



Contact:

NEWS RELEASE

SMIC Reports 2012 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 10, 2012. 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, 2012.

First Quarter 2012 Highlights:

Revenue up by 14.9% to \$332.7 million in 1Q12 from \$289.6 million in 4Q11 and down by 10.2% compared to 1Q11.

Gross margin was 12.0% in 1Q12 compared to -7.4% in 4Q11 primarily due to higher utilization and cost saving actions in 1Q12.

N

“We have successfully obtained two major loans in the first quarter of 2012. First, we obtained a \$268 million loan facility in February, and second, a \$600 million syndicated loan in March. These credit arrangements have helped us achieve a healthier capital structure, and show that both policy and commercial banks recognize our potential.”

“We are excited about the growth prospects of the coming quarters and are expecting continued order momentum for both new and existing products, across various applications, from our leading global and Chinese customers.”

Conference Call / Webcast Announcement

Date: May 11, 2012

Time: 8:30 a.m. Shanghai time

Dial-in numbers and pass code:

United States	1-866-519-4004	(Pass code: SMIC)
China, Domestic	40-0620-8038	(Pass code: SMIC)
Hong Kong	852-2475-0994	(Pass code: SMIC)
Taiwan, Taipei	886-2-2650-7825	(Pass code: SMIC)

The call will be webcast live with audio at http://www.smics.com/eng/investors/ir_presentations.php, or at <http://www.media-server.com/m/p/mmjw93d2>

An archived version of the webcast, along with an electronic copy of this news release will be available on the SMIC website for a period of 12 months following the webcast.

About SMIC

Semiconductor Manufacturing International Corporation (“SMIC”; NYSE: SMI; SEHK: 981) is one of the leading semiconductor foundries in the world and the largest and most advanced foundry in Mainland China, providing integrated circuit (IC) foundry and technology services at 0.35-micron to 40-nanometer. Headquartered in Shanghai, China, SMIC has a 300mm wafer fabrication facility (“fab”) and three 200mm wafer fabs in its Shanghai mega-fab, two 300mm wafer fabs in its Beijing mega-fab and two 200mm wafer fabs in its Chengde mega-fab.

contain these words. These forward-looking statements are necessarily estimates reflecting the best judgment of SMIC's senior management and involve significant risks, both known and unknown, uncertainties and other factors that may cause SMIC's actual performance, financial condition or results of operations to be materially different from those suggested by the forward-looking statements including, among others, risks associated with cyclicalities and market conditions in the semiconductor industry, the downturn in the global economy and the impact on China's economy, intense competition, timely wafer acceptance by SMIC's customers, timely introduction of new technologies, SMIC's ability to capture growth opportunities in China, supply and demand for semiconductor foundry services, industry overcapacity, shortages in equipment, components and raw materials, orders or judgments from pending litigation, availability of manufacturing capacity and financial stability in end markets.

Investors should consider the information contained in SMIC's filings with the U.S. Securities and Exchange Commission (SEC), including its annual report on 20-F filed with the SEC on April 27, 2012, especially in the "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" sections, and such other documents that SMIC may file with the SEC or The Hong Kong Stock Exchange Limited ("SEHK") from time to time, including on Form 6-K. Other unknown or unpredictable factors also could have material adverse effects on SMIC's future results, performance or achievements. In light of these risks, uncertainties, assumptions and factors, the forward-looking events discussed in this press release may not occur. You are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date stated, or if no date is stated, as of the date of this press release. Except as required by law, SMIC undertakes no obligation and does not intend to update any forward-looking statement, whether as a result of new information, future events or otherwise.

SMIC has filed with the U.S. Securities and Exchange Commission its annual report on Form 20-F for the year ended December 31, 2011. The annual report is available on our website at www.smics.com. In addition, all SMIC ADR holders have the ability, upon request, to receive a hard copy of our complete audited financials free of charge.



