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SEMICONDUCTOR MANUFACTURING INTERNATIONAL CORPORATION

中芯國際集成電路製造有限公司

(Incorporated in the Cayman Islands with limited liability)

(STOCK CODE: 0981)

SMIC REPORTS RESULTS FOR THE THREE MONTHS ENDED DECEMBER 31, 2011

- **Revenue down by 5.6% to \$289.6 million in 4Q11 from \$306.9 million in 3Q11 and down by 29.1% compared to 4Q10.**
- **Gross margin was -7.4% in 4Q11 compared to 1.4% in 3Q11 primarily due to revenue decrease, the increase of depreciation expenses and the loss from the settlement with Elpida.**
- **Net cash flow from operations decreased to \$80.8 million in 4Q11 from \$160.9 million in 3Q11 mainly due to net losses.**
- **Loss attributable to Semiconductor manufacturing International Corporation was \$165.6 million in 4Q11, compared to loss of \$88.1 million in 3Q11.**
- **Diluted EPS was \$(0.3) per ADS.**

Set out below is a copy of the full text of the press release by the Company on February 8, 2012, in relation to its results for the three months ended December 31, 2011.

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 –February 8, 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 December 31, 2011.

First Quarter 2012 Guidance:

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

- Revenue is expected to increase between 7% to 9%.
- Gross margin is expected to range from 4% to 7%.
- Operating expenses excluding foreign exchange differences are expected to range from \$96 million to \$99 million.
- Capital expenditure for the year of 2012 is expected to be around \$430 million

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 under “First Quarter 2012 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 cyclical 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 June 28, 2011, 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.

Summary of Fourth Quarter 2011 Operating Results

Amounts in US thousands except for EPS and operating data

	4Q11	3Q11	QoQ	4Q10	YoY
Sales, net	289,628	306,890	-5.6%	408,600	-29.1%
Cost of sales	310,959	302,667	2.7%	312,043	-0.3%
Gross (loss) profit	(21,331)	4,223	-	96,557	-
Operating expenses	85,667	79,987	7.1%	29,567	189.7%
Income (Loss) from operations	(106,998)	(75,764)	41.2%	66,990	-
Other income (expense), net	5,053	(223)	-	5,446	-7.2%
Income tax expenses	(65,040)	(12,470)	421.6%	(388)	16,662.9%
Net income (loss) after income taxes	(166,985)	(88,457)	88.8%	72,048	-
Gain from equity investment	1,783	601	196.7%	304	486.5%
Income from discontinued operations net of tax effect ⁽¹⁾	-	-	-	(3,657)	-
Net income (loss)	(165,201)	(87,856)	88.0%	68,695	-

Analysis of Revenues

Sales Analysis			
By Application	4Q11	3Q11	4Q10
Computer	3.3%	3.1%	2.4%
Communications	44.1%	41.7%	50.9%
Consumer	42.5%	45.8%	39.2%
Others	10.1%	9.4%	7.5%
By Service Type	4Q11	3Q11	4Q10
Wafers ⁽¹⁾	92.2%	93.8%	93.9%
Mask Making, testing, others	7.8%	6.2%	6.1%
By Customer Type	4Q11	3Q11	4Q10
Fabless semiconductor companies	88.5%	82.2%	79.8%
Integrated device manufacturers (IDM)	8.2%	14.1%	16.6%

Capacity*

Fab / (Wafer Size)	4Q11	3Q11
Shanghai Mega Fab (8")	90,000	90,000
Beijing Mega Fab (12")	65,540	65,540
Tianjin Fab (8")	37,750	37,750
Total monthly wafer fabrication capacity	193,290	193,290

Note

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

Shipment and Utilization

8" equivalent wafers	4Q11	3Q11	QoQ	4Q10	YoY
Wafer shipments including copper interconnects	374,116	406,715	-8.0%	517,404	-27.7%
Utilization rate ⁽¹⁾	65.6%	61.0%	4.6%	92.1%	-26.5%

Note

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

Detailed Financial Analysis

Gross Profit Analysis

<i>Amounts in US thousands</i>	4Q11	3Q11	QoQ	4Q10	YoY
Cost of sales	310,959	302,667	2.7%	312,043	-0.3%
Depreciation	106,150	103,375	2.7%	104,579	1.5%
Other manufacturing costs	204,546	199,007	2.8%	206,795	-1.1%
Share-based compensation	263	285	-7.7%	669	-60.7%
Gross profit (loss)	(21,331)	4,223	-	96,557	-
Gross margin	-7.4%	1.4%	-	23.6%	-

- Cost of sales increased to \$311.0 million in 4Q11, an increase of 2.7% QoQ from \$302.7 million in 3Q11 primarily due to the ramp-up of 12-inch fab resulting in increased depreciation expense, and \$11.4 million in excess of the amount accrued for Elpida settlement in other manufacturing costs.
- Gross loss of \$21.3 million in 4Q11, compared to a gross profit of \$4.2 million in 3Q11 and gross profit of \$96.6 million in 4Q10 due to a 8% QoQ decrease in wafer shipments and a 2.7% QoQ increase in cost of sales.
- Gross margin was -7.4% in 4Q11 down from 1.4% in 3Q11.

