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PSI TECHNOLOGIES REPORTS FOURTH QUARTER AND YEAR-END 2002 RESULTS

Santa Clara, CA & Manila, Philippines – February 6, 2003 – PSi Technologies Inc., (NASDAQ: PSIT), a leading independent provider of assembly and test services for the power semiconductor market, today announced financial results for the fourth quarter and twelve months ended December 31, 2002:

Highlights for the quarter

- Revenue of \$18.7 million, an increase of 44% on a year-over-year basis.*
- Gross margin of 4.1%, an increase of 410 basis points on a year-over-year basis.*
- EBITDA of \$1.9 million, an increase of 62% on a year-over-year basis.*
- EPS of \$(0.12) versus \$(0.13) in 4Q01.*
- Sequential revenue growth of 5-10% expected for 1Q03, profitability targeted by the second half of 2003.*

Fourth Quarter Financial Results

Revenues for the fourth quarter of 2002 totaled \$18.7 million, a (3.6)% sequential decrease compared to \$19.4 million in the previous quarter, and a 44% increase compared to \$13.0 million in revenues for the fourth quarter of 2001. Revenues from the top 5 customers of the Company were \$15.2 million, a (2.8)% decline compared to \$15.7 million in the previous quarter, and a 56% increase compared to \$9.8 million in the fourth quarter of 2001.

“We are proud of our accomplishments,” said Arthur J. Young, Jr. “Despite seasonality in the business, the Company built and sold more product in the fourth quarter of 2002, than in other similar periods in the company’s history.” Historically, the Company’s revenues decline from the third to the fourth quarter due to the lesser number of working days.

Power semiconductor packages comprised 92.9% of total fourth quarter revenue, or \$17.4 million, a (2.8)% sequential decrease in sales versus \$17.9 million in the previous quarter. Power packages increased 59% year-over-year, from \$10.9 million in 4Q01. Overall unit volumes declined sequentially by (5.7)% and were higher by 72.9% year-over-year.

In terms of geographic distribution, US and European based customers comprised 38% and 50% of sales, respectively, from 52% and 27%, respectively, in the same period last year. Asia accounted for the remainder.

The Company's largest customers for the fourth quarter (in alphabetical order) were Infineon Technologies, ON Semiconductor, Philips, and ST Microelectronics. "PSi's extensive offering of power packages has made PSi the preferred assembly and test provider to some of the fastest growing power semiconductor device manufacturers in the world," said Young. "Products packaged for those customers are used in a variety of end applications, with particular focus on automotive systems, consumer electronics, communications equipment, industrial applications, home appliances and PC motherboards."

During the quarter, PSi developed and increased our packaging capabilities for CoolMOS™, Pentawatt, Bipolar Junction Transistors, and Small Signal Dual Diode technologies.

In line with guidance, gross profit margin was 4.1%, compared with 4.9% in the previous quarter. It was 0% in the same period last year. Gross profit was \$758 thousand in the fourth quarter, compared to \$952 thousand in the previous quarter, and a slight loss for the fourth quarter of 2001.

According to Young, "We have made gains in improving the efficient and productive use of resources such as direct labor and capital equipment, while streamlining certain manufacturing related costs."

EBITDA for the fourth quarter of 2002 was \$1.9 million, a (10.8)% sequential decrease compared to \$2.2 million for the third quarter of 2002, and a 62% increase compared to \$1.2 million for the fourth quarter of 2001. EBITDA margin was 10.4% for the quarter compared to 11.2% in the prior quarter and 9.2% in the year-ago quarter.

Operating expenses increased by 2.7% sequentially due to higher research and development expenses and seasonal increase in administrative expenses. Operating loss for the fourth quarter was \$(1.6) million, compared to \$(1.3) million in the previous quarter and \$(1.8) million in the fourth quarter of 2001.

Fourth quarter net loss was \$(1.7) million or \$(0.12) per diluted share compared to \$(1.4) million, or \$(0.11) per diluted share in the previous quarter, and \$(1.7) million or \$(0.13) per diluted share in the fourth quarter of 2001.

Full Year Results

Full year 2002 revenues totaled \$70.3 million, an increase of 31.4% versus full year 2001 revenues of \$53.5 million. Comparatively, the total semiconductor market grew by 2% while the power semiconductor segment expanded at a higher 6.4% in 2002, based on estimates by the Semiconductor Industry Association.

"We believe the strong recovery in the company's revenues validates the strength of our business model as a provider of outsourced assembly and test services, to the power semiconductor market," Young stated.

Power semiconductor revenues totaled \$62.6 million, an increase of 40.7% compared to \$44.5 million in 2001.

The Company experienced broad based growth across its European business, with the region contributing 40% of total sales, from 27% in 2001. US based customers still comprised the majority, with 48% of sales, from 53% previously. Asia accounted for the remainder.

PSi built 1.2 billion units in 2002, a production record for the Company. Overall unit volumes increased 62% year-over-year. Power semiconductor unit volumes increased by 81%.

New packages developed during the year accounted for 5% of full year revenue.

Full year gross profit was \$2.5 million, an increase of 14.1% compared to \$2.2 million for full year 2001. Gross profit margin was 3.6% for 2002.