Summary of First Quarter 2012 Operating Results

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

	1Q12	4Q11	QoQ	1Q11	YoY
Sales, net	332,711	289,628	14.9%	370,559	-10.2%
Cost of sales	292,867	310,959	-5.8%	301,782	-3.0%
Gross profit (loss)	39,844	(21,331)	-	68,777	-42.1%
Operating expenses	90,128	85,667	5.2%	76,623	17.6%
Loss from operations	(50,284)	(106,998)	-53.0%	(7,846)	540.9%
Other income (expense), net	(4,069)	5,430	-	2,702	-
Income tax benefit (expenses)	11,418	(65,040)	-	128	8820.3%
Net loss after income taxes	(42,935)	(166,608)	-74.2%	(5,016)	756.0%
Gain from equity method investments	373	1,784	-79.1%	1,016	-63.3%
Income from discontinued operations net of tax effect ⁽¹⁾	-	-	-	14,742	-
Net income (loss)	(42,562)	(164,824)	-74.2%	10,742	-
Accretion of interest to noncontrolling interest	(263)	(381)	-31.0%	(508)	-48.2%
Income (loss) attributable to Semiconductor Manufacturing International Corporation	(42,825)	(165,205)	-74.1%	10,234	-
Gross margin	12.0%	-7.4%	-	18.6%	-
Operating margin	-15.1%	-36.9%	-	-2.1%	-
Earnings (loss) per ordinary share (basic and diluted) ⁽²⁾	(0.00)	(0.01)	-	0.00	-
Earnings (loss) per ADS (basic and diluted)	(0.08)	(0.30)	-	0.02	-
Wafers shipped (in 8" wafers) ⁽³⁾	445,689	374,116	19.1%	471,231	-5.3%
Capacity utilization ⁽⁴⁾	74.1%	65.6%	8.5%	76.3%	-2.2%

Note:

(1) On March 1, 2011, the Company deconsolidated Semiconductor Manufacturing International (AT) Corporation ("AT") as its majority ownership interest was reduced to 10%. Both the results of operations of AT prior to deconsolidation and a gain on deconsolidation were reported as income (loss) from discontinued operations.

(2) Based on weighted average ordinary shares of 27,504 million (basic) and 27,504 million (diluted) in 1Q12, 27,483 million (basic) and 27,483 million (diluted) in 4Q11, and 27,371 million (basic) and 27,371 million (diluted) in 1Q11.

(3) Including copper interconnects

(4) Effective 3Q 2011, capacity utilization rate is reported based on actual equipment usage in manufacturing processes. Utilization rate for previous quarters have been updated accordingly for comparison purpose. In prior quarters utilization had been reported based on total wafers out divided by estimated capacity.

Revenue increased to \$332.7 million in 1Q12, up 14.9% QoQ from \$289.6 million in 4Q11 due to a 19.1% increase in wafer shipments.

Cost of sales decreased to \$292.9 million in 1Q12, a decrease of 5.8% QoQ from \$311.0 million in 4Q11 due to cost saving actions in 1Q12 and \$11.4 million legal accruals for Elpida in 4Q11.

Gross profit of \$39.8 million in 1Q12, compared to a gross loss of \$21.3 million in 4Q11 and gross profit of \$68.8 million in 1Q11.

Gross margin was 12.0% in 1Q12, up from -7.4% in 4Q11 primarily due to higher utilization and cost saving actions in 1Q12.

Operating expense increased to \$90.1 million in 1Q12, an increase of 5.2% QoQ from \$85.7 million in 4Q11, mainly due to government grants decrease.

By Cuss

ost4 | 753 1124 | 655 12124 9 BT /R15 9 BT /R15 g 1 i 1f 1 0 1 i 1f 1 91 i 1665 91 i 1665 g 1 i 1

Fa v mé duni n osth82%

6 r

Td (id ()T 0 Td (u)Tj 5.5 0 Td (s)Tj 5.d Td (o)Tj 6 Td (id

Capacity*

Fab / (Wafer Size)	1Q12	4Q11
Shanghai Mega Fab (8")	79,210	90,000
Beijing Mega Fab (12")	67,500	65,540
Tianjin Fab (8")	37,839	37,750
Total monthly wafer fabrication capacity	184,549	193,290

Note:

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

Capacity of Shanghai Mega Fab (8") decreases to 79,210 in 1Q12 from 90,000 in 4Q11. The decrease is mainly due to product mix change.

Shipment and Utilization

8" equivalent wafers	1Q12	4Q11	QoQ	1Q11	YoY
Wafer shipments including copper interconnects	445,689	374,116	19.1%	471,231	-5.3%
Utilization rate ⁽¹⁾	74.1%	65.6%	8.5%	76.3%	-2.2%

Note:

(1) Effective 3Q 2011, capacity utilization rate is reported based on actual equipment usage in manufacturing processes. Utilization rate for previous quarters have been updated accordingly for comparison purpose. In prior quarters utilization had been reported based on total wafers out divided by estimated capacity.

