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## NEWS RELEASE

### SMIC Reports 2012 Third 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.

SMIC (NYSE: SMIC) announced today its financial results for the third quarter of 2012. The company reported a net loss of \$1.2 million, or 0.02 cents per share, compared to a net loss of \$1.5 million, or 0.02 cents per share, in the third quarter of 2011. The loss was primarily due to an increase in research and development expenses and a decrease in sales revenue.

#### Third Quarter 2012 Highlights:

- Revenue increased 5% year-over-year to \$10.5 million.
- Operating loss decreased 20% year-over-year to \$1.2 million.
- Net loss decreased 20% year-over-year to \$1.2 million.
- Adjusted EBITDA increased 10% year-over-year to \$0.5 million.
- Adjusted EBITDA margin improved to 5% from 4% in the third quarter of 2011.

#### Fourth Quarter 2012 Guidance:

For the fourth quarter of 2012, we expect revenue to be between \$10 million and \$11 million, operating loss to be between \$1 million and \$1.5 million, and net loss to be between \$1 million and \$1.5 million.

- Revenue is expected to be between \$10 million and \$11 million.
- Operating loss is expected to be between \$1 million and \$1.5 million.
- Net loss is expected to be between \$1 million and \$1.5 million.
- Adjusted EBITDA is expected to be between \$0.5 million and \$0.7 million.
- Adjusted EBITDA margin is expected to be between 5% and 7%.

Management believes that the fourth quarter of 2012 will be a challenging period for the company due to the global economic environment. However, the company remains committed to its long-term growth strategy and expects to continue to invest in research and development to drive future growth.

The company's financial performance for the third quarter of 2012 was in line with management's expectations. The company will continue to focus on improving its operating performance and reducing its operating expenses.

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### Conference Call / Webcast Announcement

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### About SMIC

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### Safe Harbor Statements

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## Summary of Third Quarter 2012 Operating Results

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

	3Q12	2Q12	QoQ	3Q11	YoY
Operating income	2,252	2,252		2,222	2,252
Operating expenses	2,252	2,252	2,252	2,222	2,252
Non-operating income	2,252	2,252	2,252	2,222	2,252
Income before taxes	2,252	2,252	2,252	2,222	2,252
Taxes	2,252	2,252	2,252	2,222	2,252
Net income	2,252	2,252	2,252	2,222	2,252
Operating income per share	2,252	2,252	2,252	2,222	2,252
Net income per share	2,252	2,252	2,252	2,222	2,252
Operating margin	2,252	2,252	2,252	2,222	2,252
Net margin	2,252	2,252	2,252	2,222	2,252
Operating leverage	2,252	2,252	2,252	2,222	2,252
Operating leverage ratio	2,252	2,252	2,252	2,222	2,252
Operating leverage ratio (YoY)	2,252	2,252	2,252	2,222	2,252
Operating leverage ratio (QoQ)	2,252	2,252	2,252	2,222	2,252
Operating leverage ratio (3Q11)	2,252	2,252	2,252	2,222	2,252
Operating leverage ratio (2Q12)	2,252	2,252	2,252	2,222	2,252
Operating leverage ratio (3Q12)	2,252	2,252	2,252	2,222	2,252

**Note:**

- (1) Based on weighted average ordinary shares of 31,983 million (basic) and 31,993 million (diluted) in 3Q12, 28,789 million (basic) and 28,830 million (diluted) in 2Q12, and 27,459 million (basic) and 27,459 million (diluted) in 3Q11.
- (2) Including copper interconnects.
- (3) Based on total equivalent wafers out divided by estimated capacity.

- Operating income increased 2% on 2% increase in operating volume and 2% increase in operating margin.
- Operating expenses increased 2% on 2% increase in operating volume and 2% increase in operating margin.
- Non-operating income increased 2% on 2% increase in operating volume and 2% increase in operating margin.
- Income before taxes increased 2% on 2% increase in operating volume and 2% increase in operating margin.
- Taxes increased 2% on 2% increase in operating volume and 2% increase in operating margin.
- Net income increased 2% on 2% increase in operating volume and 2% increase in operating margin.
- Operating income per share increased 2% on 2% increase in operating volume and 2% increase in operating margin.
- Net income per share increased 2% on 2% increase in operating volume and 2% increase in operating margin.
- Operating margin increased 2% on 2% increase in operating volume and 2% increase in operating margin.
- Net margin increased 2% on 2% increase in operating volume and 2% increase in operating margin.
- Operating leverage increased 2% on 2% increase in operating volume and 2% increase in operating margin.
- Operating leverage ratio increased 2% on 2% increase in operating volume and 2% increase in operating margin.
- Operating leverage ratio (YoY) increased 2% on 2% increase in operating volume and 2% increase in operating margin.
- Operating leverage ratio (QoQ) increased 2% on 2% increase in operating volume and 2% increase in operating margin.
- Operating leverage ratio (3Q11) increased 2% on 2% increase in operating volume and 2% increase in operating margin.
- Operating leverage ratio (2Q12) increased 2% on 2% increase in operating volume and 2% increase in operating margin.
- Operating leverage ratio (3Q12) increased 2% on 2% increase in operating volume and 2% increase in operating margin.



