



---

---

---

---

---



---

---

---

---





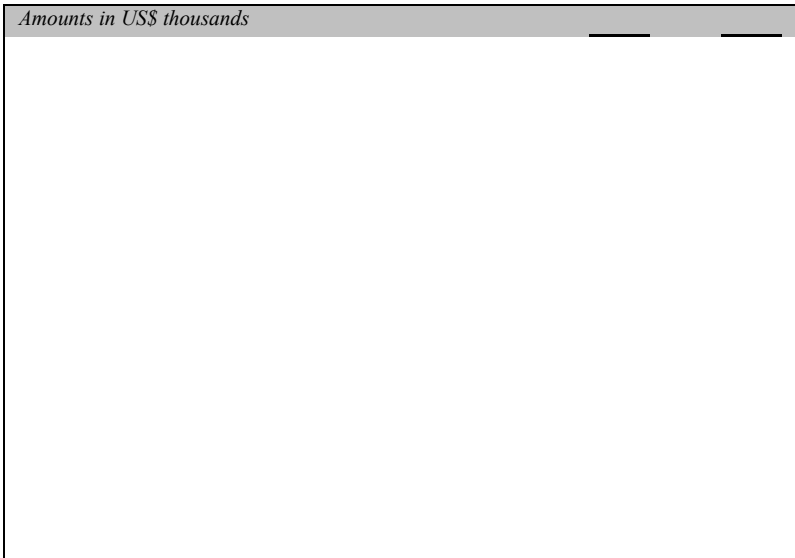




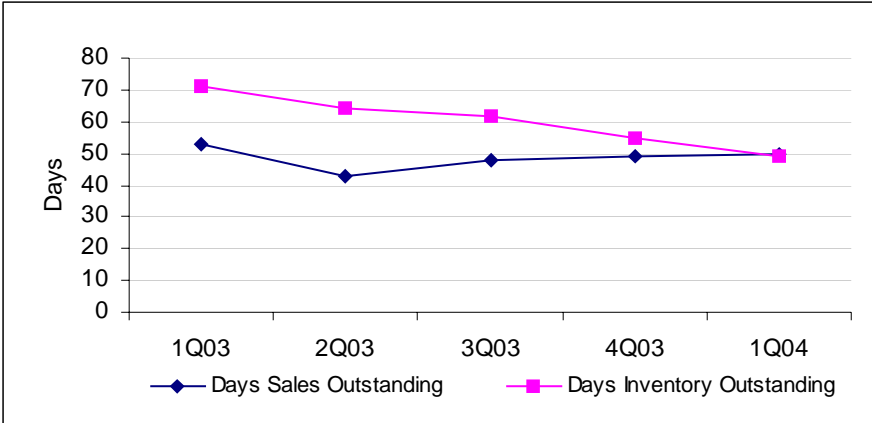
---

## ***Gross profit analysis***

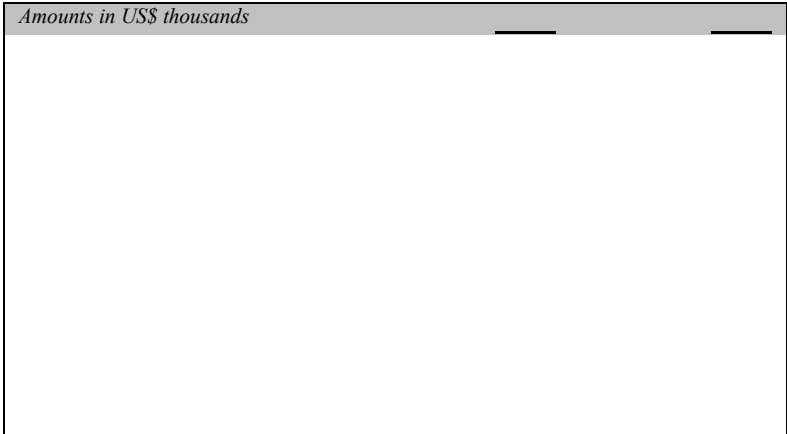
<i>Amounts in US\$ thousands</i>
----------------------------------



