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NEWS RELEASE SMIC Reports 2006 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.

Overview:

- Sales increased to \$361.4 million in 2Q06, up 2.9% from 1Q06 and up 29.3% from 2Q05.
- Gross margins of 13.6% in 2Q06, up from 12.4% in 1Q06.
- Net income of \$2.2 million in 2Q06, compared to a net loss of \$8.7 million from 1Q06 and a net loss of \$40.4 million in 2Q05.

Shanghai, China – July 28, 2006. 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 o**5.28** 0 Td () 1 2.64 0 Td (c) 1 5.16 0 1.92 0 Td (n) Tj 5.4 0 Td 2



Conference Call / Webcast Announcement

Date: July 28, 2006 Time: 8:00 a.m. Shanghai time Dial-in numbers and pass code: U.S. 1-617-597-5342 or HK 852-3002-1672 (Pass code: SMIC).

A live webcast of the 2006 second quarter announcement will be available at http://www.smics.com under the "Investor Relations" section. An archived version of the webcast, along with a soft copy of this news release will be available on the SMIC website for a period of 12 months following the webcast.

About SMIC

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) manufacturing service at 0.35µm to 90nm and finer line technologies. Headquartered in Shanghai, China, SMIC operates three 200mm fabs in Shanghai and one in Tianjin, and one 300mm fab in Beijing, the first of its kind in Mainland China. SMIC has customer service and marketing offices in the U.S., Italy, and Japan as well as a representative office in Hong Kong. For additional information, please visit http://www.smics.com.

Safe Harbor Statements

(Under the Private Securities Litigation Reform Act of 1995)

This press release may contain, 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 SMIC's expectations that revenues from 0.13 micron and below technologies as a percentage of total revenues and percentage of revenues from Mainland China customers would continue to increase, statements concerning the trend of global semiconductor companies choosing to work with SMIC, statements concerning the manner in which SMIC will execute its business plan and expand its business, and statements under "Capex Summary" and "Third Quarter 2006 Guidance" below, 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 cyclicality and market conditions in the semiconductor industry, intense competition, timely wafer acceptance by SMIC's customers, timely introduction of new technologies, SMIC's ability to ramp new products into volume, supply and demand for semiconductor foundry services, industry overcapacity, shortages in equipment, components and raw materials, 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 Form 20-F, as amended, filed with the SEC on June 29, 2006, especially in the "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" sections, and its registration statement on Form A-1 as filed with the Stock Exchange of Hong Kong (SEHK) on March 8, 2004, 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.



Summary of Second Quarter 2006 Operating Results

	2Q06	1Q06	QoQ	2Q05	YoY
Sales	361,446	351,138	2.9%	279,500	29.3%
Cost of sales	312,229	307,768	1.4%	273,111	14.3%
Gross profit	49,217	43,370	13.5%	6,389	670.4%
Operating expenses	56,141	49,335	13.8%	38,469	45.9%
Loss from operations	(6,924)	(5,965)	16.1%	(32,081)	-78.4%
Other income (expenses)	(9,491)	(7,807)	21.6%	(8,234)	15.3%
Income tax credit (expense)	18,892	(14)	-	118	-
Net income (loss) after					
income taxes	2,476	(13,786)	-	(40,433)	-
Minority interest	767	947	-19.0%	(12)	-
Share of loss of an affiliate company	(1,002)	(1,058)	-5.3%	-	-
Cumulative effect of a change in		, ,			
accounting principle	-	5,154	-	-	-
Income (loss) attributable to holders of	2,242	(8,743)	-	(40,445)	-
ordinary shares					
Gross margin	13.6%	12.4%		2.3%	
Operating margin	-1.9%	-1.7%		-11.5%	
Net income (loss) per ordinary share – basic ⁽¹⁾	\$0.0001	(\$0.0005)		(\$0.0022)	
Net income (loss) per ADS – basic	\$0.0061	(\$0.0239)		(\$0.1113)	
Net income (loss) per ordinary share –	\$0.0001	(\$0.0005)		(\$0.0022)	
diluted ⁽¹⁾	φ0.0001	(\$0.0000)		(\$0.0022)	
Net income (loss) per ADS – diluted	\$0.0060	(\$0.0239)		(\$0.1113)	
	•••••	(+)		(+)	
Wafers shipped (in 8" wafers) ⁽²⁾	388,498	388,010	0.1%	330,499	17.5%
Logic ASP ⁽³⁾	\$979	\$945	3.6%	\$938	4.4%
Blended ASP	\$888	\$862	3.0%	\$807	10.0%
Simplified ASP ⁽⁴⁾	\$930	\$905	2.8%	\$846	9.9%
Capacity utilization	93.5%	94.9%		86.5%	

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

(1) Based on weighted average ordinary shares of 18,303 million (basic) and 18,729 million (diluted) in 2Q06, 18,278 million (basic/diluted) in 1Q06 and 18,169 million (basic/diluted) in 2Q05

(2) Including copper interconnects

(3) Excluding copper interconnects

(4) Total sales/total wafers shipped

Sales increased to \$361.4 million in 2Q06, up 2.9% QoQ from \$351.1 million in 1Q06 and up 29.3% YoY from \$279.5 million in 2Q05 primarily due to a 3% increase in the blended ASP.