Operating Expense (Income) Analysis

<i>Amounts in US thousands</i>	4Q11	3Q11	QoQ	4Q10	YoY
Total operating expenses	85,667	79,987	7.1%	29,567	189.7%
Research and development	38,921	51,479	-24.4%	44,731	-13.0%
General and administrative	25,038	21,903	14.3%	(6,187)	-
Selling and marketing	9,283	7,398	25.5%	8,582	8.2%
Others operating expense (income)	12,425	(793)	-	(17,559)	-

- R&D expenses decreased to \$38.9 million in 4Q11, down 24.5% QoQ from \$51.5 million in 3Q11 mainly due to an increase of government R&D subsidies in 4Q11.
- G&A expense was \$25.0 million in 4Q11. Comparing with \$21.9 million in 3Q11, the fluctuation was mainly due to personnel related reserves.
- Selling & marketing expenses increased to \$9.3 million in 4Q11, up 25.5% QoQ from \$7.4 million in 3Q11 primarily due to an increase in selling activities.
- Other operating expense was \$12.4 million in 4Q11. Compared to other operating income of \$0.8 million in 3Q11, the fluctuation was mainly due to loss from the disposal of equipment.

Other Income (Expenses)

<i>Amounts in US thousands</i>	4Q11	3Q11	QoQ	4Q10	YoY
Other income (expenses)	5,053	(223)	-	5,446	-7.2%
Interest income	1,342	1,039	29.2%	1,339	0.2%
Interest expense	(5,345)	(5,106)	4.7%	(1,790)	198.6%
Foreign currency exchange (loss) gain	6,776	2,977	127.6%	9,983	-32.1%
Other, net	2,280	867	163.0%	(4,086)	-

Depreciation and Amortization

Depreciation and amortization in 4Q11 was \$145.2 million compared to \$140.6 million in 3Q11.

Liquidity

Recent Highlights and Announcements

- Non-exempt Continuing Connected Transactions (2011-12-14)
- SMIC Receives Supplier Award from Qualcomm (2011-12-14)
- Crocus and SMIC Sign Technology Development and Wafer Manufacturing Agreements (2011-12-09)
- SMIC Reaches Settlement with Elpida (2011-12-09)
- SMIC Added to Hang Seng Corporate Sustainability Index Series (2011-12-02)
- ChipEstimate.com and SMIC Launch New IP Portal for SMIC Compatible Cores (2011-11-30)
- Grant of Options (2011-11-18)
- SMIC Reports Results for the Three Months Ended September 30, 2011 (2011-11-07)
- Further Information on Appointment of Independent Non-executive Director (2011-11-07)
- Notification of Board Meeting (2011-10-25)
- SMIC Awarded Largest Team Prize in Inaugural Shanghai J.P. Morgan Corporate Challenge (2011-10-20)

*Please visit SMIC's website at http://www.smics.com/eng/press/media_press.php and
<http://www.smics.com/en/c/227366> .Tf 666 t 6 7 76 e . 3 ..w . 3 ..w . 6*

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

	For the three months ended	
	December 31, 2011	September 30, 2011
	(Unaudited)	(Unaudited)
Sales , net	289,628	306,890
Cost of sales	310,959	302,667
Gross (loss) profit	(21,331)	4,223
Operating expenses (income):		
Research and development	38,921	51,479
General and administrative	25,038	21,903
Selling and marketing	9,283	7,398
Other operating expense (income)	12,425	(793)
Total operating expenses, net	85,667	79,987
Loss from operations		

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

	As of	
	December 31, 2011 (Unaudited)	September 30, 2011 (Unaudited)
ASSETS		
Current assets:		
Cash and cash equivalents	261,615	315,690
Restricted cash	136,907	210,083
Accounts receivable, net of allowances of \$42,821 and \$44,524 at December 31, 2011 and September 30, 2011, respectively	165,234	

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

	For the three months ended	
	December 31, 2011	September 30, 2011
	(Unaudited)	(Unaudited)
Cash flow from operating activities		
Net loss	(165,201)	(87,856)
Depreciation and amortization	145,216	140,646
Gain from equity investment	(1,783)	(601)
Changes in working capital and others	102,581	108,696

As at the date of this announcement, the Directors are Mr. Zhang Wenyi as Chairman of the Board of Directors and Executive Director of the Company; Dr. Tzu-Yin Chiu as Chief Executive Officer and Executive Director; Dr. Chen Shanzhi, Mr. Gao Yonggang, Professor Lawrence Juen-Yee Lau and Mr. Zhou Jie as Non-Executive Directors of the Company; and Mr. Tsuyoshi Kawanishi, Mr. Frank Meng and Mr. Lip-Bu Tan as the Independent Non-Executive Directors of the Company.

By order of the Board

Semiconductor Manufacturing International Corporation*

Dr. Tzu-Yin Chiu

Chief Executive Officer

Executive Director

Shanghai, PRC

February 8 2012

* For identification only