## Analysis of Revenue

Revenue Analysis			
<b>By Application</b>	<b>3Q12</b>	<b>2Q12</b>	<b>3Q11</b>
Other	5	2	
Other applications			5
Other		5	
<b>By Service Type</b>	<b>3Q12</b>	<b>2Q12</b>	<b>3Q11</b>
Other	5	5	2
<b>By Customer Type</b>	<b>3Q12</b>	<b>2Q12</b>	<b>3Q11</b>
Other conductor			2
Other added conductor			2
Other conductor		2	
<b>By Geography</b>	<b>3Q12</b>	<b>2Q12</b>	<b>3Q11</b>
Other Asia	5	5	5
Other	5	2	
Other	5		
<b>Wafer Revenue Analysis</b>			
<b>By Technology (logic, memory &amp; copper interconnect only)</b>	<b>3Q12</b>	<b>2Q12</b>	<b>3Q11</b>
Other		2	
Other		2	
Other		5	2
Other	5	5	5
Other	2	5	

Note:

- (1) Including 0.13  $\mu$ m copper interconnects
- (2) Including Hong Kong, but excluding Taiwan
- (3) Excluding China

## Capacity\*

	3Q12	2Q12
Annual Capacity	5	5
Monthly Capacity	2.5	2.5

Note:

\* Wafers per month at the end of the period in 8" equivalent wafers, calculated on a 30-day basis for comparison purposes

- Annual capacity is based on 2.5 million wafers per month, which is based on the 2.5 million wafers per month capacity of the Binnema and the 2.5 million wafers per month capacity of the Anna Maria.

## Shipment and Utilization

8" equivalent wafers	3Q12	2Q12	QoQ	3Q11	YoY
Annual Capacity	5				

### Operating Expense (Income) Analysis

Amounts in US\$ thousands	3Q12	2Q12	QoQ	3Q11	YoY
Operating expenses	52	52	2	5	
and	25	2			5
and	25	2		2	5
and			5		
Operating income	2		5		

- Operating expenses increased 2% on a constant currency basis due to higher depreciation and amortization expense.
- Operating income decreased 2% on a constant currency basis due to higher depreciation and amortization expense.

### Total Other Loss, Net

Amounts in US\$ thousands	3Q12	2Q12	QoQ	3Q11	YoY
Other income				22	
and	5	2	5		22
Other loss	5	2		2	52
Other income	5	25			

- Other income increased 5% on a constant currency basis due to higher net foreign exchange gain.
- Other loss decreased 2% on a constant currency basis due to higher net foreign exchange gain.

### Depreciation and Amortization

- Depreciation and amortization expense increased 2% on a constant currency basis due to higher depreciation and amortization expense.

### Liquidity

Amounts in US\$ thousands	3Q12	2Q12
Accounts payable	25	2
Accounts receivable	25	22
Accounts receivable	2	5
Accounts receivable	2222	252
Accounts receivable	5	2
Accounts receivable		2
Accounts receivable		25
Accounts receivable	2	5
Accounts receivable		
Accounts receivable		5
Accounts receivable		

### Capital Structure

Amounts in US\$ thousands	3Q12	2Q12
Equity	2,522	2,222
Debt	2,522	2,222
Non-current debt	2,522	2,222
Current debt	2,522	2,222
Total debt	2,522	2,222
Debt to equity ratio	1.00	1.00

Note:

(1) Including portion of noncontrolling interest.

(2) Total debt divided by equity, total debt including short-term borrowings, current portion of long-term debt and long-term debt.

### Cash Flow

Amounts in US\$ thousands	3Q12	2Q12
Operating activities	2,522	2,222
Investing activities	2,522	2,222
Financing activities	2,522	2,222
Net change in cash	5	2
Free cash flow	2,522	2,222

### Capex Summary

Capex Summary



## Recent Highlights and Announcements

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Please visit SMIC's website at [http://www.smics.com/eng/press/press\\_releases.php](http://www.smics.com/eng/press/press_releases.php) and [http://www.smics.com/eng/investors/ir\\_filings.php](http://www.smics.com/eng/investors/ir_filings.php) for further details regarding the recent announcements.

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**ASSETS**

	September 30, 2012 (Unaudited)	June 30, 2012 (Unaudited)
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a a n d e u a n	2 5	2
c d e	2 5	22
Accoun c a n o a o a n c o 5 a n d 5 a		
n n o	2 2 2 2	2 5 2
a d x n a n d o c u n a		
o a c u n a	<b>1,133,168</b>	<b>1,114,267</b>
a d a n d u	5 5	
a n a n d u n n	2 5	2 5
Ac u d n a n a n	2 55	2 2
o n a		
<b>TOTAL ASSETS</b>	<b>3,978,794</b>	<b>3,974,836</b>

**LIABILITIES, NONCONTROLLING INTEREST AND EQUITY**

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Accoun a y		2 2
Acc u d x n a n d o c u n a	5	5 2
o o o n		5
u n o o n o o y n o	2 5 2	2 2

	For the three months ended	
	September 30, 2012 (Unaudited)	June 30, 2012 (Unaudited)
<b>Cash flow from operating activities</b>		
Net income	22	
Change in receivables	2	
Change in payables		
Change in non-current assets	52	2
<b>Net cash provided by operating activities</b>	<b>119,023</b>	<b>109,425</b>
<b>Cash flow from Investing activities:</b>		
Acquisition of property and equipment		25
Net sale of property and equipment	2	5
Change in non-current liabilities	2	
Change in current assets	25	2
	2	2
<b>Net cash used in investing activities</b>	<b>(128,349)</b>	<b>(126,293)</b>
<b>Financing activities:</b>		
Proceeds from operations	22	
Payments on operations	25	25
Proceeds from debt		25
Payments on debt		2
Payments on other		5
<b>Net cash provided by (used in) financing activities</b>	<b>(49,712)</b>	<b>6,999</b>
Change in cash and cash equivalents	2	
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(58,909)</b>	<b>(9,947)</b>
<b>CASH AND CASH EQUIVALENTS, beginning of period</b>	<b>290,694</b>	<b>300,641</b>
<b>CASH AND CASH EQUIVALENTS, end of period</b>	<b>231,785</b>	<b>290,694</b>