- Cost of sales increased to \$312.2 million in 2Q06, up 1.4% QoQ from \$307.8 million in 1Q06, primarily due to a product mix shift.
- Gross profit increased to \$49.2 million in 2Q06, up 13.5% QoQ from \$43.4 million in 1Q06 and up 670.4% YoY from \$6.4 million in 2Q05.
- Gross margins increased to 13.6% in 2Q06 from 12.4% in 1Q06, primarily due to an improved product mix.
- Operating expenses of \$56.1 million in 2Q06, up 13.8% QoQ from \$49.3 million in 1Q06.
- Loss from operations of \$6.9 million in 2Q06, up 16.1% QoQ from a loss of \$6.0 million in 1Q06.
- Other non-operating loss of \$9.5 million in 2Q06, up 21.6% QoQ from a loss of \$7.8 million in 1Q06, primarily due to a foreign exchange loss of \$2.0 million in 2Q06.
- Net foreign exchange loss of \$6.8 million in 2Q06.
- Net income of \$2.2 million in the second quarter of 2006, compared to a net loss of \$8.7 million in the first quarter of 2006 and a net loss of \$40.4 million in the second quarter of 2005.
- As a result of a tax planning strategy that became effective in 2Q06, a temporary difference between the tax and book basis of certain assets was created. Under FAS109, the Company recognized an income tax benefit of \$18.9 million.



Analysis of Revenues

Sales Analysis					
By Application	2Q06	1Q06	4Q05	3Q05	2Q05
Computer	30.6%	36.0%	34.8%	33.7%	39.8%
Communications	46.2%	45.8%	43.8%	39.8%	40.4%
Consumer	18.6%	13.3%	16.6%	22.8%	15.2%
Others	4.6%	4.9%	4.8%	3.7%	4.6%
By Device	2Q06	1Q06	4Q05	3Q05	2Q05
Logic (including copper interconnect)	66.6%	62.8%	65.3%	65.5%	58.9%
	28.8%	32.4%	31.3%	31.0%	36.5%
Other (mask making & probing, etc.)	4.6%	4.8%	3.4%	3.5%	4.6%
By Customer Type	2Q06	1Q06	4Q05	3Q05	2Q05
Fabless semiconductor companies	49.8%	41.8%	43.2%	43.2%	42.2%
Integrated device manufacturers (IDM)	41.9%	52.8%	51.7%	52.8%	55.2%
System companies and others	8.3%	5.4%	5.1%	4.0%	2.6%
By Geography	2Q06	1Q06	4Q05	3Q05	2Q05
North America	46.7%	43.5%	39.2%	42.9%	40.8%
Asia Pacific (ex. Japan)	20.9%	21.3%	28.2%	25.7%	26.3%
Japan	4.9%	3.3%	3.6%	4.5%	6.0%
Europe	27.5%	31.9%	29.0%	26.9%	26.9%
Wafer Revenue Analysis					
By Technology (logic, DRAM &	2Q06	1Q06	4Q05	3Q05	2Q05
copper interconnect only)					
0.13µm and below	47.5%	46.6%	42.9%	43.8%	44.5%
0.15µm	4.7%	8.7%	5.2%	2.7%	2.5%
0.18µm	38.0%	35.7%	42.3%	45.3%	40.7%
0.25µm	2.0%	1.6%	3.3%	3.1%	3.9%
0.35µm	7.8%	7.4%	6.3%	5.1%	8.4%
By Logic Only ⁽¹⁾	2Q06	1Q06	4Q05	3Q05	2Q05
0.13μm and below ⁽²⁾	22.5%	13.3%	10.9%	14.7%	12.6%
0.15μm	7.2%	14.5%	8.6%	5.3%	4.8%
0.18µm	55.8%	57.7%	65.3%	67.4%	59.4%
0.25μm	2.5%	2.3%	4.8%	4.0%	7.1%
0.35µm	12.0%	12.2%	10.4%	8.6%	16.1%
Note:					

Note:

(1) Excluding 0.13 μ m copper interconnects

(2) Represents revenues generated from manufacturing full flow wafers

• Sales from the consumer products segment grew faster than other applications in 2Q06 compared to 1Q06.

 Percentage of sales from logic wafers, including copper interconnects, increased to 66.6% of sales in 2Q06, as compared to 62.8% in 1Q06 and 58.9% in 2Q05.

- Percentage of sales generated from North America and Japan customers in 2Q06 increased to 46.7% and 4.9%, respectively as compared to 43.5% and 3.3% in 1Q06, respectively.
- Percentage of wafer revenues from 0.13µm and below technologies increased to 47.5% of sales in 2Q06, as compared with 46.6% in 1Q06 and 44.5% in 2Q05.
- Percentage of logic only wafer revenues from 0.13µm and below technologies increased to 22.5% of sales in 2Q06, as compared with 13.3% in 1Q06 and 12.6% in 2Q05.



