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PSI TECHNOLOGIES REPORTS THIRD QUARTER 2002 RESULTS

Santa Clara, CA & Manila, Philippines – October 28, 2002. PSi Technologies Inc., (NASDAQ: PSIT) a leading independent provider of assembly and test services for the power semiconductor market, today announced its third quarter 2002 financial results.

- Revenues higher by +10% sequentially to \$19.42 million; +80% year-on year
- Gross Profit Margin: up by 180 basis points to 4.9%, vs. 3.1% in 2Q02 & -3.3% in 3Q01
- EBITDA higher by +33% sequentially to \$2.18 million; + 244% year-on-year
- Net Loss -\$1.4 million in 3Q02 vs. -\$1.7 million in 2Q02 & -\$2.2 million in 3Q01
- Earnings per diluted share -\$0.11 versus -\$0.17 in 3Q01

THIRD QUARTER FINANCIAL RESULTS

Revenues for the third quarter of 2002 amounted to \$19.42 million, a 10% sequential increase versus \$17.65 million in the previous quarter, and an 80% year-on-year improvement compared to \$10.8 million in revenues in the same quarter last year. For the nine months ended 30 September 2002, revenues increased 27% year-on-year to \$51.6 million, versus \$40.5 million in the same period last year. In 2001, total revenue for the full year was \$53.5 million.

Power devices accounted for 91% of total sales or \$17.7 million, a 14% sequential increase versus \$15.5 million in the second quarter. Overall unit volumes increased 11% sequentially and 115% year-on-year.

Arthur Young, Jr., Chairman and CEO, stated, “The strong sequential and year-on-year growth in the company’s revenues and volumes, despite flat end markets and difficult industry conditions, establishes our recovery from the downturn and validates our decision to focus on the power semiconductor niche market. It is a strong indication of the persisting trend towards outsourcing by our customers and consolidation of outsourced volumes towards fewer subcontractors.

PSi Technologies continues to capitalize on this trend and gain market share by emphasizing customer satisfaction through lower costs, shorter cycle times and ensuring delivery commitments through sustained enhancements in manufacturing systems and processes. This deepened and broadened our customer relationships and led to genuine partnerships.

Our top 5 customers (in alphabetical order) for the third quarter were Fairchild, Infineon Technologies, On Semiconductor, STMicroelectronics, and Texas Instruments. The products that we package for these customers go into automotive systems, consumer electronics, communications equipment, industrial applications, home appliance, and PC motherboards.”

PSi Technologies sustained its package development activities and built up our capability to package Triac, MOSFET/JFET and OptiMOS[®] Technologies into various package families for our customers.

“As a result of higher sales and tighter cost controls, gross profit and EBITDA margin exhibited substantial improvement at PSi Technologies”, said Young.

Gross profit margin increased by 180 basis points to 4.9% of revenue, from 3.1% in the previous quarter and -3.3% in the same period last year. Gross profit stood at \$951,558 in the third quarter, a 72% sequential improvement over the second quarter’s \$554,120 gross profit. According to Young, “Cost of sales as a percentage of revenue declined to 95.1% of sales, a result of research & development activities geared towards qualifying alternative materials and processes that lower costs. In the same period last year, cost of sales was 103.3% of revenue.”

For the nine month period ended September 2002, gross profit was \$1.7 million, versus \$2.2 million in the same period last year.

EBITDA for the quarter was \$2.2 million, expanding 33% quarter-on-quarter. EBITDA margin improved by 190 basis points to 11.2% of revenues from 9.3% and 5.9% in the previous quarter and same period last year, respectively.

For the nine-month period ended September 2002, EBITDA was \$4.9 million, versus \$4.6 million in the same period last year.

Operating profit for the third quarter amounted to a loss of \$1.3 million, lower than an operating loss of \$1.6 million in the previous quarter, and a loss of \$2.2 million in the same quarter last year. The significant improvement in operating profit is due to the increase in sales, the improvement in gross profit and tighter control of operating expenses. As a percentage of sales, operating expenses declined by 64 basis points to 11.6% of revenues in the third quarter, from 12.3% in the second and 16.7% in the same period last year.

