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NEWS RELEASE

SMIC Reports First Quarter Results

*All currency figures stated in this report are in US Dollars unless stated otherwise.
The financial statement amounts in this report are determined in accordance with US GAAP.*

Shanghai, China May 12, 2011 Semiconductor Manufacturing International Corporation (NYSE: SMI; SEHK: 981) (“SMIC” or the “Company”), one of the leading semiconductor foundries in the world, today announced its consolidated results of operations for the three months ended March 31, 2011.

First Quarter Highlights

- Revenue down by 7% to \$371 million in Q1 from \$400 million in 4Q and up by 7% compared to Q4
- Gross margin was 18% in Q1 compared to 19% in 4Q primarily due to a decline in fab utilization
- Net cash flow from operations decreased to \$14 million in Q1 from \$44 million in 4Q
- Income attributable to holders of ordinary shares was US\$ 2 million in Q1, compared to income of US\$ 11 million in 4Q
- Diluted EPS was \$ 0.02 per ADS

Second Quarter Guidance

The following statements are forward looking statements which are based on current expectation and which involve risks and uncertainties, some of which are set forth under “Safe Harbor Statements” below.

- Revenue is expected to decline between 3% to 7%.
- Gross margin is expected to range from 15% to 18%.
- Operating expenses excluding foreign exchange differences are expected to range from \$82 million to \$86 million.

Dr. David NK Wang, President and Chief Executive Officer of SMIC commented, “Highlighting our first-quarter performance, revenue increased 7% year-over-year and decreased 9% quarter-over-quarter to US\$371 million. The quarter-over-quarter revenue decline was largely due to first quarter seasonality and our key customers’ transition to our 65nm and 45nm. Despite these situations, China displays resilience and in the first quarter, China sales grew 54% year-over-year and 3% quarter over quarter and now accounts for 36% of our revenue.

“We are happy to have announced an agreement with China Investment Corporation (or “CIC”), a sovereign wealth fund investment institution, to invest in SMIC for convertible preferred shares and warrants. These capital injections will further help SMIC to expand its technology roadmap and strengthen our foothold as one the leading foundries globally.”

Dr. Wang further remarked, “On May 12th we announced the signing of a joint venture with Hubei Science & Technology Investment Corporation, to jointly invest in and manage the 12-inch wafer production line of Wuhan Xinxin. This joint cooperation will serve as a strategic component in our expansion plan over the next five years and will allow us to quickly expand and increase market share on advanced technology capacity.”



Dr. Wang later added, "Despite the short-term setbacks, we look forward to regaining growth in the second half of 2011. Th0



Summary of First Quarter² Operating Results

Amounts in US\$ thousands, except for EPS and operating data

	Q	4Q	QoQ	Q	YoY
Revenue	370,559	408,600	-9.3%	345,640	7.2%
Cost of sales	301,782	309,325	-2.4%	291,322	3.6%
Gross profit	68,777				



- Revenue decreased to \$370.6 million in 1Q11, down 9.3% QoQ from \$408.6 million in 4Q10 due to a 8.9% decrease in wafer shipments.
- Cost of sales decreased to \$301.8 million in 1Q11, down 2.4% QoQ from \$309.3 million in 4Q10 primarily due to a decrease in wafer shipments.
- Gross profit of \$68.8 million in 1Q11, compared to a gross profit of \$99.3 million in 4Q10 and gross profit of \$54.3 million in 1Q10.
- Gross margin was 18.6% in 1Q11 down from 24.3% in 4Q10 primarily due to a decline in fab utilization.
- R&D expenses increased to \$49.6 million in 1Q11, up 5.4% QoQ from \$47.0 million in 4Q10 due to an increase in personnel related expenses.
- G&A expenses were \$19.4 million in 1Q11, compared to a gain of \$(7.5) million in 4Q10 due to a \$28.5 million recovery from bad-debt write-off in 4Q10.
- Selling & marketing expenses decreased to \$7.7 million in 1Q11, down 9.8% QoQ from \$8.6 million in 4Q10 primarily due to a decrease in selling activities.
- Income on discontinued operations of \$14.7million represents both the results of operations of Semiconductor Manufacturing International (AT) Corporation ("AT") for the period from January 1, 2011 to the date it was deconsolidated and a gain on deconsolidation of AT.