Capacity

Fab / (Wafer Size)	2Q06 ⁽¹⁾	1Q06 ⁽¹⁾
Fab 1 (8") Fab 2 (8") Fab 4 (12") Fab 7 (8") Total monthly wafer fabrication capacity	43,000 49,034 35,438 17,216 144,688	43,000 47,954 30,220 15,000 136,174
Copper Interconnects: Fab 3 (8") Total monthly copper interconnect capacity	22,563 22,563	21,156 21,156

Note: (1) Wafers per month at the end of the period in 8" wafers

 As of the end of 2Q06, monthly capacity increased to 167,251 8-inch equivalent wafers mainly due to the expansion at the Beijing (Fab 4) and Tianjin (Fab 7) sites.

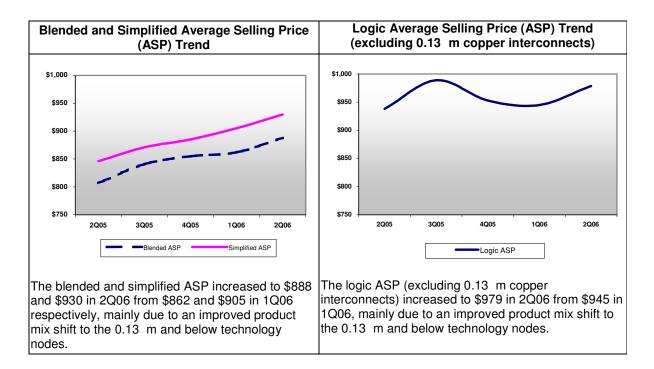
Shipment and Utilization

8" equivalent wafers	2Q06	1Q06	4Q05	3Q05	2Q05
Wafer shipments including copper interconnects	388,498	388,010	376,227	355,664	330,499
Utilization rate ⁽¹⁾	93.5%	94.9%	93.0%	92.1%	86.5%

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

 Wafer shipments increased to 388,498 units of 8-inch equivalent wafers in 2Q06 up 0.1% QoQ from 388,010 units of 8-inch equivalent wafers in 1Q06, and up 17.5% YoY from 330,499 8-inch equivalent wafers in 2Q05.

Utilization rate decreased to 93.5%.





Detailed Financial Analysis

Gross Profit Analysis

Amounts in US\$ thousands	2Q06	1Q06	QoQ	2Q05	YoY
Cost of sales	312,229	307,768	1.4%	273,111	14.3%
Depreciation	188,663	189,054	-0.2%	171,216	10.2%
Other manufacturing costs	123,566	118,714	4.1%	101,895	21.3%
Gross Profit	49,217	43,370	13.5%	6,389	670.4%
Gross Margin	13.6%	12.4%		2.3%	

Cost of sales increased to \$312.2 million in 2Q06, up 1.4% QoQ from \$307.8 million in 1Q06, primarily due to a product mix shift.

 Gross profit increased to \$49.2 million in 2Q06, up 13.5% QoQ from \$43.4 million in 1Q06 and up 670.4% YoY from \$6.4 million in 2Q05.

 Gross margins increased to 13.6% in 2Q06 from 12.4% in 1Q06, primarily due to a higher blended ASP from a product mix shift.

Operating Expense Analysis

Amounts in US\$ thousands	2Q06	1Q06	QoQ	2Q05	YoY
Total operating expenses	56,141	49,335	13.8%	38,469	45.9%
Research and development	24,345	20,593	18.2%	17,590	38.4%
General and administrative	16,837	11,749	43.3%	7,207	133.6%
Selling and marketing	3,918	5,970	-34.4%	3,590	9.2%
Amortization of intangible assets	11,041	11,023	0.2%	10,082	9.5%

Total operating expenses were \$56.1 million in 2Q06, an increase of 13.8% QoQ from \$49.3 million in 1Q06.

Research and development expenses increased to \$24.3 million in 2Q06, up 18.2% QoQ from \$20.6 million in 1Q06, primarily due to increased depreciation and amortization costs associated with R&D and a decrease in R&D subsidy from the previous quarter.

- General and administrative expenses increased to \$16.8 million in 2Q06, up 43.3% QoQ from \$11.7 million in 1Q06, primarily due to foreign exchange losses of \$4.8 million in 2Q06.
- Selling and marketing expenses decreased to \$3.9 million in 2Q06, down 34.4% QoQ from \$6.0 million in 1Q06, primarily due to decreased engineering material expense.
- Amortization of acquired intangible assets representing amortization expenses associated with the acquisition of intangible assets was \$11.0 million in 2Q06.

Other Income (Expenses)

Amounts in US\$ thousands	2Q06	1Q06	QoQ	2Q05	YoY
Other income (expenses)	(9,491)	(7,807)	21.6%	(8,234)	15.3%
Interest income	4,039	4,595	-12.1%	2,030	99.0%
Interest expense	(12,214)	(12,201)	0.1%	(8,971)	36.2%
Other, net	(1,316)	(201)	555.9%	(1,293)	1.7%

Other non-operating loss of \$9.5 million in 2Q06 up 21.6%, QoQ from a loss of \$7.8 million in 1Q06, primarily due to a foreign exchange loss of \$2.0 million in 2Q06.

Interest expenses of \$12.2 million in 2Q06.