For the nine months ended September 30, 2002, operating profit amounted to a loss of \$4.6 million, compared to a similar loss of \$3.3 million in the same period last year.

Net income for the quarter amounted to a loss of \$1.4million (or -\$0.11 per diluted share). This is a 15% reduction in net loss against the \$1.7 million (or -\$0.12 per diluted share) in the previous quarter, and a 36% reduction over a net loss of \$2.2 million (or -\$0.17 per diluted share) in the same quarter last year.

For the nine months ended September 30, 2002, net income amounted to a loss of \$4.9 million (or -\$0.36 per diluted share), compared to a similar loss of \$3.8 million (or -\$0.28 per diluted share) in the same period last year.

“The sequential improvement in gross and EBITDA margins over the past four quarters is evidence of our efforts and commitment to turning around the bottom-line performance of the company,” said Young.

Business Outlook

Regarding the Company’s outlook for the business and its strategies going forward, Chairman and CEO Young said the following:

“Traditionally, fourth quarter revenues are lower on a sequential basis versus the third quarter due to the number of holidays in the Philippines. We are likewise cautious due to limited visibility in our end markets over the short-term, as a larger percentage of our customers’ orders are received and shipped within the quarter.

Indications from our customers and third quarter ending dice sales lead us to expect flat to slightly lower revenues of as much as 5% on a sequential basis, in the fourth quarter. Improved customer relations and production planning should enable the company to more proactively manage its orders and better utilize its productive equipment, as we receive and ship more orders on a turns basis. PSi Technologies’ business model and diverse customer mix enables it to offset volume weakness of one customer, with strength from another.

Gross profit margin is expected to range between 4 to 5%.

Moving forward, we expect many of our customers to see the benefit of the outsourcing model as a tool to reduce cost and improve asset returns, a model for which PSi Technologies is uniquely positioned to take advantage of in the power semiconductor assembly and test space.”

Balance Sheet Highlights

“PSi Technologies generated positive operating cash flow of \$6 million in the third quarter, and \$15 million in the first nine months of the year. This was achieved through tighter focus in reducing accounts receivable and inventory days, which now stand at 48 days and 35 days respectively, from 55 and 43 days respectively in the second quarter,” according to Thelma G. Oribello, Chief Financial Officer.

The company utilized suppliers’ credits in financing its capital expenditures program, which amounted to \$3.5 million in the quarter, and \$13.5 million in the first nine months of the year, versus \$6.9 million and \$19.2 million respectively, in the same periods last year. The capital build-up was instituted to support sales in certain high volume product lines.

The company reduced its bank debt during the quarter by \$1.4 million, and ended the quarter with \$3.35 million in bank debt, against \$4.75 million in the second quarter. Long-term liabilities of \$2.25 million relate to the ON Semiconductor Guadalajara offload program. Cash and cash equivalents stood at \$1.5 million in the third quarter.

Tangible book value was \$5.64 per share in the third quarter.

Conference Call

Company management will hold a conference call on its third quarter 2002 operating results on Monday, October 28, 2002, at 5:00 p.m. EST/2:00 p.m. PST. Interested parties should call (888) 467-1742 (for domestic callers) or (703) 871-3722 (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 November 5, 2002; the passcode number is 6260433. The webcast replays 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 Philips Semiconductor, ON Semiconductor, Texas Instruments, Fairchild Semiconductor, ST Microelectronics, Infineon Technologies and National Semiconductors. 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 Consolidated Income Statement
(in US Dollars)