**Receivable/Inventory Days trends**



**Capital Structure**







**Semiconductor Manufacturing International Corporation**  
**CONSOLIDATED BALANCE SHEETS**

(In US Dollars)

	For the three months ended		
	Mar. 31, 2004 (unaudited)	Dec. 31, 2003	
	1,373,072,249	445,276,334	
	27,306,329	27,164,603	
March 31, 2004	116,812,161	90,538,517	
	85,479,153	69,923,879	
	17,792,517	15,387,319	
	32,589,744	32,591,363	
	<b>1,653,052,153</b>	<b>680,882,015</b>	
	34,975,122	41,935,460	
	2,115,338,834	1,523,564,055	
	60,973,178	41,120,465	
	3,004,297	3,004,724	
	<b>3,867,343,584</b>	<b>2,290,506,719</b>	
	95,991,558	-	
	-	15,000,000	
	390,071,430	211,762,334	
	-	27,018,043	
	37,972,810	38,351,407	
	50,978,423	33,298,915	
	<b>575,014,221</b>	<b>325,430,699</b>	
	397,898,517	479,960,575	
	<b>397,898,517</b>	<b>479,960,575</b>	
	<b>972,912,738</b>	<b>805,391,274</b>	
shares authorized, shares issued 5,490 on March 31, 2004	7,280,694	9,703	
Series A, 1,000,000,000 shares in 2003 and nil on March 31, 2004	-	381,990	
Series A-1 non-convertible preferred stock, \$0.0001 par value, 1,000,000,000 shares authorized, shares issued and outstanding 219,499,674 in 2002 and nil on March 31, 2004	-	2,195	
Series A-2 convertible preferred stock, \$0.0004 par value, 42,373,000 authorized, shares issued and outstanding 42,373,000 in 2002 and nil on March 31, 2004	-	16,949	
Series B convertible preferred stock, \$0.0004 par value, 50,000,000 authorized, shares issued and outstanding 2,350,000 in 2003 and nil on March 31, 2004	-	940	
Series C convertible preferred share, \$0.0004 par value, 215,285,714 authorized, shares issued and outstanding 181,718,858 in 2003 and nil on March 31, 2004	-	72,688	
Series D convertible preferred shares, \$0.0004 par value, 122,142,857 authorized, shares issued and outstanding 7,142,857 in 2003 and nil on March 31, 2004	-	2,857	
Warrants	124,920	37,839,931	
Additional paid-in capital	3,291,984,495	1,835,907,420	
Subscription receivable from stockholders	(93,000,000)	(105,420,031)	
Notes receivable from stockholders	(34,160,683)	(36,026,073)	
Accumulated other comprehensive income(loss)	254,625	199,827	
Accumulated deficit	(198,677,634)	(207,290,355)	
	<b>2,894,430,846</b>	<b>1,485,115,445</b>	
<b>EQUITY</b>	<b>3,867,343,584</b>	<b>2,290,506,719</b>	
			<b>Balance sheet</b>
			<b>ASSETS</b>
			<b>Current assets:</b>
			Cash and cash equivalents
			Short-term investments
			Accounts receivable, net of allowances of \$76,435 on March 31, 2004 and \$114,473 on December 31, 2003)
			Inventories
			Prepaid expense and other current assets
			Assets held for sales
			<b>Total current assets</b>
			Land use rights, net
			Property, plant and equipment, net
			Acquired intangible assets, net
			Investments held to maturity
			<b>TOTAL ASSETS</b>
			<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>
			<b>Current liabilities:</b>
			Current portion of long-term debt
			Redeemable convertible promissory note
			Accounts payable
			Note payable to stockholder
			Deposits received from stockholders
			Accrued expenses and other current liabilities
			<b>Total current liabilities</b>
			<b>Long-term liabilities:</b>
			Long-term debt
			<b>Total long-term liabilities</b>
			<b>Total liabilities</b>
			<b>Commitments</b>
			<b>Stockholders' equity:</b>
			Common stock, \$0.0004 par value, 50,000,000,000 shares authorized and 242,595,000 in 2003 and 18,201,735 on March 31, 2004
			Series A convertible preferred stock, \$0.0004 par value authorized, shares issued and outstanding 954,977,374 in 2003 and nil on March 31, 2004
			Series A-1 non-convertible preferred stock, \$0.0001 par value, 1,000,000,000 shares authorized, shares issued and outstanding 219,499,674 in 2002 and nil on March 31, 2004
			Series A-2 convertible preferred stock, \$0.0004 par value, 42,373,000 authorized, shares issued and outstanding 42,373,000 in 2002 and nil on March 31, 2004
			Series B convertible preferred stock, \$0.0004 par value, 50,000,000 authorized, shares issued and outstanding 2,350,000 in 2003 and nil on March 31, 2004
			Series C convertible preferred share, \$0.0004 par value, 215,285,714 authorized, shares issued and outstanding 181,718,858 in 2003 and nil on March 31, 2004
			Series D convertible preferred shares, \$0.0004 par value, 122,142,857 authorized, shares issued and outstanding 7,142,857 in 2003 and nil on March 31, 2004
			Warrants
			Additional paid-in capital
			Subscription receivable from stockholders
			Notes receivable from stockholders
			Accumulated other comprehensive income(loss)
			Accumulated deficit
			<b>Total stockholders' equity</b>
			<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>