Liquidity

Amounts in US\$ thousands	2Q06	1Q06
Cash and cash equivalents	584,643	485,121
Short term investments	3,487	3,525
Accounts receivable	257,248	241,020
Inventory	217,592	196,585
Others	25,956	16,363
Total current assets	1,088,926	942,614
Accounts payable	429,813	286,884
Short-term borrowings	118,284	211,608
Current portion of long-term debt	47,160	246,081
Others	114,636	119,057
Total current liabilities	709,893	863,630
Cash Ratio	0.8x	0.6x
Quick Ratio	1.2x	0.9x
Current Ratio	1.5x	1.1x

Capital Structure

Amounts in US\$ thousands	2Q06	1Q06
Cash and cash equivalents	584,643	485,121
Short-term investment	3,487	3,525
Current portion of promissory note Promissory note	29,242 90,537	29,493 104,140
Short-term borrowings	118,284	211,608
Current portion of long-term debt	47,160	246,081
Long-term debt	830,743	431,504
Total debt	996,187	889,193
Net cash	(527,836)	(534,180)
Shareholders' equity	3,028,259	3,019,086
Total debt to equity ratio	32.9%	29.5%

Cash Flow Summary

Amounts in US\$ thousands	2Q06	1Q06
Net income	2,242	(8,743)
Depreciation & amortization	220,242	210,595
Amortization of acquired intangible	11,041	11,024
assets		
Net change in cash	99,523	(100,676)



Capex Summary

- Capital expenditures for 2Q06 were \$317.3 million.
- Total planned capital expenditures for 2006 will be approximately \$1.1 billion and will be adjusted based on market conditions.

Third Quarter 2006 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" above.

- Sales expected to remain flat or to increase up to 2% over 2Q06.
- Gross margins expected to be in the 8% to 12% range.
- Operating expense as a percentage of sales expected to be in the mid-teens for 3Q06.
- Non-operating interest expense expected to be approximately \$15 million to \$17 million.
- Capital expenditures expected to be approximately \$325 million to \$360 million.
- Depreciation and amortization expected to be approximately \$250 million to \$260 million.

Recent Highlights and Announcements

- Central China's First 12-inch Fab Began Construction and Will be Managed by SMIC [2006-06-28]
- Elpida's Advanced 90nm DDR2 SDRAM Successfully Qualified at SMIC Beijing's 300mm Fab [2006-06-19]
- SMIC Shanghai closed a US\$600 million Syndicated Term Loan [2006-06-08]
- SMIC Shanghai is expecting to enter into a US\$600 million Syndicated Term Loan [June 7, 2006]
- Changes in Directorate [June 1, 2006]
- Annual General Meeting Held On 30th May, 2006 Poll Results [June 1, 2006]
- SMIC Adopts ARM Physical IP for Both Low-Power and High-Performance Designs at 90 Nanometer Technology Node [2006-05-31]
- SMIC Tianjin Secures Financing for Expansion [2006-05-31]
- Chipnuts and SMIC to Jointly Offer C626 Multimedia Chip For Mobile Phones [2006-05-17]
- SMIC and Aurora Systems in Volume Production of Digital LCOS Panel Chips [2006-05-08]
- SMIC reports 2006 first quarter results [2006-04-28]
- SMIC and CADENCE Deliver New Analog Mixed-Signal Reference Flow to Speed Fabless Chip Design [2006-04-13]

Please visit SMIC's website at

<u>http://www.smics.com/website/enVersion/Press</u> <u>Center/pressRelease.jsp</u> for further details regarding the recent announcements.



