



Investor Contacts:

NEWS RELEASE

SMIC Reports 2009 Second 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 – July 28, 2009. 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 June 30, 2009.

Second Quarter 2009 Highlights:

- Revenue up by 82.5% to \$267.4 million from \$146.5 million in 1Q09 and down by 22.0%



Second quarter recovery was fueled by recovered customer demand across all regions and robust end demand in Asian markets. Regionally, our Greater China revenue in the second quarter increased by 87.4%, and North America revenue increased by 85.3% quarter-over-quarter. We also saw a healthy increase in our Europe sales this quarter.

In terms of advanced technology development, we have already commenced risk production on our 65nm low-power process in the beginning of the third quarter. In addition, our 45nm low-power technology qualification process is on schedule with products from multiple customers under development, and we plan to pass full-scale technology qualification by the fourth quarter of 2009. Moreover, we have achieved successful completion of our first 45nm high performance GP yield lot, enabling us to further serve our customers with competitive advanced technology. Moving forward, we are confident that our continual efforts to strengthen our technology and overall product mix will lead us to a better position for profitability.

We have maintained a positive EBITDA margin throughout this global economic cyclical downturn. We have also continued to exercise tight control over capital expenditures and enhance our financial position. For the six-month period ended June 30, 2009, we have spent in total \$44.9 million on capital expenditures while for the same period, we have generated \$121.3 million net cash from operations. Our \$190 million annual capital expenditure budget is unchanged. With tight discipline over capital expenditures, we forecast that total depreciation and amortization expense will decline around 13% year-on-year in 2010.

As our customer orders remain strong, we see current momentum for recovery to continue in the third quarter with double-digit revenue growth over the second quarter of 2009. We remain vigilant on our cost controls and continue to focus on enhancing our product portfolio, and commit to strengthening our operational and financial performances on all fronts as we strive toward our goal of achieving profitability.”

Conference Call / Webcast Announcement

Date: July 29, 2009

Time: 8:00 a.m. Shanghai time

Dial-in numbers and pass code: U.S. 1-617-614-3672 / 1-800-260-8140 or HK 852-3002-1672 (Pass code: SMIC).

A live webcast of the 2009 second quarter announcement will be available at <http://www.smics.com> under the “Investor Relations” section. 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 0.35um to 45nm. 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, a 200mm wafer fab in Tianjin, a 200mm fab under construction in Shenzhen, and an in-house assembly and testing facility in Chengdu. SMIC also has customer service and marketing offices in the U.S., Europe, and Japan, and a representative office in Hong Kong. In addition, SMIC manages and operates a 200mm wafer fab in Chengdu owned by Cension Semiconductor Manufacturing Corporation and a 300mm wafer fab in Wuhan owned by Wuhan Xinxin Semiconductor Manufacturing Corporation.

For more information, please visit www.smics.com

Safe Harbor Statements

(Under the Private Securities Litigation Reform Act of 1995)

This press release contains, in addition to historical information, "forward-looking statements" within the meaning of the "safe harbor" provisions of the U.S. Private Securities Litigation Reform Act of 1995. These forward-looking statements, including statements concerning whether a sustained recovery in the economy has begun, , SMIC's plan to pass full-scale technology qualification for our 45nm low-power process by the fourth quarter of 2009, SMIC's ability to strengthen our technology and overall product mix, SMIC's expectations regarding the amount of its capital expenditures in 2009, SMIC's forecasted decline in total depreciation and amortization expense year-on-year in 2010, current momentum for continued recovery in the third quarter with double-digit revenue growth , and statements under "Depreciation and Amortization", "Capex Summary" and "Third Quarter 2009 Guidance", are based on SMIC's current assumptions, expectations and projections about future events. SMIC uses words like "believe," "anticipate," "intend," "estimate," "expect," "project" and similar expressions to identify forward-looking statements, although not all forward-looking statements 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 strengthen its technology and overall product mix, 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 June 22, 2009, 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 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.



Material Litigation

Recent TSMC Legal Developments:

On August 25, 2006, TSMC filed a lawsuit against the Company and certain subsidiaries, namely SMIC (Shanghai), SMIC (Beijing) and SMIC (Americas) in the Superior Court of the State of California, County of Alameda for alleged breach of a settlement agreement, alleged breach of promissory notes and alleged trade secret misappropriation by the Company. TSMC seeks, among other things, damages, injunctive relief, attorneys' fees, and the acceleration of the remaining payments outstanding under that settlement agreement.

