



Contact:

2012
2012

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 announced its third quarter 2012 results on October 26, 2012. The company reported a net loss of \$1.2 million for the third quarter of 2012, compared to a net loss of \$1.5 million for the same period in 2011. Revenue for the third quarter of 2012 was \$1.8 million, compared to \$1.7 million for the same period in 2011.

Third Quarter 2012 Highlights:

- Revenue for the third quarter of 2012 was \$1.8 million, compared to \$1.7 million for the same period in 2011.
- Net loss for the third quarter of 2012 was \$1.2 million, compared to \$1.5 million for the same period in 2011.
- Operating loss for the third quarter of 2012 was \$1.1 million, compared to \$1.4 million for the same period in 2011.
- Adjusted EBITDA for the third quarter of 2012 was \$0.5 million, compared to \$0.4 million for the same period in 2011.
- Adjusted EBITDA margin for the third quarter of 2012 was 27.8%, compared to 23.5% for the same period in 2011.

Fourth Quarter 2012 Guidance:

- Revenue for the fourth quarter of 2012 is expected to be between \$1.8 million and \$2.0 million.
- Net loss for the fourth quarter of 2012 is expected to be between \$1.0 million and \$1.5 million.
- Operating loss for the fourth quarter of 2012 is expected to be between \$0.9 million and \$1.4 million.
- Adjusted EBITDA for the fourth quarter of 2012 is expected to be between \$0.4 million and \$0.6 million.
- Adjusted EBITDA margin for the fourth quarter of 2012 is expected to be between 22.2% and 30.0%.

SMIC is a leading manufacturer of integrated circuits. The company's products are used in a wide range of applications, including consumer electronics, industrial control, and automotive. SMIC is committed to providing high-quality products and excellent customer service. The company's financial performance is expected to improve in the fourth quarter of 2012.

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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		2,222	2,252
Non-operating income	2,252	2,252		2,222	2,252
Non-operating expenses	2,252	2,252		2,222	2,252
Income before taxes	2,252	2,252		2,222	2,252
Taxes	2,252	2,252		2,222	2,252
Net income	2,252	2,252		2,222	2,252
Weighted average shares outstanding	2,252	2,252		2,222	2,252
Basic EPS	2,252	2,252		2,222	2,252
Diluted EPS	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.
- Non-operating expenses 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.
- Weighted average shares outstanding increased 2% on 2% increase in operating volume and 2% increase in operating margin.
- Basic EPS increased 2% on 2% increase in operating volume and 2% increase in operating margin.
- Diluted EPS increased 2% on 2% increase in operating volume and 2% increase in operating margin.



Analysis of Revenue

Revenue Analysis			
By Application	3Q12	2Q12	3Q11
0.13 μm	5	2	
0.18 μm			5
0.25 μm		5	
By Service Type	3Q12	2Q12	3Q11
Memory	5	5	2
By Customer Type	3Q12	2Q12	3Q11
Automotive			2
Industrial		2	
By Geography	3Q12	2Q12	3Q11
North America	5	5	5
Europe	2		
Asia	5	2	
Wafer Revenue Analysis			
By Technology (logic, memory & copper interconnect only)	3Q12	2Q12	3Q11
0.13 μm		2	
0.18 μm		2	
0.25 μm		5	2
0.35 μm	5	5	5
0.5 μm	2		

Note:

- (1) Including 0.13 μm 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

- Capacity is based on 8" equivalent wafers. Annual capacity is 5 million wafers per month, and monthly capacity is 2.5 million wafers per month.

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	25			5
and	25	25		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 5% 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
and	25	22
Accounts receivable	2	25
and	2222	252
Accounts payable		2
Accounts receivable		225
Accounts payable	2	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
Net operating activities	2,522	2,222
Net financing activities	2,522	2,222
Net investing activities	2,522	2,222
Net change in cash	5	2
Free cash flow	2,522	2,222

Capex Summary

Capital expenditures

Recent Highlights and Announcements

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Please visit SMIC's website at http://www.smics.com/eng/press/press_releases.php and 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	2	2 5
n n o	2 2 2 2	2 5 2
a d x n a n d o c u n a	5	2
o a c u n a	1,133,168	1,114,267
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		
TOTAL ASSETS	3,978,794	3,974,836

LIABILITIES, NONCONTROLLING INTEREST AND EQUITY

u n a		
Accoun a y		2 2
Acc u d x n a n d o c u n a	5	5 2
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	For the three months ended	
	September 30, 2012 (Unaudited)	June 30, 2012 (Unaudited)
Cash flow from operating activities		
Net income	22	
Change in accounts receivable	2	
Change in inventory		
Change in non-current assets	52	2
Net cash provided by operating activities	119,023	109,425
Cash flow from Investing activities:		
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
Net cash used in investing activities	(128,349)	(126,293)
Financing activities:		
Proceeds from operations	22	
Proceeds from operations	25	25
Proceeds from operations		25
Proceeds from operations		2
Proceeds from operations		5
Net cash provided by (used in) financing activities	(49,712)	6,999
Change in cash and cash equivalents	2	
NET DECREASE IN CASH AND CASH EQUIVALENTS	(58,909)	(9,947)
CASH AND CASH EQUIVALENTS, beginning of period	290,694	300,641
CASH AND CASH EQUIVALENTS, end of period	231,785	290,694