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

As of the end of June 30, 2006 March 31, 2006 ASSETS (unaudited) (unaudited) Carteral assets: 584,643,407 485,120,565 Short term investments 584,643,407 485,120,565 Accounts receivable, net of allowances of \$4,360,447 and S3,155,788, respectively 27,248,338 241,020,325 Inventories 20,171,994 16,663,607 3,255,210 Assets held for sale 20,171,994 16,663,607 41,020,226 Total current assets 20,171,994 16,663,007 41,020,218 Land use rights net 13,373,265,128 32,226,544,355 40,975,613 41,922,218 Plant and opupment, net 33,375,263,128 32,226,544,355 49,975,613 41,922,218 Carterd tangelie assets, net 18,320,596 - - Formatic assets 49,975,613 41,920,218 - Formatic assets 24,975,975,975 - - TOTAL ASSETS 4,330,762,018 - - Carteral tabilities: 29,42,614,730 - - Accounts payable	(In US dollars)		
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Preprint 20.171.994 16.363.507 Assets held for sale 5.782.422 - Total current assets 1.088.925.543 942.614.233 Land use rights, net 3.997.55.613 41.392.218 Plant and equipment, net 3.378.265.128 3.286.544.385 Acquired imagible assets, net 18.320.540 191.933.630 Equipy investment 1.5760.166 16.762.335 Dong-term preyments 4.957.320 2.342.957 Deferred tax assets 11.8.892.396 - TOTAL ASSETS 4.730,006.706 4.481.589.758 LIABLITTES AND STOCKHOLDERS' EQUITY 2.86.84.436 Accounts payable 429.813.127 286.88.4.366 Accounts payable 429.813.127 286.88.4.366 2.9.402.874 2.9.402.874 Current liabilities: 2.9.242.001 2.9.492.874 2.9.402.874 2.9.402.874 Current portion of fornsisory note 2.9.242.01 2.9.402.874 2.9.402.874 2.9.402.874 2.9.402.874 2.9.402.874 2.9.402.874 2.9.402.874 2.9.402.874 2.9.402.874 2.9.402.874 <t< td=""><td></td><td></td><td></td></t<>			
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Acquired intragible assets, net 183,230,540 191,933,630 Equity investment 15,760,166 16,762,333 Long-term prepayments 4,357,320 2,342,957 Deferred tax assets 18,892,396 - TOTAL ASSETS 4,730,006,706 4,481,589,758 LIABILITIES AND STOCKHOLDERS' EQUITY 286,884,436 Current liabilities: 429,813,127 286,884,436 Accrued expenses and other current liabilities 85,373,210 89,409,843 Short-term borrowings 118,283,829 211,607,902 Current protion of long-term debt 420,813,127 286,884,436 Current portion of long-term debt 29,242,874 24,081,155 Income tax payable 20,548 9,3634 Total current liabilities: 709,892,715 863,629,846 Long-term liabilities: 90,537,615 104,140,277 Promissory note 90,537,615 104,140,277 Long-term debt 83,0742,999 431,504,129 Long-term medbt 1,644,680,758 1,424,669,262 Commitments 37,066,848 37,834,500 Stockholders' equity: 37,066,848	Land use rights, net	39,975,613	41,392,218
Equip investment 15,760,166 16,762,335 Long-term prepayments 2,342,957 Deferred tax sasets 18,802,396 - TOTAL ASSETS 4,730,006,706 4,481,589,758 LIABILITIES AND STOCKHOLDERS' EQUITY Current liabilities: - Accrued expenses and other current liabilities 85,373,210 89,469,843 Short-term borrowings 118,283,829 211,607,902 Current portion of long-term debt 47,160,000 244,60,81,157 Icome tax payable 20,548 93,634 Total current liabilities: 709,892,715 863,629,846 Long-term habilities: 90,537,615 104,140,277 Promissory note 90,537,615 104,140,277 Long-term payable 10,000,000 - Total long-term habilities: 90,537,615 104,140,277 Promissory note 93,537,615 104,140,277 Long-term payables 10,000,000 - Total long-term labilities 954,788,043 561,039,416 Total long-term payable 10,000,000 -	Plant and equipment, net	3,378,265,128	3,286,544,385
Long-term prepayments 4,957,320 2,342,957 Deferred tax assets 18,892,396 - TOTAL ASSETS 4,730,006,706 4,481,589,758 LIABILITIES AND STOCKHOLDERS' EQUITY 429,813,127 286,884,436 Accounts payable 429,813,127 286,884,436 Accounts payable 29,242,001 29,429,873 Current portion of long-term debt 118,283,829 211,607,902 Current portion of long-term debt 47,160,000 246,081,155 Income tax payable 20,548 93,634 Total current liabilities: 709,892,715 863,629,846 Long-term liabilities: 709,892,715 863,629,846 Long-term liabilities: 709,892,715 863,629,846 Long-term liabilities: 709,892,715 863,629,846 Long-term debt 20,548 93,531,611,21,29 Long-term liabilities: 709,892,715 863,629,846 Commiscory note 29,347,42,999 431,504,129 Other long-term payable 10,000,000 - Total long-term liabilities 1,664,680,758	Acquired intangible assets, net	183,230,540	191,933,630
Deterred tar assets 18,892,396 - TOTAL ASSETS 4,730,006,706 4,481,589,758 LIABILITIES AND STOCKHOLDERS' EQUITY Current liabilities: 429,813,127 286,884,436 Accrued expenses and other current liabilities 85,373,210 89,469,845 Short-term borrowings 118,283,829 211,607,902 Current portion of promissory note 29,242,001 29,492,874 Current portion of fong-term debt 47,160,000 246,081,155 Income tax payable 20,548 93,634 Total current liabilities: 709,892,715 863,629,846 Promissory note 90,537,615 104,140,277 Long-term liabilities: 90,537,615 104,140,277 Long-term liabilities: 90,537,615 104,140,277 Long-term payables relating to license agreements 23,507,429 25,395,100 Other long-term payable 11,664,680,758 1,424,669,262 Commitments 37,066,848 37,834,500 Minority interest 37,066,848 37,834,500 Stockholders' equity: 7,337,094 7,327,361 </td <td>Equity investment</td> <td>15,760,166</td> <td>16,762,335</td>	Equity investment	15,760,166	16,762,335
