



中芯國際集成電路製造有限公司*
Semiconductor Manufacturing International Corporation
(Incorporated in the Cayman Islands with limited liability)

THE
FOUNDRY
FOR YOUR VISION



Interim Report 2005

* For identification purposes only

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CAUTIONARY STATEMENT FOR PURPOSES OF THE SAFE HARBOR PROVISIONS OF THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995

This report contains information that is preliminary and subject to change. It is not intended to be relied upon as a basis for investment decisions. The information contained herein is not a recommendation, offer, or solicitation of any securities. The information contained herein is not intended to be used in any way to promote or sell any securities. The information contained herein is not intended to be used in any way to promote or sell any securities.

CHAIRMAN'S STATEMENT

Dear Shareholders,

I am pleased to report that the Group has achieved a record performance in the first half of 2005. The Group's revenue increased by 15% compared with the same period last year, and its operating profit increased by 25%. This is a testament to the strong performance of our operations and the effective management of our business.

B. ... C. ...

The Group's revenue increased by 15% compared with the same period last year, and its operating profit increased by 25%. This is a testament to the strong performance of our operations and the effective management of our business. The Group's revenue increased by 15% compared with the same period last year, and its operating profit increased by 25%. This is a testament to the strong performance of our operations and the effective management of our business.

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Yang Yuan Wang

C. ... B. ...

2005

CHIEF EXECUTIVE OFFICER'S STATEMENT

2005-05-10 10:00

As a result of the above, the Board of Directors has approved a dividend of \$0.00 per share for the quarter ended March 31, 2005. The dividend will be paid on May 10, 2005 to shareholders of record as of May 5, 2005. The dividend is subject to the approval of the Board of Directors at its next meeting.

The Board of Directors has also approved a stock repurchase program of up to \$1.1 million. The program is authorized for the next 12 months and may be extended or discontinued at any time. The program is subject to the approval of the Board of Directors at its next meeting.

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Richard R. Chang
 Chief Executive Officer

2005-05-10 10:00

Operating Expenses and Income (Loss) From Operations

Operating expenses for the first six months of 2005 were \$10.1 million, or 1.1% of sales, compared to \$9.9 million, or 1.0% of sales, for the first six months of 2004. The increase in operating expenses was primarily due to an increase in depreciation and amortization expense of \$0.2 million, or 0.2% of sales, and an increase in research and development expense of \$0.1 million, or 0.1% of sales.

Operating income for the first six months of 2005 was \$0.9 million, or 0.1% of sales, compared to \$0.8 million, or 0.8% of sales, for the first six months of 2004. The increase in operating income was primarily due to an increase in sales of \$10.1 million, or 1.1% of sales, and a decrease in operating expenses of \$0.1 million, or 0.1% of sales.

Operating income for the first six months of 2005 was \$0.9 million, or 0.1% of sales, compared to \$0.8 million, or 0.8% of sales, for the first six months of 2004. The increase in operating income was primarily due to an increase in sales of \$10.1 million, or 1.1% of sales, and a decrease in operating expenses of \$0.1 million, or 0.1% of sales.

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Operating income for the first six months of 2005 was \$0.9 million, or 0.1% of sales, compared to \$0.8 million, or 0.8% of sales, for the first six months of 2004. The increase in operating income was primarily due to an increase in sales of \$10.1 million, or 1.1% of sales, and a decrease in operating expenses of \$0.1 million, or 0.1% of sales.

Other Income (Expenses)

Other income (expenses) for the first six months of 2005 was \$0.1 million, or 0.0% of sales, compared to \$0.1 million, or 0.1% of sales, for the first six months of 2004. The increase in other income (expenses) was primarily due to an increase in interest income of \$0.1 million, or 0.0% of sales, and a decrease in interest expense of \$0.1 million, or 0.0% of sales.

Other income (expenses) for the first six months of 2005 was \$0.1 million, or 0.0% of sales, compared to \$0.1 million, or 0.1% of sales, for the first six months of 2004. The increase in other income (expenses) was primarily due to an increase in interest income of \$0.1 million, or 0.0% of sales, and a decrease in interest expense of \$0.1 million, or 0.0% of sales.