EBITDA was \$6.8 million for full year 2002, versus \$6 million for full year 2001. EBITDA margin was 9.7% for 2002.

2002 operating loss was \$(6.2) million, compared to \$(5.1) million for 2001.

Net loss totaled \$(6.5) million or \$(0.49) per diluted share for the year ended December 31, 2002, compared to a net loss of \$(5.5) million, or \$(0.41) per diluted share for 2001.

Balance Sheet Highlights

Cash and cash equivalents totaled \$1.1 million at end December 2002, versus \$1.8 million in 2001. For the year, EBITDA and suppliers credit were the primary sources of funding for capital expenditures. Capital expenditures totaled \$17.9 million in 2002, lower than \$21.5 million in 2001. The Company availed of \$2.3 million in short-term loans in 2002, versus \$4.2 million in 2001.

The Company ended the year with total liabilities of \$38.8 million including \$6.5 million in short-term bank financing and \$2.5 million in liabilities related to the ON Guadalajara offload program, versus \$73.9 million in total shareholders' equity.

“To support expansion and short-term debt refinancing activities, we are in discussions with various financial institutions to take advantage of historically low interest rates by securing long-term financing,” said Thelma G. Oribello, Chief Financial Officer.

Tangible book value was \$5.52 per share at December 31, 2002.

Business Outlook

Commenting on the Company's business outlook and go-forward strategies, Chairman and CEO Young said, “Based on our quarter ending inventory and order book, we anticipate 5 -10% sequential growth in the first quarter, and double-digit percentage growth in the second. Barring any unforeseen circumstances and in line with the recovery of the semiconductor market, we expect the balance of the year to be strong, with PSi continuing to gain market share as the preferred outsourced assembly and test provider to the power semiconductor market.

The company has intensified its internal operational excellence initiatives to enable its cost reduction programs to catch up to price reduction curves.

“We expect the company, driven by increased demand and operational excellence initiatives, to be profitable by the second half of the year,” Young concluded.

Conference Call and Webcast

Company management will hold a conference call to discuss fourth quarter 2002 operating results on Thursday, February 6, 2003, at 5:00 p.m. EST/2:00 p.m. PST. Interested parties should call 888-413-4411 (for domestic callers) or 703-871-3795 (for international callers) at least 5 minutes before start time, and ask the operator for the PSi conference call. A live webcast will also be available through www.companyboardroom.com, and the investor relations section of the Company's website at www.psitechnologies.com.

A replay of the conference call will be available at 888-266-2086 (for domestic callers) and 703-925-2435 (for international callers) through February 13, 2003; the passcode number is 6387072. The webcast replay will be available for 90 days.

About PSi Technologies

PSi Technologies is a focused independent semiconductor assembly and test service provider to the power semiconductor market. The Company provides comprehensive package design, assembly and test services for power semiconductors used in telecommunications and networking systems, computers and computer peripherals, consumer electronics, electronic office equipment, automotive systems and industrial products. Their customers include most of the major power semiconductor manufacturers in the world such as Fairchild Semiconductor, Infineon Technologies, ON Semiconductor, Philips Semiconductor, and ST Microelectronics. For more information, visit the Company's web site at www.psitechnologies.com.

Safe Harbor Statement

This press release contains forward-looking statements that involve risks and uncertainties. Actual results may differ materially. Factors that might cause a difference include, but are not limited to, those relating to the pace of development and market acceptance of PSi's products and the power semiconductor market generally, commercialization and technological delays or difficulties, the impact of competitive products and technologies, competitive pricing pressures, manufacturing risks, the possibility of our products infringing patents and other intellectual property of third parties, product defects, costs of product development and manufacturing and government regulation. PSi will not update these forward-looking statements to reflect events or circumstances after the date hereof. More detailed information about potential factors that could affect PSi's financial results is included in the documents PSi files from time to time with the Securities and Exchange Commission.

-Financial Tables Follow -

PSi Technologies Holdings, Inc.
Unaudited Income Statement
(in US Dollars)

	Three Months Ended		Twelve Months Ended	
	31-Dec-2002 Unaudited	31-Dec-2001 Audited	31-Dec-2002 Unaudited	31-Dec-2001 Audited
Sales	18,714,057	13,036,517	70,317,404	53,511,576
Cost of Sales	17,955,644	13,042,786	67,778,164	51,285,615
Gross Profit	758,413	(6,269)	2,539,240	2,225,961
Operating Expense				
Research & Development	376,588	209,252	1,374,690	691,394
Stock Compensation Cost	59,988	59,988	239,953	239,953
Administrative Expense	1,632,083	1,263,919	6,016,326	5,423,808
Marketing Expense	254,279	256,095	1,106,410	965,403
	<u>2,322,938</u>	<u>1,789,254</u>	<u>8,737,379</u>	<u>7,320,558</u>
Operating Profit / (Loss)	(1,564,525)	(1,795,523)	(6,198,139)	(5,094,597)
Other Income/(Charges)	(99,764)	166,310	(337,220)	(321,329)
Income before Tax	(1,664,289)	(1,629,213)	(6,535,358)	(5,415,926)
Income before Minority Interest	(1,664,289)	(1,612,239)	(6,535,358)	(5,413,097)
Net Income / (Loss)	<u>(1,669,700)</u>	<u>(1,710,404)</u>	<u>(6,544,653)</u>	<u>(5,507,878)</u>
EBITDA	1,947,309	1,198,939	6,827,310	6,093,871
No. of Shares Outstanding	13,395,848	13,395,848	13,395,848	13,395,848
EPS	(0.12)	(0.13)	(0.49)	(0.41)