TOTAL ASSETS4,730,006,7064,481,589,758LIABILITIES AND STOCKHOLDERS' EQUITYCurrent liabilities:Accounts payableAccounts payableAccounts payableAccounts payableCurrent portion of promissory noteCurrent portion of pomissory noteCurrent portion of long-term debtAt 7,160,000246,081,155Income tax payableCourtent portion of long-term debtAt 7,160,000246,081,155Income tax payableCourtent portion of long-term debtLong-term liabilities:Promissory notePromissory noteLong-term liabilities:Promissory noteDayster debtLong-term payable relating to license agreements23,507,42923,507,42923,507,42923,507,42923,507,42923,507,42924,788,043561,039,416Total long-term payableTotal long-term payable10,000,000Ordinary shares. 30,0004 par value, 50,000,000,000 shares authorized, shares issued and outstanding 18,342,734,332 and 18,318,402,283, respectivelyWarrantsAdditional paid-in capitalAccumulated other comprehensive income163,674126,666,052)Total stockholders' equityCurtent comprehensive income163,674126,666,052)Total stockholders' equityCommuniticets'3,028,259,1003,028,259,1003,028,259,1003,028,	Long-term prepayments	4,957,320	2,342,957
LIABLITTES AND STOCKHOLDERS' EQUITY Current liabilities: 429,813,127 286,884,436 Accounts payable 429,813,127 286,884,436 Accounted expenses and other current liabilities 85,373,210 89,469,845 Short-tern borrowings 118,283,829 211,079,002 Current portion of promissory note 29,242,001 29,492,874 Current portion of long-term debt 47,160,000 246,081,155 Income tax payable 20,548 93,634 Total current liabilities 709,892,715 863,629,846 Long-term liabilities: 90,537,615 104,140,277 Long-term debt 23,507,429 23,597,409 23,597,409 Long-term payable 10,000,000 - - Total long-term payable 10,000,000 - - Total long-term payable 10,000,000 - - Total liabilities 954,788,043 561,039,416 - Total liabilities 954,788,043 561,039,416 - Total liabilities 1,664,680,758 1,424,669,262 -	Deferred tax assets	18,892,396	-
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Current liabilities: 429,813,127 286,884,436 Accrued expenses and other current liabilities 85,373,210 89,469,845 Short-term borrowings 118,283,829 211,607,902 Current portion of promissory note 29,242,001 29,492,874 Current portion of long-term debt 47,160,000 246,081,155 Income tax payable 20,548 93,634 Total current liabilities: 709,892,715 863,629,846 Long-term labilities: 90,537,615 104,140,277 Promissory note 90,537,615 104,140,277 Long-term labilities: 90,537,615 104,140,277 Promissory note 23,507,429 25,395,010 Other long-term payable 10,000,000 - Total long-term payable 10,000,000 - Total labilities 954,788,043 561,039,416 Commitments 37,066,848 37,834,500 Stockholders' equity: 7,337,094 7,327,361 Ordinary shares, 50,0004 par value, 50,000,000,000 shares authorized, shares issued and outstanding 18,314,402,283, respectively 3,2387 32,387 <	LIABILITIES AND STOCKHOLDERS' FOULTY		
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Short-term borrowings 118,283,829 211,607,902 Current portion of promissory note 29,242,001 29,242,001 29,242,874 Current portion of long-term debt 47,160,000 246,081,155 30,634 Total current liabilities 709,892,715 863,629,846 Long-term liabilities: 90,537,615 104,140,277 Promissory note 90,537,615 104,140,277 Long-term debt 23,307,429 22,399 Long-term payables relating to license agreements 23,307,429 22,395,010 Other long-term payable 10,000,000 - Total long-term liabilities 954,788,043 561,039,416 Total long-term liabilities 1,664,680,758 1,424,669,262 Commitments 37,066,848 37,834,500 Stockholders' equity: 7,337,094 7,327,361 Ordinary shares. 32,757,146,135 32,682,656,252 Accumulated other comprehensive income 163,674 122,675 Accumulated otheric income 163,674 122,675 Accumulated deficit (254,420,190) (256,662,052) <td></td> <td></td> <td></td>			
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Promissory note 90,537,615 104,140,277 Long-term debt 830,742,999 431,504,129 Long-term payables relating to license agreements 23,507,429 25,395,010 Other long-term payable 10,000,000 - Total long-term liabilities 954,788,043 561,039,416 Total liabilities 1,664,680,758 1,424,669,262 Commitments 37,066,848 37,834,500 Minority interest 37,066,848 37,834,500 Stockholders' equity: 7,337,094 7,327,361 Warrants 32,387 32,387 Additional paid-in capital 3,275,146,135 3,268,265,625 Accumulated other comprehensive income 163,674 122,675 Accumulated deficit (254,420,190) (256,662,052) Total stockholders' equity 3,0128,259,100 3,019,085,996	Total current liabilities	709,892,715	863,629,846
Promissory note 90,537,615 104,140,277 Long-term debt 830,742,999 431,504,129 Long-term payables relating to license agreements 23,507,429 25,395,010 Other long-term payable 10,000,000 - Total long-term liabilities 954,788,043 561,039,416 Total liabilities 1,664,680,758 1,424,669,262 Commitments 37,066,848 37,834,500 Minority interest 37,066,848 37,834,500 Stockholders' equity: 7,337,094 7,327,361 Warrants 32,387 32,387 Additional paid-in capital 3,275,146,135 3,268,265,625 Accumulated other comprehensive income 163,674 122,675 Accumulated deficit (254,420,190) (256,662,052) Total stockholders' equity 3,0128,259,100 3,019,085,996	Long-term liabilities		
Long-term debt 830,742,999 431,504,129 Long-term payables relating to license agreements 23,507,429 25,395,010 Other long-term payable 10,000,000 - Total long-term liabilities 954,788,043 561,039,416 Total liabilities 1,664,680,758 1,424,669,262 Commitments 37,066,848 37,834,500 Stockholders' equity: 37,066,848 37,834,500 Ordinary shares, \$0.0004 par value, 50,000,000,000 shares authorized, shares issued and outstanding 18,342,734,332 and 18,318,402,283, respectively 7,337,094 7,327,361 Warrants 3,275,146,135 3,268,265,625 163,674 122,675 Accumulated other comprehensive income 163,674 122,675 122,675 Accumulated deficit 2,002,259,100 3,019,085,996 3,028,259,100 3,019,085,996	-	90 537 615	104 140 277