Net Income (Loss)

Net income (loss) for the first six months of 2005 was \$1.0 million, or 0.1% of sales, compared to \$0.9 million, or 0.9% of sales, for the first six months of 2004. The increase in net income (loss) was primarily due to an increase in operating income of \$0.1 million, or 0.1% of sales, and a decrease in other income (expenses) of \$0.1 million, or 0.0% of sales.

Liquidity and Capital Resources (continued)

Operating activities provided cash of \$1,000,000, an increase of \$1,000,000 from the prior year. This increase was primarily due to an increase in accounts receivable and a decrease in accounts payable.

Investing activities used cash of \$1,000,000, an increase of \$1,000,000 from the prior year. This increase was primarily due to an increase in capital expenditures.

Financing activities provided cash of \$1,000,000, an increase of \$1,000,000 from the prior year. This increase was primarily due to an increase in long-term debt.

The net change in cash and cash equivalents was \$1,000,000, an increase of \$1,000,000 from the prior year. This increase was primarily due to an increase in long-term debt.

The cash and cash equivalents at the end of the year were \$1,000,000.

The following table provides a reconciliation of the net change in cash and cash equivalents to the net change in long-term debt:

Component	2005	2004
Net change in cash and cash equivalents	\$1,000,000	\$1,000,000
Change in long-term debt	\$1,000,000	\$1,000,000
Change in accounts receivable	\$100,000	\$100,000
Change in accounts payable	\$100,000	\$100,000
Change in capital expenditures	\$1,000,000	\$1,000,000
Change in long-term debt	\$1,000,000	\$1,000,000
Change in cash and cash equivalents	\$1,000,000	\$1,000,000

Operating activities provided cash of \$1,000,000, an increase of \$1,000,000 from the prior year. This increase was primarily due to an increase in accounts receivable and a decrease in accounts payable.

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Financing activities provided cash of \$1,000,000, an increase of \$1,000,000 from the prior year. This increase was primarily due to an increase in long-term debt.

Component	2005	2004
Net change in cash and cash equivalents	\$1,000,000	\$1,000,000
Change in long-term debt	\$1,000,000	\$1,000,000
Change in accounts receivable	\$100,000	\$100,000
Change in accounts payable	\$100,000	\$100,000
Change in capital expenditures	\$1,000,000	\$1,000,000
Change in long-term debt	\$1,000,000	\$1,000,000
Change in cash and cash equivalents	\$1,000,000	\$1,000,000

CORPORATE GOVERNANCE REPORT

Hong Kong Code on Corporate Governance Practices (the Code)

1. The Commission has reviewed the 2004-2005 annual reports of the listed issuers under the Code. The Commission is pleased to note that the listed issuers have generally complied with the Code. The Commission has identified a number of areas where the listed issuers have not fully complied with the Code. These areas are:

(a) the listed issuers have not fully complied with the Code's provisions on the independence of the independent non-executive directors; and

(b) the listed issuers have not fully complied with the Code's provisions on the independence of the independent non-executive directors.

2. The Commission has also reviewed the 2004-2005 annual reports of the listed issuers under the Model Code. The Commission is pleased to note that the listed issuers have generally complied with the Model Code. The Commission has identified a number of areas where the listed issuers have not fully complied with the Model Code. These areas are:

Model Code for Securities Transactions by Directors of Listed Issuers (the Model Code)

3. The Commission has reviewed the 2004-2005 annual reports of the listed issuers under the Model Code. The Commission is pleased to note that the listed issuers have generally complied with the Model Code. The Commission has identified a number of areas where the listed issuers have not fully complied with the Model Code. These areas are:

(a) the listed issuers have not fully complied with the Model Code's provisions on the independence of the independent non-executive directors; and

(b) the listed issuers have not fully complied with the Model Code's provisions on the independence of the independent non-executive directors.

Board Committees

Board Committees

4. The Commission has reviewed the 2004-2005 annual reports of the listed issuers under the Code. The Commission is pleased to note that the listed issuers have generally complied with the Code. The Commission has identified a number of areas where the listed issuers have not fully complied with the Code. These areas are:

A. C

5. The Commission has reviewed the 2004-2005 annual reports of the listed issuers under the Code. The Commission is pleased to note that the listed issuers have generally complied with the Code. The Commission has identified a number of areas where the listed issuers have not fully complied with the Code. These areas are:

(1) the listed issuers have not fully complied with the Code's provisions on the independence of the independent non-executive directors; and

(2) the listed issuers have not fully complied with the Code's provisions on the independence of the independent non-executive directors.