PSi Technologies Holdings, Inc.
Unaudited Consolidated Balance Sheet
(in US Dollars)

	As of	
	31-Dec-2002	31-Dec-2001
	Unaudited	Audited
ASSETS		
Cash & Cash Equivalents	1,082,746	1,792,020
Accounts Receivable	14,269,949	10,286,536
Inventories	8,566,421	7,300,382
Prepaid Expenses & Tax Credit Receivables	2,575,824	2,872,647
Total Current Assets	26,494,939	22,251,585
Property & Equipment	137,368,962	119,802,817
Accumulated Depreciation	53,101,754	39,791,725
Property, Plant & Equipment - Net	84,267,208	80,011,093
Investment and Advances	141,881	143,388
Other Assets	2,066,611	2,758,670
TOTAL ASSETS	112,970,639	105,164,736
LIABILITIES & STOCKHOLDERS' EQUITY		
Accounts Payable & Other Expenses	15,431,484	11,146,263
Accounts Payable - CAPEX	10,841,262	4,912,116
Bank Loans	6,500,000	4,200,000
Trust Receipts	3,295,234	1,080,216
Current Portion of Long-Term Debt	2,572,397	581,270
Current Portion of Obligation under Capital Lease	104,724	102,811
Total Current Liabilities	38,745,101	22,022,675
Long-Term Liability (net of current)	-	2,525,238
Obligation under Capital Leases (net of current)	67,644	163,524
Total Liabilities	38,812,745	24,711,437
Minority Interest	225,752	216,458
Equity		
Common Stock	590,818	590,818
Additional Paid-in-Capital	68,127,394	67,887,441
Sub-Total Equity	68,718,212	68,478,259
RETAINED EARNINGS / (DEFICIT)		
Year-to-Date Profit & Loss	(6,544,653)	(5,507,878)
Previous Year's Retained Earnings	11,719,653	17,227,529
Other Comprehensive Income	38,931	38,931
Sub-Total Retained Earnings	5,213,931	11,758,582
Total Equity	73,932,142	80,236,841
TOTAL LIABILITIES & S'HOLDERS' EQUITY	112,970,639	105,164,736

PSi Technologies Holdings, Inc.
Consolidated Statement of Cashflows
(In US Dollars)

	Twelve Months ended	
	31-Dec-02 Unaudited	31-Dec-01 Audited
CASH FLOW FROM OPERATING ACTIVITIES		
Net Income	(6,544,653)	(5,507,878)
Adjustments to reconcile net income to net cash provided by operating activities:		
Minority Interest	9,294	94,780
Stock Compensation Cost	239,953	239,953
Depreciation and amortization	13,645,567	12,034,980
Provision for Deferred Income Tax		(30,066)
Equity in net loss (Gain) of an investee	(88)	425
Change in assets & liabilities		
Decrease (Increase) in:		
Accounts Receivable	(3,983,413)	(102,512)
Inventories	(1,266,039)	2,209,242
Other Current Assets & Tax Credit Receivables	296,823	(80,716)
Increase (Decrease) in:		
Accounts Payable and other expenses	10,214,367	(4,414,437)
Net Cash Provided by Operating Activities	<u>12,611,811</u>	<u>4,443,770</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Additions to property & equipment	(17,901,682)	(18,406,988)
Decrease (increase) in investments & advances	1,595	24,242
Decrease (increase) in other assets	692,059	(1,327,299)
Net Cash Used in Investing Activities	<u>(17,208,027)</u>	<u>(19,710,045)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Net avails/(payments) of short-term loans	2,300,000	4,200,000
Trust Receipts & acceptances payable	2,215,018	1,080,216
Net availment/(payments) of stock issuance cost		(187,406)
Net Availment/(payment) of long-term liability	(534,111)	-
Net avails/(payments) of obligation under capital leases	(93,967)	(26,843)
Net Cash provided by (used in) Financing Activities	<u>3,886,940</u>	<u>5,065,966</u>
NET INCREASE (DECREASE) IN CASH & EQUIVALENTS	<u>(709,275)</u>	<u>(10,200,309)</u>
CASH & CASH EQUIVALENTS AT BEGINNING OF PERIOD	<u>1,792,021</u>	<u>11,992,329</u>
CASH & CASH EQUIVALENTS AT END OF PERIOD	<u>1,082,746</u>	<u>1,792,020</u>
 SUPPLEMENTAL INFORMATION ON NONCASH FINANCING AND INVESTING ACTIVITIES		
Machinery, equipment and accessories acquired under a long-term liability arrangement from a customer		3,106,507.82
Equipment acquired under capital lease arrangement		293,178.00

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