Analysis of Revenues

Sales Analysis			
By Application	Q	4Q	Q
Computer	3.3%	2.3%	4.3%
Communications	44.5%	50.5%	51.5%
Consumer	42.5%	39.7%	37.0%
Others	9.7%	7.5%	7.2%
By Service Type	Q	4Q	Q
Logic ⁽¹⁾	91.3%	93.1%	90.3%
Memory	0.0%	0.0%	2.7%
Mask Making, testing, others	8.7%	6.9%	7.0%
By Customer Type	Q	4Q	Q
Fabless semiconductor companies	80.4%	79.6%	66.4%
Integrated device manufacturers (IDM)	13.5%	16.7%	17.0%
System companies and others	6.1%	3.7%	16.6%
By Geography	Q	4Q	Q
North America	51.3%	56.4%	58.9%
China ⁽²⁾	35.6%	31.2%	24.4%
Eurasia ⁽³⁾	13.1%	12.4%	16.7%
Wafer Revenue Analysis			
By Technology logic, memory copper interconnect only	Q	4Q	Q
0.065μm	13.3%	8.6%	1.7%
0.09μm	12.3%	15.4%	18.6%
0.13μm	24.1%	31.9%	35.5%
0.15μm	1.3%	1.2%	1.5%
0.18μm	31.6%	26.5%	24.2%
0.25μm	0.4%	0.5%	0.3%
0.35μm	17.0%	15.9%	18.2%

Note:

(1) Including 0.13μm copper interconnects

(2) Including Hong Kong

(3) Excluding China



Capacity

Fab / (Wafer Size)	Q	4Q
Shanghai Mega Fab (8")	90,000	86,000
Beijing Mega Fab (12")	62,550	52,425
Tianjin Fab (8")	33,200	33,300
Total monthly wafer fabrication capacity	185,750	171,725

Note:

* Wafers per month at the end of the period in 8" equivalent wafers

Shipment and Utilization

8" equivalent wafers	Q	4Q	Q
Wafer shipments including copper interconnects	471,231	517,404	455,010
Utilization rate ⁽¹⁾	72.2%	96.8%	92.1%

Note:

(1) Capacity utilization based on total wafer out divided by estimated capacity

- Wafer shipments decreased 8.9% QoQ to 471,231 units of 8-inch equivalent wafers in 1Q11 from 517,404 units of 8-inch equivalent wafers in 4Q10, and up 3.6% YoY from 455,010 8-inch equivalent wafers in 1Q10.



Detailed Financial Analysis

Gross Profit Analysis

<i>Amounts in US\$ thousands</i>	Q	4Q	QoQ	Q	YoY
Cost of sales	301,782	309,325	-2.4%	291,322	3.6%
Depreciation	104,449	104,579	-0.1%	142,164	-26.5%
Other manufacturing costs	196,727	204,077	-3.6%	147,926	33.0%
Share-based compensation	606	669	-9.4%	1,232	-50.8%
Gross profit	68,777	99,275	-30.7%	54,317	26.6%
Gross margin	18.6%	24.3%		15.7%	

- Cost of sales decreased to \$301.8 million in 1Q11, down 2.4% QoQ from \$309.3 million in 4Q10 primarily due to a decrease in wafer shipments.
- Gross profit of \$68.8 million in 1Q11, compared to a gross profit of \$99.3 million in 4Q10 and gross profit of \$54.3 million in 1Q10.
- Gross margin was 18.6% in 1Q11 from 24.3% in 4Q10 primarily due to a decline in fab utilization.