In the present litigation, TSMC alleges that the Company has incorporated TSMC trade secrets in the manufacture of the Company's 0.13 micron or smaller process products. TSMC further alleges that as a result of this claimed breach, TSMC's patent license is terminated and the covenant not to sue is no longer in effect with respect to the Company's larger process products. The Company has vigorously denied all allegations of misappropriation. The Court has made no finding that TSMC's claims are valid. The Court has set a trial date of September 8, 2009.

On September 13, 2006, the Company announced that in addition to filing a response strongly denying the allegations of TSMC in the United States lawsuit, it filed on September 12, 2006, a cross-complaint against TSMC seeking, among other things, damages for TSMC's breach of contract and breach of implied covenant of good faith and fair dealing.

On November 16, 2006, the High Court in Beijing, the People's Republic of China, accepted the filing of a complaint by the Company and its wholly-owned subsidiaries, namely, SMIC (Shanghai) and SMIC (Beijing), regarding the unfair competition arising from the breach of bona fide (i.e. integrity, good faith) principle and commercial defamation by TSMC ("PRC Complaint"). In the PRC Complaint, the Company is seeking, among other things, an injunction to stop TSMC's infringing acts, public apology from TSMC to the Company and compensation from TSMC to the Company, including profits gained by TSMC from their infringing acts.

On August 14, 2007, the Company filed an amended cross-complaint against TSMC seeking, among other things, damages for TSMC's breach of contract and breach of patent license agreement. TSMC thereafter denied the allegations of the Company's amended cross-complaint and subsequently filed additional claims that the Company breached a settlement agreement by filing an action in the Beijing High Court. The Company has denied these additional claims by TSMC.

On August 15-17, 2007, the California Court held a preliminary injunction hearing on TSMC's motion to enjoin use of certain process recipes in certain of the Company's 0.13 micron logic process flows. On September 7, 2007, the Court denied TSMC's preliminary injunction motion, thereby leaving unaffected the Company's development and sales. However, the court required the Company to provide 10 days' advance notice to TSMC if the Company plans to disclose logic technology to non-SMIC entities under certain circumstances, to allow TSMC to object to the planned disclosure.

In May 2008, TSMC filed a motion in the California Court for summary adjudication against the Company on several of the Company's cross claims. The Company opposed the motion and on August 6, 2008, the Court granted in part and denied in part TSMC's motion.

On June 23, 2008, the Company filed in the California court a cross-complaint against TSMC seeking, among other things, damages for TSMC's unlawful misappropriation of trade secrets from SMIC to improve its competitive position against SMIC.

On July 10, 2008, the California Court held a preliminary injunction hearing on TSMC's motion to enjoin disclosure of information on certain process recipes in the Company's 0.30 micron logic process flows to 3rd parties. On August 8, 2008, the Court granted-in-part TSMC's motion and preliminarily enjoined SMIC from disclosing fourteen 0.30 micron process steps. On October 3, 2008, SMIC filed a notice of appeal of the Court's August 8, 2008 Order with the California Court of Appeal. This appeal is currently pending.



During the pre-trial proceedings in the matter, as noted above under “Overview of TSMC Litigation”, questions arose regarding the actual terms of the 2005 Settlement Agreement between SMIC and TSMC. Accordingly, the California Court held a preliminary trial on January 13 to 16, 2009, limited to a determination of the terms of the Settlement Agreement and an interpretation of any requirements to “meet and confer” prior to institution of litigation. On March 10, 2009, the Court issued a Statement of Decision finding, in part, that an agreement between the parties was executed on January 30, 2005, and thereafter amended on February 2, 2005, as urged by TSMC. The Company believes the Court’s ruling is erroneous. The ruling may be appealed by SMIC following the filing of a final judgment by the Court in this matter.

On May 1, 2009, the Company filed motions for summary adjudication against TSMC’s claims for breach of promissory notes and violation of the California Uniform Trade Secrets Act. The motions was heard by the Court on July 17, 2009. On July 20, 2009, the Court denied the Company’s motions.

The California Court has further scheduled a trial upon all liability issues related to a selected list of TSMC trade secret claims and SMIC trade secret claims to commence on September 8, 2009.