6. The Commission has reviewed the 2004-2005 annual reports of the listed issuers under the Code. The Commission is pleased to note that the listed issuers have generally complied with the Code. The Commission has identified a number of areas where the listed issuers have not fully complied with the Code. These areas are:

7. The Commission has reviewed the 2004-2005 annual reports of the listed issuers under the Code. The Commission is pleased to note that the listed issuers have generally complied with the Code. The Commission has identified a number of areas where the listed issuers have not fully complied with the Code. These areas are:

8. The Commission has reviewed the 2004-2005 annual reports of the listed issuers under the Code. The Commission is pleased to note that the listed issuers have generally complied with the Code. The Commission has identified a number of areas where the listed issuers have not fully complied with the Code. These areas are:

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SOCIAL RESPONSIBILITY

A. The Company in the Community

As a responsible corporate citizen, we are committed to contributing to the development of the community in which we operate. We have established a Social Responsibility Policy to guide our actions and ensure that we are a positive force in the community.

Support for Education

We are committed to supporting education and training in the community. We have established a Social Responsibility Policy to guide our actions and ensure that we are a positive force in the community. We have established a Social Responsibility Policy to guide our actions and ensure that we are a positive force in the community. We have established a Social Responsibility Policy to guide our actions and ensure that we are a positive force in the community.

Support for the Need

We are committed to supporting the needs of the community. We have established a Social Responsibility Policy to guide our actions and ensure that we are a positive force in the community. We have established a Social Responsibility Policy to guide our actions and ensure that we are a positive force in the community. We have established a Social Responsibility Policy to guide our actions and ensure that we are a positive force in the community.

Protecting the Environment

We are committed to protecting the environment. We have established a Social Responsibility Policy to guide our actions and ensure that we are a positive force in the community. We have established a Social Responsibility Policy to guide our actions and ensure that we are a positive force in the community. We have established a Social Responsibility Policy to guide our actions and ensure that we are a positive force in the community.

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2001 Stock Option Plans

Name/Eligible	Date Granted	Period During which Rights Exercisable	No. of Options Granted	Exercise Price Per Share (\$)	Options Outstanding as of 1/1/05	Options Lapsed During Period	Options Repurchased Due to Lapse of Ordinary Shares During Period*	Options Exercised During Period	Options Cancelled During Period	Options Outstanding as of 6/30/05	Weighted Average Closing Price of Shares of Immediate before Dates on which Options were Exercised (\$)	Weighted Average Closing Price of Shares of Immediate before Dates on which Options were Granted (\$)
	1/1/00	1/1/00 - 1/01/01	00,000	\$0.0	00,000	-	-	-	-	00,000	-	\$0.0
	1/1/00	1/1/00 - 1/1/00	1,000,000	\$0.10	1,000,000	-	-	-	-	1,000,000	-	\$0.0
#	1/1/00	1/1/00 - 1/01/01	1,000	\$0.01	00,000	-	00,000	-	-	-	\$0.1	\$0.0
#	1/0/00	1/0/00 - 1/01/01	1,000,000	\$0.0	1,000,000	-	-	-	-	1,000,000	-	\$0.0
#	1/0/00	1/0/00 - 1/01/01	1,000,000	\$0.0	1,000,000	-	-	-	-	1,000,000	-	\$0.1
#	1/1/00	1/1/00 - 1/1/01	10,000,000	\$0.10	10,000,000	-	-	-	-	10,000,000	\$0.1	\$0.1
#	1/1/00	1/1/00 - 1/1/01	00,000	\$0.	00,000	-	-	-	-	00,000	-	\$0.0
#	1/1/00	1/1/00 - 1/1/01	00,000	\$0.0	00,000	-	-	-	-	00,000	-	\$0.0
#	1/1/00	1/1/00 - 1/01/00	00,000	\$0.0	00,000	-	-	-	-	00,000	-	\$0.1
#	1/1/00	1/1/00 - 1/01/00	100,000	\$0.10	100,000	-	-	-	-	100,000	-	\$0.1
#	1/1/00	1/1/00 - 1/1/01	00,000	\$0.10	00,000	-	-	-	-	00,000	-	\$0.0
#	1/1/00	1/1/00 - 1/1/01	1,000,000	\$0.	1,000,000	-	-	-	-	1,000,000	-	\$0.0
#	1/1/00	1/1/00 - 1/1/01	00,000	\$0.01	00,000	1,000	-	-	-	00,000	\$0.0	\$0.0
#	1/1/00	1/1/00 - 1/1/01	00,000	\$0.01	00,000	0,000	-	-	-	00,000	-	\$0.0
#	1/1/00	1/0/00 - 1/01/01	1,000	\$0.01	1,000	-	-	-	-	1,000	-	\$0.0
#	1/1/00	1/1/00 - 1/1/01	00,000	\$0.01	00,000	-	-	-	-	00,000	-	\$0.0
#	1/1/00	1/1/00 - 1/1/01	00,000	\$0.01	00,000	-	-	-	-	00,000	-	\$0.0
#	1/1/00	1/1/00 - 1/1/01	1,000,000	\$0.01	1,000,000	-	-	-	-	1,000,000	\$0.	\$0.0
#	1/1/00	1/1/00 - 1/1/01	00,000	\$0.01	00,000	-	-	-	-	00,000	\$0.1	\$0.0
#	1/1/00	1/01/00 - 1/1/01	00,000	\$0.01	00,000	-	-	-	-	00,000	-	\$0.0
#	1/1/00	1/01/00 - 1/01/01	00,000	\$0.01	00,000	-	0,000	-	-	00,000	-	\$0.0
#	1/1/00	1/1/00 - 1/1/01	1,000,000	\$0.01	1,000,000	-	-	-	-	1,000,000	-	\$0.0
#	1/1/00	1/1/00 - 1/1/01	00,000	\$0.01	00,000	-	-	-	-	00,000	-	\$0.0

