marketing costs from the Electronics segment remained stable and amount to €5.6 million compared to €5.7 million in the previous year.

9.1.3.5. General and administrative expenses

General and administrative expenses fell by 6% to €17.7 million in 2015-2016 compared to €18.9 million in 2014-2015. This improvement was the result of an ongoing cost reduction policy. General and administrative expenses do not include the costs of restructuring the Group and recapitalisation operations recorded as other operating expenses or a reduction of the share premium, as applicable.

9.1.3.6. Current operating profit (loss)

The current operating profit (loss) is calculated by deducting net research and development costs, general and administrative expenses and commercial and marketing expenses from the gross margin. Given the two-fold effect of the reduction of these costs and the increase in gross margin, the current operating profit recorded a significant improvement to a surplus of €22.4 million compared to a loss of -€22.9 million in 2014-2015.

9.1.3.7. Operating profit (loss)

Operating profit consists of the current operating income and other operating income and expenses.

During the first nine months of the financial year 2015-2016, the Group recorded a non-current net charge of €29 million (against a charge of €22.3 million in 2014-2015).

This charge stems in part from the legal and consulting fees incurred in the conciliation procedure and the reorganisation of the Group's portfolio of business activities. It also includes the net restructuring costs, excluding the solar business.

Other operating expenses in 2015-2016 also included the impact of impairment tests on non-current assets recorded on the value of the Singapore clean room (€20.1 million).

The operating result was a €7.0 million loss, compared to a €45.2 million loss in the previous financial year.

9.1.3.8. Financial result

In the financial year 2015-2016, Group net financial result recorded an expense of €22.5 million compared to an expense of €11.4 million in the previous year.

This expense was due to the following:

Financial result, excluding the foreign exchange result, was a €22.7 million loss in 2015-2016, compared to a €17.7 million loss in 2014-2015.

- In 2015-2016, a €10.2 million financial expense was recorded for OCEANEs 2018 (convertible bonds into new or existing shares) for which coupons are paid semi-annually on 18 September and 18 March.
- The guarantee deposit for the bond loan for the Touwsrivier solar power plant in South Africa was the subject of a supplementary provision of €5 million in September 2015, increasing its net value in the balance sheet assets to €2.7 million.
- As part of the conciliation agreement approved by Grenoble Commercial Court in May 2015, the bank lines of credit were the subject of a moratorium and the maturity of the debt of €37.2 million was deferred to 30 November 2019. The interest rate ranges between 0.57% and 0.96%. In 2015-2016, the interest expense amounted to €0.3 million. Interest is capitalised and payable at the loan's maturity.
- Moreover, new loans were granted by CEA, Shin-Etsu Handotai and BPI for an initial total of €54 million. These new loans, at rates ranging between 2.99% and 12.00%, will mature in May 2016. In 2015-2016, the interest expense amounted to €2.6 million. Partial repayment of €11.9 million on these loans was made during the first half of 2016.
- The Group signed a new leasing-financing agreement for the production equipment. An initial tranche was finalised in October 2014 for €11 million, for a term of three years with an interest rate of 7.04%. A second tranche was finalised in August 2015 for €11 million, for a term of three years with an interest rate of 11.40%. In 2015-2016, the interest expense amounted to €1.3 million.

The foreign exchange result was a €0.2 million profit compared to a €6.2 million profit in the previous year. This was mainly attributable to the fluctuation of the Dollar against the Euro. The foreign exchange result is broken down into:

- A net realised foreign exchange profit of €2.8 million in 2015-2016 compared to a €5.9 million profit in 2014-2015;
- An underlying net foreign exchange loss of €2.6 million in 2015-2016 compared to a €0.3 million profit in 2014-2015.

9.1.3.9. Net result of discontinued operations

The net result of discontinued operations was a loss of €38.4 million in the financial year 2015-2016. It is broken down into a loss of €26 million on the Solar Energy segment and a loss of €12.4 million on the Other Activities segment (Lighting and Equipment).

The breaking off of negotiations with ConcenSolar for the sale of certain assets of the Solar Energy activity, announced in the press release of 5 August 2015, resulted in Soitec continuing its plan to discontinue production and research and development activities in San Diego (United States) and Freiburg (Germany) with the sale of residual assets. The criteria of IFRS 5 standard having been verified on 31 March 2016, the net result of discontinued operations is accordingly presented on a single line "Net result of discontinued operations" in the net result.

The current operating result of discontinued operations of the Solar Energy segment was a profit of €1.7 million in the financial year 2015-2016. The operating result was a profit of €1.4 million, which is mainly explained by the incorporation of provisions for guarantees amounting to €1 million.

The balance of provisions for restructuring for the Solar Energy segment amounted to €11.2 million. The loss of €26 million is primarily the result of the variation in exchange rates: first, pursuant to IFRS 5 standard, reclassification in the result of accumulated translation adjustments recorded in the financial statements of subsidiaries carrying out the discontinued operations (expense of €22.4 million for American subsidiaries and €8 million for South African subsidiaries) as well as the translation adjustments in the current accounts qualified as net investments corresponding to the financing for the San Diego photovoltaic module production plant, historically recorded in the net position (income of €13.5 million); on the other hand, the latent exchange rate loss on loans to these subsidiaries, in an amount of €10.5 million.

The main financial assets for the Touwsrivier solar power plant in South Africa were reclassified as assets for sale given the progress in the sale process, which enable the conclusion of a transaction to be envisaged within 12 months. They include the 20% interest in CPV Power Plant no.1, under the equity method and financial receivables. A guarantee deposit was retained as a non-current financial asset. All the other components of the Solar Energy division are now classified as discontinued operations.

Furthermore, in the “Other Activities” segment, in the field of lighting, the Group sold its American research and development subsidiary Soitec Phoenix Labs in December 2015. The residual assets and the personnel assigned to this activity were transferred in March 2016 to a newly created, unconsolidated company, Ceotis. The sale of the French subsidiary Altatech, in the field of equipment sales was completed on 29 March 2016. Due to their actual sale in the financial year, these activities are also treated as discontinued operations.

9.1.3.10. Results and taxes

The net result (Group share) recorded a loss of €71.6 million in 2015-2016 compared to a loss of €259 million in 2014-2015.

Diluted earnings per share recorded a loss of €0.31, divided between continuing operations (-€0.14) and discontinued operations (-€0.17). In 2014-2015, diluted earnings per share lost -€1.23 per share, split between continuing operations (-€0.28) and discontinued operations (-€0.95).

9.1.3.11. Financing and liquid assets

The net loss for the financial year 2015-2016 influenced the consolidated shareholders’ equity, which became negative at -€7 million on 31 March 2016 compared to +€50 million on 31 March 2015. The gross financial debt amounted to €219 million as at 31 March 2016 compared to €168 million as at 31 March 2015. Available cash flow increased from €22.9 million as at 31 March 2015 to €49 million as at 31 March 2016.

The main items of financial debt are as follows: the convertible bond (“OCEANE”) maturing in 2018, which represents a nominal amount of €103.2 million and a non-current net liability of €93.9 million, after deduction of shareholders’ equity instruments in the net situation in compliance with standard IAS 39; bank lines of credit for €51 million, divided between a non-current part of €45 million and a current part of €6.4 million.

Further information on the financing of the Company and the Group is provided in note 3.15. of the appendix to the consolidated financial statements on loans and bank debts.

9.1.3.12. Consolidated cash flow

Cash flow from operational activities was negative in the first nine months of the financial year 2015-2016 in an amount of -€12.4 million. It was comprised of positive cash flow of €20.4 million from the Electronics division, offset by negative cash flow of -€32.9 million from discontinued operations.

The cash flow from investment transactions amounted to €26.9 million in 2015-2016, against -€28.8 million in 2014-2015.

- Continuing operations: cash flow generated amounted to -€7.3 million in 2015-2016 compared to -€13.5 million in 2014-2015. This development reflects the stability of disbursements linked to industrial investments in Electronics. Moreover, in the financial year 2014-2015, the Group generated income from the sale of assets increased by €5.4 million primarily due to the sale of goodwill of the subsidiary Soitec Specialty Electronics, offset by capital contributions primarily for the subsidiary responsible for the Touwsrivier solar power plant.
- Cash flow from discontinued operations stood at +€34.2 million, relating mainly to payments from the sale of the San Diego building (€26.7 million) and equipment in San Diego and Freiburg (€3.1 million) as well as solar power plants (€2 million). During the final quarter of 2015-2016, the Group sold two projects in the process of development for €0.3 million.

Cash flow from financing activities was positive at (+€12 million). This amount was divided between:

- Continuing operations at +€33 million, whose main elements are the new €54 million loan and the signing of a new financing lease for €11 million.
- Discontinued operations of -€21 million, mainly repayment of the debt for financing the San Diego building of €16.2 million and repayment of the loan of Reflexite for the acquisition of 50% of the shares in the joint venture Reflexite-Soitec Optical Technology for €2.3 million.

On 31 March 2016, the Group had available cash flow (including cash equivalents) of €49 million.

9.1.3.13. Balance sheet

Please refer to paragraph 9.1.2. above.

9.1.3.14. Factors likely to influence revenue

Please refer to the paragraph on risk factors in Chapter 4 of this Reference Document.

9.1.4. Main related party transactions

Since 2 May 2016, the Board of Directors has been comprised of 13 members. Besides the Chairman and CEO, the 12 other members were selected based on their experience of the semiconductor market or their professional experience in other relevant areas for the Group’s development. The semiconductor market is characterised by a small number of players, so the Group maintains or is likely to have business relations with ARM Holdings Plc, Shin-Etsu Handotai Global Foundries, and CEA where Douglas Dunn, Satoshi Onishi and Christophe Gégout respectively hold or held positions , as disclosed in the table in paragraph 14.1.1.2. Information on the directors.

In the scope of the financing plan implemented during the conciliation proceedings approved by Grenoble Commercial Court on 5 May 2015, Shin-Etsu Handotai Europe, Bpifrance Participations and CEA Investissement granted the Company a financial facility for a total amount of €54 million. The terms and conditions of these loans are described in Chapter 10.3 (loan terms and conditions and financing structure) in the First Update of the Reference Document 2014-2015, filed with the AMF on 7 March 2016. The Company made a partial repayment in August 2015 and the balance was repaid in May 2016.

In the financial year ending 31 March 2016, purchases of raw materials from Shin-Etsu Handotai represented €57,963k (€37,718k in the financial year ending 31 March 2015).

Soitec S.A. invoiced royalties to Shin-Etsu Handotaï of €2,675k in the financial year 2015-2016 (€2,014k in the financial year 2014-2015).

Global Foundries is one of Soitec’s main clients; sales of wafers amounted to USD83,161k in the financial year 2015-2016 (USD24,054k in the financial year 2014-2015). During the financial year, Global Foundries acquired IBM’s microelectronic business, which explains the increase in volumes during the financial year.

In the financial year 2015-2016, Soitec paid CEA €5,000k under the research and development agreement (€4,000k for the financial year 2014-2015) and €3,447k as patent royalties (€3,246k for the financial year 2014-2015).

Finally, Soitec entered into a commercial collaboration agreement with Novaday, of which Joël Karecki is a shareholder. Purchases amounted to €41k in the financial year 2015-2016 (€314k in the financial year 2014-2015).

9.1.5. Important contracts

In the financial years 2014-2015 and 2015-2016 and excluding the items described in Chapter 22 on page 49 of the First Update of the Reference Document 2014-2015 filed with the AMF on 7 March 2016, the Company did not enter into, in the framework of its activities, any agreement falling outside the ordinary scope of its activities, conferring an obligation or constituting a significant commitment for the entire Group, excluding the loan agreements granted by Shin-Etsu Handotai Europe, Bpifrance Participations and CEA Investissement referred to in the previous paragraph.

9.1.6. Legal and arbitration proceedings

On 23 May 2016, the Company published a press release announcing the discontinuance of patent infringement proceedings brought by the American company Silicon Genesis.

The Company is currently subject to an audit by the tax and customs authorities. No notice of an adjustment had been received on the year-end date.

There are no other governmental, judicial or arbitration proceedings, including any proceedings to the Company's knowledge which are pending or threatened, and likely to have or having had in the last 12 months significant effects on the Group's financial position or the profitability.

9.1.7. Events after the year-end

Capital increases and reimbursement of part of the financial debt

Soitec implemented capital increases reserved respectively for Bpifrance Participations, CEA Investissement and NSIG Sunrise, pursuant to the decisions by the General Meeting of 29 April 2016.

In the scope of these capital increases with withdrawal of the preferential subscription rights, Bpifrance Participations subscribed for 31,630,163 new shares representing 8.54% of the post-transaction capital, at a unit price of €0.55, i.e., a capital increase of €17,396,589.65 (share premium included). Following this transaction, Bpifrance Participations' capital holdings and voting rights amounted respectively to 14.5% and 14.055%.

CEA Investissement subscribed for 53,701,944 new shares representing 14.5% of the post-transaction capital at a unit price of €0.55, i.e., a capital increase of €29,536,069.20 (share premium included). Following this transaction, CEA Investissement's capital and voting rights amounted respectively to 14.5% and 14.055%.

NSIG Sunrise subscribed for 53,701,944 new shares representing 14.5% of the post-transaction capital at a unit price of €0.55, i.e., a capital increase of €29,536,069.20 (share premium included). Following this transaction, NSIG Sunrise's capital and voting rights respectively amounted to 14.5% and 14.055%.

In total, these three operations resulted in the admission to trading on the Paris Euronext regulated market of 139,034,051 new shares issued at a unit price of €0.55, i.e., a total of €76,468,728.05, share premium included.

The Company then implemented a capital increase maintaining the preferential subscription right, by issuing 235,682,510 new shares at a unit price of €0.32, representing a total amount of €75,418,403.20, share premium included.

The implementation of the capital increases in a gross total amount of €151.9 million (net income of approximately €147 million) was allocated to reimbursing the balance of the bridge loan granted in 2015 by Bpifrance Participations, CEA Investissement and Shin-Estu Handotai and payment of interest of a total amount of €44.6 million, payment of CEA Leti's invoices, which were the subject of a moratorium for €7.8 million, and the redemption of 62.45% of the convertible bonds maturing in September 2018 in an amount of €61.2 million (24,978,254 bonds at a unit price coupon included of €2.45).

9.1.8. Group outlook for the financial year 2016-2017

As indicated in the Second Update of the Reference Document 2014-2015 filed with the AMF on 2 May 2016, the prospects are encouraging: growth in demand for products for radiofrequency and power electronics applications should remain strong and offset the effects of the arrival at the end-of-life of PD SOI products. If this actually occurs, the set objective for the Electronics division would be to achieve, at a constant exchange rate, single digit growth in revenue and an EBITDA margin rate in the same range as in the financial year 2015-2016.

For the first quarter of the financial year 2016-2017, the Group forecasts for the Electronics sector revenue in line at constant exchange rates with the revenue for the first quarter of the financial year 2015-2016, i.e., a reduction by approximately 15% compared with the fourth quarter of the financial year 2015-2016.

In the longer term, the Group plans to take advantage of the promising outlooks relating to the continued adoption of FD SOI by the semiconductor industry.

9.2. Company's financial position and results

This chapter corresponds to part of the Company's management report. It should be read in parallel with the annual financial statements for the financial year ending 31 March 2016.

9.2.1. Accounting aspects

The Company's annual financial statements as at 31 March 2016 are presented in accordance with the accounting principles generally accepted in France for company financial statements.

9.2.2. Company's financial position

The Company's total net revenue showed an increase to €220.3 million in 2015-2016 compared to €161.1 million in 2014-2015.

Please refer to Chapter 20.3.2 of this Reference Document for further information on the Company's activity during the financial year 2015-2016.

9.2.3. Main changes in the Company's balance sheet

The main changes which took place on the balance sheet during the financial year 2015-2016 were a reduction in non-current assets due to higher depreciation allowances than the amount of the industrial investments and the accounting of depreciation on receivables related to holdings.

Shareholders' equity was also down: the net result significantly fell in particular due to the depreciation of receivables related to the holdings in the subsidiaries Soitec Microelectronics Singapore and Soitec Solar GmbH.

9.2.3.1. Balance sheet: assets

Fixed assets

Fixed assets fell from €257.6 million as at 31 March 2015 to €116.2 million as at 31 March 2016.

Conclusion by Soitec of a "Security Trust" with Equitis Gestion as fiduciary: land and buildings were the subject of a transfer as consideration for the financial assets "266100" Rights representing net assets given as Security for a net value of €4,687k.

Current assets

Current assets increased from €128 million as at 31 March 2015 to €145 million as at 31 March 2016.

The current asset items significantly varied: increase in stock and work in progress, decrease in receivables. The Company has available cash flow of €39.6 million compared to €16.9 million in the previous year.

9.2.3.2. Balance sheet: liabilities

Shareholders' equity

Shareholders' equity fell from €14.8 million as at 31 March 2015 to -€51.2 million as at 31 March 2016.

As at 31 March 2016, shareholders' equity was less than half the share capital The capital increases carried out in Q1 2016-2017 allowed the company to reconstitute this shareholders' equity.

Provisions for liabilities and charges

Provisions for liabilities and charges amounted to €10.3 million as at 31 March 2016 compared to the amount of €8.8 million established as at 31 March 2015. A provision for charges for outstanding rents on obsolete equipment of €3.9 million was constituted on 31 March 2016.

Debts

As at 31 March 2016, the Company drew down on its lines of credit for an amount of €52 million and the balance of the bond debt amounted to €103.2 million.

9.2.4. Formation of the Company's operating result

In the financial year ending 31 March 2016:

The Company's cash flow amounted to €220.3 million compared to €161.1 million in the previous financial year. Given the product stocks, the total operating income amounted to €268.3 million, compared to €195.1 million in the previous year, i.e. a 37% increase. The operating costs for the financial year amounted to €286 million compared to €256.5 million in the previous financial year, and the operating result recorded a loss of €17.7 million compared to a loss of €61.3 million in the previous financial year. The financial statements for the financial year showed a loss of €64,296,325.89 compared to a loss of €387,066,790.31 in the previous financial year.

The annual financial statements for the financial year ending 31 March 2016 have been prepared in accordance with the presentation rules and assessment methods provided by the applicable regulations. The presentation rules and assessment methods used are the same as those for the previous financial year.

Furthermore, for further information on the Company's financial position, please refer to the management reports prepared by the Company's Board of Directors for the previous financial years, particularly page 42 of the Annual Report for the financial year ending 31 March 2015 submitted in the form of a Reference Document to the AMF under number D.14-0518 and page 44 of the Annual Report for the financial year ending 31 March 2014 submitted in the form of a Reference Document to the AMF under number D.13-0676.

10. Cash flow and capital resources

10.1. Group's short and medium term capital

Information on shareholders' equity is provided in paragraphs 20.3.1.1. (table showing the change in consolidated shareholders' equity) and note 3.13. on issued capital and reserves, of this Reference Document.

10.2. Source and amount of Group cash flow

The Group generated €26 million in cash flow in the financial year 2015-2016, compared to consumption of €22 million in the previous financial year and available cash at the end of the financial year as at 31 March 2016 amounted to €49 million.

Cash flow resulting from the operational activities was negative in the amount of -€12.4 million in the financial year 2015-2016. It was comprised of positive cash flow of €20.4 million for the continuing operations and negative cash flow of -€32.9 million from discontinued operations.

Cash flow from investment transactions was positive and amounted to €26.9 million in the financial year 2015-2016, compared to negative cash flow of -€28.8 million in the previous financial year. Continuing operations consumed €7.3 million in 2015-2016 compared to €13.5 million in 2014-2015, with these figures reflecting strict control of investment expenses. Furthermore, in the previous financial year, the Group generated higher income from the sale of assets of €5.4 million (mainly, the sale of the business of the subsidiary Soitec Specialty Electronics). As regards discontinued operations, the Group generated income from sales of €34.2 million (San Diego industrial building for €26.7 million, solar power plants, production equipment of the San Diego and Freiburg sites).

Cash flow from financing operations was positive in the financial year 2015-2016 in an amount of +€12 million. Continuing operations generated €33 million (loan granted by Bpifrance Participations, CEA Investissement and SEH: €54 million; new leasing agreement: €11 million, these amounts being partially offset by the loan repayments). Discontinued operations consumed €21 million, mainly due to the repayment of the loan which had financed the acquisition of the San Diego industrial building, for €16.2 million, and the loan which had been implemented to purchase shares in the joint venture Reflexite-Soitec Optical Technology, in the amount of €2.3 million.

10.3. Group's borrowing terms and financing structure

Shareholders' equity fell €57.1 million and was negative at -€7.1 million as at 31 March 2016, compared to €50 million as at 31 March 2015. The change was mainly attributed to the loss of €71.7 million recorded during the financial year, partially offset by a positive foreign exchange adjustment recorded on the conversion of foreign subsidiaries (+€16.5 million).

Financial debt increased by €45.9 million in the financial year 2015-2016, going from €173.0 million as at 31 March 2015 to €218.9 million as at 31 March 2016. The main changes are a result of the implementation of the bridge loans granted by Bpifrance Participations, CEA Investissement and Shin-Etsu Hantodai in May 2015 (+€54 million), repaid in the amount of €11.9 million in August 2015.

Further information on the financing of the Company and the Group is provided in note 3.15. of the appendix to the consolidated financial statements.

10.4. Restrictions on the use of capital

Not applicable.

10.5. Information on expected sources of financing

In Q1 of the financial year 2016-2017, Soitec carried out capital increases reserved respectively for Bpifrance Participations, CEA Investissement and NSIG Sunrise, which led to the admission for trading on the regulated market of Euronext in Paris of 139,034,051 new shares issued at the unit price of €0.55, i.e., a total amount of €76,468,728.05, including the share premium. The Company then implemented a capital increase maintaining the preferential subscription right, by issuing 235,682,510 new shares at a unit price of €0.32, representing a total amount of €75,418,403.20, share premium included.

Implementation of the capital increases in a gross total amount of €151.9 million (net income of approximately €147 million) was allocated to reimbursing the balance of the bridge loan granted in 2015 by Bpifrance Participations, CEA Investissement and Shin-Estu Handotai and payment of interest of a total amount of €44.6 million, payment of CEA Leti's invoices, which were the subject of a moratorium for €7.8 million, and the redemption of 62.45% of the convertible bonds maturing in September 2018 in an amount of €61.2 million (24,978,254 bonds at a unit price coupon included of €2.45).

11. Research and Development, patents and licences

11.1. Soitec Group's Research and Development Policy

11.1.1. Innovation is in Soitec's genes

A growing company, Soitec's business relies on the development and industrialisation of technologies and processes which, alone or combined, have led to a decisive boost in performance on the markets for which they are intended. Soitec therefore allocates a significant amount of its revenue to generating and perfecting products creating real breakthroughs.

A technological revolution resulting from the Smart Cut™ process was behind the origin of the Company: created and then developed at industrial scale. In addition, we note Smart Stacking™ technology, an avant-garde technology in the bonding and staking of wafers and, more recently, Concentrix™ technology, with the latest research into high concentration photovoltaic solar energy (CPV).

Through its R&D approach, Soitec aims to contribute to the major energy stakes.

The Company uses its technologies for two priorities: increasing performance and improving energy efficiency.

It is broken down into three themes: continuing Moore's law for microelectronic circuits (More Moore), adding new functions (More than Moore) and engineering of III-V compound materials.

More Moore

To meet the challenges of continuing to miniaturise the mechanisms for technological nodes below 20nm, Soitec is developing SOI products with ultra-fine active silicon thicknesses (10nm), ultra fine oxides (10nm) and solutions allowing for greater electric mobility (crystalline orientation, constrained silicon).

More than Moore

To enhance the functions of circuits and manage their increasing complexity, Soitec is developing functionalised substrates, circuit transfer processes onto heterostructures such as quartz or glass, and engraved wafer stacking technologies.

Engineering of III-V materials

Soitec benefits from the synergies between its core technologies such as Smart Cut™ and its expertise in epitaxy to create semiconductor materials for example, for lighting, and power. These mainly use gallium nitrate (GaN) based compounds.

11.1.2. Research as close as possible to industrial sites

Soitec conducts its R&D projects in partnership with reference laboratories such as the CEA-Leti. Soitec consequently relies on the technological and industrial environment of the Grenoble region, a major European microelectronics centre, which brings together numerous players in research, higher education and industry.

Soitec also has developed numerous R&D partnerships with its industrial clients and also participates in professional initiatives and groupings (competitiveness centres, SOI Industry Consortium).

Soitec benefits from the synergies and this mutual enhancement to offer technological breakthrough products offering new outlooks for its clients.

11.1.3. A worldwide patent portfolio

To support and protect its innovation policy worldwide, Soitec submits more than 350 patent applications each year and regularly forms part of the top 30 French applicants, alongside very large industrial groups. Its exclusive Smart Cut™ technology is consequently covered by several hundreds of patents. These patents correspond to regular improvements made by Soitec to extend this technology to new products, improve certain stages or optimise costs.

The company's portfolio has a total of almost 3,000 patents with an average age not exceeding more than five years. The Company's patent portfolio which is owned by the Company is completed by patents licensed from its research partners. These additional patents reinforce the protection covering Soitec's key technologies: Smart Cut™, Smart Stacking™ and Concentrix™. This proactive industrial property activity is intended to protect the unique nature of Soitec's key technologies which the Company can make available to its licensees within the framework of technology transfers.

11.2. Recording Research and Development costs

R&D costs are recorded when they occur if the criteria required under standard IAS 38 enabling their recording in the balance sheet are not verified.

Research and development costs are essentially comprised of the following:

- salaries and social security contributions;
- operating costs of clean room equipment and equipment required for research and development;
- material used for finalising and manufacturing prototypes;
- subcontracting to public research centres or private laboratories, cooperation agreements;
- costs relating to maintaining and strengthening the Group's intellectual property rights.

Provided the agreements are signed and the administrative approvals obtained, the amounts received in subsidy contracts are deducted from gross R&D costs to reach a net amount recorded in the income statement.

Part of the subsidies used to finance the R&D activities may be granted in the form of repayable advances. In accordance with IAS 38 and IAS 20 standards, if the Group considers that the technical and commercial probability of success of a project has become too low, the related development costs are not capitalised but rather they are recorded directly against income, and the corresponding repayable advances are recorded as a deduction from these expenses, regardless of the notifications by the financial institutions which can only take action once milestones are not reached thus putting an end to the programme or triggering the repayment of advances.

The Group may be prompted, depending on changes to the probability of technical or commercial success of a project, to constitute a financial liability regarding the sales prospects to be generated by the new products developed within the framework of the subsidy programmes. Hence, a proportion of the reimbursable advances received for the Nanosmart and G²REC subsidy programmes were posted in the results on the basis of reimbursement assumptions deriving from the business plan. Hence, a proportion of the reimbursable advances received for the Nanosmart and G²REC subsidy programmes were posted in the results on the basis of reimbursement assumptions deriving from the business plan. The theoretical maximum amount that could be reclassified is €15 million and the probability of reaching such a level is extremely low. Conversely, if sales forecasts are revised downwards, the maximum amount of advances posted as liabilities in the balance sheet which could be reclassified as income is €12 million.

Soitec SA receives research tax credits (CIR). This credit is presented as a deduction from the Research and Development costs in accordance with standard IAS 20. Research tax credits recorded in the financial statements for the financial year 2015-2016 totalled €11 million.

Net R&D expenditures saw a significant drop falling to €17 million (7% of revenue), compared to €25 million (15% of revenue) in the previous year. This reflects a decrease in costs due to the stoppage of programmes relating to non-strategic activities and strong growth in the amount of subsidies, in part due to the time lapse between the signing date of the financing agreements, enabling the subsidy to be recognised under income, and the effective start date of the programmes, sometimes several months earlier.

12. Trend information

12.1. Main trends which affected operating during the financial year 2015-2016

Given the end-of-life of PD SOI technology for the 32nm technological node, demand for 300mm wafers remained low during the financial year 2015-2016. On the other hand, the increase in demand for 200mm wafers for radiofrequency and power applications has been confirmed and has enabled the maintenance of a major growth rate in production volumes of the Bernin I line, which is now reaching saturation of its capacity despite the investments made during the financial year.

The partnership implemented with the Chinese manufacturer Simgui will provide a driver to protect market shares and meet demand which is expected to continue to grow. In September 2015, the first SOI 200mm wafers were produced in the Simgui plant in Shanghai and delivered to clients for the qualification phase. This major step shows that the technology transfer is continuing as planned to increase Soitec product production capacities to serve the radiofrequency (RF) and power electronics markets which are booming.

The cost reduction plans carried out by the division in previous financial years enabled it to restore a satisfactory level of profitability despite the too low use of 300mm wafer production capacities. The Company is focusing its efforts on developing FD-SOI technology which should assure the continued growth of its revenue and the growth drivers assured by the transition of RF-SOI into 300mm which may offer increased production flexibility and the partial use of the 300mm production capacities.

For the other business sectors, the financial year 2015-2016 was marked by the actual implementation of the discontinuance which was announced in January 2015 (decision to refocus the Group on its historical activities in the Electronics field). In the financial statements as at 31 March 2016, the results of the Solar Energy, Lighting and Equipment sectors are presented as “profit (loss) from discontinued operations”.

12.2. Existence of any known trend, uncertainties or demand or any commitment or event reasonably likely to have an impact on the Company’s outlooks

FD-SOI technology benefits from a positive dynamic

The recent announcements by the leading foundries such as Samsung and GlobalFoundries on the industrialisation of FD-SOI technology, and “fabless” such as NXP/Freescale and Sony using FD-SOI technologies in their next generation products, demonstrate the favourable context for Soitec’s technological solutions. However, their increase in volume and their adoption on a very large scale by other “fabless” semiconductor suppliers are still needed to enable Soitec to ensure a high increase in its revenue.

With regard to the financial year 2016-2017, growth in demand for radiofrequency (RF) and power electronic product applications should be strong and offset the impact of the end of the PD SOI product life cycle. If this actually occurs, the Company will set an objective of achieving, at a constant exchange rate, single digit growth in revenue for the Electronics division compared to the financial year 2015-2016, and an EBITDA margin rate for the Electronics division in the same range as 2015-2016. Furthermore, in the long term, Soitec plans to take advantage of the promising outlooks relating to the large scale adoption of FD-SOI by the semiconductor industry, and therefore sets itself the objective of benefiting from orders for the industrial production of 300mm FD-SOI wafers, on the understanding that the Bernin II plant, which is currently underused, could with investments estimated at about €40 million produce more than 500,000 FD-SOI wafers a year (depending on the adoption of this technology). In addition, Soitec also has the objective of benefiting from additional production capacities of 200mm wafers as a result of its subcontracting agreement entered into with Simgui in China for production volumes which could reach approximately 150,000 wafers from the end of the financial year 2017-2018, provided the qualifications by clients currently in progress are obtained. Should the aforementioned objectives be achieved, a significantly positive impact on the entire Group’s revenue and EBITDA rates could also be gradually obtained from the financial year 2017-2018. The Group has been able to reinforce its financial structure through the capital increases carried out in the first quarter of the financial year 2016-2017. The two operations (capital increase reserved for Bpifrance Participations, CEA Investissement and NSIG Sunrise, then capital increase with retention of the preferential subscription right) enabled a gross amount of almost €146 million to be raised.

Part of these funds was assigned to the repayment of the balance of the bridge loans which had been granted by Bpifrance Participations, CEA Investissement and Shin-Etsu Handotai within the framework of the conciliation agreement implemented in May 2015 (disbursement of approximately €45 million, including the financial costs), and the buy-back of more than 60% of the OCEANEs convertible bonds maturing in September 2018 (disbursement of approximately €60 million).

Given the improvement of its financial structure and the positive change in its profitability, the Group considers that it will be able to assure the continuity of operations and the development of its activities in its core business.

However, these trends and objectives remain subject to different risk factors to which the Group is exposed, and which are described in Chapter 4 of the Reference Document 2014-2015 and Chapter 4 of this Reference Document.

Part of these funds was assigned to the repayment of the balance of the bridge loans which had been granted by Bpifrance Participations, CEA Investissement and Shin-Etsu Handotai within the framework of the conciliation agreement which had been implemented in May 2015 (disbursement of approximately €45 million, including the financial costs), and the buy-back of more than 60% of the OCEANEs convertible bonds maturing in September 2018 (disbursement of approximately €60 million).

Given the improvement of its financial structure and the positive change in the profitability of the Electronics segment, the Group considers that it will be able to assure the continuity of operations and the development of its activities in its core business.

However, these trends and objectives remain subject to different risk factors to which the Group is exposed, and which are described in Chapter 4 of the Reference Document 2014-2015 and Chapter 4 of this Reference Document.

13. Profit forecasts or estimates

13.1. Forecast assumptions

Not applicable.

13.2. Statutory auditors' report on the forecasts included in the Reference Document for the financial year ending 31 March 2016

Not applicable.

13.3. Long-term objectives

The Group no longer mentions in its reporting any operating margin objective in the long-term.

14. Administrative and management bodies and senior management

14.1. Information on the Administrative and Management bodies

14.1.1. The Board of Directors

Soitec has a one-tier organisation, with a Board of Directors. After the General Meeting held on 11 April 2016 further to the first meeting notice and on 29 April 2016 further to the second meeting notice, and capital increases reserved for Bpifrance Participations, CEA Investissements and NSIG Sunrise, Soitec's Board of Directors is now composed of 13 directors.

The composition of the Board of Directors, the work of its Committees and the measures taken by the Board of Directors in the scope of the Board of Directors' internal rules help establish the balance of powers between the Board of Directors and the Senior Management. Moreover, the Board of Directors, 30% of the members of which are independent directors, established four Committees: a Strategy Committee, a Strategic Sensitive Issues Committee, an Audit and Risks Committee and a Remuneration and Appointments Committee. Each of these Committees have independent directors as members, which also contributes to this balance.

14.1.1.1. Composition and change of the Board of Directors since the beginning of the financial year 2015-2016

a/ Composition

On the publication date of this report, the Board of Directors was comprised of the following members:
- Paul Boudre;
- Monica Beltrametti,
- Bpifrance Participations, represented by Thierry Sommelet,
- CEA Investissement, represented by Guillemette Picard;
- Laurence Delpy,
- Douglas Dunn;
- Nadine Foulon-Belkacémi;
- Christophe Gegout;
- Joël Karecki:
- Joseph Martin,
- Satoshi Onishi;
- Weidong Ren;
- Xi Wang.

On the publication date of this report, Paul Boudre is the only member of the Board of Directors holding a Senior Management position.

The Board of Directors does not have a member elected by the employees or a member representing the employee shareholders. However, the Works Council representatives attend all Board of Directors' meetings in an advisory capacity, in accordance with Article L. 2323-63 of the French Employment Code.

Sébastien Blot, Investment Director at BPI France Participations, was appointed as non-voting member of the Board of Directors at the General Meeting of 20 January 2012. His office was renewed for a term of two years at the General Meeting of 28 May 2014. He contributes to the work of the Board of Directors in an advisory capacity. He receives no remuneration in this respect.

The percentage of women on the Board of Directors is now 30.8%.

b/ Terms of office

The term of office of elected directors as of this date is four years; it expires at the end of the General Meeting approving the financial statements for the previous financial year and held in the year during which the members' offices expire. They can always be reelected.

The table below shows the start and expiry dates of the terms of office of members of the Board of Directors:

Name	Date of 1st appointment	Current term of office start date	Term of office expiry date	Number of terms of office
Paul Boudre	03/07/2012	03/07/2012	AGM for approving the financial statements for the financial year ending 31/03/2016	1
Monica Beltrametti	11/04/2016	11/04/2016	AGM for approving the financial statements for the financial year ending 31/03/2020	1
Bpifrance Participations	02/07/2013	02/07/2013	AGM for approving the financial statements for the financial year ending 31/03/2017	1
CEA Investissement	20/04/2015	20/04/2015	AGM for approving the financial statements for the financial year ending 31/03/2016	1
Laurence Delpy	11/04/2016	11/04/2016	General Meeting approving the financial statements for the year ending 31/03/2020	1
Douglas Dunn	09/07/2004	28/05/2014	AGM for approving the financial statements for the year ending 31/03/2018	3
Nadine Foulon-Belkacémi	11/04/2016	11/04/2016	General Meeting approving the financial statements for the year ending 31/03/2020	1
Christophe Gegout	11/04/2016	02/05/2016	General Meeting approving the financial statements for the year ending 31/03/2020	1
Joël Karecki	20/01/2012	20/01/2012	General Meeting approving the financial statements for the year ending 31/03/2016	1
Joseph Martin	09/07/2004	28/05/2014	General Meeting approving the financial statements for the year ending 31/03/2018	3
Satoshi Onishi	10/07/2015	10/07/2015	General Meeting approving the financial statements for the year ending 31/03/2019	1
Weidong Ren	11/04/2016	02/05/2016	General Meeting approving the financial statements for the year ending 31/03/2020	1
Xi Wang	11/04/2016	02/05/2016	General Meeting approving the financial statements for the year ending 31/03/2020	1

c/ Directors' shares

Pursuant to Article L.225-25 of the French Commercial Code, Article 13 of the Company's Articles of Association does not require the directors to own at least one Soitec share.

In accordance with the AFEP-MEDEF Code, the Board of Directors' internal rules recommend that the directors, excluding elected salaried directors, own a large number of shares in the Company, set at 2,000 shares, registered in the name of the owner.

As at 31 March 2016, the majority of members of the Board of Directors fulfilled this recommendation under the following conditions:

Name	Number of shares owned
Paul Boudre	303,134
Monica Beltrametti	0
Bpifrance Participations	53,701,944
CEA Investissement	53,701,944
Laurence Delpy	3,500
Douglas Dunn	1
Nadine Foulon-Belkacémi	0
Christophe Gégout	0
Joël Karecki	4,004
Joseph Martin	2,001
Satoshi Onishi	2,000
Weidong Ren	0
Xi Wang	0

14.1.1.2. Information on the directors

The Company applies the provisions of Article L. 225-21 of the French Commercial Code covering the number of directorships held. It also applies Recommendation 19 of the AFEP-MEDEF Code, which requires that "directors devote the necessary time and attention to fulfil their functions. Should a director hold an executive position in the Company, he or she must not, in principle, hold more than four other directorships in publicly listed companies, including foreign companies, outside the Group".

As at 31 March 2016, no member of the Board of Directors held more than four other directorships in publicly listed companies.

The table below shows the various positions held by directors in and outside the Company on the date of this Reference Document:

First name and last name of the director or executive officer	Age	Directorships and positions held in the Company	Date of first appointment or commencement of duties	End date of the current term of office	Principal activities carried on outside the Company within the Group	Directorships and positions held outside the Group over past five years
Directors holding a Senior Management position:						
Paul Boudre	57	Chief Executive Officer	03/07/2012	General Meeting approving the financial statements for the year ending 31/03/2016	- Director of Soitec Japan Inc. - Director of Soitec Microelectronics Singapore Pte Ltd.	
Directors not holding a Senior Management position:						
Monica Beltrametti	61	Director	11/04/2016	General Meeting approving the financial statements for the year ending 31/03/2020	None	- Member of the Board of Directors of Atlantis
Laurence Delpy	44	Director	11/04/2016	General Meeting approving the financial statements for the year ending 31/03/2020	None	None
Douglas Dunn	72	Director	09/07/2004	General Meeting approving the financial statements for the year ending 31/03/2018	None	- Chairman of ARM Holdings Plc (1998-2012) - Member of STMicroelectronics' Supervisory Board* (2001-2012) - Vice-Chairman of the Supervisory Board of BE Semiconductor Industries NV* - Member of TomTom's Supervisory Board* - Director of Global Foundries Inc.
Nadine Foulon-Belkacémi	51	Director	02/05/2016	General Meeting approving the financial statements for the year ending 31/03/2020	None	None
Christophe Gégout	40	Director	02/05/2016	General Meeting approving the financial statements for the year ending 31/03/2020	None	- Chairman of CEA Investissement - Director of AREVA NC - Director of AREVA Mines - Permanent representative of CEA on AREVA's Supervisory Board* (2009-2014) - Non-voting member of AREVA's Supervisory Board* - CEA's representative on FT1CL's Board of Directors - Director of NEOEN
Joël Karecki	62	Director	20/01/2012	General Meeting approving the financial statements for the year ending 31/03/2016	None	
Joseph Martin	68	Director	09/07/2004	AGM approving the financial statements for the financial year ending 31/03/2018	None	- Chairman of the Board of Directors of Brooks Automation Inc.* - Member of the Board of Directors of Collectors Universe Inc.
Satoshi Onishi	53	Director	10/07/2015	General Meeting approving the financial statements for the year ending 31/03/2019	None	- Chairman and CEO of SEH Europe Ltd.
Guillemette Picard	40	Representative of CEA Investissement	02/05/2016	General Meeting approving the financial statements for the year ending 31/03/2020	None	None
Weidong Ren	45	Director	02/05/2016	AGM for approving the financial statements for the financial year ending 31/03/2020	None	- Mergers and Acquisitions Director and member of the Investment Decisions Committee at Heaven-Sent Capital Co., Ltd.
Thierry Sommelet	46	Representative of Bpifrance, Director	2/07/2013	AGM approving the financial statements of the financial year ending 31/03/2017	None	- Chairman of the Supervisory Board of Greenbureau S.A. - Member of Supervisory Board of Sipartech S.A.S. - Member of Supervisory Board of 3S Photonics S.A. (2009-2011) - Member of Supervisory Board of Cloudwatt S.A. (2013-2015) - Member of the Board of Directors of TDF S.A.S., Tyrol Acquisition 1 S.A.S., Tyrol Acquisition 2 S.A.S. (2009-2015)
Xi Wang	49	Director	02/05/2016	General Meeting approving the financial statements for the year ending 31/03/2020	None	- Managing Director of the Shanghai Institute of Microsystems and Information Technologies
Non-voting member of the Board of Directors:						
Sébastien Blot	38	Non-voting member of the Board of Directors	20/01/2012	AGM approving the financial statements of the financial year ending 31/03/2016	None	- Director of Dailymotion (2009-2011)

* Listed company.

14.1.1.3. Frequency and agenda of the Board of Directors' meetings

The Board of Directors monitors on an ongoing basis the management of the Company by the Chairman and CEO, Paul Boudre. Meetings are held when needed and convened by the Board's Chairman.

During the financial year 2015-2016, the Board of Directors met 20 times: 16 April 2015, 20 April 2015, 4 May 2015, 18 May 2015, 27 May 2015, 12 June 2015, 14 June 2015, 10 July 2015, 11 September 2015, 17 November 2015, 25 November 2015, 18 December 2015, 11 January 2016, 19 January 2016, 27 January 2016, 9 February 2016, 3 March 2016, 15 March 2016, 16 March 2016 and 31 March 2016.

The average attendance rate of the Board of Directors' meetings was 91%.

The items on the agenda included:

- the Group's business activity;
- examination and approval of the company and consolidated annual and half-yearly financial statements;
- setting a schedule of the Board of Directors' future meetings in the financial year 2015-2016;
- senior executives' remuneration, including calculation of the fixed and variable components of their remuneration, as well as the conditions under which the variable component is paid;
- convening of the Ordinary and Extraordinary General Meetings;
- recording capital increases;
- how the Company is managed;
- composition of the various committees.

Prior to each meeting of the Board of Directors, each member of the Board receives documentation relating to the agenda and that is needed to fulfil the Board's remit. Members of the Board of Directors are also informed on an ongoing basis of all material transactions relating to the Company.

14.1.1.4. Professional address of the Company's directors and senior executives

All directors and senior executives may be contacted at the Company's registered office: Parc Technologique des Fontaines – Chemin des Franques – 38190 Bernin, France (Tel.: 33 (0)4 76 92 75 00).

14.1.1.5. Directors' management expertise and experience

The criteria for selecting the members of the Board of Directors include their management expertise and experience, and more generally, their proven international expertise in the field of semiconductors or in other relevant areas for the Company's development. The table included in paragraph 14.1.1.2. above, showing each director's professional activity, gives an indication of the directors' expertise and experience in the field of semiconductors, all of whom hold or have held senior management positions in top companies, most of which are listed companies.

Paul Boudre

Paul Boudre graduated from École Nationale Supérieure de Chimie de Toulouse and has cutting-edge experience on the semiconductor industry, gained while working for IBM, Thomson Semiconducteurs and Motorola. Before joining Soitec, Paul Boudre was General Manager France at KLA Tencor, then Chairman Europe. He joined the Soitec Group on 15 January 2007 as Executive Vice-President of Sales, Marketing and Customer Support. He was appointed Chief Executive Officer by the Board of Directors' meeting of 16 January 2015.

Monica Beltrametti

Monica Beltrametti has been Research Director at Xerox since 1993. She has also been Vice-Chairman of Xerox Innovation since 2008.

Monica Beltrametti was Head of the Computer Department at the University of Alberta from 1991 to 1993.

She graduated in astrophysics from the University of Munich, after a master's in physics from the University of Göttingen.

Laurence Delpy

Laurence Delpy has worked at Alcatel-Lucent since 2002. In 2014, she became Director of Diversification and Government, Energy and Transport Sales in the Asia-Pacific area.

She is French and has lived in China for many years.

Laurence Delpy graduated from École Supérieure de Gestion de Paris.

Douglas Dunn

Douglas Dunn has around 40 years' professional experience in the electronics industry, 32 of which were spent in the semiconductor sector. In December 2014, he withdrew from his operational role in the Dutch company AMSL, a leader in the supply of photolithographic equipment for the semiconductor industry, where he had held the position as Chairman and CEO for six years up until this date. Prior to this, he was Chairman and CEO of the semiconductor and electronics retail division of the Philips Group in the Netherlands. From 1980 to 1993, Douglas Dunn was CEO of GEC - Plessey Semiconductors, after having held various management posts at Motorola Semiconductors. Born in Yorkshire in the UK in 1944, Douglas Dunn graduated in electrical and electronics engineering from Sheffield College of Advanced Technology. In 1992, he was awarded an OBE by Queen Elizabeth II for services to the semiconductor industry. In 2004, he was made a Knight of the Order of the Orange-Nassau in the Netherlands for services to the Dutch electronics industry.

Nadine Foulon-Belkacémi

Nadine Foulon-Belkacémi has been a Director at Orange Nord de France since 2013.

During her career, she has held various strategic positions in management, marketing and human resources in the Alcatel and Essilor Groups.

Nadine Foulon-Belkacémi graduated from the Chimie Paris Tech à l'École Nationale Supérieure de Chimie de Paris.

Christophe Gégout

Christophe Gégout is French. He graduated from École Polytechnique, Sciences-Po Paris, and ENSAE (École nationale de la statistique et de l'administration économique). Between 2001 and 2003, he held senior management positions at the French Treasury, then, between 2003 and 2007, in the Budget Department.

Between April 2009 and December 2015, Christophe Gégout held the positions as Financial Director at the French Atomic Energy Commission (CEA), of which he became Deputy Chief Executive Officer in September 2015. Since January 2010, he has also been Chairman of CEA Investissement, a subsidiary of CEA.

Since 2015, Christophe Gégout has also been a director at NEOEN (renewable energies) and CEA's permanent representative on Areva's Board of Directors.

Joël Karecki

Joël Karecki was Chairman of Philips France & Maghreb between 2007 and 2011. Between 2002 and 2006, he was Corporate Strategy and Acquisitions Director at Schneider Electric, where he spent 14 years in various management posts abroad, including CEO South-East Asia. Joël Karecki previously worked for Hutchinson and Mercer Consulting. He graduated from the Harvard Business School (AMP), INSEAD and École Supérieure d'Électricité de France.

Joseph Martin

Since 2006, Joseph R. Martin has been Chairman of the Board of Directors of Brooks Automation, a global leader in automation systems and instrumentation and vacuum solutions for various markets, listed on Nasdaq. Joseph Martin is also a member of the Board of Directors of Collectors Universe, Inc., a Nasdaq-listed company that provides collectors with services for the valuation and rating of valuable goods and items. Up until his retirement in 2016, Joseph Martin held the position as Co-Chairman of the Board of Directors of Fairchild Semiconductors, a NYSE-listed company, for which he was previously Vice-Chairman of the Board of Directors. Up until 2001, he was also a member of the Board of Directors of ChipPac, Inc., a Nasdaq-listed company, and until 2014, he was a member of the Board of Directors of SynQor, Inc. Joseph R. Martin also holds a Higher Professional Certificate awarded by the American Institute of Directors. In 2000, CFO Magazine awarded Joseph Martin Financial Director of the Year for restructuring operations. Joseph Martin is one of the directors of Embry-Riddle Aeronautics University, from which he graduated in science. He also holds an MBA from the University of Maine. As a result of the positions held as member of various Boards of Directors of listed companies and the extent of his professional experience in international groups, Joseph Martin contributes to the Board of Directors' work by sharing his experience of strategic and management issues.

Satoshi Onishi

Satoshi Onishi is the Chairman and CEO of Shin-Etsu Handotaï Europe Ltd., a company based in the United Kingdom. An economics graduate from the University of Kagawa (Japan) in 1985, he also has a master's in Industrial Systems Engineering from the University of Florida. He joined Shin-Etsu Chemical Co. Ltd. in 1985, where he initially worked for the IT division of Shin-Etsu Handotaï Co. Ltd.

It was during that time that he designed and developed, as project manager, numerous Shin-Etsu basic systems, applied both at company level and manufacturing processes level.

Guillemette Picard

Guillemette Picard is Investment Director at Engie New Ventures. Guillemette Picard has ten years' experience in technological and financial development in various energy sectors. She worked at the European Investment Bank, concerning project financing, including the demonstration of new technologies. Her previous experience at Schlumberger, based in the US and Europe, included technological development and deployment of sensors and data interpretation. She has registered four patents in this field. She is a member of EnerTech Capital's Advisory Board. She graduated with an engineering degree from École Polytechnique and holds a PhD from ESPCI Paris Tech.

Weidong Ren

Weidong Ren is Chinese. He graduated in IT and communications from the Xi'an Institute of Post & Telecommunications, and obtained an Executive MBA from the University of Beijing in 2004.

Up until 2011, he worked for many years at Lucent Technologies, then Alcatel-Lucent, where in his role as Vice-Chairman, he contributed to generating revenue of USD 1.5 billion, by achieving the quarterly revenue and profit objectives for six years.

From 2011 to 2013, he held the position as Mergers and Acquisitions Director and was a member of the Investment Decisions Committee at Heaven-Sent Capital Co., Ltd., and, with a partner, acquired 100% of the shares in Steyr Motors GmbH.

In 2013, he co-founded and became the CEO of China Fortune-Tech Capital Co., Ltd., and specialises in private equity/venture capital and mergers & acquisitions activities in the semiconductor industry (until 2015).

In August 2015, Weidong Ren co-founded National Silicon Industry Group, of which he is the CEO.

Thierry Sommelet

Director, member of the Management Committee of Bpifrance Investissement Mid & Large Cap, Thierry Sommelet started his career working in capital markets at Crédit Commercial de France in 1992 in Paris, then in New York. After being Manager of the financial engineers team at Renaissance Software in London, then COO of InfosCE in 2001, he joined the Investments and Digital Participations Department of Caisse des Dépôts et Consignations in 2002, which he headed up in 2007.

After joining Fonds Stratégique d'Investissement in 2009, Thierry joined the teams at Bpifrance Investissement when it was created in 2013.

Thierry Sommelet is a graduate from École Nationale des Ponts et Chaussées and has an MBA from INSEAD.

Xi Wang

XI Wang is Chinese. He graduated from the University of Tshinghua, specialises in material sciences, and has a master's and PhD in material science from the Shanghai Institute of Metallurgy.

Xi Wang is Chairman of Shanghai Simgui Technology Co. Ltd. (since 2004), CEO of the Shanghai Institute of Microsystems and IT Technologies, Chinese Academy of Sciences (since 2010), and Chairman of the National Silicon Industry Group (since December 2015).

14.1.1.6. Sanctions applying to directors and senior executives

To the Company's knowledge, no person shown in the table included in paragraph 1.1.1.2. above has been sentenced for fraud during the past five years, nor has been associated with a bankruptcy, sequestration or liquidation during the past five years. Moreover, none of these persons has been charged with or publicly sanctioned for an offence by a legal or regulatory authority or professional organisation, and none has been prohibited by a court from acting as a member of a management, executive or supervisory body, or from being involved in the management or running of an issuer.

14.1.2. Senior Management

14.1.2.1. Executive Committee

On the publication date, the Executive Committee comprises ten members:

- Paul Boudre, CEO;
- Bernard Aspar, Director of the Communication and Power Business Unit;
- Rémy Pierre, Chief Financial Officer;
- Jacques Elie Levy, Group Legal and Industrial Property Director;
- Pascal Lobry, Human Resources Director;
- Christophe Maleville, Digital Business Unit Director;
- Laurent Maumet, Information Systems, Purchasing and Quality Director;
- Carlos Mazuré, Research & Development Director;
- Cyril Menon, Operations Manager;
- Thomas Piliszczuk, Sales and Marketing Director.

14.1.2.2. Powers of the Senior Management

Concurrent holding of the offices of Chairman and Chief Executive Officer

Following the deliberations of the Board of Directors' meeting on 11 September 2015, the offices of Chairman of the Board of Directors and Chief Executive Officer are performed by Paul Boudre, who now chairs the Board of Directors and maintains his position as CEO of the Company.

As CEO, the widest powers are is vested in Paul Boudre to act in all circumstances on behalf of the Company. He exercises his authority within the limit of the corporate objects and subject to the authority that the law expressly bestows on the General Meetings and the Board of Directors.

Limits on the Chief Executive Officer's powers

The Board of Directors' internal rules provide for certain limits on the CEO's powers. Hence:

1. The CEO must obtain prior authorisation from the Board of Directors for the following decisions:
   - decisions to set up operations abroad, by creating an establishment, direct or indirect subsidiary, or acquiring a holding, as well as decisions to withdraw from these operations; and
   - sizeable operations likely to affect the Group's strategy or change its capital structure or scope of activity, in particular merger and acquisition decisions.
2. Prior authorisation from the Board of Directors is needed to undertake the following transactions, to the extent that their individual or combined amount exceeds €20 million:
   - acquire or dispose of any holdings in any company created or to be created, participate in the creation of any company, grouping or organisation, subscribe for any issue of shares or bonds;
   - agree to any exchange, with or without equalization payment, concerning property, shares or securities;
   - in the event of litigation, accept any agreement, transaction or compromise; and
   - grant sureties on company assets.
3. Prior authorisation from the Board of Directors is needed to undertake any non-budgeted expenditure or investment (including any acquisition or sale of fixed assets, it being understood that a project comprising more than one phase must be taken as whole), to the extent that their individual or combined amount exceeds €5 million.
4. Prior authorisation from the Board of Directors is needed to undertake the following transactions, to the extent that their cumulative individual or combined amount exceeds €30 million per year:
   - grant or contract any borrowings or loans, credits or advances, excluding equipment and premises leasing or financing transactions; and
   - acquire or sell, in any way, any receivables.
5. Prior authorisation from the Board of Directors is needed for decisions on the launch of any project likely to incur, in the first five years of implementation, unbudgeted investments, expenses, commitments or liabilities of more than €50 million (individually or combined).
6. Prior authorisation of the Board of Directors is needed for decisions on (i) any transfer (by sale, licence or any other means) of industrial property rights relating to Soitec's core business (including Smart Cut™ technology) to a third party or (ii) concerning any commercial cooperation or partnership agreement (excluding agreements exclusively or almost exclusively on the sale of the Company's products in the ordinary course of business) generating estimated annual income (or expenses, as the case may be) of more than €7 million.

14.2. Conflicts of interest in the administrative and management bodies

14.2.1. Independence of directors

In accordance with the AFEP-MEDF Code's recommendations, the Board of Directors annually assesses its composition, organisation and practices. When this assessment is conducted, the directors are called on to comment on their independence within the meaning of the provisions of the AFEP-MEDEF Code. This is mainly due to the business relations that exist between the Company and some companies in which the members of the Board of Directors hold management positions.

On the publication date of this report and since the appointment of three new directors in the General Meeting of 11 April 2016, the Board of Directors is comprised of four members satisfying the conditions of independence as provided for by the AFEP-MEDEF Code, namely Monica Beltrametti, Laurence Delpy, Nadine Foulon-Belkacémi and Joseph Martin.

A shareholders' agreement was concluded on 7 March 2016 between Bpifrance Participations, CEA Investissement, National Silicon Industry Group and Soitec, by virtue of which the parties agreed to the presence on the Company's Board of Directors of two Bpifrance Participations representatives (Bpifrance Participations itself, represented by Thierry Sommelet and Joël Karecki for the remaining term of his office), two CEA Investissement representatives (CEA Investissement itself, represented by Guillemette Picard and Christophe Gégout), two NSIG representatives (Weidong Ren and Xi Wang), and a Shin-Etsu Handotai representative (Satoshi Onishi).

The role of observer on the Board of Directors is undertaken by a Bpifrance Participations employee.

Finally, no family relationships exist between these persons.

14.2.2. Conflicts of interest within the management bodies

The Board of Directors is comprised of 13 members. As well as the Chairman and CEO, the 12 other members were appointed or selected based on their experience of the semiconductor market or their professional experience in other relevant areas for the Group's development. The semiconductor market is characterised by its small number of players, so the Group maintains or is likely to have business relations with ARM Holdings Plc, Shin-Etsu Handotai, Global Foundries, within which Douglas Dunn and Satoshi Onishi respectivelyhold or held positions , as shown in the table in paragraph 1.2.1.2. Information on the directors.

During the financial year ending 31 March 2016, purchases of raw materials from Shin-Etsu Handotai represented €57,963k (€37,718k in the financial year ending 31 March 2015).

Soitec S.A. invoiced royalties to Shin-Etsu Handotaï of €2,675k in the financial year 2015-2016 (€2,014k in the financial year 2014-2015).

Global Foundries is one of Soitec's main clients; sales of wafers amounted to USD83,161k in the financial year 2015-2016 (USD24,054k in the financial year 2014-2015). During the financial year, Global Foundries acquired IBM's microelectronic business, which explains the increase in volumes during the financial year.

In the financial year 2015-2016, Soitec paid CEA €5,000k under the research and development agreement and €3,447k as patent royalties.

Finally, Soitec entered into a commercial collaboration agreement with Novaday, of which Joël Karecki is a shareholder. Purchases amounted to €41k in the financial year 2015-2016.

14.2.3. Securities transactions by the Company's senior executives

Pursuant to Article L. 621-18-2 of the French Monetary and Financial Code and Article 223-22 of the AMF's General Regulations, the senior executives made the following disclosures:

Discloser	Paul Boudre	Paul Boudre
Position	Chairman and CEO	Chairman and CEO
Issuer	Soitec	Soitec
Description of securities	Preferential subscription rights	Ordinary shares
Number of shares	4	117,887
Type of transaction	Acquisition	Subscription
Transaction date	26/05/2016	27/05/2016
Place of the transaction	Euronext Paris	Euronext Paris
Unit price	€0.1525	€0.32
Total amount of the transaction	€0.61	€37,723.84

15. Remuneration and benefits

15.1. Remuneration paid to corporate officers (Chairman and CEO, Chief Operating Officer, directors) in the financial year 2015-2016

15.1.1. Directors' fees

The General Meeting of Shareholders of 20 January 2012 renewed the principle of paying directors' fees to directors. Directors' fees are capped at €450,000 for all financial years with effect from 1 April 2011.

Moreover, at the request of Bpifrance Participations, the Remuneration and Appointments Committee proposed to the Board of Directors not to pay directors' fees to the non-voting board member.

Finally, the directors' fees are distributed solely between the members of the Board of Directors not holding any operational position in Group companies, such that the CEO receives no directors' fees.

The total amount to be paid for the financial year 2015-2016 amounted to €375,000. Details of these payments are shown in the table below.

Corporate officers who are not senior executives	Amounts paid during the financial year 2014-2015	Amounts paid during the financial year 2014-2016
Fabienne Demol		
Directors' fees	52,637	5,875
Other remuneration	0	0
Douglas Dunn		
Directors' fees	64,308	60,628
Other remuneration	0	0
Fumisato Hirose		
Directors' fees	17,388	13,006
Other remuneration	0	0
Christophe Gégout		
Directors' fees	-	56,216
Other remuneration		0
Joël Karecki		
Directors' fees	63,702	60,525
Other remuneration	0	0
Didier Lamouche		
Directors' fees	57,459	508
Other remuneration	0	
Joseph Martin		
Directors' fees	74,135	68,528
Other remuneration	0	0

Corporate officers who are not senior executives	Amounts paid during the financial year 2014-2015	Amounts paid during the financial year 2014-2016
Patrick Murray		
Directors' fees	52,190	22,638
Other remuneration	0	0
Satoshi Onishi		
Directors' fees		33,673
Other remuneration		0
Annick Pascal		
Directors' fees	45,761	5,918
Other remuneration	0	0
Thierry Sommelet		
Directors' fees		47,486
Other remuneration		0
Total	**450,000**	**375,000**

Directors' fees are awarded on the following basis:

Board of Directors: lump sum of €4,000 a year; €7,000 for each physical attendance and €1,500 for each telephone attendance.

Committees: Lump sum of €4,000 for members, €6,000 for the Chairman of the Remuneration and Appointments Committee and €8,000 a year for the Chairman of the Audit Committee; €1,000 for members for each physical attendance, €1,500 for the Chairman of the Remuneration and Appointments Committee for each physical attendance and €2,000 for the Chairman of the Audit Committee for each physical attendance. In the event of Committee meetings by teleconference, the amount of directors' fees paid is adjusted in the same proportions as for the Board of Directors' meetings.

Travel expenses are refunded to the members of the Board of Directors.

15.1.2. General policy on corporate officers' remuneration

At its meeting of 8 December 2008, the Company's Board of Directors formally adopted the AFEP-MEDEF recommendations on the remuneration of senior executives and corporate officers of companies whose shares are traded on a regulated market published on 6 October 2008.

Corporate officers receive remuneration that is determined by the Board of Directors as proposed by the Remuneration and Appointments Committee, comprising the following components:

1) fixed annual remuneration payable in 12 monthly payments;
2) variable annual remuneration depending on different objectives to be assigned at the end of the financial year;
3) an indicative plan for the allocation of financial instruments giving access to the share capital of the Company, along with performance conditions.

The components of a variable or incentive nature are determined, based on a proposal of the Remuneration and Appointments Committee, by the Board of Directors; the directors concerned are not involved in the decision.

The ratio between the fixed and variable component of the corporate officers' remuneration is determined annually by the Board of Directors upon the advice of the Remuneration and Appointments Committee. In the financial year ending 31 March 2016, the variable component of the remuneration of the Chairman and CEO could represent from 100% to 150% of the fixed component.

The amount of remuneration paid is calculated gross.

Detailed information and figures on this remuneration is disclosed below.

15.1.2.1. Summary table of remuneration and share options attributed to each senior executive corporate officer

André-Jacques Auberton-Hervé, Chairman of the Board of Directors until 11 September 2015	Financial year 2014-15	Financial year 2015-16
Remuneration due for the financial year (details in table 15.1.2.2.)	498,187	60,632
Valuation of share options attributed during the financial year	N/A	N/A
Valuation of free shares attributed during the financial year	N/A	N/A
Total	**498,187**	**60,632**

Paul Boudre, Chairman and CEO	Financial year 2014-15	Financial year 2015-16
Remuneration due for the financial year (details in table 15.1.2.2.)	660,206	965,345
Valuation of share options attributed during the financial year	N/A	N/A
Valuation of free shares attributed during the financial year	N/A	N/A
Total	**660,206**	**965,345**

15.1.2.2. Summary table of remuneration of each senior executive corporate officer (in Euros)

	Financial year 2014-15		Financial year 2015-16	
André-Jacques Auberton-Hervé, Chairman of the Board of Directors until 11 September 2015	Amount due for the financial year	Amount paid during the financial year	Amount due for the financial year	Amount paid during the financial year
Fixed remuneration	450,000	450,000	50,004	50,004
Variable remuneration	28,150	105,750	-	28,150
Variable/fixed %	6.25%		-	-
Exceptional remuneration			-	-
Directors' fees				
Benefits in kind	20,037	20,037	10,628	10,628
Total	**498,187**	**575,787**	**60,632**	**88,782**

Paul Boudre, Chairman and CEO	Financial year 2014-15 Amount due for the financial year	 Amount paid during the financial year	Financial year 2015-16 Amount due for the financial year	 Amount paid during the financial year
Fixed remuneration	368,335	368,335	450,000	450,000
Variable remuneration	270,000	63,450	495,000	270,000
Variable/fixed %	73.3%		110%	
Exceptional remuneration	-	-	-	-
Directors' fees	-	-	-	-
Benefits in kind	21,871	21,871	20,345	20,345
Total	**660,206**	**453,656**	**965,345**	**740,345**

Moreover, no additional remuneration or directors' fees were awarded to corporate officers by controlled companies.

A description of incentive schemes based on the Company's capital is disclosed in Chapter 17.2 below.

15.1.2.3. Summary table of the Company's application of the AFEP-MEDEF recommendations

Senior executives corporate officers	Employment contract Yes	 No	Supplementary pension scheme Yes	 No	Remuneration or benefits due or likely to be due because of termination of service or change in functions Yes	 No	Compensation relating to a non-compete clause Yes	 No
Paul Boudre* Chief Operating Officer as at 01/06/07 then CEO since 16/01/15 then Chairman and CEO since 11/09/2015	X		X			X	X	

* Paul Boudre's employment contract was suspended on the date of his appointment as Chief Operating Officer.

15.1.3. Remuneration of members of the COMEX

During the financial year 2015-2015, a new governance body, called the Executive Committee (COMEX) took over from the former governance body, called the Governing Board. There are more members of the Executive Committee than those of the Governing Board; it is composed of eleven people, excluding corporate officers, compared to three. Total gross remuneration of the salaried members of the COMEX, excluding corporate officers, including direct and indirect benefits of the salaried members was, for the year ending 31 March 2016, €2,673k.

15.1.4. Complementary pension schemes concerning corporate officers

In addition to compulsory supplementary pensions schemes, the Company has introduced the following schemes for some of its executives and senior executives:

- under Article 83 - Complementary pensions schemes with defined contributions - The Company has contributed once again since 1 April 2015 between 1.80% and 4.71% of the gross salary depending on the salaries and the categories of the personnel;
- under Article 39 – defined benefit supplementary pension plan – the Company contributes up to 9.8% of the final gross annual salary, less pensions paid under Article 83.

15.1.5. Commitments of all kinds undertaken by Soitec in favour of its corporate officers in respect of commencement, termination or change in corporate officer functions

In respect of his salaried functions under his employment contract (suspended since his appointment as Chief Operating Officer) and in accordance with the collective agreement, Paul Boudre receives compensation of up to €379,500 under the application of a non-compete clause.

15.2. Provisioned or recorded sums for the payment of pensions, retirement income or other benefits

As at 31 March 2016, the sums provisioned for payments of pensions, retirement or other benefits for six members of the COMEX amount to €2,178k, €1,109k of which for the corporate officers.

The provision corresponds to a total simultaneous regime of defined contributions and services.

The company's fund shall be added to according to two different principles:

- one, relating to the defined contributions regime (Article 83), is a regime whose rights are individualised based on a contribution rate;
- the other, relating to the defined services regime (Article 39) is a collective regime based on a percentage of the last salary when employed.

Only the rights related to the defined contributions are acquired (even in case of resignation or redundancy); those related to defined services are lost in case of leaving the company before retirement.

Upon retirement, the annuity is mandatory.

Within the framework of the defined contribution contract, in case of death before retirement, the appointed beneficiary shall receive capital.

In case of death after retirement age, and in case of option for repayment, all or part of the annuity is repaid to the partner and, failing this, to other beneficiaries if the contract so provides.

The terms of determining and calculating the retirement services for each beneficiary are as follows:

- for the regime falling under Article 83: the contributions correspond to 4% of the gross salary limited to the TC;
- for the regime falling under Article 39: the period and the amount of the reference salary correspond to the last 12 months of gross salary, excluding one-off bonus; the potential annual rights in terms of percentage of reference remuneration correspond to 9.80% of the gross annual salary described above, deduction made of the annuity paid under the regime of Article 83.

The regime in question responds to the principles set down by the AFEP-MEDEF Code for the supplementary retirement schemes for corporate officers.

16. **Operating** of the administrative and management bodies

16.1. Terms of office of directors and senior executives

Please refer to paragraph 14.1.1. of this Reference Document.

16.2. Service agreements providing for the granting of future benefits

There is no service agreement binding the members of the management or administrative bodies of the Company or to one of its subsidiaries and providing for the granting of future advantages under such an agreement.

16.3. Board of Directors' Committees

The Board of Directors has four committees, the organisation, practices and powers of which are set out in the Board of Directors' internal rules adopted by a decision by the Board of Directors on 29 April 2016.

At the date of publication, the Committees were composed and operated as set out below.

16.3.1. Strategy Committee

Composition and operating rules

The Strategy Committee comprises the following seven directors:

Chairman: Paul Boudre

Members: Bpifrance Participations, represented by Thierry Sommelet;
Monica Beltrametti;
Laurence Delpy;
Douglas Dunn;
Christophe Gegout;
Xi Wang.

Membership is by virtue of their office as director and the term of their office on the Committee is the same as that of their office as director. Two of the seven Strategy Committee members are independent directors.

The Strategy Committee meets at least twice a year, convened by the Committee's chairman or two of its members. Minutes of each of the Committee's meetings are taken.

Remit and powers

The Strategy Committee's remit is:

- to assist the Board of Directors in that of its powers which consists in determining and regularly reviewing the Company's and Group's strategy;
- and to this end, analyse the Group's position and vectors of growth in order to submit proposals to the Board of Directors on the Group's strategy; and
- through its examination and discussions, clarify the Group's strategic objectives submitted to the Board of Directors and to assess the validity and consequences of the most important strategic decisions submitted to the Board of Directors.

The Strategic Committee does not have its own powers. The Board of Directors alone has authority to decide the Company's and Group's strategy.

However, the Strategy Committee may, within the exercise of its duties, contact the Company's principal senior executives after having informed the Chairman of the Board of Directors and provided it reports its findings to the Board of Directors.

The Strategy Committee may also commission external technical studies on topics under its remit, the cost of which to be borne by the Company, after having informed the Board of Directors and provided it reports its findings to the Board of Directors at its next meeting.

Strategy Committee's activity during the course of the financial year 2015-2016

During the financial year 2015-2016, the Strategy Committee met six times, with an attendance rate of its members of 95.8%.

16.3.2. Sensitive Strategic Issues Committee

The remit of the Sensitive Strategic Issues Committee is to report on any planned transfer (whether by sale, licence or by any other means) or any other joint venture project involving Smart Cut™, and accordingly make recommendations to the Board of Directors. It is comprised of the following four directors:

- Bpifrance Participations, represented by Thierry Sommelet;
- Laurence Delpy;
- Nadine Foulon-Belkacémi;
- Christophe Gégout.

16.3.3. Audit and Risk Committee

Composition and operating rules

The Audit and Risk Committee comprises the following seven directors:

Chairman: Christophe Gégout

Members: Bpifrance Participations, represented by Thierry Sommelet;
Monica Beltrametti;
Laurence Delpy;
Nadine Foulon-Belkacémi;
Joseph Martin;
Weidong Ren.

Membership is by virtue of their office as director and the term of their office on the Committee is the same as that of their office as director. Four of the seven Audit Committee members are independent directors.

The Committee meets at least four times a year, in particular before the approval of the annual and half-yearly financial statements, convened by the Committee's Chairman or two of its members; the time frame of the Committee's meetings is decided by the Board of Directors at the same time as for the Board's meetings.

The Committee can meet by videoconference or other means of telecommunication that enable the identification of its members to be ascertained.

For the Committee's meetings to be quorate, at least half of its members must be present or deemed to be present. A member of the Audit and Risk Committee can be represented only by another member of the Committee.

The Committee's working language is English.

The following persons attend the Committee's meetings:

- the CFO or his deputy for that purpose, or these two persons together;
- as the case may be, the statutory auditors' representatives or the Company's Head of Audit;
- any person that the Committee wished to hear.

Minutes of each of the Committee's meetings are taken. The minutes are sent to the Audit and Risk Committee members and to the other members of the Board of Directors. The Chairman or member of the Committee appointed for that purpose reports to the Board of Directors on the Committee's work.

Remit and powers

a/ As regards the accounts and financial information:

- monitor the quality of the procedures for preparing the financial information and ensure that their implementation is monitored;
- examining the annual financial statements before they are presented to the Board of Directors for approval; to this end, the Audit and Risk Committee hears (i) the statutory auditors, who present the main points concerning the results and accounting methods used (ii) as well as a presentation from the CFO describing the risks exposure and material off-balance-sheet commitments;
- ensuring the relevance of accounting methods used and examining changes in accounting policies and rules used in preparing the financial statements, and preventing any breach of these rules;
- monitoring any changes in the scope of consolidated companies and receiving, if any, all necessary explanations;
- examining the intermediate and preliminary results as well as the accompanying comments before publication;
- ensuring the quality of procedures in place, ensuring compliance with stock market regulations;
- be informed on an annual basis of the financial strategy and conditions of the Group's main financial transactions.

b/ Concerning the Company's external audit:

- regularly communicating with the Company's statutory auditors;
- managing the procedure for selecting the statutory auditors and submitting the result of such selection to the Board of Directors; on decision of the Board of Directors, the selection and renewal of the statutory auditors is preceded by a call for tenders;
- assessing the proposals for the appointment of the Company's statutory auditors and issue a recommendation regarding their appointment;
- each year, assessing the amount of their remuneration for conducting statutory audits;
- ensuring the statutory auditors' independence, in particular by assessing with them the risks affecting their independence and the safeguard measures taken to mitigate such risk and by ensuring that the amount of fees paid by the Company and its Group, or the portion it represents in the revenue of such firms and networks, is such as not to threaten the independence of the statutory auditors;
- supervising the application of the rules for the use of statutory auditors for work other than statutory audit and pre-approving the use of the statutory auditors for such work;
- each year, examining with the statutory auditors their audit schedules, conclusions and recommendations, and any follow-up.

c/ Concerning the Company's internal audit:

- assessing, with those responsible for internal audit, the Group's internal audit systems;
- examining, with those responsible for internal audit, their action plans and conclusions of such action plans, recommendations and follow-up;
- examining and formulate recommendations concerning annual capital expenditure;
- examining and formulating recommendations concerning exceptional capital expenditure that is not included in the annual capital expenditure.

d/ As regards risks:

- regularly reviewing, with the head of internal audit, the Company's main financial risks and off-balance sheet commitments;
- giving its opinion on the organisation of internal audit and being informed of this department's work schedule;
- examining the relevance of risk analysis and monitoring procedures, by ensuring the implementation of a procedure for identifying and preventing major risks associated with the Group's activities;
- examining Chairman of the Board of Directors' draft report on internal control and risk management.

The remit thus established for the Audit and Risk Committee complies with that set out in Article L. 823-19 of the French Commercial Code.

To fulfil its remit, the Audit and Risk Committee undertakes the following:

- it must hear the statutory auditors, as well as the CFOs. Such discussions must be able, when the Audit and Risk Committee desires it, to be held outside the presence of the Company's Senior Management;
- the Committee may also commission, when needed, external experts on topics under its remit, the cost of which to be borne by the Company, after having informed the Board of Directors and provided it reports its findings to the Board of Directors at its next meeting;
- as regards internal control, the Audit and Risk Committee must receive the internal audit reports or a periodic synthesis of such reports;
- it must be informed by the Board of Directors of each item of capital expenditure of an amount above five million euros at least seventy-two (72) hours before the investment is made;
- it must receive from the Board of Directors the documentation needed to for each meeting at least eight (8) days before the meeting.

Audit and Risk Committee's activity during the course of the financial year 2015-2016

During the financial year 2015-2016, the Audit and Risk Committee met eleven times, with an attendance rate of its members of 100%.

At each of these meetings, the Committee had the possibility of having discussions with the Company's statutory auditors.

At each closing of the annual and half-yearly financial statements, the Audit and Risk Committee verified such closing was undertaken properly and read the statutory auditors' report, which included a review of all the Company's consolidation transactions and accounts.

The Committee also examined the off-balance sheet commitments, the risks and accounting options in terms of provisions, as well as changes in applicable legal and accounting requirements.