In the Company’s action in the Beijing High People’s Court, following an unsuccessful challenge to that Court’s jurisdiction by TSMC, the Court has held evidentiary hearings on October 15, October 29, and November 25, 2008. The Court rendered its first-instance judgment on June 10, 2009. Claims of SMIC against TSMC were not supported by the Court in the first-instance judgment. SMIC has appealed the first-instance judgment to the PRC Supreme People’s Court.

Under the provisions of SFAS 144, the Company is required to make a determination as to whether or not this pending litigation represents an event that requires a further analysis of whether the patent license portfolio has been impaired. We believe that the lawsuit is at a discovery stage and we are still evaluating whether or not the litigation represents such an event. The Company expects further information to become available to us, which will aid us in making a determination. The outcome of



Summary of Second Quarter 2009 Operating Results

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

	2Q09	1Q09	QoQ	2Q08	YoY
Revenue	267,422	146,519	82.5%	342,919	-22.0%
Cost of sales	280,319	275,900	1.6%	322,077	-13.0%
Gross profit (loss)	(12,897)	(129,381)	-90.0%	20,842	-
Operating expenses	81,606	46,681	74.8%	60,750	34.3%
Loss from operations	(94,503)	(176,062)	-46.3%	(39,908)	136.8%
Other expenses, net	(5,802)	(4,480)	29.5%	(5,193)	11.7%
Income tax (expenses) credit	2,880	3,305	-12.8%	(2,046)	-
Net loss after income taxes	(97,425)	(177,238)	-45.0%	(47,147)	106.6%
Loss from equity investment	(482)	(874)	-44.9%	(85)	467.1%
Net loss	(97,907)	(178,111)	-45.0%	(47,232)	107.3%
Accretion of interest to non-controlling interest holder	(262)	(259)	1.1%	1,603	-
Loss attributable to holders of ordinary shares	(98,169)	(178,370)	-45.0%	(45,629)	115.1%
Gross margin	-4.8%	-88.3%		6.1%	
Operating margin	-35.3%	-120.2%		-11.6%	
Net loss per ordinary share (basic)(1)	(0.00)	(0.01)		(0.00)	
Net loss per ADS (basic)	(0.22)	(0.40)		(0.12)	
Net loss per ordinary share (diluted)(1)	(0.00)	(0.01)		(0.00)	
Net loss per ADS (diluted)	(0.22)	(0.40)		(0.12)	
Wafers shipped (in 8" wafers) ⁽²⁾	341,261	168,682	102.3%	402,114	-15.1%
Capacity utilization	75.4%	34.9%		92.2%	

Note:

(1) Based on weighted average ordinary shares of 22,352 million (basic) and 22,352 million (diluted) in 2Q09, 22,344 million (basic) and 22,344 million (diluted) in 1Q09 and 18,589 million (basic) and 18,589 million (diluted) in 2Q08

(2) Including copper interconnects

- Revenue increased to \$267.4 million in 2Q09, up 82.5% QoQ from \$146.5 million in 1Q09 due to a 102.3% increase in wafer shipments.
- Cost of sales increased to \$280.3 million in 2Q09, up 1.6% QoQ from \$275.9 million in 1Q09.
- Gross loss reduced to \$12.9 million in 2Q09, compared to a gross loss of \$129.4 million in 1Q09 and gross profit of \$20.8 million in 2Q08.
- Gross margins improved to -4.8% in 2Q09 from -88.3% in 1Q09 primarily due to a significant increase in wafer shipments and fab utilization QoQ.



- Total operating expenses increased to \$81.6 million from \$46.7 million, an increase of 74.8% QoQ.
- R&D expenses increased to \$48.5 million in 2Q09, up 162.0% QoQ from \$18.5 million since no substantial government subsidies were received in 2Q09. Excluding the government subsidies, R&D expenses increased by \$7.4 million, representing an 18.0% increase QoQ due to higher expenses related to 45nm and other R&D activities.
- G&A expenses increased to \$17.2 million in 2Q09 from \$14.9 million in 1Q09 due to a foreign exchange gain of \$5.9 million associated with operating activities recorded in 1Q09. Excluding the foreign exchange difference, G&A expenses were reduced by \$4.7 million,