Operating Expense Analysis

<i>Amounts in US\$ thousands</i>	Q	4Q	QoQ	Q	YoY
Total operating expenses	76,623	53,880	42.2%	78,715	-2.7%
Research and development	49,573	47,048	5.4%	43,480	14.0%
General and administrative	19,427	(7,538)	-	16,992	14.3%
Selling and marketing	7,738	8,582	-9.8%	5,944	30.2%
Others, net	(115)	5,788	-	12,299	-

- R&D expenses increased to \$49.6 million in 1Q11, up 5.4% QoQ from \$47.0 million in 4Q10 due to increase in personnel related expenses.
- G&A expenses were \$19.4 million in 1Q11, compared to a gain of \$(7.5) million in 4Q10 due to a \$28.5 million recovery from bad-debt write-off in 4Q10.
- Selling & marketing expenses decreased to \$7.7 million in 1Q11, down 9.8% QoQ from \$8.6 million in 4Q10 primarily due to a decrease in selling activities.
- Others, net were \$0.1 million in 1Q11, compared to a loss of \$5.8 million in 4Q10 due to reclassification of certain expenses.

Depreciation and Amortization

- Depreciation and amortization in 1Q11 was \$130.9 million compared to \$130.0 million in 4Q10.

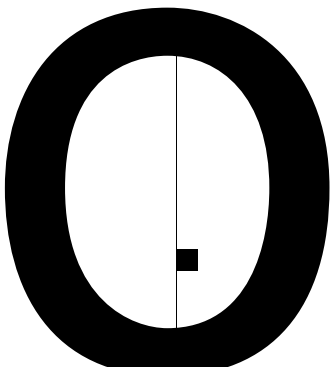


Liquidity

<i>Amounts in US\$ thousands</i>	Q	▲Q
Cash and cash equivalents	394,062	515,808
Restricted cash	128,135	161,350
Accounts receivable	231,015	206,623
Inventories	190,414	213,404
Others	141,220	81,917
Total current assets	1,084,846	1,179,102
Accounts payable	434,558	515,577
Short-term borrowings	628,182	372,055
Current portion of long-term debt	281,608	333,459
Others	175,004	178,254
Total current liabilities	1,519,352	1,399,345
Cash Ratio	0.3x	0.4x
Quick Ratio	0.4x	0.5x
Current Ratio	0.7x	0.8x

Capital Structure

<i>Amounts in US\$ thousands</i>	Q	▲Q
Cash and cash equivalents	394,062	515,808
Restricted cash	128,135	161,350
Current portion of promissory notes	29,582	29,374
Non-current portion of promissory notes	56,728	56,327
Short-term borrowings	628,182	372,055
Current portion of long-term debt	281,608	333,459
Long-term debt	179,132	178,596
Total debt	1,088,922	884,110
Equity ⁽¹⁾	2,183,850	2,170,608
Total debt to equity ratio	49.9%	40.7%





Recent Highlights and Announcements

- Spansion and SMIC Expand Foundry Agreement (2011-05-16)
- Further Information on Major Transaction Establishment of a Joint Venture with Hubei Science & Technology Investment Group Co., Ltd (2011-05-12)
- Announcement Major Transaction Establishment of a Joint Venture with Hubei Science & Technology Investment Group Co., Ltd (2011-05-12)
- SMIC and Hubei Science & Technology Investment Group Sign Joint Venture Agreement in Wuhan (2011-05-12)
- Notice of Extraordinary General Meeting (2011-05-10)
- (1) Subscription of Convertible Preferred Share



Semiconductor Manufacturing International Corporation
CONDENSED CONSOLIDATED STATEMENT OF INCOME
(In US\$ thousands, except share data)

	For the three months ended	
	March , ? Unaudited	December , ? Unaudited
Sales	370,559	408,600
Cost of sales	301,782	309,325
Gross profit	<u>68,777</u>	<u>99,275</u>
Operating expenses (income):		
Research and development	49,573	47,048
General and administrative	19,427	(7,538)
Selling and marketing	7,738	8,582
Others, net	(115)	5,788
Total operating expenses, net	<u>76,623</u>	<u>53,880</u>
Income (loss) from operations	<u>(7,846)</u>	<u>45,395</u>
Total other income, net	<u>2,112</u>	<u>2,112</u>
Income (loss) from continuing operations before income tax and equity investment	<u>5,734</u>	<u>47,507</u>
Income tax expense (benefit)	128	(388)
Income from equity investment	1,016	304
Income (loss) from continuing operations	<u>6,878</u>	<u>47,423</u>
Income (loss) from discontinued operations net of tax effect	<u>14,742</u>	<u>(3,657)</u>
Net income	<u>23,620</u>	<u>43,766</u>
Accretion of interest to noncontrolling interest	(508)	(125)