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

16.3.4. Remuneration and Appointments Committee

Composition and operating rules

The Remuneration and Appointments Committee comprises the following seven directors:

Chairman: Nadine Foulon-Belkacémi

Members: Monica Beltrametti;

CEA Investissement, represented by Guillemette Picard;

Laurence Delpy;

Joël Karecki;

Joseph Martin;

Weidong Ren.

Membership is by virtue of their office as director and the term of their office on the Committee is the same as that of their office as director. Four of the seven Remuneration and Appointments Committee members are independent directors.

The Remuneration and Appointments Committee meets at least once a year, prior to the approval of the agenda of the Ordinary General Meeting, convened by the Committee's chairman or by half of the Committee's members, to examine the draft resolutions that will be submitted to it and which concern the posts of the members of the Board of Directors and/or the setting of the remuneration of the Chairman of the Board of Directors and of any employee or corporate officer members of the Board of Directors.

The Remuneration and Appointments Committee can meet by videoconference or any other means of telecommunication that enable the identification of its members to be ascertained.

For the Committee's meetings to be quorate, at least half of its members must be present or deemed to be present. A member of the Remuneration and Appointments Committee can be represented only by another member of the Committee.

The Committee's working language is English.

The Chairman and CEO or, where applicable, the CEO can be invited to the Committee's meetings. The Chairman and CEO or, where applicable, the CEO is associated with the work of the Remuneration and Appointments Committee regarding the selection or appointment of new Directors, but cannot take part in the deliberations concerning their remuneration.

Minutes of each of the Committee's meeting are taken. The minutes are sent to the Audit Committee members and to the other members of the Board of Directors. The Chairman or member of the Committee appointed for that purpose reports to the Board of Directors on the Committee's opinion and recommendations.

Remit and powers

The Remuneration and Appointments Committee is charged by the Board of Directors with:

- submitting to the Chairman recommendations on the remuneration, pension and personal protection schemes, benefits in kind and various financial rights, including, if any, allocations of options allowing subscription or acquisition of shares of the Company, as well as allocations of free shares, attributed to the Chairman of the Board of Directors, Chief Operating Officers and any employee or corporate officer members of the Board of Directors;
- submitting to the Board of Directors recommendations concerning allocations of options allowing subscription or acquisition of shares of the Company, as well as allocations of free shares or any other financial instrument to the Group's executive officers and/or employees;
- making recommendations on the remuneration of members of the Board of Directors;
- making recommendations on the CEO's and Chief Operating Officers' remuneration, including setting the criteria of the variable remuneration;
- implementing a procedure to select future independent directors;
- submitting proposals to the Board of Directors on the selection of new directors, their co-optation, appointment or renewal; the Remuneration and Appointments Committee takes account of the desired balance of the composition of the Board of Directors in view of the composition and change in the Company's shareholders;
- preparing, nearing expiry of their terms of office, recommendations for the succession of corporate officers; it must also prepare a replacement plan in the event of unforeseeable holiday leave;
- being informed of the remuneration policy for the principal senior executives who are not corporate officers. Particularly when undertaking this task, the Remuneration and Appointments Committee consults the corporate officers.

Remuneration and Appointments Committee's activity during the financial year 2015-2016

During the financial year 2015-2016, the Remuneration and Appointments Committee met ten times, with an attendance rate of its members of 93.6%.

Its recommendations mainly concerned the following:

- determination of the variable part of corporate officers' remuneration for the financial year 2015-2016;
- implementation of components of corporate officers' remuneration for the financial year 2015-2016;
- change in the Company's governance; and
- appointment of new directors.

16.4. Declaration on corporate governance

The Company has adopted the AFEP-MEDEF Code of Corporate Governance for Publicly Listed Companies as amended on June 2013 ("AFEP-MEDEF Code") as its corporate governance terms of reference. The report given in paragraph 16.5.1. details the exceptions to the AFEP-MEDEF Code in force within the Company.

16.5. Other significant information on corporate governance, procedures and internal audit

Pursuant to Article L. 255-37 of the French Commercial Code, the Chairman of Board of Directors has to report, in a report appended to the Board's management report, the conditions of preparing and organising the works of the Board of Directors as well as the internal audit procedures implemented by the Company. This report is presented in paragraph 16.5.1. below. Please also refer to the statutory auditors' report provided in Article L. 225-235 (5) on the aforementioned Chairman's report, and shown in paragraph 16.5.2. below.

16.5.1. Report of the Chairman of the Board of Directors as provided in Article L. 225-37 of the French Commercial Code

I. INTRODUCTION

Pursuant to Article L. 255-37 of the French Commercial Code, the object of this report is to notify the conditions of preparing and organising the works of the Board of Directors as well as the internal audit procedures implemented by Soitec (the "Company"). This report has been prepared with the support of the Company's finance department, mainly as regards the description of the coordination process of the accounting and financial organisation. It also involved the legal department and all operational departments as regards the management of risks other than financial ones.

This report was approved by the Board of Directors of 14 June 2016, after being validated by the Audit and Risk Committee of 13 June 2016.

II. CORPORATE GOVERNANCE

The information below constitutes a summary of the detailed information concerning the composition and the operating of the Board of Directors inserted in the Reference Document 2015-2016 of the Company.

II.1. Reference base

The Company has adopted the AFEP-MEDEF Code of Corporate Governance for Publicly Listed Companies as amended in November 2015 ("AFEP-MEDEF Code") as its corporate governance terms of reference. The following exceptions apply to the recommendations below:

AFEP-MEDEF's Recommendation	Soitec's position and justification
Balanced representation of men and women on Boards of Directors. The objective for balanced representation of men and women is for each Board to reach and maintain a percentage of women of at least 20% in three years and a percentage of women of at least 40% in six years as of the Annual General Meeting 2010 of the Company. (Paragraph 6.4 of the AFEP-MEDEF Code)	With three women members out of a total of thirteen Board members, the current percentage of women on the Board of Directors is 30.8% .
Proportion of independent directors on the Board of Directors. In controlled companies, the proportion of independent directors must be at least one-third. (Paragraph 9.2 of the AFEP-MEDEF Code)	With four directors satisfying the conditions of independence out of a total of thirteen members of the Board of Directors, the proportion of independent directors is 30% .
Termination of employment contract where office is held (Paragraph 22 of the AFEP-MEDEF Code)	The Board of Directors considered that Paul Boudre's length of service at the time of his appointment justified the maintenance of his contract, which was signed prior to his taking up the office of Chief Operating Officer.

II.2. Reference base

Soitec has a one-tier organisation with a Board of Directors. After the General Meeting that took place on 11 April 2016 further to the first meeting notice and on 29 April 2016 further to the second meeting notice, and capital increases reserved for Bpifrance Participations, CEA Investissements and NSIG Sunrise, Soitec's Board of Directors is now composed of 13 directors.

The composition of the Board of Directors, the work of its Committees and the measures taken by the Board of Directors in the scope of the Board of Directors' internal rules help establish the balance of powers between the Board of Directors and the Senior Management. Moreover, the Board of Directors, 30% of the members of which are independent directors, established four Committees: a Strategy Committee, a Strategic Sensitive Issues Committee, an Audit and Risks Committee and a Remuneration and Appointments Committee. Each of these Committees have independent directors as members, which also contributes to this balance.

II.2.1. Composition of the Board of Directors since the beginning of the financial year 2015-2016

a/ Composition

As at 31 March 2016, the Board of Directors was comprised as follows:

- Paul Boudre;
- Bpifrance Participations, represented by Thierry Sommelet;
- CEA Investissement, represented by Christophe Gégout;
- Douglas Dunn;
- Joël Karecki;
- Joseph Martin;
- Satoshi Onishi.

On the publication date of this report, the Board of Directors was comprised of the following members:

- Paul Boudre;
- Monica Beltrametti;
- Bpifrance Participations, represented by Thierry Sommelet;
- CEA Investissement, represented by Guillemette Picard;
- Laurence Delpy;
- Douglas Dunn;
- Nadine Foulon-Belkacémi;
- Christophe Gégout;
- Joël Karecki;
- Joseph Martin;
- Satoshi Onishi;
- Weidong Ren;
- Xi Wang.

At present, Paul Boudre is the only member of the Board of Directors holding a Senior Management position.

The Board of Directors does not have a member elected by the employees or a member representing the employee shareholders. However, the Works Council representatives attend all Board of Directors' meetings in an advisory capacity, in accordance with Article L. 2323-63 of the French Employment Code.

Sébastien Blot, Investment Director at BPI France Participations, was appointed as non-voting member of the Board of Directors at the General Meeting of 20 January 2012. His office was renewed for a term of two years at the General Meeting of 28 May 2014. He contributes to the work of the Board of Directors in an advisory capacity. He receives no remuneration in this respect.

The percentage of women on the Board of Directors is now 30.8%.

b/ Terms of office – expiry

The term of office of elected directors as of this date is four years; it expires at the end of the General Meeting approving the financial statements for the previous financial year and held in the year during which the members' offices expire. They can always be re-elected.

The table below shows the start and expiry dates of the terms of office of members of the Board of Directors:

Name	Date of 1st appointment	Current term of office start date	Term of office expiry date	Number of terms of office
Paul Boudre	03/07/2012	03/07/2012	General Meeting approving the financial statements for the year ending 31/03/2016	1
Monica Beltrametti	11/04/2016	11/04/2016	General Meeting approving the financial statements for the year ending 31/03/2020	1
Bpifrance Participations	02/07/2013	02/07/2013	General Meeting approving the financial statements for the year ending 31/03/2017	1
CEA Investissement	20/04/2015	20/04/2015*	General Meeting approving the financial statements for the year ending 31/03/2016	1
Laurence Delpy	11/04/2016	11/04/2016	General Meeting approving the financial statements for the year ending 31/03/2020	1
Douglas Dunn	09/07/2004	07/07/2014	General Meeting approving the financial statements for the year ending 31/03/2018	3
Nadine Foulon-Belkacémi	11/04/2016	11/04/2016	General Meeting approving the financial statements for the year ending 31/03/2020	1
Christophe Gégout	11/04/2016	02/05/2016	General Meeting approving the financial statements for the year ending 31/03/2020	1
Joël Karecki	20/01/2012	20/01/2012	General Meeting approving the financial statements for the year ending 31/03/2016	1
Joseph Martin	09/07/2004	07/07/2014	General Meeting approving the financial statements for the year ending 31/03/2018	3
Satoshi Onishi	10/07/2015	10/07/2015	General Meeting approving the financial statements for the year ending 31/03/2019	1
Weidong Ren	11/04/2016	02/05/2016	General Meeting approving the financial statements for the year ending 31/03/2020	1
Xi Wang	11/04/2016	02/05/2016	General Meeting approving the financial statements for the year ending 31/03/2020	1

* Appointment by co-optation by the Board of Directors' meeting of 20 April 2015 for the remaining term of office of Christian Lucas, who resigned, approved by the shareholders at the General Meeting of 10 July 2015.

c/ Directors' shares

Pursuant to Article L.225-25 of the French Commercial Code, Article 13 of the Company's Articles of Association does not require the directors to own at least one Soitec share.

In accordance with the AFEP-MEDEF Code, the Board of Directors' internal rules recommends that the directors, excluding elected salaried directors, own a large number of shares in the Company, set at 2,000 shares, registered in a registered share account.

On the publication date of this report, the members of the Board of Directors have fulfilled this recommendation under the following conditions:

Name	Number of shares owned
Paul Boudre	303,134
Monica Beltrametti	0
Bpifrance Participations	87,875,902
CEA Investissement	87,875,902
Laurence Delpy	3,500
Douglas Dunn	1
Nadine Foulon-Belkacémi	0
Christophe Gégout	0
Joël Karecki	4,004
Joseph Martin	2,001
Satoshi Onishi	2,000
Weidong Ren	0
Xi Wang	0

II.2.2. Board of Directors' powers

The Board of Directors determines the orientations of the Company's business and ensures their implementation. Subject to the powers officially granted to the General Meetings and those restricted by the company's object, it listens to any interesting issue relating to the correct operating of the Company and rules on the matters concerning it. The Board of Directors monitors on an ongoing basis the management of the Company by the CEO, Paul Boudre. Meetings are held when needed and convened by the Board's Chairman.

During the financial year 2015-2016, the Board of Directors met 20 times: 16 April 2016, 20 April 2015, 4 May 2015, 18 May 2015, 27 May 2015, 12 June 2015, 14 June 2015, 10 July 2015, 11 September 2015, 17 November 2015, 25 November 2015, 18 December 2015, 11 January 2016, 19 January 2016, 27 January 2016, 9 February 2016, 3 March 2016, 15 March 2016, 16 March 2016 and 31 March 2016. The average attendance rate of Board of Directors' meetings was 91%.

Prior to each meeting of the Board of Directors, each member of the Board receives documentation relating to the agenda and that is needed to fulfil the Board's remit. Members of the Board of Directors are also informed on an ongoing basis of all material transactions relating to the Company.

II.2.3. Rules of procedure

During its meeting of 1 July 2005, the Board of Directors adopted Rules of Procedure which organise in particular the relationships between directors and the Company and constitute an operational framework designed to be regularly updated to take account of the change in the legal and regulatory provisions, and also best practices in terms of corporate governance. The Rules of Procedure of the Board of Directors and of the Committees have undergone several amendments, with the last one dated 29 April 2016.

By defining the respective powers of the company bodies, the Rules of Procedure further establishes a right of review of the Board of Directors, by providing that the CEO has to obtain the prior authorisation of the Board for some important operations. Hence:

1. The CEO must obtain prior authorisation from the Board of Directors for the following decisions:
   i. decisions of establishing operations abroad, through creating an establishment, direct or indirect subsidiary, or through acquiring an interest, as well as decisions to withdraw from these operations; and
   ii. sizeable operations likely to affect the Group's strategy or change its capital structure or scope of activity, in particular merger and acquisition decisions.
2. Prior authorisation from the Board of Directors is needed to undertake the following transactions, to the extent that their individual or combined amount exceeds €20 million:
   i. acquire or dispose of any interest in any company created or to be created, participate in the creation of any company, group or organisation, subscribe to any issue of shares or bonds;
   ii. agree to any exchange, with or without equalization payment, concerning property, shares or instruments;
   iii. in the event of litigation, accept any agreement, transaction or compromise; and
   iv. grant sureties on company assets.
3. Prior authorisation from the Board of Directors is needed to undertake any non-budgeted expenditure or investment (including any acquisition or sale of fixed assets, it being understood that a project comprising more than one phase must be taken as whole), to the extent that their individual or combined amount exceeds €5 million.
4. Prior authorisation from the Board of Directors is needed to undertake the following transactions, to the extent that their cumulative individual or combined amount exceeds €30 million per year:
   i. grant or contract any borrowings or loans, credits or advances, excluding finance lease or equipment lease transactions; and
   ii. acquire or sell, in any way, any loans and receivables.
5. Prior authorisation from the Board of Directors is needed for decisions on the launch of any project likely to incur, in the first five years of implementation, unbudgeted investments, expenses, commitments or liabilities of more than €50 million (individually or combined).
6. Prior authorisation of the Board of Directors is needed for decisions on (i) any transfer (by sale, licence or any other means) of industrial property rights relating to Soitec's core business (including Smart CutTM technology) to a third party or (ii) concerning any commercial cooperation or partnership agreement (excluding agreements exclusively or almost exclusively on the sale of the Company's products in the ordinary course of business) generating estimated annual income (or expenses, as the case may be) of more than €7 million.

II.2.4. Committees of the Board of Directors

The Board of Directors relies on the works of the four Committees set up within it: the Strategy Committee, the Strategic Issues Committee, the Audit and Risk Committee and the Remuneration and Appointments Committee, whose roles and missions are explained in the Rules of Procedure of the Board of Directors as adopted in its revised version by resolution of the Board of Directors of 29 April 2016.

A detailed description of the Committees, of their composition and of their operating during the financial year ending 31 March 2016 is inserted in the Reference Document 2015-2016.

II.2.5. General Management

Following the deliberations of the Board of Directors meeting on 11 September 2015, the functions of Chairman of the Board and of Chief Executive Officer are performed by Paul Boudre, who now chairs the Board of Directors and continues his functions of CEO.

As CEO, full authority is vested in Paul Boudre to act in all circumstances on behalf of the Company. He exercises his authority within the limit of the corporate objects and subject to the authority that the law expressly bestows on the General Meetings and the Board of Directors.

II.2.6. Remuneration of corporate officers

At its meeting of 8 December 2008, the Company's Board of Directors formally adopted the AFEP-MEDEF recommendations on the remuneration of senior executives and corporate officers of companies whose shares are traded on a regulated market published on 6 October 2008.

Corporate officers receive remuneration that is determined by the Board of Directors as proposed by the Remuneration and Appointments Committee, comprising the following components: (I) fixed annual remuneration in 12 monthly payments, (II) variable annual remuneration based on various targets to be attributed at year-end, (iii) an incentive scheme allocating financial instruments giving rights over the Company's share capital, together with performance conditions.

The ratio between the fixed and variable component of the corporate officers' remuneration is determined annually by the Board of Directors upon the advice of the Remuneration and Appointments Committee. In the financial year ending 31 March 2016, the variable component of the remuneration of the Chairman and CEO could represent from 100% to 150% of the fixed component.

The General Meeting of 20 January 2012 confirmed the principle of paying directors' fees to directors not performing a Management position in the Company. Directors' fees are capped at €450,000 for all financial years with effect from 1 April 2011.

Moreover, at the request of Bpifrance Participations, the Remuneration and Appointments Committee proposed to the Board of Directors not to pay directors' fees to the non-voting board member.

Finally, the directors' fees are distributed solely between the members of the Board of Directors not holding any operational position in Group companies, such that Paul Boudre receives no directors' fees.

The total amount of director's fees paid for the financial year 2015-2016 amounted to €375,000.

Detailed information on the gross remuneration and benefits of any kind due by Soitec and the companies it controls to each corporate officer for the financial years 2014-2015 and 2015-2016 are given in the Reference Document 2015-2016.

II.3. Evaluation of the operating of the Board of Directors and of its study committees

In accordance with the AFEP-MEDF Code's recommendations, the Board of Directors annually assesses its composition, organisation and practices. When this assessment is conducted, the directors are called on to comment on their independence within the meaning of the provisions of the AFEP-MEDEF Code. This is mainly due to the business relations that exist between the Company and some companies in which the members of the Board of Directors hold management positions.

On the publication date of this report and since the appointment of three new directors in the General Meeting of 11 April 2016, the Board of Directors is comprised of four members satisfying the conditions of independence as provided for by the AFEP-MEDEF Code, namely Monica Beltrametti, Laurence Delpy, Nadine Foulon-Belkacémi and Joseph Martin.

A shareholders' agreement was concluded on 7 March 2016 between Bpifrance Participations, CEA Investissement, National Silicon Industry Group / NSIG Sunrise and Soitec, by virtue of which the parties agreed to the presence on the Company's Board of Directors of two Bpifrance Participations representatives (Bpifrance Participations itself, represented by Thierry Sommelet and Joël Karecki for the remaining term of his office), two CEA Investissement representatives (CEA Investissement itself, represented by Guillemette Picard and Christophe Gégout), two NSIG representatives (Weidong Ren and Xi Wang).

A representative of Shin-Etsu Handotai (Mr Satoshi Onishi) is also a member of the Board of Directors.

The role of observer on the Board of Directors is undertaken by a Bpifrance Participations employee.

Finally, no family relationships exist between these persons.

For the remaining points, please refer to paragraph 14.2.1. - Independence of directors of the Reference Document for 2015-2016.

III. PARTICIPATION OF SHAREHOLDERS IN THE GENERAL MEETING

The General Meetings are convened by the Board of Directors, according to the terms and conditions provided by the law, as indicated in Articles 21 to 25 of the Articles of Association of the Company.

IV. ELEMENTS LIKELY TO HAVE AN IMPACT IN CASE OF A PUBLIC OFFERING

The information provided by Article L. 225-100-3 on elements which may have an impact in case of public offering targeting the Company is given in the Reference Document 2015-2016.

On 3 May 2015, the shareholders' agreement entered into on 27 June 2011 between Bpifrance Participations and Mr Auberton-Hervé was terminated when BPI France Participations acquired a holding in Soitec's capital. At that time, Mr André-Jacques Auberton-Hervé undertook for a period of three years from his departure from Soitec not to compete with Soitec.

On 7 March 2016, within the framework of their equity interest in the capital of the Company, a shareholders' agreement was entered into between Bpifrance Participations, CEA Investissement and NSIG / NSIG Sunrise (the "Investors") firstly and the Company secondly. Pursuant to the delegations of competence conferred by the General Shareholders Meeting of 11 April 2016 which met on first convocation in its resolutions no. 9 and 10 and by the General Shareholders Meeting of 29 April 2016 met on second convocation in its resolution no. 8, on 29 April 2016, the Board of Directors resolved to launch capital increases of a total amount of approximately €76.5 million, at the price of €0.55 per share (share premium included) reserved respectively for Bpifrance Participations, CEA Investissement and NSIG Sunrise (the "Reserved Capital Increases"). The Reserved Capital Increases were made on 2 May 2016. Following the Reserved Capital Increases, Bpifrance Participations, CEA Investissement and NSIG Sunrise each hold 14.5% of the share capital of the company.

From 8 June 2016 and to 29 February 2017, CEA Investissement may further subscribe an additional number of shares representing up to 0.5% of the capital under the same conditions as the Reserved Capital Increases and thus become the majority shareholder of the Company.

Under certain conditions, NSIG Sunrise shall also respect a cap on its equity interest or its voting rights at 14.5% during a period of three years (on the understanding that NSIG Sunrise would be at liberty to subscribe to any capital increase allowing it to maintain this level of interest). This cap would no longer apply in the event another shareholder were to hold an equity interest of more than 14.5% of the capital or voting rights (or, as regards CEA Investissement, at the threshold between 14.5% and 15% resulting from the exercise by CEA Investissement of its option allowing it to subscribe up to 0.5% of the capital of the Company). On expiry of the 3 year period, if NSIG Sunrise exceeds the aforementioned threshold of 14.5% during the following two years, it would forfeit its rights in terms of governance (the undertakings of the Company and other investors on appointment of NSIG representatives in the governance bodies lapsing).

To the company's knowledge, there are no other shareholders agreement or shareholders holding, either directly, indirectly, 3%, 5% or more of the share capital or voting rights than those mentioned above.

V. INTERNAL AUDIT PROCEDURES

V.1. Objectives and reference base

V.1.1. Objectives and definition

Internal audit is a mechanism of the Company, defined and implemented under its responsibility, which aims to assure the achievement of the following objectives:

- to check that the financial, accounting and management information communicated to the corporate bodies of the Company are a true and accurate reflection of the activity and the position of the Company;
- to comply with the laws and regulations, particularly in the field of producing its accounting and financial information;
- to comply with the rules of procedure;
- to ensure that the company is able to achieve its strategic objectives;
- to make its processes reliable, to prevent and control the major risks to which the nature of its activity exposes it.

In general, internal audit contributes towards the control of the Company's activities, to the efficiency of its operations and to the efficient use of its resources.

By contributing towards preventing and controlling the risks of not achieving the objectives set by the Company, the internal audit mechanism plays a key role in the conduct and the coordination of its different activities.

However, internal audit cannot provide an absolute guarantee that the Company's objectives will be achieved, or that the risks of errors or fraud are completely controlled or eliminated.

The internal audit procedures described are applicable to the Company and to its subsidiaries whose financial statements are consolidated using the full consolidation method.

V.1.2. Reference base

In July 2010, the AMF published the results of the works of the working group set up under its aegis in a document entitled "Risk management and internal audit mechanisms: reference framework". This document, as explained in the mid and small cap implementation guide also published on 22 July 2012, is the Group's reference base.

V.2. Internal audit objectives

The objective of internal audit is focused on making the financial and accounting information reliable and complying with the laws and regulations, particularly in the field of producing accounting and financial information, applying the instructions and guidelines fixed by the Executive Board and the correct functioning of the internal processes.

The adoption of the Group's reference framework required the formalisation of procedures applicable to other objectives sought by internal audit, particularly making its processes reliable, and preventing and controlling the major risks to which the nature of its activity exposes it.

In the absence of an internal audit department, it is the finance department of the Company which is the driving force of internal audit, on the understanding that the exercise of formalising procedures applicable to the other objectives sought by internal audit entails the increasing involvement of the legal department and of the operational departments. The control and management of risks, other than financial ones has in fact, for a long time, been at the very core of the operating of the Company. In this sense, all of the Group's employees are key internal audit players.

The Executive Committee of the Company assures the identification and treatment of the essential stakes and validates the operational and strategic objectives. It ensures the execution of the strategy and examines the options allowing for its correct implementation, particularly in the domains of technology and strategic options, security, human resources and finance. The Executive Committee is responsible for supervising the Company's internal audit mechanism, and relies on:

- the financial department of the Group;
- the legal department.

Finally, in each of the "business units" of the Group and its subsidiaries, apart from the involvement of the management, the administrative and financial managers are an integral part of the internal audit process.

VI. GENERAL PROCEDURES

The Company's Research and Development activity, and the Silicon on Insulator manufacturing processes and its by-products involve compliance with strict procedures, prepared upon the constitution of the Company and inspired from those in place within Leti (CEA Grenoble). These procedures participate in the management of the industrial risk, and in the control of the production cycle within the framework of a comprehensive quality approach. The management and internal audit system incorporates three domains: Quality, Safety and Environment. It guarantees the identification of risks at all levels, risk control and prevention.

The Company obtained the certification ISO 14001 in December 2001. This certification was renewed in December 2010 and allowed it to incorporate, within the scope of certification, all of its production sites. The quality system in place has been certified ISO 9001 since 1998. It was renewed in January 2012.

Supervision audits are carried out once a year by LRQA (Lloyd's Register Quality Assurance), the certification body chosen by the company. In terms of security, a certification OHSAS 18001 was obtained in December 2010.

The roll-out of a new ERP gave the Group a financial IT architecture in which the Soitec System's audit systems have been configured ahead of time, making the audit system in place even more reliable.

VII. ORGANISATION OF THE LEGAL FUNCTION

To optimise the control of legal risks, since April 2005 the Company has implemented a legal department. This department is headed up by a Group Legal Director and has three lawyers in France, a legal director and one lawyer in the United States, a paralegal in charge of company law and one assistant.

The legal department, under the direct authority of the CEO, is contacted by the directors for issues of legal and regulatory compliance imposed on the Group.

VII.1. Scope

The legal department intervenes on all matters related to business law apart from social law which is the remit of the human resources department and tax law which is the remit of the finance department.

The legal department is also responsible for insurance.

The legal department is assisted by lawyers for issues related to foreign law and for those falling into specialist areas not mastered internally.

VII.2. Terms of intervention

An approval procedure before the signature of contracts by corporate officers has been implemented. It imposes the validation of a monitoring sheet by a case manager, a director and/or the head of the Business Unit and potentially (depending on the object of the contract), the intellectual property department, and the R&D Director.

VIII. COORDINATION PROCESS OF THE ACCOUNTING AND FINANCIAL ORGANISATION

VIII.1. Principles and key analysis points

VIII.1.1. General organisation

The accounting and financial organisation of the Group is incorporated in the operational control system in place within the Group, which is one of its components.

The Company's Finance Department, placed under the responsibility of the Finance Director, includes:

- an accounts department;
- a management control department;
- a consolidation and Internal Audit department;
- a treasury department;
- an investor relations - financial reporting department.

VIII.1.2. Resources Management

Each subsidiary of the Company has an accounts/management control department and a treasury department for which a financial controller is responsible under the authority of the head of management control ("controller") of the Company.

The Finance Director is in charge of centralising and presenting all the management indicators monitored by the Executive Board and the Board of Directors of the Company.

VIII.1.3. Application of accounting rules

The Company is autonomous for the holding of its accounts. The Accounts Departments pass the entries, prepare the general ledger and prepare the social accounting declarations. Pursuant to Regulation (EC) No 1606/2002 of 19 July 2002, the Company has published its consolidated financial statements in accordance with the international accounting standards (IFRS) since 1 April 2005.

VIII.2. Role of the Senior Management

VIII.2.1. Organisation, competencies and resources

The Finance Director is a member of the Executive Committee, the internal management structure, and whose main role is to assure operational consistency around the CEO to whom all the members of the Executive Committee report directly or indirectly.

VIII.2.2. Coordination and control

The Group is organised into two business units: Digital and Communication and Power.

The coordination of the Group is organised by management unit based on the following principles.

- each operational unit is coordinated by a manger;
- in collaboration with the different operational units and the functional departments, the Finance Department prepares for each financial year a budgetary plan for each operational unit and a comprehensive consolidated plan;
- detailed monthly reporting on the performance of the operational units (revenue and profitability indicators) and monthly reporting on the consolidated results of the Group are sent to the Chairman and CEO and to the members of the Executive Committee;
- regular management meetings between the members of the Company's Senior Management, managers of the operational units and in the presence of the Finance Department take place each month;
- the investment authorisations are centralised and all approved by an *ad-hoc* Committee.

The control procedures for subsidiaries rely on a centralised control system based on account and cash flow monitoring of the subsidiaries.

During the financial year, the Group continued its “Strategic Planning” process with the identification of the major strategic stakes for the Group in the medium term. This process, placed under the responsibility of the Chairman and CEO, leads the Group to a regular revision of its strategic stakes.

VIII.3. Role of the Board of Directors

VIII.3.1. Checks and audits

Each year, the annual budget, breakdown of the provisional long-term plan, is validated in the Board of Directors, after analysis and approval by the Audit and Risk Committee. This budget is used for coordinating the economic performances of each operational unit and of the entire Group.

During each Board meeting, the Finance Director presents the actual position of the Group in relation to the annual budget.

VIII.3.2. Approval of accounts

The draft annual consolidated and company accounts, along with the appendices, are sent prior to the Board meeting convened to approve the financial statements of the financial year to the members of the Audit and Risk Committee. This Committee meets up ahead of the Board meeting ruling on the financial statements and reviews the financial statements. The Audit and Risk Committee also meets with the statutory auditors outside the presence of the Management of the Group and obtains its opinion on the accounting information presented. The financial statements, once validated by the Audit and Risk Committee, are presented to the Board of Directors where they are approved.

VIII.3.3. Dealings with the statutory auditors

Pursuant to the legal provisions, the financial statements of the Soitec Group are audited by a firm of auditors. The scope of their mission concerns all companies included in the consolidation group. Each of them undergoes a full audit or a limited one depending on the case, twice a year. The statutory auditors are informed ahead of the preparation process of the financial accounts and present a summary of their works to the Group Finance Department and to the Audit Committee of the interim and annual statements.

In performing their function, the statutory auditors are also called upon to familiarise themselves with the organisation and operating of the internal audit procedures applied, to present their observations, as appropriate, on the description given of the internal audit and risk management procedures on the preparation and treatment of the accounting and financial information and to attest to the establishment of other information required under Article L. 225-37 of the French Commercial Code of the Chairman’s Report on the internal audit and risk management procedures which, for such purposes, have been read through by the statutory auditors.

The firm of statutory auditors was renewed during the Mixed General Meeting of 7 July 2010. PricewaterhouseCoopers Audit was appointed to replace Ernst & Young Audit for the six financial years from the one starting on 1 April 2010. The mandate of the firm Muraz Pavillet was for its part renewed at that time for the six financial years from the one starting on 1 April 2010.

The terms of office of the statutory and alternate auditors of the Company will expire on the day of the General Meeting of Shareholders of the Company called to approve the financial statements of the financial year ending 31 March 2016.

VIII.4. Process contributing to the preparation of the accounting and financial information published

VIII.4.1. Quality criteria

The accounting and financial information published by the Company is part of the Quality approach which coordinates the entire Group. The Company is therefore committed to publishing true and accurate information, and to bring to the public’s knowledge, as soon as possible, any event which may have a significant impact on the price of its shares. All of the Company’s financial reporting media are published on the Company’s website and are available for a minimum of five years.

VIII.4.2. Principles and key analysis points

The accounting and financial information is prepared using the data prepared by the Finance Department. The Head of Investor Relations - Financial Reporting is responsible for preparing the first draft including the significant elements to be brought to the public’s knowledge which he submits for validation to the Finance Director and then to the Chairman and CEO. The validated draft is then sent to the members of the Board of Directors prior to being published.

At each stage, the accuracy and precision of the information, its consistency, its prudent and non-misleading nature are the key points which undergo a systematic check.

a/ Investments/Divestments/Research and Development

The Research and Development costs are recorded as costs as they occur if the criteria required by the standard IAS 38 to allow for their balance sheet activation are not verified, whereas the amounts received under contracts or grants are deducted from the gross Research and Development costs to lead to a net amount charged to the Income Statement. Some Research and Development costs may benefit from a research tax credit, which is presented as a deduction from the Research and Development costs pursuant to the standard IAS 20.

The accounting of conditional grants in respect of the expenses incurred is performed depending on the extent of probability of payment of these grants, according to an assessment validated as a last resort by the Finance Department.

b/ Treasury/Financing and financial instruments

The Company adopts a very prudent policy of investing temporary surpluses which are solely invested in money market products. The liquid assets of the Company are mainly expressed in EUR and USD and mainly concentrated in top ranking financial institutions or invested directly in securities issued by sovereign states.

The financial balances between Group entities are managed by means of:

- annual cash flow forecasts revised on a monthly basis;
- a centralised Group cash flow management system from the Parent Company.

The Finance Department of the Group assures, wherever the regulations allow it to do so, the financing of its subsidiaries through cash flow centralisation agreements or intra-Group financing agreements and the payment and collection of flows in currencies.

This centralisation allows the Senior Management:

- to coordinate the external debt and analyse its development;
- to manage the interest rate risk inherent in the debt taken out;
- to finance the subsidiaries in their currency wherever the regulations so permit;
- to apprehend and manage the foreign exchange risk inherent in commercial and financial flows.

The centralised world choice of partner banks and their effective coordination over the duration constitute an important element of internal audit.

Through this organisation, the Finance Department assures an extensive control of the Group's treasury operations.

c / Consolidation

The consolidation process is a centralised process within the Soitec Group.

The monthly reporting, the budgets and the consolidation of the accounting data are managed on the same IT system.

The objectives of the consolidation and management system in terms of control are the following:

- to automatically perform checks of consistency on the financial data provided by the subsidiaries;
- to accelerate the processing of the information provided;
- to increase the level of standardisation by formatted feedback and return tables;
- to manage the international accounting standards (IFRS). The definitions and the accounting principles are accessible on the software by all users.

These tools are designed to improve the reliability of the information sent, and to accelerate its processing.

The financial statements of the subsidiaries are centralised by the Finance Department in order to harmonise these statements with the accounting principles of the Group.

On a monthly basis, the subsidiaries prepare a detailed financial reporting using the model used by the Group. This model has been developed so as to allow for the precise analysis of the formation of the financial flows, and that of the results by comparing them to the budgets.

The reporting procedure thus aims to provide the Senior Management with a detailed analysis of the evolution of results, of certain key indicators, and to enable it to measure the effectiveness of the organisations in place.

The reporting stages can be summarised as follows:

- preparation and approval of an annual detailed budget, which is then updated on a monthly basis;
- monthly reporting on the results, cash flow and investment;
- detailed analysis of differences;
- quarterly budgetary review during the coordination and control meetings.

The results and the forecasts are reviewed on a quarterly basis so as to ensure that the objectives are achieved. The monthly updated budget is used as a control tool for validating and analysing the month results made. The regular monitoring of the results enables the necessary corrective measures to be taken, as appropriate.

Information feed-back and consolidation procedure

The published consolidated financial statements are prepared by the Finance Department based on the audited financial statements of the subsidiaries.

The financial statements are prepared by the subsidiaries in accordance with the accounting rules of the Group according to a timetable defined by the Finance Department.

The main accounting estimates and options used by the Group are mentioned in advance of the approval of the accounts with the statutory auditors.

The Group's controls

The information provided by the subsidiaries is checked by the consolidation team at head office which performs consistency checks and validates the items presenting the most risks prior to consolidating the financial statements.

These financial statements are consolidated at Group level. The Group's Finance Department alone is authorised to pass accounting consolidation entries.

The statutory auditors of the parent company audit the consolidated accounts. The statements sent by the subsidiaries are systematically audited by local external auditors.

The statutory auditors draw up, within the framework of their mission, letters of recommendation on the procedures and financial statements which were monitored by the Group's Finance Department.

d/ Management of external financial information

The Group's financial statements are prepared from the information taken from the accounts application and are then incorporated in the interim and annual reports which are audited by the external auditors.

The Group's publications are drafted in accordance with the information collected by the Head of Investor Relations - Financial Reporting from the Finance Department.

IX. RISK MANAGEMENT

The objective sought by the Company is to ensure that the entire internal audit mechanism allows for preventing, as far as possible, the risks to which it is exposed. The Company has completed the exercise of mapping its risks, which enables it to have a more systematic supervision tool.

The risk monitoring mechanism implemented was audited during the financial year by PricewaterhouseCoopers, which focused on the Electronics Division, and which was able to conclude as to the relevance of the risk matrix used, and the appropriateness of the risks described in the Reference Document.

* * *

To conclude, the internal audit procedures are today adapted to the size of the company and to the nature of its activities and respond to the needs of the directors and shareholders. The Company has successfully completed most of the projects it initiated, aiming to bring its reference framework in line with that of the Group.

The Chairman of the Board of Directors

16.5.2. Auditors' Report, prepared pursuant to Article L. 255-235 of the French Commercial Code, on the report of the Chairman of the Board of Directors of SOITEC S.A.

Financial year ending 31 March 2016

To the Shareholders,
SOITEC S.A.
Parc Technologique des Fontaines
Chemin des Franques
38190 Bernin, France

As auditors of SOITEC S.A., and in application of the provisions of the Article L.225-235 of the French Commercial Code, we hereby present our report on the report drawn up by your company's Chairman, in accordance with the provisions of Article L.225-37 of the French Commercial Code for the financial year ending 31 March 2016.

The Chairman is responsible for preparing and submitting for the approval of the Board of Directors a report on the internal audit and risk management procedures implemented within the company and providing the other information required by Article L. 225-37 of the French Commercial Code particularly related to the corporate governance mechanism.

It is our responsibility:

- to notify you of the observations we have made on the information and statements contained in the Chairman's report concerning the internal audit and risk management procedures relating to the drawing up and treatment of accounting and financial information, and
- to certify that the report contains the other information required by Article L. 225-37 of the French Commercial Code, on the understanding that it is not our responsibility to check the sincerity of this other information.

We have carried out our works in accordance with the professional standards applicable in France.

Information concerning the internal audit and risk management procedures specific to the drawing up and treatment of accounting and financial information

The professional standards require the implementation of due diligence practices designed to assess the sincerity of the information concerning the internal audit and risk management procedures relating to the preparing and treatment of the accounting and financial information contained in the Chairman's report. These activities consist in particular:

- of familiarising ourselves with the internal audit and risk management procedures concerning the preparation and treatment of the accounting and financial information underlying the information presented in the Chairman's report and of the existing documentation;
- of familiarising ourselves with the works which allowed for this information and the existing documentation to be prepared;
- of determining whether the major internal control and risk management shortcomings concerning the preparation and treatment of the accounting and financial information which we revealed within the framework of our audit are the object of appropriate information in the Chairman's report.

On the basis of these works, we do not have any observation to make on the information concerning the company's internal control and risk management procedures relating to the drawing up and treatment of the accounting and financial information contained in the Chairman of the Board of Directors' report, drawn up in application of the provisions of the provisions of Article L.225-37 of the French Commercial Code.

Other information

We certify that the report of the Chairman of the Board of Directors contains the other information required under Article L. 225-37 of the French Commercial Code.

Done in Lyon and Meylan, on 4 July 2016

Statutory Auditors

PricewaterhouseCoopers Audit	MURAZ PAVILLET
Nicolas Brunetaud	Christian Muraz

17. Employees

17.1. Number of employees

Status of employees at 31 March 2016

Staff is distributed by geographic areas and activities as follows:

ELECTRONICS

– France (Soitec S.A.) ;

– USA (Peabody);

– ASIA (Singapore, Japan, Korea, Taiwan, China).

OTHER ACTIVITIES

Following the sale of Equipment and Lighting activities, the Phoenix, Arizona and Monbonnot, France are no longer active.

DISCONTINUED OPERATIONS

– EUROPE (Freiburg and subsidiaries);

– USA (San Diego).

At March 31, 2016, the total number of employees was 882, of which 73 are under a limited time contract. The average age is 40 years.

The distribution of staff is as follows:

Staff status	ELECTRONICS France Bernin	ELECTRONICS USA Peabody	ELECTRONICS Asia Singapore Japan Korea Taiwan China	DISCONTINUED ACTIVITIES Freiburg and affiliates USA San Diego	Total Group
Headcount at 31/03/2016	837	10	9	26	882
- of which fixed-term employment contracts	72	-	-	1	73
Men	559	6	8	17	590
Women	278	4	1	9	292
Average age	39.7	48.9	45.4	44.0	39.8
Turnover rate	*5.2%*	*0%*	*18.2%*	*11.6%*	*6.2%*
Changes in employees in 2015-2016	13	1	(1)	(205)	(253)*
- of which operators	21	0	0	(60)	(39)
- of which technicians and office workers	5	0	0	(44)	(39)
- of which engineers and executives	(13)	1	(1)	(101)	(114)
- of which hires	113	-	1	40	161
- of which resignations	24	-	2	8	34
- of which redundancies in the scope of a job protection plan	18	-	-	131	154
- of which dismissals	11	-	-	4	15
- of which contractual terminations	7	-	-	68	75
Breakdown by category					
- Operators	31%	0%	0%	4%	29%
- Technicians and office workers	34%	20%	11%	35%	34%
- Engineers and executives	35%	80%	89%	61%	37%
Breakdown by activity					
- Administrative staff	17%	40%	56%	38%	18%
- Sales and marketing	1%	50%	44%	0%	2%
- R&D	18%	10%	0%	0%	18%
- Production	64%	0%	0%	62%	62%

* 61 people who are part of the division employees, other activities are no longer part of the employees in the Group.

Changes in Soitec's headcount

Staff in the Group includes 253 fewer employees than at the end of 31 March 2015 (of which 266 people were involved in the Group restructuring), or a reduction of 22%.

This is due to the restructuring of the solar division, initiated in January 2015, which primarily affects the sites of San Diego and Freiburg (205 fewer people at the end of March 2016 as compared to the number of staff at these two sites at the end of March 2015).

The turnover rate decreased to 6.2% in the financial year 2015-2016 compared to 10.4% in 2014-2015.

The average number of staff therefore decreased significantly (1,029 for 2015-2016 against 1,246 for 2014-2015, or a loss of 17.4%).

The average number of Soitec employees in full-time salaried equivalents is as follows:

(As full-time equivalents)	2015-2016	2014-2015
Production	623	757
Research and Development	187	226
Sales and marketing	41	58
Senior Management and administrative staff	179	205
Total headcount in full-time equivalents	1,029	1,246

Headcount diversity

Soitec considers employee diversity as a significant development strength, and promotes diversity within the company.

Breakdown by age bracket	ELECTRONICS France Bernin	ELECTRONICS USA Peabody	ELECTRONICS ASIA Singapore Japan Korea Taiwan China	DISCONTINUED ACTIVITIES EUROPE Freiburg and affiliates USA San Diego	Total
Up to 25 years	4%	0%	0%	4%	4%
26 to 49 years	85%	50%	67%	62%	84%
50 and over	11%	50%	33%	35%	12%
- of which seniors > 55	3%	30%	0%	15%	3%

Organisation of working time

Operating modes to organise work time in France, by type of population, were defined by a collective agreement in March 2000.

For production and production support staff, the schedule in place is based on five alternating teams which provides for 24 hour staffing, 365 days per year. The average effective working time for hourly staff members is 30.75 hours per week.

For staff in administrative services (support services), the effective work time is 34.6 hours; they receive recuperation days under the agreement due to a reduction in work time (RTT) implemented on 1 March 2000.

For executives, in application of the agreement to reduce work time implemented at the same time, engineers and managers work a maximum of 218 days per year, according to agreement.

At the Group level, 107 employees work part-time, which represents 12.1% of the total headcount, a 6% increase compared to 2014-2015.

For the Bernin site, total absenteeism was 4.5%, of which 2.9% for short-term absenteeism (<3 months).

Measurement of well-being in the company

Soitec had implemented an internal opinion poll in 2014 (BOI). This covers the key topics of a poll (communication, management methods, knowledge of the company, etc.). Initially intended solely for French employees, it was extended across the entire Soitec group, which involved the integration of a multicultural dimension: the contents were adapted to local circumstances.

The goal of the BOI is to measure the level of satisfaction of our employees with our working conditions, remuneration, work organisation and company management. Its relevance relies on the strong commitment of Senior Management, as well as the involvement of mid-level management. The guarantee of anonymity, transparency in feedback, as well as the implementation of concrete and visible action plans promote a high participation level, generally between 70 and 75%.

The last survey, carried out in 2014, had a participation level of 76% with an average positive opinion level at 65% , a reduction of 8 points as compared to the 2012 BOI. 72% of employees responded favourably to the question: “I like to work at Soitec”.

The 2014 survey revealed a general problem with the reading of the corporate strategy, and therefore lower confidence in the future. It also shows an extended link between some employees in the company, as well as the difficulty of projecting oneself in a professional manner. Despite a good level of cooperation within the departments, which remains a strength of our organisations, the survey revealed insufficient cooperation between departments and sites, as well as a loss of agility in our ability to take simple and rapid decisions.

Pride in belonging to Soitec remains strong, and a majority of employees see Soitec as an innovative company. Working conditions and safety were judged positively by 91% of staff, and 76% of the staff found their work interesting.

Soitec has instigated a well-being policy at work, started in 2010-2011, based on improving the quality of professional relations.

Many actions were initiated to realise this policy. A working group including managers, occupational physicians and the CHSCT were involved in developing:

– training modules for those managers entitled: “manager of quality of work relationships and performance”;
– a system to capture weak signals: managers have an important connection role to find weak signals and to pass them on;
– a definition of the role of actors in the company: avoiding the possibility that an employee finds himself alone when facing a difficulty.

Although Soitec was not structurally confronted by psycho-social risk problems, Soitec would like to strengthen its means to detect the treatment of situations which impact well-being in 2016, and proposed to its staff representatives to put a tool in place to address this. This tool includes:

– the creation of a multi-disciplinary RPS committee (Senior Management, HR, HSE, medical department, CHSCT) for which the objective is to diagnose the situation, find the causes and establish an action plan;
– putting in place an identification and processing procedure to deal with urgent RPS situations to deal with required situations as quickly as possible.

In continuing the policies of well-being at work, Soitec started a large transformation workshop and created a Well-Being at Work (BE@T) committee in mid-2015.

The transformation reaches to the fundamentals of the company; that is, our ways of working to gain simplicity and agility in order to develop independence at all levels of the organisation. The transformation is in the end a vector to improve our effectiveness and performance of Soitec. Its intention is to make the company “a great place to work”; that is, a sustainable company where good work is done. This is a sustainable change because its goal is to change our culture.

Twenty transformational objectives were developed by our working groups in which employees and managers worked on the five great themes:

– the management system: for tools for measurement, reporting and control which are simpler and more effective;
– simplification of our processes: to make us more agile and effective;
– living better together: to create links in improving our working teams;

– Transparency and Communication: internally and with our partners (customers, suppliers);

– and finally, management style.

One initiative is a subject addressed by a group of employees for a given issue. The result is that ideas emerge, practices within a participative process, of decentralised beneficence and according responsibility. The group is legitimised to implemented the actions which it identifies in this process.

Soitec is going to develop a new way to work, more iterative, more participative, while keeping to a goal of putting concrete actions in place through these initiatives.

The BE@T committee is formed of a panel of 20 representative employees in the company, including the medical department, the HSE and HR departments, as well as two representatives from CHSCT.

Its mission is to evaluate and analyse the psycho-social risks in order to implement concrete corrective actions and to provide primary prevention over the long term to favour well-being and enjoyment for everyone at work.

The BE@T committee is piloting the distribution of a questionnaire on psycho-social risks in the company in order to present a quantitative diagnosis. It is using the Karasek questionnaire, internationally known and validated to carry out a collective assessment of well-being at work: 883 employees received the questionnaire, and 70% of them chose to participate in the survey.

The Karasek model provides a link between work life and work risks to health. It uses a questionnaire which evaluates the intensity of psychological demands to which each employee is subjected, the decisional latitude which is available to him, and the social support that he receives at the workplace.

In order to complete the diagnosis, the BE@T committee contracted with a firm specialised in occupational health; they were responsible for qualitative interviews. The interviews of employees provided access to the life of people in order to reveal the mechanisms by which the risk factors could pose difficulties to them. The qualitative analysis delivered understanding which will enrich the statistical data and which provide clues to developing corrective actions.

The goal of the BE@T committee is to propose corrective actions which can have an impact on three preventative levels:

– primary prevention, which focuses on the organisation of the company, and which relies on the development of collective strategies to promote a favourable work environment which can provide some support;

– secondary prevention, which focuses on the individual, and takes the form of sensitisation, actions in a work group;

– tertiary prevention, which treats emergency problems (psychological support, protective measures).

Professional appraisal meeting

– Soitec has used an annual performance appraisal tool for a number of years: Performance Review & Objectives (PRO). The PRO is a favoured exchange between the employee and his superior, N+1: this is the time to reflect on the past year, as well as to review goals and working conditions. The goal is to set objectives for the year to come. The interviews (PRO) are carried out between April and June in each year with a goal of 95% achievement.

– An idea was launched in the transformation programme to adapt the annual interview. A group consisting of managers, employees, personnel representatives and HR proposed a new individual interview system. This will be tested in the coming year. In addition to setting objectives and their evaluation, the system will integrate a professional interview at a dedicated time to discuss the employee's professional evolution.

Remuneration Salary policy.

Gross payroll in the year was 82.5 million euros, including 23.5 million euros for employment charges.

The reduction in payroll reflects the reduction in the number of employees (an average of -11.3%).

The remuneration system includes the remuneration elements linked to the position, and to individual performance (base salary and bonuses for meeting objectives) as well as the remuneration elements linked to collective performance and/or to the company's results (incentives).

(in € million)	ELECTRONICS France Bernin	ELECTRONICS USA Peabody	ELECTRONICS ASIA Singapore Japan Korea Taiwan China	Other activities EUROPE Montbonnot USA Phoenix	DISCONTINUED ACTIVITIES Freiburg and affiliates USA San Diego	Total
Payroll in 2015-2016	62.4	2.3	1.7	4.9	11.4	82.5
- of which employer social security contributions	20.8	0.1	0.1	1.3	1.2	23.5
Average salary increases	1.7%	0%	2.0%	0%	0%	1.7%
Average annual salary (in €)	**40,670**	**128,052**	**90,385**	**N/A**	**90,830**	**44,377**

The compulsory profit-sharing scheme aims to give each salaried employee a share of the Company's profits, while strengthening employees' understanding of shared interests.

The latest agreement was signed by Soitec S.A. on 28 June 2013. It is based on the Company's EBITDA and the package, representing 5.7% of total payroll, can be potentially increased or decreased depending on achievement of objectives based on three criteria:

– safety (frequency rate of workplace accidents with sick leave);

– quality (quality index of wafers produced);

– cost control (cost to revenue ratio).

An additional bonus of 0.2% is triggered based on our clients' overall satisfaction, measured by a service level indicator (POF).

Female personnel

The remuneration gap between men and women is 6%. Women represent 33% of the headcount and work in all job areas.

	ELECTRONICS France Bernin	ELECTRONICS USA Peabody	ELECTRONICS Asia Singapore Japan Korea Taiwan China	DISCONTINUED ACTIVITIES Freiburg and affiliates USA San Diego	Total
Female personnel	33%	40%	11%	35%	33%

An effort has been made for several years in order to fill the salary gaps due to mechanical effects, such as maternity leave and parental leave. The next step will consist of ensuring promotional equality between men and women.

Corporate social responsibility (CSR) and social dialogue

The employees are represented to Senior Management through several committees:

- The Works Council, which impacts the economic and social areas;
- The Comité d'Hygiène, de Sécurité et des Conditions de Travail (CHSCT) [Health, Safety and Working Conditions Committee], whose mission is to contribute to health and safety protection of the employees, as well as to improving working conditions;
- The Délégués du Personnel (DP) [Staff Representatives] representing staff to the employer;
- The Délégués Syndicaux (DS)[Union Representatives], representing their union to the employer;
- The representative of the union department informs the union section which he represents in the company.

Anti-discrimination policy

Soitec recognises diversity as enrichment of the company. That is why Soitec undertakes actions on a daily basis to assist handicapped workers, and to integrate all generations, and to ensure professional equality between men and women.

To this end, Senior Management is committed with its social partners through 3 agreements:

- an Agreement to Favour the Employment of Handicapped Workers: assisting with the welcoming, insertion and training in employing people who are handicapped (while respecting their activity constraints);
- an Agreement on the Professional Mix between Men and Women, to ensure equal access to opportunities for professional growth, and better representation of women in the company;
- a Generational Agreement to promote the complementarity and transfer of skills between experienced employees and those newly-hired.

However, Soitec exceeds the strict adherence to legal obligations, and has put CSR projects in place related to these topics, with some significant actions:

- participation in the Alternative Handicap Platform, which links to people who are handicapped who wish to study and for companies who wish to recruit "alternative" employees;
- implemented individualised assistance for career development for all female managers in order to lift cultural brakes, and to promote women to the highest responsibility levels;
- participation in the "Inn.0tech" event, in partnership with actors in the area of microelectronics (ST Microélectronique, Grenoble-INPG, Cea Leti, Minatec, etc.), whose goal is to make themselves known to young secondary school students the jobs in industry and microelectronics in order to promote their interest in science these professions.

Employment and deployment of handicapped workers

Number of handicapped workers over the past 5 years	France Bernin
2015-2016	40
2014-2015	34
2013-2014	30
2012-2013	27
2011-2012	27

Soitec favours diversity in its collaborative teams, and applies its actions to achieve the "succeed together" key values. Soitec favours work for all in integrating handicapped workers (TH) into its teams.

The Bernin site employed 40 handicapped people at the end of December 2015. This represented 4.86% increasing to 5.92% of total employees.

Soitec is committed to a group of social partners, and meets its TH employment obligation through the signature of a collective agreement. The 6th and new 2014-2016 agreement was unanimously signed in July 2014.

The general programme of the agreement is focused on the following actions; here is the result for 2015:

Actions to promote employment:

- 2 recruitments.

Focus is placed on the diversity of the profiles of those recruited, the welcoming services, and type of handicap. Despite an unfavourable context for recruitment, the people were hired, and the commitment was achieved (2 hired under the agreement in 2015).

Soitec pursues collaboration with all its recruiting partners (specialised organisations) and again participated in the Execo specialised forum in 2015 implemented by Schneider Electric in partnership with Cap Emploi, STMicroelectronics and Becton Dickinson: a focused platform whose goal is to identify, train and recruit alternative candidates. The procedure took place in three stages, which provided maximum assurance of the success of the process.

- Discovery: the candidates are tested; this allows validation of the candidate's ability to do the job;
- Implementation: a stage of 2 months including 1 month to train in order to optimise their integration into the company, and 1 month in a job within the company;
- Employment training: alternative training granting a diploma or qualification.

Actions to promote integration and maintenance of employment:

As is done each year, each handicapped employee benefits from reinforced medical follow-up through a specific examination by the medical department. 13 files for handicapped employees were processed in order to follow their restricted capabilities, and provided for:

- 3 team changes;
- 2 job changes;
- 4 job adjustments;
- 5 schedule adjustments.

11 people were granted days to implement their requests or renewal of their RQTH (Recognition of the Quality of a Handicapped Worker). 3 employees are assisted by an external organisation (Execo) in their process of Recognition of the Quality of a Handicapped Worker.

Improvement in living and employment conditions were paid for (lodging costs, etc.)

Actions to promote training:

- Welcomed 2 apprentices.

Information and sensitisation activities:

- Created and distributed an HR form on the handicap agreement;
- Distribution of messages related to employment and handicaps, particularly to respond to ideas received, on the Intranet during SEEPH.

Partnership activities with the protected class:

Development of sub-contracting was pursued as well as individual collaboration for some activities (printer, handler, small manufactured parts, etc.).

This is a first in the new agreement: Soitec makes it possible for handicapped employees to have paid leave for the "helping" employees. Eight employees were able to take advantage of this new rule on presentation of receipts.

The report relates only to the Bernin site. No information related to the employment of TH is available for foreign sites for cultural and legal reasons.

Professional relations and company agreements

Despite these particularly complex periods for the company and in a difficult economic environment in recent years, Soitec has always considered corporate dialogue as a favoured method to assist the needed evolution of the company.

With this in mind, the company has always expressed its commitment to implementing support of its contractual policy and the finding active partnerships with institutions representing staff and the company unions.

It's in this context that an agreement related to the exercise of union rights and corporate dialogue was initiated at the start of the financial year with the signature of all union organisations present in the company at that time.

The union landscape changed in 2015 with the appearance of a new union section, which increased the number of union organisations in the company to four.

In the spirit of continuing corporate dialogue, employee representatives are involved in transformation initiatives, as well as the process to prevent psycho-social risks to improve work well-being.

Several agreements have been made by Soitec:

- agreement to promote employment of handicapped persons;
- agreement for professional equality between women and men;
- agreement on the generational contract;
- POPARTT agreement (Project to Organise Productivity, Improvement and Reduction of Work Time) for non-management staff;
- POPARTT agreement for managers;
- continuous schedule system agreement;
- 'day of solidarity' agreement;
- profit-sharing agreement;
- participation agreement;
- operational bonus agreement;
- temporary management of employment and skills agreement;
- annual salary agreement;
- time savings account agreement.

Each collective agreement is followed by a committee composed of at least the signatories, who are responsible to assess progress and propose any improvements, if applicable. Schedules for meetings and committees depends upon the agreements, but include at least one meeting per year.

Health and safety conditions

Health and safety conditions are subject to a great deal of attention and joint efforts on the part of the main actors in this area: the HSE Department (Health, Safety, Environment), the Medical Department, Senior Management, Operations Director and committees representing staff.

The HSE Department at Soitec consists of four people.

Although it is not formalised in a corporate agreement, a management safety programme called 'Safe' has been deployed since 2007 which maintains safety performance at a high level in the profession.

This programme is primarily represented by the implementation of the following activities:

Systemic implementation under management's responsibility and with the support of the HSE Department to analyse safety risks in 100% of the work positions and for new projects;

Focus on training employees to different types of risks that they may encounter in their work (chemical, ergonomic, ionising radiation, electrical, etc.), but also to their role and responsibility related to safety;

Regular conducting of on-site safety visits by management;

Systemic analysis of hazardous situations, near-accidents and accidents and sharing lessons learned;

Communication and sensitisation activities related to safety to all employees with active management participation;

Integration of safety criteria in performance evaluation for each employee and manager;

Improvement of safety management for activities by external companies at the site.

The 'Safe' programme has allowed the company to maintain TF (frequency rate of work accidents with a stoppage) and the TG (level of severity of accidents with stoppage) at Soitec at a level which is comparable to the average level of the profession in France. At the end of the financial year 2015-2016, the TF was 6, and the TG was 0.41.

Soitec has had 8 recognised occupational diseases since the end of 2007-2008 (date of the appearance of the first claims to recognise occupational diseases at Soitec). These illnesses are all TMS (muscle/skeletal diseases) and the work places involved have been systematically subjected to detailed analysis by an external ergonomics professional, leading to the creation of a prevention programme.

For each workplace, the safety risks are analysed using a methodology which creates a hierarchy and implements preventive actions (improvement of these workplaces and putting in place collective or individual means of protection), to the creating of safety instructions and staff training. All these items are summarised in a single document which is available to the authorities and internally on the company's Intranet portal.

The results of hazard analyses allow, in collaboration with the occupational physician, to adjust heightened medical surveillance of staff.

And finally, in the context of OHSAS 18001 certification, the Bernin production site successfully passed its audit conducted by the certification body (LRQA). This audit identified areas for improvement which were implemented in the 2015-2016 year to contribute to continuous improvement of the management and safety systems.

In addition, the HSE Manager is a member of the Health and Security Committee of ACSIEL Electronics Alliance. In this position, he meets quarterly with his colleagues in the microelectronics sector. These meetings promote exchanges of good practices and sharing experience related to accidents and incidents.

Training

	ELECTRONICS FRANCE Bernin	ELECTRONICS USA Peabody	ELECTRONICS ASIA Singapore Japan Korea Taiwan China	DISCONTINUED OPERATIONS EUROPE Freiburg and affiliates USA San Diego	Group
Access to training					
Number of hours by employee and by year	24	12	18	116	-
Number of beneficiaries	894	2	3	78	977
Total number of training hours	21,708	14	21	788	22,531

During the financial year 2015-2016, the training plan for Bernin was marked by increases in comparison to the previous year (24 training hours per employee/per year as compared to 18 hours in 2014-2015).

The training investment represents 2.6% of the total payroll.

The strategic training priorities implemented in the financial year related to:

- Maintaining our safety culture;
- Development of a customer culture;
- Development of technical/professional skills;
- Maintaining manager assistance and development of cross skills for team members.

Soitec has had a policy of promoting its team members for several years. In the financial year 2015-2016, the promotion rate in France was 13.5%, and the mobility rate was 6.5%. Soitec also assists in the promotion of its team members through training for diplomas or qualifications.

Promotion and compliance with ILO conventions

Soitec is committed to adhere to the United Nations Global Compact. Unfortunately, the economic situation has not allowed it to pursue this project, which has been postponed. In any case, Soitec remains interested in this project, and would like to put activities in place related to the various principles of the agreement as soon as its situation will allow it to do so. Soitec deals with the subjects of the Global Compact, but has not yet organised detailed information feedback. As soon as the company can commit to the Global Compact, it will be able to document its active commitment to the following points:

- Human Rights
  - Promote and respect protection of international law related to the rights of man;
  - Not be complicit in violation of the rights of man.
- Working conditions
  - Respect for freedom of association and the right to collective negotiation;
  - The elimination of forced or mandatory labour;
  - Effective abolition of child labour;
  - The elimination of discrimination in terms of employment and profession.
- Environment
  - Application of the principle of caution;
  - Promotion of environmental responsibility (on this point, Soitec has already implemented and is rolling out eco-friendly technologies, see Chapter 5.3).
- Anti-corruption
  - Anti-corruption activities, especially against extortion and bribery.

For this last point of fighting against corruption, Soitec has had no activities in markets which are susceptible to corruption, and the nature of its activities, strictly B to B, mean that the question has little relevance to its activities. Soitec has never had a scandal relating to this issue.

Conscious of the issues related to corruption, Soitec does have a Code of Conduct. It requires the company's employees to comply strictly with the national and international legislation on corruption.

17.2. Profit-sharing and stock options

17.2.1. Compulsory and voluntary profit-sharing bonus scheme

Compulsory profit-sharing bonus scheme

The compulsory profit-sharing scheme aims to give each salaried employee a share of the Company's profits, while strengthening employees' understanding of shared interests.

The last agreement signed in June 2013 is based on the Company's EBITDA and the package, representing 5.7% of total payroll, can be potentially increased or decreased depending on achieving objectives on three criteria:

- safety (frequency rate of workplace accidents with sick leave);
- quality (quality index of wafers produced);
- cost control (ratio of costs on revenue), this criteria having a greater weighting compared to the other two because of the importance of this criteria on the next three years.

An additional bonus of 0.2% is triggered based on the overall satisfaction of our clients.

Incentive bonus payments and contributions on the company savings plan for past years:

(in € thousand)	Compulsory profit-sharing bonus scheme	Matching employer contribution
2001-2002	152	65
2002-2003	0	0
2003-2004	0	58
2004-2005	189	127
2005-2006	629	253
2006-2007	1,775	483
2007-2008	0	0
2008-2009	973	517*
2009-2010	294	113
2010-2011	1,322	937**
2011-2012	557	2,138
2012-2013	38	1,096
2013-2014	1,456	383
2014-2015	0	214
2015-2016	745	328

* Including the contribution paid in respect of BSAAR subscriptions, i.e. €317k (see 17.2.1.2. below).
** Including the contribution paid in respect of BSAAR subscriptions, i.e. €182k (see 17.2.1.2. below).

17.2.2. Granting and exercising of options and allocations of performance shares during the financial year 2015-2016

The following elements present the operations of granting and exercising options and allocating performance shares in the financial year ending 31 March 2015. For an updated presentation on the submission date of this Reference Document, please refer to sections 21.1.4.3. and 21.1.4.4., page 120.

17.2.2.1. Stock options

a/ corporate officers

No share subscription options have been granted or exercised during the financial year 2015-2016.

b/ Salaried employees

No share subscription options have been granted or exercised during the financial year 2015-2016.

17.2.2.2. Special report on share subscription options for the financial year 2015-2016

Pursuant to Article L. 225-184 of the French Commercial Code, we disclose below the transactions of attribution and exercise of subscription options of shares of your Company (the "Company") undertaken during the financial year 2015-2016.

I. Attribution of share subscription options for the financial year 2015-2016:

In respect of the financial year 2015-2016, no share subscription option was granted.

II. Exercise of share subscription options for the financial year 2015-2016:

1. Exercise of share subscription options under schemes attributed in the financial year 2015-2016:

Not applicable.

2. Exercise of share subscription options in respect of past financial years:

No share subscription options have been exercised in the past financial years.

III. Cancellation of share subscription options for the financial year 2015-2016:

Under share subscription plans decided by the Board of Directors on 13 May 2005, the following options expired on 12 May 2015:

- 25,600 options the beneficiary of which was a salaried manager were cancelled following the plan's expiration.

Under share subscription plans decided by the Board of Directors on 12 November 2005, the following options expired on 11 November 2015:

- 352,000 options the beneficiaries of which were two salaried managers were cancelled following the plan's expiration.

17.2.2.3. Performance shares

17.2.2.3.1. Performance shares attributed to each corporate officer

a/ Performance shares attributed to each corporate officer

Not applicable.

b/ Performance shares acquired for each corporate officer

Not applicable.

c/ Performance shares becoming available for each corporate officer

Not applicable.

17.2.2.3.2. Performance shares granted to salaried employees

Shares granted free of charge to the first ten salaried employees who are not corporate officers and warrants exercised by them	Number of free shares attributed/ subscribed shares	Price (in euros)	Plan of 1 April 2011		Performance conditions
			Acquisition period	Conservation period	
Shares granted free of charge by the issuer and by any company included in the scope of attribution of free shares to the ten salaried employees of the issuer, and of any company included in this scope, the number of free shares of which thus granted is the highest (aggregate information)	114,894	10.725	from 01/04/2011 to 31/03/2015		Yes
			13 December 2011 plan		
			Acquisition period	Conservation period	
Free shares acquired during the financial year by the ten salaried employees of the issuer and of the companies included in the scope the number of which thus acquired is the highest	20,864	3.733	from 13/12/2011 to 12/12/2015		Yes

17.2.2.3.3. Special report on transactions of attribution of free shares and performance shares for the financial year 2015-2016

Pursuant to Article L. 225-197-4 of the French Commercial Code, we disclose below the transactions of attribution of free shares and performance shares of the company (the "Company") undertaken during the financial year 2014-2015.

I. Attribution of free shares and performance shares for the financial year 2015-2016:

Not applicable.

II. Acquisition of shares attributed free of charge in respect of the financial year 2015-2016 and previous financial years:

Under the plan of attribution of free and performance shares decided by the Board of Directors at its meeting of 1 April 2011, the beneficiaries of which were senior executives of the Company, because the acquisition period expired on 31 March 2015, it was recognised by a decision of the CEO on 28 April 2015 the expiration of the acquisition period of 108,494 free shares attributed at the Board of Directors' meeting of 1 April 2011 on the one hand, and the corresponding increase in the Company's capital on the other.

Under the plan of attribution of free and performance shares decided by the Board of Directors at its meeting of 13 December 2011, the beneficiary of which was a senior executive of the Company, because the acquisition period expired on 12 December 2015, it was recognised by the Board of Directors at its meeting of 18 December 2015 the expiration of the acquisition period of 20,864 free shares attributed at the Board of Directors' meeting of 13 December 2011 on the one hand, and the corresponding increase in the Company's capital on the other.

III. Cancellation of shares attributed free of charge in respect of the financial year 2015-2016 and previous financial years:

Under the plan of attribution of free shares decided by the Board of Directors on 4 June 2012:

- 48,000 free shares the beneficiaries of which were two salaried managers were cancelled following the managers' departure on 2 April 2015 and 18 December 2015.

Under the plan of attribution of free shares decided by the Board of Directors on 6 March 2014:

- 38,400 free shares the beneficiary of which was a salaried manager were cancelled following the manager's departure on 31 August 2015.

18. Main shareholders

18.1. Shareholding of the Company as at 14 June 2016

Breakdown of capital and voting rights at 14 June 2016:

Shareholders	Number of shares	In % of capital	Voting rights	In %
André-Jacques Auberton-Hervé	5,324,949	0.878%	10,649,898	1.724%
The Auberton-Hervé Family	529,707	0.087%	1,059,414	0.171%
The Auberton-Hervé Family Group	**5,854,856**	**0.966%**	**11,709,312**	**1.895%**
Bpifrance Participations	87,875,902	14.500%	87,875,902	14.222%
CEA Investissement	87,875,902	14.500%	87,875,902	14.222%
NSIG	87,875,902	14.500%	87,875,902	14.222%
Caisse des Dépôts et Consignation	8,641,629	1.425%	8,641,629	1.399%
Shin-Etsu Handotaï Co Ltd (partner since 1997 and first sub-licensee of Soitec)	4,452,599	0.734%	4,452,599	0.721%
Public	323,542,176	53.369%	329,341,719	53.302%
Self-owned	111,451	0.018%	111,451	(0.018%)
Total	**606,230,217**	**100%**	**617,884,016**	**100%**

A shareholding study carried out at the end of 2015 through a request for identification of shareholders with registered shares revealed that the shareholding of Soitec was distributed at that time between institutional investors (approximately 25% of the capital) and widely in the public for the remainder (with French private individuals representing from 60% to 70% of the capital approximately).

Further, to the Company's knowledge, no one not a member of an administrative or management body of the Company directly or indirectly holds a percentage of the share capital and of the voting rights of the Company which has to be notified under national legislation.

18.2. Different voting rights

The voting right attached to shares is proportional to the capital they represent. When Meetings are held, each share carries one vote. However, following the decision of the Mixed General Meeting of 30 November 1998, the Articles of Association of the Company provide that a double voting right is conferred to shares held in registered form for at least two years by the same shareholder, as of 31 August 2000. The double voting right ceases for any share converted to bearer or subject to a transfer.

18.3. Control of the Company

According to a shareholders' agreement concluded on 7 March 2016 between the Company, Bpifrance Participations, CEA Investissement and NSIG (the "Investors"), it is provided that the Board of Directors of the Company should initially be composed of thirteen members, of which two members proposed by each Investor (it being specified that Bpifrance Participations and CEA Investissement are already members of the Board of Directors and that Mr Joël Karecki was elected to serve as a member of the Board of Directors on a proposal of Bpifrance Participations), the chief executive officer of the Company Mr Paul Boudre, a member proposed by Shin-Etsu Handotai, a member unrelated to Investors (Mr Doug Dunn), and four independent members (of which three new directors).

The appointment of thee independent directors (in this case Christophe Gegout by CEA Investissement and Weidong Ren and Xi Wang, by NSIG) occurred at the Ordinary General Meeting held on 11 April 2016. It became effective on that date.

The appointment of thee independent directors (Monica Beltrametti, Laurence Delpy, and Nadine Foulon-Belkacémi) occurred at the Ordinary General Meeting held on 11 April 2016 and became effective on that date.

The mandates of the newly appointed directors is four years ending after the General Meeting of Shareholders called to approve the financial statements for the financial year ending 31 March 2020. The Company has undertaken to submit the necessary resolutions pending the General Meeting of Shareholders called to approve the financial statements for the financial year closed 31 March 2021 so that each Investor has two representatives on the Board of Directors and a representative on the Committees of the Board of Directors, and the Investors have undertaken to vote in favour of said resolutions. According to the terms of the Shareholders' agreement, it is provided that a Committee for Sensitive Strategic Issues should be created with a mission of pronouncing on any proposed transfer (whether by sale, granting a licence or any other manner) or any other proposed *joint-venture* involving Smart Cut™ technology and issuing recommendations for the Board of Directors on such matters. It is composed of independent directors and representatives of CEA Investissement and of Bpifrance Participations.

It is also provided that the Board of Directors' internal rules and the Company's Code of Good Conduct should be revised, to provide notably for reinforcing the list of decisions subject to prior authorisation of the Board of Directors and measures to protect the technology and sensitive information of the Company. The revised version of the Board of Directors' internal rules, including the Company's Code of Good Conduct appended thereto was adopted by a decision of the Board of Directors dated 29 April 2016.

NSIG undertook not to increase its equity interest in the capital or voting rights of SOITEC beyond 14.5% through the acquisition of existing shares for a period of 3 years from implementation of the capital increase with the retention of the preferential subscription right of shareholders, provided no other shareholder in SOITEC, directly or indirectly, alone or in combination, exceeds this threshold (or, for CEAI a threshold between 14.5% and 15% as would result from the subscription by CEAI to the issue of a second tranche that will be implemented by the SOITEC board of directors after implementation of the capital increase with retention of the shareholder's preferential subscription right). However, NSIG remains free to subscribe to any other future capital increase of SOITEC.

On expiry of the 3 year period, if NSIG exceeds the aforementioned threshold of 14.5% during the following two years, NSIG will forfeit its rights in terms of governance (the undertakings of SOITEC and other investors, on appointment of NSIG representatives on the governance management bodies which will lapse).

At the end of the shares lock-up period of a duration of 90 days following delivery and payment of the capital increase with retention of the shareholder's preferential subscription right agreed between Investors and the placing bank, the sale of shares held by BPI, CEAI and NSIG will be subject to requirements for ordered transfers and may not be implemented for the benefit of a competitor of SOITEC.

The Shareholders' agreement also provides for a commitment by each of the investors (BPI, CEAI and NSIG) that the proportion of their voting rights in SOITEC shall not exceed their proportion of the share capital of SOITEC, for the duration of the standstill obligation of NSIG.

To the company's knowledge, there are no other shareholders agreement or shareholders holding, either directly, indirectly, 3%, 5% or more of the share capital or voting rights than those mentioned above.

Please refer to paragraph 21.2.6. of this Reference Document for a description of the Memorandum of Association, Articles of Association, a charter or a regulation of the Company which might entail delaying, deferring or preventing a change of its control.

18.4. Agreement which could lead to a change in control

Further, none of the significant agreements entered into by the Company contains any clause allowing for their automatic reconsideration in case of change of control.

19. Related-party transactions

Special Auditors' Report on regulatory agreements
(General Meeting approving the financial statements of the financial year ending 31 March 2016)

To the Shareholders,

SOITEC S.A.
Parc Technologique des Fontaines
Chemin des Franques
38190 Bernin

In our capacity as Auditors for your company, we hereby present our report on the regulatory agreements.

Based on the information given to us, it is our responsibility to report to you on the main terms and characteristics and the reasons justifying the interest for the Company of the agreements and commitments notified to us and which we discovered during our audit without having to rule on their appropriateness or on their merits or look for the existence of other agreements and commitments. It is your responsibility, under the terms of Article R. 225-31 of the French Commercial Code, to evaluate the benefits resulting from these agreements and commitments prior to their approval.

Further, it is our responsibility, as appropriate, to provide you with the information provided in Article R. 225-31 of the French Commercial Code related to the performance, in the past financial year, of agreements and commitments already approved by the General Meeting.

We have conducted the due diligence we considered necessary in respect of the professional doctrine of the Compagnie nationale des commissaires aux comptes in relation to this audit. Such due diligence consisted of checking that the information given to us corresponds to the basic documents from which they emerge.

Agreements and commitments submitted for approval of the General Meeting

Pursuant to Article L. 225-40 of the French Commercial Code, we have been advised of the following commitments that have been first authorised by your Board of Directors.