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

	<b>For the three months ended</b>	
	<b>Mar. 31, 2004</b>	<b>Dec. 31, 2003</b>
	<b>(unaudited)</b>	<b>(unaudited)</b>
Sales	186,936,986	145,047,669
Cost of sales	(124,115,756)	(112,547,691)
Cost of sales - Amortization of deferred stock compensation	(2,665,247)	(1,785,845)
<b>Gross profit (loss)</b>	<b>60,155,983</b>	<b>30,714,133</b>
Operating expenses:		
Research and development	(16,539,866)	(9,340,842)
General and administrative expenses	(10,687,939)	(12,251,115)
Selling and marketing expenses	(1,746,901)	(2,269,596)
Amortization of deferred stock compensation *	(4,338,052)	(2,234,743)
<b>Total operating expense</b>	<b>(33,312,758)</b>	<b>(26,096,296)</b>
<b>Income (loss) from operating</b>	<b>26,843,225</b>	<b>4,617,837</b>
Other income (expenses):		
Interest income	1,483,715	2,982,930
Interest expense	(2,743,377)	(925,647)
Other, net	1,868,584	4,203,136
Provision for income taxes		
	<b>27,452,147</b>	<b>10,878,256</b>
<b>Net income (loss)</b>		
	(18,839,426)	(2,530,728)
<b>Net income(loss) attributable to ordinary shareholders</b>	<b>8,612,721</b>	<b>8,347,528</b>
Net income (loss) per share, basic	0.0033	0.0867
Net income (loss) per ADS, basic (2)	0.1630	4.3340
Net income (loss) per share, diluted	0.0005	0.0005
Net income (loss) per ADS, diluted (2)	0.0273	0.0268
Shares used in calculating basic net income(loss) per share (in millions)	2,641	96
Shares used in calculating diluted net income(loss) per share (in millions)	15,793	15,566
Amortization of deferred stock compensation related to:		
Research and development	1,315,047	947,181
Selling and marketing expenses	628,341	836,871
General and administrative expenses	2,394,664	450,691
	<b>4,338,052</b>	<b>2,234,743</b>

(1) recurring expense items, represent the differences between the sale and conversion preference shares the Company issued in 1Q04 and their respective fair market value at the time of the initial public offering of the Company.