Income attributable to Semicondu()Tj ET Q Q q3 n q 8.33333 0 0 8.33333 0 0 Td (n)Tj 4.56 0 Td (t33333 0 0 8.33333 0 0 cm BT /R15 8.46 Tf 1 0 0 1 5



Semiconductor Manufacturing International Corporation
CONDENSED CONSOLIDATED STATEMENT OF BALANCE SHEET
(In US\$ thousands)

	As of	
	March 31, 2011 Unaudited	December 31, 2010 Unaudited
ASSETS		
Current assets:		
Cash and cash equivalents	394,062	515,808
Restricted cash	128,135	161,350
Accounts receivable, net of allowances of \$50,200,060 and \$49,373,296 at March 31, 2011 and December 31, 2010 respectively	231,015	206,623
Inventories	190,414	213,404
Prepaid expense and other current assets	141,220	81,917
Total current assets	1,085,066	1,180,912
Prepaid land use rights	78,387	78,798
Plant and equipment, net	2,518,710	2,351,863
Acquired intangible assets, net	184,786	173,821
Other long-term assets	136,914	119,109
TOTAL ASSETS	4,049,863	3,864,503
LIABILITIES AND EQUITY		
Current liabilities:		
Accounts payable	434,558	515,577
Accrued expenses and other current liabilities	145,422	148,879
Short-term borrowings	628,182	372,055
Current portion of promissory notes	29,582	29,374
Current portion of long-term debt	281,608	333,459
Total current liabilities	1,729,352	1,799,344
Long-term liabilities:		
Promissory notes	56,728	56,327
Long-term debt	179,131	178,596
Other long-term liabilities	62,238	59,883
Total long-term liabilities	298,097	294,806
Total liabilities	2,027,449	2,094,150
Noncontrolling interest		
Noncontrolling interest	5,000	5,000
Equity:		
Ordinary shares, \$0.0004 par value, 50,000,000,000 shares authorized, 27,396,956,059 and 27,334,063,747 shares issued and outstanding at March 31, 2011 and December 31, 2010, respectively	10,959	10,934
Additional paid-in capital	3,861,254	3,858,643
Accumulated other comprehensive loss	(757)	(1,092)
Accumulated deficit	(1,688,713)	(1,698,947)
Total equity	2,122,413	1,770,358
TOTAL LIABILITIES, NONCONTROLLING INTEREST AND EQUITY	4,149,863	3,864,503



Semiconductor Manufacturing International Corporation
CONSOLIDATED STATEMENT OF CASH FLOWS
(In US\$ thousands)

	For the three months ended	
	March , ? Unaudited	December , ? Unaudited
Cash Flows from Operating activities		
Net income	10,742	68,695
Depreciation and amortization	130,929	129,976
Gain from equity investment	(1,016)	(305)
Gain on deconsolidation of a subsidiary	(20,617)	-
Changes in working capital and others:	(46,600)	50,265
Net cash provided by operating activities	■ , ▲	?▲■ ?
 Cash Flows from Investing activities		
Acquisitions of:		
Property, plant and equipment	(392,576)	(173,341)
Intangible assets	(7,023)	9,729
Short-term investments	(22,433)	(2,144)
Changes in restricted cash relating to investing activities	17,180	(87,294)
Others	3,910	6,592
Net cash used in investing activities	▲ , ▲?	?▲ , 5 ■
 Cash Flows from Financing activities		
Increase (decrease) in short-term loans	256,127	(30,193)
Increase (decrease) long-term loans	(51,315)	(11,076)
Repayment of promissory notes	-	(20,000)
Proceeds from issuance of ordinary shares	-	102,000
Others	610	388
Net cash provided by used in financing activities	?5 , ▲??	▲ ,
Effect of exchange rate changes	335	268
 NET INCREASE DECREASE IN CASH AND CASH EQUIVALENTS	? , ■▲	▲ 5
 CASH AND CASH EQUIVALENTS, beginning of period	515,808	472,247
 CASH AND CASH EQUIVALENTS, end of period	▲ , ?	55 , ■■