DIRECTOR CONCERNED: PAUL BOUDRE

Nature and purpose:

Authorisation during the Board of Directors meeting of 11 September 2015 of the entering into of a key person insurance policy in favour of the company.

Terms and conditions and reasons justifying its interest for the company:

The policy included a key person guarantee in favour of SOITEC for an amount of €1M. The estimated annual fee would be €6,023.

DIRECTORS CONCERNED: S.A. BPIFRANCE PARTICIPATIONS AND S.A. CEA INVESTISSEMENT

Nature and purpose:

Authorisation during the Board of Directors meeting of 3 May 2016 of the signature by your company of the legal documentation pertaining to the reserved capital increase.

Terms and reasons:

Within the framework of the company's recapitalisation plan, it was decided to go ahead with a capital increase of an estimated amount of €76.5M at a subscription price of €0.55 reserved for Bpifrance Participations, CEA Investissement and National Silicon Industry Group. Within this framework, a subscription agreement and a shareholder's agreement on governance were signed.

Agreements and commitments already approved by the General Meeting

Agreements and commitments authorised during the past financial year

We have also been informed of the performance, in the past financial year, of the following agreements and commitments, already approved by the General Meeting of 30 July 2015, on special report of the Auditors of 9 June 2015.

DIRECTOR CONCERNED: S.A. BPIFRANCE PARTICIPATIONS

Nature and purpose:

Authorisation during the Board of Directors of 20 April 2015, of the signature by your company of a financing agreement with Bpifrance Participations along with sureties as guarantee.

Methods:

Financing agreement in the amount of €15 million, designed for the financing of the working capital and operating expenses of the Company. This financing is due to mature in 2016, on the 1st anniversary date of the funds being made available, with the loan being repaid *in fine*. The interest rate will be 12% per annum, fully capitalised, and may be reduced in case of issue of BSA and subscription by Bpifrance Participations to such BSA by debt offsetting.

This financing was fully settled by repayment and by offsetting of receivables in order to subscription to the capital increase with retention of the preferential subscription right realised on 8 June 2016.

The interest costs recognised on the financial year ending 31 March 2016 for this financing amounted to €1,283k.

DIRECTOR CONCERNED: S.A. CEA INVESTISSEMENT

Nature and purpose:

Authorisation during the Board of Directors of 20 April 2015, of the signature by your company of a financing agreement with CEA Investissement along with sureties as guarantee.

Methods:

Financing agreement in the amount of €9 million, designed for the financing of the working capital and operating expenses of the Company. This financing is due to mature in 2016, on the 1st anniversary date of the funds being made available, with the loan being repaid *in fine*. The interest rate will be 12% per annum, fully capitalised, and may be reduced to 6% in case of issue of BSA and subscription by CEA Investissement to such BSA by debt offsetting.

This financing was fully settled by offsetting of receivables in order to subscription to the capital increase with retention of the preferential subscription right realised on 8 June 2016.

The interest costs recognised on the financial year ending as at 31 March 2016 for this financing amounted to €746k.

COMPANY CONCERNED: SHIN-ETSU HANDOTAI (SEH) EUROPE

Director concerned: Fumisato Hirose

Nature and purpose:

Authorisation given during the Board of Directors of 20 April 2015, of the signature by your company of a financing agreement with SEH with sureties as guarantee of the loan.

Methods:

Financing agreement in the maximum amount of €30 million available in several tranches, the first two of which of a maximum amount of USD17 million in favour of Soitec USA, Inc., and the third in favour of Soitec S.A.. This financing is due to mature on 15 May 2016, with the loan being repayable *in fine*. The interest rate would be EURIBOR + 3%. The putting in place of the corresponding financing will entail the signature by Soitec USA, Inc. of a Promissory Note of a maximum amount of USD17 million.

This financing has been repaid in full.

The interest costs recognised on the financial year ending as at 31 March 2016 for this financing amounted to €341k.

Director concerned: André-Jacques Auberton-Hervé

1/ Nature and purpose:

The Board of Directors of 4 May 2015 decided to entrust to Mr AUBERTON-HERVÉ a specific mission of assistance of Soitec S.A. and of its teams within the framework of the negotiation and sale of the solar division of Soitec S.A.

Methods:

For this mission, Mr AUBERTON-HERVÉ was paid through 4A Consulting and Engineering of Soitec S.A. fees for an amount of €200,000 (excluding tax).

2/ Nature and purpose:

On the proposal of the Remuneration and Appointments Committee of 4 May 2015, the Board of Directors, meeting on the same day, having decided to implemented a compensation system for Mr André-Jacques Auberton-Hervé at the end of his current term of office of Chairman of the Board of Directors in consideration of the subscription by this latter of a non-compete commitment of three years in respect of Soitec.

Terms

Amount invoiced by 4A Consulting and Engineering: €100,000 excl. tax

Done in Lyon and Meylan, on 4 July 2016

Statutory Auditors

PricewaterhouseCoopers Audit	MURAZ PAVILLET
Nicolas Brunetaud	Christian Muraz

20. Financial data on assets, financial position and profits and losses

20.1. Historical financial information

In application of article 28 of the European Regulation (EC) No. 809/2004 of the Commission, the following information is included by reference in the present Reference Document

- the consolidated accounts of the group to 31 March 2013 and the corresponding audit reports on pages 85 and following and page 118 of the Reference Document filed with the Financial Markets Authority on 27 June 2013 under number D.13-0676;
- the company accounts the group to 31 March 2013 and the corresponding audit reports on pages 119 and following and pages 120 and 121 of the Reference Document filed with the Financial Markets Authority on 27 June 2013 under number D.13-0676;
- the consolidated accounts of the Group to 31 March 2014 and the corresponding audit reports contained in pages 85 and following and page 120 of the Reference Document filed with the Financial Markets Authority on 13 May 2014, under number D.14-0518;
- the company accounts the Group to 31 March 2014 and the corresponding audit reports on pages 121 and following and pages 123 of the Reference Document filed with the Financial Markets Authority on 13 May 2014, under number D.14-0518;
- the consolidated accounts of the Group to 31 March 2015 and the corresponding audit reports on pages 67 and following and page 100 of the Reference Document filed with the Financial Markets Authority on 13 May 2015 under number D.15-0587;
- the company accounts of the Group to 31 March 2015 and the corresponding audit reports on pages 101 and following and page 102 of the Reference Document filed with the Financial Markets Authority on 13 May 2015 under number D.15-0587.

The parts not included in these documents are either not applicable to the investor or covered somewhere else in the Reference Document.

The above Reference Documents are available on the web sites of the company (www.soitec.com) and the Financial Markets Authority (www.amf-france.org).

20.2. *Pro forma* financial information

Not applicable.

20.3. Financial statements

20.3.1. Consolidated financial statements at March 31, 2016

20.3.1.1. Consolidated financial statements at March 31, 2016

Consolidated income statement

(in thousands of euros)	Notes	Year ended March 31, 2016*	Year ended March 31, 2015**
Sales	**3.1**	**233,194**	**171,607**
Cost of sales	-	(170,961)	(144,961)
Gross profit	**-**	**62,233**	**26,646**
Sales and marketing expenses	-	(5,550)	(5,678)
Research and development costs	4.2	(16,658)	(24,982)
Solar power plant project development costs	4.3	-	-
General and administrative expenses	4.3	(17,669)	(18,864)
Recurring operating income/(loss)	**-**	**22,356**	**(22,876)**
Other operating income	4.4	-	2,344
Other operating expenses	4.4	(29,372)	(24,660)
Operating loss	**3.1**	**(7,016)**	**(45,192)**
Financial income	4.5	4,154	8,802
Financial expenses	4.6	(26,675)	(20,290)
Net financial expense	**-**	**(22,521)**	**(11,488)**
Loss before tax	**4.7**	**(29,537)**	**(56,680)**
Income tax	4.7	(3,519)	(224)
Net loss from continuing operations		**(33,056)**	**(56,904)**
Net loss from discontinued operations	**4.9**	**(38,610)**	**(201,805)**
Consolidated net loss for the period	**-**	**(71,665)**	**(258,709)**
Non-controlling interests	-	-	-
Net loss (attributable to owners of the parent)	**-**	**(71,665)**	**(258,709)**
Basic loss per share in euros	-	(0.31)	(1.23)
Diluted loss per share in euros	-	(0.31)	(1.23)

* The results of the Solar Energy and Other Activities business segments are presented pursuant to IFRS 5 – Non-current Assets Held for Sale and Discontinued Operations. The income statement for fiscal 2014-2015 has been restated accordingly in order to allow a meaningful comparison between the two periods presented.

** IFRIC 21 – Levies was applied with retroactive effect from April 1, 2015. As a result, the comparative data for fiscal 2014-2015 have been restated to reflect income of 531 thousand euros, shown in cost of sales (425 thousand euros) and research and development costs (106 thousand euros).

The diluted loss per share comes out at 0.31 euros, of which 0.14 euros relating to continuing operations and 0.17 euros to discontinued operations. In fiscal 2014-2015, the diluted loss per share was 1.23 euros, of which 0.28 euros relating to continuing operations and 0.95 euros to discontinued operations.

Consolidated statement of comprehensive income

(in thousands of euros)	Notes	Year ended March 31, 2016	Year ended March 31, 2015*
Consolidated net loss for the period	-	(71,665)	(258,709)
Items of comprehensive income that may be reclassified to the income statement: Exchange gains/(losses) on translation of foreign operations	-	16,282	4,116
Items of comprehensive income that may not be reclassified to the income statement: Actuarial gains/(losses) on retirement benefit obligations	-	174	353
Income and expenses recognized directly in equity	-	16,456	4,469
Total comprehensive loss for the period	**-**	**(55,210)**	**(254,240)**
Non-controlling interests	**-**	**-**	**-**
Total comprehensive loss for the period (attributable to owners of the parent)	**-**	**(55,210)**	**(254,240)**

* IFRIC 21 – Levies was applied with retroactive effect from April 1, 2015. As a result, the comparative data at March 31, 2015 have been restated. Since the consolidated net loss for the period was favorably impacted in an amount of 531 thousand euros, the comprehensive loss was impacted by the same amount.

Consolidated statement of financial position

Assets (in thousands of euros)	Notes	March 31, 2016	March 31, 2015
Non-current assets:			
Goodwill and other intangible assets	3.2	3,823	8,842
Capitalized development projects	3.2	1,855	2,226
Property, plant and equipment	3.3	120,642	156,736
Solar power plant projects	3.3	-	1,600
Deferred tax assets	4.7	-	-
Investments in equity-accounted companies	3.5	-	-
Non-current financial assets	3.5	8,900	5,739
Other non-current assets	3.6	24,692	28,961
Total non-current assets	**-**	**159,912**	**204,104**
Current assets:			
Inventories	3.7	30,910	33,073
Trade receivables	3.8	40,436	43,812
Other current assets	3.9	17,508	18,894
Current financial assets	3.10	1,444	1,311
Cash and cash equivalents	3.11	49,068	22,911
Total current assets	**-**	**139,366**	**120,001**
Assets held for sale	3.12	22,054	69,435
Assets related to discontinued operations	3.12	3,802	-
Total assets	**-**	**325,134**	**393,540**

Equity and liabilities (in thousands of euros)	Notes	March 31, 2016	March 31, 2015
Equity:			
Share capital	3.13.1	23,132	23,119
Share premium	3.13.1	780,441	782,058
Treasury shares	3.13.2	(475)	(475)
Retained earnings/(accumulated losses)	-	(816,338)	(737,472)
Other reserves	3.13.3	6,129	(17,272)
Equity attributable to owners of the parent*	**-**	**(7,111)**	**49,958**
Non-controlling interests	-		
Total equity	**-**	**(7,111)**	**49,958**
Non-current liabilities:			
Non-current borrowings and debt	3.15	159,980	123,552
Deferred tax liabilities		-	-
Provisions and other non-current liabilities	3.16	14,148	17,543
Total non-current liabilities	**-**	**174,128**	**141,095**
Current liabilities:			
Current borrowings and debt	3.15	58,960	49,455
Trade payables	3.17	42,551	52,279
Provisions and other current liabilities**	3.18	40,123	83,902
Total current liabilities		**141,634**	**185,635**
Liabilities held for sale	3.12	-	16,852
Liabilities related to discontinued operations	3.12	16,483	-
Total equity and liabilities		**325,134**	**393,540**

* IFRIC 21 – Levies was applied with retroactive effect from April 1, 2015. As a result, the comparative data at March 31, 2015 have been restated. Equity was positively impacted in an amount of 36 thousand euros, resulting in a corresponding reduction in the Group's tax liability, recorded in provisions and other current liabilities.

** Restructuring provisions are analyzed in section 3.16.

Consolidated statement of changes in equity

(in thousands of euros)	Number of shares	Share capital	Share premium	Treasury shares	Retained earnings/ (accumulated losses)	Other reserves	Equity attributable to owners of the parent	Non-controlling interests	Total equity
March 31, 2014	**172,580,795**	**17,258**	**704,158**	**(478)**	**(503,453)**	**3,077**	**220,562**	**-**	**220,562**
Items of total comprehensive income/(loss) that may be reclassified to the income statement: Exchange gains/(losses) on translation of foreign operations	-	-	-	-	24,816	(20,700)	4,116	-	4,116
Items of total comprehensive income/(loss) that may not be reclassified to the income statement: Actuarial gains/(losses) on retirement benefit obligations	-	-	-	-	-	353	353	-	353
Total income and expenses for the period recognized directly in equity	**-**	**-**	**-**	**-**	**24,816**	**(20,347)**	**4,469**	**-**	**4,469**
Net loss from continuing operations	-	-	-		(56,904)		(56,904)		(56,904)
Net loss from discontinued operations					(201,805)		(201,805)		(201,805)
Total comprehensive loss for the period	**-**	**-**	**-**		**(233,893)**	**(20,347)**	**(254,240)**		**(254,240)**
Exercise of stock options and/or definitive grant of free shares	660,895	66	-	-	(66)	-	-	-	-
Capital increase	57,946,736	5,795	82,565	-	-	-	88,360	-	88,360
Net capital increase costs	-	-	(4,666)	-	-	-	(4,666)	-	(4,666)
Treasury share transactions	-	-	-	3	-	-	3	-	3
Share-based payments	-	-	-	-	470	-	470	-	470
March 31, 2015	**231,188,426**	**23,119**	**782,058**	**(475)**	**(736,942)**	**(17,270)**	**50,489**		**50,489**
IFRIC 21					(495)		(495)		(495)
March 31, 2015*	**231,188,426**	**23,119**	**782,058**	**(475)**	**(737,437)**	**(17,270)**	**49,994**		**49,994**

(in thousands of euros)	Number of shares	Share capital	Share premium	Treasury shares	Retained earnings/ (accumulated losses)	Other reserves	Equity attributable to owners of the parent	Non-controlling interests	Total equity
March 31, 2015*	**231,188,426**	**23,119**	**782,058**	**(475)**	**(737,437)**	**(17,270)**	**49,994**		**49,994**
Items of total comprehensive income/(loss) that may be reclassified to the income statement: Exchange gains/(losses) on translation of foreign operations	-	-	-	-	(22,850)	39,132	16,282		16,282
Items of total comprehensive income/(loss) that may not be reclassified to the income statement: Actuarial gains/(losses) on retirement benefit obligations	-	-	-	-		174	174		174
Total income and expenses for the period recognized directly in equity	**-**	**-**	**-**	**-**	**(22,850)**	**39,306**	**16,456**		**16,456**
Net loss from continuing operations	-	-	-	-	(33,056)		(33,056)		(33,056)
Net loss from discontinued operations					(38,610)		(38,610)		(38,610)
Total comprehensive loss for the period	**-**	**-**	**-**	**-**	**(94,516)**	**39,306**	**(55,210)**		**(55,210)**
Exercise of stock options and/or definitive grant of free shares	135,758	14			(14)				
ABSAAR redeemable warrants			(675)				(675)		(675)
Net capital increase costs			(941)				(941)		(941)
Soitec Specialty Electronics full asset transfer (TUP)					15,930	(15,930)	-		-
Share-based payments					(222)		(222)		(222)
Other (incl. IFRIC 21)					(79)	23	(56)		(56)
March 31, 2016	**231,324,184**	**23,132**	**780,442**	**(475)**	**(816,339)**	**6,129**	**(7,111)**		**(7,111)**

Consolidated statement of cash flows

(in thousands of euros)	Notes	Year ended March 31, 2016*	Year ended March 31, 2015*
Net loss from continuing operations	-	(33,056)	(56,904)
Net loss from discontinued operations		(38,610)	(201,805)
Consolidated net loss for the period		**(71,665)**	**(258,709)**
Elimination of non-cash items:			
Share of profit/(loss) of equity-accounted companies		180	1,391
(Reversal)/Impairment of investments in equity-accounted companies			
Depreciation and amortization expenses	4.3-5.5	23,972	32,555
Impairment of non-current assets and accelerated depreciation/ amortization	3.2-3.3	20,883	20,241
Provisions, net	3.5-3.7-3.8-3.9-3.10	(1,294)	122
Provision for retirement benefit obligations	5.1	449	476
Cash inflows/outflows on disposals of assets	4.4	(485)	(3,321)
Change in taxes	4.7	3,519	223
Net financial expense	4.5-4.6	22,519	11,482
Share-based payments	4.1	(227)	133
Impact of IFRIC 21 (included in operating income/loss)			(532)
Non-cash items relating to discontinued operations		(19,984)	128,006
Total non-cash items		**49,533**	**190,777**
Of which continuing operations		*69,338*	*61,387*
EBITDA		**(22,133)**	**(67,932)**
Of which continuing operations		*36,282*	*4,483*
Increase/(decrease) in cash relating to:			
Inventories		(5,189)	(2,991)
Trade receivables		(11,025)	6,455
Other receivables		(225)	5,239
Trade payables		(4,131)	15,189
Other liabilities		4,690	7,872
Changes in working capital relating to discontinued operations		25,551	36,113
Changes in working capital		**9,669**	**67,876**
Of which continuing operations		*(15,883)*	*31,763*
Net cash used in operating activities		**(12,464)**	**(53)**
Of which continuing operations		*20,398*	*36,249*
Purchases of intangible assets		(752)	(718)
Purchases of property, plant and equipment		(8,077)	(7,497)
Proceeds from sales of intangible assets and property, plant and equipment		312	5,725
(Acquisition) and disposal of financial assets (1)		1,173	(4,862)
Capital contribution to an equity-accounted company			(6,138)
Investment/divestment flows related to discontinued operations (2)		34,277	(15,382)
Net cash generated by/(used in) investing activities		**26,933**	**(28,873)**
Of which continuing operations		*(7,343)*	*(13,491)*

(in thousands of euros)	Notes	Year ended March 31, 2016*	Year ended March 31, 2015*
Proceeds from shareholders: capital increases and exercise of stock options (3)		(132)	83,664
Redemption of ABSAAR warrants		(675)	
Issuance of debt (4)		65,436	18,453
Drawdowns of credit lines		918	(12,297)
Repayment of borrowings (including finance leases) (5)		(22,984)	(88,549)
Interest received		49	6,197
Interest paid		(9,264)	(14,028)
Financing flows related to discontinued operations (6)		(20,957)	2,318
Net cash generated by/(used in) financing activities		**12,392**	**(4,242)**
Of which continuing operations		*33,349*	*(6,560)*
Effects of exchange rate fluctuations		(705)	11,354
Change in net cash		**26,157**	**(21,818)**
Of which continuing operations		*45,699*	*27,542*
Cash at beginning of the period		22,911	44,728
Cash at end of the period		49,068	22,911

* Pursuant to IFRS 5 – Non-current Assets Held for Sale and Discontinued Operations, the consolidated statement of cash flows has been restated to reflect the activities of the Solar Energy and Other Activities business segments, classified under discontinued operations (see Note 7.1).

* IFRIC 21 – Levies was applied with retroactive effect from April 1, 2015. As a result, the comparative data at March 31, 2015 have been restated. A 531 thousand euro positive impact was recognized in net loss from continuing operations, with a corresponding entry in non-cash items on the “Impact of IFRIC 21” line.

(1) Acquisitions and sales of financial assets are mainly composed of:
- Fiscal 2015-2016: acquisition of non-consolidated investments in the Exagan start-up (600 thousand euros) and in the Technocom fund (525 thousand euros); partial repayment of a security deposit relating to the Touwsrivier solar power project in December 2015 (2 million euros).
- Fiscal 2014-2015: acquisition by China-based Simgui of a stake in the Group for an amount of 4,441 thousand euros.

(2) Investment cash flows relating to discontinued operations mainly correspond to the items described below:
- Fiscal 2015-2016: 26,686 thousand euros collected on the sale of the San Diego plant; 3,580 thousand euros and 1,580 thousand euros, respectively, on the sale of production equipment at the San Diego and Freiburg plants; 2,278 thousand euros collected on the sale of the Rians and Thémis solar power plants in France and the Santa Lucia and Monte Bellone solar power plants in Italy.
- Fiscal 2014-2015: acquisition of a 50% stake in the joint venture with Reflexite for 6,138 thousand euros; financing for the construction of the Touwsrivier solar power plant for 14,784 thousand euros.

(3) In the year to March 31, 2016, the amount of 132 thousand euros concerns payments made in respect of the capital increase of December 18, 2015.

(4) Cash flows relating to the issuance of debt comprise the following items:
- Fiscal 2015-2016: issuance of a loan in an amount of 53,952 thousand euros within the scope of the conciliation procedure approved by the Grenoble Commercial Court on May 5, 2015; new finance lease for production equipment at the Bernin plant in an amount of 11 million euros; new short-term financing facility for 484 thousand euros.
- Fiscal 2014-2015: drawdown on a new line of credit for 7,200 thousand euros, corresponding to the utilization of the research tax credit; set-up of a finance lease for production equipment at the Bernin plant for 11 million euros.

(5) Repayments of borrowings include:
- Fiscal 2015-2016: partial repayment of the loans put in place within the scope of the conciliation procedure for 11,905 thousand euros; repayment of credit lines in an amount of 4,887 thousand euros; repayments under finance leases for 5,706 thousand euros; repayment of short-term financing facilities for 484 thousand euros.
- Fiscal 2014-2015: redemption of the outstanding balance on the OCEANE 2014 convertible bond issue in an amount of 83,000 thousand euros.

(6) Cash flows relating to discontinued operations mainly correspond to the items described below:
- Fiscal 2015-2016: repayment of the loan used to finance the purchase of the San Diego plant for 16,281 thousand euros; repayment of the Reflexite loan for 4,223 thousand euros.
- Fiscal 2014-2015: financing of the acquisition of Reflexite’s 50% stake in the joint venture Reflexite Soitec Optical Technology for an amount of 4,889 thousand euros.

20.3.1.2. Notes to the consolidated financial statements for the year ended March 31, 2016

1. Overview of the company and business activity

Soitec S.A. is a *société anonyme* (French joint-stock corporation) listed on Euronext Paris (Compartment B). Soitec S.A. and its subsidiaries are hereinafter referred to as the "Group". Soitec S.A. is hereafter referred to as the "Company".

In fiscal 2015-2016, the Group operated in three business segments:

- Production and marketing of substrates and components for the semiconductor industry ("Electronics" business segment).
- Development of materials used in the manufacture of light-emitting diodes and the sale of equipment ("Other Activities" business segment); the residual assets of the Lighting business segment were transferred to a 30%-owned non-consolidated company, Ceotis, in March 2016 and the subsidiary Altatech (equipment) was sold, also in March 2016. Further to these disposals, the results of these businesses are shown in discontinued operations.
- Production and marketing of concentrator photovoltaic modules; design and construction of turnkey solar power plant projects; and operation of photovoltaic installations ("Solar Energy" business segment). Due to the stoppage of operations during the first half of fiscal 2015-2016, the financial results and assets of this business are shown in discontinued operations, with the exception of key assets relating to the Touwsrivier solar power plant in South Africa (investments in equity-accounted companies and loan to one of the shareholders of the plant), which are included within assets available for sale. Since the timing of repayment of the security deposits related to the South African bond is uncertain, the asset continues to be shown within non-current financial assets of continuing operations.

On June 14, 2016, the Board of Directors prepared and authorized the publication of the Group's annual consolidated financial statements for the year ended March 31, 2016.

2. Accounting policies

2.1. Statement of compliance

In accordance with European Directive No. 1606/2002 of 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 mandatorily applicable at year-end.

These standards, available on the European Commission's website (http://ec.Europa.eu/internal_market/accounting/ias/index_en.htm), include international accounting standards (IAS and IFRS), as well as the interpretations of the Standing Interpretations Committee (SIC) and the International Financial Reporting Interpretations Committee (IFRIC).

2.2. Basis of preparation

2.2.1. Going concern principle

The Group posted a net loss of 71.7 million euros in the year to March 31, 2016 (a 258.7 million euro loss for the year to March 31, 2015) and had negative equity of 7 million euros at the end of the reporting period (positive equity of 50 million euros at March 31, 2015)

Borrowings and debt at March 31, 2016 total 170 million euros versus 145 million euros at March 31, 2015. These amounts do not include the borrowings and debt classified within discontinued operations.

In order to rebuild its equity, strengthen its financial structure and ensure that it can continue to develop going forward, the Group launched a restricted capital increase in May 2016, followed by a capital increase with pre-emptive subscription rights in June 2016. Part of the funds raised by these operations, for a gross total of 151.9 million euros including the share premium, will be used to repay the bridge loans falling due in May 2016 and to redeem a portion of the convertible bonds maturing in September 2018. The remaining balance will be used for investments to increase capacity in line with the volume ramp-up of FD SOI technology.

The refocus on the Electronics business segment should help the Group to generate cash flows from its operating activities, and the repayment of a large part of its borrowings and debt will significantly reduce interest expense.

On this basis, the Group believes it will be able to continue its business activities in 2016-2017. The consolidated financial statements have therefore been prepared on a going concern basis for the next fiscal year.

2.2.2. Presentation currency

The Group's presentation currency is the euro. The consolidated financial statements are presented in thousands of euros and all amounts are rounded to the nearest thousand unless stated otherwise.

2.2.3. Accounting policies

The accounting policies are identical to those applied in the consolidated financial statements for the year ended March 31, 2015, except for the new standards, amendments and interpretations detailed below, which have been adopted by the European Union.

The Group has applied the following standards, amendments and interpretations, adopted by the European Union and effective for reporting periods beginning on or after April 1, 2015:

- Amendment to IAS 19 – Defined Benefit Plans: Employee Contributions;
- Improvements to IFRSs – 2010-2012 Cycle;
- Improvements to IFRSs – 2011-2013 Cycle;
- IFRIC 21 – Levies.

Of these new and amended standards, only IFRIC 21 – Levies had an impact on the financial statements at March 31, 2016.

The IASB has also issued the following standards, amendments and interpretations, available for early adoption at April 1, 2015 but not yet adopted by the European Union:

- IFRS 9 – Financial Instruments;
- IFRS 14 – Regulatory Deferral Accounts;
- IFRS 15 – Revenue from Contracts with Customers;
- IFRS 16 – Leases.

The Group has elected not to early adopt the standards, amendments and interpretations whose application is optional at March 31, 2016, in particular IFRS 9, IFRS 15 and IFRS 16.

The potential impact of these standards, amendments and interpretations that have not been early adopted by the Group is currently being assessed.

2.3. Significant events of the year

2.3.1. Refocus on the core Electronics business and withdrawal from the Solar Energy business in the short term

In fiscal 2015-2016, the Group continued to strengthen its financial position and to redirect its focus on its core business.

The end of the conciliation procedure in May 2015 led to 54 million euros in loans being granted by Shin-Etsu Handotai, Bpifrance and CEA Investissement. An amount of 11.9 million euros was repaid on these loans in August 2015.

Also in August 2015, the termination of negotiations with ConcenSolar had led the Group to discontinue all of its Solar Energy production and research and development activities at its San Diego (US) and Freiburg (Germany) plants. Since this was effective from the September 30, 2015 period-end, the net loss from this business has been classified on a separate line of the income statement since that date pursuant to IFRS 5. Similarly, residual assets and liabilities are shown on separate lines of the statement of financial position. The Group continued to divest the related assets, with the sale of four electricity power plants and the industrial plant in San Diego, and repaid 18 million US dollars on the loan taken out to finance this site. At the March 31, 2015 year-end, these items had been shown within assets and liabilities held for sale.

In the Lighting segment, the Group sold its US R&D subsidiary Soitec Phoenix Labs in December 2015, resulting in a cash outflow of 1.4 million US dollars (repayment of a current account) and income of 1.6 million US dollars. The residual assets and staff of this business were transferred to a newly created, 30% owned non-consolidated company in March 2016. The business is presented in discontinued operations.

The sale of the French subsidiary Altatech was completed on March 29, 2016. This business is also presented in discontinued operations. The sale generated a cash inflow of 0.8 million euros and a net expense of 2.2 million euros.

2.4. Significant accounting policies

2.4.1. Consolidation principles

All equity investments held by the Group are under the control of the parent company and are therefore fully consolidated.

The Group considers that it has exclusive control over an investee when (i) it has power over the investee, (ii) it is exposed to or has rights to variable returns from its involvement with the investee, and (iii) it has the ability to affect those returns through its power over the investee.

The financial statements of subsidiaries are included in the consolidated financial statements from the date control is effectively transferred until the date that control ceases.

At March 31, 2016, the consolidated financial statements include the accounts of the Company and the subsidiaries listed below:

Entity	Date of consolidation	Percentage interest	Country	Functional currency
Soitec USA Inc.	1997	100%	US	Dollar
Soitec Japan Inc.	June 2004	100%	Japan	Yen
Soitec Microelectronics Singapore Pte Ltd	June 2006	100%	Singapore	Dollar
Soitec Korea	July 2011	100%	South Korea	Dollar
Soitec Corporate Services	July 2012	100%	France	Euro
Soitec Trading Shanghai	November 2013	100%	China	Yuan
Solar Energy entities:				
Soitec Solar GmbH	December 2009	100%	Germany	Euro
Soitec Solar Inc.	December 2009	100%	US	Dollar
Soitec Solar Industries LLC	December 2009	100%	US	Dollar
Soitec Solar Real Estate LLC	January 2014	100%	US	Dollar
Soitec Solar Development LLC	September 2010	100%	US	Dollar
Soitec Solar France SAS	October 2011	100%	France	Euro
Soitec Solar Italia Srl	August 2010	100%	Italy	Euro
Soitec Solar Chile	July 2013	100%	Chile	Peso
Soitec Solar RSA Ltd	April 2011	100%	South Africa	Rand

As part of its Solar Energy business, the Group established special purpose entities to hold the permits, administrative authorizations, costs and income associated with a solar power plant project. In general, the intention was to sell these legal entities to investors when the projects were sufficiently advanced.

The following fully consolidated entities were created for this purpose and placed under the exclusive control of the Group:

Entity	Date of consolidation	Percentage interest	Country	Functional currency
Newberry Solar 1 LLC	September 2010	100%	US	Dollar
Sorrel Solar Farm LLC	February 2012	100%	US	Dollar
CPV Power Plant No.1 Equity SPV Ltd	February 2014	100%	South Africa	Rand
CPV Power plant No. 2 Ltd	September 2010	100%	South Africa	Rand
Black Mountain CPV Power Plant No. 3	March 2012	100%	South Africa	Rand
Schmidtsdrift CPV Power Plant No. 4	March 2012	100%	South Africa	Rand

Entities which were previously fully consolidated but which were deconsolidated during the period or accounted for under the equity method are:

Entity	Change in scope
CPV Power Plant No. 1 Ltd	Classified within assets held for sale
CPV Power Plant No. 1 Bond SPV Ltd	Classified within assets held for sale
Soitec Specialty Electronics S.A.S	Transfer of all of the assets and liabilities (TUP) to Soitec SA
Alicoop Poggio Santa Lucia Srl	Sold
CPV Rians	Sold
Alicoop Monte Bellone Srl	Sold
CX Minervino Srl	Liquidated
Soitec Phoenix Labs Inc.	Sold
CPV Thémis	Sold
LanWest Solar Farm LLC	Merged into Soitec Solar Development
Los Robles Solar Power Plant LLC	Merged into Soitec Solar Development
Tierra del Sol Solar Farm LLC	Merged into Soitec Solar Development
Tierra del Sol II Solar Farm LLC	Merged into Soitec Solar Development
LanEast Solar Farm LLC	Sold
Rugged Solar LLC	Sold
Altatech	Sold

Balances and transactions between Group companies are eliminated in consolidation.

Business combinations are accounted for using the acquisition method. In the event of an acquisition, the acquiree's identifiable assets and liabilities that meet the IFRS 3 recognition criteria are carried at fair value as determined at the acquisition date, except non-current assets classified as assets held for sale which are recorded at fair value less costs to sell.

Accounting rules governing business combinations and transactions with non-controlling interests include the following:

- Acquisition costs are expensed at the acquisition date.
- The impact of acquisitions of non-controlling interests in a subsidiary that is already controlled and of divestments of interests with no loss of control is recognized directly within equity without impacting goodwill or income.
- Changes in the value of assets and liabilities relating to acquisitions recognized on a provisional basis (due to independent appraisal reports or further analyses not yet having been completed) are recorded as a retrospective adjustment to goodwill if they occur within 12 months of the acquisition date. After this period, any changes are recorded directly in income. Contingent consideration (earn-outs) is recognized at acquisition-date fair value. Earn-out adjustments and changes in amounts owed to non-controlling interests (calls and puts) are recognized directly in the income statement.

2.4.2. Translation of the financial statements of foreign operations

The euro is the currency in which the majority of the Group's cash flows are generated and is its presentation currency. The Company's functional currency is the euro and the functional currencies of its subsidiaries are:

- Euro
- US dollar
- Yen
- Rand
- Chilean peso
- Yuan

Details of subsidiaries' functional currencies are provided in Note 2.4.1.

The financial statements of Group entities with functional currencies other than the euro are translated into euros as follows:

- Assets and liabilities are translated at the closing rate at March 31, 2016.
- Income statement items are translated at the average exchange rate for the period or fiscal year which is deemed to represent the rate applicable on the effective transaction date.

Exchange differences resulting from the application of these different rates are shown under "Exchange gains/(losses) on translation of foreign operations" within equity.

2.4.3. Goodwill

After initial recognition, goodwill is measured at cost less accumulated impairment losses. For the purposes of impairment testing, goodwill is allocated to each of the Cash-Generating Units (CGU) or groups of CGUs that are expected to benefit from the combination. Goodwill is not amortized but is tested for impairment at the end of each reporting period or whenever there are indications that it may be impaired. Impairment losses recognized against goodwill cannot be reversed.

2.4.4. Other intangible assets

Intangible assets acquired separately by the Group are recognized at their acquisition cost, which corresponds to their acquisition-date fair value for assets acquired through business combinations. They include:

Software recognized at acquisition cost and amortized on a straight-line basis over its estimated useful life	1 to 5 years
Technology recognized following the acquisition of Soitec Solar GmbH	5 years
Technology recognized following the acquisition of Tracit S.A.S	10 years
Technology recognized following the acquisition of Altatech Semiconductor	7 years
Capitalized solar power plant project development costs	Operating life (generally 20 years)

Development costs must be capitalized under IAS 38 if the following criteria are met:

- the Group has the intention and technical ability to complete the development project;
- it is highly probable that the future economic benefits attributable to the development costs will flow to the Group, generally evidenced by current 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 costs which do not meet the above criteria are expensed as incurred within "Research and development costs".

2.4.5. Property, plant and equipment

Property, plant and equipment are measured at acquisition cost less accumulated depreciation and any impairment losses. Subsequent expenditure are included in the carrying amount of the asset or, where applicable, recognized as a separate asset when it is probable that the future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. The carrying amount of replaced components is derecognized. All repair and maintenance costs are recognized in the income statement.

Depreciation is calculated on a straight-line basis over the following estimated useful lives:

Buildings, fixtures and fittings	15 to 30 years
Equipment and tooling	3 to 8 years
Other fixtures and fittings	5 to 10 years
Vehicles	5 years
IT and office equipment	3 to 7 years
Office furniture	5 to 10 years

Residual value may be recognized where appropriate. The assets' residual value, useful life and depreciation method are reviewed at the end of each annual reporting period and amended on a prospective basis where applicable.

2.4.6. Leases

Property leases or equipment leases (finance leases with or without purchase options) are recognized in the statement of financial position at the lower of the fair value of the leased asset and the present value of minimum lease payments, where substantially all of the risks and rewards inherent to ownership have been transferred to the lessee. Lease payments are apportioned between the finance charge and the reduction of the outstanding liability. When the lease contains a transfer-of-title clause upon the completion of its term, the depreciation conditions are the same as those applied to similar types of assets owned by the Group. Where this is not the case, the assets are depreciated in the same manner over the term of the lease.

Leases classified as operating leases are not restated and rental payments made are expensed as incurred.

2.4.7. Acquisition expenses for non-current assets

Acquisition expenses for non-current assets are included in the cost of the related non-current assets at their amount gross of tax. For property, plant and equipment, intangible assets and investment property, these expenses increase the value of the assets.

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that takes a substantial period of time to get ready for its intended use or sale (generally over six months) are included in the cost of that asset. All other borrowing costs are expensed as incurred.

2.4.8. Impairment of non-current assets

IAS 36 defines the procedures that a company must apply to ensure that the carrying amount of its assets does not exceed their recoverable amount, which is the amount that is expected to be recovered from their use or sale. Besides goodwill and intangible assets with an indefinite life that are systematically tested for impairment each year, the recoverable amount of an asset is estimated whenever there is an indication that the asset's value may be impaired.

Cash-Generating Units (CGU)

A Cash-Generating Unit is the smallest group of identifiable assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

In the Electronics business segment, the Group had identified three CGUs, each of which was centrally managed with production capacity organized so as to optimize utilization regardless of geographical location. These three CGUs are:

- "Electronics 300 mm": primarily serving the digital market and leveraging the production capacity of the Bernin 2 plant.
- "Electronics small diameters": primarily serving the radio-frequency and power markets and leveraging the production capacity of the Bernin 1 plant.
- "Electronics GaAs": corresponding to III-V products manufactured at the plant in the south of Paris, primarily serving the radio frequency market. The Group sold the business assets and production equipment of Soitec Specialty Electronics in the first half of fiscal 2014-2015. This CGU was no longer consolidated by the Group at March 31, 2016.

The "Other Activities" business segment comprised the following two CGUs:

- "Equipment": corresponding to the design and sale of equipment held by Altatech, the subsidiary which operated patents and production assets at the Montbonnot plant. Goodwill generated on the acquisition of Altatech had been written down in full at March 31, 2014. Altatech was sold in March 2016.
- "Lighting": the non-current assets of this CGU chiefly comprised R&D equipment located at the Phoenix plant. The assets of this CGU were sold or written down in fiscal 2015-2016.

Solar Energy business segment:

- For projects involving the design, construction and operation of solar power plants, a CGU encompasses each individual project or group of inter-dependent projects located in the same geographic area.
- For installations which will become operational, a CGU encompasses individual installations or a number of inter-dependent installations located in the same geographic area.
- For the manufacturing and sale of concentrated photovoltaic modules, a business in which the Group was globally organized since customers were managed centrally and production was organized so as to optimize utilization regardless of geographic location, a CGU included the module manufacturing business. The goodwill generated by the acquisition of Soitec Solar GmbH was tested for impairment on the basis of the CGU corresponding to module production and was written down in full at March 31, 2014.

On January 19, 2015, the Group announced its decision to withdraw from this business and classified the related assets in discontinued operations or assets held for sale (see Note 2.3.1).

Impairment indicators

The Group regularly compares actual results to forecast results for all of its businesses in order to identify any indicators of impairment.

Determining the recoverable amount

The recoverable amount of an asset is the higher of its 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 groups of CGUs for which the recoverable amount is then calculated.

Fair value less costs to sell is the amount that could be obtained from the sale of an asset in an arm's length transaction between knowledgeable willing parties, less costs to sell.

Value in use is the present value of the future cash flows expected to be derived from the continuous use of an asset and from its disposal at the end of its useful life. Value in use is determined using cash flows estimated on the basis of business plans or budgets typically drawn up for a period of five years, taking into account the specific risks inherent to the technological nature of the Group's business activity.

Impairment

An impairment loss is recognized as soon as the carrying amount of an asset or the 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. However, the reversal of an impairment loss must not result in the carrying amount of the asset exceeding the carrying amount that would have been determined had no impairment been recognized for the asset in previous years.

2.4.9. 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 or 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 or loss, all financial assets are initially recognized at cost, which represents the fair value of the price paid plus acquisition costs.

All standard 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 exchange 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 generally fall due between 30 and 90 days, are recognized at face value. These receivables are then carried at amortized cost, less any impairment losses recognized on uncollectible amounts.

An impairment loss is recognized whenever there is an objective indication that the Group may not be able to recover its receivables. Identified uncollectible receivables are written off in full.

Financial assets at fair value through profit or loss

These represent assets held for trading, i.e., assets acquired by the company with a view to selling them in the near term. They are stated at their fair value, with any changes in fair value recognized in income.

Assets available for sale

Classified as non-current financial assets, these represent the Group's equity interests in companies over which it does not exercise significant influence or control. Available-for-sale assets are stated at their fair value, with any changes in fair value recognized in equity until the asset is either sold, cashed in or otherwise deconsolidated or until it is demonstrated that the asset has suffered a prolonged and material loss in value. In such cases, the gain or loss previously recognized in equity is transferred to income.

2.4.10. Fair value of financial instruments

The Group applies IFRS 7 regarding financial instruments measured at fair value in the statement of financial position. Fair value measurements are broken down by level in the fair value hierarchy, as follows:

- Level 1: the instrument is quoted in an active market.
- Level 2: fair value is determined using valuation techniques based on directly observable (quoted prices) or indirectly observable (pricing data) inputs.
- Level 3: at least one significant fair value component is based on non-observable inputs.

The fair value of financial instruments traded in active markets is based on quoted market prices at the end of the reporting period. 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 value of financial instruments not quoted in an active market (e.g., over-the-counter derivatives) is calculated using valuation techniques. These valuation techniques maximize the use of observable market data where available and rely as little as possible on the Group's own estimates. If all inputs required to calculate the fair value of an instrument are observable, the instrument is classified in Level 2 of the fair value hierarchy.

If one or more of the principal inputs is not based on observable market price data, the instrument is classified in Level 3.

2.4.11. Inventories

Inventories of raw materials and consumables are stated at acquisition cost. A provision for impairment is set aside for obsolete or surplus items.

Finished goods are carried at production cost except for those whose cost exceeds their selling price during the start-up phase of production and obsolete or surplus items. A provision for impairment writes down the carrying amount of finished goods to their realizable value less proportionate selling expenses.

Work-in-progress is measured using the same principles in accordance with the percentage of completion of production.

2.4.12. Assets held for sale

Non-current assets held for sale (or disposal groups) are classified as "Assets held for sale" when their carrying amount will be recovered principally through a sale transaction rather than through continuing use. Assets held for sale may be a component of an entity, a disposal group or a separate non-current asset.

On initial classification as held for sale, non-current assets and disposal groups are carried at the lower of their carrying amount and their fair value less costs to sell.

Details of assets held for sale are provided in Note 3.12.

2.4.13. Cash and cash equivalents

Cash and cash equivalents primarily consist of demand deposits and marketable securities readily convertible into cash that have an initial maturity of three months or less and are not exposed to a significant interest rate risk.

Investments with a maturity of more than three months with no early exit options along with investments in money-market UCITS (OPCVM) which do not meet the criteria for recognition as cash equivalents under IAS 7 are classified within other financial assets.

2.4.14. Equity

Equity instruments and convertible bonds

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

Share capital increase program through exercise of stock options

On January 19, 2015, Soitec set up an equity line (*Programme d'Augmentation de Capital par Exercice d'options* – PACEO) with Société Générale, for a maximum period of 24 months, based on share issuance rights (*bons d'émission d'actions*). These instruments require Société Générale, as the sole bearer, to subscribe to a maximum of 22 million Soitec warrants upon Soitec's request; subject to any adjustments required to protect the rights of warrant holders. A first drawdown relating to 6 million shares was completed in February 2015 for an amount of 4.7 million euros.

Trading costs on equity instruments

External costs directly attributable to capital transactions or equity instruments are recognized net of tax as a deduction from equity. 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 the transaction date.

Share-based payments

In accordance with IFRS 2 – Share-based Payment, equity-settled transactions are measured at the grant date. The fair value of these instruments is calculated by an independent expert using the binomial model. This valuation model accounts for 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 straight-line basis in employee-related costs between the grant date and the exercise date, with a corresponding adjustment to equity, since the options all relate to equity-settled plans.

For free share awards, fair value is also determined according to the characteristics of the plan, market data at the date of the award and an assumption of the employee's continuing presence 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 awarded. Otherwise, the expense is recognized over the vesting period as and when the vesting conditions are met.

2.4.15. Financial liabilities

Financial liabilities are classified into two categories:

- financial liabilities at amortized cost;
- financial liabilities at fair value through profit or loss.

Financial liabilities at amortized cost

Borrowings and other financial liabilities (including trade payables) are carried at amortized cost using the effective interest rate method. Issuance costs, issue premiums and redemption premiums are included in the amortized cost of borrowings and debt. 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 or loss

These represent liabilities held for trading purposes, i.e., liabilities intended to be settled in the near term. They are stated at fair value, with changes in fair value recognized in the income statement.

2.4.16. Financial instruments

Hedging derivatives

The Group hedges its currency risk on certain transactions denominated in US dollars, as well as its interest rate risk, using derivative instruments (forward sales, options and swaps). These derivate instruments only hedge currency and interest rate risk arising from firm commitments or highly probable future transactions.

2.4.17. Provisions

A provision is recognized when the Group has a present (legal 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 towards a third party arising from a decision by management prior to the reporting date evidenced by a detailed, formal plan that has been announced to the parties concerned.

Contingent liabilities consist of a possible obligation that arises from past events and whose existence will be confirmed only 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 unlikely. Contingent liabilities are not recognized but are disclosed in the notes.

2.4.18. Retirement benefit obligations and other related benefits

Retirement indemnities and related benefits

French law requires the payment of a lump-sum indemnity on retirement. 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. The Group has entered into an agreement to supplement statutory retirement benefits.

Other pension plans

In addition to statutory benefits, the Group operates a supplementary pension plan for certain employees. This defined benefit plan is managed by an external body.

In the US, 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 are measured on an actuarial basis 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 these assumptions are recognized in equity under "Actuarial gains/(losses) on retirement benefit obligations".

For defined contribution plans, payments are expensed as incurred. There are no actuarial liabilities in respect of these plans.

2.4.19. Revenue recognition

Revenue derives primarily from product sales and to a lesser extent from licensing arrangements. Revenue is recognized when it is probable that the future economic benefits will flow to the Group and the revenue can be measured reliably.

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 when the risks and rewards have been transferred, in accordance with the terms set out in the contracts.
- Sales of photovoltaic modules which will not be installed by the Group are recognized in income when the modules have been made available to the customer on-site.
- Sales of photovoltaic systems which:
  - will not be installed by the Group, are recognized in income when the full systems, mainly comprising modules, trackers and inverters, have been made available to the customer on-site;
  - will be installed by the Group, are recognized in income when the modules, trackers and inverters have been installed on site and are ready to be plugged into the customer's network.
- Revenue from projects to design and build turnkey solar power plants is recognized in income in accordance with the percentage-of-completion method, based on milestones generally used by the Group for such contracts:
  - production of solar modules at the production site;
  - delivery of other elements of the installation (trackers, inverters and other key elements);
  - arrival of solar modules at the installation site;
  - installation of photovoltaic panels ready to be connected;
  - completion of installation (connection between modules and connection of electricity production system).

Revenue is recorded based on the total amount of costs already incurred as a percentage of the best estimate of the total costs for the project.

When solar power plant 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 during which the rights are granted. When the licensing agreements provide for advance payments or progress billings in addition to royalties in order to finance development work carried out to meet a customer's specific needs, these are recognized in income over the period during which the customer expects to use the transferred technology.

Revenue from the construction of industrial equipment is recognized in two stages. In all, 90% of revenue is recognized in income on the date the customer gives formal authorization for the equipment to be dispatched, following technical validation by the customer at the Group's site. The remaining 10% is recorded within deferred income until the delivery and installation of the equipment. These contracts concern Group subsidiary Altatech, a parts supplier for the semiconductor industry which was acquired by the Group in the fiscal year ended March 31, 2012. The equipment is constructed on the basis of orders placed by customers and construction lasts between two and four months on average.

2.4.20. Gross profit

Gross profit represents revenue less the total cost of sales. Cost of sales includes the cost of resources used in the production of goods sold (raw materials, consumables, employee-related costs, depreciation and amortization, energy and fluids).

2.4.21. Sales and marketing expenses

Sales and marketing expenses comprise costs incurred by the Sales & Business Development and Strategic Marketing departments. They primarily consist of employee-related costs and expenses relating to trade fairs, consulting and travel.

2.4.22. Research and development costs

Research and development costs include costs that do not meet the criteria for recognition as intangible assets. These costs are net of prototype sales made as part of the research and development business, any research tax credits and grants recognized in income for the period.

Grants received, corresponding to grants for which the financing agreements have been signed and the administrative authorizations obtained, are deducted from the amortization of capitalized development costs (if the project meets the criteria set out in IAS 38) or are recognized in income in proportion to the research and development costs expensed during the period on the projects concerned. Grants are invoiced to the relevant bodies following project reviews, based on the milestones set out in the grant agreements.

Support for research and development activities may also take the form of repayable advances. These advances are recognized within borrowings and debt if the corresponding projects meet the criteria for capitalization as research and development costs or if it is likely that the advance will be repaid. Where these criteria are not met, the accounting treatment of repayable advances is in line with that applied to grants obtained (i.e., recognition on a pro rata basis in the income statement as a reduction of research and development costs).

2.4.23. General and administrative expenses

General and administrative expenses comprise costs incurred by support functions less the portion allocated to production costs. These support functions include management, finance, human resources, legal, communications, quality and IT.

2.4.24. Solar power plant project development costs

Solar power plant project development costs are mainly composed of employee-related costs and operating expenses of teams tasked with project development and finance structuring, as well as expenses incurred in selecting sites and obtaining permits and other administrative authorizations.

2.4.25. Other operating income and expenses

This 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 and material income and expense items. It includes non-recurring restructuring costs, impairment losses charged against non-current assets and goodwill, and transaction costs related to acquisitions of equity interests.

2.4.26. Net financial income/(expense)

Net financial income/(expense) 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 debt.

2.4.27. Income tax and deferred taxes

Income tax expense represents the total amount of income tax payable by Group companies, adjusted for deferred tax. Income tax expense is recognized in income except where it relates to items directly recognized in equity, in which case it is also recognized in equity.

Deferred tax is accounted for using the liability method. The amount of tax expense calculated is influenced by the change in the receivable or liability attributable to the change in the income tax rate from one year to the next (liability method of tax allocation).

For finance leases, the Group initially recognizes deferred tax on the net amount of any positive and negative temporary differences resulting from the initial recognition of the finance lease, and recognizes any subsequent changes in income.

A deferred tax asset is recognized when the following conditions are met:

- the entity has sufficient taxable temporary differences involving the same taxation authority and the same taxable entity or tax group, which will result in taxable amounts against which the unused tax credits or tax losses may be utilized before they expire;
- it is probable that the entity will generate taxable profits before the unused tax credits or tax losses expire;
- the unused tax losses result from identifiable causes that are unlikely to recur;
- tax planning opportunities are available to the entity that will generate taxable profit in the period in which the unused tax credits or tax losses can be utilized.

No deferred tax asset is recognized 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.

2.4.28. Earnings/(loss) 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 method, which adds to the denominator the number of shares that would result 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 result from the exercise of options, share warrants and other financial instruments that may be converted into ordinary shares, where their impact is dilutive. Dilutive instruments are not taken into account in the calculation of diluted earnings per share when they lead to a reduction in the loss per share based on the average number of shares outstanding.

2.4.29. Discontinued operations

A discontinued operation is a component of an entity that has either been disposed of or is classified as held for sale, and:

- represents either a separate major line of business or a geographical area of operations;
- is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations; or
- is a subsidiary acquired exclusively with a view to resale.

The discontinued operation classification must be used as soon as the operation has been sold or the business meets the conditions to be classified as held for sale.

The discontinued operation classification results in the separate presentation of “Net income/(loss) from discontinued operations” in the income statement.

This line comprises the following items:

- income generated by the discontinued operation as well as any expenses directly attributable to the operation, net of tax, for the entire period presented;
- any impairment losses that may have been recognized when the disposal group was recognized as held for sale in accordance with IFRS 5;
- the gain or loss on disposal at the time the assets and liabilities relating to the disposal group are effectively derecognized.

The net cash flows attributable to operating, investing and financing activities of discontinued operations are to be presented separately, either directly in the cash flow statement or in the notes to the financial statements.

An entity should present the aforementioned information for the prior periods presented in the consolidated income statement and the consolidated statement of cash flows of the financial statements for comparative purposes.

The termination of negotiations with ConcenSolar in connection with the sale of certain Solar Energy assets, as announced in the August 5, 2015 press release, led Soitec to press ahead with its plan to discontinue its production and R&D operations in San Diego (US) and Freiburg (Germany) and to sell the residual assets. Since the criteria set out in IFRS 5 are met, the net income/(loss) of the discontinued operations are therefore shown separately within “Net loss from discontinued operations” in the income statement. The share of loss of equity-accounted companies, which concerns assets held for sale in the Solar Energy business segment, is also shown within “Net loss from discontinued operations”.

Concerning the Lighting segment of the “Other Activities” business segment, the Group sold its US R&D subsidiary Soitec Phoenix Labs in December 2015. The residual assets and staff of this business were transferred to a newly created non-consolidated company in March 2016. The sale of the French subsidiary Altatech, specialized in the sale of equipment, was completed on March 29, 2016. Further to the disposal of these businesses, which took effect during the period, these activities are recognized in discontinued operations. Accordingly, their results are shown separately within “Net loss from discontinued operations” in the income statement, along with the results of the Solar Energy business segment.

In the consolidated statement of financial position at March 31, 2016, the provision for restructuring costs for the Lighting and Equipment business segments has been classified under “Liabilities of discontinued operations”. Unlike the Solar Energy business segment, the opening balances (detailed in Note 3.1, Segment reporting) of the consolidated statement of financial position for Lighting and Equipment have not been restated in assets and liabilities of discontinued operations because they are not material.

2.5. Significant accounting judgments and estimates

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 reporting date and the reported amounts of income and expenses for the period.

The judgments, estimates and assumptions are made on the basis of information available at the reporting date and concern the items described below.

2.5.1. Impairment of non-current assets and goodwill

Non-current assets and goodwill are tested for impairment once a year at the end of each reporting period or whenever there are indications that they may be impaired. The recoverable amount of the relevant assets is estimated. Goodwill is allocated to Cash-Generating Units (CGUs) or groups of CGUs as defined in the section on impairment of non-current assets under “Significant accounting policies”. The recoverable amount of CGUs is generally estimated on the basis of their value in use. 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 estimates, and the timeframe and long-term growth rate used.

At March 31, 2016, the Group did not identify any indication of impairment on the non-current assets of its Electronics business segment. The non-current assets of its Other Activities business segment were sold in fiscal 2015-2016.

In the year to March 31, 2014, total goodwill relating to the Solar Energy business had been written down in an amount of 19.3 million euros. The shares held in the Reflexite joint venture manufacturing optical components had also been written down in an amount of 12.6 million euros.

Following the decision taken by the Group on January 19, 2015 to withdraw from this business segment, the assets of the CGU dedicated to the production of photovoltaic modules, as well as assets dedicated to solar power plant projects, were tested for impairment pursuant to IAS 36. Where applicable, accelerated depreciation was charged to the residual unimpaired balance of the assets to be discontinued/scrapped over their revised useful lives, in accordance with IAS 16. In this particular case, the accelerated depreciation was not material since the impairment loss was for most of the assets' carrying amount.

In accordance with IFRS 5, Solar Energy division assets held for sale were classified as "Assets held for sale" immediately after being tested for impairment in accordance with IAS 36. These assets were therefore written down to the lower of their carrying amount and estimated resale value less costs to sell.

The Group also estimated the expenses required to completely withdraw from the Solar Energy business.

2.5.2. Measurement of options associated with employee stock option plans

The Group measures the cost of equity-settled share-based payment transactions entered into with employees by reference to the fair value of the equity instruments at the grant date. The fair value estimate uses the most appropriate valuation model in light of the terms and conditions of grant. Inputs for the valuation model must include the most appropriate measurement assumptions in terms of the option's life and volatility and the expected level of dividends.

2.5.3. Date of first capitalization of expenses relating to projects for the design, construction and operation of solar power plants

Expenses relating to projects for the design, construction and operation of solar power plants are capitalized when it is highly likely that the projects will be successful:

- a third party has undertaken to purchase the plant with a view to selling it or an electricity producer has undertaken to operate it ("power purchase agreement");
- the project has been shown to be technically feasible and profitable.

Until these criteria are met, the Group records these project expenses in the income statement under "Solar power plant project development costs". These expenses primarily consist of employee-related costs, site selection costs and the cost of obtaining the necessary administrative operating permits. Where a site is purchased for a project but the capitalization criteria have not been met, it is recorded as an asset in the statement of financial position at the lower of its acquisition price and fair value. Certain permits or rights, such as a grid connection option, may be capitalized where existing market prices can be used to substantiate the amount recognized as an asset.

2.5.4. Impairment of inventories and doubtful receivables

The cost of inventories is estimated by taking into account obsolete or surplus items and the net realizable value of finished goods. Provisions are recorded to cover the risk of uncollectible receivables.

2.5.5. Measurement of provisions

Provisions for liabilities are recorded when the Group has a present legal or constructive obligation. In certain cases, management must use its judgment to estimate the potential risks.

2.5.6. Recognition of deferred tax assets

The Group has substantial deferred tax assets arising chiefly on losses carried forward by certain companies or groups of companies within its consolidated group, and on temporary differences. 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 against which these losses can be utilized. Management must assess whether it believes the Group is able to generate sufficient taxable profits.

3. Notes to the consolidated statement of financial position

3.1. Segment reporting

As discussed in "Overview of the company and business activity", up to March 31, 2016 the Group operated in three business segments:

- production and marketing of substrates and components for the microelectronics industry ("Electronics");
- development of materials for the production of light-emitting diodes and the sale of equipment ("Other Activities");
- production and marketing of concentrator photovoltaic modules; design and construction of turnkey photovoltaic projects; and operation of photovoltaic installations ("Solar Energy").

EBITDA as presented in the segment information table below represents operating income/(loss) (EBIT) before depreciation, amortization and non-cash items related to share-based payments, and also includes the performance of discontinued operations within the meaning of IFRS 5. EBITDA is a non-IFRS quantitative measure of the Group's capacity to generate cash flows from its operating activities. The Group believes that reporting this indicator is useful to investors and other stakeholders involved in assessing the value of industrial companies. EBITDA is not defined by IFRS and should not be considered as an alternative to any other financial indicator.

Key segment information is presented below.

Breakdown of the consolidated income statement:

(in thousands of euros)	Year ended March 31, 2016*			
	Electronics	Other Activities	Solar Energy	Total
Sales	233,194			**233,194**
Gross profit	**62,233**			**62,233**
Gross research and development costs	(43,059)			(43,059)
Sales of prototypes and other income	5,499			5,499
Grants and repayable advances	20,901			20,901
Net research and development costs	**(16,658)**			**(16,658)**
Sales and marketing expenses	**(5,550)**			**(5,550)**
General and administrative expenses	**(17,669)**			**(17,669)**
Recurring operating income	**22,356**			**22,356**
Net income from discontinued operations			-	-
Other operating income	-			-
Other operating expenses	(29,372)			(29,372)
Other operating income and expenses, net	(29,372)		-	(29,372)
EBIT	**(7,016)**			**(7,016)**
Depreciation and amortization expenses	23,972			23,972
Impairment of non-current assets and accelerated depreciation/amortization	20,882			20,882
Share-based payments	(227)			(227)
(Reversal)/Impairment of investments in equity-accounted companies	-			-
Provisions, net	(1,294)			(1,294)
Provision for retirement benefit obligations	449			449
Gains/(losses) on disposals of assets	(485)			(485)
EBITDA from discontinued operations		(10,135)	(48,280)	(58,415)
EBITDA	**36,281**	**(10,135)**	**(48,280)**	**(22,134)**

* Pursuant to IFRS 5, the consolidated income statement has been restated to reflect the activities of the Solar Energy and Other Activities business segments, which are shown within discontinued operations.

(in thousands of euros)	Year ended March 31, 2015*			
	Electronics	Other Activities	Solar Energy	Total
Sales	171,607			171,607
Gross profit	**26,646**			**26,646**
Gross research and development costs	(42,592)			(42,592)
Sales of prototypes and other income	5,340			5,340
Grants and repayable advances	12,271			12,271
Net research and development costs	**(24,981)**			**(24,981)**
Sales and marketing expenses	**(5,678)**			**(5,678)**
General and administrative expenses	**(18,863)**			**(18,863)**
Solar power plant project development costs				-
Recurring operating loss	**(22,876)**	**-**		**(22,876)**
Net income from discontinued operations				-
Other operating income	2,344			2,344
Other operating expenses	(24,660)			(24,660)
Other operating income and expenses, net	**(22,316)**	**-**	**-**	**(22,316)**
EBIT	**(45,192)**	**-**		**(45,192)**
Depreciation and amortization expenses	32,555			32,555
Impairment of non-current assets and accelerated depreciation/amortization	20,241			20,241
Share-based payments	133			133
(Reversal)/Impairment of investments in equity-accounted companies	-			-
Provisions, net	122			122
Provision for retirement benefit obligations	476			476
Gains/(losses) on disposals of assets	(3,321)			(3,321)
Impact of IFRIC 21	(532)			(532)
EBITDA from discontinued operations		(7,372)	(65,043)	(72,415)
EBITDA	**4,482**	**(7,372)**	**(65,043)**	**(67,933)**

* Pursuant to IFRS 5 – Non-current Assets Held for Sale and Discontinued Operations, the consolidated income statement has been restated to reflect the activities of the Solar Energy and Other Activities business segments, which are shown within discontinued operations.

* IFRIC 21 – Levies was applied with retroactive effect from April 1, 2015. As a result, the comparative data at March 31, 2016 have been restated. A 531 thousand euro positive impact was recognized in income within cost of sales (425 thousand euros) and gross research and development costs (106 thousand euros).

20. Financial data on assets, financial position and profits and losses

Breakdown of the consolidated statement of financial position:

(in thousands of euros)	March 31, 2016			
	Electronics	Other Activities	Solar Energy	Total
Intangible assets, net	5,679			5,679
of which goodwill				
Property, plant and equipment, net	120,636			120,636
Non-current financial assets	6,160		2,740	8,900
Investments in equity-accounted companies	-	-	-	-
Non-current assets (1)	**132,475**		**2,740**	**135,215**
Inventories	30,910			30,910
Trade receivables	40,436			40,436
Current financial assets	1,066		378	1,444
Other current assets	17,512			17,512
Current assets (2)	**89,924**		**378**	**90,302**
Trade payables	42,552			42,552
Other current and non-current liabilities	54,273			54,273
Current and non-current liabilities (3)	**96,825**			**96,825**
Assets held for sale and discontinued operations (a)			25,603	25,603
Liabilities held for sale and discontinued operations (b)		1,320	15,064	16,384
Net assets held for sale and discontinued operations* (4 = a - b)		**(1,320)**	**10,539**	**9,219**
Capital employed (1) + (2) - (3) + (4)	**125,574**	**(1,320)**	**13,657**	**137,911**

* Pursuant to IFRS 5 – Non-current Assets Held for Sale and Discontinued Operations, the consolidated statement of financial position has been restated to reflect the activities of the Solar Energy business segment, which are shown within discontinued operations.
Current and non-current financial assets were included in the segment statement of financial position at March 31, 2016 and March 31, 2015.
Non-current financial assets for the Solar Energy business segment concern a security deposit relating to the South Africa bond in an amount of 2,740 thousand euros.
Liabilities related to assets held for sale and discontinued operations (1,320 thousand euros) for the Other Activities business segment chiefly concern restructuring costs.

(in thousands of euros)	Year ended March 31, 2015*			
	Electronics	Other Activities	Solar Energy	Total
Intangible assets, net	8,911	2,156		11,067
of which goodwill				
Property, plant and equipment, net	156,437	300		156,737
Non-current financial assets	5,178	16		5,194
Investments in equity-accounted companies	-	-		-
Non-current assets (1)	**170,526**	**2,472**	**-**	**172,998**
Inventories	25,908	2,150		28,058
Trade receivables	39,730	2,380		42,110
Current financial assets	533	450		983
Other current assets	12,185	1,378		13,563
Current assets (2)	**78,356**	**6,358**		**84,714**
Trade payables	45,966	1,000		46,966
Other current and non-current liabilities	58,972	3,388		62,360
Current and non-current liabilities (3)	**104,938**	**4,388**		**109,326**
Assets held for sale and discontinued operations (a)			83,644	83,644
Liabilities held for sale and discontinued operations (b)			(44,277)	(44,277)
Net assets held for sale and discontinued operations* (4 = a - b)			**39,367**	**39,367**
Capital employed (1) + (2) - (3) + (4)	**143,944**	**4,426**	**39,367**	**187,737**

* The other items in the Solar Energy business segment were reclassified within the consolidated statement of financial position at March 31, 2015 and are presented in assets and liabilities held for sale.
* IFRIC 21 – Levies was applied with retroactive effect from April 1, 2015.

Breakdown of revenue

Revenue by segment and sub-segment breaks down as follows:

(in thousands of euros)	Year ended March 31, 2016*	Year ended March 31, 2015*
SOI 300mm	53,596	44,559
Small diameters	170,510	120,560
Specialty Electronics		2,259
Royalties	9,088	4,229
Total Electronics	*233,194*	*171,607*
Total revenue	**233,194**	**171,607**

* Pursuant to IFRS 5 – Non-current Assets Held for Sale and Discontinued Operations, the revenue of the Solar Energy and Other Activities business segments has been reclassified in "Net loss from discontinued operations".

3.2. Intangible assets

This item breaks down as follows:

(in thousands of euros)	Gross value	Accumulated amortization	Provision for impairment	Net value
March 31, 2014	**128,389**	**(58,645)**	**(44,128)**	**25,615**
Goodwill – Electronics segment	24,697	-	(24,697)	-
Goodwill – Solar Energy segment	19,266	-	(19,266)	-
Capitalized development projects	3,710	(1,484)	-	2,226
Concessions, patents and other rights	22,211	(18,466)	-	3,745
Software	55,450	(49,786)	(1,112)	4,552
Solar power plant projects	8,219	(491)	(7,728)	-
Other intangible assets	(321)	42	279	-
Intangible assets in progress	575	-	(30)	545
March 31, 2015 – reported	**133,808**	**(70,185)**	**(52,554)**	**11,068**
Discontinued operations – Solar Energy business segment	(41,706)	14,794	26,912	-
March 31, 2015 – restated	**92,102**	**(55,391)**	**(25,642)**	**11,068**
Goodwill – Electronics segment	13,295	-	(13,295)	-
Goodwill – Solar Energy segment	-	-	-	-
Capitalized development projects	3,710	(1,855)	-	1,855
Concessions, patents and other rights	5,511	(4,438)	-	1,072
Software	53,307	(50,905)	(303)	2,099
Intangible assets in progress	683	-	(30)	653
March 31, 2016	**76,506**	**(57,198)**	**(13,629)**	**5,678**

At March 31, 2016, capitalized development projects with a gross value of 3,710 thousand euros relate to a research project in the field of image sensors, which resulted in a license agreement to be amortized over the term of the contract.

In the year to March 31, 2016, changes in the net value of each asset category can be analyzed as follows:

(in thousands of euros)	*Goodwill*	Capitalized development projects	Concessions, patents and other rights	Software	Solar power plant projects	Intangible assets in progress	Total
March 31, 2014	**-**	**2,596**	**6,549**	**9,736**	**5,987**	**745**	**25,615**
Items brought into service (gross value)	-	-	-	965	-	(965)	-
Additions (gross value)	-	-	-	-	-	796	796
Change in scope (net value)	-	-	-	4	-	-	4
Exchange differences (net value)	-	-	-	46	592	-	638
Amortization (expense for the period)	-	(371)	(2,801)	(4,954)	(13)	-	(8,140)
Impairment and accelerated amortization	-	-	-	(1,231)	(6,566)	(30)	(7,827)
Disposals or retirements (net value)	-	-	-	(18)	-	-	(18)
Assets held for sale (net value)	-	-	-	-	-	-	-
March 31, 2015	**-**	**2,226**	**3,745**	**4,552**	**-**	**545**	**11,068**
Items brought into service (gross value)	-	-	-	643	-	(643)	-
Additions (gross value)	-	-	-	-	-	751	751
Exchange differences (net value)	-	-	-	(2)	-	-	(2)
Amortization (expense for the period)	-	(371)	(1,084)	(3,094)	-	-	(4,550)
Impairment and accelerated amortization*	-	-	(1,588)	-	-	-	(1,588)
Disposals or retirements (net value)	-	-	-	-	-	-	-
March 31, 2016	**-**	**1,855**	**1,072**	**2,099**	**-**	**653**	**5,678**

* Impact related to the sale of subsidiary Altatech (Other Activities business segment).

3.3. Property, plant and equipment

This item breaks down as follows:

(in thousands of euros)	Gross value	Accumulated depreciation	Provision for impairment	Net value
March 31, 2014	**817,245**	**(483,150)**	**(43,844)**	**290,251**
Buildings*	291,551	(131,880)	(18,046)	141,625
Buildings held for sale	(26,036)	565	-	(25,471)
Buildings*	265,514	(131,315)	(18,046)	116,154
Equipment and tooling*	554,878	(414,772)	(103,946)	36,160
Solar power plant projects	19,839	(6,836)	(9,103)	3,900
Solar power plant projects held for sale	(6,289)	2,888	1,100	(2,300)
Solar power plant projects	13,550	(3,948)	(8,003)	1,600
Other property, plant and equipment*	23,520	(16,842)	(5,489)	1,189
Property, plant and equipment in progress	6,384	-	(3,152)	3,232
March 31, 2015 – reported	**863,847**	**(566,876)**	**(138,636)**	**158,336**
Discontinued operations – Solar Energy business segment	(162,860)	63,086	98,174	(1,600)
March 31, 2015 – restated	**700,988**	**(503,790)**	**(40,462)**	**156,736**
Buildings*	240,444	(157,478)	(48)	82,918
Equipment and tooling*	416,370	(360,899)	(23,633)	31,838
Other property, plant and equipment*	12,703	(12,028)	(10)	665
Property, plant and equipment in progress	7,809	-	(2,588)	5,221
March 31, 2016	**677,326**	**(530,405)**	**(26,279)**	**120,642**

* Including assets financed under finance leases:

(in thousands of euros)	Gross value	Accumulated depreciation	Provision for impairment	Net value
March 31, 2014	**64,782**	**(47,591)**	**-**	**17,191**
Buildings	3,639	(993)	-	2,646
Equipment and tooling	28,236	(13,395)	(3,645)	11,196
Other property, plant and equipment	-	-	-	-
March 31, 2015	**31,918**	**(14,419)**	**(3,645)**	**13,854**
Buildings	3,439	(1,055)	-	2,384
Equipment and tooling	66,883	(45,798)	(7,380)	13,705
Other property, plant and equipment	44	(36)	-	8
March 31, 2016	**70,366**	**(46,889)**	**(7,380)**	**16,097**

In the year to March 31, 2016, changes in the net value of each asset category can be analyzed as follows:

(in thousands of euros)	Buildings	Equipment and tooling	Solar power plants	Other	Property, plant and equipment in progress	Total
March 31, 2014	**148,082**	**112,717**	**9,441**	**7,415**	**12,593**	**290,251**
Items brought into service (gross value)	711	13,991	-	369	(15,072)	-
Reclassification between asset categories	(89)	68	-	-	20	-
Reclassifications relating to inventories	-	-	255	-	-	255
Additions (gross value)	-	-	6	-	6,036	6,042
Change in scope* (net value)	16	10,207	-	94	-	10,317
Exchange differences (net value)	20,999	6,378	783	315	179	28,656
Depreciation (expense for the period)	(12,079)	(23,356)	(434)	(1,941)	-	(37,810)
Impairment and accelerated depreciation	(16,016)	(81,471)	(6,152)	(5,063)	98	(108,604)
Disposals or retirements (net value)	-	(2,375)	-	-	(624)	(2,999)
Assets held for sale	(25,471)	-	(2,300)	-	-	(27,771)
March 31, 2015 – reported	**116,153**	**36,160**	**1,600**	**1,189**	**3,232**	**158,336**
Discontinued operations – Solar Energy business segment**			(1,600)			(1,600)
March 31, 2015 – restated	**116,153**	**36,160**	**0**	**1,189**	**3,232**	**156,736**
Items brought into service (gross value)	290	5,171	-	237	(5,698)	-
Reclassification between asset categories	(203)	203	-	-	-	-
Additions (gross value)	-	-	-	-	7,689	7,689
Change in scope* (net value)	-	(1,379)	-	(49)	-	(1,428)
Exchange differences (net value)	(2,677)	(45)	-	-	-	(2,722)
Depreciation (expense for the period)	(10,476)	(9,684)	-	(698)	-	(20,858)
Impairment and accelerated depreciation***	(20,169)	(511)	-	(19)	(3)	(20,702)
Disposals or retirements (net value)	-	1,923	-	5	-	1,928
Assets held for sale	-	-	-	-	-	-
March 31, 2016	**82,918**	**31,838**	**0**	**665**	**5,221**	**120,642**

* Impact of the sale of subsidiary Soitec Phoenix Labs in fiscal 2015-2016 (in fiscal 2014-2015, acquisition of a controlling interest in Reflexite-Soitec Optical Technology).

** At March 31, 2016, the assets of the Solar Energy business segment were classified within discontinued operations in accordance with IFRS 5. For comparative purposes, the amount of these assets reclassified under discontinued operations represented 1,600 thousand euros at March 31, 2015.

*** These amounts correspond to provisions for impairment recognized under other operating income and expenses in the income statement (see Note 4.4).

3.4. Value of non-current assets

Impairment testing

Electronics

The Singapore plant was built in order to increase 300mm-wafer production capacity. Due to the downturn in demand, most of the production of 300mm wafers was transferred to the Bernin site in September 2013 and the Singapore clean room has since been dormant. In December 2014, in order to meet its cash flow needs, the Company had contemplated selling the plant and had instructed an intermediary to identify potential buyers. Since the Group did not receive any firm offers during the year, it identified an impairment indicator and tested the asset for impairment at the December 31, 2015 period-end. In accordance with IAS 36, the Company revised the asset's market value and in parallel, determined its value in use based on its business plan, which confirmed the need to expand production capacity for 300mm wafers in the medium term. As a result of the impairment test, the Group recognized an impairment loss for 20.1 million euros in its financial statements at December 31, 2015. The value of the asset was not revised in the financial statements at March 31, 2016 as it remained unchanged.

Other Activities

The Group sold its subsidiary Altatech on March 29, 2016. In its financial statements at December 31, 2015, a 2 million euro expense had been booked against property, plant and equipment and intangible assets, based on the expected sale price. An additional provision was also recognized in an amount of 0.2 million euros within current items. Accordingly, completion of the sale in March did not have any further impact on the income statement.

3.5. Non-current financial assets

Non-current financial assets break down as follows:

(in thousands of euros)	March 31, 2016	March 31, 2015
Investments in equity-accounted companies*	-	-
Financial assets – Investments	7,067	7,180
Deposits and guarantees	8,822	-
Restricted cash	133	231
Gross value	**16,023**	**7,412**
Financial assets – Investments	(1,040)	(1,672)
Other financial assets	(6,082)	-
Provision for impairment	**(7,122)**	**(1,672)**
Non-current financial assets, net	**8,900**	**5,740**

* The investment in the company holding the Touwsrivier solar power plant is classified within assets held for sale at March 31, 2016 (see Note 3.12).

Deposits and guarantees chiefly concern a security deposit relating to bonds in South Africa in a net amount of 2,740 thousand euros, classified under assets held for sale at March 31, 2015 and reclassified in assets as continuing operations since the timing of repayment of this asset is uncertain and since it is separate from the assets relating to the Touwsrivier power plant, which are classified in assets held for sale.

