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NEWS RELEASE

SMIC Reports 6 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 GAA*



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 An archived version of the webcast, along with a soft copy of this news release will be available on the SMIC website for a period of 12 months following the webcast.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 0.35 μ m 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 cyclical 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 6 Operating Results

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

	Q 6	Q 6	QoQ	Q 5	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 ordinary shares	2,242	(8,743)	-	(40,445)	-
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 – diluted ⁽¹⁾	\$0.0001	(\$0.0005)		(\$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%	

Note:

(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	Q 6	Q 6	4Q 5	Q 5	Q 5
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	Q 6	Q 6	4Q 5	Q 5	Q 5
Logic (including copper interconnect)	66.6%	62.8%	65.3%	65.5%	58.9%
DRAM ⁽¹⁾	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	Q 6	Q 6	4Q 5	Q 5	Q 5
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	Q 6	Q 6	4Q 5	Q 5	Q 5
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 copper interconnect only)	Q 6	Q 6	4Q 5	Q 5	Q 5
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⁾	Q 6	Q 6	4Q 5	Q 5	Q 5
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:

(1) Excluding 0.13μm 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)	Q 6 ⁽¹⁾	Q 6 ⁽¹⁾
Fab 1 (8")	43,000	43,000
Fab 2 (8")	49,034	47,954
Fab 4 (12")	35,438	30,220
Fab 7 (8")	17,216	15,000
Total monthly wafer fabrication capacity	144,688	136,174
Copper Interconnects		
Fab 3 (8")	22,563	21,156
Total monthly copper interconnect capacity	22,563	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.

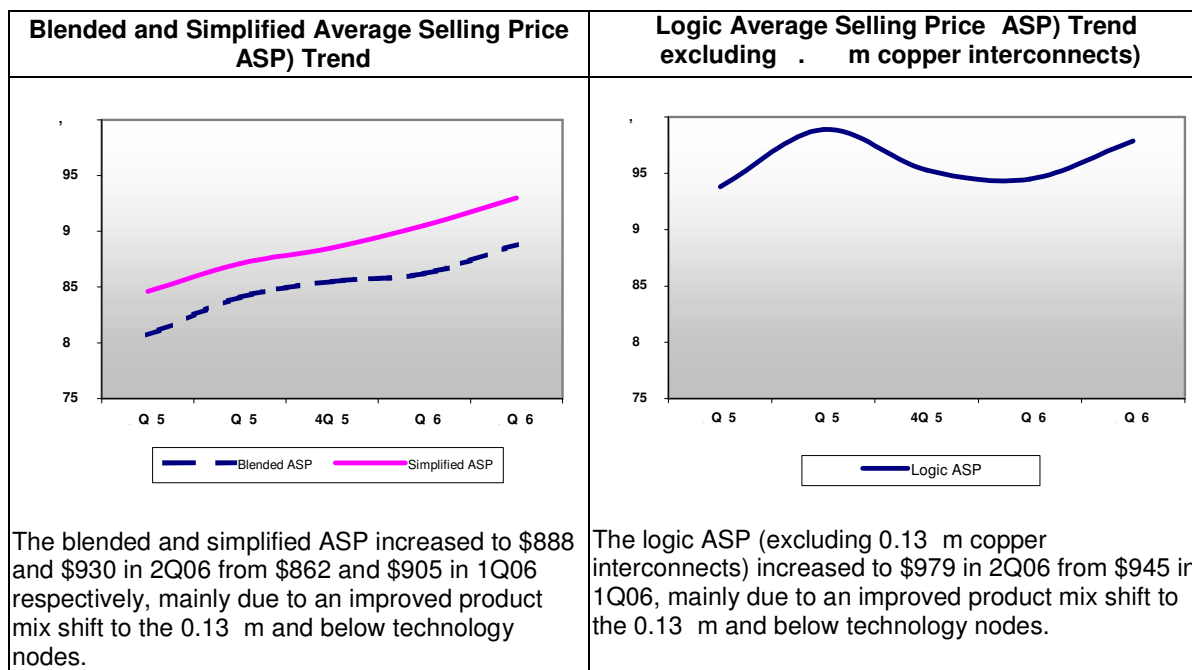
Shipment and Utilization

8" equivalent wafers	Q 6	Q 6	4Q 5	Q 5	Q 5
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%

Note:

(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

<i>Amounts in US\$ thousands</i>	Q 6	Q 6	QoQ	Q 5	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

<i>Amounts in US\$ thousands</i>	Q 6	Q 6	QoQ	Q 5	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)

<i>Amounts in US\$ thousands</i>	Q 6	Q 6	QoQ	Q 5	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

<i>Amounts in US\$ thousands</i>	Q 6	Q 6
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

<i>Amounts in US\$ thousands</i>	Q 6	Q 6
Cash and cash equivalents	584,643	485,121
Short-term investment	3,487	3,525
Current portion of promissory note	29,242	29,493
Promissory note	90,537	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

<i>Amounts in US\$ thousands</i>	Q 6	Q 6
Net income	2,242	(8,743)
Depreciation & amortization	220,242	210,595
Amortization of acquired intangible assets	11,041	11,024
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 6 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
http://www.smics.com/website/enVersion/Press_Center/pressRelease.jsp
for further details regarding the recent announcements.*



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

	June 30, 2006 (unaudited)	March 31, 2006 (unaudited)
ASSETS		
Current assets:		
Cash and cash equivalents	1,088,925,543	942,614,233
Accounts receivable	---	---
Prepaid expenses and other receivables	---	---
Inventory	---	---
Other current assets	---	---
Total current assets	1,088,925,543	942,614,233
Non-current assets:		
Property, plant and equipment	---	---
Intangible assets	---	---
Other non-current assets	---	---
Total non-current assets	---	---
TOTAL ASSETS	4,730,006,706	4,481,589,758
LIABILITIES AND STOCKHOLDERS' EQUITY		
Liabilities:		
Accounts payable	---	---
Other liabilities	---	---
Total liabilities	---	---
Stockholders' equity:		
Common stock	---	---
Retained earnings	---	---
Total stockholders' equity	---	---



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

June 30, 2006
(unaudited)

March 31, 2006
(unaudited)

	June 30, 2006 (unaudited)	March 31, 2006 (unaudited)
Revenue		
Cost of sales		
Gross profit		
Operating expenses		
Operating income		
Other income		
Other expenses		
Income before income taxes		
Income tax expense		
Net income		