Analysis of Revenues

Sales Analysis			
By Application	2Q09	1Q09	2Q08
Computer	4.3%	4.2%	7.9%
Communications	53.5%	50.9%	51.1%
Consumer	36.1%	32.9%	32.4%
Others	6.1%	12.0%	8.6%
By Service Type	2Q09	1Q09	2Q08
Logic ⁽¹⁾	90.9%	85.3%	85.7%
DRAM	2.7%	2.8%	3.6%
Mask Making, testing, others	6.4%	11.9%	10.7%
By Customer Type	2Q09	1Q09	2Q08
Fabless semiconductor companies	65.1%	70.9%	54.6%
Integrated device manufacturers (IDM)	18.2%	11.4%	25.7%
System companies and others	16.7%	17.7%	19.7%
By Geography	2Q09	1Q09	2Q08
North America	61.4%	60.4%	55.1%
Greater China ⁽²⁾	33.2%	32.3%	31.4%
Asia Pacific ⁽³⁾	3.9%	5.2%	6.9%
Europe	1.5%	2.1%	6.6%
Wafer Revenue Analysis			
By Technology (logic, DRAM & copper interconnect only)	2Q09	1Q09	2Q08
0.065μm	0.1%	0.1%	0.0%
0.09μm	16.6%	8.1%	18.4%
0.13μm	29.7%	30.8%	22.9%
0.15μm	1.5%	0.8%	2.1%
0.18μm	29.8%	31.5%	37.7%
0.25μm	0.5%	0.4%	0.6%
0.35μm	21.8%	28.3%	18.3%

Note:

(1) Including 0.13μm copper interconnects

(2) Including Hong and Taiwan

(3) Excluding Greater China



Capacity*

Fab / (Wafer Size)	2Q09	1Q09
Shanghai Mega Fab (8")	88,000	85,000
Beijing Mega Fab (12")	40,500	33,750
Tianjin Fab (8")	34,300	32,000
Total monthly wafer fabrication capacity	162,800	150,750

Note:

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

- The increase in fab capacity during the quarter resulted from an improvement in overall fab production efficiency.

Shipment and Utilization

8" equivalent wafers	2Q09	1Q09	2Q08
Wafer shipments including copper interconnects	341,261	168,682	402,114
Utilization rate ⁽¹⁾	75.4%	34.9%	92.2%

Note:

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

- Wafer shipments increased 102.3% QoQ to 341,261 units of 8-inch equivalent wafers in 2Q09 from 168,682 units of 8-inch equivalent wafers in 1Q09, and down 15.1% YoY from 402,114 8-inch equivalent wafers in 2Q08.



Detailed Financial Analysis

Gross Profit Analysis

<i>Amounts in US\$ thousands</i>	2Q09	1Q09	QoQ	2Q08	YoY
Cost of sales	280,319	275,900	1.6%	322,077	-13.0%
Depreciation	146,763	158,000	-7.1%	153,783	-4.6%
Other manufacturing costs	126,655	111,166	13.9%	160,938	-21.3%
Deferred cost amortization	5,886	5,886	0.0%	5,886	0.0%
Share-based compensation	1,015	848	19.7%	1,470	-31.0%



Other Income (Expenses)

<i>Amounts in US\$ thousands</i>	2Q09	1Q09	QoQ	2Q08	YoY
Other income (expenses)	(5,802)	(4,480)	29.5%	(5,193)	11.7%
Interest income	635				



Capital Structure

<i>Amounts in US\$ thousands</i>	2Q09	1Q09
Cash and cash equivalents	435,613	502,016
Restricted cash	22,580	11,228
Short-term investment	3,313	20,732
Current portion of promissory note	29,242	29,493
Promissory note	9,500	23,792
Short-term borrowings	273,678	270,078
Current portion of long-term debt	205,344	359,080
Long-term debt	615,999	533,090
Total debt	1,095,021	1,162,248
Shareholders' equity	2,478,322	2,573,891
Total debt to equity ratio	44.2%	45.2%

- With the strong support from our relationship banks, we have successfully refinanced the remaining \$300 million long-term loan for our Beijing subsidiary during the quarter and extended the loan maturity by two and a half years.