"Financial assets – Investments" breaks down as follows:

	March 31, 2016			March 31, 2015		
(in thousands of euros)	Gross value	Provision	% held	Gross value	Provision	% held
Cissoïd	340	(340)	3.09%	340	(340)	3.09%
Exagan	606	-	15.00%	6	-	15.00%
Medgrid	-	-	-	600	(600)	6.66%
Simgui*	4,441	-	3.89%	4,441	-	3.89%
Ceotis**	281	-	30.00%	-	-	-
Technocom	1,400	(700)	8.00%	875	(144)	8.00%
Suncoutim***	-	-	-	918	(588)	19.99%
Total financial assets – Investments	**7,067**	**(1,040)**		**7,180**	**(1,672)**	

* The Group's interest in China-based Simgui amounting to 4,441 thousand euros was acquired within the scope of a partnership to develop production capacity of SOI 200mm wafers. No impairment loss was identified at March 31, 2016.
** Ceotis holds the Group's former Lighting business. It was created in March 2016 and is not controlled by the Group.
*** Investment held by Group subsidiary Soitec Solar GmbH and classified within assets held for sale.

3.6. Other non-current assets

Other non-current assets break down as follows:

(in thousands of euros)	March 31, 2016	March 31, 2015
Tax receivables	24,219	28,000
Prepayments on orders of non-current assets	35	637
Deposits and guarantees	438	766
Gross value	**24,692**	**29,403**
Prepayments on orders of non-current assets	-	(441)
Provision for impairment	-	(441)
Other non-current assets, net	**24,692**	**28,961**

The tax receivable of 24,219 thousand euros at March 31, 2016 corresponds to:

- the non-current portion of the research tax credit for the calendar years 2013 and 2015 and for the first quarter of 2016, for an amount of 21,167 thousand euros (25,926 thousand euros at March 31, 2015). The research tax credit for 2014 was subject to an exceptional reimbursement in April 2015;
- the non-current portion of the CICE tax credit for the calendar years 2013, 2014 and 2015 and for the first quarter of 2016, for an amount of 3,052 thousand euros (2,106 thousand euros at March 31, 2015).

The total research tax credit receivable (current and non-current portions) amounts to 29,709 thousand euros (32,159 thousand euros at March 31, 2015).

3.7. Inventories

Inventories break down as follows:

(in thousands of euros)	March 31, 2016*	March 31, 2015 – restated*	March 31, 2015 – reported
Raw materials	22,817	21,894	35,296
Work-in-progress	5,974	7,894	7,659
Finished goods	10,629	8,894	18,103
Gross value	**39,420**	**38,682**	**61,058**
Provision for impairment – continuing operations	(8,510)	(10,621)	(27,984)
Provision for inventories	(8,510)	(10,621)	(27,984)
Net value – continuing operations	**30,910**	**28,060**	**33,073**
Net value – discontinued Solar Energy operations	**-**	**5,013**	**-**
Inventories, net	**30,910**	**33,073**	**33,073**

* Pursuant to IFRS 5, assets and liabilities relating to discontinued operations have been restated in the statement of financial position at March 31, 2016. To enable working capital to be analyzed on a constant scope basis, data for March 31, 2015 have also been restated to reflect the discontinued Solar Energy operations.

In the year to March 31, 2016, the value of inventories decreased by 2,163 thousand euros to 30,910 thousand euros, relating solely to the Electronics business.

Inventories relating to the Solar Energy and Other Activities businesses, shown within discontinued operations, were written down in full at March 31, 2016.

3.8. Trade receivables

Trade receivables break down as follows:

(in thousands of euros)	March 31, 2016*	March 31, 2015 – restated*	March 31, 2015 – reported
Trade receivables, gross	40,838	42,383	49,015
Provision for impairment	(402)	(209)	(5,203)
Trade receivables, net	**40,436**	**42,174**	**43,812**

* Pursuant to IFRS 5, assets and liabilities relating to discontinued operations have been restated in the statement of financial position at March 31, 2016. To enable working capital to be analyzed on a constant scope basis, data for March 31, 2015 have also been restated to reflect the discontinued Solar Energy operations.

Changes in the provision for impairment of trade receivables break down as follows:

(in thousands of euros)	March 31, 2016*	March 31, 2015 – restated*	March 31, 2015 – reported
Provision for impairment at beginning of period	**(209)**	**-**	**(2,992)**
Expense for the period**	(323)	(209)	(2,212)
Reversals of utilized provisions: uncollectible receivables	-	-	19
Reversals of surplus provisions	-	-	-
Exchange differences	10	-	(18)
Reclassifications	120	-	-
Provision for impairment at end of period	**(402)**	**(209)**	**(5,203)**

* Pursuant to IFRS 5, assets and liabilities relating to discontinued operations have been restated in the statement of financial position at March 31, 2016. To enable working capital to be analyzed on a constant scope basis, data for March 31, 2015 have also been restated to reflect the discontinued Solar Energy operations.

** At March 31, 2015, the provision for impairment amounting to 2,212 thousand euros mainly comprises the Solar Energy division, and in particular receivables relating to sales of photovoltaic systems in Saudi Arabia (1,068 thousand euros) and China (730 thousand euros).

At March 31, 2016, the aged analysis of trade receivables is as follows:

(in thousands of euros)	Total trade receivables	Neither due nor impaired	Less than 30 days past due	30-60 days past due	60-90 days past due	90-120 days past due	More than 120 days past due
Gross value	40,838	34,348	5,172	402	176	265	475
Provision for impairment	(402)	-	(21)	-	(16)	(59)	(307)
Net value at March 31, 2016	**40,436**	**34,348**	**5,151**	**402**	**160**	**206**	**169**
Gross value – restated	42,383	41,042	884	246	62	2	147
Provision for impairment – restated	(209)	-	-	(82)	(15)	-	(112)
March 31, 2015 – net value – restated	**42,174**	**41,042**	**884**	**164**	**47**	**2**	**34**
Gross value – discontinued operations	6,631	1,356	-	17	43	-	5,215
Provision for impairment – discontinued operations	(4,994)	-	-	-	(40)	-	(4,954)
March 31, 2015 – net value – discontinued operations	**1,638**	**1,356**	**-**	**17**	**3**	**-**	**262**
Gross value – reported	49,015	42,399	884	263	105	2	5,362
Provision for impairment – reported	(5,203)	-	-	(82)	(55)	-	(5,066)
March 31, 2015 – net value – reported	**43,812**	**42,399**	**884**	**181**	**50**	**2**	**296**

* Pursuant to IFRS 5, assets and liabilities relating to discontinued operations have been restated in the statement of financial position at March 31, 2016. To enable working capital to be analyzed on a constant scope basis, data for March 31, 2015 have also been restated to reflect the discontinued Solar Energy operations.

3.9. Other current assets

Other current assets break down as follows:

(in thousands of euros)	March 31, 2016*	March 31, 2015 – restated*	March 31, 2015 – reported
Tax and social security receivables**	10,630	8,846	9,318
Receivables on disposals of assets	13	-	-
Prepaid expenses	961	1,008	1,243
Grants receivable***	4,760	1,382	1,382
Prepayments on orders	614	650	3,730
Deposits and guarantees	65	91	3,298
Other	465	1,595	1,596
Gross value	**17,508**	**13,572**	**20,565**
Deposits and guarantees	-	-	(1,669)
Other	-	-	(2)
Provision for impairment	**-**	**-**	**(1,671)**
Current assets, net	**17,508**	**13,572**	**18,894**

* Pursuant to IFRS 5, assets and liabilities relating to discontinued operations have been restated in the statement of financial position at March 31, 2016. To enable working capital to be analyzed on a constant scope basis, data for March 31, 2015 have also been restated to reflect the discontinued Solar Energy operations.

** At March 31, 2015, tax and social security receivables include a research tax credit amounting to 6,264 thousand euros for the calendar year 2011.

*** Operating grants receivable are as follows:

(in thousands of euros)	Year ended March 31, 2016	Year ended March 31, 2015 – restated	Year ended March 31, 2015 – reported
Operating grants receivable at beginning of period	**1,382**	**2,563**	**2,738**
Received during the period	(6,252)	(5,767)	(6,878)
Recognized in income	9,630	4,586	5,522
Operating grants receivable at end of period	**4,760**	**1,382**	**1,382**

* Pursuant to IFRS 5, assets and liabilities relating to discontinued operations have been restated in the statement of financial position at March 31, 2016. To enable working capital to be analyzed on a constant scope basis, data for March 31, 2015 have also been restated to reflect the discontinued Solar Energy operations.

In accordance with IAS 20, research and development subsidies receivable are recorded as grants receivable when the financing agreements have been signed and administrative authorizations obtained. They are recorded in the income statement in proportion to the research and development expenses recognized during the period and eligible for subsidized projects, after verifying that the grant conditions were met. Grants are invoiced and recognized according to the milestones set out in the agreements.

3.10. Current financial assets

These break down as follows:

(in thousands of euros)	March 31, 2016*	March 31, 2015 – restated*	March 31, 2015 – reported
Loans	447	233	233
Accrued interest	33	23	23
Prepaid expenses	-	26	179
Restricted cash	1,000	1,434	1,609
Gross value	**1,479**	**1,716**	**2,044**
Loans	(34)	(233)	(233)
Restricted cash	-	(500)	(500)
Provision for impairment	(34)	(733)	(733)
Current financial assets, net	**1,444**	**983**	**1,311**

* Pursuant to IFRS 5, assets and liabilities relating to discontinued operations have been restated in the statement of financial position at March 31, 2016. To enable working capital to be analyzed on a constant scope basis, data for March 31, 2015 have also been restated.

3.11. Cash and cash equivalents

Cash and cash equivalents break down as follows:

(in thousands of euros)	March 31, 2016	March 31, 2015
Cash	49,068	22,911
Cash equivalents	-	-
Total cash and cash equivalents	**49,068**	**22,911**

Cash at bank is principally denominated in US dollars (25% of the total) and euros (73% of the total).

Cash is invested in interest-earning accounts.

In order to determine if an investment is eligible to be classified as a cash equivalent, the Group complies with the AMF guidance issued on May 3, 2011 relating to the classification of UCITS money-market funds as cash equivalents in accordance with IAS 7.

3.12. Assets and liabilities held for sale and discontinued operations

(in thousands of euros)	Assets and liabilities held for sale March 31, 2016	Assets and liabilities held for sale March 31, 2015	Discontinued operations March 31, 2016	Discontinued operations March 31, 2015*
Property, plant and equipment	-	25,471	-	-
Solar power plant projects	-	2,300	304	1,600
Equity-accounted companies	8,060	10,838		-
Non-current financial assets	13,993	-	440	561
Other non-current assets	-	618	254	269
Non-current assets	**22,054**	**39,227**	**998**	**2,430**
Inventories	-	-	-	5,013
Trade receivables	-	9,013	1,993	1,638
Other current assets	-	382	679	5,323
Current financial assets	-	20,813	132	328
Current assets	**-**	**30,208**	**2,804**	**12,302**
Total assets (1)	**22,054**	**69,435**	**3,802**	**14,731**
Non-current borrowings and debt		16,730		1,947
Provisions and other non-current liabilities		-	1,774	2,055
Non-current liabilities		**16,730**	**-**	**4,002**
Current borrowings and debt		-	96	2,755
Trade payables		114	589	5,199
Provisions and other current liabilities		7	14,024	37,014
Current liabilities		**121**	**16,483**	**44,968**
Total liabilities (2)		**16,852**	**16,483**	**48,970**
Net assets (1) – (2)	**22,054**	**52,584**	**(12,681)**	**(34,239)**

* At March 31, 2016, the assets and liabilities of the Solar Energy and Other Activities business segments were classified under discontinued operations in accordance with IFRS 5. In order to facilitate comparison with the previous fiscal year, comparative data are provided showing the assets and liabilities of the Solar Energy business segment at March 31, 2015 reclassified in discontinued operations. The assets and liabilities of the Other Activities business segment, which were less material in fiscal 2014-2015, are not included.

In fiscal 2015-2016, the Group carried out the following transactions involving assets and liabilities held for sale at March 31, 2015:

– Sale of the San Diego plant, recognized in property, plant and equipment held for sale at March 31, 2015 for an amount of 25,471 thousand euros, and repayment of the debt related to the plant's refinancing (recognized in borrowings and debt at March 31, 2015 for an amount of 16,730 thousand euros).

– Repayment of the Reflexite loan for 2.3 million euros.

– Sale of the CPV solar power plants in Rians (France) and Poggio Santa Lucia (Italy), classified under solar power plant projects for an amount of 2,300 thousand euros at March 31, 2015. The other solar power plants were classified within discontinued operations for an amount of 304 thousand euros.

– Sale of the CPV Thémis power plant in France and the Monte Bellone power plant in Italy.

– Sale of two project holding companies in the US (Rugged and LanEast) and merger of four project companies (LanWest, Los Robles, Tierra del Sol and Tierra del Sol II) into Soitec Solar Development.

– As regards the assets relating to the solar power plant in Touwsrivier (South Africa), the Group considered that the condition set out in IFRS 5 was met (i.e., the asset was highly likely to be sold within 12 months). Accordingly, these amounts are classified under assets held for sale:

  - the equity-accounted investments in 20%-owned subsidiary CPV Power Plant No. 1 Ltd ("Touwsrivier"), and its subsidiary CPV Bond (8,060 thousand euros at March 31, 2016 versus 10,838 thousand euros at March 31, 2015);
  - the financing (principal and interest) for 13,993 thousand euros granted to one of the shareholders of the Touwsrivier plant (breaking down at March 31, 2015 as a current financial receivable of 10,708 thousand euros and a trade receivable of 8,947 thousand euros).

As regards assets and liabilities classified under discontinued operations:

– Solar power plant projects concern the Newberry (US) plant for an amount of 304 thousand euros (322 thousand euros at March 31, 2015). During the first half of the fiscal year, the Group sold the land of the Sorrel (US) site, recognized in the consolidated financial statements for the year ended March 31, 2015, for an amount of 1,278 thousand euros.

– Non-current financial assets concern investments in the non-consolidated subsidiary Suncoutim for an amount of 331 thousand euros and restricted cash totaling 110 thousand euros at March 31, 2016 (respectively 331 thousand euros and 231 thousand euros at March 31, 2015).

– Current and non-current borrowings and debt concern debt related to the purchase of Reflexite shares, which was repaid in fiscal 2015-2016.

– Provisions and other current liabilities mainly comprise restructuring provisions. 1.3 million euros are related to the Other Activities business segment, while 14.5 million euros are related to the Solar Energy business segment. Restructuring provisions are detailed in Note 3.16.

3.13. Issued capital and reserves

3.13.1. Share capital and share premium

At March 31, 2016, the number of Company shares outstanding was 231,324,184. These are ordinary shares with a nominal value of 0.10 euros per share.

(number of shares)	March 31, 2016	March 31, 2015
Ordinary shares with a nominal value of 0.10 euros	231,324,184	231,188,426

In fiscal 2015-2016, the share capital was increased by 14 thousand euros to 23,132 thousand euros at March 31, 2016, as detailed in the table below:

Date	Type of transaction	Ordinary shares issued and fully paid up (number of shares)	Share capital	Share premium
			Increase (decrease) in thousands of euros	
March 31, 2014		**172,580,795**	**17,258**	**704,158**
June 5, 2014	Vesting of free shares	561,695	56	-
June 12, 2014	Issue of shares following the conversion of OCEANE bonds	150	-	1
July 22, 2014	Issue of shares	51,942,792	5,194	77,914
February 3, 2015	Issue of shares	6,000,000	600	4,622
March 10, 2015	Vesting of free shares	99,200	10	-
March 10, 2015	Issue of shares following the conversion of OCEANE bonds	3,794	-	30
	Capital increase costs deducted from the share premium	-	-	(4,666)
March 31, 2015		**231,188,426**	**23,119**	**782,058**
April 28, 2015		114,894	11	
December 18, 2015		20,864	3	
	Capital increase costs deducted from the share premium			(942)
	ABSAAR redeemable warrants			(675)
March 31, 2016		**231,324,184**	**23,132**	**780,442**

In terms of the number of shares issued, changes in the share capital during the year ended March 31, 2016 can be summarized as follows:

Transaction	Number of shares issued
Exercise of options	-
Issue of ABSAAR redeemable warrants	-
Issue of shares	-
Vesting of free shares	135,758
Conversion of OCEANE bonds	-
Total	135,758

3.13.2. Treasury shares

At March 31, 2016, the Company held 111,451 treasury shares.

	March 31, 2016	March 31, 2015
Number of treasury shares	111,451	111,451
Gross value (in thousands of euros)	475	475
Unrealized capital gain/(loss) (in thousands of euros)	(411)	(377)

The gross value of these treasury shares along with gains or losses on disposal are deducted from equity.

3.13.3. Other reserves

(in thousands of euros)	Revaluation differences	Actuarial gains/(losses) on retirement benefit obligations	Gains/(losses) on disposals of treasury shares	Other changes	Exchange differences	Total
March 31, 2014	**705**	**(1,625)**	**1,023**	**(241)**	**3,215**	**3,077**
Changes in the period	-	353	-	-	(20,700)	(20,347)
March 31, 2015	**705**	**(1,272)**	**1,023**	**(241)**	**(17,485)**	**(17,270)**
Changes in the period		174		(15,907)	39,132	23,399
March 31, 2016	**705**	**(1,098)**	**1,023**	**(16,148)**	**21,647**	**6,129**

Changes in exchange differences represent 39,132 thousand euros, of which 30,433 thousand euros results from the reclassification during the period of exchange differences on discontinued operations to net financial income/(expense).

Actuarial gains and losses on retirement benefit obligations are shown in other reserves with an adjusting entry to the provision for retirement benefit obligations.

Movements in “Other changes” represent the impact of TUP Soitec Specialty Electronics (reclassification from “Retained earnings/(accumulated losses)” to “Other reserves”).

3.13.4. Dividends

In view of the losses in the previous fiscal year, at the July 25, 2016 General Meeting of Shareholders the Board of Directors will recommend allocating the loss to retained earnings/accumulated losses and not paying any dividends.

3.14. Share-based payments

3.14.1. Impact of share-based payments on the consolidated income statement

The amount recognized in respect of share-based payments in the income statement for the year ended March 31, 2016 represents income of 245 thousand euros (expenses of 142 thousand euros in the year ended March 31, 2015). These amounts were restated for discontinued operations, representing an expense of 23 thousand euros for the year ended March 31, 2016 and an expense of 325 thousand euros for the year ended March 31, 2015.

3.14.2. Information on changes in stock option plans

No new stock option plans were introduced in the year.

The table below summarizes information relating to changes in stock option plans and the weighted average exercise price per share:

(in number of shares)	Shares (in number of shares)	Weighted average exercise price per share (in euros)	Price range (in euros)
March 31, 2014	**922,760**	**12.39**	**3.71-17.81**
After the July 2014 share capital increase*	985,460	11.39	3.42-16.41
Granted	-	-	-
Exercised	-	-	-
Canceled	(63,860)	3.64	3.42-3.86
March 31, 2015	**921,600**	**11.93**	**6.20-16.41**
Granted	-		
Exercised	-		
Canceled	(620,800)	10.29	6.20-16.41
March 31, 2016	**300,800**	**15.30**	**15.11-16.41**

* In accordance with the provisions of Article L.225-181 of the French Commercial Code and as a result of the capital increase with pre-emptive subscription rights carried out by the Company during the period, 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 said Code, by adjusting the subscription conditions for its shares.

3.14.3. Share-based payments

The table below indicates the extent to which the authorizations adopted by the Shareholders' Meetings of July 1, 2005, June 24, 2011, and July 2, 2013 in connection with stock option and free share plans had been utilized at the beginning of fiscal 2015-2016. It also sets out the extent to which prior authorizations had been utilized.

3.14.4. Outstanding stock option plans (implemented after November 7, 2002)

Date of Shareholders' Meeting	07/01/05	07/01/05
Date of Board of Directors' meeting	07/06/06	10/26/06
Number of shares	**89,600**	**256,000**
- Of which number of shares for corporate officers	-	-
- Of which number of shares for top ten employee grantees	*89,600*	*256,000*
Number of beneficiaries	**2**	**1**
Start date for exercise of warrants	07/06/10	10/26/10
Expiration date	07/05/16	10/25/16
Number of shares subscribed	-	-
Number of shares canceled	44,800	-
Number of shares outstanding	**44,800**	**256,000**
Subscription price per share (in euros)	16.41	15.11
Share price at grant date	23.37	18.70
Term	10	10

3.14.5. Free shares

Free shares in the process of vesting can be broken down as follows:

Date of Shareholders' Meeting	06/24/11	07/02/13
Date of Board of Directors' meeting	06/04/12	03/06/14
Number of shares	**244,760**	**108,800**
- Of which number of shares for corporate officers	-	-
- Of which number of shares for top ten employee grantees	*244,760*	*108,800*
Number of beneficiaries	**9**	**1**
Vesting period	06/04/12 to 06/03/16	03/06/14 to 03/05/16
Holding period		03/06/16 to 03/05/18
Number of shares vested	-	-
Number of shares transferable	-	-
Number of shares not transferable	-	-
Number of shares canceled	129,560	
Number of shares outstanding	115,200	108,800
Subscription price per share (in euros)	**2.61**	**2.34**

3.15. Borrowings and debt

Borrowings and debt break down as follows:

(in thousands of euros)	Effective interest rate (%)	Currency	Maturity	March 31, 2016*	March 31, 2015 – reported
Current					
Finance leases:					
Furniture and equipment	7.04%-11.40%	EUR	2018	6,748	2,959
Furniture and equipment	1.35%	JPY	2016	7	7
Borrowings:					
OCEANE 2018 bond (accrued interest)	6.75%	EUR	2016	227	229
Loan from partners	2.99%-12%	EUR	2016	33,658	-
Loan from partners	2.99%	USD	2016	10,535	2,392
Other:					
Repayable advances	-	EUR	2015-2016	840	1,170
Derivative financial instruments (negative fair value)	-	EUR	-	92	-
Finance payables	-	EUR	2015-2016	431	190
Finance payables	-	ZAR	2015-2016		172
Bank overdrafts	-	EUR	-	-	-
Used committed credit lines (principal)	0.59%-1.43%	EUR	2016	6,416	42,087
Used committed credit lines (accrued interest)	0.59%-1.39%	EUR	2016	6	99
Other financial liabilities	-	EUR	2016		150
Current borrowings and debt				**58,960**	**49,455**
Non-current					
Finance leases:					
Furniture and equipment	7.04%-11.40%	EUR	2017	8,000	6,488
Furniture and equipment	1.35%	JPY	2016-2018	2	10
Borrowings:					
OCEANE 2018 bond	6.75%	EUR	2018	93,875	90,623
Bank loans	-	EUR	-		-
Loans from financial institutions	2.73%-2.77%	USD	2016		1,947
Other:					
Repayable advances	-	EUR	2017-2024	12,484	10,869
Used committed credit lines	0.59%-1.39%	EUR	2016-2018	45,619	13,616
Derivative financial instruments (negative fair value)	-	-	-		-
Other financial liabilities	-	USD	-		-
Non-current borrowings and debt				**159,980**	**123,552**

* At March 31, 2016, the assets and liabilities of the Solar Energy business segment were classified within discontinued operations in accordance with IFRS 5.

OCEANE 2018 bond

On September 18, 2014, the Group issued bonds convertible into and/or exchangeable for new or existing shares ("OCEANE") for a nominal amount of 103.2 million euros. The 40 million bonds issued fall due on September 18, 2018 and carry interest at a nominal rate of 6.75% payable on a six-monthly basis on March 18 and September 18 each year. The issue price of the bonds was 2.58 euros per bond. The bonds may also be redeemed early at the Company's initiative under certain conditions.

In accordance with IAS 39, the fair value of the OCEANE bonds is recognized as two components:

- the debt component, which was calculated based on the market interest rate for an equivalent, non-convertible bond. This was recognized at an amortized cost of 86,182 thousand euros net of its portion of issuance costs. The estimated effective interest rate on the debt is 10.46%;
- the conversion option component, which is calculated as the difference between the fair value of the bond and the debt component. This was recognized separately in equity for an amount of 13,161 thousand euros net of its portion of issuance costs. This amount is fixed until the bonds are converted, exchanged or redeemed, except in the event of changes in its estimated life.

Leases

In August 2015, the Group entered into a new finance lease agreement for production equipment. The three-year agreement is for an amount of 11 million euros and bears interest at 11.4%.

Bank loans

As part of the conciliation procedure approved by the Grenoble Commercial Court on May 5, 2015, the Group put in place a 54 million euro financing facility falling due in May 2016. Industrial company Shin-Etsu Handotai loaned 30 million euros (at Euri-bor +3%), Bpifrance Participations 15 million euros and CEA Investissement 9 million euros (both at 12% interest). At March 31, 2016, the debt outstanding on these loans represented 44 million euros following the Group's partial repayments in August 2015.

Borrowings and debt fall due as follows:

	March 31, 2016*				
(in thousands of euros)	Less than 1 year	1 to 5 years	More than 5 years	Total	March 31, 2015
Finance leases:					
Property (construction)					
Furniture and equipment	6,755	8,002		14,757	9,464
Borrowings:					
OCEANE 2018 bond	227	93,875		94,102	90,852
Loan from partners	44,193			44,193	-
Loans from financial institutions					4,339
Other borrowings and debt:					
Repayable advances	840	2,277	10,207	13,324	12,039
Finance payables	431			431	362
Derivative financial instruments (negative fair value)	92			92	-
Used committed credit lines	6,422	45,619		52,041	55,802
Bank overdrafts					-
Other financial liabilities					150
Total borrowings and debt	**58,960**	**149,773**	**10,207**	**218,939**	**173,007**

* At March 31, 2016, the assets and liabilities of the Solar Energy business segment were classified under discontinued operations in accordance with IFRS 5.

3.16. Provisions and other non-current liabilities

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

(in thousands of euros)	March 31, 2016	March 31, 2015
Deferred income	9,025	10,416
Deposits and guarantees received	63	67
Other debtors	-	9
Non-current liabilities	**9,088**	**10,493**
Provisions for liabilities and charges	5,060	7,050
Provisions and other non-current liabilities	**14,148**	**17,543**

At March 31, 2016, deferred income related mainly to:

- a prepayment received on a license agreement signed in March 2011 in the field of image sensors for a total amount of 3,261 thousand euros, breaking down into a non-current portion of 2,609 thousand euros and a current portion of 652 thousand euros;
- a prepayment received on a license agreement signed in March 2013 in the field of III-V materials for the light-emitting diodes market for a total amount of 1,168 thousand euros, breaking down into a non-current portion of 915 thousand euros and a current portion of 253 thousand euros;
- a prepayment received on a license agreement signed in May 2014 in the field of radio frequency and power applications for a total amount of 6,328 thousand euros, breaking down into a non-current portion of 5,500 thousand euros and a current portion of 828 thousand euros.

Provisions for non-current liabilities and charges mainly comprise provisions for retirement benefit obligations amounting to 5,060 thousand euros.

Changes in provisions for liabilities and charges

Provisions for liabilities and charges break down as follows:

(in thousands of euros)	March 31, 2015 – reported	Liabilities reclassified within discontinued operations	March 31, 2015 – restated	Additions	Reversals (utilized provisions)	Reversals (surplus provisions)	Exchange differences	Retirements/ reclassifications	March 31, 2016
Current provisions:									
Litigation	2,847	-	2,847	538	(811)	(583)	-	-	1,991
Restructuring	36,146	(29,366)	6,780	1,713	(3,061)	(2,270)	(115)	(410)	2,636
Total current	**38,993**	**(29,366)**	**9,627**	**2,251**	**(3,872)**	**(2,853)**	**(115)**	**(410)**	**4,627**
Non-current provisions:									
Retirement benefit obligations	4,719	-	4,719	572	-	(59)	2	(174)	5,060
Litigation	-	-	-	-	-	-	-	-	-
Warranties	1,356	(1,080)	276	92	(118)	-	-	(250)	-
Restructuring	975	(975)	-	-	-	-	-	-	-
Total non-current	**7,050**	**(2,055)**	**4,995**	**664**	**(118)**	**(59)**	**2**	**(424)**	**5,060**

The provision for retirement benefit obligations is analyzed in Note 5.1.

Restructuring provisions (current and non-current) relating to continuing operations are analyzed in the table below:

(in thousands of euros)	At March 31, 2015	Of which liabilities reclassified to discontinued operations	March 31, 2015 – restated to reflect discontinued operations	Additions for the period	Reversals (utilized provisions)	Reversals (surplus provisions)	Exchange differences	Retirements	At March 31, 2016
Provisions recognized in prior years for the Bernin plant									
Employee departure plan (continuing operations)	489	-	489		(489)				0
Costs of dismantling obsolete production equipment	611	-	611		(54)				557
Employee departure plan (discontinued operations)	2,545	2,056		1,060					1,060
Impairment of inventories				242					242
Rent owed and other expenses	676	676	-						-
Total – Bernin site	**3,832**	**2,732**	**1,100**	**1,302**	**(543)**	**-**	**-**	**-**	**1,859**
Soitec Specialty Electronics shutdown								0	0
Employee departure plan	1,599	-	1,599		(1,487)				112
Dismantling of equipment and restoration of site	304	-	304		(161)				143
Total – Villejust site	**1,903**	**-**	**1,903**	**0**	**(1,647)**	**-**	**-**	**-**	**256**
Sale of subsidiary Altatech								0	0
Restructuring costs	-	-	-	410				(410)	-
Total – Montbonnot site	**-**	**-**	**-**	**410**				**(410)**	**-**
Restructuring of the Solar Energy business segment, Freiburg								0	0
Employee departure plan	5,462	5,462	-						0
Costs of dismantling solar power plants (excl. US)	2,584	2,584	-						0
Other operating losses	2,080	2,080	-						0
Compensation paid to third parties	1,890	1,890	-						0
Rent owed – non-current portion	975	975	-						0
Rent owed – current portion	544	544	-						0
Total – Freiburg site	**13,535**	**13,535**	**-**	**-**	**-**	**-**	**-**	**-**	**0**
Stoppage of production in Singapore								0	0
Dismantling of equipment and production shutdown costs	679	-	679			(125)	(34)		520
Total – Singapore site	**679**	**-**	**679**	**0**	**-**	**(125)**	**(34)**	**-**	**520**

(in thousands of euros)	At March 31, 2015	Of which liabilities reclassified to discontinued operations	March 31, 2015 – restated to reflect discontinued operations	Additions for the period	Reversals (utilized provisions)	Reversals (surplus provisions)	Exchange differences	Retirements	At March 31, 2016
Restructuring of the Lighting business segment, Phoenix								-	-
Employee departure plan	1,056	-	1,056		(625)	(403)	(28)	-	-
Rent owed	1,322	-	1,322		(246)	(1,041)	(35)	-	-
Dismantling of equipment and restoration of site	719	-	719			(700)	(19)	-	0
Total – Phoenix site	**3,097**	**-**	**3,097**	**-**	**(871)**	**(2,145)**	**(82)**	**-**	**0**
Restructuring of the Solar Energy business segment, San Diego								0	0
Employee departure plan	917	917	-						0
Operating losses	10,465	10,465	-						0
Dismantling of solar power plants in the US	699	699	-						0
Total – San Diego site	**12,081**	**12,081**	**-**						**0**
Restructuring of the Solar Energy business segment, other sites								0	0
Employee departures	1,992	1,992	-						0
Total – Other sites	**1,992**	**1,992**	**-**						**0**
Total	**37,121**	**30,340**	**6,781**	**1,712**	**(3,061)**	**(2,270)**	**(115)**	**(410)**	**2,636**

Restructuring provisions (current and non-current) relating to discontinued operations are analyzed in the table below:

(in thousands of euros)	At March 31, 2015	Additions for the period	Reversals (utilized provisions)	Reversals (surplus provisions)	Exchange differences	Retirements/ reclassifications	At March 31, 2016
Employee departure plan	2,056	845	(1,500)			(556)	845
Rent owed (Paris offices)	87		(87)				0
Other expenses	589	878	(963)			(504)	-
Total – Bernin site	**2,732**	**1,723**	**(2,550)**	**-**	**-**	**(1,060)**	**845**
Employee departure plan	5,462	1,037	(6,062)				438
Dismantling of solar power plants (excl. US)	2,584	2,183	(1,563)				3,204
Operating losses	2,080	4,156	(3,006)				3,230
Compensation paid to third parties	1,890		(1,150)				740
Rent owed – non-current portion	975		(975)				-
Rent owed – current portion	544		(544)				-
Total – Freiburg site	**13,535**	**7,376**	**(13,300)**	**-**	**-**	**-**	**7,612**
Employee departure plan	917		(762)		(28)		127
Operating losses	10,465	1,071	(4,505)	(4,326)	(347)		2,359
Dismantling of solar power plants located in the US	699		224		(45)		878
Total – San Diego site	**12,081**	**1,071**	**(5,043)**	**(4,326)**	**(420)**		**3,364**
Employee departure plan	77		(71)			(6)	0
Restoration of site	28		(27)			(1)	0
Total – Montbonnot site	**104**		**(97)**	**-**	**-**	**(7)**	**0**
Employee departure plan	76		(76)				0
Total – Italy	**76**		**(76)**				**0**
Operating losses	850		(524)		(197)		129
Total – South Africa	**850**		**(524)**		**(197)**		**129**
Employee departure plan	924	179	(1,006)				97
Total – France (excl. Bernin)	**924**	**179**	**(1,006)**				**97**
Employee departure plan	38		(33)		(4)		0
Total – Chile	**38**		**(33)**		**(4)**		**0**
Total	**30,340**	**10,350**	**(22,630)**	**(4,326)**	**(621)**	**(1,067)**	**12,046**

3.17. Trade payables

Trade payables break down as follows:

(in thousands of euros)	March 31, 2016	March 31, 2015 – restated	March 31, 2015 – reported
Trade payables	**42,551**	**47,080**	**52,279**

Two of the Group's strategic partners have granted deadline extensions for certain trade payables.

3.18. Provisions and other current liabilities

Provisions and other current liabilities break down as follows:

(in thousands of euros)	March 31, 2016	March 31, 2015 – restated	March 31, 2015 – reported
Prepayments received on customer orders	2,782	11,798	13,975
Payable to fixed asset suppliers	732	1,371	2,423
Tax and social security payables	28,234	21,295	23,843
Deferred income	1,808	2,306	2,532
Other	1,942	492	2,137
Other liabilities	35,499	37,262	44,910
Provisions	4,627	9,627	38,993
Provisions and other current liabilities	**40,123**	**46,888**	**83,902**

Provisions are detailed in Note 3.16.

4. Notes to the consolidated income statement

4.1. Employee-related costs

Employee-related costs break down as follows:

(in thousands of euros)	Year ended March 31, 2016*	Year ended March 31, 2015 – restated*
Employee-related costs, including payroll costs**	(68,531)	(62,734)
Competitiveness and employment tax credit (CICE)	968	997
Pension costs	(455)	(647)
Share-based payment expenses	227	(133)
Total employee-related costs	**(67,791)**	**(62,516)**

* Pursuant to IFRS 5, income statement data have been restated to reflect discontinued Solar Energy and Other Activities operations.
** The employee-related costs reported also include the cost of discretionary employee profit-sharing schemes.

The increase in employee-related costs restated for discontinued operations is 5.3 million euros and mainly breaks down as:

- 1.9 million euros relating to discretionary profit-sharing schemes;
- 1.2 million euros relating to "Article 83" supplementary pension plans;
- 1 million euros relating to wages and salaries (2% increase);
- 0.6 million euros relating to the State reimbursement further to the reduction of working hours in fiscal 2014/2015.

The Group's average number of staff measured on a full-time equivalent basis is as follows:

(full-time equivalent)	Year ended March 31, 2016	Year ended March 31, 2015
Production	623	757
Research and development	187	226
Sales and marketing	41	58
Management and administrative staff	179	205
Total number of employees on a full-time equivalent basis	**1,029**	**1,246**

4.2. Research and development costs

Research and development costs break down as follows:

(in thousands of euros)	Year ended March 31, 2016*	Year ended March 31, 2015 – restated*
Gross research and development operating costs	(43,059)	(42,592)
Sales of prototypes	5,480	5,334
Research and development grants recognized in the income statement	9,574	4,172
Repayable advances recognized in income	-	-
Research tax credit	11,328	8,100
Other income	20	6
Total income deducted from gross operating costs	**26,402**	**17,612**
Research and development operating costs, net	**(16,658)**	**(24,982)**

* Pursuant to IFRS 5, income statement data have been restated to reflect discontinued Solar Energy and Other Activities operations.

Gross research and development spending mainly relates to research costs, which are recognized in the income statement. The Group has defined an eight-stage life cycle for research and development projects. Upon the completion of each stage (milestone), a decision is made to either continue or discontinue the project. The first five stages cover exploratory research (evaluation of technologies), while the following two phases correspond to product development, generally in conjunction with a potential customer. The final stage involves high-volume industrialization of the product. The costs incurred during the exploratory research phases are expensed under research costs. Development costs are incurred over a relatively short period and are generally not material. Costs incurred in the industrialization phase are recognized in cost of sales.

The rise in grants mainly results from the recognition in fiscal 2015-2016 of funding for costs incurred in the previous fiscal year owing to the late signature of financing agreements.

4.3. Depreciation and amortization expenses included in the consolidated income statement

Depreciation and amortization expenses in the income statement break down as follows:

(in thousands of euros)	Year ended March 31, 2016*	Year ended March 31, 2015*
Cost of sales	(15,915)	(24,614)
Research and development costs	(7,179)	(7,275)
Sales and marketing expenses	(10)	(16)
Administrative expenses	(868)	(652)
Total depreciation and amortization expenses	**(23,972)**	**(32,557)**

* Pursuant to IFRS 5, income statement data have been restated to reflect discontinued Solar Energy and Other Activities operations.

4.4. Other operating income and expenses

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

(in thousands of euros)	Year ended March 31, 2016*	Year ended March 31, 2015*
Proceeds from the sale of the business assets of Soitec Specialty Electronics		2,344
Total other operating income	**0**	**2,344**
Other operating expenses	(42)	
Expenses relating to the conciliation procedure and to restructuring measures	(9,196)	(4,117)
Expenses relating to non-current asset impairment tests**	(20,134)	(20,543)
Total other operating expenses	**(29,372)**	**(24,660)**
Other operating income and expenses, net	**(29,372)**	**(22,316)**

* Pursuant to IFRS 5, other operating income and expenses relating to the Solar Energy and Other Activities business segments have been reclassified in "Net loss from discontinued operations".
** In fiscal 2015-2016, the Pasir Ris clean room in Singapore; in fiscal 2014-2015, equipment from the "Corsica" production line at Bernin 3.

In the year to March 31, 2016, the Group recorded a net non-recurring operating loss of 29 million euros, versus a non-current operating loss of 22 million in the year to March 31, 2015, as restated. Accelerated depreciation and amortization represented 20.1 million euros and chiefly concerned the Singapore industrial plant.

4.5. Financial income

Financial income breaks down as follows:

(in thousands of euros)	Year ended March 31, 2016*	Year ended March 31, 2015*
Interest received on financial investments	104	27
Other interest income	155	725
Financial income	2,566	1,773
Reversal of provisions	1,100	
Net exchange gains**	229	6,277
Total financial income	**4,154**	**8,802**

* Pursuant to IFRS 5 – Non-current Assets Held for Sale and Discontinued Operations, the net financial income/(expense) of the Solar Energy business segment has been reclassified in "Net loss from discontinued operations".
** Exchange gains and losses are shown net for the year to March 31, 2016 and data for the year to March 31, 2015 were restated in order to enable a meaningful comparison.

Financial income chiefly concerns:

- financial interest invoiced to one of the Touwsrivier power plant shareholders for 2,566 thousand euros (1,760 thousand euros at March 31, 2015). A provision was set aside for the full amount of this interest in the March 31, 2016 financial statements;
- interest received on interest-earning bank accounts for 155 thousand euros (725 thousand euros at March 31, 2015);
- reversals of provisions concerning a security deposit (500 thousand euros) and a non-consolidated interest in Medgrid (600 thousand euros) which was sold during the period.

4.6. Financial expenses

Financial expenses break down as follows:

(in thousands of euros)	Year ended March 31, 2016*	Year ended March 31, 2015*
Interest on borrowings and bank current accounts	(3,870)	(2,186)
Interest on finance leases	(1,344)	(315)
Interest on OCEANE bonds	(10,216)	(14,145)
Provision for impairment of financial assets – Investments	(556)	(694)
Other interest expense	(1,710)	(1,391)
Impairment of financial assets**	(8,979)	(1,558)
Total financial expenses	**(26,674)**	**(20,290)**

* Pursuant to IFRS 5 – Non-current Assets Held for Sale and Discontinued Operations, the net financial income/(expense) of the Solar Energy business segment has been reclassified in "Net loss from discontinued operations".
** Financial asset impairment includes a provision of 5 million euros relating to the security deposit on the South African bond, along with interest billed to one of the shareholders of the company holding the Touwsrivier power plant.

4.7. Income tax

Income/(loss) before tax breaks down as follows:

(in thousands of euros)	Year ended March 31, 2016*	Year ended March 31, 2015*
France	(10,885)	(30,223)
Germany		
US	1,331	(24,192)
Asia	(19,983)	(2,265)
Total income before tax	**(29,537)**	**(56,680)**

* Pursuant to IFRS 5 – Non-current Assets Held for Sale and Discontinued Operations, the net financial income/(expense) of the Solar Energy and Other Activities business segments has been reclassified in "Net loss from discontinued operations".

Income tax expense for the year to March 31, 2016 is 3,519 thousand euros, with 3,060 thousand euros of the total attributable to the subsidiary Soitec USA Inc. and 437 thousand to the subsidiary Soitec Japan Inc. Soitec USA Inc. recognized an income tax expense for prior fiscal years in an amount of 2,008 thousand euros.

The difference between the theoretical income tax calculated at the standard tax rate in France (34.43%) and the effective tax expense in the income statement can be analyzed as follows:

(in thousands of euros)	Year ended March 31, 2016*	Year ended March 31, 2015*
Theoretical income tax benefit at the applicable rate	10,170	19,515
Unrecognized deferred tax assets	(17,804)	(24,309)
Non-deductible provisions and expenses	2,273	1,240
Non-taxable income (research tax credit)	4,229	3,117
Adjustments for differences in income tax rates	(165)	213
Other permanent differences (Soitec USA)**	(2,223)	-
Total income tax benefit/(expense)	**(3,519)**	**(224)**

* Pursuant to IFRS 5 – Non-current Assets Held for Sale and Discontinued Operations, the net financial income/(expense) of the Solar Energy and Other Activities business segments has been reclassified in "Net loss from discontinued operations".
** The Company was subject to a tax reassessment leading to the utilization of its tax loss carryforwards and to the recognition of an income tax expense for prior fiscal years in an amount of 2,008 thousand euros.

Deferred tax assets and liabilities chiefly break down as follows, by nature:

(in thousands of euros)	March 31, 2016	March 31, 2015
Deferred tax assets:		
Tax losses carried forward, net	-	1,849
Temporary differences*	11,578	40,637
Other items**	3,662	733
Total deferred tax assets	**15,240**	**43,220**
Deferred tax liabilities:		
Net deferred tax on finance leases	(7,379)	(233)
Other items**	(7,861)	(42,987)
Total deferred tax liabilities	**(15,240)**	**(43,220)**
Deferred taxes, net	**-**	**-**

* Temporary differences chiefly comprise tax-driven provisions, including €4.0 million from asset write-downs and €2.9 million from inventory reserves.
** Other items (see below) chiefly comprise €1.7 million in retirement benefit obligation assets. Liabilities include:
– repayable advances totaling 4,604 thousand euros;
– the impact of the restatement on OCEANE bonds and debt for 2,542 thousand euros.

The Group only recognizes deferred tax assets to the extent of any deferred tax liabilities recognized. The impact of unrecognized deferred tax assets arising on temporary differences is 1,629 thousand euros. No tax loss carryforwards were utilized in the March 31, 2016 financial statements. Unrecognized tax loss carryforwards totaled 744,732 million euros in France, mainly relating to Soitec SA.

4.8. Earnings/(loss) per share

The earnings/(loss) per share data used to calculate basic and diluted earnings/(loss) per share are as follows:

(number of shares)	Year ended March 31, 2016	Year ended March 31, 2015
Weighted average number of ordinary shares (excluding treasury shares) used to calculate basic earnings/(loss) per share	**231,189,315**	**209,715,973**
Effect of dilution based on the treasury stock method:		
Stock options		-
OCEANE bonds		-
Free shares	224,000	547,200
Dilutive effect	224,000	547,200
Weighted average number of ordinary shares (excluding treasury shares) adjusted for diluted earnings/(loss) per share	**231,413,315**	**210,263,173**

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

OCEANE bonds are not factored into the calculation of diluted earnings where the closing share price is below the conversion price.

4.9 Net income/(loss) from discontinued operations

(in thousands of euros)	Notes	Year ended March 31, 2016	Year ended March 31, 2015
Sales	**-**	**26,788**	**51,269**
Expenses for the period	-	(34,982)	(153,728)
Recurring operating loss	**-**	**(8,194)**	**(102,459)**
Other operating expenses, net	-	(2,713)	(129,146)
Operating loss	**-**	**(10,907)**	**(231,604)**
Net financial income/(expense)	-	(27,049)	31,182
Loss before tax	**-**	**(37,956)**	**(200,422)**
Income tax	-	(474)	9
Net loss from discontinued operations		**(38,430)**	**(200,413)**
Share of loss of equity-accounted companies*		**(180)**	**(1,391)**
Net loss from discontinued operations	**-**	**(38,610)**	**(201,805)**

* The share of loss of equity-accounted companies, which concerns assets held for sale in the Solar Energy business segment, is also shown separately in the income statement within "Net loss from discontinued operations".

At March 31, 2016, net loss from discontinued operations mainly comprises the net loss of the Other Activities business segment (representing an expense of 12,354 thousand euros, compared with 14,200 thousand euros in fiscal 2014-2015) and the net financial expense of discontinued Solar Energy operations (representing an expense of 27,049 thousand euros). Net financial income/(expense) from discontinued operations principally reflects the reclassification to income of (i) exchange gains and losses of subsidiaries holding discontinued Solar Energy operations (representing an expense of 16,917 thousand euros), and (ii) unrealized exchange losses on intra-group financing amounting to 10,510 thousand euros. In the year to March 31, 2015, net financial income/(expense) from discontinued Solar Energy operations included an unrealized exchange gain on intra-group financing amounting to 31,182 thousand euros.

5. Other information

5.1. Retirement benefit obligations and other employee benefits

5.1.1. Benefit obligations

(in thousands of euros)	March 31, 2016	March 31, 2015
Retirement benefit obligations	5,340	5,018
Fair value of plan assets	(386)	(376)
Change in applicable legislation in the notes to the financial statements		-
Benefit obligations recognized in the statement of financial position	**4,954**	**4,642**

The Group recognizes retirement benefit obligations as liabilities in the statement of financial position at the amount of the obligation as estimated using the most probable assumptions at the reporting date. The impact of changes in actuarial assumptions is recognized in equity under "Actuarial gains/(losses) on retirement benefit obligations".

5.1.2. Retirement benefit obligations

Description of plans

Retirement and other employee benefits granted to long-term personnel relate solely to active employees. Benefits are granted under either defined contribution or defined benefit plans. Provisions are set aside only for defined benefit plans. These mainly consist of retirement indemnities plus other pension obligations and supplementary retirement gratuities.

In certain cases, obligations under defined benefit plans are covered by funds, which are regularly valued by independent actuaries. The value of any such funds is deducted from the corresponding liability. Plan assets include secure/dynamic investment vehicles, based on an analysis carried out with the entity of its obligations in light of the expected retirement dates of its employees.

	March 31, 2016	March 31, 2015
Retirement age	62-65 years depending on the category	62-65 years depending on the category
Turnover assumptions (average)	0.00% to 5.00% depending on age	0.00% to 5.00% depending on age
Annual inflation rate	2.00%	1.50%
Annual salary increase rate	1.00% to 2.50%	1.00% to 2.50%
Annual discount rate	1.75%	1.24%

The sensitivity of the benefit obligation to the discount rate assumption (increase or decrease of 0.5 percentage points compared to the base rate) is indicated below:

			Annual discount rate
	1.25% (decrease of 0.5 points)	1.75% (base rate)	2.25% (increase of 0.5 points)
Present value of benefit obligation	**9%**	**0.0%**	**-10%**

Change in benefit obligation

(in thousands of euros)	Year ended March 31, 2016	Year ended March 31, 2015
Benefit obligation at beginning of the period	**5,018**	**6,546**
Service cost	529	696
Interest credited	69	235
Benefits paid		(17)
Curtailment	(48)	(1,860)
Disposals	(59)	-
Sale of the business assets of Soitec Specialty Electronics		(229)
Gains/(losses) due to plan amendments impacting past service cost		-
Actuarial gains/(losses) (assumptions and experience adjustments)	(169)	(353)
Benefit obligation at end of the period	**5,340**	**5,018**

Change in fair value of plan assets

(in thousands of euros)	Year ended March 31, 2016	Year ended March 31, 2015
Fair value of plan assets at beginning of the period	**376**	**364**
Expected return on plan assets	9	12
Benefits paid by the fund	-	-
Fair value of plan assets at end of the period	**385**	**376**

Change in benefit obligation recognized in the statement of financial position

(in thousands of euros)	Year ended March 31, 2016	Year ended March 31, 2015
Benefit obligation at beginning of the period	**4,642**	**6,181**
Recognition of past service cost (IAS 19 as amended)		-
Service cost	529	696
Interest credited	69	235
Expected return on plan assets	(5)	(12)
Amortization of past service cost		-
Actuarial gains/(losses)	(174)	(353)
Benefits paid – benefits paid out of insurance fund		(17)
Curtailment	(47)	(1,860)
Disposals	(59)	(229)
Benefit obligation at end of the period	**4,955**	**4,642**

Expenses recognized in the income statement

(in thousands of euros)	Year ended March 31, 2016	Year ended March 31, 2015
Service cost	(529)	(696)
Interest credited	(69)	(235)
Expected return on plan assets	5	12
Amortization of past service cost		-
Reversal of the provision for retirement benefit obligations – Solar Energy division (Note 4.4)	47	1,860
Reversal of the provision for retirement benefit obligations – Electronics division (Note 4.4)	59	229
Total expense recognized in the income statement	**(487)**	**1,170**

5.2. Contractual obligations and commitments

5.2.1. Contractual obligations and commitments

(in thousands of euros)	March 31, 2016* Less than 1 year	1 to 5 years	More than 5 years	Total	March 31, 2015
Recognized in the statement of financial position:					
Borrowings and debt (excluding finance leases)	52,204	141,772	10,207	204,183	163,543
Obligations under finance leases	6,755	8,002		14,757	9,494
Total	**58,959**	**149,774**	**10,207**	**218,940**	**173,007**
Recognized off-balance sheet:					
Operating leases	341	470	-	811	264
Pledges**	29,312			29,312	25,472
Guarantees given	11,974	8,309	59,650	79,933	96,754
Guarantees received					(3,459)
Other commitments	3,514	-	-	3,514	3,630
Total	**45,141**	**8,779**	**59,650**	**113,570**	**122,661**
Total contractual obligations in the statement of financial position and off-balance sheet	**104,100**	**158,553**	**69,857**	**332,510**	**295,668**

* At March 31, 2016, the assets and liabilities of the Solar Energy business segment were classified under discontinued operations in accordance with IFRS 5.

** In the year to March 31, 2014, the Group had obtained a loan in exchange for pledging the San Diego building as collateral. This loan was held by its subsidiary Soitec Solar Real Estate and was included within liabilities held for sale at March 31, 2015. The related pledge amounted to 25,472 thousand euros at March 31, 2015. This loan was repaid in full in fiscal 2015-2016.
In the year to March 31, 2016, the Group was granted a loan of 30 million euros from Shin-Etsu Handotai. The related pledge amounted to 29,312 thousand euros at March 31, 2016.

At March 31, 2016, guarantees given by Soitec SA total 79.9 million euros and the main beneficiaries are:

- the project company holding the Touwsrivier solar power plant (30 million euros);
- the buyer of the Desert Green solar power plant (8.8 million euros);
- trust agreement as surety (24 million euros);
- guarantees related to the CRE1 project (7.6 million euros);
- pledge of mortgage assets (7.2 million euros);
- bank guarantees in relation to the development of solar power projects (1.1 million euros).

5.2.2. Commitments on derivative instruments

The Company did not use any derivative financial instruments in fiscal 2015-2016.

5.2.3. Individual training entitlement in France (DIF)

The French Act of May 4, 2004 on occupational training was reformed in 2014. Provisions are no longer recognized for individual training entitlements.

5.3. Related-party disclosures

The Board of Directors has had 13 members since May 2, 2016. Besides the Chairman and Chief Executive Officer, the other 12 members were selected on the basis of their experience of the semiconductor market and their professional experience in other sectors deemed useful to the Group's development. Since the semiconductor market has only a limited number of players, the Group has, or is likely to have, business dealings with ARM Holdings Plc, Shin-Etsu Handotai, Global Foundries and the CEA, in which Douglas Dunn, Satoshi Onishi and Christophe Gégout respectively hold or have held the positions shown in the table set out in section 14.1.1.2, "Information concerning Board members".

When the financing plan was set up in connection with the conciliation procedure approved by the Grenoble Commercial Court on May 5, 2015, Shin-Etsu Handotai Europe, Bpifrance Participations and CEA Investissement granted the Company a financing facility for a total amount of 54 million euros. The terms and conditions of these loans are described in Chapter 10.3 ("Borrowing terms and financing structure of the Group") of the first update to the 2014-2015 Reference Document, filed with the French financial markets authority (Autorité des Marchés Financiers – AMF) on March 7, 2016. The Company repaid part of the loan in August 2015, and the remainder in May 2016.

In the year to March 31, 2016, purchases of raw materials from Shin-Etsu Handotai represented 57,963 thousand euros (37,718 thousand euros in the year to March 31, 2015).

Soitec SA billed Shin-Etsu Handotai a total of 2,675 thousand euros in fees in fiscal 2015-2016 (2,014 thousand euros in fees in fiscal 2014-2015).

Global Foundries is one of Soitec's largest customers; sales of wafers represented 83,161 thousand US dollars in fiscal 2015-2016 (24,054 thousand US dollars in fiscal 2014-2015). During the current period, Global Foundries acquired IBM's microelec-tronics business, accounting for the increase in volumes.

In fiscal 2015-2016, Soitec paid CEA 5 million euros under the research and development contract (4 million euros in fiscal 2014-2015) and 3,447 thousand euros in patent royalties (3,246 thousand euros in fiscal 2014-2015).

Soitec entered into a commercial cooperation agreement with Novaday, in which Mr. Joël Karecki is a shareholder. Purchases during fiscal 2015-2016 represented 41 thousand euros (314 thousand euros in fiscal 2014-2015).

The Executive Board ("Comex") replaced the Governing Board, the Group's former governing body, in fiscal 2015-2016. The Comex has more members than the former Governing Board, at 11 excluding corporate officers, compared to three members previously. Gross total compensation for employee members of the Comex (excluding corporate officers) including direct and indirect benefits of employee members, amounted to 2,673 thousand euros at March 31, 2016.

(in thousands of euros)	Year ended March 31, 2016*	Year ended March 31, 2015**
Short-term employee benefits	2,626	817
Post-employment benefits	47	
Share-based payments*	-	22
Total gross compensation awarded to Group management	**2,673**	**839**

* For the 11-member Comex, not including compensation awarded to the Chairman and Chief Executive Officer.

** For the 3-member Governing Board, not including compensation awarded to corporate officers.

The only post-employment benefits for which management personnel are eligible are statutory retirement benefits and pensions.

The gross amount of compensation paid to corporate officers and non-executive directors was as follows:

(in thousands of euros)	Year ended March 31, 2016	Year ended March 31, 2015
Corporate officers:		
Short-term employee benefits	1,026	1,158
Post-employment benefits	42	30
Termination benefits		-
Share-based payments		38
Total compensation awarded to corporate officers	**1,068**	**1,226**
Non-executive directors:		
Directors' fees	375	450
Reimbursement of travel expenses	96	130
Total compensation awarded to non-executive directors	**471**	**580**

Stock options and free share plans awarded to management during the period break down as follows:

(in number of shares)	Stock options	Free shares	Total at March 31, 2016
Management personnel	-	-	-
Of which corporate officers	-	-	-

5.4. Financial risk management

5.4.1. Financial risk management objectives and policies

The Group's objective is to hedge the currency risk arising on transactions whose amount and exchange rate is certain using currency futures, and to hedge 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 fair value recognized in income. However, the Group's policy is not to use instruments for speculative purposes.

The table below summarizes the maturity profile of the Group's financial liabilities at March 31, 2016:

(in thousands of euros)	Less than 3 months	3 to 12 months	1 to 5 years	More than 5 years	Total
Interest-bearing loans and borrowings	28,406	20,687	115,560	7,993	172,645
Other financial liabilities	172	190	-	-	362
Trade payables	52,239	39	-	-	52,279
Other liabilities	44,961	38,942	8,258	9,283	101,444
March 31, 2015	**125,777**	**59,858**	**123,818**	**17,276**	**326,730**
Interest-bearing loans and borrowings	27,997	19,066	113,168	7,993	168,224
Other financial liabilities	-	-	-	-	
Trade payables	47,040	39	-	-	47,080
Other liabilities	29,153	17,735	7,284	8,203	62,377
March 31, 2015 – restated	**104,191**	**36,840**	**120,452**	**16,196**	**277,681**
Interest-bearing loans and borrowings	35,460	23,068	149,774	10,207	218,509
Other financial liabilities	431	-	-	-	431
Trade payables	42,551	-	-	-	42,551
Other liabilities	26,651	14,792	8,312	5,837	55,591
March 31, 2016	**105,093**	**37,860**	**158,086**	**16,044**	**317,082**

5.4.2. Fair value and classification of financial assets and liabilities

The Group considers that the carrying amount of the financial instruments carried in the statement of financial position, and in particular interest-bearing borrowings, is a reasonable approximation of their fair value.

	March 31, 2016*					
(in thousands of euros)	Notes	Carrying amount	At fair value through profit or loss	Assets available for sale	Loans, receivables and payables at amortized cost	Held-to-maturity investments
Non-current financial assets:						
Non-consolidated investments	3.5	6,028	-	6,028		-
Investments in equity-accounted companies: RSOT	3.5	-		-	-	-
Investments in equity-accounted companies: Touwsrivier	3.5	-	-	-	-	-
Derivative financial instruments (positive fair value)	3.5					
Deposits and guarantees	3.5	2,740	-	-	2,740	-
Restricted cash	3.5	133		-	133	
Other	3.5					
Non-current financial assets	**3.5**	**8,901**	**-**	**6,028**	**2,873**	**-**
Current financial assets:		-	-	-	-	-
Derivative financial instruments (positive fair value)	3.10					-
Deposits and guarantees	3.10					-
Restricted cash	3.10	1,000	-	-	1,000	-
Other	3.10	445	-	-	445	-
Current financial assets	**3.10**	**1,445**	**-**	**-**	**1,445**	**-**
Trade receivables	3.8	40,436	-	-	40,436	-
Cash and cash equivalents	3.11	49,068	49,068	-	-	-
Total financial assets	**-**	**99,850**	**49,068**	**6,028**	**44,754**	**-**
Financial liabilities:						-
OCEANE 2018 bond	3.15	94,102	-	-	94,102	-
Derivative financial instruments (negative fair value)	3.15	92	92			
Loans from banks and financial institutions	3.15	44,193	-	-	44,193	-
Other borrowings and debt	3.15	28,081		-	28,081	-
Bank overdrafts	3.15					-
Used committed credit lines	3.15	52,041	-	-	52,041	-
Current and non-current financial liabilities	**3.15**	**218,509**	**92**	**-**	**218,417**	**-**
Other financial liabilities	**3.15**	**431**	**-**	**-**	**431**	**-**
Trade payables	**3.17**	**42,551**	**-**	**-**	**42,551**	**-**
Total financial liabilities	**-**	**261,491**	**92**	**-**	**261,399**	**-**

* At March 31, 2016, the assets and liabilities of the Solar Energy business segment were classified under discontinued operations in accordance with IFRS 5.

Data at March 31, 2015 are as follows:

	March 31, 2015					
(in thousands of euros)	Notes	Carrying amount	At fair value through profit or loss	Assets available for sale	Loans, receivables and payables at amortized cost	Held-to-maturity investments
Non-current financial assets:						
Non-consolidated investments	3.5	5,508	-	5,508	-	-
Investments in equity-accounted companies: RSOT	3.5	-	-	-	-	-
Investments in equity-accounted companies: Touwsrivier	3.5	-	-	-	-	-
Derivative financial instruments (positive fair value)	3.5	-	-	-	-	-
Deposits and guarantees	3.5	-	-	-	-	-
Restricted cash	3.5	231	-	-	231	-
Other	3.5	-	-	-	-	-
Non-current financial assets	**3.5**	**5,739**	**-**	**5,508**	**231**	**-**
Current financial assets:						
Derivative financial instruments (positive fair value)	3.10	-	-	-	-	-
Deposits and guarantees	3.10	-	-	-	-	-
Restricted cash	3.10	1,109	-	-	1,109	-
Other	3.10	202	-	-	202	-
Current financial assets	**3.10**	**1,311**	**-**	**-**	**1,311**	**-**
Trade receivables	3.8	43,812	-	-	43,812	-
Cash and cash equivalents	3.11	22,911	22,911	-		-
Total financial assets	**-**	**73,774**	**22,911**	**5,508**	**45,354**	**-**
Financial liabilities:						
OCEANE 2014 bond	3.15	-	-	-	-	-
OCEANE 2018 bond	3.15	90,852	-	-	90,852	-
Derivative financial instruments (negative fair value)	3.15	-	-	-	-	-
Loans from banks and financial institutions	3.15	4,339	-	-	4,339	-
Other borrowings and debt	3.15	21,652	-	-	21,652	-
Bank overdrafts	3.15	-	-	-	-	-
Used committed credit lines	3.15	55,802	-	-	55,802	-
Current and non-current financial liabilities	**3.15**	**172,645**	**-**	**-**	**172,645**	**-**
Other financial liabilities	**3.15**	**362**	**-**	**-**	**362**	**-**
Trade payables	**3.17**	**52,279**	**-**	**-**	**52,279**	**-**
Total financial liabilities	**-**	**225,285**	**-**	**-**	**225,285**	**-**

Classification of financial instruments pursuant to the IFRS 7 amendment:

The breakdown of financial instruments by level in the fair value hierarchy is as follows:

(in thousands of euros)	Notes	Level 1	Level 2	Level 3	Carrying amount in the statement of financial position
Assets:					
Other financial investments	-	-	-	-	-
Cash and cash equivalents	-	49,068	-	-	49,068
Derivative financial instruments (positive fair value)	-	-	-	-	-
Liabilities:					
Derivative financial instruments (negative fair value)	-	-	(92)	-	(92)
Net value at March 31, 2016		**49,068**	**(92)**	**-**	**48,976**
Assets:					
UCITS	-	-	-	-	-
Interest-earning deposits	-	-	-	-	-
Derivative financial instruments (positive fair value)	-	-	-	-	-
Liabilities:					
Derivative financial instruments (negative fair value)	-	-		-	
Net value at March 31, 2015		**-**	**-**	**-**	

The fair value hierarchy is described in Note 2.3.11.

5.4.3. Financial instruments used

Currency risk

The exchange rates used to translate the financial statements of subsidiaries with functional currencies other than the euro were as follows (rate against the euro):

	Average rate		Closing rate	
Currency	Year ended March 31, 2016	Year ended March 31, 2015	Year ended March 31, 2016	Year ended March 31, 2015
US dollar	0.904962	0.800739	0.878349	0.929454
Yen	0.007502	0.007262	0.007819	0.007755
Rand	0.058280	0.076463	0.059571	0.076148

The table below shows the financial instruments contracted to hedge currency risk at March 31:

		March 31, 2016		March 31, 2015	
Type (in thousands of euros)	Currency	Market value (net)	Position hedged	Market value (net)	Position hedged
Hedge of statement of financial position items (trade receivables and payables)					
Forward sales	USD to EUR		(3,514)		
Total hedges of statement of financial position items			**(3,514)**		
Total hedges of future transactions (off-balance sheet)					
Total hedges					

Market value was estimated using one or more commonly used models.

The Group's policy is to reduce its exposure to currency risk arising on the US dollar and yen by entering into certain borrowings denominated in the same currency as the cash flows generated by its operating activities. Within the scope of this currency risk hedging policy, during the period the Group also continued its program of hedging its transactions in US dollars and yen through forward purchases and sales with short-term maturities (i.e., less than six months).

Sensitivity analysis of net exposure after currency hedging

The exchange rates of the Group's three main currencies at March 31, 2016 are as follows:

- EUR/USD: 1 euro for 1.1385 US dollars (1 euro for 1.0759 US dollars at March 31, 2015).
- EUR/JPY: 1 euro for 127.9 yen (1 euro for 128.95 yen at March 31, 2015).
- EUR/ZAR: 1 euro for 16.7866 rand (1 euro for 13.1324 rand at March 31, 2015).

A 10% increase in the value of the euro against these currencies at March 31 would negatively impact earnings by the amounts indicated below. For the purposes of this analysis, all other variables (in particular interest rates) are assumed to have remained unchanged.

(in thousands of euros)	March 31, 2016	March 31, 2015
US dollar	(1,470)	1,884
Yen	22	(7)
Rand	(2,005)	(2,740)
Other currencies	(23)	(24)
Increase (decrease) in net income resulting from a 10% increase in the value of the euro	**(3,476)**	**(886)**

A 10% decrease in the value of the euro against these currencies at March 31 would positively impact earnings in the amounts indicated below. For the purposes of this analysis, all other variables (in particular interest rates) are assumed to have remained unchanged.

(in thousands of euros)	Year ended March 31, 2016	Year ended March 31, 2015
US dollar	1,797	(2,303)
Yen	(26)	8
Rand	2,450	3,349
Other currencies	28	29
Increase (decrease) in net income resulting from a 10% decrease in the value of the euro	**4,249**	**1,083**

Interest rate risk

The Group's medium to long-term debt is mainly at fixed rates. Accordingly, there is no significant interest rate risk exposure. The Group therefore only makes limited use of hedging instruments:

	March 31, 2016		March 31, 2015	
Type (in thousands of euros)	Market value (net)	Position hedged	Market value (net)	Position hedged
Hedge of borrowings and debt:				
Interest rate swap – asset/(liability)	-	-	-	-
Caps			-	-
Total hedges of borrowings and debt			**-**	**-**

The Group took out a floor in 2015 in connection with floating-rate bank loans: in the event Euribor is negative, the bank will continue to receive interest based on 0% Euribor. The fair value of this floor at March 31, 2016 was estimated at a negative 92 thousand euros and is recognized in borrowings and debt.

An increase of 1% in interest rates applied to floating-rate debt and investments would have led to a decrease of approximately 517 thousand euros in financial income.

A decrease of 1% in interest rates applied to floating-rate debt and investments would have led to an increase of approximately 517 thousand euros in financial income.

Credit risk

The financial instruments representing a potential credit risk to the Group are primarily cash and cash equivalents, restricted cash and trade receivables. The Group has put in place a cash management policy to optimize its investments in liquid short-term and low-risk financial instruments. The Group's cash and cash equivalents are deposited mainly with leading international financial institutions.

The Group sells its products to customers within the semiconductor industry, located mainly in the US, Asia, and Europe. At March 31, 2016, nine customers individually represented more than 5% of Electronics division sales, and together accounted for 76% of sales. At March 31, 2015, seven customers individually represented more than 5% of Group sales and together accounted for 74% of sales.

The Group periodically assesses the credit risk and financial position of its customers and books provisions for potential losses on uncollectible receivables. The amount of these losses remained within the limits expected by management.

Equity risk

The Group does not hold any non-consolidated investments or investments traded on a regulated market.

Liquidity risk

The Group's financing is based on long-term borrowing from capital markets (convertible bond issues and capital increases), finance leases for capital spending, and committed credit lines.

Cash flow maturity schedule for borrowings and debt

This table shows the timing of repayment of financial liabilities recognized at March 31, 2016 at their nominal amount, including interest recognized and not discounted.

	Maturity of borrowings: Amount due						Amount recognized in the statement of financial position at March 31, 2016*
(in thousands of euros)	Less than 1 year	1-2 years	2-3 years	3-5 years	More than 5 years	Total	
Non-derivative financial instruments with a negative fair value:							
Finance leases	7,916	7,502	1,006	-	-	16,424	14,757
Bonds and other borrowings	59,386	14,097	108,232	40,002	10,207	231,923	213,385
Trade payables	42,551	-	-	-	-	42,551	42,551
Other payables (excluding tax and social security payables)	5,793	-	-	-	-	5,793	5,793
Total non-derivative financial instruments with a negative fair value	**115,646**	**21,599**	**109,238**	**40,002**	**10,207**	**296,691**	**276,486**
Derivative financial instruments:							
Interest rate derivatives: (Paid)	92					92	92
Currency derivatives:							
Other derivatives:							
Total derivative financial instruments	**92**					**92**	**92**
Total financial liabilities	**115,738**	**21,599**	**109,238**	**40,002**	**10,207**	**296,783**	**276,578**

* Pursuant to IFRS 5, Solar Energy business activities were reclassified within discontinued operations in the statement of financial position at March 31, 2016.

Committed credit lines

In 2012, the Group signed committed credit lines with its banking partners for a total amount of 72 million euros, falling due on March 31, 2017 and amortizable over five years. One of these credit lines was restructured for an amount of 8 million euros to be amortized at August 31, 2014. The amount outstanding at May 27, 2015, i.e., 37.2 million euros, was restructured in the form of credit lines repayable in full (principal and interest) at maturity in November 2019. These credit lines carry a commitment fee of 0.15% to 0.40%, and a utilization fee ranging from Euribor +0.60% to Euribor +1.00% depending on the facility.

As part of factoring arrangements relating to the research and CICE tax credits, the Group entered into credit lines with Oséo for a total amount of 18,250 thousand euros, due in September 2015, September 2016 and September 2017 and September 2018, respectively. These credit lines carry a commitment fee of 0.30%, as well as a utilization fee of 1-month Euribor +0.70%.

See off-balance sheet commitments in Note 5.2.1.

5.4.4. Equity management

The Group's primary objective is to have the necessary and sufficient financial resources to fund the growth of its business. To this end, it has in the past called on its shareholders to finance its capital spending through capital increases and convertible bond issues. Pursuing a strategy of industrial growth focused on strong product innovation, the Group systematically reinvests its earnings and does not intend to pay out dividends in the next few years.

The Group's capital is unrestricted, with a broad base of institutional investors and a high investor turnover.

5.5. Consolidated statement of cash flows

Depreciation and amortization expenses can be analyzed as follows:

(in thousands of euros)	Year ended March 31, 2016*	Year ended March 31, 2015*
Net intangible asset amortization expenses	(3,982)	(5,849)
Net property, plant and equipment depreciation expenses	(19,990)	(26,706)
Total depreciation and amortization expenses	**(23,972)**	**(32,555)**

* Pursuant to IFRS 5, the consolidated income statement has been restated to reflect the activities of the Solar Energy and Other Activities business segments.

Depreciation, amortization and impairment per asset category is presented in Note 4.3.

5.6. Subsequent events

Capital increases and repayment of a portion of borrowings and debt

Pursuant to the decisions of the General Meeting of April 29, 2016, Soitec carried out capital increases reserved for Bpifrance Participations, CEA Investissement and NSIG Sunrise, respectively.

Within the scope of these capital increases without pre-emptive subscription rights, Bpifrance Participations subscribed to 31,630,163 new shares, or 8.54% of the post-increase capital, at a price of 0.55 euros per share, representing a capital increase of 17,396,589.65 euros including the share premium. Upon completion of this transaction, Bpifrance Participations owned 14.5% of the Company's capital and 14.055% of its voting rights.

CEA Investissement subscribed to 53,701,944 new shares, or 14.5% of the post-increase capital, at a price of 0.55 euros per share, representing a capital increase of 29,536,069.20 euros including the share premium. Upon completion of this transaction, CEA Investissement owned 14.5% of the Company's capital and 14.055% of its voting rights.

NSIG Sunrise subscribed to 53,701,944 new shares, or 14.5% of the post-increase capital, at a price of 0.55 euros per share, representing a capital increase of 29,536,069.20 euros including the share premium. Upon completion of this transaction, NSIG Sunrise owned 14.5% of the Company's capital and 14.055% of its voting rights.

In all, these three transactions resulted in 139,034,051 new shares issued at a par value of 0.55 euros per share and admitted for trading on the regulated Euronext Paris market, representing a total amount of 76,468,728.05 euros including the share premium.

The Company subsequently carried out a capital increase with pre-emptive subscription rights, issuing 235,682,510 new shares at a price of 0.32 euros per share, representing a total amount of 75,418,403.20 euros including the share premium.

The completed capital increases for a gross total amount of 151.9 million euros (net proceeds of around 147 million euros) were used to repay (i) the outstanding amount on the bridging loans granted by Bpifrance Participations, CEA Investissement and Shin-Etsu Handotai in May 2015, (ii) interest totaling 44.6 million euros, (iii) CEA Leti invoices under moratorium for 7.8 million euros, and (iv) 62.45% of the convertible bonds falling due in September 2018 for 61.2 million euros (24,978,254 bonds at a price of 2.45 per bond including the coupon).

Litigation regarding industrial property

On May 23, 2016, the Company published a press release announcing that US company Silicon Genesis had filed a motion to terminate its patent counterfeit claims.

20.3.1.3. Statutory auditors' report on the consolidated financial statements

Financial year ending 31 March 2016

To the Shareholders,

SOITEC S.A.
Parc Technologique des Fontaines
Chemin des Franques
38190 Bernin

As a result of the mission that was given to us by your General Shareholders' Meeting, we present the report relating to the financial year ended 31 March 2016 for:

- auditing the annual accounts for the company SOITEC S.A., as attached to this report;
- the justification of our assessments;
- the specific verification provided by law.

The consolidated accounts have been closed by the Board of Directors. It is our role to express an opinion on these financial statements based on our audit.

I - Opinion on the financial statements

We have conducted our audit in accordance with the generally accepted auditing standards in France; these standards require that we plan and perform the audit in order to obtain reasonable assurance that the consolidated financial statements are free of material misstatements. An audit involves using sampling or other selection methods to verify the elements justifying the amounts and information appearing in the consolidated financial statements. It also involves assessing the accounting principles followed, the significant estimates made, and the overall presentation of the financial statements. We feel that the elements that we have collected provide a sufficient and appropriate basis for our opinion.

We certify that the consolidated financial statements of the financial year, in respect of the IFRS standards as adopted in the European Union, are in order and of good faith and give a true picture of the company's net asset base, its financial situation, as well as the results of all the entities and businesses that have been consolidated in these statements.

Without calling into question the opinion stated above, we draw your attention to note 2.2. "Going concern" of the financial statements that sets out the refinancing operations conducted post-closing and supporting the going concern principle.

II - Justification of our assessments

Pursuant to the provisions of Article L.823-9 of the French Commercial Code relating to the justification of our assessments, we would like to bring the following items to your attention:

Accounting principles

Note 2.4.29. of the financial statements sets out the accounting rules and methods relating to discontinued activities.

As part of our assessment of the accounting principles followed by your company, we checked the appropriate nature of the accounting methods stated above and the information given in the notes of the financial statements and we are assured of their correct application.

Accounting estimates related to impairment tests

Your company has established, on the basis of impairment tests, provisions on non-current assets, as described in note 3.4. of the financial statements.

We have examined the terms of implementation of this impairment test as well as the main assumptions made.

The assessments thus carried out are in line with our approach for the audit of consolidated financial statements, taken as a whole, and therefore contributed to the formulation of our opinion expressed in the first part of this report.

III - Specific verification

We have also conducted the specific verifications required by the French law on group information, given in the management report, in accordance with the applicable professional standards in France.