Detailed Financial Analysis

Gross Profit Analysis

<i>Amounts in US\$ thousands</i>	1Q12	4Q11	QoQ	1Q11	YoY
Cost of sales	292,867	310,959	-5.8%	301,782	-3.0%
Depreciation	106,317	106,150	0.2%	104,449	1.8%
Other manufacturing costs	186,254	204,546	-8.9%	196,727	-5.3%
Share-based compensation	296	263	12.5%	606	-51.2%
Gross profit (loss)	39,844	(21,331)	-	68,777	-42.1%
Gross margin	12.0%	-7.4%	-	18.6%	-

Cost of sales decreased to \$292.9 million in 1Q12, a decrease of 5.8% QoQ from \$311.0 million in 4Q11 primarily due to cost saving actions in 1Q12 and \$11.4 million legal accruals for Elpida in 4Q11.

Gross profit of \$39.8 million in 1Q12, compared to a gross loss of \$21.3 million in 4Q11 and gross profit of \$68.8 million in 1Q11 due to a 19.1% QoQ increase in wafer shipments and a 5.8% QoQ decrease in cost of sales.

Gross margin was 12.0% in 1Q12 up from -7.4% in 4Q11.

Operating Expense (Income) Analysis

<i>Amounts in US\$ thousands</i>	1Q12	4Q11	QoQ	1Q11	YoY
Total operating expenses	90,128	85,667	5.2%	76,623	17.6%
Research and development	59,311	38,921	52.4%	49,573	19.6%
General and administrative	23,924	25,038	-4.4%	19,427	23.1%
Selling and marketing	6,892	9,283	-25.8%	7,738	-10.9%
Others operating expense (income)	1	12,425	-	(115)	-

R&D expenses increased to \$59.3 million in 1Q12, up 52.4% QoQ from \$38.9 million in 4Q11 mainly due to a decrease of government R&D subsidies in 1Q12 compared to the prior quarter.

G&A expense was \$23.9 million in 1Q12. Comparing with \$25.0 million in 4Q11, the fluctuation was mainly due to a decrease of personnel related expenses and legal fees.

Selling & marketing expenses decreased to \$6.9 million in 1Q12, down 25.8% QoQ from \$9.3 million in 4Q11 was mainly due to a decrease in selling activities.

Other operating expense was \$1 thousand in 1Q12. Compared to other operating expense of \$12.4 million in 4Q11, the fluctuation was mainly due to impairment loss of long-lived assets in 4Q11.

Other Income (Expenses)

<i>Amounts in US\$ thousands</i>	1Q12	4Q11	QoQ	1Q11	YoY
Other income (expenses)	(4,069)	5,430	-	2,702	-
Interest income	1,199	1,342	-10.7%	1,191	0.7%
Interest expense	(7,424)	(5,345)	38.9%	(4,248)	74.8%
Foreign currency exchange gain	393	6,776	-94.2%	4,007	-90.2%
Other, net	1,763	2,657	-33.6%	1,752	0.6%

Depreciation and Amortization

Depreciation and amortization in 1Q12 was \$142.5 million compared to \$145.2 million in 4Q11.

Recent Highlights and Announcements

Announcement of 2011 Annual Results (2012-03-29)
Discloseable Transaction - SMIC and IBM Sign Collaboration Agreement (2012-03-29)
SMIC @ SEMICON China 2012 (2012-03-26)
List of Directors and Their Roles and Functions (2012-03-26)
SMIC CEO Dr. Tzu-Yin Chiu Delivers Keynote at SEMICON China 2012 (2012-03-20)
SMIC Secures USD 600 Million Syndicated Loan (2012-03-16)
Notification of Approval of the Publication of 2011 Annual Results by the Board (2012-03-16)
SMIC's Vice President of Technology Development Dr. Shiuh-Wuu Lee Speaks at IC Market China 2012 (2012-03-15)
SMIC, Brite, and Zhejiang University Found Joint IC Research Program (2012-03-14)
SMIC Announces Ultra High Density IP Library for 0.11um Cu-BEoL Process (2012-03-08)
SMIC and Brite Semiconductor Tape Out Low Leakage 40nm Test Chip Based on a Dual-Core ARM Cortex-A9 Processor (2012-02-27)
SMIC Reports Results for the Three Months Ended December 31, 2011 (2012-02-08)
Notification of Board Meeting (2012-01-18)

Please visit SMIC's website at http://www.smics.com/eng/press/media_press.php and http://www.smics.com/eng/investors/ir_filings.php for further details regarding the recent announcements.