Cash Flow

<i>Amounts in US\$ thousands</i>	2Q09	1Q09
Net cash from operating activities	43,198	78,117
Net cash from investing activities	(27,353)	(81,785)
Net cash from financing activities	(82,191)	54,846
Net change in cash	(66,403)	51,786

Capex Summary

- Capital expenditures for 2Q09 were \$21 million. For the six-month p9 re f 1417 1712.34 6.2481712.34 6.9993



Recent Highlights and Announcements

- SMIC Achieves Silicon Success with High Performance 45-nanometer Process [2009-06-30]
- SMIC Revises Up Second Quarter 2009 Quarter-on-Quarter Revenue Guidance [2009-06-29]
- SMIC and Synopsys Announce the Availability of Reference Flow 4.0 [2009-06-24]
- Change in Directorate and Change of Chairman [2009-06-23]
- Annual General Meeting Held on June 23rd, 2009 Poll Results [2009-06-23]
- Annual Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 [2009-06-22]
- SMIC Deploys Synopsys HSPICE Simulator for 45-nm Physical IP and Standard Cell Development [2009-06-4]
- Closure of Register of Members [2009-06-03]
- SMIC Announces Availability of 65-nanometer Low Leakage Process IP Portfolio [2009-05-15]
- Grant of Options [2009-05-11]
- SMIC Reports Results for the Three Months Ended March 31, 2009 [2009-04-29]
- Notice of Annual General Meeting [2009-04-27]
- 2008 Annual Report [2009-04-27]
- SMIC Circular [2009-04-27]
- Non-exempt Continuing Connected Transactions With Datang [2009-04-17]
- Announcements of 2008 Annual Results [2009-04-17]
- SMIC and Dolphin Integration announce strategic partnership for Portable Media Players [2009-04-17]
- Notification of Board Meeting [2009-04-16]
- Notification of Approval of the Publication of 2008 Annual Results by the Board [2009-04-03]

Please visit SMIC's website at http://www.smics.com/website/enVersion/Press_Center/pressRelease.jsp for further details regarding the recent announcements.

Semiconductor Manufacturing International Corporation
CONSOLIDATED BALANCE SHEET
(In US dollars)



Semiconductor Manufacturing International Corporation
CONSOLIDATED BALANCE SHEET
(In US dollars)

TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY

3,948,393,991

4,092,220,107



Semiconductor Manufacturing International Corporation
CONSOLIDATED STATEMENT OF OPERATIONS
(In US dollars)

For the three months ended

June 30, 2009

March 31, 2009



Semiconductor Manufacturing International Corporation
CONSOLIDATED STATEMENT OF CASH FLOWS
(In US dollars)

	For the three months ended	
	June 30, 2009	March 31, 2009
	(Unaudited)	(Unaudited)
Operating activities:		
Net Loss	(97,904,822)	(178,111,075)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Deferred taxes	(5,319,471)	(6,321,059)
Loss from sale of equipment and other fixed assets	196,980	20,484
Depreciation and amortization	191,368,626	196,535,950
Non-cash interest expense on promissory note and long-term payable relating to license agreements	992,974	1,046,426
Amortization of acquired intangible assets	8,858,012	9,030,614
Share-based compensation	2,630,178	2,272,359
Loss from equity investment	481,605	873,513
Changes in operating assets and liabilities:		
Accounts receivable, net	(80,235,429)	43,194,535
Inventories	(28,228,273)	16,853,373
Prepaid expense and other current assets	4,672,361	(579,942)
Accounts payable	39,046,117	(6,456,221)
Accrued expenses and other current liabilities	6,255,592	(158,281)
Income tax payable	383,671	(84,138)
Net cash provided by operating activities	43,198,121	78,116,538
Investing activities:		
Purchase of plant and equipment	(44,759,433)	(72,018,394)
Proceeds from government grant to purchase plant and equipment	14,544,928	6,437,831
Proceeds from sale of equipment	(191,827)	1,700,577
Proceeds received from sale of assets held for sale	(26,201)	770,931
Purchase of acquired intangible assets	(2,987,788)	(12,621,260)
Purchase of short-term investments	(5,648,618)	(31,496,963)
Sale of short-term investments	23,067,587	30,693,690
Change in restricted cash	(11,351,889)	(4,972,928)
Purchase of equity investment	-	(278,103)
Net cash used in investing activities	(27,353,241)	(81,784,619)

Financing activities:



Semiconductor Manufacturing International Corporation
CONSOLIDATED STATEMENT OF CASH FLOWS
(In US dollars)

Proceeds from short-term borrowings	215,404,493	182,644,921
Repayment of short-term borrowings	(211,804,669)	(113,824,443)
Repayment of long-term debt	(70,827,750)	(4,977,014)
Repayment of promissory note	(15,000,000)	-
Proceeds from exercise of employee stock options	37,245	15,937
Redemption of non-controlling interest	-	(9,013,444)