We have nothing to report with respect to its fairness and accordance with the consolidated financial statements.

Done at Lyon and Meylan, on 4 July 2016

The Auditors

PricewaterhouseCoopers Audit	Cabinet MURAZ PAVILLET
Nicolas Brunetaud	Christian Muraz

20.3.2. Financial statements of the Company as at 31 March 2016

20.3.2.1. Company accounts as at 31 March 2016

Income Statement

	Financial years ending 31 March 2016	
(In thousands of euros)	2016	2015
Net turnover	220,310	161,132
Inventories and capitalised production	1,929	733
Operating grants	9,396	4,090
Reversals on provisions and depreciation and transfer expenses	26,469	24,426
Other products	10,249	4,764
Total operating income	**268,353**	**195,145**
Purchases of raw materials and other supplies	85,667	59,213
Stock variation	(2,595)	(2,297)
Other purchases and external services	89,302	73,284
Taxes, duties and similar payments	5,678	4,650
Staff costs	68,558	62,837
Allowances, depreciation and provisions	34,505	54,508
Other costs	4,906	4,261
Total operating charges	**286,020**	**256,456**
Operating profit (loss)	(17,668)	(61,310)
Financial income	47,920	45,250
Financial expenses	78,093	374,083
Financial result	(30,173)	(328,833)
Extraordinary profit (loss)	(27,582)	(4,773)
Tax on profits	(11,126)	(7,850)
Net profit/loss	(64,296)	(387,067)

Balance Sheet - Assets

	At 31 March 2016			
(In thousands of euros)	Gross	Depreciation and Provisions	Net	At 31 March 2015
Intangible fixed assets				
Research and Development Costs	3,710	1,855	1,855	2,226
Concessions, patents and similar rights	44,273	40,855	3,417	6,334
Goodwill	705		705	-
Other intangible assets	683		683	576
Tangible fixed assets				
Land	300		300	781
Buildings	230	230	-	4,367
Plant and machinery	200,887	185,296	15,591	21,959
Other tangible assets	61,828	37,940	23,888	27,186
Tangible fixed assets in course of construction	7,906		7,906	5,818
Financial fixed assets				
Other stake holdings	178,595	169,629	8,966	19,767
Receivables linked to stake holdings	483,743	433,848	49,896	158,504
Other fixed investments				-
Loans				-
Other financial fixed assets	9,529	6,493	3,036	10,128
Fixed assets	992,388	876,147	116,241	257,647
Inventory and work in progress				
Stocks of raw materials	24,666	6,970	17,696	15,543
Production in progress	6,794	646	6,148	6,267
Stocks of semi-finished and finished products	6,301	675	5,626	3,366
Stocks of goods	-	-	-	286
Operating receivables				
Advances, goods paid for on order	452		452	596
Accounts receivable	35,924	320	35,604	45,722
Other receivables	39,205		39,205	38,495
Marketable Securities	1,133		1,133	1,000
Liquid assets	38,505		38,505	15,889
Prepaid expenses	1,164		1,164	799
Current assets	154,144	8,611	145,533	127,964
Costs to be spread over several financial years	1,910		1,910	2,709
Unrealized losses on exchange	2,158		2,158	3,220
Grand total	**1,150,000**	**884,758**	**265,842**	**391,539**

Balance Sheet -Liabilities

(In thousands of euros)	Financial year ending 31 March 2016 2016	2015
Share capital	23,132	23,119
Share premiums from issues, mergers, and contributions	780,443	782,060
Reserves		
Statutory reserve	3,393	3,393
Other reserves	26,350	26,363
Retained earnings	(821,154)	(434,087)
Period Earnings	(64,296)	(387,067)
Investment grants		-
Mandatory provisions	908	1,037
Shareholders' equity	(51,224)	14,818
Advances with conditions	27,480	24,532
Other equity	27,480	24,532
Provisions for liabilities and charges	10,320	8,776
Financial debts		
Convertible bond loans	103,396	103,397
Loans and debts with credit companies	52,191	56,574
Various loans and financial debts	33,658	27
Advances and instalments on outstanding orders	843	5,523
Operating debts		
Trade debts	43,268	45,859
Tax and social security debts	25,587	17,832
Debts on fixed assets	1,231	1,363
Other debts	8,002	23,261
Pre-paid earnings	10,833	12,547
Debts	279,009	266,385
Unrealized gains on foreign exchange transactions	258	77,028
Grand total	**265,842**	**391,539**

20.3.2.2. Appendix to financial statements as at 31 March 2016

The simplified financial statements of the parent company Soitec S.A. are prepared pursuant to the accounting principles generally accepted in France for company accounts.

The other elements of the annual financial statements do not contain anything else likely to clarify the judgment of the investor. The full financial statements, including the appendix, are available on simple request from the Company.

20.3.2.3. Statutory auditors' report on the annual financial statements

Financial year ending 31 March 2016

To the Shareholders,

SOITEC S.A.
Parc Technologique des Fontaines
Chemin des Franques
38190 Bernin

As a result of the mission that was given to us by your General Shareholders' Meeting, we present the report relating to the financial year ended 31 March 2016 for:

– auditing the annual accounts for the company SOITEC S.A., as attached to this report;
– the justification of our assessments;
– the specific verifications and information required by law.

The annual accounts have been closed by the Board of Directors. It is our role to express an opinion on these financial statements based on our audit.

I - Opinion on the annual accounts

We have conducted our audit in accordance with the generally accepted auditing standards in France; these standards require that we plan and perform the audit in order to obtain reasonable assurance that the annual financial statements are free of material misstatements. An audit involves using sampling or other selection methods to verify the elements justifying the amounts and information appearing in the annual accounts. It also involves assessing the accounting principles followed, the significant estimates made, and the overall presentation of the financial statements. We feel that the elements that we have collected provide a sufficient and appropriate basis for our opinion.

We certify that the annual accounts, which have been established according to French accounting principles, are in order and give a true picture of the results of the business activities as well as the company's financial situation and its asset base at the end of this financial year.

Without calling into question the opinion stated above, we draw your attention to paragraph "Preamble". Going concern of the note to the annex on the "Accounting rules and policies and notes to the balance sheet", which sets out the refinancing operations conducted post-closing and supporting the going concern principle.

II - Justification of our assessments

Pursuant to the provisions of Article L.823-9 of the French Commercial Code relating to the justification of our assessments, we would like to bring the following items to your attention:

Accounting rules and principles

The note "Financial fixed assets" of the appendix sets out the accounting rules and regulations relating to the evaluation of the equity investments and receivables attached to such investments.

As part of our assessment of the accounting rules and principles followed by your company, we checked the appropriate nature of the accounting methods stated above and the information given in the notes of the appendix and we are assured of their correct application.

The assessments thus carried out are in line with our approach for the audit of annual financial statements, taken as a whole, and therefore contributed to the formulation of our opinion expressed in the first part of this report.

III - Specific verifications and information

We have also conducted the specific verifications required by law, in accordance with the applicable professional standards in France.

We have no comment or observation to make on the good faith and agreement of the annual reports with the information given to the Board of Directors' management report and the documents given to the shareholders on the company's financial situation and annual accounts.

As regards the information provided pursuant to the provisions of Article L.225-102-1 of the French Commercial Code on remuneration and benefits paid to company officers and on the commitments made in their favour, we have checked their concordance with the accounts or with the data used to prepare these accounts and, where appropriate, with the information collected by our company from companies controlling your company or controlled by it. Based on these works, we certify that such information is true and accurate.

In accordance with the law, we have made sure that all the different information relating to equity and control interest taken and the identity of those holding your capital or voting rights has been communicated to you in the management report.

Done at Lyon and Meylan, on 4 July 2016

The Auditors

PricewaterhouseCoopers Audit	Cabinet MURAZ PAVILLET
Nicolas Brunetaud	Christian Muraz

20.3.3. Inventory of portfolio securities

(In thousands of euros)	Initial value
A. Equity investments	
Soitec USA Inc.	17
Soitec Microelectronics Singapore Pte Ltd.	67,197
Soitec Japan Inc.	2,637
Soitec Solar GmbH	101,244
Soitec Korea	328
Soitec Corporate Services	1
Soitec Shanghai Trading	102
Simgui	4,441
Exagan	606
CEOTIS Eclairage	281
Cissoïd	340
Technocom	1,400
B. Receivables linked to stake holdings	
Trust-security	4,687
Soitec Microelectronics Singapore Pte	87,739
Soitec Solar GmbH	446,343
CEOTIS Eclairage	34
C. Marketable securities (treasury SICAV)	
Marketable Securities	1,133
D. Own Shares	
111,451 Soitec own shares	475
Total	**719,005**

20.3.4. Table of the financial results for the last five financial years

Type of indications	Financial year 31/03/2012	Financial year 31/03/2013	Financial year 31/03/2014	Financial year 31/03/2015	Financial year 31/03/2016
I. Capital at end of financial year					
Share capital	12,212,839	12,262,674	17,258,080	23,118,843	23,132,418
Number of ordinary shares existing	122,128,392	122,626,743	172,580,795	231,188,426	231,324,184
Number of priority dividend shares (without voting right) existing					
Maximum number of future shares to be created					
- By conversion of bonds					
- By exercising subscription rights					
II. Operations and results of the financial year					
Revenue before tax	296,757,836	248,265,323	149,763,853	161,132,017	220,309,732
Earnings before tax, employee profit-sharing and allowances for amortisation and provisions	15,519,323	(22,749,433)	(30,879,143)	(26,299,367)	(32,496,849)
Tax on profits	(5,445,343)	(8,902,491)	(7,463,321)	(7,849,663)	(11,126,317)
Depreciation expenses and provisions	22,364,663	44,514,363	283,430,002	368,617,053	42,925,794
Earnings after tax, employee profit-sharing and allowances for amortisation and provisions	(1,399,997)	(58,361,305)	(306,845,824)	(387,066,756)	(64,296,326)
Distributed Profits					
III. Earnings per share					
Earnings after tax, employee profit-sharing and before allowances for amortisation and provisions	0.17	(0.11)	(0.14)	(0.08)	(0.09)
Earnings after tax, employee profit-sharing and allowances for amortisation and provisions	(0.01)	(0.48)	(1.78)	(1.67)	(0.28)
Dividend allocated to each share					
IV. Personnel					
Average workforce of employees during the financial year	1,030	1,056	909	814	850
Payroll amount of the financial year	46,776,271	52,657,377	43,742,171	44,336,825	47,485,029
Amount of sums paid as social benefits during the financial year (social security, social works, etc.)	25,268,426	25,470,464	19,214,511	18,499,799	21,072,868

20.3.5. List of subsidiaries and equity interests

The list of subsidiaries and equity interests is given in chapter 7.2 of this Reference Document.

20.4. Verification of historic financial information

20.4.1. Attestation of the statutory auditors

Please refer to the Statutory Auditors' Report on the consolidated financial statements as at 31 March 2016 and to the Statutory Auditors' Report on the financial statements as at 31 March 2016 given respectively in paragraphs 20.3.1.3 and 20.3.2.3 of this 2015-2016 Reference Document.

Furthermore, the consolidated financial statements of the financial year ended 31 March 2015 were the subject of a certification report by the Statutory Auditors which is given on page 116 of the Reference Document filed under number D.15-0587. The consolidated financial statements of the financial year ended 31 March 2014 were the subject of a certification report by the Statutory Auditors which is given on page 120 of the Reference Document filed under number D.14.0676.

The annual financial statements of the financial years ended 31 March 2015 and 31 March 2014 were the subject of certification reports by the Statutory Auditors without reservation or observation, which are given respectively on pages 119 and 123 of the 2014-2015 Reference Document and of the 2013-2014 Reference Document, filed under number D.14-0518.

20.4.2. Other information audited by the statutory auditors

Not applicable.

20.4.3. Financial information not contained in the financial statements

Not applicable.

20.5. Date of last financial information

31 March 2016.

20.6. Interim and other financial information

Not applicable.

20.7. Dividend distribution policy

The Company has not distributed dividends in the last three financial years. The Company intends to reinvest its profits to finance its future growth and is not planning to pay dividends in the next three years. The dividends are subject to statutory limitation in favour of the State, pursuant to the provisions of the French State Domain Code.

20.8. Legal proceedings and arbitration procedures

The company is not party to any significant dispute.

On 23 May 2016, the Company published a press release indicating cessation of proceedings for infringement of patent initiated by the American company Silicon Genesis.

The Company is currently subject to an inspection by the tax and customs administration. No notification of an adjustment had been received on the date of closing the accounts.

There is no other governmental, judicial or arbitration procedure, including any procedure to the knowledge of the Company, which is pending or is threatened, and likely to have or having had in the last twelve months significant effects on the financial situation or the profitability of the Group.

20.9. Significant change in the financial or business position since 31 March 2016

Capital increases and reimbursement of a proportion of the financial debt

Soitec implemented capital increases reserved respectively to Bpifrance Participations, CEA Investissement and NSIG Sunrise, pursuant to the decisions of the Shareholders Meeting of 29 April 2016.

In the context of these capital increases with elimination of the preferential subscription rights, Bpifrance Participations subscribed 31,630,163 new shares representing 8.54% of capital post operation, at a unit price of €0.55, that is a capital increase of an amount of €17,396,589.65 (issue premium included). On conclusion of this operation, the capital holdings and voting rights of Bpifrance Participations were respectively 14.5% and 14.055% .

CEA Investissement subscribed 53,701,944 new shares representing 14.5% of the post operation capital at a unit price of €0.55, that is a capital increase of €29,536,069.20 (issue premium included). On conclusion of this operation, the capital and voting rights of CEA Investissement were respectively 14.5% and 14.055% .

NSIG Sunrise subscribed 53,701,944 new shares representing 14.5% of the post operation capital at a unit price of €0.55, that is a capital increase of €29,536,069.20 (issue premium included). On conclusion of this operation, the capital and voting rights of NSIG Sunrise were respectively 14.5% and 14.055% .

In total, these three operations resulted in the admission to trading on the Paris Euronext regulated market of 139,034,051 new shares issued at a unit price of €0.55, that is a total of €76,468,728.05, issue premium included.

The Company then implemented a capital increase maintaining the preferential subscription right, by issuing 235,682,510 new shares at a unit price of €0.32, representing a total amount of €75,418,403.20, issue premium included.

Implementation of the capital increases in a gross total amount of €151.9 million (net income of approximately €147 million) was allocated to reimbursing the balance of the revolving credit granted in 2015 by Bpifrance Participations, CEA Investissement and Shin-Etsu Handotai and payment of interest of a total amount of €44.6 million, payment of CEA Leti invoices the subject of a moratorium for €7.8 million, and the redemption of 62.45% convertible bonds maturing in September 2018 in an amount of €61.2 million (24,978,254 bonds at a unit price coupon included of €2.45).

21. Additional information

21.1. Share capital

21.1.1. Share capital on the submission date of this Reference Document

On the submission date of this Reference Document, the share capital of the Company amounts to €60,623,021.70 divided into 606,230,217 shares of €0.10 in nominal value, fully paid-up.

There are no shares issued and not paid-up.

On the submission date of the Reference Document 2014-2015, the share capital of the Company amounted to €23,130,332 divided into 231,303,320 shares of €0.10 in nominal value, fully paid-up.

On the submission date of the First Update of the Reference Document 2014-2015, the share capital of the Company amounted to €23,132,418.40 divided into 231,324,184 shares of €0.10 in nominal value, fully paid-up.

On the submission date of the Second Update of the Reference Document 2014-2015, the share capital of the Company amounted to €37,035,823.50 divided into 370,358,235 shares of €0.10 in nominal value, fully paid-up.

This change is a result of the confirmation by the Board of Directors and the Chairman and CEO of the following capital increases:

- on 18 December 2015, the Board of Directors confirmed that the share capital of the company had been increased from €23,130,3320 to €23,132,418.40, divided into 231,324,184 shares due to the acquisition of 20,864 performance shares, and in exercise of these acquisitions, of the issue of 20,864 shares.
- on 2 May 2016, the Chairman and CEO, acting on delegation of the Board of Directors, confirmed that the share capital of the Company had been increased from €23,132,418.40 to €37,035,823.50, divided into 370,358,235 shares as a result of the reserved capital increases decided upon on 29 April 2016.
- on 8 June 2016, the Chairman and CEO, acting on delegation of the Board of Directors, confirmed that the share capital of the Company had been increased from €37,035,823.50 to €60,604,074.50, divided into 606,040,745 shares as a result of the capital increase with retention of the preferential subscription right decided upon on 12 May 2016.

21.1.2. Shares not representative of the share capital

Not applicable.

21.1.3. Shares held by the company

Number of own shares owned by the company itself

On 31 March 2016, the Company held 111,451 shares, that is 0.018% of the share capital. These shares are allocated for market-making in the secondary securities market.

Reference is made to note 3.13.2 in the annexe to the consolidated financial statements for an analysis of the treatment and accounting value of own securities held by the Company on 31 March 2016. The nominal value of the self-owned securities is €0.10.

Number of shares held through sub-subsidiaries.

On 14 June 2016, no sub-subsidiary of the Company held Company shares.

Existing authorisation

The Ordinary and Extraordinary General Meeting of 10 July 2015, in its ninth resolution, authorised the Board of Directors to purchase Company shares, under conditions pursuant to articles L. 225-209 et seq. of the Commercial Code and European Regulation No. 2273/2003 of 22 December 2003 implementing European Directive No. 2003/6/EC of 28 January 2003, on one or more occasions, at the times it decided, subject to a limit of 10% of the shares constituting the share capital, that is, on the date of the Meeting, 12,212,839 shares.

This authorisation ends the authorisation conferred on the Board of Directors by the Ordinary General Meeting of 28 May 2014.

Acquisitions may be made with a view:

- to ensuring liquidity and making a market on the secondary share market of the Company through an investment service provider acting independently in the framework of a liquidity agreement which complies with the AMAFI ethical charter acknowledged by the AMF; or
- the award or sale of shares to employees and/or executives or former executives of the Company and/or of Companies related to it or that will become related to it, under the conditions and according to the procedures provided by applicable regulations, notably share purchase option plans, schemes for the free award of existing shares or company saving schemes; or
- the retention and deferred award of shares (in exchange, as payment or other) for external growth operations, it being specified that the maximum amount of shares acquired with a view to their retention and subsequent award as payment or in exchange for merger, demerger or capital contribution operation may not exceed 5% of the capital; or
- hedging securities giving entitlement to award of Company shares by the submission of shares when exercising rights attached to securities giving entitlement by reimbursement, conversion, exchange, presentation of a coupon or any other way to award of Company shares; or
- subject to adoption of the twentieth resolution, to subsequently cancel, in whole or in part, the shares thus bought in under the conditions provided in Article L. 225-209 of the Commercial Code; or
- to implement any other market practice or which is admitted by the market authorities; or
- in fulfilment of any other authorised purpose or that will be authorised by the law or regulations in force subject to informing the Company shareholders by a communique.

The share purchases may be made by any means, including acquisition of blocks of securities on the market or outside the market, at the times fixed by the Board of Directors, including during periods of public offers, in the limit of the stock market regulations. However, the Company does not intend to make recourse to derivatives.

In the event of capital transactions, notably division or splitting of shares or award of free shares, the aforementioned amount will be adjusted in the same proportions (adjustment coefficient equal to the ratio between the number of shares comprising the capital prior to the operation and the number of shares after the operation).

In the Reference Document 2014-2015 filed on 10 June 2015 with the AMF under number D.15-0587, the main procedures for the share repurchase programme approved by the General Meeting of 10 July 2015 are described. Between 10 July 2015 and 14 June 2016, the Company did not acquire or transfer any treasury shares

The General Meeting, called to approve the financial statements for the year closed 31 March 2016, will be requested to vote in favour of a new authorisation replacing the foregoing authorisation. The new authorisation will be granted to the Board of Directors for a period of eighteen (18) months from the date of the Meeting, and will allow the Board to repurchase Company shares for a maximum price of €1 per share, the maximum amount of the transaction being €3,030,203.

Description of the own-share buy-back programme which will be submitted for the approval of the Ordinary and Extraordinary General Meeting of 25 July 2016

1. Legal framework

The description of the programme is intended, pursuant to Article 241-2 of the AMF's General Regulations, to describe the objects and the procedures for the Company's share repurchase programme, that will be submitted to the Ordinary and Extraordinary General Meeting convened for 25 July 2016.

2. Number of securities and proportion of capital held directly or indirectly by the Company

On 31 March 2016, the Company held 111,451 treasury shares of a total value of €475 217, that is 0.018% of the Company capital.

3. Distribution by objectives of the securities which the Company holds directly or indirectly as of this day.

As of this day, all own shares owned by the Company are allocated to the liquidity agreement.

4. Objectives of the share repurchase programme.

Acquisitions may be made with a view:

- to ensuring liquidity and making a market on the secondary share market of the Company through an investment service provider acting independently in the framework of a liquidity agreement which complies with the AMAFI ethical charter acknowledged by the AMF; or
- the award or sale of shares to employees and/or former employees and executives or former executives of the Company and/or of Companies related to it or that will become related to it, under the conditions and according to the procedures provided by applicable regulations, notably share purchase option plans, schemes for the free award of existing shares or company saving schemes; or
- the retention and deferred award of shares (in exchange, as payment or other) for external growth operations, it being specified that the maximum amount of shares acquired with a view to their retention and subsequent award as payment or in exchange for merger, demerger or capital contribution operation may not exceed 5% of the capital; or
- hedging securities giving entitlement to award of Company shares by the submission of shares when exercising rights attached to securities giving entitlement by reimbursement, conversion, exchange, presentation of a coupon or any other way to award of Company shares; or
- to subsequently cancel, in whole or in part the shares repurchased under the conditions pursuant to Article L. 225-209 of the Commercial Code, pursuant to the terms of the 10th resolution adopted at the Ordinary and Extraordinary General Meeting of 28 May 2014; or
- to implement any other permitted market practice or which is allowed by the market authorities; or
- in fulfilment of any other authorised purpose or that will be authorised by the law or regulations in force subject to informing the Company shareholders by a communique.

5. Maximum percentage of capital, maximum number and characteristics of equity securities the Company proposes acquiring and the maximum purchase price

The number of shares acquired during the repurchase programme shall not exceed 5% of shares constituting the Company's share capital at any time, said percentage referring to capital adjusted according to operations impacting on it after the Meeting of Shareholders, it being stated that for the special case of shares purchased for a liquidity agreement, the number of shares considered for calculating the 5% limit is equivalent to the number of shares purchased, after deducting the number of shares resold during validity of the authorisation. The number of shares which the Company holds at any time shall not exceed 5% of shares composing the Company share capital, said percentage applying to capital adjusted according to operations affecting it after the Meeting of Shareholders.

The purchase of shares may be made on one or more occasions, by any means, on a regulated market, a multilateral trading facility, from a systematic internalizer or by mutual agreement, including by public offer or transactions for blocks of shares (which may represent the entire programme). However, the Company does not intend to make recourse to derivatives. These operations may be performed at any time, pursuant to the legal provisions in force, excluding during public offerings of Company securities.

The Shareholders' Meeting resolves that the maximum share price is one Euro (€1) per share. In the event of capital transactions, notably division or splitting of shares or award of free shares, the aforementioned amount will be adjusted in the same proportions (adjustment coefficient equal to the ratio between the number of shares comprising the capital prior to the operation and the number of shares after the operation).

In consequence, pursuant to Article R. 225-151 of the French Commercial Code, the Shareholders Meeting fixes as €3,030,203 the maximum overall amount allocated to the share repurchase programme authorised above, as calculated on the basis of the share capital as of today's date, composed of 606,040,745 shares.

The Meeting of Shareholders vests all powers in the Board of Directors, with a right of delegation, to implement this authorisation, conclude all agreements, fulfil all formalities and make all declarations to all bodies and, in general, take all necessary action.

The authorisation shall take effect at the end of this General Meeting and expire on the day of the Shareholders' Meeting called to approve the financial statements for the financial year closed 31 March 2015; it cancels and supersedes that vested by the combined Ordinary and Extraordinary General Meeting of 10 July 2015 in its ninth resolution.

The securities the subject of this programme are the Company shares quoted on the Eurolist at the Paris Stock Exchange.

6. Duration of the share repurchase programme.

The repurchase programme will be implemented pursuant to the thirteenth resolution of the General Meeting of 25 July 2016, during a period expiring on the day of the General Meeting called to approve the financial statements for the financial year ending 31 March 2017.

7. Balance sheet for the previous programme

The Ordinary and Extraordinary General Meeting of 10 July 2015, in its ninth resolution, authorised the Board of Directors to purchase Company shares, under conditions pursuant to articles L. 225-209 et seq. of the Commercial Code and European Regulation No. 2273/2003 of 22 December 2003 implementing European Directive No. 2003/6/EC of 28 January 2003, on one or more occasions, at the times it decided, subject to a limit of 5% of the shares constituting the share capital, that is, on the date of the Meeting.

Declaration by the issuer of the operations performed on own shares of 10 July 2015 to 14 June 2016

Percentage of directly or indirectly self-held capital*	0.018%
Number of shares cancelled during the last 24 months**	0
Number of securities held in the portfolio*	111,451
Book value of portfolio*	€475,217.24
Market value of portfolio*	€56,840.01

* On the date of publication of the programme description.
** This concerns the 24 months preceding the date of publication of the programme description.

	Cumulative gross flows*		Positions open on the date of publication of the programme description**			
	Purchases	Sales/ transfers	Open buy positions		Open sell positions	
Number of shares	0	0	Buy options purchased	Buy futures	Buy options purchased	Futures sales
Average maximum maturity			None	None	None	None
Average price of transaction*			-	-	-	-
Average exercise price			None	None	None	None
Amounts	-	-	-	-	-	-

* The cumulative gross flows include cash buy or sell transactions and futures exercised or matured.
** The open position include buy or sell options not matured, as well as buy options not exercised.

21.1.4. Shares and marketable securities giving access to the capital

21.1.4.1. Information on the potential dilution of the Company's capital as at 14 June 2016

Nature of the potentially dilutive instruments	Exercise price	Number of shares to which such instruments give right	Potential dilution which may arise from the exercising of these instruments
SOP	12.09/13.14	355,836	0.06%
OCEANEs 2018	2.58	26,164,780	3.99%
Total		**26,520,616**	**4.05%**

The share subscription option plans below, whose shares still have to be acquired, have been subject to an adjustment ratio protecting the interests of the beneficiaries, following the capital increase of June 2016.

21.1.4.2. Report on authorisations and uses

Summary table of current authorisations:

Transactions/Shares concerned	Maximum nominal issue amount	Use (date)	Duration of authorisation (and expiry)
Capital increase, all securities included, without PSR - reserved to category of nominated persons OEGM 30/07/15 – 12th resolution	In capital* = €15 million[1] In borrowing** = €150 million[2]	None	18 months (01/17)
Capital increase, all securities included, without PSR – offers referred to in II of Article L. 411-2 of the French Monetary and Financial Code OESM 30/07/15 – 13th resolution	In capital* = 20% of the share capital up to €15 million[1] in borrowing** = €150 million[2]	None	26 months (09/17)
Increase of number of securities to be issued with or without PSR in the case of excess demand OESM 30/07/15 – 14th resolution	In the limit of (i) 15% of the initial issue and (ii) of the cap provided in the delegated powers exercised	None	26 months (09/17)
Capital increase, all securities included, without PSR - exemption terms of fixing the issue price OEGM 30/07/15 – 15th resolution	In capital* = 10% of the share capital per annum up to €15 million[1] in borrowing** = €150 million[2]	None	26 months (06/16)
Company capital increase in remuneration of contributions in kind comprised of shares or securities giving access to the capital OESM 30/07/15 – 16th resolution	In capital* = 10% of the share capital up to €15 million[1] in borrowing** = €150 million[2]	None	26 months (09/17)
Capital increase by incorporating premiums, reserves, profits or others OESM 30/07/15 – 17th resolution	Up to the amount of the accounts of reserves, premiums or profits and the cap of €20 million.	None	26 months (09/17)
Capital increase in remuneration of contributions of securities made within the framework of a public exchange offer initiated by the Company OESM 30/07/15 – 18th resolution	In capital* = €15 million[1] In borrowing** = €150 million[2]	None	26 months (09/17)
Capital increase by issue of shares or securities giving access to the capital reserved for members of company savings schemes with elimination of PSR OESM 30/07/15 – 13th resolution	In capital* = €500,000 set off against the cap of €20 million[3] and of €15 million[1] In borrowing** = €150 million[2]	None	26 months (06/18)
Capital increase, all securities included, with PSR OEGM 11/04/2016 – 14th resolution	In capital* = €40 million In borrowing** = €150 million[2]	None	26 months (06/18)
Cancellation of shares bought pursuant to the authorisations to buy-back the own-shares of the Company OESM of 30/07/15 – 20th resolution	10% of the capital	None	12 months (AGM for approving financial statements for the year ending 31 March 2016)
Award of performance shares OEGM 11/04/2016 – 16th resolution	0.055% of share capital on 11/04/16 in the limit of 5.5% of share capital on 11/04/2016[4]	None	38 months (06/19)
Allocation of free shares OEGM of 30/07/15 – 23rd resolution	5% of capital (on day of award) The award to corporate executives must not exceed 20% of the total amount awarded	None	24 months (07/17)
Buy-back of Company shares OEGM of 10/07/2015 – 9th resolution	5% of the capital	None	12 months (AGM for approving financial statements for the year ending 31 March 2016)
Issue in favour of CEA Investissement of share subscription warrants in case of capital increase with cancellation of the PSR OESM of 30/07/15 – 22nd resolution	€8 million (nominal and share premium included)	None	18 months (01/18)
Free issue of share subscription warrants in case of public offer OESM of 30/07/15 – 24th resolution	40% of the capital	None	12 months (07/16)

1 Common cap set off against the global cap of €20 million imposed by the 10th resolution of OESM of 30/07/2015.
2 Common cap set off against the global cap of €150 million imposed by the 10th resolution of OESM of 30/07/2015.
3 Global cap of €15 million nominal referred to in "3a" of the 11th resolution adopted by the OESM of 30/07/2015.
4 Increased by the nominal amount equivalent to the amount of capital increases decided in the eighth, ninth, tenth and eleventh resolutions of the General Meetings of 11/04/2016 and 29/04/2016 in the limit of a total amount (share premium included) of €130 million, it being specified these caps are fixed without considering the legal, regulatory or contractual adjustments necessary to protect the rights of the beneficiaries of preferential shares.
* Shares.
** Securities representative of debt claims or similar securities giving access to the Company's capital.

Delegation of competence granted to the Board of Directors with a view to issuing shares and/or securities giving access, immediately or in future, to Company capital, with elimination of preferential subscription right of shareholders for the benefit of categories of persons satisfying determined characteristics.

The Ordinary and Extraordinary General Meeting, at its second call on 30 July 2015, in its 12th resolution, conferred on the Board of Directors until 30 January 2017 inclusive, a delegation of competence to proceed, on one or more occasions, in the proportion and at the times it decides, in Euro, foreign currency or any other accounting unit established with reference to a basket of currencies, to issue in France and/or abroad, with maintenance of the preferential subscription right, ordinary shares and/or all securities (including warrants and debt securities) issued for consideration or gratuitously, giving access by all means, immediately and/or in future, at any time or on a fixed date, by subscription, conversion, exchange, reimbursement, presentation of a warrant or any other means, to the Company's ordinary shares, it being specified that subscription of said shares and/or other securities may be made either in cash or by offsetting liquid due receivables. The total amount of capital increases which may be made by virtue of this delegation shall not exceed €15 million nominal (this cap being set off against the global cap of €20 million imposed by the 10th resolution of AGOE on 30 July 2015), and the nominal amount of debt securities that may be issued of €150 million (cap common to that of the 10th resolution of OESM of 30 July 2015). The preferential subscription right of shareholders to shares and/or securities which may be issued under this delegation was eliminated for the benefit of the category of beneficiaries satisfying the following characteristics: French or foreign financial, commercial or industrial enterprises (or entities affiliated to them) conducting – directly or indirectly – activities that could improve the growth prospects of the Soitec group. The method for calculating the issue price are those provided by Article R. 225-119 of the Commercial Code. It shall be at least equal to the weighted average of the price of three (3) stock market trading sessions preceding its fixing, possibly reduced by a maximum discount of 5%. The Board of Directors may not, except by prior authorisation of the Meeting of Shareholders make use of this delegation from the time of deposit by a third party of a public offer for the Company's securities, until the end of the offer period.

Delegation of competence granted to the Board of Directors with a view to issuing, by the offer referred to in Article 411-2 II of the Monetary and Financial Code, of shares and/or securities giving access, immediately or in future, to Company capital, with elimination of shareholders; preferential subscription rights.

The Ordinary and Extraordinary Meeting, further to the second meeting notice on 30 July 2015, in its 13th resolution, conferred on the Board of Directors until 30 September 2017 inclusive, delegation of competence with a view to issuing any type of financial instrument with elimination of the preferential subscription right, in the framework of an offer pursuant to Article L411-2 II of the Monetary and Financial Code ("private investment") in the limit of 20% of the share capital per annum without exceeding the ceiling of €15 million nominal to be set off against the common cap of €15 million fixed in the 11th resolution of the OESM of 30 July 2015 for operations resulting in elimination of the preferential subscription right and the general cap of €20 million imposed by the 10th resolution of the OESM of 30 July 2015 for all capital increase operations that may arise from implementation of the resolutions adopted at the OESM of 30 July 2015. Likewise the debt securities and similar giving access to the Company capital that may be issued by virtue of this delegation shall not exceed €150 million, the nominal amount of securities that may be created by virtue of this delegation being set off against the global cap of €150 million in "3b" of the 10th resolution of the OESM of 30 July 2015. The method for calculating the issue price are those provided by Article R. 225-119 of the Commercial Code. It shall be at least equal to the weighted average of the price of three (3) stock market trading sessions preceding its fixing, possibly reduced by a maximum discount of 5%. The Board of Directors may not, except by prior authorisation of the Meeting of Shareholders make use of this delegation from the time of deposit by a third party of a public offer for the Company's securities, until the end of the offer period.

Delegation of competence granted to the Board of Directors with a view to increasing the amount of issues with retention or elimination of the preferential subscription right in the limit of 15% of the initial issue.

The Ordinary and Extraordinary Meeting of Shareholders, further to the second meeting notice on 30 July 2015, in its 13th resolution, conferred on the Board of Directors until 30 September 2017 inclusive, delegation of competence with a view, pursuant to Article L. 225-135-1 of the Commercial Code, in the case where an issue is the subject of a request exceeding the amount offered, to increase the number of ordinary shares and securities to be issued within thirty days of the end of subscription, subject to the caps provided by the previous resolutions and a maximum of 15% of the initial issue, and at the same price as for the initial issue.

Delegation of competence granted to the Board of Directors with a view to increasing the Company share capital by contributions in kind constituted of shares or securities giving access to the Company capital.

The Ordinary and Extraordinary Meeting, further to the second meeting notice held on 30 July 2015, in its 16th resolution, granted to the Board of Directors until 30 September 2017 inclusive, a delegation of competence in view, pursuant to Article L. 225-147, paragraph 6, of the Commercial Code, to increase the company capital within a limit of 10% of the share capital to remunerate contributions of capital securities or securities giving access to capital. According to this provision, the Board of Directors has competence to issue ordinary shares in the Company and all other securities giving access by any means, immediately and/or in the future, to existing or future shares of the Company within the limit of 10% of the share capital (as adjusted according to operations influencing it after the Shareholders' Meeting) to which will be added the nominal amount of supplementary shares to be issued to preserve the rights of bearers of securities giving entitlement to shares as remuneration for securities contributed in the framework of a contribution in kind pursuant to the provisions of Article L. 225-147, paragraph 6 of the Commercial Code.

The Board of Directors may not, except by prior authorisation of the Meeting of Shareholders make use of this delegation from the time of deposit by a third party of a public offer for the Company's securities, until the end of the offer period.

Delegation of competence to be conferred on the Board of Directors with a view to increasing the share capital by incorporation of premiums, reserves, profits or any other amount of which capitalisation is permitted.

The Ordinary and Extraordinary Meeting further to the second meeting notice held on 30 July 2015, in its 16th resolution, granted the Board of Directors up to 30 September 2017 inclusive, a delegation of competence pursuant to Article L. 225-129-2 of the Commercial Code, to proceed with one or more capital increase of the Company by incorporation of premiums, reserves, profits or other amounts of which capitalisation is permitted according to law and the articles of association in the form of free shares or by increasing the nominal value of existing shares. The total amount of capital increases which may be made, increased by the amount necessary to preserve, according to law, the rights of bearers of securities giving entitlement to shares, shall not exceed the amount of the reserve, premium or profit accounts existing at the time of the capital increase. The maximum amount of the capital increase which may be made shall not exceed the global amounts which may be incorporated or the cap of €20 million or the equivalent of that amount, it being specified that this amount will be set off against the amount of the global cap of €20 million in '3.a(i)' of the 10th resolution of the OESM of 30 July 2015, or if applicable, against the amount of any cap that may be provided by resolution of the same nature which succeeds it throughout the period of validity of this delegation.

Delegation of competence conferred on the Board of Directors with a view to proceeding with the increase of share capital by the issue of shares or securities which immediately or in the future give access to the Company's share capital as remuneration for contribution of securities made in the framework of a public offer of exchange initiated by the Company

The Ordinary and Extraordinary Meeting, further to the second meeting notice held on 30 July 2015, in its 18th resolution, granted to the Board of Directors until 30 September 2017 inclusive, a delegation of competence with a view to deciding on one or more occasions on the issue of ordinary shares and/or of securities giving access to capital immediately and/or in the future, at any time or on a fixed date by subscription, conversion, exchange, reimbursement, presentation of a warrant or any other means, to ordinary shares in the Company as remuneration for securities contributed in the framework of a public offer of exchange initiated in France or abroad, according to local regulations (including any other operation with the same effect as a public offer of exchange initiated by the Company for its own securities or the securities of another company of which the securities are admitted to trading on a regulated market under foreign law or similar), by the Company on the securities of another company admitted to trading on one of the regulated markets referred to in Article L. 225-148 of the Commercial Code. Company shareholders do not have preferential subscription rights to shares and/or securities that will be issued under this delegation, the latter being exclusively intended to remunerate securities contributed to a public offer of exchange initiated by the Company. The price of the shares and/or the securities that will be issued in the context of this delegation will be defined on the basis of the legislation applicable to public offers of exchange.

Delegation of competence to the Board of Directors to proceed with a capital increase by the issue or ordinary shares or securities giving access to capital, reserved to members of a company savings plan, with elimination of the preferential right of subscription for the benefit of the latter.

The Ordinary and Extraordinary Meeting further to the first meeting notice held on 11 April 2016, in its 13th resolution, granted the Board of Directors until 30 June 2018 inclusive, delegation of competence to proceed on one or more occasions with an increase of capital reserved to employees, of a maximum nominal amount of €500,000 by the issue of ordinary shares or securities giving access to capital. The maximum nominal amount of the capital increase(s) by issue of new shares that may be made by virtue of this delegation will be set off (i) against the global capital of €20 million nominal referred to in '3a' of the 10th resolution adopted by the OESM on 30 July 2015 and (ii) the global capital of €15 million nominal referred to in '3a' of the 11th resolution adopted by the OESM on 30 July 2015, or if applicable, on the amount of any global cap that may be provided by resolution of the same nature which may succeed it during the period of validity of this delegation The maximum nominal amount of securities representing receivables or similar securities giving access to the Company's capital which may be issued by virtue of this delegation will be set-off against the cap of €150 million or the equivalent value of this amount. The issue price for the new shares or securities giving access to capital issued in the framework of this delegation will be fixed at a value equal to at least 80% of the average listed price of the share on the Paris Euronext market during the twenty stock market sessions preceding the day of the decision of the Board of Directors fixing the opening date for the period of subscribing to the capital increase reserved to members of Company saving schemes, that is a reduction of 20% compared with the average listed price of the Company share on Paris Euronext during the aforementioned period. However, the Board of Directors has the power to reduce the aforementioned reduction, subject to the legal and regulatory limits, or not to grant it, notably to consider the applicable regulations in countries where the offer will be implemented. In application of paragraph three of Article L. 3332-21 of the Labour Code, the Board of Directors may proceed in favour of the beneficiaries referred to above, to replace the reduction, the award of free financial securities giving access to capital.

Delegation of competence of the Board of Directors to increase the Company capital by issue, with retention of the preferential subscription right, of shares and/or securities giving access, immediately or in future, to the Company capital.

The Ordinary and Extraordinary Meeting, at its second call on 11 April 2016, in its 14th resolution, conferred on the Board of Directors until 30 January 2017 inclusive, a delegation of competence to proceed, on one or more occasions, in the proportion and at the times it decides, in Euro, foreign currency or any other accounting unit established with reference to a basket of currencies, to issue in France and/or abroad, with maintenance of the preferential subscription right, ordinary shares and/or all securities (including warrants and debt securities) issued for consideration or gratuitously, giving access by all means, immediately and/or in future, at any time or on a fixed date, by subscription, conversion, exchange, reimbursement, presentation of a warrant or any other means, to the Company's ordinary shares, it being specified that subscription of said shares and/or other securities may be made either in cash or by offsetting liquid due receivables. This delegation was granted for twenty six (26) months from 11 April 2016, but shall take effect exclusively from the date of payment and delivery of the capital increase referred to in the 11th resolution of the further to the second meeting notice held on of 30 April 2016. Shareholders have a preferential right of subscription which may be exercised in proportion to their rights and in the limit of their requests. The maximum nominal amount of capital increases that may be implemented under this delegation shall not exceed the cap of €40 million nominal, or the equivalent value of this amount, and the maximum nominal amount of securities representing debts or similar securities giving access to the Company capital that may be issued shall not exceed the cap of €150 million or the equivalent value of this amount. The Board of Directors may not, except by prior authorisation of the Meeting of Shareholders make use of this delegation from the time of deposit by a third party of a public offer for the Company's securities, until the end of the offer period.

Authorisation given to the Board of Directors to cancel, if applicable, the treasury shares held by the company, up to a maximum of 10%.

The Extraordinary Shareholders' Meeting further to the second meeting notice held on 30 July 2015, in its 20th resolution, authorised the Board of Directors to proceed with buying back Company shares in the limit of 5% of the share capital on the date of the Meeting and for a maximum price of €5 per share, the shares thus purchased may be used to make the secondary market or to ensure liquidity of the security in the framework of a liquidity contract, hedging share purchase option plans and other forms of award of shares to employees and/or executives of the Group, for transfer in exchange or as payment for external growth transactions, transfer of shares when exercising rights attached to securities giving access to Company capital, the cancellation or implementation of any market practice permitted by the AMF; said authorisation expires on the date of the General Meeting called to approve the financial statements for the financial year ending 31 March 2016.

Authorisation for the Board of Directors to award free preferential shares in the Company to Company employees and/or companies or groups directly or indirectly related to it pursuant to articles L. 225-197-1 et seq. of the Commercial Code and/or the executives of the Company, with waiver of shareholders of their preferential subscription right.

The Ordinary and Extraordinary Meeting further to the first meeting notice held on 11 April 2016, in its 16th resolution, granted the Board of Directors until 30 June 2019 inclusive, a delegation of competence to proceed, on one or more occasions and subject to the conditions it determines and subject to the limits fixed in this authorisation, for the award of free preferential shares for the benefit of senior managers and/or executives (pursuant to Article L. 225-197-1 of the Commercial Code) performing strategic functions within the scope of consolidation of the Company and/or companies or groups related to it pursuant to Article L. 225-197-2 of the Commercial Code. The total number of free preference shares awarded shall not represent more than 0.055% of the Company share capital and the number of ordinary shares that may be created in the event of conversion of preference shares shall not exceed 5.5% of the Company share capital on 11 April 2016. In event of award of free future preferential shares, the Board of Directors is authorised to implement one or more capital increases by incorporation of reserves, profits, issue premiums or other amounts of which capitalisation is permitted for the benefit of the beneficiaries of said shares, this authorisation incorporating, by right, a co-relative waiver of shareholders for the benefit of the allotees of their preferential subscription right to said preferential shares and a proportion of the reserves, profits and premiums or other amounts of which capitalisation is permitted thus incorporated, an operation for which the Board of Directors benefits from a delegation of competence pursuant to articles L. 225-129-2 and L. 225-197-1 of the Commercial Code.

Authorisation of the Board of Directors to proceed with award of free performance related shares.

The Ordinary and Extraordinary Meeting further to the second meeting notice held on 30 July 2015, in its 23rd resolution, authorised the Board of Directors until 30 July 2017, to award existing or future shares in the Company for the benefit of salaried employees and executive complying with the conditions of Article L. 225-197-1 II of the Commercial Code, or of affiliates pursuant to Article L. 225-197-2 of the Commercial Code; it being stipulated that the total number of free shares distributed shall not exceed 5% of the share capital a recorded on the day of the decision of award (of which 20% for corporate executives). The award of shares to their beneficiary becomes definitive only subject to conditions and achieving the performance criteria fixed, if applicable, by the Board of Directors, after an acquisition period fixed by the Board of Directors. For corporate executives, the definitive award of the shares awarded is conditional on achieving performance conditions which the Board of Directors will determine on a proposal of the Remunerations and Appointments Committee.

Authorisation of the Board of Directors to buy-back Company shares.

The Ordinary and Extraordinary Shareholders' Meeting of 10 July 2015, in its 10th resolution, authorised the Board of Directors, until the day of the Meeting of Shareholders called to approve the financial statements for the financial year closed on 31 March 2016, to purchase Company shares, under conditions pursuant to articles L. 225-209 et seq. of the Commercial Code and European Regulation No. 2273/2003 of 22 December 2003 implementing European Directive No. 2003/6/EC of 28 January 2003, on one or more occasions, at the times it decided, subject to a limit of 5% of the shares constituting the share capital. The minimum purchase price is fixed as one (€1) Euro per share.

Delegation of competence to be vested in the Board of Directors with a view to issue for the benefit of CEA Investissement, share subscription warrants in the event of a capital increase with elimination of the preferential subscription right.

The further to the second meeting notice held on, further to the second meeting notice held 30 July 2015, in its 22nd resolution, delegated to the Board of Directors with a right of sub-delegation under the conditions fixed by law, until 31 January 2018, competence to issue on one or more occasions, warrants entitling CEA Investissement to subscribe to ordinary shares in the Company, it being specified that subscription of said warrants and the shares to which they give access, may be made either in cash or by set-off of liquid due debts. The maximum amount of capital increase that may be made under this derogation of competence (nominal capital and share premium included), shall not exceed the cap of €8 million, corresponding to the principal and capitalised interest for advances made by CEA Investissement on 27 May 2015 and maturing on 27 May 2016. The subscription price for the warrants issued and exercise of the share subscription warrants will be fixed by the Board of Directors on the basis of a report prepared by an independent expert. The Board of Directors will also determine the duration of the subscription warrants issued which, in any event, shall not exceed eighteen (18) months.

Delegation of competence for the Board of Directors to issue free share subscription warrants in the event of a public offer concerning the Company.

The Extraordinary Meeting of Shareholders further to the second meeting notice held on 30 July 2015 in its 24th resolution, delegated to the Board of Directors with a power of subdelegation under the conditions set by law, until 30 July 2016, competence to issue on one or more occasions, warrants subject to the regime in articles L. 233-32 II and L. 233-33 of the Commercial Code allowing the subscription, under preferential terms, one or more share in the Company subject to a limit of 40% of the share capital.

21.1.4.3. Implementation of authorisations adopted by the General Meetings of 1 July 2005, 24 June 2011 and 2 July 2013

The table below indicates to what extent the authorisations adopted by the General Meetings of 10 July 2003, 1 July 2005, 6 July 2006, 7 July 2009, 24 June 2011, 3 July 2012 and 2 July 2013 on the share subscription options and award of free shares were implemented prior to opening of the financial year closed 31 March 2015 The use status of previous authorisations is also given. Reference is made to paragraph 17.2.1.2. for a point on the use of the delegation granted by the further to the second meeting notice held on of 5 November 2007.

Current option plans as at 14 June 2016

SM date	01/07/2005	01/07/2005
Board of Directors' meeting date	06/07/2006	26/10/2006
Number of shares	90,976	319,861*
- including number of shares for corporate officers	0	0
- including number of shares for the first ten allottee employees	90,976	319,861
Number of beneficiaries	2	1
Starting point for exercising options	06/07/2010	26/10/2010
Expiry Date	05/07/2016	25/10/2016
Number of shares subscribed	0	0
Number of shares cancelled	35,000	-
Number of shares remaining	55,976	319,861
Subscription price per share (in Euro)	13.14	12.09

* All these options were allocated to Mr Paul Boudre, prior to his appointment of CEO at the Board of Directors' meeting on 16 May 2008.

The share subscription option plans above, whose shares still have to be acquired, have been subject to an adjustment ratio protecting the interests of the beneficiaries, following the capital increase of June 2016.

21.1.4.4. Transactions performed during the financial year 2015-2016

SUPPLEMENTARY REPORT OF THE BOARD OF DIRECTORS ON CAPITAL INCREASES IN CASH WITH CANCELLATION OF THE PREFERENTIAL SUBSCRIPTION RIGHT OF 29 APRIL 2016

Pursuant to articles L. 225-129-5 and R. 225-116 of the Commercial Code, the Board of Directors of the Company SOITEC (the "Company") prepared a supplementary report to the report of the Board of Directors for the Ordinary and Extraordinary Meeting of Shareholders of 11 April 2016 meeting when first called and the Ordinary and Extraordinary Meeting of Shareholders of 29 April 2016 on the second call (together, the "Meeting of Shareholders") describing the conditions under which the Board of Directors made use of the delegations of competence voted in resolutions Nos. 8, 9 and 10 of the Meeting of Shareholders.

I. Delegations of the Shareholders' Meeting

The Shareholders' Meeting, in its resolutions No. 8 (voted 29 April 2016, further to the second meeting notice), 9 and 10 (voted 11 April 2016, further to the first meeting notice) delegated to the Board of Directors, with a right of sub-delegation under conditions fixed by law and the articles of association, its competence to proceed:

(i) as a single transaction and subject to the condition precedent of adoption by the Meeting of Shareholders of resolutions Nos. 1 to 7 and 9 to 12 and an increase in the Company capital of a nominal amount of €3,163,016.30, by the creation and issue of 31,630,163 new shares, each of nominal value €0.10 issued at a unit price of €0.55 or with an share premium of €0.45 per share, representing a total capital increase of €17,396,589.65 including the share premium, with elimination of the preferential subscription right of shareholders of the benefit of Bpifrance Participations (resolution No. 8);

(ii) subject to the condition precedent of adoption by the General Meeting of resolutions Nos. 1 to 8 and 10 to 12 to a capital increase of the Company with elimination of the preferential subscription right of shareholders for the benefit of CEA Investissement, composed of two separate tranches:

- a first tranche of a nominal amount of €5,370,194.40 by creation and issue of 53,701,944 new shares each of nominal value €0.10 issued at a unit price of €0.55 that is with an share premium of €0.45 per share, representing a capital increase of a total amount of €29,536,069.20 including share premium (the "Issue of the First Tranche"); and
- a second tranche by creation and issue of a number of new shares each of nominal value €0.10 representing a maximum of 0.50% of the Company share capital after implementation of the capital increase provided by resolution No. 11 of the Meeting of Shareholders (the "Issue of the Second Tranche"). (resolution No. 9);

(iii) on a single occasion and subject to the condition precedent of of adoption by the Meeting of Shareholders of resolutions Nos. 1 to 9 and 11 to 12 and an increase in the Company capital of a nominal amount of €5,370,194.40, by the creation and issue of 53,701,944 new shares, each of nominal value €0.10 issued at a unit price of €0.55 or with an share premium of €0.45 per share, representing a total capital increase of €29,536,069.20 including the share premium, with elimination of the preferential subscription right of shareholders of the National Silicon Industry Group (or any of its indirect or direct 100% subsidiaries with registered office in a European Union Member State (resolution No.10).

The capital increase is referred to in resolutions No. 8 and 10 and the First Tranche Issue referred to in resolution No. 9 of the Meeting of Shareholders are referred to hereinafter as the "Reserved Capital Increases".

The Shareholders' Meeting fixed the procedures for implementation of the Reserved Capital Increases as follows:

– the nominal amount of the Reserved Capital Increases that may be made under the delegations of competence referred to in resolutions Nos. 8, 9 and 10 of the General Meeting shall not be set off against the global cap of €20 million nominal referred to in "3a" of the tenth resolution adopted by the Ordinary and Extraordinary General Meeting of 30 July 2015, or the amount of global cap of €15 million nominal value referred to in "3a" of the eleventh resolution adopted by the Ordinary and Extraordinary Ordinary and Extraordinary General Meeting of 30 July 2015, or the amount of the cap of €103,500,000 referred to by resolution No. 11 of the General Meeting or the amount of the global cap of €40 million nominal referred to in resolution No. 14 of the General Meeting;
– the new shares will be fully paid in cash on subscription, with no right of set-off against certain liquid due debts of the Company;
– the new shares will give entitlement to dividend from the date of the definitive implementation of the capital increases and shall, from their creation, be identical to existing shares and subject to all provisions of the Company's articles of association and decisions of the General Meetings of Shareholders.

In addition, the General Meeting conferred all powers on the Board of Directors, with a right of sub-delegation under the conditions fixed by law and the articles of association, to delegate competence for the Reserved Capital Increase of which the period of validity is fixed until 26 May 2016 inclusive, with regard to delegation of competence for capital increases reserved to Bpifrance Participations (resolution No. 8) and National Silicon Industry Group (resolution No. 10) and up to 28 February 2017 for delegations of competence for the capital increase reserved to CEA Investissement (resolution No. 9).

II. Decisions of the Board of Directors

By virtue of the delegation of competence granted by the General Meeting in resolutions Nos. 8, 9 and 10, the Board of Directors, meeting on 29 April 2016:

(i) recorded the fulfilment of the conditions precedent for Implementation of the Reserved Capital Increases provided in the aforementioned resolutions; and
(ii) decided to launch the Reserved Capital Increases according to the procedures fixed by the General Meeting set out in paragraph I above.

In the framework of launch of the Reserved Capital Increases, the Board of Directors has decided that the subscription period will be open from 29 April 2016 to 2 May 2016 inclusive.

III. Procedures for determining the issue price and justification

Pursuant to the decisions of the Shareholders' Meeting adopted in resolutions Nos. 8 to 10, the capital increase subscription price referred to in said resolutions is €0.55 per share, of which €0.10 nominal value per share and €0.45 share premium per share. At the time of subscription, the price of €0.55 per new share subscribed, representing the total nominal value and share premium, must be paid up in full, in cash.

The price of new shares to be issued in the framework of the proposed Reserved Capital Increases indicates a reduction in the order of 1.9% on 9 February 2016 (last stock market day prior to announcement of the operation by the Company) and 9.7% on 17 March 2016 in relation to the average weighted price for volumes on a month (that is €0.56 on 9 February 2016 and €0.61 on 17 March 2016). On 17 March 2016, the stock market price of the Soitec share was €0.60.

The Consultants BM&A Advisory & Support act as independent experts appointed by the Company's Board of Directors and has issued a report (which is not an attestation of fairness) concluding on conformity of the Reserved Capital Interest to the corporate interest. The conclusion of the experts are set out in full below:

"As a preliminary, it should be recalled that in the absence of a reserved capital increase in the framework of this operation and that proposed subsequently, with retention of the preferential subscription right, the Company was not in a position to commit to its business plan and ensure sustainability of its operations.

In fact, these two operations should not only finance the investments necessary for implementation of the business plan underlying a proportion of our work, but also allow honouring the due dates for reimbursement of the financial debt of the Company on the due date in May 2016 in an approximate amount of €53 million for loans, advances and debt moratoriums obtained in the Conciliation Protocol of 30 April.

Moreover, in addition to the strategic importance of control of technology developed by Soitec nationally, the creation of a core of stable shareholders, including notably the Chinese industrial investment platform NSIG, should increase the confidence of partners and customers of the Company regarding its sustainability and contribute to distribution of its products and industrial standards.

Finally, it should be noted that in recent years, Soitec has recorded significant losses, even if these are mainly attributable to operations which are now discontinued and was unable to continue its operations only thanks to recourse to debt and the support of its shareholders.

The current share price, which is certainly evolving in a rather adverse market environment, does not externalize the dilution for Soitec shareholders with regard to the proposed subscription price (€0.55 per share).

Nevertheless, our work resulted in a range of pre-operation core values between €0.57 and €0.75 resulting in dilution for Soitec shareholders of between 1.6% and 10%.

This dilution, assessed having regard to the prospects offered by this operation and the risks to ongoing operation of the Company in its absence, appear acceptable to Soitec shareholders.

In consequence, our opinion is that the reserved capital increase operation as proposed resulting in the issue of 139,034,051 new Soitec shares at a unit issue price of €0.55 including the premium, is conform to the Company's corporate interests, those of its staff and shareholders."

IV. Impact of issue of new shares on the Reserved Capital Increases

a/ Impact of issue of new shares on the proportion of consolidated shareholders' equity per share

By way of guidance, the incidence of the issue of 139,034,051 new shares in the framework of the Reserved Capital Increases on the proportion of consolidated shareholders' equity Group share per share (calculations made on the basis of net income from the issue, consolidated shareholders' equity Group share – as shown on the consolidated financial statements at 31 December 2015 unaudited – and the number of shares constituting the Company share capital on 29 April 2016 after deduction of treasury shares) would be as follows:

	Proportion of own capital per share (in €)	
	Undiluted basis	Diluted base[1]
Prior to issue of 139,034,051 new shares originating from the Reserved Capital Increases	(0.0035)	0.3496
After issue of 139,034,051 new shares originating from the Reserved Capital Increases	0.1983	0.4115

1 In the event of exercise of (i) share subscription options exercisable or otherwise, (ii) of the right to award of shares for all OCEANEs 2018 (it being recalled that the Company proposes redeeming all or a proportion of OCEANEs 2018) and in the event of (iii) maturity of the acquisition period for all free shares. Considering this ratio, 300,800 subscription shares are in circulation, as well as 39,996,350 OCEANEs 2018 convertible to 43,356,043 shares and 224,000 free shares.

b/ Impact of issue of new shares in terms of dilution

For guidance, the impact of the issue of 139,034,051 new shares in the framework of the Reserved Capital Increases on holdings in the capital of a shareholder holding 1% of the Company's share capital prior to issue of the new shares and not subscribing to the latter (calculations based on the number of shares constituting the Company share capital on 29 April 2016) would be as follows:

	Shareholder's holding (in %)	
	Undiluted basis	Diluted basis[2]
Prior to issue of 139,034,051 new shares originating from the Reserved Capital Increases	1%	0.84%
After issue of 139,034,051 new shares originating from the Reserved Capital Increases	0.62%	0.56%

c/ Impact of issue of new shares on the stock market value of a Soitec share

For guidance, the theoretical incidence on the stock market value of the Soitec share, that is €0.588 (average prices of closing of Soitec share weighted by the stock market volumes during the 20 stock market sessions preceding 29 April 2016), of the issue of 139,034,051 new shares from the capital

	Number of shares	The stock market value (in €)
Prior to issue of 139,034,051 new shares originating from the Reserved Capital Increases	231,324,184	0.588
After issue of 139,034,051 new shares originating from the Reserved Capital Increases	370,358,235	0.563

The stock market value (non-diluted basis) was obtained by taking the stock market capitalisation prior to the operation, equivalent to the average closing price of the Soitec share, weighted by the stock market volumes for the period of twenty stock market sessions preceding 29 April 2016 (that is €0.588) multiplied by the number of shares (that is 231,324,184 shares on 28 April 2016), and adding the estimated net income from the issue (that is €74,228,060) and dividing the whole by 370,358,235, equivalent to the number of shares on 28 April 2016 (that is 231,324,184 shares) and the total number of shares issued for the Reserved Capital Increases (that is 139,034,051 shares).

The statutory auditors will verify compliance with the Reserved Capital Increases with the authorisations granted by the General Meeting of 11 April 2016 further to the first meeting notice and the General Meeting of 29 April 2016 further to the second meeting notice, that will be certified in the supplementary report prepared in application and according to the procedures pursuant to Article R.225-116 of the Commercial Code.

Pursuant to the legal provisions in force, the supplementary report and that of your statutory auditors will be made available to you, at the registered office, and directly drawn to your attention at the next Shareholders' Meeting.

SUPPLEMENTAL REPORT OF THE BOARD OF DIRECTORS ON THE USE OF THE DELEGATION OF COMPETENCE GRANTED BY THE ORDINARY AND EXTRAORDINARY GENERAL MEETING OF 11 APRIL 2016 IN ITS RESOLUTION NO. 11

Pursuant to articles L. 225-129-5 and R. 225-116 of the Commercial Code, the Board of Directors of the Company SOITEC (the "**Company**") prepared a supplementary report to the report of the Board of Directors for the Ordinary and Extraordinary General Meeting of 11 April 2016 meeting when first called (the "**General Meeting**") describing the conditions under which the Board of Directors made use of the delegations of competence voted in resolutions No.11 of the General Meeting.

I. Delegation of the General Meeting on the capital increase with retention of the preferential subscription right provided in resolution no. 11 of the General Meeting

In its resolution no. 1 (voted on 11 April 2016, on first convocation), the General Meeting delegated to the Board of Directors, with the option of sub-delegation under the conditions set out by law and the Articles of Association, and under the condition precedent of the adoption by the General Meeting of resolutions no. 1 to 10 and 12 submitted for its vote, its competence to proceed with, on one occasion, on its own deliberations, in the proportion and at the times it determines, the issue in France and/or abroad, with retention of the preferential subscription right of shareholders, a maximum of 1,035,000,000 ordinary shares of the Company with a nominal value of €0.10 each (the "**Capital Increase with Retention of the PSR**") and resolved to fix as follows the limits of the issue authorised under its delegation:

– the maximum nominal amount of the Capital Increase with Retention of the PSR may not exceed a cap of €103,500,00 in nominal, on the understanding that this cap shall not be charged to the amount of the cap potentially provided by a resolution of the same nature which may succeed it during the validity period of the delegation of competence provided in resolution no. 11 of the General Meeting, and without the total maximum amount, share premium included, of the Capital Increase with Retention of the PSR being able to exceed €103.5 million;

– the unit subscription price of the new shares, the amount of the share premium and the number of new shares which may be issued under this delegation of competence shall be determined by the Board of Directors which shall fix the total amount, share premium included, of the Capital Increase with Retention of the PSR in accordance with the financing requirements of the Company, at the end of the total or partial buy-back procedure, for the purposes of cancellation, subscription options bonds and/or conversion bonds into shares, new or existing, issued by the Company and maturing in September 2018 (the "**OCEANEs 2018**"); on the understanding that this amount shall be at least equal to €53.5 million and may be increased, as appropriate, to €103.5 million depending on the financing requirements of the Company within the framework of the OCEANEs 2018;

– the new shares will be fully paid in cash on subscription or, as appropriate, by means of set-off against certain liquid due debts of the Company at subscription;

– the new shares will give entitlement to dividend from the date of the definitive implementation of the Capital Increase with Retention of the PSR and shall, from their creation, be identical to existing shares and subject to all provisions of the Company's articles of association and decisions of the Company's General Meetings of Shareholders;

– the shareholders of the Company shall, in proportion to the amount of their shares, have a preferential subscription right to the new shares which may be issued within the framework of the Capital Increase with Retention of the PSR, under the conditions and within the limits determined by the Board of Directors;

– the Board of Directors can institute in favour of the shareholders of the Company a reducible preferential subscription right to the said shares, which will be exercised in proportion to their rights and within their requests;

– pursuant to Article L. 225-134 of the French Commercial Code, if the irreducible securities and, as appropriate, the reducible ones, did not absorb all of such issue, the Board of Directors may use, under the conditions provided by the law and in the order it shall determine, either or both of the options provided hereinafter:
  - to distribute freely all or part of the securities not subscribed between persons of its choice;
  - to offer to the public all or part of the securities not subscribed, on the French and/or international market.

The General Meeting has further conferred all powers on the Board of Directors, with the option of sub-delegation under the conditions set out by law and the Articles of Association, in order to implement this delegation of competence, whose validity period has been fixed until 31 December 2016 inclusive.

II. Resolution of the Board of Directors of 12 May 2016 on the Capital Increase with Retention of the Preferential Subscription Right

Under the delegation of competence granted by the General Meeting in its resolution no. 11, the Board of Directors, which met on 12 May 2016, confirmed the fulfilment of the condition precedent to the use by the Board of Directors of this delegation of competence concerning the Capital Increase with Retention of the PSR and in particular resolved:

– to increase the Company capital by a nominal amount of €23,568,251, by the issue of 235,682,510 new shares, each of nominal value €0.10, issued at a unit price of €0.32 or with a share premium of €0.22 per share, representing a total capital increase of €75,418,403.20, including the share premium, with retention of the preferential subscription right of shareholders of the shareholders;

– that the subscription of the new shares to be issued shall be reserved by preference:

  - for existing shareholders registered on their securities account at the end of the accounting day of 13 May 2016 who shall be allocated preferential subscription rights on 16 May 2016; and

  - for sellers of their preferential subscription rights.

– that the holders of preferential subscription rights may subscribe (i) in an irreducible manner, to 7 new shares of €0.10 in nominal each for 11 existing shares owned (11 preferential subscriptions rights shall allow for subscribing 7 new shares at the price of €0.32 per share), without account taken of fractions and (ii) in a reducible manner, the number of new shares they wish on top of those due to them under the exercise of their preferential subscription rights in an irreducible manner;

– that the preferential subscription rights may only be exercised in the amount of a number of preferential subscription rights allowing for the subscription of a full number of new shares;

– that the split preferential subscription rights may be sold on Euronext Paris during the subscription period; the shareholders or the sellers of their rights that do not own, under the irreducible subscription, a sufficient number of existing shares to obtain a full number of new shares, would have to see to the buying on the market of the number of preferential subscription rights necessary for the subscription of a full number of new shares of the Company and may come together to exercise their rights, without, thus, an undivided subscription being able to result therefrom, with the Company only recognising one owner for each share;

– that the subscription to this capital increase would be received by payment in cash or by offsetting of receivables from 16 May 2016 to 30 May 2016 inclusive at the registered office, on the understanding that the subscription would be closed early once the €75,418,403.20 corresponding to the total amount of the issue, premium included, have been received by the Company;

– that the preferential subscription rights would be detached on 16 May 2016 and that they would be traded on the regulated market of Euronext in Paris from 16 May 2016 to 30 May 2016 inclusive under ISIN code FR0013170503;

– that the new shares would be fully paid in cash on subscription including by means of set-off against certain liquid due debts of the Company at subscription, both the nominal and the share premium;

– that the new shares would give entitlement to dividend from the date of the definitive implementation of the capital increases and would be, from their creation, identical to existing shares and subject to all provisions of the Company's articles of association and decisions of the Company's General Meetings of Shareholders;

– to request the admission of the new shares for trading on the regulated market of Euronext Paris; they would be, from their admission, immediately assimilated to the existing shares of the Company and would be traded on the same listing line under ISIN code FR0004025062;

– to instruct BNP Paribas Securities Services, in order to go ahead with the centralisation of the issue of the new shares and prepare the certificate of deposit of the funds confirming the completion of the capital increase (for the part subscribed in cash).

The Board of Directors has further conferred all powers on the Chairman and CEO in order to implement this resolution, in particular:

– to confirm the subscription, receive the payments, confirm the paying-up of the shares issued and the resulting amount of the share capital and, as appropriate, to charge the costs of the capital increase to the amount of the related premium;

– to decide, if the irreducible and, as appropriate, reducible subscriptions have not absorbed all of the ordinary shares issued, in the order he determines, either to distribute freely all or part of the shares not subscribed between the persons of his choice, or offer to the public all or part of the unsubscribed shares, on the French and/or international market, on the understanding that there is no plan to limit the amount of the Capital Increase with Retention of the PSR to the amount of the subscriptions received which would represent at least 75% of the total amount of the Capital Increase with Retention of the PSR if (and insofar as) such limitation had the effect of bringing the holding of an Investor above 14.5% of the capital and/or 14.055% of the voting rights;

– to issue the new shares of the Company resulting from the aforementioned capital increase;

– to perform, as appropriate, any formality pertaining to the assumption of the option to exercise the OCEANEs 2018 and Options, with the said option being suspended as of 13 May 2016, by virtue of a decision of the Board of Directors on 21 April 2016;

– to proceed with, after the closing of the subscription period and, as appropriate, before the assumption of the option to exercise the Options and the right to allocation of shares attached to the OCEANEs 2018, the adjustment of the rights (i) of the OCEANEs 2018 holders, (ii) of the beneficiaries of Options and (iii) of the beneficiaries of free share allocation plans during the acquisition period on the closing date of the subscription period, having to be preserved pursuant to the legal and regulatory provisions and respectively to the provisions of the rules of the Options plans, the issue terms and conditions of the OCEANEs 2018 and the provisions of the rules of the free share allocation plans;

– to charge the costs of the capital increases to the amount of the related issue premiums and deduct from this amount the sums required to constitute the legal reserve;

– to obtain the certificate certifying the release of the funds concerning the Capital Increase with Retention of the PSR and the certificate of the Auditors for the part subscribed by offsetting receivables, confirm the paying-up of all of the ordinary shares issued and, in consequence thereof, the final completion of the resulting capital increase and to proceed with the correlative modification of the Articles of Association of the Company;

– to enter into any agreement, take all measures and perform all formalities necessary or useful in view of the issue and the admission for trading on the regulated market of Euronext in Paris of the new shares issued by the Company;

– and more generally, to take all measures, take all steps and perform all necessary formalities for the final completion of the aforementioned capital increase, including with the stock market authorities.

III. Procedures for determining the issue price and justification

Pursuant to the decision of the Shareholders' Meeting adopted in resolution no. 11, the subscription price of the Capital Increase with Retention of the PSR was fixed by the Board of Directors during its meeting of 12 May 2016 at €0.32 per share, of which €0.10 nominal value per share and €0.22 share premium per share. At the time of subscription, the price of €0.55 per new share subscribed, representing the total nominal value and share premium, must be paid up in full, in cash or, as appropriate, by set-off with liquid due debts of the Company at subscription.

Based on the closing rate of the Soitec share on 11 May 2016, i.e. €0.68:

– the issue price of the 235,682,510 new shares of €0.32 shows a face reduction of 52.9%;

– the theoretical value of the preferential subscription right amounts to €0.140;

– the theoretical value of the ex-right share amounts to €0.54;

– the issue price of the 235,682,510 new shares shows a reduction of 40.7% compared to the theoretical value of the ex-right share.

IV. Impact of the issue of new shares under the Capital Increase with Retention of the Preferential Subscription Right

a/ Impact of issue of new shares on the proportion of consolidated shareholders' equity per share

By way of guidance, the incidence of the issue of 235,682,510 new shares in the framework of the Capital Increase with Retention of the Preferential Subscription Right on the proportion of consolidated shareholders' equity Group share per share (calculations made on the basis of net income from the issue, consolidated shareholders' equity Group share – as shown on the consolidated financial statements at 31 March 2016 unaudited – and the number of 370,246,784 shares constituting the Company share capital on 2 May 2016 after deduction of treasury shares) would be as follows:

	Proportion of shareholders' equity per share (in €)	
	Undiluted basis	Diluted basis[1]
Prior to issue of 235,682,510 new shares originating from the capital increase with retention of the preferential subscription right	- 0.02	0.10
After issue of 235,682,510 new shares originating from the capital increase with retention of the preferential subscription right[2]	0.10	0.18
After issue of 235,682,510 new shares originating from the capital increase with retention of the preferential subscription right[3]	0.23	0.30

1 In the event of exercise of all (i) of the 300,800 share subscription options exercisable or otherwise, (ii) of the right to allocation of shares for all OCEANEs 2018 remaining in circulation (including the OCEANEs 2018 bought back but whose settlement-delivery will only take place following and under the condition precedent of the settlement-delivery of the Capital Increase with Retention of the PSR) and in the event of (iii) maturity of the acquisition period for all free shares. On the date hereof, 300,800 subscription shares are in circulation, as well as 15,018,096 OCEANEs 2018 post-purchase, convertible into 16,279,616 shares and 224,000 free shares.

2 Calculations made on the basis of the consolidated equity (Group share) - such as this is shown in the consolidated accounts as at 31 March 2016 (unaudited) - and a number of 370,246,784 shares composing the share capital of the Company as at 2 May 2016 after deducting the self-owned shares.

3 Calculations made on the basis of the consolidated equity (Group share) - such as this is shown in the consolidated accounts as at 31 March 2016 (unaudited) incorporating the impact of the Capital Increase with Retention of the PSR and the OCEANEs 2018 bought-back - and a number of 370,246,784 shares composing the share capital of the Company as at 2 May 2016 after deducting the self-owned shares.

b/ Impact of issue of new shares in terms of dilution

For guidance, the impact of the issue of 235,682,510 new shares in the framework of the Capital Increase with Retention of the Preferential Subscription Rights on holdings in the capital of a shareholder holding 1% of the Company's share capital prior to issue of the new shares and not subscribing to the latter (calculations based on the number of 370,358,235 shares constituting the Company share capital on 2 May 2016) would be as follows:

	Shareholder holding (In %)	
	Undiluted basis	Diluted base[1]
Prior to issue of 235,682,510 new shares originating from the capital increase with retention of the preferential subscription right	1%	0.96%
After issue of 235,682,510 new shares originating from the capital increase with retention of the preferential subscription right[1]	0.61%	0.59%
After issue of 235,682,510 new shares originating from the capital increase with retention of the preferential subscription right[2]	0.61%	0.59%

1 In the event of exercise of all (i) of the 300,800 share subscription options exercisable or otherwise, (ii) of the right to allocation of shares for all OCEANEs 2018 remaining in circulation (including the OCEANEs 2018 bought back but whose settlement-delivery will only take place following and under the condition precedent of the settlement-delivery of the Capital Increase with Retention of the PSR) and in the event of (iii) maturity of the acquisition period for all free shares. On the date hereof, 300,800 subscription shares are in circulation, as well as 15,018,096 OCEANEs 2018 post-purchase, convertible into 16,279,616 shares and 224,000 free shares.

2 Calculations made on the basis of the consolidated equity (Group share) - such as this is shown in the consolidated accounts as at 31 March 2016 (unaudited) - and a number of 370,246,784 shares composing the share capital of the Company as at 2 May 2016 after deducting the self-owned shares.

3 Calculations made on the basis of the consolidated equity (Group share) - such as this is shown in the consolidated accounts as at 31 March 2016 (unaudited) incorporating the impact of the Capital Increase with Retention of the PSR and the OCEANEs 2018 bought-back - and a number of 370,246,784 shares composing the share capital of the Company as at 2 May 2016 after deducting the self-owned shares.

c/ Impact of issue of new shares on the stock market value of a Soitec share

For guidance, the theoretical incidence on the stock market value of the Soitec share, that is €0.67 (average prices of closing of Soitec share weighted by the stock market volumes during the 20 stock market sessions preceding 12 May 2016), of the issue of 235,682,510 new shares from the Capital Increase with Retention of the Preferential Subscription Rights would be as follows:

	Number of shares	Stock market value (in €)
Prior to issue of 235,682,510 new shares originating from the capital increase with retention of the preferential subscription right	370,358,235	0.67
After issue of 235,682,510 new shares originating from the capital increase with retention of the preferential subscription right	606,040,745	0.53

The stock market value (non-diluted basis) was obtained by taking the stock market capitalisation prior to the operation concerned, equivalent to the average closing price of the Soitec share, weighted by the stock market volumes for the period of twenty stock market sessions preceding 12 May 2016 (that is €0.67) multiplied by the number of shares (that is 370,358,235 shares on 11 May 2016), and adding the estimated net income from the Capital Increase With Retention of the Preferential Subscription Right (that is €70,800,000) and dividing the whole by 606,040,745, equivalent to the number of shares on 11 May 2016 (that is 370,358,235 shares) and the total number of shares issued for the Capital Increase with Retention of the Preferential Subscription Right (that is 235,682,510 shares).

Pursuant to the legal provisions in force, this supplemental report will be made available to you, at the registered office, and directly drawn to your attention at the next Shareholders' Meeting.