* Includes shares repurchased under the 2001 Stock Option Plans.

2001 Stock Option Plans (continued)

Name/Eligible	Date Granted	Period During which Rights Exercisable	No. of Options Granted	Exercise Price Per Share (\$)	Options Outstanding as of 1/1/05	Options Lapsed		Options Exercised During Period	Options Cancelled During Period	Options Outstanding as of 6/30/05	Weighted Average Closing Price of Shares	
						Lapsed During Period	Repurchase of Ordinary Shares Due to Lapsed Options				immediate	before Dates on which Options were Granted
AL	1/10/00	1/10/00-1/0/01	0,000	\$0.0	0,000	-	-	-	-	0,000	\$0.10	\$0.10
AL	1/ / 00	1/ / 00-1/ / 01	1,0,000	\$0.0	1,0,000	-	-	-	-	1,0,000	\$0.0	\$0.10
AL	1/ / 00	1/ / 00-1/ / 01	1,0,00	\$0.0	1,01,00	0,0	-	0	-	1,1,00	\$0.0	\$0.1
AL	1/ / 00	1/ / 00-1/ / 01	0,000	\$0.0	0,000	-	-	-	-	0,000	\$0.1	\$0.1
AL	1/ / 00	1/ / 00-1/ / 01	0,000	\$0.0	1,00	1,0,00	0,00	-	-	0,00	\$0.1	\$0.1
AL	1/ / 00	1/ / 00-1/ / 01	0,000	\$0.0	1,000	1,000	1,00	-	-	0,00	\$0.0	\$0.1
AL	10/10/00	10/10/00-10/0/01	0,000	\$0.10	0,000	0,000	0,000	-	-	0,000	\$0.0	\$0.0
AL	1/ / 00	1/ / 00-1/ / 01	1,0,01,110	\$0.10	110,1,10	0,000	0,000	-	-	10,000	\$0.0	\$0.0
AL	1/ / 00	1/ / 00-1/ / 01	0,000	\$0.10	10,000	1,000	0,000	-	-	10,1,000	\$0.1	\$0.0
AL	1/ / 00	1/ / 00-1/ / 01	0,000	\$0.0	0,000	0,000	0,000	-	-	0,000	\$0.0	\$0.0
AL	1/ / 00	1/ / 00-1/ / 01	1,000,000	\$0.10	1,000,000	0,000	0,000	-	-	1,000,000	\$0.0	\$0.0
AL	1/ / 00	1/ / 00-1/ / 01	0,000	\$0.0	0,000	0,000	0,000	-	-	0,000	\$0.0	\$0.0

* All options are exercisable until the expiration date of the plan unless otherwise specified.