Long-term payables relating to license agreements 23,507,429 25,395,010 Other long-term payable 10,000,000 - Total long-term liabilities 954,788,043 561,039,416 Total liabilities 1,664,680,758 1,424,669,262 Commitments 37,066,848 37,834,500 Stockholders' equity: 0rdinary shares, \$0.0004 par value, 50,000,0000 shares authorized, shares issued and outstanding 18,342,734,332 and 18,318,402,283, respectively 7,337,094 7,327,361 Warrants 32,387 32,387 32,387 Additional paid-in capital 3,275,146,135 3,268,265,625 Accumulated other comprehensive income 163,674 122,675 Accumulated deficit (254,420,190) (256,662,052) Total stockholders' equity 3,019,085,996			
Other long-term payable 10,000,000 - Total long-term liabilities 954,788,043 561,039,416 Total liabilities 1,664,680,758 1,424,669,262 Commitments 37,066,848 37,834,500 Stockholders' equity: 37,066,848 37,834,500 Ordinary shares, \$0.0004 par value, 50,000,0000 shares authorized, shares issued and outstanding 18,342,734,332 and 18,318,402,283, respectively 7,337,094 7,327,361 Warrants 32,387 32,387 32,387 Additional paid-in capital 3,275,146,135 3,268,265,625 Accumulated other comprehensive income 163,674 122,675 Accumulated deficit (254,420,190) (256,662,052) Total stockholders' equity 3,019,085,996			
Total liabilities 1,664,680,758 1,424,669,262 Commitments 37,066,848 37,834,500 Stockholders' equity: 37,066,848 37,834,500 Ordinary shares, \$0.0004 par value, 50,000,000,000 shares authorized, shares issued and outstanding 18,342,734,332 and 18,318,402,283, respectively 7,337,094 7,327,361 Warrants 32,387 32,387 32,387 Additional paid-in capital 3,275,146,135 3,268,265,625 Accumulated other comprehensive income 163,674 122,675 Accumulated deficit (254,420,190) (256,662,052) Total stockholders' equity 3,019,085,996 3,019,085,996			-
Total liabilities 1,664,680,758 1,424,669,262 Commitments 37,066,848 37,834,500 Stockholders' equity: 37,066,848 37,834,500 Ordinary shares, \$0.0004 par value, 50,000,000,000 shares authorized, shares issued and outstanding 18,342,734,332 and 18,318,402,283, respectively 7,337,094 7,327,361 Warrants 32,387 32,387 32,387 Additional paid-in capital 3,275,146,135 3,268,265,625 Accumulated other comprehensive income 163,674 122,675 Accumulated deficit (254,420,190) (256,662,052) Total stockholders' equity 3,019,085,996 3,019,085,996	Total long-term liabilities	954.788.043	561.039.416
Commitments 37,066,848 37,834,500 Stockholders' equity: 37,066,848 37,834,500 Stockholders' equity: 0rdinary shares, \$0,000,000,000 shares authorized, shares issued and outstanding 18,342,734,332 and 18,318,402,283, respectively 7,337,094 7,327,361 Warrants 32,387 32,387 32,387 Additional paid-in capital 3,275,146,135 3,268,265,625 Accumulated other comprehensive income 163,674 122,675 Accumulated deficit (254,420,190) (256,662,052) Total stockholders' equity 3,019,085,996 3,019,085,996			
Minority interest 37,066,848 37,834,500 Stockholders' equity: 0rdinary shares, \$0.0004 par value, 50,000,000 shares authorized, shares issued and outstanding 18,342,734,332 and 18,318,402,283, respectively 7,337,094 7,327,361 Warrants 32,387 32,387 Additional paid-in capital 3,275,146,135 3,268,265,625 Accumulated other comprehensive income 163,674 122,675 Accumulated deficit (254,420,190) (256,662,052) Total stockholders' equity 3,019,085,996	Total liabilities	1,664,680,758	1,424,669,262
Stockholders' equity: Ordinary shares, \$0.0004 par value, 50,000,000 shares authorized, shares issued and outstanding 18,342,734,332 and 18,318,402,283, respectively 7,337,094 7,327,361 Warrants 32,387 32,387 Additional paid-in capital 3,275,146,135 3,268,265,625 Accumulated other comprehensive income 163,674 122,675 Accumulated deficit (254,420,190) (256,662,052) Total stockholders' equity 3,019,085,996			
Ordinary shares, \$0.0004 par value, 50,000,000 shares authorized, shares issued and outstanding 18,342,734,332 and 18,318,402,283, respectively 7,337,094 7,327,361 Warrants 32,387 32,387 Additional paid-in capital 3,275,146,135 3,268,265,625 Accumulated other comprehensive income 163,674 122,675 Accumulated deficit (254,420,190) (256,662,052)	-	37,066,848	37,834,500
and outstanding 18,342,734,332 and 18,318,402,283, respectively 7,337,094 7,327,361 Warrants 32,387 32,387 Additional paid-in capital 3,275,146,135 3,268,265,625 Accumulated other comprehensive income 163,674 122,675 Accumulated deficit (254,420,190) (256,662,052) Total stockholders' equity 3,019,085,996	Stockholders' equity:		
Warrants 32,387 32,387 Additional paid-in capital 3,275,146,135 3,268,265,625 Accumulated other comprehensive income 163,674 122,675 Accumulated deficit (254,420,190) (256,662,052) Total stockholders' equity 3,028,259,100 3,019,085,996	Ordinary shares, \$0.0004 par value, 50,000,000,000 shares authorized, shares issued		
Additional paid-in capital 3,275,146,135 3,268,265,625 Accumulated other comprehensive income 163,674 122,675 Accumulated deficit (254,420,190) (256,662,052) Total stockholders' equity 3,028,259,100 3,019,085,996		7,337,094	
Accumulated other comprehensive income 163,674 122,675 Accumulated deficit (254,420,190) (256,662,052) Total stockholders' equity 3,028,259,100 3,019,085,996			
Accumulated deficit (254,420,190) (256,662,052) Total stockholders' equity 3,028,259,100 3,019,085,996		3,275,146,135	3,268,265,625
Total stockholders' equity 3,028,259,100 3,019,085,996	Accumulated other comprehensive income	163,674	122,675
	Accumulated deficit	(254,420,190)	(256,662,052)
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY 4,730,006,706 4,481,589,758	Total stockholders' equity	3,028,259,100	3,019,085,996
	TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	4,730,006,706	4,481,589,758