Done at Bernin, on 12 May 2016

The Board of Directors

FREE SHARES AND SHARE SUBSCRIPTION OPTIONS DURING THE FINANCIAL YEAR 2015-2016

a/ Free share allocations to some directors and employees of the Group

The Board of Directors did not allocate any performance shares during the financial year 2015-2016.

b/ Acquisition of shares attributed free of charge in respect of the financial year 2015-2016 and previous financial years

Under the plan of attribution of free and performance shares decided by the Board of Directors at its meeting of 1 April 2011, the beneficiaries of which were senior executives of the Company, because the acquisition period expired on 31 March 2015, it was recognised by a decision of the CEO on 28 April 2015 the expiration of the acquisition period of 114,894 free shares attributed at the Board of Directors' meeting of 1 April 2011 on the one hand, and the corresponding increase in the Company's capital on the other.

Under the plan of attribution of free and performance shares decided by the Board of Directors at its meeting of 13 December 2011, the beneficiary of which was a senior executive of the Company, because the acquisition period expired on 12 December 2015, it was recognised by the Board of Directors at its meeting of 18 December 2015 the expiration of the acquisition period of 20,864 free shares attributed at the Board of Directors' meeting of 13 December 2011 on the one hand, and the corresponding increase in the Company's capital on the other.

Under the plan of attribution of free and performance shares decided by the Board of Directors at its meeting of 4 June 2012, the beneficiary of which were the senior executives of the Company, because the acquisition period expired on 4 June 2016, it was recognised by the Board of Directors at its meeting of 14 June 2016 the expiration of the acquisition period of 80,672 free shares attributed at the Board of Directors' meeting of 4 June 2012 on the one hand, and the corresponding increase in the Company's capital on the other.

Under the plan of attribution of free and performance shares decided by the Board of Directors at its meeting of 6 March 2014, the beneficiary of which was a senior executive of the Company, because the acquisition period expired on 6 March 2016, it was recognised by the Board of Directors at its meeting of 14 June 2016 the expiration of the acquisition period of 108,800 free shares attributed at the Board of Directors' meeting of 6 March 2014 on the one hand, and the corresponding increase in the Company's capital on the other.

c/ Cancellation of shares attributed free of charge in respect of the financial year 2015-2016 and previous financial years

Under the plan of attribution of free shares decided by the Board of Directors on 4 June 2012:

– 48,000 free shares the beneficiaries of which were two salaried managers were cancelled following the managers' departure on 2 April 2015 and 18 December 2015.

Under the plan of attribution of free shares decided by the Board of Directors on 6 March 2014:

– 38,400 free shares the beneficiary of which was a salaried manager were cancelled following the manager's departure on 31 August 2015.

d/ Share subscription option allocations to some directors and employees of the Group

During the financial year 2015-2016, no share subscription options were allocated.

21.1.5. Right to buy and obligation attached to the capital subscribed but not paid-up

On the submission date of this Reference Document, there was no right to buy or obligation attached to the capital subscribed but not paid-up.

21.1.6. Information on the capital of Group companies subject of an option or conditional or unconditional agreement providing for placing it under option

On the submission date of this Reference Document, there was not, to the knowledge of the Company, any option on the capital of a company of the Group or a conditional or unconditional agreement providing for placing the capital of these companies under option.

21.1.7. Breakdown of capital and voting rights

Development and history of the share capital over the last five financial years

Date	Type of transaction	Capital increase in €	Share premium and contribution premium in €	Number of shares issued	Nominalvalue in €	Total amount of the share capital in €	Total amount of the share capital in shares
25/05/2011	Capital increase by issue of shares with warrants attached/refundable share purchases (ABSAARs)	110,000	12,527,253	1,100,000	0.10	8,858,781	88,587,811
20/06/2011	Capital increase by free share purchases	21,640		216,403	0.10	8,880,421	88,804,214
25/07/2011	Capital increase with retention of preferential subscription right	3,330,158	146,526,943	33,301,578	0.10	12,210,579	122,105,792
26/03/2012	Capital increase by exercise of share subscription options	2,260	66,766	22,600	0.10	12,212,839	122,128,392
04/06/2012	Capital increase by purchase of free shares	18,445	-	184,451	0.10	12,231,284	122,312,843
13/11/2012	Capital increase by purchase of free shares	565	-	5,650	0.10	12,231,849	122,318,493
22/01/2013	Capital increase resulting from an offer referred to in Article L.411-2 II of the French Monetary and Finance Code, subscribed by Fraunhofer-Gesellschaft zur Förderung der Angewandten Forschung e.V.	30,825	855,024	308,250	0.10	12,262,674	122,626,743
21/05/2013	Increase in capital by purchase of free shares	58,204	-	582,040	0.10	12,320,878	123,208,783
23/07/2013	Capital increase with retention of the preferential subscription right	4,928,351	66,532,741	49,283,512	0.10	17,249,923	172,492,295
13/12/2013	Increase in capital by purchase of free shares	8,850	-	88,500	0.10	17,258,079	172,580,795

Date	Type of transaction	Capital increase in €	Share premium and contribution premium in €	Number of shares issued	Nominalvalue in €	Total amount of the share capital in €	in shares
06/06/2014	Increase in capital by purchase of free shares	56,170	-	561,695	0.10	17,314,249	173,142,490
12/06/2014	Increase of capital by conversion of OCEANEs	15	1,268	150	0.10	17,314,264	173,142,640
22/07/2014	Capital increase with retention of the preferential subscription right	5,194,279	77,914,188	51,942,792	0.10	22,508,543	225,085,432
03/02/2015	Capital increase by issuance of share warrants	600,000	4,620,000	6,000,000	0.10	23,108,543	231,085,432
10/03/2015	Increase in capital by purchase of free shares and conversion of convertible bonds into new or existing shares (OCEANEs)	10,299	29,546	102,994	0.10	23,118,843	231,188,426
28/04/2015	Increase in capital by purchase of free shares	11,489		114,893	0.10	23,130,332	231,303,319
18/12/2015	Increase in capital by purchase of free shares	2,086		20,864	0.10	23,132,418	231,324,184
02/05/2016	Cash capital increases reserved for Bpifrance Participations, CEA Investissement and NSIG	13,903,405	62,565,323	139,034,051	0.10	37,035,824	370,358,235
08/06/2016	Capital increase with retention of the preferential subscription right	23,568,251		235,682,510	0.10	60,604,075	606,040,745
14/06/2016	Increase in capital by purchase of free shares	18,947		189,472	0.10	60,623,022	606,230,217

Breakdown of capital and voting rights at 31 March 2014

Shareholders	Number of shares	In % of capital	Voting rights	In %
André-Jacques Auberton-Hervé	6,425,327	3.723	12,641,511	6.383
The Auberton-Hervé Family	1,655,812	0.959	2,822,470	1.425
The Auberton-Hervé Family Group	8,081,139	4.682	15,463,981	7.809
Fonds Stratégique d'Investissement	16,978,294	9.838	29,105,646	14.697
Shareholders' Agreement	23,403,621	13.561	41,747,157	21.080
Caisse des Dépôts et Consignations	6,647,404	3.852	6,647,404	3.357
Shin-Etsu Handotai Co Ltd (partner since 1997 and first sub-licensee of Soitec)	4,452,599	2.580	4,452,599	2.248
Public	136,309,300	78.983	142,258,103	71.833
Self-owned	112,059	0.065	112,059	(0.083)
Total	**172,580,795**	**100**	**198,039,792**	**100**

Breakdown of capital and voting rights at 31 March 2015

Shareholders	Number of shares	In % of capital	Voting rights	In %
André-Jacques Auberton-Hervé	5,324,949	2.303	10,411,802	4.092
The Auberton-Hervé Family	529,707	0.229	1,059,414	0.416
The Auberton-Hervé Family Group	5,854,656	2.532	11,471,216	4.508
Bpifrance Participations	22,071,781	9.547	34,199,133	13.440
Caisse des Dépôts et Consignations	6,647,404	2.875	6,647,404	2.612
Shin-Etsu Handotai Co Ltd (partner since 1997 and first sub-licensee of Soitec)	4,452,599	1.926	4,452,599	1.750
Public	192,050,535	83.071	197,584,156	77.647
Self-owned	111,451	0.048	111,451	(0.044)
Total	**231,188,426**	**100**	**254,465,959**	**100**

Breakdown of capital and voting rights at 14 June 2016

Shareholders	Number of shares	In % of capital	Voting rights	In %
André-Jacques Auberton-Hervé	5,324,949	0.879%	10,649,898	1.724%
The Auberton-Hervé Family	529,707	0.087%	1,059,414	0.171%
The Auberton-Hervé Family Group	5,854,856	0.966%	11,709,312	1.895%
Bpifrance Participations (formerly FSI)	87,875,902	14.500%	87,875,902	14.222%
CEA Investissement	87,875,902	14.500%	87,875,902	14.222%
NSIG	87,875,902	14.500%	87,875,902	14.222%
Caisse des Dépôts et Consignation	8,641,629	1.426%	8,641,629	1.399%
Shin-Etsu Handotai Co Ltd (partner since 1997 and first sub-licensee of Soitec)	4,452,599	0.735%	4,452,599	0.721%
Public	323,353,104	53.355%	329,341,719	53.302%
Self-owned	111,451	0.018%	111,451	(0.018%)
Total	**606,040,745**	**100%**	**617,884,016**	**100%**

Report on the employee shareholding scheme

Pursuant to Article L. 225-102 of the French Commercial Code, the participation of salaried employees in the share capital of Soitec as at 31 March 2016 amounts to 744,454 registered shares, i.e. approximately 0.12% of the capital.

Declarations on breach of statutory thresholds

Dimensional Fund Advisors LP declared having breached:

– downwards, on 26 May 2015, the 3% threshold of the Company's capital, and holding 6,655,273 shares of the Company, representing 2.877% of the capital of the latter.

EPIC Bpifrance declared it had indirectly breached via Bpifrance Participations:

– downwards, on 29 April 2016, the 10% threshold of the Company's capital, and holding 22,071,781 shares of the Company, representing 9.54% of the capital of the latter, and 22,071,781 voting rights, representing 9.08% of the voting rights of the latter.

– upwards, on 2 May 2016, the 10% threshold of the Company's capital, and holding 53,701,944 shares of the Company, representing 14.5% of the capital of the latter, and 53,701,944 voting rights representing 14.05% of the voting rights.

NSIG Sunrise S.à.r.l. declared having breached:

– upwards, on 2 May 2016, the 10% threshold of the Company's capital, and holding 53,701,944 shares of the Company, representing 14.5% of the capital of the latter, and 53,701,944 voting rights representing 14.05% of the voting rights.

CEA Investissement declared having breached:

– upwards, on 2 May 2016, the 10% threshold of the Company's capital, and holding 53,701,944 shares of the Company, representing 14.5% of the capital of the latter, and 53,701,944 voting rights representing 14.05% of the voting rights.

Caisse des Dépôts et Consignations, through Bpifrance Participations declared having breached:

– downwards, on 29 April 2016, the 15% threshold of voting rights of the Company, and holding 30,713,405 voting rights representing 12.63% of the voting rights of the latter.
– upwards, on 22 April 2014, the 15% threshold of voting rights of the Company, and holding 62,343,568 shares representing 16.83% and 62,343,568 voting rights of the Company, representing 16.31% of the voting rights of this latter.

Shareholders' Agreement:

Please refer to Chapter 18.3, page 69 of this Reference Document for a description of the shareholders' agreement entered into between Bpifrance Participations and Mr Auberton-Hervé.

To the company's knowledge, there are no other shareholders agreement or shareholders holding, either directly, indirectly, 3%, 5% or more of the share capital or voting rights than those mentioned above.

21.2. Memorandum and Articles of Association

21.2.1. Corporate objects (Article 2 of the Articles of Association)

The Company's corporate objects, in France and in all countries, are:

– the development, research, manufacturing, sale of materials for microelectronics and in general for the industry;
– diverse technological assistance, and development of specific machines and applications;
– all industrial and commercial operations:
  - to create, to purchase, to lease, to lease manage any commercial business, to let on hire, to install, to undertake any establishments, businesses, plants, workshops, in connection with any of the specified activities;
  - taking, acquiring, operating or cancelling all procedures and patents relating to these activities;
  - direct or indirect involvement in all financial operations, property or securities or business or industrial companies being able to link to the company's focus or to any similar or connected focus,
– whatever operations contribute to achieving this aim.

21.2.2. Provision of the Articles of Association, a charter or a regulation of the Company on members of the Board of Directors

21.2.2.1. The Board of Directors (Articles 12 to 16 of the Articles of Association)

The provisions related to the Board of Directors are given in Articles 12 to 16 of the Articles of Association. The main information is presented below.

Composition - Term of Office

The provisions of general law shall apply.

Thus, the Company is administered by a Board of Directors of three members at least and eighteen members at most, if the Company shares are listed officially on a stock market.

The directors are appointed or renewed in their functions by the Ordinary General Meeting of Shareholders which may revoke them at any time.

The directors may be natural persons or legal entities.

A salaried employee of the Company may only be appointed director if his employment contract is before his appointment and corresponds to an actual job. The number of directors bound to the Company by an employment contract may not exceed a third of the directors in office.

The term of office of members is four years; it expires at the end of the General Meeting voting on the financial statements for the previous financial year and held in the year during which their terms of office expire. The directors may always be re-elected.

Board of Directors' powers

The Board of Directors determines the orientations of the Company's business and ensures their implementation. Subject to the powers officially granted to the Shareholders' Meetings and those restricted by the company's object, it listens to any interesting issue relating to the correct operating of the Company and rules on the matters concerning it. To this end, the Chairman represents the Board of Directors; further, he may consent delegations of power to all agents of his choice.

In relations with third parties, the Company is bound even by the acts of the Board of Directors which do not come under the company object, unless it proves that the third party knew that the act exceeded this object or that it could not have not known it given the circumstances, on the exclusion that the mere publication of the Memorandum and By laws suffices to constitute this proof.

The Board carries out the checks and controls it considers appropriate.

Chairman of the Board of Directors

The Chairman of the Board of Directors is elected by the members of the Board which determine the term of his functions.

Please refer also to paragraph 14.1.2.2 above for information on the Senior Management of the Company.

21.2.2.2. Rules of procedure of the Board of Directors

Rules of Procedure have been adopted by the Board of Directors and then regularly updated. The last update was on 29 April 2016.

These Rules of Procedure organise in particular the relationships between directors and the Company and constitute an operational framework designed to be regularly updated to take account of the change in the legal and regulatory provisions, and also best practices in terms of corporate governance.

Without replacing either the law or the Articles of Association of the Company, these Rules of Procedure are an internal document which specifies the rules concerning the respective composition, the role and powers of the Board of Directors, the Senior Management and of the different Committees of the Board of Directors, by explaining or completing some of the existing legal and statutory provisions. The Rules of Procedure further provide for the principle of remuneration of directors and executives of the Company.

By defining the respective powers of the corporate bodies, the Rules of Procedure further provide for a right of review of the Board of Directors, by providing that the CEO has to obtain the prior authorisation of the Board for certain important transactions, such as in particular the significant decisions to set-up abroad, the significant transactions which may affect the Group's strategy or change its financial position or its area of activity, certain transactions exceeding a certain amount.

The objective of the Rules of Procedure is thus to optimise the efficiency of the meetings and discussions of the Board of Directors, and to incorporate in the operating of the corporate bodies the best practices in terms of corporate governance. Please refer to Chapter 16 of this Reference Document on page 51 for a detailed description of the operating of the administrative and management bodies of the Company.

21.2.3. Rights, liens and restrictions attached to shares (Article 10 of the Articles of Association)

On the submission date of this Reference Document, only ordinary shares of the Company have been issued.

Furthermore, the rights and obligations attached to the shares are described in Article 10 of the Articles of Association reproduced below.

Each share gives right, in the profits and the company assets, to an amount proportional to the percentage of capital it represents and gives the right to vote and to representation in the General Meetings, under the conditions set down by the law and the Articles of Association.

All shareholders are entitled to be informed of the operating of the Company and to obtain notification of certain company records at times and under the conditions provided by the law and the Articles of Association.

Shareholders only support losses up to the amount of their contributions.

Subject to the legal and regulatory provisions, no majority may impose an increase in their commitments on them. The rights and obligations attached to the share are transferred to the bearer.

The possession of one share automatically entails adhesion to the decisions of the General Meeting and to the Articles of Association herein. The sale includes all dividends due and not paid and to fall due and, potentially, the percentage in the reserve funds, save contrary provisions notified to the Company.

The heirs, creditors, assigns or other representatives of a shareholder may not, under any pretext whatsoever, demand the affixing of seals on corporate assets and records, request the sharing or awarding of such assets, or interfere in the Administration of the Company. To exercise their rights, they shall refer to company accounts and to the resolutions of the General Meeting.

Each time there is a need to own a certain number of shares to exercise any right, in case of exchange, combination or allocation of shares, or at the time of a capital increase or decrease, a merger or any other operation, the shareholders holding a number of shares less than what is required may only exercise such rights provided that they personally see to obtaining the number of shares required.

21.2.4. Amendment of shareholders' rights

Decisions amending in general the Articles of Association of the Company are adopted by the Extraordinary General Meeting under the conditions of legal majority.

21.2.5. General Meetings (Articles 21 to 25 of the Articles of Association)

General Meetings are convened by the Board of Directors, in accordance with the methods provided by the law.

General meetings take place in the head office or in another place indicated in the convocation. All shareholders may participate in the Meetings, personally or by proxy, regardless of the number of shares they hold, on proof of their identity and the ownership of their shares. The right to participate in the General Meetings is justified by the account record of the securities in the name of the shareholder or the proxy registered on its behalf pursuant to the seventh paragraph of Article L. 228-1, on the third business day preceding the Meeting at midnight, Paris time, either in the registered share accounts held by the Company, or in the bearer share accounts held by an intermediary mentioned in Article L. 211-3 of the French Monetary and Financial Code. The listing or the account recording of securities in the bearer share register held by an intermediary mentioned in Article L. 211-3 of the French Monetary and Financial Code is confirmed by a statement of participation issued by this latter, as appropriate electronically under the conditions provided in Article R. 225-61, as an attachment to the correspondence voting form or power of attorney or on the request of an admission card drawn up in the name of the shareholder or on behalf of the shareholder represented by the registered proxy. A certificate is also issued to shareholders wishing to physically participate in the Meeting and not having received the admission card on the third business day preceding the Meeting at midnight, Paris time.

The voting right attached to shares is proportional to the capital they represent. When Meetings are held, each share carries one vote. However, as indicated in chapter 18.2 above, following the decision of the Mixed General Meeting of 30 November 1998, the Articles of Association of the Company provide that a double voting right is conferred to shares held in registered form for at least two years by the same shareholder, as of 31 August 2000. The double voting right ceases for any share converted to bearer or subject to a transfer.

When shareholders have already voted by correspondence, have sent a power of attorney or requested their admission card or certificate of participation under the conditions provided above, they may no longer opt for another method of participation in the Meeting, save provision to the contrary in the Articles of Association. Shareholders having already voted by correspondence, having sent a power of attorney or having requested their admission card or certificate of participation may at any time sell all or part of their shares. However, if the sale takes place before the third business day following the Meeting at midnight, Paris time, the Company invalidates or amends accordingly, depending on the case, the vote made by correspondence, the power of attorney, the admission card or the certificate of participation. To this end, the proxy mentioned in Article L. 211-3 of the French Monetary and Financial Code shall notify the sale to the Company or to its agent and shall send it the necessary information. No sale or any other transaction effected after the third business day preceding the Meeting at midnight, Paris time, regardless of the method used, is notified by the proxy mentioned in Article L. 211-3 of the French Monetary and Financial Code or taken into consideration by the Company, notwithstanding any agreement to the contrary.

General Meetings are presided over by the Chairman of the Board of Directors or, in his absence, by a director specially delegated for this purpose by the Board. Failing this, the Meeting elects its chairperson.

The role of scrutineers is performed by the two members of the Meeting who have the highest number of votes and who are present and agree to act in this capacity. The Board designates a secretary who may be chosen from outside the body of shareholders.

An attendance sheet is held under the conditions provided by the law. Copies or excerpts of the minutes of the Meeting are validly certified by the Chairman of the Board, by a director performing the functions of CEO or by the secretary of the Meeting.

21.2.6. Provision of the Memorandum of Association, Articles of Association, a charter or a regulation of the Company which might entail delaying, deferring or preventing a change of its control

Apart from the double voting rights described above, there is no provision of the Memorandum of Association, Articles of Association, a charter or a regulation of the Company which might entail delaying, deferring or preventing a change of its control.

21.2.7. Exceeding of thresholds (Article 11 of the Articles of Association)

Any shareholder, acting alone or in concert, without prejudice to the thresholds referred to in Article L. 233-7 (1) of the French Commercial Code, that directly or indirectly comes to hold at least 3% of the capital or voting rights of the

Company must notify this, by registered letter with acknowledgement of receipt to the registered office, to the Company within a period of fifteen days from the breach of the shareholding threshold.

This declaration must also be made when the holding in the capital becomes lower than the threshold mentioned above.

Should declarations of legal and statutory thresholds not be adhered to, the owner will be denied voting rights in the conditions set out in Article L 233-14 of the French Commercial Code, on the request of one of several shareholders who hold together at least 3% of the company's capital or voting rights.

21.2.8. Change in share capital and voting rights attached to shares

Any change in the capital or voting rights attached to the shares composing it is subject to the legal requirements, as the Articles of Association do not provide any specific provisions.

21.3. Statutory auditors' fees

Auditors' fees and fees of the members of their networks paid by the Company and its subsidiaries.

In the financial years ending 31 March 2015 and 2016, the fees are broken down as follows:

	PricewaterhouseCoopers Audit				Cabinet Muraz Pavillet			
	Amount excl. tax		Percentage		Amount excl. tax		Percentage	
(In € thousand)	2015-2016	2014-2015	2015-2016	2014-2015	2015-2016	2014-2015	2015-2016	2014-2015
Audit:								
Auditing, statutory auditor's opinion, examination of individual and consolidated financial statements								
- Issuer	288.6	194.0	56.9%	43.2%	116	93	70.73%	74.40%
- Fully consolidated subsidiaries	67.9	198.7	13.4%	44.2%	4	21	2.44%	16.80%
Other work and services directly related to statutory auditor's assignment								
- Issuer	150.5	9.1	29.7%	2.0%	44	11	26.83%	8.80%
- Fully consolidated subsidiaries		47.6		10.6%	0	0		0%
Subtotal	**507.0**	**449.4**	**100%**	**100%**	**164**	**125**	**100%**	**100%**
Other services provided by the networks to the fully consolidated subsidiaries:								
Legal, tax, social	0	0	0%	0%	0	0	0%	0%
Others (to be specified if > 10% of audit fees)	0	0	0%	0%	0	0	0%	0%
Subtotal	**0**	**0**	**0%**	**0%**	**0**	**0**	**0%**	**0%**
Total	**507.0**	**449.4**	**100%**	**100%**	**164**	**125**	**100%**	**100%**

22. Important contracts

Since the end of 2009, Soitec has committed to develop its activities in the Solar Energy and Lighting fields. This diversification led the Group to enter into different contracts from those which characterised the performance of its historical activities in the semiconductor sector.

As announced in the press release of 19 January 2015, and after the closure of major solar power plant projects in the United States which were to use the concentration solar wafers manufactured by Soitec (see press releases of 15 April and 22 December 2014), the Group's Board of Directors unanimously decided to implement and provide its support to a strategic plan with a view to refocusing Soitec's activities on its core electronics business. This decision and the Group's activities arising therefrom, expose it to a series of risks which are described in Chapter 4 of this Reference Document.

During the last two financial years, and apart from the contracts described in Chapter 22 of the Reference Document 2014-2015, Soitec has not entered into, within the framework of its activities, a contract outside the ordinary course of business, conferring an obligation or a major commitment on the entire Group apart as stated below.

On 26 May 2014, the Group announced the conclusion of a partnership with the Chinese silicon wafer manufacturer Shanghai Simgui Technology Co. Ltd. (Simgui). This partnership included a licence and technology transfer agreement allowing Simgui to manufacture and sell 200mm SOI wafers by using the Soitec SmartCut™ technology to meet the demand of the Chinese market, as well as a supply contract allowing Soitec to have access to the 200mm SOI wafer production capacity implemented by Simgui to meet the increasing requirements of Soitec clients based outside China. On 2 December 2014, the Group announced the extension of the partnership, through the signature of a contract allowing Simgui to become the exclusive distributor in China of the 200mm SOI wafers produced by Soitec. On 15 September 2015, the Group announced that the first 200mm SOI wafers had been produced on the production line implemented by Simgui in Shanghai.

Sale of the solar systems activity:

On 21 May 2015, Soitec announced the signature of an agreement with ConcenSolar on the sale of its solar systems' activity. ConcenSolar, a private company, is a business partner of Suncore Photovoltaic Technology Co Ltd, a leader in the field of concentrated photovoltaics (CPV). The solar systems activity concerned was to include all technological assets and the production tools of Fribourg in Germany and San Diego in the United States. On 5 August 2015, the Group announced the breaking off of negotiations with ConcenSolar and the continuation of the refocusing plan on Electronics.

23. Information from third parties, statements by experts and declarations of interests

No report or statements by experts other than the Company's statutory auditors' report are included in this Reference Document.

24. Documents available to the public

24.1. Documents available on the Company's website

All regulatory information within the meaning of Article 221-3 of the AMF's General Regulations is available on the Company's website (www.soitec.com) and particularly the following documents:

- The Reference Document filed with the AMF on 22 June 2010 under number D.10-0552;
- The Reference Document filed with the AMF on 10 June 2011 under number D.11-0565;
- The Reference Document filed with the AMF on 15 June 2012 under number D.12-0619;
- The Reference Document filed with the AMF on 27 June 2013 under number D.13-0676;
- The Reference Document filed with the AMF on 13 May 2014 under number D.14-0518;
- The update of the aforementioned Reference Document filed with the AMF on 17 June 2014 under number D.14-0518-A01;
- The Reference Document filed with the AMF on 10 June 2015 under number D.15-0587;
- The First Update of the aforementioned Reference Document filed with the AMF on 7 March 2016 under number D.15-0587-A01;
- The Second Update of the aforementioned Reference Document filed with theAMF on 2 May 2016 under number D.15-0587-A02;
- Financial press releases;
- The updated Articles of Association;
- The documents and information relating to the Company, including the Memorandum of Association and Articles of Association, may also be consulted at the Company's registered office: Parc Technologique des Fontaines – Chemin des Franques, 38190 Bernin (Tel.: 04 76 92 75 00).

24.2. List of press releases and other publications

In the financial year 2015-2016, and up to the submission date of this Reference Document, the following press releases were published on the Company's website (www.soitec.com):

- 24 June 2016: Information on the total number of voting rights and shares composing the capital;
- 16 June 2016: Annual results 2015-2016;
- 2 June 2016: Soitec received the "Best Quality Award" from NXP Semiconductors;
- 31 May 2016: Information on the total number of voting rights and shares composing the capital;
- 23 May 2016: Soitec announced the discontinuance of patent infringement proceedings brought by Silicon Genesis;
- 3 May 2016: Publication of the Second Update of the Reference Document 2014-2015;
- 2 May 2016: Minutes of the Extraordinary General Meeting of 29 April 2016;
- 2 May 2016: Soitec announced the appointment of Rémy Pierre as Finance Director of the Group;

- 29 April 2016: Results of the Extraordinary General Meeting of 29 April 2016;
- 14 April 2016: Minutes of the Ordinary and Extraordinary General Meeting;
- 13 April 2016: Soitec announced annual revenue of €232.3 million in Electronics, up 36% (+20% at constant exchange rates);
- 12 April 2016: Results of the Ordinary and Extraordinary General Meeting of 11 April 2016;
- 31 March 2016: Information on the total number of voting rights and shares composing the capital;
- 8 March 2016: Publication of the Update of the Reference Document;
- 26 February 2016: Information on the total number of voting rights and shares composing the capital;
- 18 February 2016: Soitec announced the volume production of RF-SOI 300mm substrates to meet the growth in the 4G/LTE-Advanced mobile communications markets;
- 10 February 2016: Plan for two successive capital increases of Soitec for a total amount of between €130m and €180m, with the support of CEA Investissement, NSIG and Bpifrance;
- 20 January 2016: Soitec announced the Electronics division's revenue up sequentially by 6% at constant exchange rates, in line with its forecasts for the 3rd quarter of the financial year 2015-2016;
- 13 January 2016: Amendment of the reporting calendar;
- 22 December 2015: Information on the total number of voting rights and shares composing the capital;
- 9 December 2015: Soitec, leader in the supply of SOI wafers, rejected patent infringement allegations;
- 25 November 2015: Information on the total number of voting rights and shares composing the capital;
- 20 November 2015: Publication of the half-year financial statement for 2015-2016;
- 18 November 2015: Half-Year Financial Statement 2015-2016;
- 22 October 2015: Information on the total number of voting rights and shares composing the capital;
- 19 October 2015: Soitec announced the Electronics division's revenue in line with its forecasts and consolidated revenue up by 23% on last year for the second quarter of the financial year 2015-2016;
- 24 September 2015: Information on the total number of voting rights and shares composing the capital;
- 15 September 2015: Soitec and Simgui announced the manufacturing of the first 200mm SOI wafers in China;
- 15 September 2015: Appointment of the founder of Soitec as Honourable Chairman of the Soitec Group;
- 24 August 2015: Information on the total number of voting rights and shares composing the capital;
- 5 August 2015: Soitec announced the breaking off of negotiations with ConcenSolar on the sale of certain solar assets and the continuation of the refocusing on Electronics;
- 30 July 2015: Ordinary and Extraordinary General Meeting of 30 July 2015;
- 30 July 2015: Minutes of the Ordinary and Extraordinary General Meeting of Shareholders of 30 July 2015;
- -24 July 2015: Information on the total number of voting rights and shares composing the capital;
- 20 July 2015: Revenue in line with the objective for the Electronics division at €54.1 million for Q1 2016. The management confirmed the strategic refocusing on electronics;
- 14 July 2015: One of the largest semiconductor foundries is speeding up the FD-SOI ecosystem;
- 13 July 2015: Soitec and SCREEN have joined up to produce 300mm FD-SOI substrates with uniformity controlled at atomic scale;
- 10 July 2015: Minutes of the Ordinary and Extraordinary General Meeting of Shareholders of 10 July 2015;
- 10 July 2015: Ordinary and Extraordinary General Meeting of 10 July 2015;
- 10 July 2015: As part of its strategic refocusing, Soitec appointed Grégoire Duban ed Chief Financial Officer and Thierry Tron as Deputy Financial Officer;
- 7 July 2015: Soitec successfully completed its eXact programme supported by future investments in digital;
- 24 June 2015: A CPV wafer fitted with 4-junction solar cells developed with Soitec's expertise in semiconductor materials achieved record efficiency of 38.9%;
- 18 June 2015: Ordinary and Extraordinary General Meeting of 10 July 2015 - Preparatory documents made available;
- 12 June 2015: Information on the total number of voting rights and shares composing the capital;
- 11 June 2015: Publication of the Reference Document 2014-2015;
- 9 June 2015: Soitec and Shanghai Industrial Technology Research Institute (SITRI) announced their collaboration on high-performance RF-SOI technology;
- 29 May 2015: Information on the total number of voting rights and shares composing the capital;
- 28 May 2015: Annual results 2014-2015; Consolidated revenue 2014-2015: €222.9 million. Current operating losses 2014-2015: €125.9 million. Strategic refocusing on core business with the signature of an agreement to sell the solar systems business to ConcenSolar. New financing implemented in May 2015;
- 21 May 2015: Soitec divested its solar system business to refocus on its core business: semiconductor materials;
- 28 April 2015: Information on the total number of voting rights and shares composing the capital (pdf);
- 20 April 2015: Consolidated revenue 2014-2015 of €222.9 million. Refocusing on the core electronic business in progress. New financing in April 2015 (closing expected in May 2015);
- 1 April 2015: Soitec confirmed being eligible for the new PEA-PME (share savings scheme for financing SME);
- 24 March 2015: Information on the total number of voting rights and shares composing the capital (pdf);
- 25 February 2015: Information on the total number of voting rights and shares composing the capital (pdf);
- 12 February 2015: Issue of new shares (PACEOTM);
- 30 January 2015: Information on the total number of voting rights and shares composing the capital (pdf);
- 26 January 2015: Soitec's new RF-SOI substrates expand the frontiers of mobile communications;
- 19 January 2015: Soitec published its consolidated revenue for Q3 2014-215 and announced strategic refocusing on its core electronic business;
- 22 December 2014: Soitec updated its 2015 and 2016 financial objectives;
- 18 December 2014: Information on the total number of voting rights and shares composing the capital (pdf);
- 3 December 2014: Altatech announced new, fast atomic-layer CVD system;
- 2 December 2014: Soitec's Altatech division introduced a new inspection system for substrates used in rapidly growing LED and semiconductor markets;
- 2 December 2014: Soitec and Simgui extended their strategic partnership with a distribution agreement for wafers in China;
- 1 December 2014: New world record for solar cell efficiency at 46%;
- 27 November 2014: Soitec's Lighting Division presented its new range of LED communicating panes at the SIMI trade fair; Soitec DigiMeG 25 November 2014. Publication of the half-year financial statement for 2014-2015 24 November 2014 Soitec and SK Innovation signed a collaboration agreement on advanced semiconductor materials;
- 19 November 2014: Half-year financial statement 2014-2015 (pdf);
- 23 October 2014: Information on the total number of voting rights and shares composing the capital (pdf);
- 23 October 2014: Soitec entered into a sales agreement to sell 150MW of power purchase agreements (PPAs) to a large solar service provider;

- 20 October 2014: Soitec reported consolidated revenue of €160.0 million for H1 2014-2015;
- 16 October 2014: Solar solidarity-based electricity: in Lebanon, the Taanayel centre is celebrating its first year of power supply with Soitec;
- 16 October 2014: Focusic is building a 20MWc CPV power plant in China using Soitec's high-efficiency modules;
- 09 October 2014: Soitec and its partners inaugurated a 1.29MWc CPV power plant in Portugal;
- 06 October 2014: Soitec received Sony's Best Partnership award for its support in the scope of the supply of its RF-SOI substrates;
- 29 September 2014: Acquisition by IntelliEPI of the gallium arsenide (Ga-As) epitaxy business from Soitec's Specialty Electronics subsidiary;
- 12 September 2014: Information on the total number of voting rights and shares composing the capital (pdf);
- 5 September 2014: Amendment of the adjustment ratio for OCEANEs (pdf);
- 22 August 2014: Information on the total number of voting rights and shares composing the capital (pdf);
- 21 July 2014: Soitec reported consolidated revenue of €49.5 million for Q1 2014-2015;
- 18 July 2014: Successful completion of the €83 million capital increase;
- 8 July 2014: Soitec announced widespread adoption of its eSI™ substrates by leading RF semiconductor companies;
- 2 July 2014: Concentrated photovoltaics: the largest power plant in France celebrated its third year of operating in Rians;
- 25 June 2014: Soitec announced the launch of a capital increase with shareholders' preferential subscription rights, for an amount of approximately €83 million;
- 18 June 2014: Publication of the Update of the Reference Document;
- 30 April 2014: Information on the total number of voting rights and shares composing the capital;
- 28 April 2014: Exosun and Soitec pooled their expertise to market a new concentrated photovoltaic system;
- 22 April 2014: Minutes of the Extraordinary General Meeting of 22 April 2014;
- 22 April 2014: Extraordinary General Meeting of 22 April 2014;
- 22 April 2014: Annual results 2013-2014;
- 15 April 2014: Soitec: update to Tenaska's solar plant project;
- 15 April 2014: Soitec: amendment of the reporting calendar;
- 14 April 2014: Altatech's advanced inspection and metrology system selected by leading LED manufacturing OSRAM;
- 11 April 2014: Information on the total number of voting rights and shares composing the capital;
- 7 April 2014: Soitec selected in more than ten new solar power plant projects in France;
- 1 April 2016: Soitec shares not eligible for the new PEA-PME (share savings plan for financing SME).

25. Information on holdings

This chapter presents the list of companies in which the Company holds more than 50% of the capital and voting rights. The Company holds 100% of the share capital and voting rights of the following companies:

- Soitec USA Inc., a company whose registered office is located at 11682 El Camino Real, Suite 260, San Diego, CA 92130, United States;
- Soitec Microelectonics Singapore Pte Ltd., a company whose registered office is located at 81 Pasir Ris Industrial Drive 1, Singapore 518 220;
- Soitec Japan Inc., a company whose registered office is located at 3-1, Marunouchi 3-Chome, Chiyoda-Ku, 100-0005 Tokyo, Japan;
- Soitec Solar GmbH, located at 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;
- Soitec Corporate Service S.A.S., a company whose registered office is located at 54, avenue Marceau, 75008 Paris;
- Soitec Trading Shanghai Co Ltd, a company whose registered office is located at Room 103-12, Zhenhua Heavy, Industry R&D Building Tower B no. 3261 Dong Fang Road, Pu Dong, New District Shanghai.

The Company's subsidiaries apart from Soitec Solar GmbH, Soitec Microelectronics Singapore Pte Ltd. and Soitec Corporate Services S.A.S., are the Company's product sales units.

26. Company's financial instrument market

The Company's shares have been listed on Euronext Paris since 9 February 1999.

Volume of transactions and change in share price:

	Share					
	Highest (in €)	Lowest (in €)	Average (in €)	Number of shares traded	Capital traded (in € thousand)	Capitalisation based on the average price (in € thousand)
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
July	7.300	5.870	6.668	26,634,534	178.01	814,201
August	6.500	4.570	5.148	34,083,648	176.55	628,601
September	5.150	3.601	4.462	26,840,556	118.44	544,836
October	4.673	3.480	3.897	28,977,394	113.16	475,846
November	4.194	3.010	3.424	30,478,373	107.45	418,090
December	4.190	3.250	3.709	23,492,786	88.40	452,890
2012						
January	5.100	3.750	4.343	30,531,498	134.10	530,305
February	5.170	4.200	4.616	22,847,639	107.04	563,640
March	5.139	4.306	4.775	18,379,996	88.38	583,163
April	4.390	3.030	3.482	18,744,951	62.55	425,251
May	3.240	2.608	2.892	12,551,773	36.32	353,195
June	3.087	2.450	2.737	11,862,954	33.84	334,770
July	3.250	2.120	2.593	17,781,732	45.00	317,157
August	3.150	2.240	2.729	19,192,667	52.72	333,792
September	2.860	2.280	2.582	10,908,127	28.09	315,812
October	2.449	2.157	2.293	8,283,785	18.99	280,463
November	2.679	2.153	2.309	13,504,537	32.10	282,433
December	2.722	2.282	2.484	12,821,880	32.08	303,839

	Share					
	Highest (in €)	Lowest (in €)	Average (in €)	Number of shares traded	Capital traded (in € thousand)	Capitalisation based on the average price (in € thousand)
2013						
January	3.540	2.616	2.972	28,519,589	85.74	364,447
February	2.960	2.640	2.770	10,729,593	29.98	339,676
March	3.200	2.710	2.952	11,603,462	34.49	361,994
April	2.970	2.540	2.687	7,719,440	20.91	329,498
May	2.870	2.403	2.882	11,564,509	36.35	355,088
June	2.834	2.000	2.739	17,329,372	41.20	337,469
July	2.090	1.590	1.752	50,795,344	48.50	302,207
August	2.100	1.660	1.855	64,496,579	121.35	319,973
September	2.110	1.750	1.937	46,966,352	91.65	334,118
October	2.040	1.650	1.828	34,610,894	63.01	315,316
November	1.730	1.330	1.556	46,423,730	69.89	268,398
December	1.570	1.370	1.437	20,732,194	30.17	247,871
2014						
January	1.710	1.400	1.541	42,428,115	67.85	265,947
February	2.280	1.430	1.610	55,976,191	105.29	277,855
March	2.660	2.100	2.283	119,642,043	281.58	394,002
April	2.530	1.780	2.198	79,674,969	170.82	379,333
May	3.300	2.060	2.592	109,021,028	301.02	447,329
June	3.042	2.130	2.937	63,419,871	167.91	508,520
July	2.450	2.130	2.279	42,884,679	98.10	512,970
August	2.260	1.890	2.011	26,762,623	54.32	452,647
September	2.380	1.930	2.125	37,565,228	80.02	478,307
October	2.220	1.680	2.003	42,301,855	84.01	450,846
November	2.210	1.910	2.043	31,312,631	64.62	459,850
December	2.390	0.860	1.825	119,261,050	145.79	410,781
2015						
January	1.080	0.890	0.983	67,054,510	66.58	221,259
February	0.900	0.870	0.888	26,980,111	23.94	205,204
March	0.920	0.820	0.881	36,076,330	31.91	203,677
April	0.950	0.850	0.883	26,675,918	23,816	204,241
May	0.910	0.760	0.821	42,093,650	31,911	203,677
June	0.910	0.680	0.740	77,223,436	48,135	171,164
July	0.800	0.680	0.725	26,552,333	19,707	167,695
August	0.740	0.530	0.642	19,855,366	12,564	148,497

	Share					
	Highest (in €)	Lowest (in €)	Average (in €)	Number of shares traded	Capital traded (in € thousand)	Capitalisation based on the average price (in € thousand)
September	0.620	0.500	0.557	16,278,040	9,239	128,836
October	0.890	0.480	0.702	79,143,524	58,842	162,375
November	0.810	0.730	0.761	20,232,321	15,532	176,022
December	0.770	0.630	0.680	13,631,292	8,979	157,300
2016						
January	0.710	0.520	0.594	18,573,195	11,181	137,407
February	0.600	0.480	0.529	14,804,694	7,944	122,370
March	0.680	0.560	0.615	13,953,425	8,748	142,264
April	0.610	0.560	0.588	5,682,140	3,359	136,019
May	0.620	0.470	0.592	42,800,270	23,371	219,252

Source: Euronext.

Volume of transactions and evolution of OCEANEs 2018:

	OCEANE at 6.75%	
	Monthly average (in euros)	Volumes traded
2013		
September	2.64	127,630
October	2.55	259,822
November	2.21	155,616
December	1.98	268,282
2014		
January	2.09	163,301
February	2.13	268,326
March	2.63	200,571
April	2.66	133,810
May	2.95	350,662
June	3.15	118,271
July	2.90	35,810
August	2.89	6,260
September	2.95	113,386
October	2.82	225,553
November	2.90	48,046
December	2.51	220,576

	OCEANE at 6.75%	
	Monthly average (in euros)	Volumes traded
2015		
January	1.57	946,125
February	1.42	517,858
March	1.62	239,716
April	1.73	143,530
May	1.78	103,612
June	1.71	76,789
July	1.77	70,656
August	1.72	56,289
September	1.58	174,094
October	1.61	249,360
November	1.74	150,951
December	1.71	120,635
2016		
January	1.63	142,080
February	1.93	478,110
March	2.21	311,396
April	2.26	212,567
May	2.47	1,385,082

Source: Euronext.

The closing share price of Soitec shares as at 1 July 2016 was €0.540.

27. Glossary

EQUIPMENT

Wafer

Semiconductor plate, board, layer used as a support for manufacturing micro-structures. These micro-structures are a major component in the manufacturing of integrated circuits, power semiconductors or electromechanical microsystems.

Converter

Power electronic device which can deliver alternative currents and voltages from a continuous electric power source. It is the reverse function of a rectifier. The converter is direct/alternative static converter.

COMPONENTS

Substrate

Physical base, support or stand which can receive any scriptural or other element, organic, to assure its sustainability or development.

Silicon On Insulator (SOI)

Structure constituted of a stacking of a layer of silicon (from 50nm to a few µm thick) on an insulator layer. This technology is an alternative to raw silicon in the manufacturing of transistors operating at high frequencies. In fact, despite its development cost which is 10% more than traditional technologies on massive substrate, the performance gain is evaluated between 20 and 35%.

Bulk silicon

Bulk silicon in "basic" form (unlike advanced substrates such as the SOI), whose semiconductor properties have allowed for the creation of transistors and then integrated circuits ("chips").

INDUSTRIAL APPLICATIONS

Bonded SOI

Process of bonding silicon wafers without additional intermediary layers.

FD-SOI (Fully-Depleted Silicon On Insulator)

FD-SOI technology is considered a low consumption and high performance new generation alternative to traditional silicon technologies. The wafers used for the fully depleted flat structure transistors' technology are composed of an extremely thin silicon layer on an insulting oxide layer. These wafers, adapted for "general public" mobile and multi-media applications, are able to reduce the energy consumption by up to 40% compared to traditional technologies, at equivalent performances.

Smart Cut

Process allowing for transferring very fine layers of crystalline materials to a mechanical support. The application of this technological process is used mainly in Silicon-on-Insulator (SOI). The role of SOI is to electronically insulate a thin layer of mono-crystalline silicon from the rest of the silicon plate, an ultra-thin silicon film is transferred to a mechanical medium, which introduces an interim, insulator layer. Semiconductor manufacturers can then manufacture integrated circuits on the upper layer of the SOI wafers by using the same processes they would use on raw silicon plates.

Smart stacking

The Soitec Smart Stacking technology allows for transferring thin layers of substrates or circuits to other substrates, in a performing industrial environment. It is used for the back-lit image sensors, whose sensitivity it is increasing, and means that the size of the pixels can be reduced. It opens up new prospects for RF and 3D applications.

FINANCIAL

AMF

Autorité des marchés financiers (French Financial markets authority).

Bond loan

Contract by which a legal entity (a company, a bank, a State or a governmental organisation) receives a certain amount of money from subscribers of the bonds it has issued.

The bonds corresponding to this bond loan bear interest remunerating the lender investors. These bonds also give their holders the right to be repaid on the maturity of the bond loan itself. Should the company fall bankrupt, the holders of the bond loan are reimbursed before the shareholders.

Goodwill

Can be estimated from profitability outlooks of the investments made by the company, taking account of the positions it has taken on its market.

The concept of goodwill corresponds to a financial valuation of the reputation, know-how and performances of the company but also of its positioning and the attachment of its suppliers and all of its partners.

Goodwill is an element monitored closely by investors since in the event of a sale or buy-out of the Company, the estimate of the value of the goodwill may provide good grounds for discussion for determining the sale price.

IFRS standards

Accounting standards (International Financial Reporting Standards) which are applied internationally and which are defined by the International Accounting Standard Board. The IFRS standards concern the summary documents (balance sheet, profit & loss account and appended tables) published by the companies but also, more generally, all published financial information.

OCEANE

Obligation convertible en actions nouvelles (bond that can be converted into new shares) An OCEANE gives its holder the possibility of converting its bond at any time, on given dates or even at maturity. An OCEANE may also sometimes be converted when the issuer wishes depending on the terms of the issue contract.

OS (Operating Segment)

According to the IFRS standards, a company has to define the highest possible number of operating segments (OS) composing it; these OS have to be largely independent in their operations and the company must allocate its assets to each of these OS. It is in these OS that the impairment tests are performed from time to time if there are reasons to believe that their value dropped or every year if they include goodwill.

OTHER

Moore's Law

Moore's Law was published in 1965 in "Electronics Magazine" by Gordon Moore, a Fairchild Semiconductor engineer, one of three founders of Intel. Ascertaining that the complexity of the semiconductors proposed at range entry-level doubled every year at a constant cost since 1959, the date of their invention, he forecast the continuation of this growth (in 1965, the most performing circuit contained 64 transistors). This exponential increase was quickly named Moore's Law, or, given the subsequent adjustment, Moore's First Law.

Transistor

A transistor is a semiconductor device with three active electrodes, which can control a current. They are found in high numbers in processors (smartphones, computers, etc.).

28. Reconciliation table

To make it easier to read the annual report filed in the form of a Reference Document, the following reconciliation table allows you to identify the information required in this Reference Document.

Annual Report Information	Reference
Board of Directors' Management Report	Chapters 9, 10 and 20
Situation of the Company's activities during the past financial year, and as appropriate, its subsidiaries and companies it controls	Chapters 3, 6 and 9
Results of the Company's activities, its subsidiaries and companies it controls by business sector	Chapters 9 and 20.3
Major events that have occurred since the end of the financial year and the filing date of this document	Chapter 20.9
Difficulties encountered and future outlook	Chapters 3, 9 and 13
Research and Development activities	Chapter 11
Analysis of the change in business, results and the financial position	Chapters 6 and 9
Key financial performance indicators	Chapter 3
Key indicators on environmental and personnel matters	Chapters 4.1.2, 5.3 and 17.1
Description of the main risks and uncertainties	Chapter 4
Information on the Company's use of financial instruments and objectives and policy on financial risk management	Chapters 4 and 10
Report on the employee shareholding scheme	Chapters 18.1 and 21.1.7
Total remuneration and benefits of all kinds paid to each corporate officer	Chapters 15.1 and 17.2
Social and environmental consequences	Chapters 4.1.2 and 5.3
Information on the technological accident risk prevention policy, the Company's ability to cover its civil liability	Chapters 4.1.2, 4.5 and 5.3
Amount of dividends distributed in the last three financial years	Chapter 20.7
Information on the share buy-back programme	Chapter 21.1.3
Transactions effected by executives on their shares	Chapter 14.2.2
Calculation elements and results of the adjustment of conversion or exercise bases of marketable securities giving access to capital and subscription options or or share purchase options	Chapter 21.1.4
Equity interest taken in companies whose registered office is within the territory of the French Republic and representing more than 1/20, 1/10, 1/5, 1/3, 1/2 or 2/3 of the capital or voting rights of these companies and control taken in companies whose registered office is within the territory of the French Republic	Chapters 7, 20.3.5 and 25
Summary table of delegations of power still valid in the Board of Director in terms of capital increase	Chapter 21.1.4.2
Usual first name and surname of the directors and Chief Executive Officers	Chapter 14.1
Table of results of the Company over the last five financial years	Chapter 20.3.4
Inventory of marketable securities	Chapter 20.3.3
Annual financial statements	Chapter 20.3.2
Consolidated financial statements	Chapter 20.3.1

Annual Report Information	Reference
Statutory auditors' report on the financial statements	Chapter 20.3.2.3
Statutory auditors' report on the consolidated financial statements	Chapter 20.3.1.3
Statutory auditors' report on the regulatory agreements	Chapter 19
Report of one of the auditors, appointed independent third party organisation, on the consolidated social, environmental and society-related information given in the management report	Chapter 28
Special report of the Chairman on the internal audit procedures	Chapter 16.5.1
Special statutory auditors' report on the internal audit procedures	Chapter 16.5.2
Special report of the Board of Directors on the share subscription options	Chapter 17.2.2.2

Integration of "Grenelle 2" sustainable development indicators in the Soitec management report

Completeness of information:

In the table below, Soitec presents a table indicating on what page of the report the Grenelle 2 indicators can be found. When Soitec was not able or did not yet wish to implement the indicators, we state the reason why.

Comparability of indicators:

The Decree requires that, as far as possible, the indicators given in the CSR reporting cover two years. Whenever possible, a comparison was made with the 2014-2015 data in the table below.

Scope of information:

Soitec has implemented group-level indicators whenever possible. However, the Company's refocusing on its core business concentrates the information on the Bernin site currently its only production site.

Soitec's exposure to climate change:

Soitec's activity and installations do not directly expose the Group to the impacts of climate change.

Compounds of rare earth or metals:

Soitec's activity does not require any significant consumption of rare metals or materials.

Information required in Article 225 of the French Grenelle 2 Law	Correspondence (pages of the report)	Data scope	Comparability with 2014-2015 reported in the Reference Document
Social information			
a) Employment			
Total headcount	17.1 Report on headcount - Diversity of headcount - Female staff, pages 62 to 64	Group	Pages 66 to 67
Breakdown of employees by sex, age and geographic region	17.1 Report on headcount - Female staff pages 62 and 64	Group	Pages 66 to 67
Recruitments and dismissals	17.1 Change in headcount, page 62	Group	Page 67
Remuneration and changes	17.1 Remuneration, Wage Policy, page 64	Group	Page 68
b) Organisation of work			
Organisation of working time	17.1 Organisation of work, page 63	Group	Page 67
Absenteeism	17.1 Organisation of work, page 63	Group	Page 67
c) Social relations			
Organisation of social dialogue, particular personnel information and consultation procedures and negotiating with them	17.1 Corporate responsibility of the company and social dialogue, page 65	Bernin	Pages 67, 68
Report on collective agreements	17.1 Professional relations and company agreements, page 66	Bernin	Page 70
d) Health and safety			
Occupational health and safety conditions	17.1 Conditions concerning hygiene and safety, page 66	Bernin	Page 70
Report on agreements signed with union organisations or personnel representatives on health and safety at work	17.1 Professional relations and company agreements, page 66	Bernin	Page 70
Occupational accidents, particularly their frequency and their seriousness, plus occupational diseases	17.1 Conditions concerning hygiene and safety, page 66	Bernin	Page 136
e) Training			
The policies implemented on training	17.1 Training, pages 66 and 67	Group	Page 71
Total number of training hours	17.1 Training, page 66	Group	Page 71
f) Equal treatment			
The policy implemented and the measures taken in favour of equality between men and women	17.1 Female staff, page 64	Group	Page 68
The policy implemented and the measures taken in favour of the employment and incorporation of disabled persons	17.1 Employment and incorporation of disabled workers, pages 65, 66	Bernin	Pages 69, 70
Anti-discrimination policy	17.1 Anti-discrimination policy, page 65	Group	Page 68

Information required in Article 225 of the French Grenelle 2 Law	Correspondence (pages of the report)	Data scope	Comparability with 2014-2015 reported in the Reference Document
g) Promotion and compliance with the provisions of the fundamental conventions of the International Labour Organisation on:			
Respect of the freedom of association and the right to collective bargaining	17.1 Promotion and compliance with the ILO conventions, page 67	Bernin	Page 71
The elimination of discrimination in terms of employment and profession	17.1 Promotion and compliance with the ILO conventions, page 67	Bernin	Page 71
The elimination of forced or mandatory labour	17.1 Promotion and compliance with the ILO conventions, page 67	Bernin	Page 77
The effective abolition of child labour	17.1 Promotion and compliance with the ILO conventions, page 67	Bernin	Page 77
Environmental information			
a) General environmental policy			
The Company's organisation to take account of environmental issues and, as appropriate, the environmental assessment or certification steps	5.3.2 and 5.3.4, pages 14 and 15	Bernin	Pages 17, 18
Training and information actions of salaried employees on environmental protection	5.3.6, page 19	Bernin	Pages 23, 24
Resources allocated to preventing environmental risks and pollution	5.3.3, page 15	Bernin	Page 17
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REPORT OF ONE OF THE AUDITORS, APPOINTED INDEPENDENT THIRD PARTY ORGANISATION, ON THE CONSOLIDATED SOCIAL, ENVIRONMENTAL AND SOCIETY-RELATED INFORMATION GIVEN IN THE MANAGEMENT REPORT

Financial year ending 31 March 2016

As statutory auditor of SOITEC S.A. appointed independent third party organisation, accredited by COFRAC under number 3-1060[1], we hereby present to you our report on the social, environmental and society-related information for the financial year ending 31 March 2016, presented in the management report (hereinafter the "CSR Information"), pursuant to the provisions of Article L.225-102-1 of the French Commercial Code.

Responsibility of the Company

It is the responsibility of the Board of Directors to prepare a management report including the CSR Information provided in Article R. 225-105-1 of the French Commercial Code, prepared in accordance with the "SD reporting protocol" used by the Company, (hereinafter the "Reference Base") available on request from the registered office of the Company.

Independence and quality control

Our independence is defined by the regulatory texts, the code of ethics of the profession and the provisions provided in Article L. 822-11 of the French Commercial Code. Further, we have implemented a quality control system which includes documented procedures and policies in view of ensuring compliance with the codes of ethics, professional standards and the applicable legal and regulatory texts.

Responsibility of the statutory auditor

Based on our works, it is our responsibility:

- to certify that the required CSR information is presented in the management report or is, in case of omission, explained pursuant to the third paragraph of Article R. 225-2015 of the French Commercial Code (Certificate of presence of CSR information);
- to express a conclusion of moderate assurance on the fact that the CSR Information, taken as a whole, is presented, in all its significant aspects, in a true and faithful manner in accordance with the Terms of Reference (Substantiated Opinion on the true and faithful nature of the CSR Information).

Our works focused on the competencies of 5 people and were carried out between mid-May and early June 2016 over a total period of approximately 3 weeks. To assist us in carrying out our works, we made use of CSR experts.

We conducted the works described below in accordance with the applicable professional standards in France and the French Decree of 13 May 2013 setting down the terms and conditions under which the independent third party company conducts its audit and, as regards the substantiated decision on the true and faithful nature of the CSR information, with the international standard ISAE 3000[2].

1 Whose content is available on the website www.cofrac.fr
2 When the ISAE 3000 is mentioned in the ILO report.

1. CERTIFICATE OF PRESENCE OF CSR INFORMATION

Nature and extent of the works

Based on meetings with the heads of the operational managers, we familiarised ourselves with the sustainable development objectives, according to the social and environmental consequences relating to the Company's activities and its society-related commitments and, as appropriate, the resulting actions or programmes.

We compared the CSR Information presented in the management report with the list provided by Article R. 225-105-1 of the French Commercial Code.

In case of absence of certain information, we checked that explanations were provided pursuant to the provisions of Article R. 225-105 (3) of the French Commercial Code.

Conclusion

Based on these works, we attest to the presence in the management report of the required CSR Information.

2. SUBSTANTIATED OPINION ON THE TRUE AND FAITHFUL NATURE OF THE CSR INFORMATION

Nature and extent of the works

We conducted 6 meetings with the 6 people responsible for preparing the CSR Information with the departments in charge of the information gathering processes in order to:

- assess the appropriate nature of the Reference Base as regards its relevance, completeness, reliability, neutrality, understandable nature, taking into consideration, as appropriate, the best practices of the sector;
- check the implementation of a collection, compilation, processing and audit process aiming to have complete and consistent CSR Information and familiarise ourselves with the internal audit and risk management procedures related to the drawing up of the CSR Information.

We determined the nature and extent of our tests and checks in accordance with the nature and the importance of the CSR Information in view of the characteristics of the Company, the social and environmental stakes of its activities, its objectives in terms of sustainable development and sector-based best practices.

For the CSR Information which we considered to be the most important (specified in the appendix):

- in the consolidating entity, we consulted the documentary sources and held meetings to corroborate the qualitative information (organisation, policies, actions), we implemented analytical procedures on the quantitative information and checked, based on surveys, the calculations and the consolidation of the data and checked their consistency and their concordance with the other information given in the management report;
- as regards a representative sample of entities, the Bernin electronic site, which we selected depending on its activity, its contribution to the indicators, its base and a risk analysis, we held meetings to check the correct application of the procedures and implemented detailed tests based on samples taken, consisting of checking the calculations performed and comparing them with the data on the supporting documents. The sample thus selected represents 95% of the headcount.

For the other CSR Information, we assessed their consistency in relation to our knowledge of the Company.

Finally, we assessed the relevance of the explanations relating, as appropriate, to the total or partial absence of some information.

We believe that the sampling methods and size of samples we used by exercising our professional judgment allows us to make a conclusion of moderate assurance: assurance of a higher level would have required more extensive verification works. Due to the use of sampling techniques and other limitations inherent in the operating of any information and internal audit system, the risk of not detecting a significant anomaly in the CSR information cannot be completely set aside.

Conclusion

Based on our works, we have not revealed any significant anomaly likely to call into question the fact that the CSR Information, taken as a whole, is presented in a true and faithful manner, in accordance with the Reference Base.

Done in Paris on 1 July 2016

The statutory auditor

PricewaterhouseCoopers Audit

Nicolas Brunetaud
Partner

Sylvain Lambert
Associate of the Sustainable Development Department

APPENDIX: LIST OF INFORMATION WHICH WE CONSIDERED TO BE THE MOST IMPORTANT

Social information:

- Total headcount and the breakdown of employees by sex, by age and by geographic region, including indicators on the headcount of the Company at year-end with breakdown by sex and by age;
- Organisation of working time;
- Organisation of social dialogue;
- Occupational accidents, particularly their frequency and their seriousness; including indicators on the number of occupational accidents with stopping of work, number of days not at work and number of hours worked;
- Training-relate policies;
- Number of training hours;
- The policy implemented and the measures taken in favour of equality between men and women;
- The policy implemented and the measures taken in favour of the employment and incorporation of disabled persons.

Environmental information:

- Organisation of the Company to take account of the environmental issues;
- Consumption of raw materials and measures taken to improve efficiency in their use;
- Energy consumption, measures taken to improve the energy efficiency and use of renewable energies; including indicators on electricity consumption, gas consumption and water consumption;
- Emissions of greenhouse gases.

Social information:

- Taking into account in the procurement policy of the social and environmental stakes;
- The importance of subcontracting and the taking into account in the relations with the suppliers and the subcontractors of their society responsibility;
- The actions taken to prevent corruption;
- The measures taken in favour of the health and safety of consumers.

29. Identification sheet

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TEXT OF THE RESOLUTIONS SUBMITTED TO THE ORDINARY AND EXTRAORDINARY GENERAL MEETING OF 25 JULY 2016

RESOLUTIONS OF THE COMPETENCE OF THE ORDINARY GENERAL SHAREHOLDERS MEETING

First resolution - Approval of the consolidated financial statements for the financial year ending 31 March 2016,

The General Meeting, resolving under the conditions of quorum and majority for Ordinary General Meetings, having read the management report of the Board of Directors and the general report of the Auditors on the financial statements for the financial year ending 31 March 2016, approves all of these financial statements as presented showing revenue of €220,309,732 and a loss of -€64,296,325.89, in addition to the transactions recognised in such statements or summarised in such reports.

The General Meeting also approves the total amount of the non-deductible expenses and costs liable to corporation tax amounting to €111,316 for the financial year.

Second resolution - Approval of the consolidated statements for the financial year ending 31 March 2016

The General Meeting, resolving under the conditions of quorum and majority for Ordinary General Meetings, having read the management report of the Board of Directors and the general report of the Auditors on the consolidated statements for the financial year ending 31 March 2016, approves the consolidated statements for the financial year ending 31 March 2016 as presented to it showing revenue of €233,194,000 and a net loss (Group share) of -€71,665,000, in addition to the transactions recognised in such statements or summarised in such reports.

Third resolution - Allocation of the results of the financial year ending 31 March 2016

The General Meeting resolving under the conditions of quorum and majority required for Ordinary General Meetings, after reading the management report of the Board of Directors and the general report of the Auditors on the financial statements of the financial year ending 31 March 2016, resolves to allocate the loss of the financial year ending 31 March 2016, amounting to -€64,296,325.90, to the carry forward account which increases from -€821,154,076.72 to -€885,450,402.61.

The General Meeting acknowledges that no dividends have been distributed in the last three financial years.

Fourth resolution - Approval of the regulatory agreements

The General Meeting, resolving under the conditions of quorum and majority required for Ordinary General Meetings, having read the special report of the auditors on the agreements provided in Article L. 225-38 *et seq.* of the French Commercial Code, approves the said report presenting the regulatory agreements and the commitments previously entered into or approved, which continued in the financial year.

Fifth resolution - Appointment of a new director

The General Meeting, resolving under the conditions of quorum and majority required for Ordinary General meetings and after reading the report of the Board of Directors, resolves to appoint Bpifrance Investisssement, represented by Mr Thierry Sommelet, as director:

(i) should the twenty-seventh resolution be adopted, for a term of three (3) years which will expire at the time of the General Shareholders Meeting which will be called to approve the financial statements of the financial year ending 31 March 2019;

(ii) should the twenty-seventh resolution not be adopted, for a term of four (4) years which will expire at the time of the General Shareholders Meeting which will be called to approve the financial statements of the financial year ending 31 March 2020.

Sixth resolution - Renewal of the term of office of director of Mr Paul Boudre

The General Meeting, resolving under the conditions of quorum and majority required for Ordinary General meetings and after reading the report of the Board of Directors, resolves that the term of office of director of Mr Paul Boudre has expired and decides to renew his term of office of director:

(i) should the twenty-seventh resolution be adopted, for a term of three (3) years which will expire at the end of the General Meeting of Shareholders convened to approve the financial statements for the financial year ending 31 March 2019;

(ii) should the twenty-seventh resolution not be adopted, for a term of four (4) years which will expire at the end of the General Meeting of Shareholders convened to approve the financial statements for the financial year ending 31 March 2020.

Sixth resolution - Renewal of the term of office of director of Mr Paul Boudre

The General Meeting, resolving under the conditions of quorum and majority required for Ordinary General meetings and after reading the report of the Board of Directors, resolves that the term of office of director of CEA Investissement, appointed temporarily to replace a resigning director, has expired and decides to renew its term of office of director:

(i) should the twenty-seventh resolution be adopted, for a term of three (3) years which will expire at the end of the General Meeting of Shareholders convened to approve the financial statements for the financial year ending 31 March 2019;

(ii) should the twenty-seventh resolution not be adopted, for a term of four (4) years which will expire at the end of the General Meeting of Shareholders convened to approve the financial statements for the financial year ending 31 March 2020.

Eighth resolution - Renewal of the term of office of director of Bpifrance Participations, under the condition precedent of the adoption of the twenty-seventh resolution

The General Meeting, resolving under the conditions of quorum and the majority required for Ordinary General Meetings:

1. **resolves** that should the twenty-seventh resolution be adopted, the term of office of director of Bpifrance Participations shall end on the date of this Meeting; and
2. **resolves** in consequence thereof, under the condition precedent of the adoption of the twenty-seventh resolution, to renew the term of office of Bpifrance Participations, represented by Mrs Sophie Paquin, for a term of three (3) years which will expire at the time of the General Shareholders Meeting which will be called to approve the financial statements of the financial year ending 31 March 2019.

Ninth resolution - Appointment of Ernst & Young Audit as principal statutory auditor of the Company

The General Meeting, resolving under the conditions of quorum and majority required for Ordinary General Meetings, after acknowledging the expiry at the time of this Meeting of the term of office of PricewaterhouseCoopers Audit, resolves, having read the report of the Board of Directors, to appoint Ernst & Young Audit, at 1-2, place des Saisons – 92037 Paris La Défense Cedex, as principal statutory auditor for a term of six financial years, which shall end at the time of the Ordinary General Meeting which shall be called upon to approve the financial statements of the financial year ending 31 March 2022.

Tenth resolution - Appointment of Auditex as alternate statutory auditor of Ernst & Young Audit

The General Meeting, resolving under the conditions of quorum and majority required for Ordinary General Meetings, after acknowledging the expiry at the time of this Meeting of the term of office of Mr Yves Nicolas as alternate statutory auditor of PricewaterhouseCoopers Audit, resolves, having read the report of the Board of Directors, to appoint Auditex, at 1-2, place des Saisons – 92037 Paris La Défense Cedex, as alternate statutory auditor of Ernst & Young Audit for a term of six financial years, which shall end at the time of the Ordinary General Meeting which shall be called upon to approve the financial statements of the financial year ending 31 March 2022.

Eleventh resolution - Appointment of KPMG S.A. as principal statutory auditor of the Company

The General Meeting, resolving under the conditions of quorum and majority required for Ordinary General Meetings, after acknowledging the expiry at the time of this Meeting of the term of office of the firm Muraz Pavillet, resolves, having read the report of the Board of Directors, to appoint KPMG S.A. at Tour EQHO, 2, avenue Gambetta – 92066 Paris La Défense Cedex, as principal statutory auditor for a term of six financial years, which shall end at the time of the Ordinary General Meeting which shall be called upon to approve the financial statements of the financial year ending 31 March 2022.

Twelfth resolution - Appointment of SalustroReydel as alternate statutory auditor of KPMG S.A.

The General Meeting, resolving under the conditions of quorum and majority required for Ordinary General Meetings, after acknowledging the expiry at the time of this Meeting of the term of office of Mr René-Charles Perrot as alternate statutory auditor of the firm Muraz Pavillet, resolves, having read the report of the Board of Directors, to appoint SalustroReydel, at Tour EQHO, 2, avenue Gambetta – 92066 Paris La Défense Cedex, as alternate statutory auditor of KPMG S.A. for a term of six financial years, which shall end at the time of the Ordinary General Meeting which shall be called upon to approve the financial statements of the financial year ending 31 March 2022.

Thirteenth resolution - Advisory opinion on the remuneration owed and awarded to Mr Paul Boudre for the financial year ending 31 March 2016

The General Meeting, consulted pursuant to the AFEP-MEDEF Code on corporate governance of listed companies (paragraph 24.3.), resolving under the conditions of quorum and majority required for Ordinary General Meetings and having read the report of the Board of Directors, issues a favourable opinion on the remuneration owed and awarded for the financial year ending 31 March 2016 to Mr Paul Boudre, as provided in the Reference Document 2015-2016 of the Company.

Fourteenth resolution - Authorisation given to the Board of Directors to trade on the shares of the Company

The General Meeting, resolving under the conditions of quorum and majority required for Ordinary General Meetings and having read the report of the Board of Directors, and pursuant to the provisions of the French Commercial Code and particularly its Article L. 225-209 et seq, to the directly applicable provisions of Regulation (EC) No 2273/2003 of 22 December 2003 and to the market practices admitted by the AMF, authorises the Board of Directors, with the option of sub-delegation, under the conditions provided by the law and the Articles of Association of the Company, to buy or have bought the shares of the Company, with a view:

- to ensuring liquidity and making a market on the secondary share market of the Company through an investment service provider acting independently in the framework of a liquidity agreement which complies with the AMAFI ethical charter acknowledged by the AMF, or
- the award or sale of shares to employees and/or former employees and executives or former executives of the Company and/or of Companies related to it or that will become related to it, under the conditions and according to the procedures provided by applicable regulations, notably share purchase option plans, schemes for the free award of existing shares or company saving schemes; or
- the retention and deferred award of shares (in exchange, as payment or other) for external growth operations, it being specified that the maximum amount of shares acquired with a view to their retention and subsequent award as payment or in exchange for merger, demerger or capital contribution operation may not exceed 5% of the capital; or
- hedging securities giving entitlement to award of Company shares by the submission of shares when exercising rights attached to securities giving entitlement by reimbursement, conversion, exchange, presentation of a coupon or any other way to award of Company shares; or
- subject to adoption of the twenty-fourth resolution, to subsequently cancel, in whole or in part, the shares thus bought in under the conditions provided in Article L. 225-209 of the Commercial Code; or
- to implement any other permitted market practice or which is allowed by the market authorities; or
- in fulfilment of any other authorised purpose or that will be authorised by the law or regulations in force subject to informing the Company shareholders by a communique.

The buying of shares may concern a number of shares such that:

- the number of shares acquired during the repurchase programme shall not exceed 5% of shares constituting the Company's share capital at any time, said percentage referring to capital adjusted according to operations impacting on it after the Meeting of Shareholders, it being stated that for the special case of shares purchased for a liquidity agreement, the number of shares considered for calculating the 5% limit is equivalent to the number of shares purchased, after deducting the number of shares resold during validity of the authorisation;
- the number of shares which the Company holds at any time shall not exceed 5% of shares composing the Company share capital, said percentage applying to capital adjusted according to operations affecting it after the Meeting of Shareholders.

The purchase of shares may be made on one or more occasions, by any means, on a regulated market, a multilateral trading facility, from a systematic internalizer or by mutual agreement, including by public offer or transactions for blocks of shares (which may represent the entire programme). However, the Company does not intend to make recourse to derivatives. These operations may be performed at any time, pursuant to the legal provisions in force, excluding during public offerings of Company securities.

The Shareholders' Meeting resolves that the maximum share price is one Euro (€1) per share. In the event of capital transactions, notably division or splitting of shares or award of free shares, the aforementioned amount will be adjusted in the same proportions (adjustment coefficient equal to the ratio between the number of shares comprising the capital prior to the operation and the number of shares after the operation).

In consequence, pursuant to Article R. 225-151 of the French Commercial Code, the Shareholders Meeting fixes as €3,030,203 the maximum overall amount allocated to the share repurchase programme authorised above, as calculated on the basis of the share capital on 8 June 2016 composed of 606,040,745 shares.

The Meeting of Shareholders vests all powers in the Board of Directors, with a right of sub-delegation, to implement this authorisation, conclude all agreements, fulfil all formalities and make all declarations to all bodies and, in general, take all necessary action.

The authorisation shall take effect at the end of this Meeting of Shareholders and expire on the day of the Shareholders' Meeting called to approve the financial statements for the financial year ending 31 March 2017.

RESOLUTIONS OF THE COMPETENCE OF THE EXTRAORDINARY GENERAL SHAREHOLDERS MEETING

Fifteenth resolution - Delegation of competence to be given to the Board of Directors to increase the Company capital by issue, with retention of the preferential subscription right, of shares and/or securities giving access, immediately or in future, to the Company capital.

The General Meeting, resolving under the conditions of quorum and majority required for Extraordinary General Meetings, after reading the report of the Board of Directors and the special report of the Auditors and pursuant to the provisions of Articles L.225-129 *et seq.* and L.228-91 *et seq.* and in particular Articles L.225-192-2 and L.228-92 of the French Commercial Code:

1. **confers** on the Board of Directors. with the option of sub-delegation under the conditions provided by the law, its competence to proceed, on one or more occasions, in the proportion and at the times it decides, in Euro, foreign currency or any other accounting unit established with reference to a basket of currencies, to issue in France and/or abroad, with retention of the preferential subscription right, ordinary shares and/or all securities (including warrants and debt securities) issued for consideration or gratuitously, giving access by all means, immediately and/or in future,

at any time or on a fixed date, by subscription, conversion, exchange, reimbursement, presentation of a warrant or any other means, to the Company's ordinary shares, it being specified that subscription of said shares and/or other securities may be made either in cash or by offsetting liquid due receivables;

2. **fixes** at twenty-six (26) months from this General Meeting, the validity period of this delegation, on the understanding that the purpose of this delegation is to render lapsed any delegation of competence conferred by a resolution of the same nature adopted previously;
3. **resolves** to fix as follows the limits of the amounts of the issues authorised in case of use by the Board of Directors of this delegation of competence:
   a. The maximum nominal amount of the capital increases which may be made immediately or in the future under the delegation of competence herein may not exceed the cap of €40 million in nominal, or the equivalent of this amount, on the understanding that:
      (i) the cumulated nominal amount of the capital increase by virtue of the shares issued, directly or indirectly, on the basis of this resolution and of the sixteenth, seventeenth, eighteenth, nineteenth, twentieth, twenty-first, twenty-second and twenty-third resolutions, subject to their adoption by this Meeting, and on the basis of the issues authorised by resolutions of the same nature which might succeed the said resolutions during the validity period of this delegation, may not exceed the total cap of €40 million in nominal; and
      (ii) to these caps is added the nominal amount of the capital increases by virtue of the ordinary shares to be issued potentially to protect, pursuant to the law and, as appropriate, to the contractual provisions providing other cases of adjustment, the rights of the holders of securities and holders of other rights giving access to the capital of the Company;
   b. The maximum nominal amount of the securities representing receivables or similar securities, giving access to the capital of the Company which may be issued under this delegation of competence may not exceed the cap of €150 million or the equivalent of this amount, on the understanding that to this amount shall be charged the nominal amount of the securities representing receivables or similar securities, giving access to the capital of the Company which shall be issued on the basis of this resolution and of the sixteenth, seventeenth, eighteenth, nineteenth, twentieth, twenty-first, twenty-second and twenty-third resolutions, subject to their adoption by this Meeting, and on the basis of the issues authorised by resolutions of the same nature which might succeed the said resolutions during the validity period of this delegation;
4. Should the Board of Directors make use of this delegation of competence:
   - **resolves** that the issue(s) shall be reserved, preferably, for the shareholders of the Company that may subscribe in an irreducible manner in proportion to the number of shares owned by them;
   - **confers** nevertheless on the Board of Directors the ability to grant to shareholders the right to subscribe, on a reducible basis, a higher number of shares or securities than what they could have subscribed on an irreducible basis, proportionally to the subscription rights they have and, in any event, in the amount of their request;
   - **resolves** that if the irreducible securities and, as appropriate, the reducible ones, did not absorb all of such issue, the Board of Directors may use, under the conditions provided by the law and in the order it shall determine, either or both of the options provided hereinafter:
     › to limit the issue to the amount of the subscriptions, provided that these reach at least three-quarters of the issue initially decided upon;
     › to distribute freely all or part of the securities not subscribed between persons of its choice;
     › to offer to the public all or part of the securities not subscribed, on the French and/or international market;
5. **resolves** that the issues of share subscription warrants of the Company may be made by subscription offer, but also by free allocation to the shareholders of the Company, on the understanding that in case of free allocation of autonomous warrants, the Board of Directors shall have the ability to decide that the split rights may not be traded and that the corresponding securities shall be sold;
6. **grants** all powers to the Board of Directors, with the option of sub-delegation under the conditions set out by law, in order to proceed with the aforementioned issues pursuant to the terms and conditions it determines in accordance with the law, and in particular to:
   - determine the dates and terms and conditions of the issues in addition to the form and the characteristics of the shares and/or securities to be issued;
   - determine the number of shares and/or other securities to be issued, determine their price and the terms and conditions of their issue, if appropriate, the amount of the premium, the terms and conditions of their paying-up and their date of entitlement (as appropriate on a retroactive basis), and as appropriate the terms and conditions of their buy-back;
   - suspend, as appropriate, the exercise of the rights attached to such securities for a minimum period of three months in the cases and within the limits provided by the applicable legal and regulatory provisions;
   - charge, on its own initiative, the costs of an issue to the amount of the related issue premiums and deduct from this amount the sums required to ensure that the legal reserve is one tenth of the new share capital after each increase;
   - in general, take all appropriate measures, enter into any agreements, request all authorisations, perform all formalities and do everything necessary to successfully achieve the planned issues or to postpone them, and in particular acknowledge the capital increases resulting from any issue made under this delegation, correlatively amend the Articles of Association, request the listing of any shares and/or securities issued under this delegation.