(1) Deemed dividends, which are non-cash and not reflected in the carrying value of the warrants to purchase Series D convertible preference shares. The warrants expired upon the closing of the initial public offering of the Company.  
(2) 1 ADS equals 50 ordinary shares.



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

	For the three months ended		
	Mar. 31, 2004 (unaudited)	Dec. 31, 2003 (unaudited)	
<b>Operating activities</b>			
Income (loss) attributable to holders of ordinary shares	8,612,721	8,347,528	
<b>878,256</b> Net income (loss)	<b>27,452,147</b>	<b>10,600,000</b>	
Adjustments to reconcile net income to net cash provided by (used in) operating activities:			
- Gain on disposal of plant and equipment	(198,351)		
(308,660) Bad debt expense	(38,038)		
897,694 Depreciation and amortization	84,263,652	68,000,000	
397,381 Non-cash interest expense	-		
040,958 Amortization of acquired intangible assets	3,237,098	1,000,000	
020,588 Amortization of deferred stock compensation	7,003,300	4,000,000	
707,201 Stock compensation from Series C convertible preference shares	-	2,000,000	
Changes in operating assets and liabilities:			
receivable	(26,235,606)	(22,881,736)	Accounts r
inventories	(15,555,274)	(325,708)	Inventories
prepaid expenses and other current assets	(1,218,597)	(2,061,024)	Prepaid ex
payable	13,125,287	2,841,578	Accounts p
accrued expenses and other liabilities	17,367,340	(1,121,709)	Accrued ex
<b>provided by (used in) operating activities</b>	<b>109,202,958</b>	<b>64,084,819</b>	<b>Net cash pr</b>
<b>Investing activities</b>			
purchase of property, plant and equipment	(225,979,371)	(163,869,785)	Purchase of p
purchase of acquired intangible assets	-	(705,000)	Purchase of i
purchase of short-term investments	(2,093,043)	(5,020,216)	Purchase of s
purchase of long-term investments	427	-	Purchase of l
sale of short-term investments	2,017,960	-	Sale of short
proceeds received for assets held for sales	445,071	4,562,934	Proceeds rec
proceeds from disposal of plant and equipment	38,057	-	Proceeds fro
<b>used in investing activities</b>	<b>(225,570,899)</b>	<b>(165,032,067)</b>	<b>Net cash us</b>
<b>Financing activities</b>			
proceeds from short-term borrowings	-	(33,624,510)	Proceeds fro
repayment of note payable to stockholder for land use rights	(13,658,773)	-	Repayment c
proceeds from long-term debt	13,929,500	-	Proceeds fro
repayment of redeemable convertible promissory note	(15,000,000)	-	Repayment c
proceeds from issuance of ordinary shares	1,017,051,336	-	Proceeds fro
proceeds from issuance of Series C convertible preference shares	-	92,690,468	Proceeds fro
proceeds from issuance of Series D convertible preference shares	29,975,000	-	Proceeds fro
proceeds from exercise of employee stock options	1,840,682	601,636	Proceeds fro
collection of subscription receivables	12,420,031	79,969	Collection of
change in deposit received from stockholders	(378,597)	7,582,960	Change in de
payments for ordinary shares issuance cost	(1,403,478)	-	Payments for
payment for Series C issuance cost	(600,000)	-	Payment for
<b>provided by financing activities</b>	<b>1,044,175,701</b>	<b>67,330,523</b>	<b>Net cash pr</b>
effect of exchange rate changes	(11,845)	20,125	Effect of excl
<b>increase (decrease) in cash and cash equivalents</b>	<b>927,795,915</b>	<b>(33,596,600)</b>	<b>Net decrease</b>
cash equivalent - 1/1/2004(10/1/2003)	445,276,334	478,872,934	Cash and ca
cash equivalent - 3/31/2004(12/31/2003)	1,373,072,249	445,276,334	Cash and ca