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

	June 30, 2006	March 31, 2006
	(unaudited)	(unaudited)
Sales	361,445,898	351,137,952
Cost of sales	312,229,121	307,767,802
Gross profit	49,216,777	43,370,150
Operating expenses:		
Research and development	24,344,979	20,592,655
General and administrative	16,837,020	11,748,899
Selling and marketing	3,918,343	5,970,146
Amortization of acquired intang		



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

		June 30, 2006	March 31, 2006
		(unaudited)	(unaudited)
Cumulative effect of a change in	accounting principle per ADS, diluted	-	0.0141
Net income (loss) per ADS, dilut	ed	0.0060	(0.0239)
Ordinary shares used in calculati	ng basic income per ordinary share (in millions)	u 18,303	



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

	For the three months ended	
_	June 30, 2006	March 31, 2006
_	(unaudited)	(unaudited)
Operating activities:		
Income (loss) attributable to holders of ordinary shares	2,241,862	(8,743,009)
Cumulative effect of a change in accounting principle	-	(5,153,986)
Net income (loss)	2,241,862	(13,896,995)
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Minority interest	(767,652)	(947,364)
Gain (loss) on disposal of plant and equipment	(516,812)	1,018
Depreciation and amortization	220,242,447	210,595,208
Amortization of acquired intangible assets	11,041,089	11,023,590
Amortization of deferred stock compensation	6,006,465	6,164,767
Amortization of loan initiation fee	59,949	-
Non-cash interest expense on promissory notes	1,503,505	1,465,312
Loss on long-term investment	1,002,169	1,058,555
Changes in operating assets and liabilities:		
Accounts receivable	(16,227,946)	313,522
Inventories	(21,007,826)	(5,346,923)
Prepaid expense and other current assets	(316,206)	(853,466)
Accounts payable	(13,274,229)	3,521,334
Accrued expenses and other current liabilities	(11,319,565)	(10,144,265)
Other long term liabilities	10,000,000	-
Income tax payable	(73,086)	93,634
Deferred tax assets	(18,892,396)	-
Net cash provided by operating activities	169,701,768	203,047,927
Investing activities:		
Purchases of plant and equipment	(164,934,281)	(197,518,652)
Purchases of acquired intangible assets	(253,074)	(1,439,000)
Sale of short-term investments	30,704	10,250,212
Proceeds received from living quarter sales	5,631,255	-
Proceeds from disposal of fixed assets	17,479	1,167,914
Net cash used in investing activities	(159,507,917)	(187,539,526)
Financing activities:		
Proceeds from short-term borrowings	83,161,736	65,125,158
Proceeds from long-term debt	592,960,001	59,988,601
Repayment of long-term debt	(392,642,286)	(123,040,282)
Repayment of promissory notes	(15,000,000)	(120,010,202)
Repayment of short-term borrowings	(176,485,809)	(118,998,338)
Payment of loan initiation fee	(3,596,938)	(110,550,550)
Proceeds from exercise of employee stock options	883,777	736,003
Net cash provided by financing activities	89,280,481	(116,188,858)
Effect of foreign exchange rate changes	48,510	4,135
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	99,522,842	(100,676,322)
CASH AND CASH EQUIVALENTS, beginning of period	485,120,565	585,796,887
CASH AND CASH EQUIVALENTS, end of period	584,643,407	485,120,565