The Board of Directors may not, except subject to prior authorisation by the General Meeting, make use of this delegation with effect from deposit by a third party of a public offering for the Company's securities, up until the end of the offer period.

Sixteenth resolution - Delegation of competence to be given to the Board of Directors to increase the Company capital by issue, with cancellation of the preferential subscription right, of shares and/or securities giving access, immediately or in future, to the Company capital

The General Meeting, resolving under the conditions of quorum and majority required for Extraordinary General Meetings, after reading the report of the Board of Directors and the special report of the Auditors and pursuant to the provisions of Articles L. 225-129-2, L. 225-135, L. 225-136, L. 225-148 and L. 228-92 of the French Commercial Code:

1. **confers** on the Board of Directors. with the option of sub-delegation under the conditions provided by the law, the competence to proceed, on one or more occasions, in the proportion and at the times it decides, in Euro, foreign currency or any other accounting unit established with reference to a basket of currencies, to issue without the preferential subscription right, in France and/or abroad, by means of public offers, ordinary shares and all securities issued for consideration or gratuitously, giving access by all means, immediately and/or in future, at any time or on a fixed date, by subscription, conversion, exchange, reimbursement, presentation of a warrant or any other means, to the Company's ordinary shares, it being specified that subscription of said shares and/or other securities may be made either in cash or by offsetting liquid due receivables;
2. **sets** the validity period of this delegation at twenty-six (26) months from this General Meeting;
3. **determines** as follows the limits of the amounts of the issues authorised in case of use by the Board of Directors of this delegation of competence:
   a. the maximum nominal amount of the capital increases which may be made immediately or in the future under the delegation of competence herein may not exceed the cap of €15 million in nominal, or the equivalent of this amount, on the understanding that:
      (i) this cap is common to this resolution and to the seventeenth, eighteenth, nineteenth, twentieth and twenty-second resolutions; and

(ii) this amount shall be charged to the amount of the total cap of €40 million provided in "3.a(i)" of the fifteenth resolution of this Meeting or, as appropriate, to the amount of the cap potentially provided by a resolution of the same kind which may succeed it during the validity period of this delegation;

b. the maximum nominal amount of the securities representing receivables or similar securities, giving access to the Company capital to be issued on the basis of this resolution shall not exceed the cap of €150 million or the equivalent of that amount, it being specified that this amount will be set off against the amount of the global cap of €150 million in '3.b' of the fifteenth resolution of this Meeting, or if applicable, against the amount of any cap that may be provided by resolution of the same nature which succeeds it throughout the period of validity of this delegation;

4. **resolves** that the issues made under this delegation shall be by means of public offers, on the understanding that they may be made together with an offer or offers provided in II of Article L. 411-2 of the French Monetary and Financial Code made on the grounds of the seventeenth resolution submitted for the vote of this General Meeting;
5. **resolves** to cancel the preferential subscription right of the shareholders to the shares and/or securities which may be issued under the delegation herein;
6. **resolves** that the Board of Directors may establish in favour of shareholders a right of priority, in an irreducible and potentially reducible manner, of a duration which it shall determine pursuant to the law and to the regulatory provisions, for all or part of an issue made within the framework of this resolution and which shall be exercised in proportion to the number of shares owned by each shareholder pursuant to the legal and regulatory provisions;
7. **resolves** that if the irreducible securities and, as appropriate, the reducible ones, did not absorb all of such issue, the Board of Directors may use, under the conditions provided by the law and in the order it shall determine, either or both of the options provided hereinafter:
   - to limit the issue to the amount of the subscriptions, provided that these reach at least three-quarters of the issue initially decided upon;
   - to distribute freely all or part of the securities not subscribed between persons of its choice;
   - to offer to the public all or part of the securities not subscribed, on the French and/or international market;
8. **acknowledges and resolves**, as need be, that this delegation automatically entails in favour of holders of securities giving access to shares of the Company, which may be issued under this resolution, waiver by the shareholders of their preferential subscription right to the new shares to which such securities give right;
9. **resolves** that (i) the issue price of the ordinary shares to be issued within the framework of this resolution or to which the securities to be issued under this same resolution may give right, shall be at least equal to the minimum price authorised by the legal and regulatory provisions applicable on the issue date (to date, the weighted average of the prices of the last three stock exchange sessions prior to the date of fixing this price minus a reduction of 5%) after, as appropriate, correction of this average to take account of the difference between the dates of entitlement, and (ii) the issue price of the securities giving access to the capital shall be such that the sum received immediately by the Company, plus, as appropriate, the one which may be received subsequently by it, is for each share issued as a result of the issue of such securities, at least equal to the minimum price defined in (i) of this paragraph;
10. **grants** all powers to the Board of Directors, with the option of sub-delegation under the conditions set out by law, in order to proceed with the aforementioned issues pursuant to the terms and conditions it determines in accordance with the law, and in particular to:
    - determine the dates and terms and conditions of the issues in addition to the form and the characteristics of the shares and/or securities to be issued;
    - determine the number of shares and/or other securities to be issued, determine their price and the terms and conditions of their issue, if appropriate, the amount of the premium, the terms and conditions of their paying-up and their date of entitlement (as appropriate on a retroactive basis), and as appropriate the terms and conditions of their buy-back;
    - suspend, as appropriate, the exercise of the rights attached to such securities for a minimum period of three months in the cases and the limits provided by the applicable legal and regulatory provisions;
    - charge, on its own initiative, the costs of an issue to the amount of the related issue premiums and deduct from this amount the sums required to ensure that the legal reserve is one tenth of the new share capital after each increase;
    - in general, take all appropriate measures, enter into any agreements, request all authorisations, perform all formalities and do everything necessary to successfully achieve the planned issues or to postpone them, and in particular acknowledge the capital increases resulting from any issue made under this delegation, correlatively amend the Articles of Association, request the listing of any shares and/or securities issued under this delegation.

The Board of Directors may not, except subject to prior authorisation by the General Meeting, make use of this delegation with effect from deposit by a third party of a public offering for the Company's securities, up until the end of the offer period.

Seventeenth resolution - Delegation of competence to be granted to the Board of Directors with a view to issuing, by the offer referred to in Article L. 411-2 II of the Monetary and Financial Code, shares and/or securities giving access, immediately or in future, to Company capital, with elimination of shareholders; preferential subscription rights

The General Meeting, resolving under the conditions of quorum and majority required for Extraordinary General Meetings, after reading the report of the Board of Directors and the report of the Auditors and pursuant to the provisions of Articles L.225-129 *et seq.* and L.228-91 *et seq.* of the French Commercial Code, and in particular Articles L.225-129-2, L.225-135, L.225-136 and L.228-91 *et seq.* of the French Commercial Code:

1. **confers** on the Board of Directors, with the option of sub-delegation under the conditions provided by the law, its competence to proceed, on one or more occasions, in the proportion and at the times it decides, to issue in France and/or abroad, within the framework of offers provided in II of Article L. 411-2 of the French Monetary and Financial Code, in Euro, foreign currency or any monetary unit established with reference to a basket of currencies, ordinary shares and all securities issued for consideration or gratuitously, giving access by all means, immediately and/or in future, at any time or on a fixed date, by subscription, conversion, exchange, reimbursement, presentation of a warrant or any other means, to the Company's ordinary shares, it being specified that subscription of said shares and/or other securities may be made either in cash or by offsetting liquid due receivables;
2. **resolves** to cancel the preferential subscription right of the shareholders to the securities issued under the resolution herein;
3. **resolves** that the maximum amount of the capital increase which may be made under this resolution may not, in the limits provided by the regulations applicable on the issue date (for guidance, on the date of this General Meeting, the issue of equity shares by an offer provided in Article L. 411-2 II of the French Monetary and Financial Code is limited to 20% of the capital of the Company per annum), exceed the cap of €15 million in nominal, or the equivalent of this amount, on the understanding that this amount shall be charged:
   (i) to the amount of the common cap of €15 million in nominal provided in "3.a(i)" of the sixteenth resolution of this Meeting or, as appropriate, to the amount of the cap potentially provided by a resolution of the same kind which may succeed it during the validity period of the delegation herein, on the understanding that in any event the issues of securities made within this framework are further limited pursuant to the legal provisions applicable on the issue date;
   (ii) to the amount of the cap of €40 million in nominal provided in "3.a(i)" of the fifteenth resolution or, as appropriate, to the amount of the cap potentially provided by a resolution of the same kind which may succeed it during the validity period of this delegation;
4. **resolves** that the nominal amount of the securities representing receivables or similar securities, giving access to the Company capital to be issued under the delegation herein shall not exceed €150 million or the equivalent of that amount, in case of issue in a foreign currency or monetary unit established in reference to a basket of currencies, it being specified that the nominal amount of the issues of such securities may be set off against the amount of the global cap of €150 million in '3.b' of the fifteenth resolution or, if applicable, against the amount of any cap that may be provided by resolution of the same nature which succeeds it throughout the period of validity of this delegation;

5. **acknowledges** the fact that if the subscriptions have not absorbed the entire issue, the Board of Directors may limit the amount of the operation to the amount of the subscriptions received provided that this reaches, at least, three-quarters of the issue decided upon;
6. **resolves** that (i) the issue price of the ordinary shares to be issued within the framework of this resolution or to which the securities to be issued under this same resolution may give right, shall be at least equal to the minimum price authorised by the legal and regulatory provisions applicable on the issue date (to date, the weighted average of the prices of the last three stock exchange sessions prior to the date of fixing this price minus a reduction of 5%) after, as appropriate, correction of this average to take account of the difference between the dates of entitlement, and (ii) the issue price of the securities giving access to the capital shall be such that the sum received immediately by the Company, plus, as appropriate, the one which may be received subsequently by it, is for each share issued as a result of the issue of such securities, at least equal to the minimum price defined in (i) of this paragraph;
7. **grants** all powers to the Board of Directors, with the option of sub-delegation under the conditions set out by law, in order to proceed with the aforementioned issues pursuant to the terms and conditions it determines in accordance with the law, and in particular to:
   - determine the dates and terms and conditions of the issues in addition to the form and the characteristics of the shares and/or securities to be issued;
   - determine the number of shares and/or other securities to be issued, determine their price and the terms and conditions of their issue, if appropriate, the amount of the premium, the terms and conditions of their paying-up and their date of entitlement (as appropriate on a retroactive basis), and as appropriate the terms and conditions of their buy-back;
   - suspend, as appropriate, the exercise of the rights attached to such securities for a minimum period of three months in the cases and the limits provided by the applicable legal and regulatory provisions;
   - charge, on its own initiative, the costs of an issue to the amount of the related issue premiums and deduct from this amount the sums required to ensure that the legal reserve is one tenth of the new share capital after each increase;
   - in general, take all appropriate measures, enter into any agreements, request all authorisations, perform all formalities and do everything necessary to successfully achieve the planned issues or to postpone them, and in particular acknowledge the capital increases resulting from any issue made under this delegation, correlatively amend the Articles of Association, request the listing of any shares and/or securities issued under this delegation.
8. **fixes** at twenty-six (26) months from this General Meeting, the validity period of this delegation, on the understanding that the purpose of this delegation is to render lapsed any delegation of competence conferred by a resolution of the same nature adopted previously;

The Board of Directors may not, except subject to prior authorisation by the General Meeting, make use of this delegation with effect from deposit by a third party of a public offering for the Company's securities, up until the end of the offer period.

Eighteenth resolution - Delegation of competence granted to the Board of Directors with a view to increasing the amount of issues with retention or elimination of the preferential subscription right in the limit of 15% of the initial issue

The General Meeting, resolving under the conditions of quorum and majority required for Extraordinary General Meetings, after reading the report of the Board of Directors and the special report of the Auditors and pursuant to the provisions of Article L. 225-135-1 of the French Commercial Code:

1. **delegates** to the Board of Directors, with the option of sub-delegation under the conditions set out by law, its competence to decide to increase the number of shares to be issued, in case of issue of shares or securities giving access to the capital of the Company with retention or cancellation of the preferential subscription right decided upon based on the fifteenth, sixteenth and seventeenth resolutions of this Meeting, at the same price as the one used for the initial issue and within the time-limits and limits provided by the legal and regulatory provisions applicable on the issue date (to date, in the thirty days of the subscription and up to an amount of 15% of the initial issue), subject to the cap pursuant to which the issue is decided upon;
2. **fixes** at twenty-six (26) months from this General Meeting, the validity period of this delegation of competence, on the understanding that the purpose of this delegation is to render lapsed any delegation of competence conferred by a resolution of the same nature adopted previously;
3. **resolves** that the Board of Directors shall have all powers, with the option of sub-delegation, to implement this delegation under the conditions set out by law and the Articles of Association of the Company.

Nineteenth resolution - Delegation of competence to be granted to the Board of Directors in case of issue with cancellation of the preferential subscription right of shares and/or any securities giving access, immediately or in the future, to the Company capital, with a view to fixing the issue price in the limit of 10% of the share capital of the Company in accordance with the terms and conditions determined by the General Meeting

The General Meeting, resolving under the conditions of quorum and majority required for Extraordinary General Meetings, after reading the report of the Board of Directors and the special report of the Auditors and pursuant to the provisions of Article L. 225-136-1 of the French Commercial Code:

1. **authorises** the Board of Directors, with the option of sub-delegation under the conditions set out by law, subject to the adoption of the fifteenth, sixteenth and seventeenth resolutions submitted for the vote of this Meeting, for each of the issues decided upon on the basis of these resolutions, to derogate to the price terms and conditions provided by this resolution and to fix the issue price according to the methods below, in the amount of 10% of the share capital of the Company per annum (this percentage applying to capital adjusted in accordance with the operations affecting it subsequent to this Meeting):
   a. the issue price of the ordinary shares to be issued within the framework of this issue to which the securities to be issued under this same resolution may give right, shall be, as the Board of Directors decides, equal (i) to the average of the prices confirmed over a maximum period of six months prior to the issue or (ii) to the weighted average price on the day prior to the issue (VWAP 1 day) with a maximum reduction of 15%;
   b. the issue price of the securities other than ordinary shares shall be such that the sum received immediately by the Company, plus, as appropriate, the one which may be subsequently received by the Company, i.e. for each ordinary share issued as a result of the issue of these securities, at least equal to the amount determined by the Board of Directors in "1.a" hereinabove;
2. **resolves** that the maximum nominal amount of the capital increase of the Company arising from this resolution, whether directly or on presentation of marketable securities, may not exceed 10% of the share capital per 12-month period, or the equivalent of this amount, on the understanding that this amount shall be charged:
   (i) to the amount of the common cap of €15 million provided in "3.a(i)" of the sixteenth resolution of this Meeting or, as appropriate, to the amount of the cap potentially provided by a resolution of the same kind which may succeed it during the validity period of the delegation herein, on the understanding that in any event the issues of securities made within this framework are further limited pursuant to the legal provisions applicable on the issue date;
   (ii) to the amount of the total cap of €40 million in nominal provided in "3.a(i)" of the fifteenth resolution of this General Meeting or, as appropriate, to the amount of the cap potentially provided by a resolution of the same kind which may succeed it during the validity period of this delegation;
3. **resolves** that the maximum nominal amount of the securities representing receivables or similar securities, giving access to the Company capital to be issued on the basis of this resolution will be set off against the global cap of €150 million in '3.b' of the fifteenth resolution of this Meeting, or if applicable, against the amount of any cap that may be provided by resolution of the same nature which succeeds it throughout the period of validity of this delegation, on the understanding that to this amount shall be charged the nominal amount of the securities representing receivables;

4. **acknowledges** that the Board of Directors shall prepare a supplemental report, certified by the Auditors, describing the final conditions of the transaction and giving the elements of assessment of the actual impact of this on the situation of the shareholder;
5. **fixes** at twenty-six (26) months from this General Meeting, the validity period of this delegation, on the understanding that the purpose of this delegation is to render lapsed any delegation of competence conferred by a resolution of the same nature adopted previously;
6. **resolves** that the Board of Directors shall have all powers, with the option of sub-delegation, to implement this delegation under the conditions set out by law.

The Board of Directors may not, except subject to prior authorisation by the General Meeting, make use of this delegation with effect from deposit by a third party of a public offering for the Company's securities, up until the end of the offer period.

Twentieth resolution - Delegation of powers to be granted to the Board of Directors with a view to increasing the Company share capital by contributions in kind constituted of shares or securities giving access to the Company capital.

The General Meeting, resolving under the conditions of quorum and majority required for Extraordinary General Meetings, after reading the report of the Board of Directors and the special report of the Auditors and pursuant to the provisions of the French Commercial Code and in particular its Article L. 225-147:

1. **delegates** to the Board of Directors, with the option of sub-delegation under the conditions set out by law and the Articles of Association of the Company, the powers necessary in order to proceed, on the report of the Contributions Auditors, with the share capital increase, up to a maximum of 10% of the share capital (this percentage applying to adjusted capital in accordance with the transactions affecting it subsequent to this Meeting), by the issue of ordinary shares and/or any other securities giving access immediately and/or in the future, at any time or on a fixed date, to Company shares, in view of remunerating the contributions in kind granted to the Company and constituted of equity securities or marketable securities giving access to the capital, when the provisions of Article L. 225-148 of the French Commercial Code are not applicable, and resolves as need be to cancel, in favour of the holders of equity securities or marketable securities, objects of contributions in kind, the preferential subscription right of shareholders to the shares or marketable securities thus issued;
2. **resolves** that the maximum nominal amount of the capital increase by virtue of the shares which may thus be issued, whether directly or on presentation of marketable securities, may not exceed the cap of €15 million in nominal or the equivalent of this amount, on the understanding that this amount shall be charged:
   (i) to the amount of the common cap of €15 million provided in "3.a(i)" of the sixteenth resolution of this Meeting or, as appropriate, to the amount of the cap potentially provided by a resolution of the same kind which may succeed it during the validity period of the delegation herein, on the understanding that in any event the issues of securities made within this framework are further limited pursuant to the legal provisions applicable on the issue date; and
   (ii) to the amount of the cap of €40 million provided in "3.a(i)" of the fifteenth resolution or, as appropriate, to the amount of the cap potentially provided by a resolution of the same kind which may succeed it during the validity period of this delegation;
3. **resolves** that the maximum nominal amount of the securities representing receivables or similar securities, giving access to the Company capital to be issued on the basis of this resolution will be set off against the global cap of €150 million in '3.b' of the fifteenth resolution of this Meeting, or if applicable, against the amount of any cap that may be provided by resolution of the same nature which succeeds it throughout the period of validity of this delegation, on the understanding that to this amount shall be charged the nominal amount of the securities representing receivables;
4. **fixes** at twenty-six (26) months from this General Meeting, the validity period of this delegation of competence, on the understanding that the purpose of this delegation is to render lapsed any delegation of competence conferred by a resolution of the same nature adopted previously;
5. **grants** all powers to the Board of Directors, with the option of sub-delegation, in order to proceed with the aforementioned issues pursuant to the terms and conditions it determines in accordance with the law, and in particular:
   - determine the form and the characteristics of the securities to be issued;
   - decide on the assessment of the contributions and the granting of potential special advantages, to determine the number of shares and/or other securities to be issued, and their terms and conditions and, as appropriate, the amount of the premium;
   - suspend, as appropriate, the exercise of the rights attached to such securities for a minimum period of three months in the cases and within the limits provided by the applicable legal and regulatory provisions;
   - charge, on its own initiative, the costs of an issue to the amount of the related issue premiums and deduct from this amount the sums required to ensure that the legal reserve is one tenth of the new share capital after each increase;
   - in general, take all appropriate measures, enter into any agreements, request all authorisations, perform all formalities and do everything necessary to successfully achieve the planned issues or to postpone them, and in particular acknowledge the capital increases resulting from any issue made under this delegation, correlatively amend the Articles of Association, request the listing of any securities issued under this delegation.

The Board of Directors may not, except subject to prior authorisation by the General Meeting, make use of this delegation with effect from deposit by a third party of a public offering for the Company's securities, up until the end of the offer period.

Twenty-first resolution - Delegation of competence to be conferred on the Board of Directors with a view to increasing the share capital by incorporation of premiums, reserves, profits or any other amount of which capitalisation is permitted

The General Meeting, meeting in the extraordinary form and resolving under the conditions of quorum and majority required for Extraordinary General Meetings, after reading the report of the Board of Directors and pursuant to the provisions of the French Commercial Code and in particular its Articles L. 225-129, L. 225-192-2 and L. 225-130:

1. **delegates** to the Board of Directors, with the option of sub-delegation, under the conditions set out by the law and the Articles of Association of the Company, the competence to proceed with the share capital increase, on one or more occasions, in the proportion and at the times it determines by successive or simultaneous incorporation of premiums, reserves, profits or any other sums whose capitalisation is permitted, in the form of the allocation of free shares or increase of the nominal value of existing shares or the combination of these two methods;
2. **fixes** at twenty-six (26) months from this General Meeting, the validity period of this delegation, on the understanding that the purpose of this delegation is to render lapsed any delegation of competence conferred by a resolution of the same nature adopted previously;
3. **resolves** that the maximum amount of the capital increase which may be made shall not exceed the total amount of the sums which may be incorporated or the cap of €40 million or the equivalent of that amount, it being specified that this amount will be set off against the amount of the global cap of €40 million in '3.a(i)' of the fifteenth resolution of this Meeting, or if applicable, against the amount of any cap that may be provided by resolution of the same nature which might succeed it throughout the period of validity of this delegation;
4. **resolves** that in case of capital increase in the form of allocation of free shares and pursuant to the provisions of Article L. 225-130 of the French Commercial Code, the split rights may not be traded and the corresponding securities shall be sold, on the understanding that the sums resulting from the sale shall be allocated to the rights holders under the legal conditions;
5. **grants** all powers to the Board of Directors, with the option of sub-delegation, in order to proceed with the aforementioned issues pursuant to the terms and conditions it determines in accordance with the law, and in particular:
   - determine the dates, terms and conditions and other characteristics of the issues;

- in general, take all appropriate measures, enter into any agreements, request all authorisations, perform all formalities and do everything necessary to successfully achieve the planned issues or to postpone them, and in particular acknowledge the capital increases resulting from any issue made under this delegation, correlatively amend the Articles of Association, request the listing of any securities issued under this delegation.

Twenty-second resolution - Delegation of competence to be conferred on the Board of Directors with a view to proceeding with the increase of share capital by the issue of shares or securities which immediately or in the future give access to the Company's share capital as remuneration for contribution of securities made in the framework of a public offer of exchange initiated by the Company

The General Meeting, resolving under the conditions of quorum and majority required for Extraordinary General Meetings, after reading the report of the Board of Directors and the special report of the Auditors and pursuant to the provisions of Articles L. 225-129, L. 225-148 and L. 228-91 of the French Commercial Code:

1. **delegates** to the Board of Directors, with the option of sub-delegation under the conditions set out by law, the competence to resolve, on more or more occasions, on the issue of ordinary shares and/or marketable securities giving access, immediately or in the future, at any time or on a fixed date, by subscription, conversion, exchange, redemption, presentation of a warrant or in any other manner, to ordinary shares of the Company, in remuneration of the securities which would be contributed within the framework of a public offer of exchange initiated by the Company in France or abroad, in accordance with local rules, on its securities or the securities of another company admitted for trading on one of the regulated markets provided in Article L. 225-148 of the French Commercial Code (including any other transaction having the same effect as a public offer of exchange initiated by the Company on its own securities or the securities of another company whose securities are admitted for trading on a regulated market falling within the remit of a foreign law, or which may be assimilated thereto);
2. **fixes** at twenty-six (26) months from the day of this General Meeting, the validity period of this delegation, on the understanding that the purpose of this delegation is to render lapsed any delegation of competence conferred by a resolution of the same nature adopted previously;
3. **resolves** that the maximum amount of the capital increase which may thus be made, may not exceed the cap of €15 million in nominal or the equivalent of this amount, on the understanding that this amount shall be charged:
   (i) to the amount of the common cap of €15 million provided in "3.a(i)" of the sixteenth resolution of this Meeting or, as appropriate, to the amount of the cap potentially provided by a resolution of the same kind which may succeed it during the validity period of the delegation herein, on the understanding that such capital increases shall not be subject to the issue price rules provided in the sixteenth resolution; and
   (ii) to the amount of the total cap of €40 million provided in "3.a(i)" of the fifteenth resolution of this Meeting or, as appropriate, to the amount of the cap potentially provided by a resolution of the same kind which may succeed it during the validity period of this delegation;
4. **resolves** that the maximum nominal amount of the securities representing receivables or similar securities, giving access to the Company capital to be issued on the basis of this resolution will be set off against the global cap of €150 million in '3.b' of the fifteenth resolution of this Meeting, or if applicable, against the amount of any cap that may be provided by resolution of the same nature which succeeds it throughout the period of validity of this delegation, on the understanding that to this amount shall be charged the nominal amount of the securities representing receivables;
5. **acknowledges** that Company shareholders shall not have preferential subscription rights to shares and/or securities that will be issued under this delegation, the latter being exclusively intended to remunerate securities contributed to a public offer of exchange initiated by the Company;
6. **acknowledges** that the price of the shares and/or the securities that will be issued in the context of this delegation will be defined on the basis of the legislation applicable to public offers of exchange;
7. **grants** all powers to the Board of Directors, with the option of sub-delegation, in order to proceed with the aforementioned issues pursuant to the terms and conditions it determines in accordance with the law, and in particular:
   - determine the dates, terms and conditions and other characteristics of the issues;
   - charge, on its own initiative, the costs of an issue to the amount of the related issue premiums and deduct from this amount the sums required to ensure that the legal reserve is one tenth of the new share capital after each increase;
   - in general, take all appropriate measures, enter into any agreements, request all authorisations, perform all formalities and do everything necessary to successfully achieve the planned issues or to postpone them, and in particular acknowledge the capital increases resulting from any issue made under this delegation, correlatively amend the Articles of Association, request the listing of any securities issued under this delegation.

Twenty-third resolution - Delegation of competence to the Board of Directors to proceed with a capital increase by the issue or shares or securities giving access to capital, reserved to members of a company savings plan, with elimination of the preferential right of subscription for the benefit of the latter

The General Meeting, resolving under the conditions of quorum and majority required for Extraordinary General Meetings, after reading the report of the Board of Directors and the special report of the Auditors, pursuant first of all to the provisions of Articles L. 225-129, L. 225-129-2 to L. 225-129-6, L. 225-138, L. 225-138-1, L. 228-91 and L. 228-92 of the French Commercial Code and, secondly, to those of Article L. 3332-18 *et seq.* of the French Labour Code:

1. **delegates** to the Board of Directors, with the option of sub-delegation under the conditions set out by law, its competence to resolve as to the share capital increase, on one or more occasions, of a maximum nominal amount of €500,000 in nominal, by the issue of shares or securities giving access to the capital reserved to members of one or more company savings plans (or other plan whose members Article L. 3332-18 *et seq.* of the French Labour Code would allow to reserve a capital increase under equivalent conditions) which would be implemented within the group constituted by the Company and the companies, French or foreign, falling with the consolidation group of the Company's accounts, pursuant to Article L. 3344-1 of the French Labour Code on the understanding that (i) the maximum nominal amount of the capital increases by issue of new shares which may be issued immediately or in the future under this delegation shall be set-off against the amount of the total cap of €40 million in nominal provided in "3.a(i)" of the fifteenth resolution of this General Meeting or, as appropriate, against the amount of the cap potentially provided by a resolution of the same nature which might succeed it during the validity period of this delegation and (ii) the maximum nominal amount of the securities representing receivables or similar securities giving access to the Company capital, which may be issued under this delegation shall be set-off against the total cap of €150 million provided in "3.b" of the fifteenth resolution of this General Meeting or, as appropriate, against the amount of the cap potentially provided by a resolution of the same nature which might succeed it during the validity period of this delegation;
2. **fixes** at twenty-six (26) months from the day of this Meeting, the validity period of this delegation, on the understanding that the purpose of this delegation is to render lapsed any delegation of competence conferred by a resolution of the same nature adopted previously;
3. **resolves** that the issue price of the new shares or of the securities giving access to the capital shall be determined under the conditions provided in Article L. 3332-18 *et seq.* of the French Labour Code and shall be equal to at least 80% of the average of the listed prices of the share on Euronext Paris in the 20 stock market sessions preceding the day of the resolution fixing the opening date of the subscription period to the capital increase reserved to members of a company savings plan (the "Reference Price"); however, the General Meeting explicitly authorises the Board, if it sees fit, to reduce or to cancel the aforementioned reduction, under the legal and regulatory limits, in order to take account, in particular, of the legal, accounting, tax and social regimes that are applicable locally;

4. **authorises** the Board of Directors to allocate, free of charge, to the beneficiaries indicated above, in addition to the shares or securities giving access to the capital to be subscribed in cash, shares or securities giving access to the capital to be issued or already issued, as substitution of all or part of the reduction in relation to the Reference Price and/or subscription price, on the understanding that the advantage resulting from such allocation may not exceed the legal or regulatory limits in application of Article L. 3332-18 *et seq.* and Article L. 3332-11 *et seq.* of the French Labour Code;
5. **resolves** to cancel in favour of the beneficiaries indicated above the preferential subscription right of the shareholders to the shares and securities giving access to the capital whose issue is the object of this delegation of competence, with the said shareholders further waiving, in case of free allocation to the beneficiaries indicated above of shares or securities giving access to the capital, any right to the said shares or securities giving access to the capital, including the part of the reserves, profits or premiums incorporated in the capital, due to the free allocation of the said shares made on the basis of this resolution;
6. **authorises** the Board of Directors, under the conditions of this delegation, to proceed with the sales of shares to the members of a company savings plan as provided by Article L. 3332-24 of the French Labour Code, on the understanding that the sales of shares made with reduction in favour of members of one or more company savings plans provided in this resolution shall be charged in accordance with the nominal amount of the shares thus sold to the amount of the caps provided in paragraph 1 above.
7. **resolves** that the Board of Directors shall have all powers to implement this delegation, with the option of sub-delegation under the legal conditions, in the limits and under the conditions provided hereinabove in order in particular to:
   - determine under the legal conditions the list of companies for which the members of one or more company savings plans may subscribe to shares or securities giving access to the capital thus issued and benefit, as appropriate, from freely allocated shares or securities giving access to the capital;
   - decide that the subscriptions may be made directly by the beneficiaries, members of an employee savings plan, or through company mutual funds or other structures or entities permitted by the applicable legal or regulatory provisions;
   - determine the conditions, particularly seniority, which the beneficiaries of the capital increases must meet;
   - determine the subscription opening and closing dates;
   - fix the amounts of the issues which will be made under this delegation of competence and determine in particular the issue price, dates, time-limits, terms and conditions of subscription, of paying-up, of issue and entitlement of the securities (even retroactive), the reduction rules applicable to cases of over-subscription and the other terms and conditions of the issues, in the legal or regulatory limits in force;
   - in case of free allocation of shares or securities giving access to the capital, determine the nature, the characteristics and the number of shares or securities giving access to the capital to be issued, the number to be allocated to each beneficiary, and determine the dates, time-limits, terms and conditions of allocating these shares or securities giving access to the capital within the legal and regulatory limits in force and particularly to decide either to substitute in all or part the allocation of these shares or securities giving access to the capital to the reductions in relation to the Reference Price provided hereinabove, either charge the equivalent of these shares to the total amount of the subscription or combine these two possibilities;
   - in case of issue of new shares allocated free of charge, charge, as appropriate, to the reserves, profits or issue premiums, the sums required for the paying-up of the said shares;
   - confirm the completion of the capital increases in the amount of the shares subscribed (after potential reduction in case of over-subscription);
   - as appropriate, charge the costs of the capital increases to the amount of the related issue premiums and deduct from this amount the sums required to ensure that the legal reserve is one tenth of the new capital after each increase,
   - enter into all agreements, perform directly or indirectly through an agent all operations including proceeding with the formalities consecutive to the capital increases and to the correlative amendments of the Articles of Association and, in general, to enter into any agreement, particularly for the successful completion of the planned issues; take all measures and make all decisions and perform all appropriate formalities for the issue, the admission for trading and the financial servicing of the securities issued under this delegation in addition to the exercise of the rights attached thereto or consecutive to the capital increases made.

Twenty-fourth resolution - Authorisation given to the Board of Directors to cancel, if applicable, the treasury shares held by the Company, up to a maximum of 10%

The General Meeting, resolving under the conditions of quorum and majority required for Extraordinary General Meetings, after reading the report of the Board of Directors and the special report of the auditors, authorises the Board of Directors, pursuant to Article L. 225-209 of the French Commercial Code, to cancel the self-owned shares of the Company bought under the authorisations given by the General Meeting, pursuant to Article L.225-209 of the French Commercial Code, in accordance with the following terms and conditions:

– the Board of Directors is authorised to cancel on its decisions alone, on one or more occasions, all or part of the shares bought under the own-share buy-back authorisations of the Company up to a maximum of 10% of the capital over a 24-month period from this Meeting and to proceed accordingly with the correlative share capital reductions;

– the difference between the purchase price of the shares and their nominal value shall be charged to the issue premiums and, as appropriate, to the legal reserve in the amount of 10% of the capital cancelled.

The authorisation shall take effect at the end of this General Meeting and expire on the date of the General Meeting convened to approve the financial statements for the financial year ending 31 March 2017. It is given to the Board of Directors, with the option of delegation, in order to perform all acts, formalities and make all declarations in view of cancelling the shares and making the capital reductions final and, in consequence thereof, to amend the Articles of Association.

Twenty-fifth resolution - Authorisation to be given to the Board of Directors to proceed with award of free performance related shares

The General Meeting, resolving under the conditions of quorum and majority required for Extraordinary General Meetings, having read the Board of Management's report and the Auditors' special report:

1. **authorises** the Board of Directors, within the framework of the provisions of Articles L. 225-197-1 to L. 225-197-6 of the French Commercial Code, to proceed, on one or more occasions, with allocations of free shares, existing or to be issued, of the Company, in favour of the beneficiaries or categories of beneficiaries it will determine among the members of the salaried staff of the company or companies or consortia which are related to it under the conditions provided in Article L. 225-197-2 of the said Code and the corporate officers of the company or companies or consortia which are related to it and which meet the conditions provided in Article L. 225-197-1, II of the said Code, under the conditions defined below;
2. **resolves** that the total number of shares which may be freely allocated under this authorisation may not exceed 5% of the share capital as confirmed on the day of the allocation decision of the Board of Directors, on the understanding that the free allocation of shares to the corporate officers may not exceed 20% of the total amount granted;
3. **resolves** that the allocation of the shares of the Company to their beneficiaries shall be final at the end of an acquisition period which the Board of Directors shall determine and shall, for the shares allocated to the corporate officers, be subject to performance conditions of the Group assessed across the entire acquisition period and to a condition of presence of the beneficiaries in the Group in accordance with the terms and conditions determined by the Board of Directors. The Board of Directors may also impose an obligation of holding the shares of the Company by the beneficiaries;

4. **resolves** that the final allocation of the shares allocated to the corporate officers shall be linked to the realisation by the Group of conditions which shall be determined by the Board of Directors;
5. **resolves** that in case of invalidity of the beneficiary corresponding to the classification in the second or the third of the categories provided in Article L. 341-4 of the French Social Security Code, the final allocation of the shares shall take place immediately and that in case of death of the beneficiary, his/her heirs may request the final allocation of the shares within a time-limit of six months from the death;
6. **resolves** that the existing shares which may be allocated under this resolution shall be bought by the Company, either within the framework of Article L. 225-208 of the French Commercial Code, or, as appropriate, within the framework of a share buy-back programme pursuant to the provisions of Article L. 225-209 of the French Commercial Code;
7. **acknowledges** that in case of free allocation of new shares, this authorisation shall entail, as the said shares are finally allocated, a capital increase by incorporation of reserves, profits or issue premiums in favour of the beneficiaries of the said shares and correlative waiving by the shareholders in favour of the beneficiaries of the said shares of their preferential subscription right to the said shares;
8. **confers** all powers, under the conditions provided hereinabove, on the Board of Directors, with the option of sub-delegation, to implement this authorisation, and in particular in order to:
   - determine if the freely allocated shares are shares to be issued or existing;
   - determine the number of shares allocated to each of the beneficiaries it determines;
   - fix the conditions and, as appropriate, the criteria of allocation of the shares, particularly the minimum acquisition period and the minimum holding period;
   - increase, as appropriate, the capital by incorporation of reserves, profits or issue premiums in order to go ahead with the issue of freely allocated shares;
   - allocate shares to the persons mentioned in the fourth paragraph of Article L. 225-185 of the French Commercial Code under the conditions provided in Article L. 225-186-1 of the said Code and concerning these shares thus allocated, decide as it sees fit (i) that the shares granted freely may not be sold by the interested parties before the cessation of their functions, or (ii) fix the amount of shares freely granted that they are required to hold as registered until the cessation of their functions;
   - provide for, as appropriate, the option to defer the final allocation dates of the shares and, for the same period, the term of the holding obligation of the said shares (such that the minimum holding period is unchanged);
   - proceed with, as appropriate, the adjustments of the number of shares freely allocated that are necessary in order to protect the rights of the beneficiaries, in accordance with the potential operations on the capital of the Company under the circumstances provided in Article L. 225-181 of the French Commercial Code. It is specified that the shares allocated in application of these adjustments shall be deemed allocated on the same day as the shares initially allocated;
   - determine the dates and terms and conditions of the allocations and in general take all appropriate provisions and enter into all agreements to successfully complete the planned allocations.

The Board of Directors may also implement any other new legal provisions which arise during the validity period of this authorisation and whose application would not require an explicit resolution of the General Meeting; and

9. **fixes** at twenty-four (24) months from the day of this Meeting, the validity period of this authorisation, on the understanding that the purpose of this delegation is to render lapsed any delegation of competence conferred by a resolution of the same nature adopted previously.

Twenty-sixth resolution - Combination of Company shares by allocation of 1 new ordinary share of €2 in nominal against 20 ordinary shares of €0.10 in nominal held - Delegation of powers to the Board of Directors with the option of sub-delegation

The General Meeting, resolving under the conditions of quorum and majority required for Extraordinary General Meetings, after reading the report of the Board of Directors, after having recalled that the share capital of the Company amounts, on 8 June 2016, to €60,604,074.50, divided into 606,040,745 shares of a nominal value of €0.10 each:

1. **resolves** to go ahead with the combination of the shares composing the capital of the Company such that 20 ordinary shares of a nominal value of €0.10 each shall be exchanged against 1 new share of €2 in nominal value;
2. **gives** all powers to the Board of Directors, with the option of sub-delegation, in order to:
   - fix the start date of the combination operations;
   - publish all opinions and proceed with all formalities provided by law;
   - acknowledge and determine the exact number of shares to be combined and the exact number of shares resulting from the combination before the start of the combination operations;

in consequence thereof, resolves that the Board of Directors shall have all powers, with the option of sub-delegation, to proceed with the correlative modifications of the Articles of Association, determine and proceed with, as appropriate, the adjustment (including by means of adjustment in cash) of the rights of the beneficiaries of share subscription or purchase options, allocation of free shares and of the holders of any securities giving access to the capital of the Company, to proceed with all required publication formalities and, more generally, to do everything appropriate and required in view of implementing the combination of the shares of the Company under the aforementioned conditions and pursuant to the applicable regulations.

The new shares will benefit immediately from a double voting right, provided that they are kept registered, if on the date of the combination of the old shares from which they arise each of these old shares benefited from a double voting right.

In case of combination of old shares which have been registered since different dates, the time-limit used to assess the double voting right of the new shares shall be deemed to start on the most recent registration date of the old shares.

This delegation is granted for a duration which will expire on the date of the next General Meeting which will be called to rule on the financial statements for the financial year ending 31 March 2017.

Twenty-seventh resolution - Modification of the term of office of the directors

The General Meeting, resolving under the conditions of quorum majority required for Extraordinary Meetings, after reading the report of the Board of Directors:

1. **resolves** to reduce the term of office of the members of the Board of Directors from four (4) to three (3) years, effective immediately;
2. **resolves** that the term of office of the current directors on the date of this General Meeting is reduced to three (3) years, such that:
   (i) the term of office of Mr Christophe Gégout, appointed under the 1st resolution of the Ordinary and Extraordinary General Meeting of 11 April 2016, for an initial term of four (4) years due to expire at the time of the General Meeting called to rule in 2020 on the financial statements of the financial year ending 31 March 2020, shall expire at the end of the General Meeting called to rule on the financial statements of the financial year ending 31 March 2019;
   (ii) the term of office of Mr Xi Wang, appointed under the 2nd resolution of the Ordinary and Extraordinary General Meeting of 11 April 2016, for an initial term of four (4) years due to expire at the time of the General Meeting called to rule in 2020 on the financial statements of the financial year ending 31 March 2020, shall expire at the end of the General Meeting called to rule in 2019 on the financial statements of the financial year ending 31 March 2019;

(iii) the term of office of Mr Weidong Ren, appointed under the 3rd resolution of the Ordinary and Extraordinary General Meeting of 11 April 2016, for an initial term of four (4) years due to expire at the time of the General Meeting called to rule in 2020 on the financial statements of the financial year ending 31 March 2020, shall expire at the end of the General Meeting called to rule in 2019 on the financial statements of the financial year ending 31 March 2019;

(iv) the term of office of Mrs Monica Beltrametti, appointed under the 4th resolution of the Ordinary and Extraordinary General Meeting of 11 April 2016, for an initial term of four (4) years due to expire at the time of the General Meeting called to rule in 2020 on the financial statements of the financial year ending 31 March 2020, shall expire at the end of the General Meeting called to rule in 2019 on the financial statements of the financial year ending 31 March 2019;

(v) the term of office of Mrs Nadine Foulon-Belkacemi, appointed under the 5th resolution of the Ordinary and Extraordinary General Meeting of 11 April 2016, for an initial term of four (4) years due to expire at the time of the General Meeting called to rule in 2020 on the financial statements of the financial year ending 31 March 2020, shall expire at the end of the General Meeting called to rule in 2019 on the financial statements of the financial year ending 31 March 2019;

(vi) the term of office of Mrs Laurence Delpy, appointed under the 6th resolution of the Ordinary and Extraordinary General Meeting of 11 April 2016, for an initial term of four (4) years due to expire at the time of the General Meeting called to rule in 2020 on the financial statements of the financial year ending 31 March 2020, shall expire at the end of the General Meeting called to rule in 2019 on the financial statements of the financial year ending 31 March 2019;

(vii) the term of office of Mr Joseph Martin, renewed as director under the 5th resolution of the Ordinary and Extraordinary General Meeting of 28 May 2014, for an initial term of four (4) years due to expire at the time of the General Meeting called to rule in 2018 on the financial statements of the financial year ending 31 March 2018, shall expire at the end of the General Meeting called to rule in 2017 on the financial statements of the financial year ending 31 March 2017;

(viii) the term of office of Mr Douglas Dunn, appointed under the 6th resolution of the Ordinary and Extraordinary General Meeting of 28 May 2014, for an initial term of four (4) years due to expire at the time of the General Meeting called to rule in 2018 on the financial statements of the financial year ending 31 March 2018, shall expire at the end of the General Meeting called to rule in 2017 on the financial statements of the financial year ending 31 March 2017;

(ix) the term of office of Mr Satoshi Onishi, appointed under the 5th resolution of the Ordinary and Extraordinary General Meeting of 10 July 2015, for an initial term of four (4) years due to expire at the time of the General Meeting called to rule in 2019 on the financial statements of the financial year ending 31 March 2019, shall expire at the end of the General Meeting called to rule in 2018 on the financial statements of the financial year ending 31 March 2018;

3. **confirms** in consequence thereof that the term of office of Bpifrance Participations (elected initially for four (4) years), which was due to expire at the time of the General Meeting called to approve the financial statements of the financial year ending 31 March 2017), shall end this day and that Bpifrance Participations is deemed to have resigned on the date of this General Meeting;
4. **resolves** in consequence thereof to modify Article 12 "*BOARD OF DIRECTORS*" of the Articles of Association of the Company as follows:
   - the second paragraph of section 2 "*Age limit - Term of office*" of Article 12 of the Articles of Association of the Company is replaced by the following paragraphs:

     "The term of office of directors is three years. The terms of office of current directors on the date of the General Meeting of 25 July 2016 are reduced to a term of three years.

     The duties of director shall expire at the end of the General Meeting voting on the financial statements for the previous financial year and held in the year during which their term of office expire. Directors are eligible for re-election".

Twenty-eighth resolution - Confirmation of the reduction of shareholders' equity to a level less than half the share capital and resolution on the continuation of business pursuant to Article L. 225-248 of the French Commercial Code

The General Meeting, resolving under the conditions of quorum and majority required for Extraordinary Meetings, pursuant to the 1st paragraph of Article L. 225-248 of the French Commercial Code, acknowledges that due to the allocation of the earnings of the Company for the financial year ending 31 March 2016, decided upon under the third resolution of this General Meeting, the shareholders' equity of the Company has, as at 31 March 2016, become less than half the share capital and resolves, pursuant to the provisions of Article L. 225-248 of the French Commercial Code, not to wind-up the Company and therefore to continue its business.

Twenty-ninth resolution - Powers for formalities

The General Meeting, resolving under the conditions of quorum and majority required for Extraordinary Meetings, gives all powers to the holder of an original, a copy or an excerpt of the minutes of this Meeting to perform all submissions and formalities as need be.

The Board of Directors' report for the General Ordinary and Extraordinary Meeting of 25 July 2016

Dear Shareholders,

We have invited you to this Ordinary and Extraordinary General Meeting in order to submit the following resolutions for your approval:

Resolutions falling within the remit of the Ordinary General Meeting:

First resolution:	Approval of the financial statements for the financial year ending 31 March 2016
Second resolution:	Approval of the consolidated financial statements for the financial year ending 31 March 2016
Third resolution:	Allocation of the results of the financial year ending 31 March 2016
Fourth resolution:	Approval of regulated agreements
Fifth resolution:	Appointment of a new director
Sixth resolution:	Renewal of the term of office as director of Mr Paul Boudre
Seventh resolution:	Renewal of the term of office as director of CEA Investissement
Eighth resolution:	Renewal of the term of office as director of Bpifrance Participations, under the condition precedent of the adoption of the twenty-seventh resolution
Ninth resolution:	Appointment of Ernst & Young Audit as statutory principal statutory auditor of the Company
Tenth resolution:	Appointment of Auditex as alternate statutory auditor of Ernst & Young Audit
Eleventh resolution:	Appointment of KPMG S.A. as principal statutory auditor of the Company
Twelfth resolution:	Appointment of Salustro Reydel as alternate statutory auditor of KPMG S.A.
Thirteenth resolution:	Advisory opinion on the remuneration owed and awarded to Mr Paul Boudre for the financial year ending 31 March 2016
Fourteenth resolution:	Authorisation for the Board of Directors to trade on the Company's shares

Resolutions falling within the remitof the Extraordinary General Meeting:

Fifteenth resolution:	Delegation of competence to be granted to the Board of Directors to increase the Company's capital by issuing, with retention of the preferential subscription right, shares and/or securities giving access, immediately or in future, to the Company's capital
Sixteenth resolution:	Delegation of competence to be granted to the Board of Directors to increase the Company's capital by issuing, with cancellation of the preferential subscription right, shares and/or securities giving access, immediately or in future, to the Company's capital
Seventeenth resolution:	Delegation of competence granted to the Board of Directors with a view to issuing, by the offering referred to in Article 411-2 II of the Monetary and Financial Code, of shares and/or securities giving access, immediately or in future, to Company's capital, with cancellation of the shareholders' preferential subscription rights
Eighteenth resolution:	Delegation of competence to be granted to the Board of Directors with a view to increasing the amount of issues with retention or cancellation of the preferential subscription right within the limit of 15% of the initial issue
Nineteenth resolution:	Delegation of competence to be granted to the Board of Directors in case of issue with cancellation of the preferential subscription right of shares and/or any securities giving access, immediately or in the future, to the Company capital, with a view to fixing the issue price in the limit of 10% of the share capital of the Company in accordance with the terms and conditions determined by the General Meeting
Twentieth resolution:	Delegation of powers to be granted to the Board of Directors with a view to increasing the Company's share capital by contributions in kind constituted of shares or securities giving access to the Company's capital
Twenty-first resolution:	Delegation of competence to be granted to the Board of Directors with a view to increasing the share capital by incorporation of premiums, reserves, profits or any other amount of which capitalisation is permitted
Twenty-second resolution:	Delegation of competence to be conferred on the Board of Directors with a view to proceeding with the increase of share capital by the issue of shares or securities which immediately or in the future give access to the Company's share capital as remuneration for contribution of securities made in the framework of a public offer of exchange initiated by the Company
Twenty-third resolution:	Delegation of competence to the Board of Directors to proceed with a capital increase by the issue or shares or securities giving access to capital, reserved to members of a company savings plan, with elimination of the preferential right of subscription for the benefit of the latter
Twenty-fourth resolution:	Authorisation given to the Board of Directors to cancel, if applicable, the treasury shares held by the Company, up to a maximum of 10%
Twenty-fifth resolution:	Authorisation to be given to the Board of Directors to proceed with award of free performance related shares
Twenty-sixth resolution:	Combination of Company shares by allocation of 1 new ordinary share of €2 in nominal against 20 ordinary shares of €0.10 in nominal held - Delegation of powers to the Board of Directors with the option of sub-delegation
Twenty-seventh resolution:	Modification of the term of office of the directors
Twenty-eighth resolution:	Confirmation of the reduction of shareholders' equity to a level less than half the share capital and resolution on the continuation of business pursuant to Article L. 225-248 of the French Commercial Code
Twenty-ninth resolution:	Powers for formalities

I. CONDUCT OF COMPANY BUSINESS SINCE THE START OF THIS FINANCIAL YEAR

Pursuant to the regulatory provisions, the description of the conduct of business of Soitec (the "**Company**") since the start of this financial year is given in the management report of the financial year 2015-2016 contained in our Reference Document.

II. ORDINARY PART OF THE GENERAL MEETING

The object of the resolutions submitted for your vote this year in the ordinary part of the Meeting is the approval of the company and consolidated financial statements of the financial year ending 31 March 2016 (resolutions 1 and 2), the allocation of earnings (resolution 3), the approval of the regulatory agreements (resolution 4), the appointment as director of Bpifrance Investissement, which shall take over from Mr Joël Karecki whose term of office of director has expired (resolution 5), the renewal of the term of office of Mr Paul Boudre (resolution 6), the renewal of the term of office of director of CEA Investissement, temporarily appointed by the Ordinary General Meeting of 10 July 2015 as replacement of a resigning director (resolution 7), subject to the adoption of the twenty-seventh resolution providing for the reduction of the term of office of the directors from four to three years, the renewal of the term of office of Bpifrance Participations (resolution 8), the appointment of new statutory and alternate auditors (resolutions 9 to 12), an advisory opinion on the elements of remuneration of the Chairman and CEO (resolution 13), and the renewal of our share buy-back programme (resolution 14).

1. First resolution: Approval of the financial statements for the financial year ending 31 March 2016

The Ordinary General Meeting shall be asked to approve the annual financial statements of the Company for the financial year ending 31 March 2016 which show revenue of €220,309,732 and a loss of -€64,296,325.89, and also to approve the total amount of non-deductible expenses and costs liable to corporation tax amounting to €111,316 for the financial year.

2. Second resolution: Approval of the consolidated financial statements for the financial year ending 31 March 2015

The Ordinary General Meeting shall be asked to approve the consolidated financial statements for the financial year ending 31 March 2016 which show revenue of €233,194,000 and a net loss (Group share) of -€71,665,000.

3. Third resolution: Allocation of earnings

The Ordinary General Meeting shall be asked to allocate the loss for the financial year ending 31 March 2016 amounting to -€64,296,325.89 to be carried forward, increasing this item from -€821,154,076.72 to -€885,450,402.61.

4. Fourth resolution: Approval of regulated agreements

The regulatory agreements provided in Article L. 225-38 of the French Commercial Code are the object of a special report of your Auditors provided in Chapter 19 of the Reference Document. Pursuant to the law, the Board of Directors asks you to take cognisance of the information mentioned in this report and to approve, under the conditions of Article L. 225-40 of the French Commercial Code, its conclusions. We inform you that the following regulatory agreements were entered into or were continued during the financial year ending 31 March 2016:

- Authorisation of the subscription by the Company, as beneficiary, of key person insurance (authorisation given by the Board of Directors on 11 September 2015, but not yet implemented);
- Signature of a shareholders' agreement on 7 March 2016 between the Company, Bpifrance Participations, CEA Investissement and National Silicon Industry Group/NSIG Sunrise;

- Financing agreement with Bpifrance Participations, under which Bpifrance Participations granted a loan of €15m to the Company (authorisation granted on 20 April 2015);
- Financing agreement with CEA Investissement, under which CEA Investissement granted a loan of €9m to the Company (authorisation granted on 20 April 2015);
- Financing agreement with Shin-Etsu Handotai, under which Shin-Etsu Handotai granted a loan of €30m to the Company (authorisation granted on 20 April 2015);
- Agreement with André-Jacques Auberton-Hervé concerning the carrying out of a specific consultancy assignment (authorisation granted by the Board of Directors on 4 May 2015);
- Non-compete agreement with André-Jacques Auberton-Hervé.

We would like to inform you that the loans granted to the Company respectively by Bpifrance Participations, CEA Investissement and Shin-Etsu Handotai under the aforementioned financing agreements ending 27 May 2016 (maturity date), i.e. after the end of the financial year ending 31 March 2016. In fact, the Company repaid the entire balance of the loan granted by Shin-Etsu Handotai and the receivables respectively held by Bpifrance Participations and CEA Investissement against the Company under the aforementioned financing agreements were used by Bpifrance and CEA Investissement to subscribe, by means of offsetting receivables, to the capital increase with retention of the preferential subscription right initiated by the Company on 12 May 2016 and realised on 8 June 2016.

Further, the sums due to André-Jacques Auberton-Hervé under the agreements entered into with this latter have been repaid to him in full, such that these agreements are not continued for this financial year.

Please also be aware that the examination of the putting in place of the elements of remuneration of the company directors for the financial year 2015-2016 were carried out pursuant to the procedure provided in Article L. 225-38 *et seq.* of the French Commercial Code, in application of the provisions of Article L. 225-42-1 of the said Code.

5. Fifth resolution: Appointment of a new director

It is recalled that the shareholders' agreement entered into on 7 March 2016 between the Company, on the one hand, and Bpifrance Participations, CEA Investissement and National Silicon Industry Group, on the other (together the "Investors") provides that the Board of Directors shall in particular have two members whose appointment is proposed by each of the Investors. Bpifrance Participations is itself a director of the Company.

The term of office of Mr Joël Karecki, appointed on the proposal of Bpifrance Participations, has expired.

In consequence thereof, so that Bpifrance Participations still has two representatives within the Board of Directors, and pursuant to the recommendation of the Remuneration and Appointments Committee, we propose that you appoint Bpifrance Investissement as director in replacement of Mr Joël Karecki:

(i) should the twenty-seventh resolution be adopted, proposing the reduction of the term of office of the directors to three (3) years, for a term of three (3) years which will expire at the time of the General Shareholders Meeting which will be called to approve in 2019 the financial statements of the financial year ending 31 March 2019;

(ii) should the twenty-seventh resolution not be adopted, for a term of four (4) years which will expire at the time of the General Shareholders Meeting which will be called to approve in 2020 the financial statements of the financial year ending 31 March 2020.

Bpifrance Investissement's permanent representative to the Board of Directors would be Thierry Sommelet. Mr Thierry Sommelet, currently the permanent representative of Bpifrance Participations within the Board of Directors, shall be replaced in this position by Mrs Sophie Paquin.

The curriculum vitae of Mrs Sophie Paquin shall be available for consultation on the Soitec website under the legal conditions.

6. Sixth resolution: Renewal of the term of office as director of Mr Paul Boudre

The term of office of Mr Paul Boudre, who chairs the Strategy Committee of the Board of Directors, has expired. Pursuant to the recommendation of the Remuneration and Appointments Committee, we propose you renew the term of office of director of Mr Paul Boudre:

(i) should the twenty-seventh resolution be adopted, proposing the reduction of the term of office of the directors to three (3) years, for a term of three (3) years which will expire at the time of the General Shareholders Meeting which will be called to approve in 2019 the financial statements of the financial year ending 31 March 2019;

(ii) should the twenty-seventh resolution not be adopted, for a term of four (4) years which will expire at the time of the General Shareholders Meeting which will be called to approve in 2020 the financial statements of the financial year ending 31 March 2020.

7. Seventh resolution: Renewal of the term of office as director of CEA Investissement

CA Investissement had been appointed by the Board of Directors as member of the Board of Directors of the Company for the remaining term in office of Mr Christian Lucas, resigning from his position of director, up to the General Meeting called to approve the financial statements of the financial year ending 31 March 2016. This appointment was approved by the General Meeting of Shareholders of 10 July 2015 in its 6th resolution. The term of office of CEA Investissement, whose permanent representative within the Board of Directors is Mrs Guillemette Picard, has therefore expired.

In consequence thereof, and pursuant to the recommendation of the Remuneration and Appointments Committee, we propose you renew the term of office of director of CEA Investissement:

(i) should the twenty-seventh resolution be adopted, proposing the reduction of the term of office of the directors to three (3) years, for a term of three (3) years which will expire at the time of the General Shareholders Meeting which will be called to approve in 2019 the financial statements of the financial year ending 31 March 2019;

(ii) should the twenty-seventh resolution not be adopted, for a term of four (4) years which will expire at the time of the General Shareholders Meeting which will be called to approve in 2020 the financial statements of the financial year ending 31 March 2020.

8. Eighth resolution: Renewal of the term of office as director of Bpifrance Participations, under the condition precedent of the adoption of the twenty-seventh resolution

Should the twenty-seventh resolution proposing the reduction of the term of office of directors of the Company from four to three years be adopted, the term of office of Bpifrance Participations, which was initially due to expire on the date of the General Meeting called to approve the financial statements of the financial year ending 31 March 2017, shall expire on the date of your General Meeting. In consequence thereof, under the condition precedent of the adoption of the twenty-seventh resolution, you are proposed to renew the term of office of Bpifrance Participations, whose permanent representative would be Mrs Sophie Paquin, for a term of three (3) years which will expire at the time of the General Meeting which will be called to approve the financial statements of the financial year ending 31 March 2019.

9. Ninth resolution: Appointment of Ernst & Young Audit as principal statutory auditor of the Company

10. Tenth resolution: Appointment of Auditex as alternate statutory auditor of Ernst & Young Audit

11. Eleventh resolution: Appointment of KPMG S.A. as principal statutory auditor of the Company

12. Twelfth resolution: Appointment of Salustro Reydel as alternate statutory auditor of KPMG S.A.

The term of office of our principal and alternate statutory auditors expires at the time of this General Meeting. Pursuant to best practices, the financial management of the Group proceeded, under the supervision of the Audit and Risk Committee, with a request for proposals' process with a view to selecting our auditors for the next six years. At the end of this process, the Audit and Risk Committee recommended to the Board of Directors the application of Ernst & Young Audit and KPMG S.A. in replacement of PricewaterhouseCoopers Audit and the firm Muraz Pavillet as principal statutory auditors of the Company. This is the object of the 9th and 10th resolutions proposed to you today.

The 11th and 12th resolutions, for their part, concern the appointment of the respective alternate auditors of Ernst & Young Audit and KPMG S.A.

You will hear the presentation of Mr Christophe Gegout, on behalf of the Audit and Risk Committee, of the conclusions of the works carried out by the Committee within this framework, and the reasons that governed the recommendations made by the Committee to the Board of Directors.

13. Thirteenth resolution: Advisory opinion on the remuneration owed and awarded to Mr Paul Boudre for the financial year ending 31 March 2016

Pursuant to the recommendations of the Afep-Medef Code revised in November 2015 (Article 24.3), code to which the Company refers pursuant to Article L. 225-37 of the French Commercial Code, the following elements of remuneration due to be allocated for the financial year just ending to the Chairman and CEO are subject to the opinion of the shareholders:

- the fixed part;
- the annual variable part and, as appropriate, the multi-annual variable part with the objectives contributing towards the determination of this variable part;
- the extraordinary remuneration;
- the share options, the performance shares and any other element of long-term remuneration;
- the compensation related to the assumption or resignation from duties;
- the supplementary pension scheme;
- the advantages of any kind.

By the vote of the 13th resolution, you are proposed to issue a favourable opinion on the elements of remuneration due or allocated for the financial year 2015-2016 to Mr Paul Boudre, Chairman and CEO of the Company, as described in the Reference Document in Chapter 15.

14. Fourteenth resolution: Authorisation of the Board of Directors to buy-back Company shares

The Ordinary and Extraordinary Shareholders' Meeting of 10 July 2015, in its ninth resolution, authorised the Board of Directors to purchase Company shares, under conditions pursuant to articles L. 225-209 of the Commercial Code and European Regulation No. 2273/2003 of 22 December 2003 implementing European Directive No. 2003/6/EC of 28 January 2003, on one or more occasions, at the times it decided, subject to a limit of 5% of the shares constituting the share capital. The minimum purchase price was fixed as one (€1) Euro per share.

You may refer to the Reference Document where it describes the main terms and conditions of the share buy-back programme approved by the General Meeting of 10 July 2015. Between 10 July 2015 and 31 March 2016, the Company did not buy or sell any of its own shares.

Within the framework of this Meeting, you are proposed to grant a new authorisation to the Board of Directors pursuant to the provisions of Article L. 225-209 of the French Commercial Code for a period expiring on the day of the General Meeting called to approve the financial statements of the financial year ending 31 March 2017, which would replace and cancel the authorisation granted in 2015.

This new share buy-back programme will be used for the pursuit of the following objectives:

- to ensuring liquidity and making a market on the secondary share market of the Company through an investment service provider acting independently in the framework of a liquidity agreement which complies with the AMAFI ethical charter acknowledged by the AMF; or
- the award or sale of shares to employees and/or former employees and executives or former executives of the Company and/or of Companies related to it or that will become related to it, under the conditions and according to the procedures provided by applicable regulations, notably share purchase option plans, schemes for the free award of existing shares or company saving schemes; or
- the retention and deferred award of shares (in exchange, as payment or other) for external growth operations, it being specified that the maximum amount of shares acquired with a view to their retention and subsequent award as payment or in exchange for merger, demerger or capital contribution operation may not exceed 5% of the capital; or
- hedging securities giving entitlement to award of Company shares by the submission of shares when exercising rights attached to securities giving entitlement by reimbursement, conversion, exchange, presentation of a coupon or any other way to award of Company shares; or
- subject to adoption of the twenty-fourth resolution, to subsequently cancel, in whole or in part, the shares thus bought in under the conditions provided in Article L. 225-209 of the Commercial Code; or
- to implement any other permitted market practice or which is allowed by the market authorities; or
- in fulfilment of any other authorised purpose or that will be authorised by the law or regulations in force subject to informing the Company shareholders by a communique.

The buying of shares may concern a number of shares such that:

- the number of shares acquired during the repurchase programme shall not exceed 5% of shares constituting the Company's share capital at any time, said percentage referring to capital adjusted according to operations impacting on it after the General Meeting, it being stated that for the special case of shares purchased for a liquidity agreement, the number of shares considered for calculating the 5% limit is equivalent to the number of shares purchased, after deducting the number of shares resold during validity of the authorisation;
- the number of shares which the Company holds at any time shall not exceed 5% of shares composing the Company share capital, said percentage applying to capital adjusted according to operations affecting it after the General Meeting.

The purchase of shares may be made on one or more occasions, by any means, on a regulated market, a multilateral trading facility, from a systematic internalizer or by mutual agreement, including by public offer or transactions for blocks of shares (which may represent the entire programme). However, the Company does not intend to make recourse to derivatives. These operations may be performed at any time, pursuant to the legal provisions in force, excluding during public offerings of Company securities.

The maximum share price would be one Euro (€1) per share. In the event of capital transactions, notably division or splitting of shares or award of free shares, the aforementioned amount will be adjusted in the same proportions (adjustment coefficient equal to the ratio between the number of shares comprising the capital prior to the operation and the number of shares after the operation).

Pursuant to Article R. 225-151 of the French Commercial Code, the maximum overall amount allocated to the share repurchase programme would be €3,030,203 as calculated on the basis of the share capital on 8 June 2016, composed of 606,040,745 shares.

You will be proposed to confer all powers on the Board of Directors with the option of sub-delegation to implement this authorisation valid until the day of the Board of Directors called to approve the financial statements of the financial year ending 31 March 2017, to enter into all agreements, to perform all formalities and make all declarations with all bodies, and, in general, to do everything deemed necessary.

III. RESOLUTIONS FALLING WITHIN THE REMIT OF THE EXTRAORDINARY GENERAL MEETING:

In order to have the appropriate means for the development of the Group, your Board of Directors proposes to you, pursuant to Articles L. 225-129-2 and L. 228-92 of the French Commercial Code, resolutions whose object is to grant to it delegations of competence with the aim of having different issue possibilities provided by the regulations in force (resolutions no. 15 to 22).

This is a matter of renewing the authorisations and delegations of competence which you granted to us in 2015 in order to proceed with the capital increase and debt securities issue operations, and to allow the Company to have the greatest flexibility in order to be able to seize potential financing opportunities.

The total maximum nominal amount of the capital increases which may be made under the delegations hereinafter is fixed at €40 million in nominal for the capital increases and €150 million in nominal for the issue of debt securities which may give access to the capital of the Company (15th resolution). This is a total cap common to the 15th, 16th, 17th, 18th, 19th, 20th, 21st, 22nd and 23rd resolutions, added to which is the nominal amount of the shares to be issued potentially as a supplement, by virtue of the adjustments intended to take account of the impact of operations on the capital of the Company and carried out to protect the rights of the holders of securities giving access to the capital. Inside this total cap for the capital increases, we propose that you set a sub-cap fixed at €15 million in nominal for the operations entailing the cancellation of the preferential subscription right of shareholders.

These authorisations would be given with the option of sub-delegation under the conditions provided by law. Should the Board of Directors use the delegations of competence conferred to it in the resolutions hereinabove, the Board of Directors would report to the following Ordinary General Meeting, pursuant to the law and to the applicable regulations in force, on the use made of the authorisations conferred in these resolutions.

We also submit for your vote a resolution in view of giving the Company the means to have its salaried employees and directors participate in its success by allowing for the realisation of a capital increase reserved for members of company savings plans (23rd resolution). This resolution would expire after a period of 24 months from the date of the Meeting.

We further propose that you renew the resolution allowing the Company to cancel the shares held by it up to the amount of 10% of the capital (24th resolution).

The 25th resolution is intended to authorise the Board of Directors to implemented performance share allocation plans, up to the total amount of 5% of the share capital (20% of which for the corporate officers).

Within the framework of the 26th resolution, we propose that you confer a delegation of powers on the Board of Directors in order to proceed with the combination of Company shares such that 20 ordinary shares of a nominal value of €0.10 each would be exchanged against 1 new share of €2 in nominal value. This would allow for reducing the number of shares composing the share capital of the Company and exchanged on the market and thus increase their stock market value.

Through the 27th resolution, your Board of Directors proposes that you reduce the term of office of the directors of the Company from four to three years, effective immediately. This resolution would also apply to the terms of office of the current directors of the Company. Within the framework of this resolution, you will also be asked to modify the Articles of Association of the Company accordingly.

Finally, the 28th resolution aims to confirm, pursuant to Article L. 225-248 of the French Commercial Code, that the financial statements of the financial year ending 31 March 2016 show the shareholders' equity of the Company as less than half its share capital and to resolve on the continuation of Company business.

The last resolution (29th resolution) concerns the powers for the formalities.

By proposing these resolutions to you, your Board is keen to point out to you, in order to respond to the requirements of the legal and regulatory texts, the scope of these resolutions submitted for your approval.

15. Fifteenth resolution: Delegation of competence to be granted to the Board of Directors to increase the Company's capital by issuing, with retention of the preferential subscription right, shares and/or securities giving access, immediately or in future, to the Company's capital

Within the framework of this resolution, you will be proposed to confer a new delegation for a period of twenty-six months from this day which would confer on the Board of Directors the competence to proceed, on one or more occasions, in the proportion and at the times it decides, in Euro, foreign currency or any other accounting unit established with reference to a basket of currencies, to issue in France and/or abroad, with maintenance of the preferential subscription right, ordinary shares and/or all securities (including warrants and debt securities) issued for consideration or gratuitously, giving access by all means, immediately and/or in future, at any time or on a fixed date, by subscription, conversion, exchange, reimbursement, presentation of a warrant or any other means, to the Company's ordinary shares, it being specified that subscription of said shares and/or other securities may be made either in cash or by offsetting liquid due receivables.

Shareholders will have a preferential right of subscription which will be exercised in proportion to their rights and in the limit of their requests.

The total amount of the capital increases which might be made under this delegation may not be more than €40 million in nominal, and the nominal amount of the debt securities which may be issued no more than €150 million or the equivalent value of this amount.

We also propose that you resolve that the issue(s) shall be reserved, preferably, for the shareholders of the Company that may subscribe in an irreducible manner in proportion to the number of shares owned by them. Nevertheless you would confer on the Board of Directors the ability to grant to shareholders the right to subscribe, on a reducible basis, a higher number of shares or securities than what they could have subscribed on an irreducible basis, proportionally to the subscription rights they have and, in any event, in the amount of their request.

We propose that you resolve that if the irreducible securities and, as appropriate, the reducible ones, did not absorb all of such issue, the Board of Directors may use, under the conditions provided by the law and in the order it shall determine, either or both of the options provided hereinafter:

- to limit the issue to the amount of the subscriptions, provided that these reach at least three-quarters of the issue initially decided upon;
- to distribute freely all or part of the securities not subscribed between persons of its choice;
- to offer to the public all or part of the securities not subscribed, on the French and/or international market.

The final terms and conditions of the operation(s) carried out under this delegation of competence shall be the object of a supplemental report, pursuant to the provisions of Article L. 225-129-5 of the French Commercial Code, which the Board of Directors shall prepare at the time it makes use of this delegation of competence.

Should the Board of Directors make use of its option of sub-delegation pursuant to the provisions of Article L. 225-129-4 of the French Commercial Code, the CEO shall report to the Board of Directors on the use made of the power to resolve as to the capital increases and shall prepare, when using this sub-delegation, the supplemental report pursuant to the provisions of Article L. 225-129-5 of the French Commercial Code.

The Board of Directors may not, except subject to prior authorisation by the General Meeting, make use of this delegation with effect from the filing by a third party of a public offering for the Company's securities, up until the end of the offer period.

16. Sixteenth resolution: Delegation of competence to be granted to the Board of Directors to increase the Company's capital by issuing, with cancellation of the preferential subscription right, shares and/or securities giving access, immediately or in future, to the Company's capital

With a view to completing the delegation mechanism provided in the previous resolution, and to giving the Board the means to go ahead with the issues whose speed is an essential condition of success, we propose that you confer on the Board of Directors for a duration of twenty-six months, the competence to issue, both in France and abroad, with cancellation of the preferential subscription right, the same securities as those provided in the fourteenth resolution.

The total amount of capital increases which may be made by virtue of this delegation shall not exceed €15 million nominal (this cap being set off against the global cap of €40 million imposed by the 15th resolution and being common to the 17th, 18th, 19th, 20th, and 22nd resolutions) and the nominal amount of debt securities that may be issued of €150 million (cap common to that of the 15th resolution).

The issues made under this delegation would be by means of public offers, on the understanding that they may be made together with an offer or offers provided in II of Article L. 411-2 of the French Monetary and Financial Code made on the grounds of the 17th resolution submitted for the vote of this General Meeting.

The preferential subscription right of shareholders to the shares and/or securities which may be issued on the grounds of this delegation would therefore be cancelled, but the Board of Directors may establish in favour of shareholders a right of priority, in an irreducible and potentially reducible manner, of a duration which it shall determine pursuant to the law and to the regulatory provisions, for all or part of an issue made within the framework of this resolution and which shall be exercised in proportion to the number of shares owned by each shareholder pursuant to the legal and regulatory provisions.

We propose that you resolve that if the irreducible securities and, as appropriate, the reducible ones, did not absorb all of such issue, the Board of Directors may use, under the conditions provided by the law and in the order it shall determine, either or both of the options provided hereinafter:

- to limit the issue to the amount of the subscriptions, provided that these reach at least three-quarters of the issue initially decided upon;
- to distribute freely all or part of the securities not subscribed between persons of its choice;
- to offer to the public all or part of the securities not subscribed, on the French and/or international market.

The method for calculating the issue price shall be those provided by Article R. 225-119 of the Commercial Code. It shall at least be equal to the weighted average of the prices of the three (3) stock market sessions preceding its determination, potentially minus a maximum reduction of 5% after, as appropriate, correcting this average to take account of the difference between the dates of enjoyment.

The final terms and conditions of the operation(s) carried out under this delegation of competence shall be the object of a supplemental report, pursuant to the provisions of Article L. 225-129-5 of the French Commercial Code, which the Board of Directors shall prepare at the time it makes use of this delegation of competence.

Should the Board of Directors make use of its option of sub-delegation pursuant to the provisions of Article L. 225-129-4 of the French Commercial Code, the CEO shall report to the Board of Directors on the use made of the power to resolve as to the capital increases and shall prepare, when using this sub-delegation, the supplemental report pursuant to the provisions of Article L. 225-129-5 of the French Commercial Code.

The Board of Directors may not, except subject to prior authorisation by the General Meeting, make use of this delegation with effect from the filing by a third party of a public offering for the Company's securities, up until the end of the offer period.

17. Seventeenth resolution: Delegation of competence granted to the Board of Directors with a view to issuing, by the offering referred to in Article 411-2 II of the Monetary and Financial Code, of shares and/or securities giving access, immediately or in future, to Company's capital, with cancellation of the shareholders' preferential subscription rights

To complete the mechanism proposed for the aforementioned resolution, we ask you to authorise the issue of any type of financial instrument with cancellation of the preferential subscription right, within the framework of an offer provided in Article L411-2 II of the French Monetary and Financial Code ("private investment"). The implementation terms of this delegation of competence are the same as those provided in the 16th resolution, but pursuant to the provisions of Article L. 255-136 (3) of the French Commercial Code, the issue of equity securities made by an offer provided in Article L. 411-2 II of the French Monetary and Financial Code shall be limited to 20% of the share capital per annum (or any other limit which is authorised during the life of the resolution) without being able to exceed the cap of €15 million in nominal which shall be charged to the common cap of €15 million set out in the 16th resolution for the operations entailing the cancellation of the preferential subscription right, and the general cap of €40 million provided in the 15th resolution for all capital increase operations which may result from the resolutions proposed to you. Likewise the debt securities and similar giving access to the Company capital that may be issued by virtue of this delegation shall not exceed €150 million, the nominal amount of securities that may be created by virtue of this delegation being set off against the global cap of €150 million in "3b" of the 15th resolution.