The weighted average closing price of the common stock of the Company for the period from the date of grant to the date of exercise (or the date of termination of the option) is used to determine the weighted average closing price of the common stock of the Company for the period from the date of grant to the date of exercise (or the date of termination of the option).

The Company's stock option plans are subject to the terms and conditions set forth in the stock option plans and the stock option agreements. The Company's stock option plans are subject to the terms and conditions set forth in the stock option plans and the stock option agreements. The Company's stock option plans are subject to the terms and conditions set forth in the stock option plans and the stock option agreements.

The Company's stock option plans are subject to the terms and conditions set forth in the stock option plans and the stock option agreements. The Company's stock option plans are subject to the terms and conditions set forth in the stock option plans and the stock option agreements.

2001 Preference Share Plans

Name/Eligible Employees	Date Granted	Period During which Rights Exercisable	No. of Options Granted	Exercise Price Per Share (\$)	Options Outstanding as of 1/1/05	Options Lapsed During Period	Options of Ordinary Shares Repurchased	Options Exercised During Period	Options Cancelled During Period	Options Outstanding as of 6/30/05	Weighted Average Closing Price of Shares	
											on which Options were Exercised (\$)	before Dates on which Options were Granted (\$)
	1/11/00	1/11/00 - 1/10/01	1,000	\$0.11	0,000					0,000		\$0.1
	1/1/00	1/1/00 - 0,000										

5. Repurchase, sale or redemption of securities

The Company has not repurchased any of its securities during the reporting period. The Company has not sold or redeemed any of its securities during the reporting period. (€0,000)

6. Material litigation and arbitration

The Company has not been involved in any material litigation or arbitration during the reporting period. The Company has not been involved in any material litigation or arbitration during the reporting period. (€0,000)

The Company has not been involved in any material litigation or arbitration during the reporting period. The Company has not been involved in any material litigation or arbitration during the reporting period. (€0,000)

The Company has not been involved in any material litigation or arbitration during the reporting period. The Company has not been involved in any material litigation or arbitration during the reporting period. (€0,000)

7. Changes in the members of the Board of Directors

The Company has not had any changes in the members of the Board of Directors during the reporting period. (€0,000)

The Company has not had any changes in the members of the Board of Directors during the reporting period. (€0,000)

8. Waiver from compliance with the Listing Rules

On 2005.12.23, the Board of Directors of the Company (the "Board") held a meeting to discuss the application of the Listing Rules to the Company. The Board considered the application of the Listing Rules to the Company and decided to apply for a waiver from compliance with the Listing Rules. The Board also decided to apply for a waiver from compliance with the Listing Rules.

The Board considered the application of the Listing Rules to the Company.

1. The Board considered the application of the Listing Rules to the Company and decided to apply for a waiver from compliance with the Listing Rules. The Board also decided to apply for a waiver from compliance with the Listing Rules.

2. The Board considered the application of the Listing Rules to the Company and decided to apply for a waiver from compliance with the Listing Rules. The Board also decided to apply for a waiver from compliance with the Listing Rules.

On 2005.12.23, the Board of Directors of the Company (the "Board") held a meeting to discuss the application of the Listing Rules to the Company.

On 2005.12.23, the Board of Directors of the Company (the "Board") held a meeting to discuss the application of the Listing Rules to the Company.

9. Review by Audit Committee

The Audit Committee of the Company has reviewed the financial statements of the Company for the period ended 2005.12.31 and has concluded that the financial statements of the Company for the period ended 2005.12.31 are true and fair.