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

	For the three months ended	
	<u>March 31, 2012</u> <u>(Unaudited)</u>	<u>December 31, 2011</u> <u>(Unaudited)</u>
Sales, net	332,711	289,628
Cost of sales	292,867	310,959
Gross profit (loss)	<u>39,844</u>	<u>(21,331)</u>
Operating expenses:		
Research and development	59,311	38,921
General and administrative	23,924	25,038
Selling and marketing	6,892	9,283
Other operating expense	1	12,425
Total operating expenses, net	<u>90,128</u>	<u>85,667</u>
Loss from operations	(50,284)	(106,998)
Total other income (loss), net	(4,069)	5,430
Loss before income tax and equity investment	<u>(54,353)</u>	<u>(101,568)</u>
Income tax benefit (expense)	11,418	(65,040)
Gain from equity method investments	373	1,784
Net loss	<u>(42,562)</u>	<u>(164,824)</u>

Accretion of interest to noncontrolling interests 2012 2011 2010 2009 2008 2007 2006 2005 2004 2003 2002 2001 2000 1999 1998 1997 1996 1995 1994 1993 1992 1991 1990 1989 1988 1987 1986 1985 1984 1983 1982 1981 1980 1979 1978 1977 1976 1975 1974 1973 1972 1971 1970 1969 1968 1967 1966 1965 1964 1963 1962 1961 1960 1959 1958 1957 1956 1955 1954 1953 1952 1951 1950 1949 1948 1947 1946 1945 1944 1943 1942 1941 1940 1939 1938 1937 1936 1935 1934 1933 1932 1931 1930 1929 1928 1927 1926 1925 1924 1923 1922 1921 1920 1919 1918 1917 1916 1915 1914 1913 1912 1911 1910 1909 1908 1907 1906 1905 1904 1903 1902 1901 1900 1999 1998 1997 1996 1995 1994 1993 1992 1991 1990 1989 1988 1987 1986 1985 1984 1983 1982 1981 1980 1979 1978 1977 1976 1975 1974 1973 1972 1971 1970 1969 1968 1967 1966 1965 1964 1963 1962 1961 1960 1959 1958 1957 1956 1955 1954 1953 1952 1951 1950 1949 1948 1947 1946 1945 1944 1943 1942 1941 1940 1939 1938 1937 1936 1935 1934 1933 1932 1931 1930 1929 1928 1927 1926 1925 1924 1923 1922 1921 1920 1919 1918 1917 1916 1915 1914 1913 1912 1911 1910 1909 1908 1907 1906 1905 1904 1903 1902 1901 1900

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

	As of	
	March 31, 2012	December 31, 2011
	(Unaudited)	(Unaudited)
ASSETS		
Current assets:		
Cash and cash equivalents	300,641	261,615
Restricted cash	194,352	136,907
Accounts receivable, net of allowances of \$45,500 and \$42,821 at March 31, 2012 and December 31, 2011, respectively	196,749	165,234
Inventories	211,353	207,309
Prepaid expense and other current assets	118,023	93,722
Total current assets		

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

	For the three months ended	
	March 31, 2012 (Unaudited)	December 31, 2011 (Unaudited)
Cash flow from operating activities		
Net loss	(42,562)	(164,824)
Depreciation and amortization	142,503	145,216
Gain from equity investment	(373)	(1,783)
Changes in working capital and others	(63,760)	106,050
Net cash provided by operating activities	35,808	84,659
Cash flow from investing activities:		
Acquisitions of:		
Property, plant and equipment	(116,366)	(89,120)
Intangible assets	(29,317)	(5,568)
Short-term investments	(4,167)	35,403
Changes in restricted cash relating to investing activities	(55,954)	88,428
Others	(1)	(3,740)
Net cash provided by (used in) investing activities	(205,805)	25,403
Financing activities:		
Increase (Decrease) in short-term borrowings	(140,358)	36,961
Increase (Decrease) in long-term debt	355,197	(186,880)
Repayment of promissory notes	-	(15,000)
Others	(5,861)	95
Net cash provided by (used in) financing activities	208,978	(164,824)
Effect of exchange rate changes	44	687
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	39,025	(54,075)
CASH AND CASH EQUIVALENTS, beginning of period	261,615	315,690
CASH AND CASH EQUIVALENTS, end of period	300,641	261,615