The method for calculating the issue price shall be those provided by Article R. 225-119 of the Commercial Code. It shall be at least equal to the weighted average of the price of three (3) stock market trading sessions preceding its fixing, possibly reduced by a maximum discount of 5%.

This delegation of competence would be valid for a period of 26 months from the day of the Meeting.

The Board of Directors may not, except subject to prior authorisation by the General Meeting, make use of this delegation with effect from the filing by a third party of a public offering for the Company's securities, up until the end of the offer period.

18. Eighteenth resolution: Delegation of competence to be granted to the Board of Directors with a view to increasing the amount of issues with retention or cancellation of the preferential subscription right within the limit of 15% of the initial issue

Pursuant to the provisions of Article L. 225-135-1 of the French Commercial Code, in the case where an issue is the subject of a request exceeding the amount offered, you will be proposed to authorise the Board of Directors to increase the number of ordinary shares and securities to be issued within thirty days of the end of subscription, subject to the caps provided by the previous resolutions and a maximum of 15% of the initial issue, and at the same price as for the initial issue.

This authorisation would be valid for twenty-six months from the date of the Meeting.

19. Nineteenth resolution: Delegation of competence to be granted to the Board of Directors in case of issue with cancellation of the preferential subscription right of shares and/or any securities giving access, immediately or in the future, to the Company capital, with a view to fixing the issue price in the limit of 10% of the share capital of the Company in accordance with the terms and conditions determined by the General Meeting

Pursuant to the provisions of Article L. 225-136 (1) of the French Commercial Code, you are asked to authorise the Board of Directors to fix the issue price of the equity securities whose issue would be authorised pursuant to the 15th, 16th and 17th resolutions with special conditions derogating from the legal method provided in these resolutions. This option would be limited to 10% of the share capital (this percentage applying to an adjusted capital depending on the operations affecting it subsequent to this Meeting) over a period of 12 months.

In order to give the Board of Directors the flexibility required for the correct operating of this authorisation, whilst overseeing its prerogatives, we propose that you resolve that the Board of Directors should decide on one of the following methods of determining the issue price:

a) for the equity securities to be issued immediately, the Board of Directors may decide between the following two methods:
   - issue price equal to the average of the prices confirmed over a maximum period of six months prior to the issue;
   - issue price equal to the weighted average price of the market on the day prior to the issue (VWAP 1 day) with a maximum reduction of 15%.

   This level of reduction corresponds to the maximum practicable level pursuant to the regulations, particularly in the event of issue of share subscription options. The fixing of an authorisation allowing for an intentionally high reduction takes account of the high volatility of the price of the Soitec share, and must allow for the issue of the securities under the best market conditions.

b) for the equity securities to be issued on a deferred basis, the issue price shall be such that the sum immediately received by the Company, plus the sum which may be received subsequently by the company, is, for each share, at least equal to the amount provided in a) above.

The maximum nominal amount of capital increase of the Company arising from this resolution, whether directly or on presentation of securities, may not exceed 10% of the share capital per 12-month period, or the equivalent of this amount, on the understanding that this amount shall be charged to the common cap of €15 million provided in the 16th resolution for the operations entailing the cancellation of the preferential subscription right, and the general cap of €40 million provided in the 15th resolution for all capital increase operations which may result from the implementation of the resolutions proposed to you. Likewise the debt securities and similar giving access to the Company capital that may be issued by virtue of this delegation shall not exceed €150 million, the nominal amount of securities that may be created by virtue of this delegation being set off against the global cap of €150 million in "3b" of the 15th resolution.

This authorisation would be valid for twenty-six months from the date of the Meeting. The Board of Directors may not, except subject to prior authorisation by the General Meeting, make use of this delegation with effect from the filing by a third party of a public offering for the Company's securities, up until the end of the offer period.

20. Twentieth resolution: Delegation of powers to be granted to the Board of Directors with a view to increasing the Company's share capital by contributions in kind constituted of shares or securities giving access to the Company's capital

Article L. 225-147 (6) of the French Commercial Code provides that the General Meeting of a company whose securities are admitted to trading on a regulated market may authorise its Board of Directors to carry out a capital increase of not more than 10% of its share capital in order to compensate the contributions in capital securities or transferable securities giving access to the capital.

Under this mechanism, and within the limit (i) of the common cap of €15 million provided in the 16th resolution for the operations entailing the cancellation of the preferential subscription right, (ii) the general cap of €40 million provided in the 15th resolution for all capital increase operations which might arise from the implementation of the resolutions proposed to you, and (iii) the cap of €150 million provided in "3.b" of the 15th resolution for the securities representing receivables or similar securities, giving access to the capital of the Company, you will be asked to delegate to the Board of Directors the powers required to carry out the issue of ordinary shares of the Company or any securities giving access by any means, immediately and/or in the future, to ordinary shares existing or to be issued of the Company, up to the amount of 10% of the share capital (as adjusted depending on the operations affecting it subsequent to this Meeting) to which shall be added the nominal amount of the supplemental shares to be issued to protect the rights of the holders of securities giving right to shares to compensate the securities contributed within the framework of a contribution in kind pursuant to the provisions of Article L. 225-147 (6) of the French Commercial Code.

This delegation would be valid for a period of twenty-six months from the day of the Meeting.

The Board of Directors may not, except subject to prior authorisation by the General Meeting, make use of this delegation with effect from the filing by a third party of a public offering for the Company's securities, up until the end of the offer period.

21. Twenty-first resolution: Delegation of competence to be granted to the Board of Directors with a view to increasing the share capital by incorporation of premiums, reserves, profits or any other amount of which capitalisation is permitted

Within the framework of this resolution, we propose you authorise Board of Directors under the conditions of Article L. 225-129-2 of the Commercial Code, to proceed with one or more capital increase of the Company by incorporation of premiums, reserves, profits or other amounts of which capitalisation is permitted according to law and the articles of association in the form of free shares or by increasing the nominal value of existing shares.

The total amount of capital increases which may be made, increased by the amount necessary to preserve, according to law, the rights of bearers of securities giving entitlement to shares, shall not exceed the amount of the reserve, premium or profit accounts existing at the time of the capital increase.

The maximum amount of the capital increase which may thus be made shall not exceed the total amount of the sums which may be incorporated or the cap of €40 million provided in the 15th resolution or the equivalent of that amount, it being specified that this amount will be set off against the amount of the global cap of €40 million in '3.a(i)' of the 15th resolution or, if applicable, against the amount of any cap that may be provided by resolution of the same nature which succeeds it throughout the period of validity of this delegation.

The delegation would be conferred on the Board of Directors for a period of twenty-six months.

22. Twenty-second resolution: Delegation of competence to be conferred on the Board of Directors with a view to proceeding with the increase of share capital by the issue of shares or securities which immediately or in the future give access to the Company's share capital as remuneration for contribution of securities made in the framework of a public offer of exchange initiated by the Company

Within the limit (i) of the common cap of €15 million provided in the 16th resolution for operations entailing the cancellation of the preferential subscription right, (ii) the general cap of €40 million provided by the 15th resolution for all capital increase operations which may result from the implementation of the resolutions proposed to you, and (iii) the cap of €150 million provided in "3.b" of the 15th resolution for securities representing receivables or similar securities, giving access to capital of the Company, you are asked to delegate competence to the Board of Directors, with the option of sub-delegation under the conditions set out by law, in order to decide, on one or more occasions, on the issue ordinary shares and/or securities giving access, immediately and/or in the future, at any time or on a fixed date by subscription, conversion, exchange, reimbursement, presentation of a warrant or any other means, to ordinary shares in the Company as remuneration for securities which would be contributed in the framework of a public offer of exchange initiated in France or abroad, according to local regulations (including any other operation with the same effect as a public offer of exchange initiated by the Company for its own securities or the securities of another company of which the securities are admitted to trading on a regulated market under foreign law or similar), by the Company on the securities of another company admitted to trading on one of the regulated markets referred to in Article L. 225-148 of the Commercial Code.

Company shareholders shall not have preferential subscription rights to shares and/or securities that will be issued under this delegation, the latter being exclusively intended to remunerate securities contributed to a public offer of exchange initiated by the Company.

The price of the shares and/or the securities that will be issued in the context of this delegation will be defined on the basis of the legislation applicable to public offers of exchange.

This delegation would be valid for a period of twenty-six months from the day of the Meeting.

23. Twenty-third resolution: Delegation of competence to the Board of Directors to proceed with a capital increase by the issue or shares or securities giving access to capital, reserved to members of a company savings plan, with elimination of the preferential right of subscription for the benefit of the latter

Article L. 225-129 of the French Commercial Code provides that at the time of any decision to increase capital or issue securities giving access in time to a proportion of the share capital, the Extraordinary General Meeting shall decide on a draft resolution in view of realising the capital increase made under the conditions provided in Article L. 3332-18 of the French Labour Code.

Pursuant to these provisions, you will be asked to authorise the Board of Directors, to resolve, if it considers this appropriate, as to the capital increases reserved for salaried employees, up to a maximum nominal amount of €500,000, by issuing ordinary shares or securities giving access to the capital.

The maximum nominal amount of the capital increase(s) by issue of new shares which may be realised under this delegation shall be charged to the total cap of €40 million provided in the 15th resolution.

The maximum nominal amount of securities representing receivables or similar securities giving access to the Company's capital which may be issued by virtue of this delegation will be set-off against the cap of €150 million provided in "3.b" of the 15th resolution or the equivalent value of this amount.

Competence shall also be given to the Board in order to determine the identity of the beneficiaries of the allocations, and the conditions and, as appropriate, the allocation criteria of the shares and/or securities issued within the framework of this delegation.

You are proposed to fix the issue price for the new shares or securities giving access to capital issued in the framework of this delegation at a value equal to at least 80% of the average listed price of the share on the Paris Euronext market during the twenty stock market sessions preceding the day of the decision of the Board of Directors fixing the opening date for the period of subscribing to the capital increase reserved to members of Company saving schemes, that is a reduction of 20% compared with the average listed price of the Company share on Paris Euronext during the aforementioned period. However, you would explicitly authorise the Board of Directors to reduce the aforementioned reduction, subject to the legal and regulatory limits, or not to grant it, notably to consider the applicable regulations in countries where the offer will be implemented. In accordance with Article L. 3332-21, paragraph 3 of the Employment Code, the Board of Directors may proceed in favour of the beneficiaries referred to above, to replace the reduction, the award of free financial securities giving access to capital.

The adoption of this resolution would imply the cancellation of the preferential subscription right of shareholders to the new shares to be issued in favour of salaried employees members of the savings plan of the Company.

This delegation would be granted for a period of twenty-six months from the day of your General Meeting.

24. Twenty-fourth resolution: Authorisation given to the Board of Directors to cancel, if applicable, the treasury shares held by the Company, up to a maximum of 10%

In order to allow for the pursuit of all of the objectives assigned to the share buy-back programme of the Company, we propose that you authorise the Board of Directors to cancel on its decisions alone, on one or more occasions, all or part of the shares bought under the own-share buy-back authorisations of the Company up to a maximum of 10% of the capital over a 24-month period from this Meeting and to proceed accordingly with the correlative share capital reductions.

This authorisation would be given for a duration which will expire on the day of the General Meeting which will be called to approve the financial statements for the financial year ending 31 March 2017.

25. Twenty-fifth resolution: Authorisation to be given to the Board of Directors to proceed with award of free performance related shares

Joint stock companies are authorised to distribute free of charge shares existing or to be issued to their directors and salaried employees, under the conditions provided in Article L. 225-197-1 *et seq.* of the French Commercial Code. In consequence thereof, we propose you authorise the Board of Directors of the Company to award existing or future shares in the Company for the benefit of salaried employees and executives complying with the conditions of Article L. 225-197-1 II of the Commercial Code, or of affiliates pursuant to Article L. 225-197-2 of the Commercial Code; it being stipulated that the total number of free shares distributed shall not exceed 5% of the share capital as recorded on the day of the decision of award (of which 20% for corporate executives).

We propose that you resolve that the award of shares to their beneficiary becomes definitive only subject to conditions and achieving the performance criteria fixed, if applicable, by the Board of Directors, after an acquisition period fixed by the Board of Directors.

For corporate executives, the definitive award of the shares awarded is conditional on achieving performance conditions which the Board of Directors will determine on a proposal of the Remunerations and Appointments Committee.

The Board of Directors would have the option to determine, in accordance with the provisions of Article L. 225-197-1 of the French Commercial Code, the duration of the buying and holding period of the shares on the understanding that the final allocation of the shares and the option to freely sell them, would nevertheless be acquired by a beneficiary if this latter were to be affected by one of the case of invalidity provided in Article L. 225-197-1 of the French Commercial Code.

Under this delegation, the Board of Directors would also be authorised to proceed, as appropriate, during the buying period, with the adjustments of the number of shares related to the potential operations on the capital of the Company, so as to protect the rights of the holders.

The authorisation requested, which may be used on one or more occasions, would be given for a duration of twenty-four months from this Meeting.

26. Twenty-sixth resolution: Combination of Company shares by allocation of 1 new ordinary share of €2 in nominal against 20 ordinary shares of €0.10 in nominal held - Delegation of powers to the Board of Directors with the option of sub-delegation

Given the very high volatility of the stock market price, particularly due to the low unit value of the Company's share (less than €1), and in order to stabilise the price of the Soitec share, we invite you to resolve to proceed with the combination of the shares composing the share capital of the Company such that 20 ordinary shares of a nominal value of €0.10 each shall be exchanged against 1 new share of €2 in nominal value each and give all powers to the Board of Directors in order to implement this resolution, particularly to determine the start date of the combination operations, to publish the opinions and to proceed with the necessary formalities, to confirm and decree the exact number of shares to be combined and the number of shares resulting from the combination.

The new shares arising from the combination will benefit from a double voting right, provided that they are kept registered, if on the date of the combination of the old shares from which they arise each of the old shares benefited from a double voting right.

This delegation would be granted for a duration which will expire on the date of the next General Meeting which will be called to approve the financial statements for the financial year ending 31 March 2017.

27. Twenty-seventh resolution: Modification of the term of office of the directors

Your Board of Directors proposes that you reduce the term of office of the directors of the Company from four to three years in order to allow for a more homogeneous renewal of the Board of Directors in the future. This modification would be applicable immediately and would also apply to the current terms of office on the date of your General Meeting, which would therefore be reduced to a term of three years should this resolution be adopted.

In consequence thereof:

(i) the term of office of Mr Christophe Gégout, appointed under the 1st resolution of the Ordinary and Extraordinary General Meeting of 11 April 2016, for an initial term of four (4) years due to expire at the end of the General Meeting convened in 2020 to approve the financial statements for the financial year ending 31 March 2020, shall expire at the end of the General Meeting convened to approve the financial statements for the financial year ending 31 March 2019;

(ii) the term of office of Mr Xi Wang, appointed under the 2nd resolution of the Ordinary and Extraordinary General Meeting of 11 April 2016, for an initial term of four (4) years due to expire at the end of the General Meeting convened in 2020 to approve the financial statements for the financial year ending 31 March 2020, shall expire at the end of the General Meeting convened in 2019 to approve the financial statements for the financial year ending 31 March 2019;

(iii) the term of office of Mr Weidong Ren, appointed under the 3rd resolution of the Ordinary and Extraordinary General Meeting of 11 April 2016, for an initial term of four (4) years due to expire at the end of the General Meeting convened in 2020 to approve the financial statements for the financial year ending 31 March 2020, shall expire at the end of the General Meeting convened in 2019 to approve the financial statements for the financial year ending 31 March 2019;

(iv) the term of office of Mrs Monica Beltrametti, appointed under the 4th resolution of the Ordinary and Extraordinary General Meeting of 11 April 2016, for an initial term of four (4) years due to expire at the end of the General Meeting convened in 2020 to approve the financial statements for the financial year ending 31 March 2020, shall expire at the end of the General Meeting convened in 2019 to approve the financial statements for the financial year ending 31 March 2019;

(v) the term of office of Mrs Nadine Foulon-Belkacemi, appointed under the 5th resolution of the Ordinary and Extraordinary General Meeting of 11 April 2016, for an initial term of four (4) years due to expire at the time of the General Meeting convened in 2020 to approve the financial statements for the financial year ending 31 March 2020, shall expire at the end of the General Meeting convened in 2019 to approve the financial statements for the financial year ending 31 March 2019;

(vi) the term of office of Mrs Laurence Delpy, appointed under the 6th resolution of the Ordinary and Extraordinary General Meeting of 11 April 2016, for an initial term of four (4) years due to expire at the time of the General Meeting convened in 2020 to approve the financial statements for the financial year ending 31 March 2020, shall expire at the end of the General Meeting convened in 2019 to approve the financial statements for the financial year ending 31 March 2019;

(vii) the term of office of Mr Joseph Martin, renewed as director under the 5th resolution of the Ordinary and Extraordinary General Meeting of 28 May 2014, for an initial term of four (4) years due to expire at the time of the General Meeting called to rule in 2018 on the financial statements for the financial year ending 31 March 2018, shall expire at the end of the General Meeting called to rule in 2017 on the financial statements for the financial year ending 31 March 2017;

(viii) the term of office of Mr Douglas Dunn, appointed under the 6th resolution of the Ordinary and Extraordinary General Meeting of 28 May 2014, for an initial term of four (4) years due to expire at the time of the General Meeting called to rule in 2018 on the financial statements for the financial year ending 31 March 2018, shall expire at the end of the General Meeting called to rule in 2017 on the financial statements for the financial year ending 31 March 2017;

(ix) the term of office of Mr Satoshi Onishi, appointed under the 5th resolution of the Ordinary and Extraordinary General Meeting of 10 July 2015, for an initial term of four (4) years due to expire at the time of the General Meeting convened in 2019 to approve the financial statements for the financial year ending 31 March 2019, shall expire at the end of the General Meeting called to rule in 2018 on the financial statements for the financial year ending 31 March 2018;

Further, should this resolution be adopted by your General Meeting, you will be asked to acknowledge that the term of office of Bpifrance Participations (initially elected for four years, which was due to expire on the date of the General Meeting called to approve the financial statements of the financial year ending 31 March 2017), would end on the date of your General Meeting and that Bpifrance Participations would therefore be deemed to have resigned on that date.

Finally, in consequence thereof, you will be asked to proceed with the correlative modification of Article 12 of the Articles of Association of the Company.

28. Twenty-eighth resolution: Confirmation of the reduction of shareholders' equity to a level less than half the share capital and resolution on the continuation of business pursuant to Article L. 225-248 of the French Commercial Code

The financial statements of the Company for the financial year ending 31 March 2016 show shareholders' equity of less than half of the share capital of the Company. In consequence thereof, this resolution is submitted to you in order to respond to the legal obligation provided by Article L. 225-248 of the French Commercial Code, such that your General Meeting (i) acknowledges the reduction of the shareholders' equity of the Company to a level lower than half its share capital and (ii) decides on the winding-up or not of the Company and the continuation of its business. Within this framework, we propose that you resolve not to wind-up the Company and to continue the business.

Further, we should point out to you that the shareholders' equity of the Company has, since 31 March 2016, been reconstituted to a level at least equal to half the share capital of the Company, thanks to the capital increase and 2018 OCEANEs buy-back operations carried out in May and June 2016, for which the Ordinary and Extraordinary General Meeting of 11 April 2016, which met on the first convocation, and the Extraordinary General Meeting of 29 April 2016, which met on the second convocation, delegated their competence to the Board of Directors.

This resolution is however submitted to you insofar as it is fitting to examine the situation of the shareholders' equity of the Company on the end date of the last financial year, i.e. on 31 March 2016.

29. Twenty-ninth resolution: Powers for the formalities

Finally, you will be asked to give all powers to the bearer of an original, a copy or an excerpt hereof with the purpose of fulfilling legal formalities.

* * *

We invite you to vote in favour of the resolutions proposed to you. Before voting on the resolutions submitted to you, we ask you to listen to the reading of the reports of the Auditors.

Board of Directors

32. Soitec S.A.'s financial statements as at 31 March 2016

BALANCE SHEET - ASSETS

(in euros)	Gross amount	Provisional depreciation	31/03/2016	31/03/2015
Capital (subscribed but not called up)				
Intangible fixed assets				
Start up costs				
Development costs	3,710,000	1,855,000	1,855,000	2,226,000
Concessions, patents and similar rights	44,272,573	40,855,391	3,417,183	6,334,278
Goodwill (1)	705,000		705,000	
Other intangible assets	682,849		682,849	575,992
Advances and instalments on intangible assets				
Tangible fixed assets				
Land	300,000		300,000	780,801
Buildings	230,000	230,000		4,367,026
Technical installations, equipment, tools	200,886,638	185,296,112	15,590,526	21,958,772
Other tangible assets	61,828,245	37,940,444	23,887,801	27,186,042
Fixed assets under construction	7,905,971		7,905,971	5,818,099
Advances and instalments				
Financial fixed assets (2)				
Holdings using the equity method				
Other holdings	178,594,664	169,629,175	8,965,489	19,767,464
Receivables linked to holdings	483,743,492	433,847,682	49,895,810	158,503,982
Other long-term investments				
Loans				
Other investments	9,528,613	6,492,746	3,035,868	10,128,453
Fixed assets	**992,388,045**	**876,146,549**	**116,241,497**	**257,646,910**
Inventory and work in progress				
Raw materials, supplies	24,665,995	6,970,315	17,695,681	15,542,776
Work-in-progress of production of goods	6,793,920	645,937	6,147,982	6,267,340
Work-in-progress of production of services				
Semi-finished and finished products	6,300,611	674,883	5,625,728	3,366,642
Merchandise				286,063
Advances, goods paid for on order	451,946		451,946	596,460
Receivables				
Account receivables and related accounts (3)	35,924,062	320,071	35,603,991	45,721,889
Other receivables (3)	39,205,472		39,205,472	38,495,028
Subscribed Capital, called up but not paid				
Miscellaneous				
Marketable securities (of which own shares)	1,133,000		1,133,000	1,000,000
Liquid assets	38,505,051		38,505,051	15,889,142
Adjustment Accounts				
Pre-paid costs (3)	1,163,792		1,163,792	798,587
Current assets	**154,143,849**	**8,611,206**	**145,532,643**	**127,963,927**
Debt issue expenses to be written off	1,910,426		1,910,426	2,708,866
Bond redemption premium				
Conversion rate difference - assets	2,157,769		2,157,769	3,219,587
Grand total	**1,150,600,090**	**884,757,755**	**265,842,335**	**391,539,291**
(1) Lease				
(2) Part -1 year fin. fixed assets				
(3) Part to + 1 year [CR]			24,220,365	26,660,462

BALANCE SHEET - LIABILITIES

(in euros)	31/03/2016	31/03/2015
Share or individual capital of which paid up (1)	23,132,418	23,118,843
Share premiums from issues, mergers, and contributions	780,442,913	782,059,728
Revaluation adjustment of which equity method valuation difference (2)*		
Legal reserve (3)	3,393,047	3,393,047
Regulated or contractual reserves		
Regulatory reserves (of which provisions for price fluctuations) (3)		
Other reserves (including purchase of original works of art)	26,349,678	26,363,254
Retained earnings	(821,154,077)	(434,087,286)
Earnings for the financial year (profit or loss)	(64,296,326)	(387,066,756)
Investment grants		
Mandatory provisions	908,002	1,037,382
Shareholders' equity	**(51,224,345)**	**14,818,211**
Earnings from issues of securities in capital		
Advances with conditions	27,480,012	24,531,768
Other equity	**27,480,012**	**24,531,768**
Provision for contingencies	3,721,248	4,944,070
Provision for charges	6,598,549	3,831,966
Provisions for liabilities and charges	**10,319,797**	**8,776,036**
Financial liabilities		
Convertible bond loans	103,168,793	103,168,793
Other bond loans	226,710	228,575
Loans and debts with credit institutions (5)	52,190,770	56,574,185
Various other loans (of which equity loans)	33,657,775	27,217
Advances and instalments received on outstanding orders	842,935	5,523,356
Operating debts		
Trade accounts and notes payable	43,268,236	45,858,969
Tax and social security debts	25,587,493	17,832,171
Miscellaneous debts		
Debts on fixed assets and related accounts	1,231,044	1,363,323
Other debts	8,002,217	23,261,242
Adjustment Accounts		
Pre-paid earnings (4)	10,832,853	12,547,094
Debts (4)	**279,008,826**	**266,384,924**
Liability conversion rate differences	258,044	77,028,352
Grand total	**265,842,335**	**391,539,291**
(1) Adjustments incorporated in the capital - Special revaluation reserve (1959)		
(2) Of which - Free revaluation difference - Revaluation reserve (1976)		
(3) Of which, long term capital gains regulated reserve		
(4) Pre-paid debts and earnings – less than 1 year	121,407,098	152,772,589
(5) Of which, bank outstandings, bank credit balances, CCP	52,190,770	56,574,185
Debts of more than one year	45,318,152	13,615,992
Debts of less than one year	6,872,617	42,958,193

INCOME STATEMENT (LIST FORM)

Line items	France	Exports	31/03/2016	31/03/2015
Sales of goods	1,124,338	114,405	1,238,742	940,687
Sales of goods produced	27,024,737	185,902,097	212,926,833	155,399,222
Sales of services provided	712,831	5,431,326	6,144,157	4,792,107
Net revenue	**28,861,905**	**191,447,827**	**220,309,732**	**161,132,017**
Production in inventory			1,928,655	732,784
Stored production				
Operating subsidies			9,396,300	4,090,020
Reversal of depreciation and provisions, transfer of expenses (9)			26,468,946	24,425,966
Other earnings (1) (11)			10,248,892	4,764,497
Operating income (2)			**268,352,525**	**195,145,284**
Purchases of goods (including customs duties)			932,089	1,038,271
Changes in inventory (goods)			90,222	(245,871)
Purchases of raw materials and supplies (and customs duties)			84,644,461	58,420,764
Changes in linventory (raw materials and supplies)			(2,595,352)	(2,297,261)
Other purchases and external costs (3) (6bis)			89,301,735	73,284,235
Taxes and similar payments			5,677,556	4,650,176
Wages and salaries			47,485,029	44,336,825
Social security contributions (10)			21,072,868	18,499,799
Operating allowances				
On fixed assets: provisions for depreciation			18,619,053	25,677,492
On fixed assets: allocations to provisions			337,530	17,211,136
On current assets: allocations to provisions			8,528,671	8,169,243
For contingencies and charges: allocations to provisions			7,019,979	3,449,635
Other costs (12)			4,906,268	4,261,070
Operating costs (4)			**286,020,108**	**256,455,516**
Operating profit (loss)			(17,667,583)	(61,310,231)
Joint ventures				
Allocated gain or transferred loss				
Allocated loss or transferred gain				
Financial income				
Financial income from holdings (5)			5,298,481	
Income from other capitlized securities and receivables (5)			0	
Other interest and similar income (5)			9,938,689	9,487,043
Reversals on provisions and transfer expenses			26,543,426	28,327,603
Positive exchange rate adjustments			6,139,463	7,435,716
Net income from sales of investment securities				
Financial income			**47,920,059**	**45,250,363**
Financial allocations to depreciation and provisions			58,527,681	359,241,552
Interest and similar costs (6)			11,704,652	11,015,993
Negative exchange rate adjustments			7,860,438	3,825,919
Net costs on sales of investment securities				
Financial expenses			**78,092,771**	**374,083,464**
Financial result			**(30,172,711)**	**(328,833,101)**
Current pre-tax profit			**(47,840,294)**	**(390,143,332)**

INCOME STATEMENT (CONTINUED)

Line items	31/03/2016	31/03/2015
Extraordinary income on managing operations	5,130,032	
Extraordinary income on capital transactions	13,521,631	11,803,545
Reversals on provisions and transfer expenses	129,381	798,040
Extraordinary income (7)	**18,781,044**	**12,601,585**
Extraordinary costs on managing operations (6bis)	5,538,362	510,512
Extraordinary costs on capital transactions	40,825,031	16,864,195
Extraordinary allocations to depreciation and provisions		
Extraordinary expenses (7)	**46,363,393**	**17,374,706**
Extraordinary profit (loss)	**(27,582,349)**	**(4,773,122)**
Employee profit-sharing plan		
Tax on profits	(11,126,317)	(7,849,663.37)
Total income	**335,053,629**	**252,997,232**
Total expenses	**399,349,954**	**640,064,022**
Profit or loss	**(64,296,326)**	**(387,066,790)**
(1) Of which, partial net earnings on long-term transactions		
(2) Of which: - income from property rentals - operating income from previous financial years (8)	 14,993	
(3) Of which: - equipment leasing - property leasing	 6,746,040	 1,860,593 3,491,462
(4) Of which operating costs from previous financial years (8)	32,356	407,336
(5) Of which earnings concerning related parties	9,794,040	9,270,132
(6) Of which interest concerning related parties	66,672	75,639
(6b) Of which charitable donations (Article 238 bis of the French General Tax Code)		
(7) Details of the extraordinary income and expenses		
(8) Details of the earnings and costs from previous financial years:		
(9) Of which, cost transfers	3,034,632	8,419,603
(10) Of which proprietor's personal contributions (13)		
(11) Of which, royalties for concessions, patents, licences (income)	10,239,678	4,764,497
(12) Of which, royalties for concessions, patents, licences (costs)	4,455,985	3,835,295
(13) Of which premiums and personal additional contributions: - optional - compulsory		

APPENDIX

To the balance sheet before distribution of the financial year ending 31/03/2016 whose total amounts to €265,842,335 and to the financial year's profit & loss account, presented in the form of a list, whose total expenditure is €399,349,954.39, income is €335,053,628.50 and revealing a loss of €64,296,325.89.

The financial year ran for 12 months from 1 April 2014 to 31 March 2016.

The notes and tables below are an integral part of the annual accounts.

Given the loss of the previous financial year, the Board of Directors will propose to the General Meeting of Shareholders of 25 July 2016 to carry forward the loss and not to distribute dividends.

These annual financial statements were closed by the Board of Directors on 14 June 2016.

Accounting rules and methods and notes to the Balance Sheet

The general accounting agreements have been applied in accordance with the principle of prudence, pursuant to the basic assumptions: continuity of operations, permanence of accounting methods from one year to another, independence of financial years, pursuant to the general rules of preparing and presenting annual financial statements.

Introduction: Continuity of operations

The Company recorded a loss of €64 million for the financial year ending 31 March 2016 and recorded negative equity at year-end of €51 million compared to a positive balance of €15 million as at 31 March 2015.

Net financial debt as at 31 March 2016 amounted to €155 million compared to €143 million as at 31 March 2015. To restore its equity, strengthen its financial structure and ensure its development goal, the Group launched a capital increase in May 2016, followed by a capital increase with maintenance of preferential subscription rights in June 2016. The income from these transactions will be partially allocated to the repayment of bridge loans maturing in May 2016 and partial redemptions of convertible bonds maturing September 2018, the balance being reserved for capital investments to increase the volume of FD SOI.

Refocusing on the Electronics segment should generate positive cash flows from its operational activities and the repayment of a large part of the financial debts should lead to a large reduction in financial costs.

On these basis, the company considers that it will be able to continue operations in 2016-2017. The financial statements have therefore been prepared based on the principle of continuity of operations over the next 12 months.

PRINCIPLES AND GENERAL AGREEMENTS

The financial statements of the financial year have been prepared and presented pursuant to the accounting rules, in accordance with the principles provided by Articles 124-1 to 121.5 *et seq.* of the 2014 General Accounting Plan.

The base method retained to evaluate items written in the accounts is the historic costs method.

The accounting conventions have been applied in accordance with the provisions of the French Commercial Code, the Accounting Decree of 29/11/83, and the ANC regulation 2015-06 on the re-writing of the General Accounting Plan applicable at the end of the financial year. The accounting rules and methods applied are the same as those of the previous financial year apart from the change described below.

Highlights

Refocusing on the core "Electronics" business and short-term withdrawal from the Solar Energy business:

During the financial year 2015-2016, the Company continued its strategy to reinforce its financial position and refocus on its core business.

In May 2015, the completion of the conciliation procedure particularly led to the granting by Shin-Etsu Handotai, Bpifrance and CEA Investissement of loans for a total amount of €38.6 million, repaid in the amount of €7.1 million in August 2015.

The sale of the French subsidiary Altatech was completed on 29 March 2016. The operation generated positive cash flow of €0.8 million.

Merger:

In a decision of 22 May 2015, the Company, as sole shareholder of the simplified joint stock company Soitec Specialty Electronics (ex-Picogiga International), made the decision to proceed with the early winding-up of Soitec Speciality Electronics pursuant to the provisions of Article 1844-5 (3) of the French Civil Code by means of the universal transfer of assets to Soitec S.A.

At the end of the creditors' opposition period, this operation led to the transfer to Soitec S.A. of the ownership of the property previously owned by Soitec Specialty Electronics on the site of Villejust (Essone), Place Marcel Rebuffat. As regards tax, the operation was backdated to 1 April 2015.

Intangible and tangible fixed assets

The intangible fixed assets mainly include the software applications which are accounted at their purchase price and amortised using the straight-line method over their estimated useful life, i.e. 1 to 5 years.

Tangible assets are evaluated at their purchase price. Amortisations are calculated following the straight-line method over their useful life estimated as follows:

Construction fittings	15 to 30 years
Plant and machinery	3 to 8 years
Other fittings and fixtures	5 to 10 years
Transport equipment	5
Office and computer equipment	3 to 7 years
Office furniture	5 to 10 years

Trust-surety:

Within the framework of the signature by the Company of a financing agreement with CEO Investissement, in the amount of €9 million and Bprifrance Participations, in the amount of €15m, the Company entered into a "Trust-surety" agreement with (i) Equitis Gestion as trustee and (ii) Bpifrance and CEA Investissement as first ranking pari passu beneficiary, on the property of Bernin (sections B1, B2 and B3), including an agreement to make available free of charge premises allocated in guarantee in favour of the Company and its related parties, save payment of a monthly indemnity of €900,000 should the Company fail to make the Fiduciary Assets free of any occupancy within 90 days from receipt of a Request for Termination (as such terms are defined in the Trust-surety agreement).

Financial fixed assets

Soitec S.A.

The financial fixed assets include equity investments, receivables attached to holdings, deposits and bonds, own shares.

The holdings are valued at their historic purchase price. At the end of the financial year, an examination of the value of the securities was carried out consisting of analysing the book value of the securities, mainly based on the re-valued net asset or on the realisation value of the companies concerned. The lowest of these values is used on the balance sheet.

Thus, the value of the securities of the Soitec S.A. subsidiaries was adjusted in accordance with the results of the re-valuation tests on the economic situation of each of the subsidiaries.

The Company took an equity interest in Ceotis Éclairage, by contribution of its Lighting business of Soitec S.A.; This equity interest of €281k corresponds to 30% of the capital. A current account advance of €34k was paid at the end of March 2016.

Property and land were the object of a transfer within the framework of the Trust agreement, in consideration of financial elements "266100" Rights representing net assets put into Trust for a net value of €4,687k.

Summary of the holdings of the Company:

Companies	Gross val. 31/03/2016	Depreciation 31/03/2015	Depreciation Variation	Depreciation 31/03/2016	Net val. 31/03/2016
SHARES					
SOITEC SE	0	20,922,439	(20,922,439)	0	0
SOITEC JP	2,636,988	870,888	(722,900)	147,988	2,489,000
SOITEC ME	67,197,054	67,197,054		67,197,054	0
SOITEC Gmbh	101,244,230	101,244,230		101,244,230	0
ALTATECH	0	21,623,798	(21,623,798)	0	0
SOITEC US	16,796				16,796
SOITEC KOREA	328,483				328,483
SOITEC CORP SERVICES	1,000				1,000
SOITEC CHINA	102,138				102,138
Ceotis Éclairage	281,181				281,181
Cissoid	339,903	339,903		339,903	0
Innovacom	1,400,000	144,013	555,987	700,000	700,000
MEGRID	0	600,000	(600,000)	0	0
Exagan	605,930				605,930
Simgui	4,440,962				4,440,962
Total	**178,594,665**	**212,942,325**	**(43,313,150)**	**169,629,175**	**8,965,490**

The receivables in foreign currencies attached to holdings are not revalued insofar as the repayment horizon is far off. A provision is recognised as appropriate in order to bring the value of the receivable to its recoverable value: depreciation has been recognised during the financial year for an amount of €50,403k, respectively corresponding to a depreciation of the subsidiary Soitec Solar GmbH for €26,407k and of the subsidiary Soitec Microelectronics Singapore for €23,996k. The provision for depreciation of the securities of the subsidiary Soitec Singapore was, for its part, reversed for €723k.

Summary of provisions for depreciation of receivables on holdings:

Companies	Gross val. 31/03/2016	Depreciation 31/03/2015	Depreciation Variation	Depreciation 31/03/2016	Net val. 31/03/2016
RECEIVABLES					
SOITEC ME	66,963,981		23,995,981	23,995,981	42,968,000
SOITEC Gmbh	412,058,361	383,444,333	26,407,368	409,851,701	2,206,660
Ceotis Éclairage	34,000	-	-	-	34,000
Total	**479,056,342**	**383,444,333**	**50,403,349**	**433,847,682**	**45,208,660**

Deposit paid in favour of the Southchester project: this was the object of an additional depreciation of €5,000k to bring the provision to €6,082k.

As at 31 March 2016, the Company had 11,451 own shares in its portfolio.

Number of own shares	111,451
Gross value (in € thousand)	475,217
Underlying capital loss (in € thousand)	(410,576)

Inventory

The stocks of raw materials and consumables are evaluated at their purchase price. A provision for depreciation is constituted for the obsolete or surplus references.

The stocks of finished products are evaluated at their production cost apart from those which, during the production launch phase, have a cost price more than their sale price and the obsolete or surplus products.

A provision for depreciation brings the stock of finished products to its realisation value after deducting the proportional sale costs.

Semi-finished products are evaluated using the same principles depending on their state of progress in the manufacturing process.

They are broken down as follows:

Stock category	Gross values	Amount of depreciation	Net values
Raw materials	14,124,227	3,568,966	10,555,261
Consumables	10,541,768	3,401,349	7,140,419
Semi-finished products	6,793,920	645,937	6,147,982
Finished products	6,300,611	674,883	5,625,728
Merchandise	0	0	0

Receivables

Account receivables, whose maturities are generally between 30 and 90 days, are recognised and accounted for the nominal value.

These receivables are then evaluated at the amortised cost, after deducting the losses of value of the amounts that cannot be recovered.

A depreciation is constituted when there are objective elements indicating that the Company will not be able to recover its debt claims. Debt claims that cannot be recovered are recognised as a loss when they are identified as such.

A provision for depreciation of bad debts was accounted over the financial year for €238k, mainly concerning the Lighting business.

Other receivables

The other receivables concern the tax and social receivables first of all and the grants to be received which amount to €4,760k as at 31 March 2016. They mainly concern the Agate programme for €2,214k, the Waytogofast programme (France part) for €1,243k and the Connect 3D programme for €951k.

The item "State and local authorities" incorporates a Research Tax Credit of €29,709k.

The competitiveness-employment tax credit (*CICE*) as at 31 March 2016 is €3,052k, composed of competitiveness-employment tax credit 2013, 2014 and 2015 and of the first quarter of 2016.

The competitiveness-employment tax credit of 2013, 2014 and 2015 was the object of prefinancing for €2,412k with Bpifrance.

The purpose of this tax credit for Competitiveness and Employment is to finance the competitiveness of companies particularly through efforts relating to investments, research, innovation, training, recruitment, prospecting new markets, rebuilding working capital.

It cannot finance either an increase in distributed profits or increase the remuneration of directors.

Liquid assets and marketable securities

Liquid assets and marketable securities include the liquid assets and marketable securities. Bank overdrafts are part of these short-term debts.

Cash at bank is mainly held in Euros.

The amount of this item at the end of March 2016 is €39,638k, compared to €16,889 at the end of the previous financial year.

Adjustments

Expenses and earnings in foreign currencies are recorded at their average exchange value at the date of the transaction of the previous month. Debts, receivables and cash in foreign currencies are recorded on the balance sheet at the exchange rate prevailing at the end of the financial year.

The difference resulting from this updating of the value of debts and receivables in foreign currencies is recorded on the balance sheet as an "exchange rate adjustment". Unrealised exchange rate losses, which are not compensated for, are the subject of provisions for liabilities and charges. It amounts to €2,158k at financial year end.

The receivables in foreign currencies attached to holdings are not revalued insofar as the repayment horizon is far off.

Debt issue expenses

These are costs related to the 2014 bond loan; costs initially of an amount of €3,841k, staggered over a 5-year period. The amount still to be amortised at the end of this financial year is €1,910k.

Shareholders' equity

General information

As at 31 March 2016, the number of the Company's shares in circulation was 231,324,184.

These are ordinary shares of a nominal value of €0.10 per share.

Information on movements on the stock option plans

There were no new plans over the financial year.

The table below summarises the information on movements and the average weighted exercise price per share of the share subscription options:

	Shares (in number)	Average weighted exercise price by share in €	Price range in €
31 March 2014	**922,760**	**12.39**	**3.71-17.81**
Post-capital increase of July 2014*	**985,460**	**11.39**	**3.42-16.41**
Allocated	-	-	-
Exercised	-	-	-
Cancelled	(63,860)	3.64	3.42-3.86
31 March 2015	**921,600**	**11.93**	**6.20-16.41**
Allocated	-	-	-
Exercised	-	-	-
Cancelled	(620,800)	10.29	6.20-16.41
31 March 2016	**300,800**	**15.30**	**15.11-16.41**

* Pursuant to the provisions of Article L. 225-181 of the French Commercial Code, and as a result of the capital increase with retention of the preferential subscription right carried out by the Company during the financial year, the Company took the necessary measures to protect the interests of the beneficiaries of the options under the conditions provided in Article L. 228-99 of the French Commercial Code, by adjusting the subscription conditions to the Company's shares.

Other equity

In the financial year, Soitec received a conditional advance for the project called "Guépard" for €2,245k.

The item was also increased due to the merger of the assets of the subsidiary SSE: the advance on the G2Rec programme amounts to €1,072k.

During the year, Soitec partially repaid the advance received on the Nanosmart programme for €369k.

Loans and financial debts

Bank loans were given a moratorium within the framework of the conciliation procedure approved by the Commercial Court of Grenoble on 5 May 2015. The maturity of the loans (€37,200k) is postponed to 30 November 2019.

In May 2015, the completion of the conciliation procedure particularly led to the granting by Shin-Etsu Handotai, Bpifrance and CEA Investissement of loans for a total amount of €38.6 million. The interest incurred on these loans amounts, at the end of the financial year, to €2,200k.

Soitec entered into a new property lease agreement for a term of 3 years on production equipment for €11 million.

Financial Instruments

Hedging derivative instruments

The Company hedges its foreign exchange risk on some of its transactions denominated in US dollars and its interest rate risk through financial instruments (forward sales, options and swaps). These derivative instruments are solely designed to hedge the interest rate and foreign exchange risks on fixed commitments or highly probable future transactions.

Foreign exchange risk

The Company's objectives are to hedge the foreign exchange risk on certain transactions (amount and rate) using forward foreign exchange contracts, and the foreign exchange risk on the contracts whose amount and rate are uncertain using options. The Company's policy is to manage its interest costs by using a combination of fixed and variable rate loans. The interest rate risk is hedged by short-term interest rate swaps.

The conversion rates used to convert the subsidiaries' financial statements whose operating currency is different from the Euro have the following exchange value in Euros:

	Average rates		Closing rate	
Currencies	31 March 2016	31 March 2015	31 March 2016	31 March 2015
US Dollar	0.904 962	0.800 739	0.878 349	0.929 454
Yen	0.007 502	0.007 262	0.007 819	0.007 755
South African Rand	0.058 280	0.076 463	0.059 571	0.076 148

The market value was estimated using one or more commonly used models.

The Company's procedures aim to reduce the exposure to the foreign exchange risk on the US Dollar and the Yen by entering into certain loan agreements denominated in the same currency as the cash flow generated by the operating activities.

Within the framework of this foreign exchange risk management policy, the Company also continued a programme during the financial year to hedge its transactions in US dollars and Japanese yen by using forward purchases and sales with short-term maturities (less than six months).

Credit risk

The financial instruments on which the Company potentially incurs a credit risk are mainly cash, liquid assets subject to restrictions and accounts receivables. The Company has implemented a cash flow management policy with the objective of optimising its investments in short-term and low risk financial liquid instruments. The Company's liquid assets are mainly invested with large international financial institutions.

The Company sells its products to a client base in the semiconductor industry mainly based in the United States, Asia and Europe. As at 31 March 2016, the clients representing more than 5% of the Electronics Division's revenue amounted to nine and jointly represented 76% of the revenue.

As at 31 March 2015, the clients representing more than 5% of the revenue of the Group's revenue amounted to seven and jointly represented 74% of the revenue.

The Company frequently evaluates its clients' credit risk and financial position and provisions the potential losses on receivables that cannot be recovered. The amount of these losses remained within the limits forecast by the Management.

Equity risk

The Company may be exposed to equity risk due to the shares which it owns, however this risk is limited because the Company only owns 111,451 of its own shares, i.e., 0.03% of the Company's share capital.

Liquidity risk

As at 31 March 2016, the Company had cash flow of €39.6 million compared to €16.9 million as at 31 March 2015, an improvement resulting mainly from the new financing implemented within the framework of the conciliation procedure.

The Company recorded a net loss of €64 million for the financial year ending 31 March 2016 (€387 million for the financial year ending 31 March 2015) and recorded negative equity at year-end of €51 million compared to a positive balance of €14 million as at 31 March 2015.

Net financial debt as at 31 March 2016 amounted to €150 million compared to €143 million as at 31 March 2015.

To restore its equity, strengthen its financial structure and ensure its development goal , the Group launched a capital increase in May 2016, followed by a capital increase with maintenance of preferential subscription rights in June 2016. The income from these transactions will be partially allocated to the repayment of bridge loans maturing in May 2016 and partial redemptions of convertible bonds maturing September 2018, the balance being reserved for capital investments to increase the volume of FD SOI.

Refocusing on the Electronics segment should generate positive cash flows from its operational activities and the repayment of a large part of the financial debts should lead to a large reduction in financial costs.

Confirmed lines of credit

In 2012, the Company signed with its banking partners confirmed lines of credit for a total amount of €72,000k to mature on 31 March 2017 and which are depreciated over 5 years. One of these lines was restructured for an amount of €8 million, depreciable to 31 August 2014.

The amount still outstanding as at 31 May 2015, i.e. €37.2 million was restructured in the form of credit facilities repayable in fine in November 2019, principal plus interest. These lines of credit bear a confirmation commission of 0.15% to 0.40%, and a usage commission ranging from Euribor 0.60% to 1.00% depending on the lines of credit.

Within the framework of the mobilisation of receivables on the research tax credit and competitiveness-employment tax credit, the Company signed lines of credit with Oséo for a total amount of €18,250k to mature in September 2016, September 2017 and September 2018. These lines of credit bear a confirmation commission of 0.30%, and a usage commission of Euribor 1 month + 0.70%.

Recognition of income from ordinary activities

Income from ordinary activities mainly comes from sales of products. It is completed by licence income: Revenue from ordinary activities is recognised when it is probable that future economic benefits will flow to the Group and such income can be measured reliably.

The revenue recognition criteria vary depending on the nature of the services assured by the Company:

- sales of silicon wafers are recorded as earnings when the transfer of risks and advantages takes place pursuant to the incoterms specified in the contracts.
- licence income is recorded using a straight-line method over the period during which the royalties are granted. When the licence agreements provide, in addition to royalties, for payments of advances or interim invoices allowing for the financing of the developments implemented to respond to the specific needs of a client, these are recorded as earnings over the foreseeable duration of the use by the client of the transferred technology.

As at 31 March 2016, the main pre-paid earnings are as follows:

- a pre-payment on a licence agreement entered into in March 2011 in the field of image sensors, for a total amount of €3,261k, divided between a non-current part of €2,609k and a current part of €652k;
- a pre-payment on a licence agreement entered into in March 2013 in the field of III-V materials for the light-emitting diodes' market, for a total amount of €1,168k, divided between a non-current part of €915k and a current part of €253k;
- a pre-payment on a licence agreement entered into in May 2014 in the field of radiofrequency applications and power applications, for a total amount of €6,328k, divided between a non-current part of €5,500k and a current part of €828k.

Research and development expenditure

Research and development costs are essentially comprised of the following:

- salaries and social security contributions;
- operating costs of clean room equipment and equipment required for research and development;
- material used for finalising and manufacturing prototypes;
- subcontracting to public research centres or private laboratories, cooperation agreements;
- costs related to maintaining and strengthening the Company's intellectual property rights.

Provided that such agreements are signed and the administrative authorisations are obtained, the amounts received under the aid contracts are recognised as operating grants.

Soitec SA receives research tax credits (CIR).

The amount of the research tax credit granted is reduced by the grants collected during a calendar year for the projects concerned. The amount of the research tax credit received may thus vary from one period to the next depending on the level of grants received.

Research tax credits recorded in the financial statements for the financial year 2015-2016 totalled €11 million.

Part of the subsidies used to finance the R&D activities may be granted in the form of repayable advances.

Pension costs

Pension costs and similar commitments:

French law provides for the one-off payment of pension costs. This compensation is determined depending on the years of service and the level of remuneration at the time of retirement. The rights are only acquired by the salaried employees present in the company at retirement age. The Company has entered into an agreement in order to complete the legal amount of pension payments.

Other pension schemes:

The Company has decided to grant certain salaried employees a complementary regime in addition to the normal regime. This defined services regime is managed by an external organisation.

The defined services regimes (Article 83 of the French General Tax Code) are subject to an actuarial evaluation using the method of projected credit units which incorporates demographic assumptions (change in salaries, retirement age, staff rotation, mortality rate) and financial assumptions (financial update rate and inflation).

For the defined contribution regimes (Article 39 of the French General Tax Code), the payments are recognised as costs of the financial year to which they relate. There are no actuarial liabilities to this end.

For the financial year ending 31 March 2015, nothing was accounted as the Company decided to suspend the defined services regime from the end of October 2013.

Soitec resumed payments in the financial year 2015-2016, and recognised a cost of €1.2 million as the supplementary contribution.

The pension commitment of the Company as at 31 March 2016 amounts to €4,955k.

Provisions

A provision is accounted when the Company has an actual or implicit contractual obligation, resulting from a past event, whose amount may be estimated reliably, and whose extinction should entail an exit of resources representative of economic advantages for it. The provisions are updated when the impact of the update is significant.

A provision for restructuring is only accounted when there is an implicit obligation to a third party, originating from a decision of the Management materialised before financial year-end by the existence of a detailed and formalised plan and the announcement of this plan to the persons concerned.

The other provisions correspond to risks and charges identified specifically:

	Amounts in euros
Provisions for litigation: Industrial tribunal, Urssaf, RSI, C.F.E	1,321,377
Provisions for foreign exchange losses	2,157,769
Provisions for restructuring operations	2,718,160
Provision for contingencies (others)	242,102
Other provisions for liabilities: rent still due on obsolete equipment	3,880,390

Related party disclosures

Since 2 May 2016, the Board of Directors has been comprised of 13 members. Besides the Chairman and CEO, the 12 other members were selected based on their experience of the semiconductor market or their professional experience in other relevant areas for the Group's development. The semiconductor market is characterised by a small number of players, so the Company maintains or is likely to have business relations with ARM Holdings Plc, Shin-Etsu Handotai Global Foundries, and CEA where Douglas Dunn, Satoshi Onishi and Christophe Gégout respectively hold or held positions.

In the scope of the financing plan implemented during the conciliation proceedings approved by Grenoble Commercial Court on 5 May 2015, Shin-Etsu Handotai Europe, Bpifrance Participations and CEA Investissement granted the Company a financial facility for a total amount of €38.6 million.

The Company made a partial repayment in August 2015 and the balance was repaid in May 2016.

In the financial year ending 31 March 2016, purchases of raw materials from Shin-Etsu Handotai represented €57,963k (€37,718k in the financial year ending 31 March 2015).

Soitec S.A. invoiced royalties to Shin-Etsu Handotaï of €2,675k in the financial year 2015-2016 (€2,014k in the financial year 2014-2015).

Global Foundries is one of Soitec's main clients; sales of wafers amounted to USD82,433k in the financial year 2015-2016 (USD24,054k in the financial year 2014-2015). During the financial year, Global Foundries acquired IBM's microelectronic business, which explains the increase in volumes during the financial year.

In the financial year 2015-2016, Soitec paid CEA €5,000k under the research and development agreement (€4,000k for the financial year 2014-2015) and €3,447k as patent royalties (€3,246k for the financial year 2014-2015).

Finally, Soitec entered into a commercial collaboration agreement with Novaday, of which Joël Karecki is a shareholder. Purchases amounted to €41k in the financial year 2015-2016 (€314k in the financial year 2014-2015).

During the financial year 2015-2016, a new governance body, called the Executive Committee (COMEX) took over from the former governance body, called the Governing Board. There are more members of the Executive Committee than those of the Governing Board; it is composed of eleven people, excluding corporate officers, compared to three. Total gross remuneration of the salaried members of the COMEX, excluding corporate officers, including direct and indirect benefits of the salaried members was, for the year ending 31 March 2016, €2,673k.

(in € thousand)	31 March 2016*	31 March 2015**
Short-term benefits	2,626	817
Post-employment benefits	47	-
Payment in shares*	-	22
Total gross remuneration paid to the Group's management personnel	**2,673**	**839**

* For the COMEX, composed of 11 members, without taking account of the remuneration of the Chairman and CEO.
** For the Governing Board, composed of 3 members, without taking account of the remuneration of the corporate officers.

The only advantages subsequent to employment from which the management personnel benefit is the payment of general law pensions and retirement costs.

The amount of the gross remuneration allocated to corporate officers and non-employee directors is as follows:

(in € thousand)	31 March 2016	31 March 2015
Corporate officers:		
Short-term benefits	1,026	1,158
Post-employment benefits	42	30
Termination benefits	-	-
Payment in shares	-	38
Total gross remuneration paid to corporate officers	**1,068**	**1,226**
Non-employee directors:		
Directors' fees paid	375	450
Reimbursement of travel expenses	96	130
Total remuneration granted to non-employee directors	**471**	**580**

Details of option plans and free shares for directors allocated in the financial year:

None.

(in number)	Stock options	Free shares	Total as at 31 March 2016
Management personnel	-	-	-
Of which, corporate officers	-	-	-

Information required by Article R123-198-9 of the French Commercial Code

The total amount of statutory auditors' fees recorded in the Income Statement for the financial year is €444k. These fees include the audit assignment, certification and examination of the individual financial statements for €289k, and the assignment for the other duties and services directly pertaining to the audit for €155k.

Tax consolidation

Soitec S.A. was the head of the Group formed between Soitec S.A., Soitec Specialty Electronics, and Altatech.

During the financial year, Speciality Electronics merged with SOITEC S.A. by means of universal transfer of assets and Altatech was sold on 29 March 2016. Therefore, the notion of consolidated tax group is no longer applicable.

Balance Sheet and Income Statement information

FIXED ASSETS

Line items	Beginning of the financial year	Revaluation	Acquisition, contributions
Start-up and development costs	**3,710,000**		
Other intangible fixed asset items	**44,211,613**		**1,455,439**
Land	780,801		300,000
Land constructions	6,657,482		230,000
Buildings on non-freehold land			
General installations constructions, fixtures, fittings			
Technical installations, equipment and industrial tools	221,059,917		5,338,476
General installations, fixtures, fittings	49,063,516		1,167,734
Transport equipment	88,933		0
Office, IT, equipment and furniture	11,416,750		232,188
Recyclable and various packaging			
Tangible fixed assets in the process of construction	5,818,099		7,696,797
Advances and instalments			
Tangible fixed assets	**294,885,499**		**14,965,196**
Holdings valued against equivalents			
Other holdings	774,508,106		15,059,683
Other long-term investments			
Loans and other financial investments	11,587,763		17,412
Investments	**786,095,869**		**15,077,095**
Grand total	**1,128,902,982**		**31,497,729**

Line items	Transfer	Sale	End of the financial year	Initial value
Start-up and development costs			**3,710,000**	
Other intangible fixed asset items		**6,630**	**45,660,422**	
Land		780,801	300,000	
Land constructions		6,657,482	230,000	
Buildings on non-freehold land				
General installations constructions, fixtures				
Technical installations, equipment and industrial tools		25,511,755	200,886,638	
General installations and various fixtures		12,800	50,218,451	
Transport equipment		15,702	73,231	
Office, IT, equipment and furniture		112,375	11,536,563	
Recyclable and various packaging				
Tangible fixed assets in the process of construction	5,608,926		7,905,971	
Advances and instalments				
Tangible fixed assets	**5,608,926**	**33,090,916**	**271,150,854**	
Contributions evaluated against equivalents				
Other holdings		72,169,933	717,397,855	
Other long-term investments				
Loans and other financial investments		2,076,562	9,528,613	
Investments		74,246,495	726,926,468	
Grand total	**5,608,926**	**107,344,041**	**1,047,447,745**	

DEPRECIATION

Line items	Beginning of the financial year	Depreciation allowances	Reversals	End of the financial year
Start-up and development costs	**1,484,000**	**371,000**		**1,855,000**
Other intangible assets	**36,357,541**	**4,171,100**	**6,630**	**40,522,011**
Land				
Land constructions	2,290,456	262,788	2,323,245	230,000
Buildings on non-freehold land				
General installations constructions, fixtures				
Technical installations, equipment, tools	175,806,573	9,760,358	14,991,415	170,575,516
General installations and fixtures	22,945,757	3,991,976		26,937,733
Transport equipment	66,820	10,229	15,702	61,347
Office, IT, equipment and furniture	10,370,580	638,895	68,111	10,941,364
Recyclable and various packaging				
Tangible fixed assets	**211,480,187**	**14,664,247**	**17,398,473**	**208,745,960**
Grand total	**249,321,728**	**19,206,347**	**17,405,103**	**251,122,971**

Breakdown of depreciation allowances	Straight-line	Reducing balance	Exceptional	Tax-based allowances	Tax-based recovery
Start-up and development costs					
Other intangible assets				**129,381**	**(129,381)**
Land					
Land constructions					
Buildings on non-freehold land					
Constructions and installations					
Technical installations, tools					
General installations and fixtures					
Transport equipment					
Office and IT equipment					
Recyclable packaging					
Tangible fixed assets					
Grand total				**129,381**	**(129,381)**

Costs spread over several financial years	Beginning of the financial year	Increases	Depreciation allowances	End of the financial year
Costs to be spread over several financial years	2,708,866	0	798,440	1,910,426
Bond redemption premium				

PROVISIONS

Line items	Beginning of the financial year	Depreciation allowances	Reversals	End of the financial year
Mining and oil deposits				
Investment provisions				
Provisions for price increases				
Provisions for stock price fluctuations				
Special depreciation allowances	1,037,382		129,381	908,002
Foreign ventures before 01/01/92				
Foreign ventures after 01/01/92				
Provisions for installation loans				
Other regulatory provisions				
Regulated provisions	**1,037,382**		**129,381**	**908,002**
Provisions for litigation	1,724,482	670,137	1,073,243	1,321,377
Provisions for guarantees given to customers				
Provisions for future make losses				
Provisions for fines and penalties				
Provisions for foreign exchange losses	3,219,587	2,157,769	3,219,587	2,157,769
Provisions for pensions and similar commitments	3,831,966	3,638,627	4,752,434	2,718,160
Provisions for taxes				
Provisions for renewing fixed assets				
Provisions for major maintenance and repairs				
Provisions for company costs, tax costs and leave to be paid				
Other provisions for risks and costs		4,122,492		4,122,492
Provisions for risks and costs	**8,776,036**	**10,589,025**	**9,045,264**	**10,319,797**
Provisions for intangible fixed assets	943,802	0	610,423	333,379
Provisions for tangible fixed assets	23,294,572	337,530	8,911,506	14,720,596
Provisions for securities				
Provisions for equity loans	212,942,326	555,987	43,869,138	169,629,175
Provisions for Other investments	384,903,643	55,813,925	377,140	440,340,428
Provisions for stock and work in progress	8,086,708	8,291,135	8,086,708	8,291,135
Provisions for customer accounts	82,535	237,536		320,071
Other provisions for depreciation				
Provisions for depreciation	**630,253,587**	**65,236,112**	**61,854,916**	**633,634,783**
Grand total	**640,067,006**	**75,825,137**	**71,029,561**	**644,862,582**
Operating charges and reversals		15,886,180	23,434,314	
Financial charges and reversals		58,527,681	26,543,426	
Exceptional contributions and recoveries			129,381	
Depreciation of investments in equity affiliates at the end of the financial year				

RECEIVABLES AND DEBTS

Receivables statement	Gross amount	1 year maximum	Over 1 year
Receivables linked to holdings	483,743,492	42,968,000	440,775,492
Loans (1) (2)			-
Other investments	9,528,613	2,804,175	6,724,438
Doubtful and disputed trade receivables	320,071	320,071	
Other trade receivables	35,603,991	35,603,991	
Receivables relating to loaned securities			
Staff and related accounts	6,759	6,759	
Social security and other social bodies			
State, other local authorities: tax on profits	32,760,642	8,540,277	24,220,365
State, other local authorities: VAT	1,026,086	1,026,086	
State, other local authorities: other duties, taxes and related payments			
State, other local authorities: miscellaneous receivables	4,760,388	4,760,388	
Group and related parties (2)			
Miscellaneous debtors (of which debt securities)	651,596	651,596	
Prepaid expenses	1,163,792	1,163,792	
Grand total	**569,565,431**	**97,845,135**	**471,720,295**

(1) Amount
- of loans granted during the financial year
- of repayments obtained during the financial year

(2) Loans and advances given to related parties

Debts statement	Gross amount	1 year maximum	More than 1 year, less than 5 years	Over 5 years
Convertible bond loans (1)	103,168,793		103,168,793	
Other bond loans (1)	226,710	226,710		
Loans and debts of 1 year maximum initially	52,190,770	6,872,617	45,318,152	
Loans and debts of more than 1 year initially (1) (2)				
Miscellaneous loans and financial debts (1) (2)	33,657,775	33,657,775		
Trade payables and related accounts	43,268,236	43,268,236		
Staff and related accounts	8,713,473	8,713,473		
Social security and other social bodies	14,228,947	9,751,957	4,476,990	
State and other local authorities: tax on profits				
State and other local authorities: VAT	89,868	89,868		
State and other local authorities: secured bonds				
State and other local authorities: other duties, taxes and related payments	2,555,206	2,555,206		
Debts on fixed assets and related accounts	1,231,044	1,231,044		
Group and related parties (2)	6,059,712	6,059,712		
Other debts	1,942,505	1,942,505		
Debts representing borrowed securities				
Pre-paid earnings	10,832,853	1,808,069	8,248,244	776,539
Grand total	**278,165,891**	**116,177,173**	**161,212,179**	**776,539**

(1) Loans - taken out in the financial year - repaid in the financial year	 44,084,399 7,507,462			

(2) Loans and debts entered into with related parties

ITEMS RELATING TO SEVERAL BALANCE SHEET ITEMS

Line items	Affiliates	Holdings	Commercial debts and receivables
Fixed assets			
Capital (subscribed but not called)			
Advances and instalments on intangible fixed assets			
Advances and instalments on tangible fixed assets			
Holdings	7,624,565	6,028,073	
Receivables linked to holdings	45,174,661	34,000,000	
Loans			
Other long-term investments			
Other investments			
Current assets			
Advances, goods paid for on order			
Customer receivables and related accounts	27,560,273		
Other receivables	2,600		
Subscribed capital, called up but not paid			
Marketable securities			
Liquid assets			
Debts			
Convertible bonds			
Other bond loans			
Loans and debts with credit institutions			
Various loans and financial debts			
Advances and instalments received on orders	22,699		
Trade accounts and notes payable	761,088		
Debts on fixed assets and related accounts	498,721		
Other debts			

RESULTS OF THE LAST FIVE FINANCIAL YEARS

Year-end date Duration of the financial year (months)	31/03/2016 12	31/03/2015 12	31/03/2014 12	31/03/2013 12	31/03/2012 12
Capital at the end of the financial year					
Share capital	23,132,418	23,118,843	17,258,080	12,262,674	12,212,839
Number of shares					
- ordinary existing	231,324,184	231,188,426	172,580,795	122,626,743	122,128,392
- preference shares					
Maximum number of future shares to be created					
- by conversion of bonds					
- by exercising subscription rights					
Operations and results of the financial year					
Revenue before tax	220,309,732	161,132,017	149,763,853	248,265,323	296,757,836
Income before taxes, holdings, allowances for depreciation and provisions	(32,496,849)	(26,299,367)	(30,879,143)	(22,749,433)	15,519,323
Tax on profits	(11,126,317)	(7,849,663)	(7,463,321)	(8,902,491)	(5,445,343)
Employee profit-sharing					
Depreciation expenses and provisions	42,925,794	368,617,053	283,430,002	44,514,363	22,364,663
Net profit/loss	(64,296,326)	(387,066,790)	(306,845,824)	(58,361,305)	(1,399,997)
Distributed profits					
Earnings per share					
Income after taxes, holdings before allowances for depreciation and provisions	(0.09)	(0.08)	(0.14)	(0.11)	0.17
Income after taxes, holdings, allowances for depreciation and provisions	(0.28)	(1.68)	(1.78)	(0.48)	(0.01)
Dividends					
Personnel					
Average headcount	850	814	909	1,056	1,030
Payroll	47,485,029	44,336,825	43,742,171	52,657,377	46,776,271
Sums paid for employee benefits (social security, welfare institutions, etc.)	21,072,868	18,499,799	19,214,511	25,470,464	25,268,426

TRANSLATION ADJUSTMENTS ON RECEIVABLES AND DEBTS IN FOREIGN CURRENCIES

Type of adjustments	Asset Unrealized loss	Adjustments offset by foreign exchange hedging	Provisions for foreign exchange losses	Liabilities Unrealized gains
Non-financial fixed assets				
Investments	1,132,894		1,132,894	0
Receivables	1,017,255		1,017,255	1,752
Financial liabilities				
Operating debts	7,620		7,620	256,293
Debts on fixed assets				
Total	**2,157,769**		**2,157,769**	**258,044**

COMPOSITION OF THE SHARE CAPITAL

	Number of shares			
Categories of securities	at the end of the financial year	created during the financial year	redeemed during the financial year	Nominal value
Ordinary shares	231,324,184	135,758		0.10
Redeemed shares				
Priority dividend shares without voting rights				
Preference shares				
Membership shares				
Investment certificates				

CHANGES IN SHAREHOLDERS' EQUITY

Position at the beginning of the financial year		Balance
Shareholders' equity before distribution on previous earnings		14,818,211
Distribution on previous earnings		
Shareholders' equity after distribution previous profits		14,818,211
Changes during the financial year	Minus	Plus
Changes in capital		13,576
Changes in bonuses linked to capital	1,616,849	
Changes in reserves	13,576	
Changes in investment subsidies		
Changes in regulatory provisions	129,381	
Other changes: Period Earnings	64,296,326	
Balance	**66,042,556**	
Position at the end of the financial year		Balance
Shareholders' equity before distribution		(51,224,345)

ALLOCATION OF EARNINGS SUBMITTED FOR APPROVAL OF THE GENERAL MEETING

1 - Origin	Amount
Prior retained earnings	(821,154,077)
Period Earnings	(64,296,326)
including current result after tax	*(64,296,326)*
Deductions from reserves	
Total	**(885,450,403)**

2 - Allocations	Amount
Statutory reserve	
Long-term capital gains special reserve	
Other reserves	
Dividends	
Other distributions	
Retained earnings	(64,296,326)
Total	**(64,296,326)**

PROVISIONS FOR LIABILITIES AND CHARGES

	Position and movements				
			Decreases		
Line items	Provisions at the start of the financial year	Increases in allowances for financial year	Amounts used during the financial year	Amounts not reversed in the financial year	Provisions at the end of the financial year
Employment tribunal litigation	269,564	107,093	17,450	54,792	304,415
Foreign exchange loss	3,219,587	2,157,769		3,219,587	2,157,769
Restructuring	3,831,967	3,638,627	4,293,335	459,098	2,718,160
Other litigation	1,454,919	372,733	1,204,689	461,788	1,454,919
Other expenses (obsolete equipment rent)		3,880,390			3,880,390
Other risks (off-set stock)		242,102			242,102
Total	**8,776,037**	**10,589,025**	**5,104,385**	**3,940,878**	**10,319,798**

AVERAGE HEADCOUNT

Headcount	Salaried personnel	Personnel loaned to the company
Operators	247	
Technicians and office workers	290	
Engineers and executives	313	
Total	**850**	

Commitments made on behalf of Soitec S.A. (guarantees and sureties)	Amount in €
Fiduciary Agreement	24,000,000
Compensation commitment - Guarantee Agreement (Altatech sale)	500,000
Pledge of the SEH loan	29,312,000
Notice of mortgage intent	7,200,000

Breakdown of revenue in €

Line items	Revenue France	Revenue Export	Total 31 March 2016	Total 31 March 2015	% 16 / 15
By geographic market	28,861,905	191,447,827	220,309,732	161,132,017	36.73
Total	**28,861,905**	**191,447,827**	**220,309,732**	**161,132,017**	**36.73**

Extraordinary income and expenses

Details of the extraordinary income and expenses	Expenses	Income
774100 Operations pertaining to the constitution of the trust		5,115,039
775000 Income from sale of assets		11,321,631
775600 Income from sale of financial assets		2,200,000
787250 Reversal of special provisions for depreciation		129,381
772000 Earnings from previous financial years		14,993
671000 Extraordinary management operating costs	1,105	
671000 Penalties and fines	389,862	
672000 Extraordinary costs from previous financial years	32,356	
674100 Operations pertaining to the constitution of the Trust	5,115,039	
675000 Sale of operating assets	10,577,403	
675600 Sale of financial assets	30,242,475	
678000 Miscellaneous extraordinary costs - continuation of winding-up by court order	5,153	
Grand total	**46,363,393**	**18,781,044**

Deferred and underlying tax position

Line items	Amount
Tax due on:	
Others:	
Unrealised losses on exchange	*719,249*
Deferred depreciation of charges	
Regulated provisions: special depreciation allowances	
Investment grants	
Total increases	**719,249**
Pre-paid tax on:	
Temporarily non-deductible costs (to be deducted the following year):	
Organic	*30,811*
Translation adjustment	*86,014*
Other	*6,609,753*
To be deducted subsequently:	
Provisions for own insurer	
Other: pensions	*1,651,516*
Total tax relief	**8,378,094**
Net deferred tax position	(7,658,845)
Tax due on:	
Deferred capital gains	
Credit to be charged to:	
So-called deferred depreciation	
Deficits carried forward (in € thousand)	(244,054)
Long-term capital losses	
Net underlying tax position	244,054

Financial commitments, other information

LEASING COMMITMENTS

Line items	Land	Buildings	Equipment tools	Other Fixed assets	Total
Initial value			**66,883,466**		**66,883,466**
Depreciation					
Running total for previous financial years			41,657,829		41,657,829
Financial year in progress			4,145,004		4,145,004
Total			**45,802,833**		**45,802,833**
Net value			**21,080,633**		**21,080,633**
Royalties paid					
Running total for previous financial years			1,860,593		1,860,593
Financial year in progress			7,043,945		7,043,945
Total			**8,904,538**		**8,904,538**
Royalties to be paid					
One year at most			7,909,660		7,909,660
Later than one year and not later than five years			7,748,676		7,748,676
Later than five years					
Total			**15,658,336**		**15,658,336**
Residual value					
Amount accounted for in this financial year			6,746,040		6,746,040

OFF-BALANCE SHEET COMMITMENTS

Line items	Off-balance sheet amount
Unmatured eligible bills	
Guarantees and bonds	
Pension obligations	4,954,599
Other commitments given	112,839,378
Long-term lease commitments	*188,843*
Guarantees given	*109,136,535*
Foreign exchange hedging	*3,514,000*
Pledges on industrial materials	
Total	**117,793,977**

The potential liabilities correspond to potential obligations arising from past events whose existence can only be confirmed by the occurrence of certain future events which are not under the control of the entity or to current obligations for which an exit of resources is not probable. The potential liabilities are not accounted but information on them is provided in the appendix.

Commitments given to subsidiaries (guarantees and bonds)	Amount in €
Soitec Solar US	9,983,000
Soitec Solar France	500,000
Soitec Solar RSA	30,000,000
Soitec Solar GmbH	7,640,000

Lists of subsidiaries and holdings

Name – Registered office	Capital Shareholders' equity	Percentage Holding distr divid.	Gross val. shares Net val. shares	Loans, advances, bonds	Turnover result
SUBSIDIARIES (more than 50%)					
Soitec USA Inc., 11682 El Camino Real, Suite 260	10,000	100%	16,796		64,370,000
San Diego, CA, USA	7,875,000		16,796		(3,430,000)
Soitec Japan Inc., 3-1 Marunouchi 3-Chome	300,500,000	100%	2,636,988		18,865,783
Chiyoda-Ku, 100-00005 Tokyo, Japan	318,206,895		2,489,000		679,026
Soitec Solar GmbH	319,890	100%	101,244,230	412,058,361	11,584,857
79111 Freiburg, Germany	(432,108,000)		0		(21,608,000)
Soitec Microelectronics Singapore Pte Ltd,	93,395,220	100%	67,197,054	66,963,981	52,884,000
81, Pasir Ris Industrial Drive 1, Singapore 518220	(50,972,000)		0		(21,572,000)
Soitec Korea, Kyunggi-do hwasung-si Bansong	500,000,000	100%	328,483		0
Dong 93-10, Shinyoung Gwell	612,925,737		328,483		22,000
Soitec Corporate Services	1,000	100%	1,000		0
54, Av. Marceau – 75008 Paris	(5,467)		1,000		(1,958)
Soitec Shanghai Trading	852,619	100%	102,138		0
3261 Dong Fang Road	893,408		102,138		23,000
Pu Dong New District Shanghai China					
OTHER SECURITIES					
HOLDINGS (10 to 50%)					
Exagan S.A.S.	85,104	15.34%	605,930		0
7, parvis Louis Néel 38040 Grenoble Cedex 9	31,707,972		605,930		(729,303)
Ceotis Éclairage	937,270	30%	281,181	34,000	
C/o Soitec – Parc Technologique des Fontaines – 38190 Bernin	937,270		281,181		

Name – Registered office	Capital Shareholders' equity	Percentage Holding distr divid.	Gross val. shares Net val. shares	Loans, advances, bonds	Turnover result
HOLDINGS (less than 10%)					
Simgui	207,250,000	3.89%	4,440,962		43,713,777
200, Puhui Road District, Shanghai, China	402,133,643		4,440,962		(10,952,812)
Cissoid, chemin du Cyclotron 6	3,782,772	3.09%	339,903		0
B-1348 Louvain la neuve	2,360,133		0		(923,101)
Technocom 2	13,411,841	8.00%	1,400,000		0
23, Rue Royale – 75008 Paris	12,580,296		700,000		(833,681)

The capital and shareholders' equity are shown in local currency, i.e. US Dollars for Soitec USA Inc. and Soitec Microelectronics Singapore, Korean Won for Soitec Korea, Yuan for Soitec China and Japanese Yen for Soitec Japan.

The other amounts (revenue and profit/loss) are shown in Euros.

The other amounts are shown in Euros, Korean Won for Soitec Korea, Yuan for Soitec China and Japanese Yen for Soitec Japan.

Conclusion by Soitec of a "Security Trust" with Equitis Gestion as fiduciary: land and buildings were the subject of a transfer as consideration for the financial assets "266100" Rights representing net assets given as Security for a net value of €4,687k.

For holdings below 10%, no loan, advance or deposit was granted during the financial year.

Notes

Crédits photos : SOITEC | Conception et réalisation : MOMENTYS