Richard R. Chang
Chief Executive Officer

CONSOLIDATED STATEMENT OF OPERATIONS

(\$ in millions, except per share amounts)
 (CONSOLIDATED) \$ STATEMENT OF OPERATIONS

	Number of Shares	Six months ended June 30,	
		2005	2004
Net income	11	528,308	500,590
Net income attributable to common shareholders	17	500,590	472,700
Net income attributable to preferred shareholders		6,217	27,890
Net income attributable to noncontrolling interests		21,501	1,110
Income tax expense		30,990	30,990
Income tax expense attributable to common shareholders	17	11,988	11,988
Income tax expense attributable to preferred shareholders		5,506	5,506
Income tax expense attributable to noncontrolling interests		19,950	19,950
* Income tax expense attributable to State Street Bank	17	7,121	7,121
Income tax expense attributable to State Street Bank		75,555	75,555
(Income) from discontinued operations		(54,054)	(54,054)
Income from discontinued operations attributable to common shareholders		3,958	3,958
Income from discontinued operations attributable to preferred shareholders		(16,659)	(16,659)
Income from discontinued operations attributable to noncontrolling interests		(3,976)	(3,976)
Income from discontinued operations attributable to State Street Bank		430	430
Income from discontinued operations attributable to State Street Bank		(16,247)	(16,247)
(Income) from discontinued operations attributable to common shareholders		(70,301)	(70,301)
Income from discontinued operations attributable to preferred shareholders		127	127
Income from discontinued operations attributable to noncontrolling interests	10	(12)	(12)
Income from discontinued operations attributable to State Street Bank		(70,440)	(70,440)
Income from discontinued operations attributable to State Street Bank	13	1,110	1,110
(Income) from discontinued operations attributable to common shareholders		(70,440)	(70,440)
(Income) from discontinued operations attributable to preferred shareholders		(0.00)	(0.00)
(Income) from discontinued operations attributable to noncontrolling interests		(0.00)	(0.00)
State Street Bank's net income attributable to common shareholders		18,055,410,063	18,055,410,063
State Street Bank's net income attributable to preferred shareholders		18,055,410,063	18,055,410,063
* State Street Bank's net income attributable to State Street Bank		2,556	2,556
State Street Bank's net income attributable to common shareholders		3,384	3,384
State Street Bank's net income attributable to preferred shareholders		1,181	1,181
State Street Bank's net income attributable to State Street Bank		7,121	7,121

STATE STREET CORPORATION STATEMENT OF OPERATIONS

CONSOLIDATED BALANCE SHEET (in millions)

As of June 30, 2005 and June 30, 2004
(in millions of dollars)

	N 13	June 30, 2005	June 30, 2004
Commitments	13		
Assets held for sale by:			
Trusts and other entities		\$0.000	\$0.000,000,000
Other		7,299	1,000
Total		7,299	1,000
Assets held for investment:			
Cash and cash equivalents		32	32
U.S. government securities		3,289,932	2,800,000
U.S. government agency securities		(288)	(1,000)
U.S. government money market funds		68	68
U.S. government debt securities		(37,107)	(1,100)
U.S. government debt securities - off-balance sheet		(206,825)	(1,000)
Total		3,053,111	2,800,000
Assets held for sale by:			
Trusts and other entities		4,519,132	4,500,000
Total		4,519,132	4,500,000
Liabilities:			
U.S. government securities		169,125	169,125
Total		169,125	169,125
Assets held for sale by:			
Trusts and other entities		3,720,166	3,720,166
Total		3,720,166	3,720,166

See notes to consolidated financial statements for further information.

Category	Statewide	Urban	Suburban	Non-urban	Urban	Suburban	Non-urban
Category	Statewide	Urban	Suburban	Non-urban	Urban	Suburban	Non-urban
Category	Statewide	Urban	Suburban	Non-urban	Urban	Suburban	Non-urban
...	-	(-1)	-	(1,1)	(1,-)	-10,-	-
(-)	-	-	-	-	-	(-)	-
1,0	-	-	-	-	-	1,0	-
(-)	-	-	-	-	-	(-)	-
-	-	10,-	-	-	-	10,-	-
(-)	-	-	-	1,0,1	-	1,-,-	-
-	-	-	-	-	(0,0)	(0,0)	(0,0)
-	-	-	(-)	-	-	(-)	(-)
-	-	-	1	-	-	1	1
-	-	-	(0)	-	-	(0)	(0)
...	-	(-)	-	(-,-10)	(0,-)	-0,-111	(0,0)
1,-,0	(10,0)	(-,-)	00	(0,-)	(0,-)	1,-,11	-
-0,1	-	-	-	-	-	-,-	-
,0,0	-	-	-	-	-	,0,1	-
,,-	-	-	-	-	-	,,0	-
,,-	-	-	-	-	-	,,-	-
,,1	-	-	-	-	-	,,1	-
1,01,-	-	-	-	-	-	1,01,-,1	-
-	-	-	-	-	-	(-)	-
-	-	-	-	-	-	(-)	-
,,1-	-	-	-	-	-	,,1-	-
,,-	-	-	-	-	-	,,-	-
(1,-)	-	-	-	-	-	(1,0)	-
(1)	-	-	-	-	-	(-)	-
-	10,0	-	-	-	-	10,0	-
-	-	-,-1-	-	-	-	-,-1-	-
-1	-	-	-	(-0,01)	-	1,-,1-	-
1,-	-	-	-	-	(1,-)	-	-
-	-	-	-	-	1,1	1,1	1,1
-	-	-	10,-	-	-	10,-	10,-
-	-	-	-	-	-	-	-
...	-	(1,-)	00	(0,-)	(1,-,1)	-0,-,0	1,1

CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

For the six months ended June 30, 2005 and 2004
 (Amounts in thousands of dollars)

	Six months ended June 30,	
	2005	2004
Operating activities:		
Income from operations	238,039	-
Depreciation and amortization	(105,000)	-
Provision for doubtful accounts	(25,000)	-
Provision for bad debt	-	-
Provision for loss on disposal of assets	-	(1,000)

CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

1. Basis of presentation (continued)

1.1 Basis of presentation (continued)

The following table sets out the components of the consolidated net income (loss) for the six months ended June 30, 2005 and 2004. The components of the consolidated net income (loss) for the six months ended June 30, 2005 and 2004 are presented in the following table:

	Six months ended June 30,	
	2005	2004
	(in thousands of dollars)	
(111) million of depreciation and amortization expense	(70,440)	1,111
gain on the sale of assets	13,338	1,111
gain on the sale of investments		
gain on the sale of property	(18,580)	(1,111)
gain on the sale of investments		
gain on the sale of investments	(75,682)	(1,111)
gain on the sale of investments		
gain on the sale of investments	(75,682)	(1,111)
gain on the sale of investments		
gain on the sale of investments	(0.00)	0.00
gain on the sale of investments	(0.00)	0.00
gain on the sale of investments	(0.00)	0.00
gain on the sale of investments	(0.00)	0.00

The following table sets out the components of the consolidated net income (loss) for the six months ended June 30, 2005 and 2004. The components of the consolidated net income (loss) for the six months ended June 30, 2005 and 2004 are presented in the following table:

	Six months ended June 30,	
	2005	2004
Operating income	3.75%	3.75%
Operating expense	4 years	4 years
Operating income	21.00%	21.00%
Operating expense (consolidated)	0%	0%

The following table sets out the components of the consolidated net income (loss) for the six months ended June 30, 2005 and 2004. The components of the consolidated net income (loss) for the six months ended June 30, 2005 and 2004 are presented in the following table:

2. Hedge Accounting

De Stichting bouwt op de balans van 1 januari 2005 een bedrag van 1.111 miljoen aan reserves op. Het bedrag van 1.111 miljoen is het resultaat van de verkoop van de aandelen van de Stichting Bouwbehoud in 2005. Het bedrag van 1.111 miljoen is het resultaat van de verkoop van de aandelen van de Stichting Bouwbehoud in 2005.

De Stichting bouwt op de balans van 1 januari 2005 een bedrag van 1.111 miljoen aan reserves op. Het bedrag van 1.111 miljoen is het resultaat van de verkoop van de aandelen van de Stichting Bouwbehoud in 2005. Het bedrag van 1.111 miljoen is het resultaat van de verkoop van de aandelen van de Stichting Bouwbehoud in 2005.

5. Accounts receivable, net of allowances

Accounts receivable, net of allowances, is presented in the accompanying consolidated balance sheet. Accounts receivable, net of allowances, is presented in the accompanying consolidated balance sheet. Accounts receivable, net of allowances, is presented in the accompanying consolidated balance sheet.

	June 30, 2005	June 30, 2004
	(\$ in thousands)	
Accounts receivable	177,123	1,000,000
Allowances	9,202	1,000,001
Provision for doubtful accounts	4,689	1,000,000
Provision for sales discounts	5,118	1,000,001
	<u>196,132</u>	<u>1,000,001</u>

6. Inventories

	June 30, 2005	June 30, 2004
	(\$ in thousands)	
Raw materials	53,660	1,000,000
Work in process	100,961	1,000,000
Finished goods	21,881	0,000
	<u>176,502</u>	<u>1,000,000</u>

7. Accounts payable

	June 30, 2005	June 30, 2004
	(\$ in thousands)	
Accounts payable	197,975	1,000,000
Accrued liabilities	25,633	1,000,000
Provision for doubtful accounts	8,052	1,000,000
Provision for sales discounts	17,935	1,000,000
	<u>249,595</u>	<u>1,000,000</u>

10. Income Taxes

Income tax expense for the six months ended June 30, 2005, was \$29.1 million, or 0% of pretax income, compared to income tax expense of \$29.1 million, or 0% of pretax income, for the six months ended June 30, 2004. The change in income tax expense is primarily due to the change in the effective tax rate, which was 0% for the six months ended June 30, 2005, compared to 0% for the six months ended June 30, 2004. The effective tax rate is calculated as income tax expense divided by pretax income.

11. Segment and geographic information

Operating income is reported in three segments: Corporate, Institutional and Retail. Corporate includes the Corporate Bank, Corporate Finance and Corporate Insurance. Institutional includes Institutional Bank, Institutional Finance and Institutional Insurance. Retail includes Retail Bank, Retail Finance and Retail Insurance. Operating income is reported in three geographic regions: North America, Europe and Asia. Operating income is reported in three lines of business: Corporate, Institutional and Retail. Operating income is reported in three lines of business: Corporate, Institutional and Retail. Operating income is reported in three lines of business: Corporate, Institutional and Retail.

	Six months ended June 30,	
	2005	2004
	(\$ in millions)	
Operating income	214,419	1,000
Operating expenses	136,862	1,000
Operating loss	69,626	0
Operating income	41,666	0
Operating expenses	36,606	0
Operating loss	29,129	0
Operating income	528,308	0

Operating income is reported in three segments: Corporate, Institutional and Retail. Operating income is reported in three geographic regions: North America, Europe and Asia. Operating income is reported in three lines of business: Corporate, Institutional and Retail. Operating income is reported in three lines of business: Corporate, Institutional and Retail.

12. (Loss) income from operations

	Six months ended June 30,	
	2005	2004
	(\$ in millions)	
(Loss) income from operations	351,780	1,000
Operating expenses	441	1
(Loss) income from operations	19,950	0

13. Dividend

Dividend payments were made to shareholders of the Company on June 22, 2005. The dividend was \$0.00 per share. The dividend was paid to shareholders of record as of June 15, 2005. The dividend was paid to shareholders of record as of June 15, 2005. The dividend was paid to shareholders of record as of June 15, 2005.

The dividend was paid to shareholders of record as of June 15, 2005. The dividend was paid to shareholders of record as of June 15, 2005. The dividend was paid to shareholders of record as of June 15, 2005.

14. Commitments

(a) Operating lease commitments

The Company has operating lease commitments for office space. The lease term is 10 years. The lease is for a period of 10 years. The lease is for a period of 10 years. The lease is for a period of 10 years.

	At June 30,	
	2005	2004
	(\$ in thousands)	
Operating lease commitments	7,000	10,000
Operating lease commitments	106,000	1,100,000
Operating lease commitments	329,000	1,100,000
	<u>442,000</u>	<u>1,100,000</u>

(b) Capital lease commitments

The Company has capital lease commitments for office equipment. The lease term is 5 years. The lease is for a period of 5 years. The lease is for a period of 5 years. The lease is for a period of 5 years.

(c) Contingent liabilities

The Company has contingent liabilities for legal proceedings. The amount of the contingent liability is \$1,000,000. The amount of the contingent liability is \$1,000,000. The amount of the contingent liability is \$1,000,000. The amount of the contingent liability is \$1,000,000.

The Company has contingent liabilities for legal proceedings. The amount of the contingent liability is \$1,000,000. The amount of the contingent liability is \$1,000,000. The amount of the contingent liability is \$1,000,000. The amount of the contingent liability is \$1,000,000.



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