	For the Quarter Ending		
	30-Sep-2002	30-Jun-2002	30-Sep-2001
Sales	19,419,254	17,653,307	10,802,704
Cost of Sales	18,467,696	17,099,187	11,161,934
Gross Profit	951,558	554,120	(359,230)
Operating Expense			
Research & Development	347,344	353,260	172,782
Stock Compensation Cost	59,988	59,988	59,988
Administrative Expense	1,598,948	1,432,678	1,325,380
Marketing Expense	255,380	322,903	241,937
	<u>2,261,660</u>	<u>2,168,830</u>	<u>1,800,088</u>
Operating Profit	(1,310,102)	(1,614,709)	(2,159,318)
Other Income/(Charges)	(89,393)	(52,751)	(56,766)
Income before Tax	(1,399,495)	(1,667,460)	(2,216,084)
Income before Minority Interest	(1,399,495)	(1,667,460)	(2,216,084)
Net Income	<u>(1,413,909)</u>	<u>(1,661,831)</u>	<u>(2,214,756)</u>
EBITDA	2,182,280	1,637,681	634,489
No. of Shares Outstanding	13,395,848	13,395,848	13,395,848
EPS	(0.11)	(0.12)	(0.17)

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

	For the Nine Months Ended	
	30-Sep-2002	30-Sep-2001
Sales	51,603,347	40,475,059
Cost of Sales	49,952,234	38,242,828
Gross Profit	1,651,113	2,232,230
Operating Expense		
Research & Development	964,540	482,142
Stock Compensation Cost	179,965	179,965
Administrative Expense	4,277,718	4,159,889
Marketing Expense	868,586	709,309
	<u>6,290,809</u>	<u>5,531,305</u>
Operating Profit	(4,639,696)	(3,299,074)
Other Income/(Charges)	(231,373)	(487,638)
Income before Tax	(4,871,069)	(3,786,713)
Income before Minority Interest	(4,871,069)	(3,797,474)
Net Income	<u>(4,874,952)</u>	<u>(3,797,474)</u>
EBITDA	4,884,413	4,564,179
No. of Shares Outstanding	13,395,848	13,395,848
EPS	(0.36)	(0.28)

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

	As of	
	30-Sep-2002	30-Jun-2002
ASSETS		
Cash & Cash Equivalents	1,470,679	1,659,169
Accounts Receivable	12,411,556	12,580,818
Inventories	7,903,517	8,458,596
Prepaid Expenses & Tax Credit Receivables	3,103,089	3,333,320
Total Current Assets	24,888,841	26,031,903
Property & Equipment	133,034,175	129,694,768
Accumulated Depreciation	49,583,215	46,309,065
Property, Plant & Equipment - Net	83,450,960	83,385,703
Investment and Advances	157,705	142,390
Other Assets	3,912,144	2,579,112
TOTAL ASSETS	112,409,651	112,139,107
 LIABILITIES & STOCKHOLDERS' EQUITY		
Accounts Payable & Other Expenses	18,072,836	15,497,450
Accounts Payable - CAPEX	9,485,418	9,802,325
Bank Loans	3,350,000	4,750,000
Trust Receipts	2,941,621	2,145,005
Current Portion of Long-Term Debt	77,228	77,228
Current Portion of Obligation under Capital Lease	31,591	76,635
Total Current Liabilities	33,958,694	32,348,643
Long-Term Liability (net of current portion)	2,525,238	2,525,238
Obligation under Capital Leases (net of current portion)	163,524	163,524
Total Liabilities	36,647,455	35,037,405
Minority Interest	220,341	205,927
Equity		
Common Stock	590,818	590,818
Additional Paid-in-Capital	68,067,405	68,007,417
Sub-Total Equity	68,658,223	68,598,235
RETAINED EARNINGS / (DEFICIT)		
Year-to-Date Profit & Loss	(4,874,952)	(3,461,043)
Previous Year's Retained Earnings	11,719,653	11,719,653
Other Comprehensive Income	38,931	38,931
Sub-Total Retained Earnings	6,883,631	8,297,540
Total Equity	75,541,854	76,895,775
TOTAL LIABILITIES & S'HOLDERS' EQUITY	112,409,651	112,139,107

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

	For the Three Months Ended	
	30-Sep-02	30-Sep-01
CASH FLOW FROM OPERATING ACTIVITIES		
Net Income	(1,413,909)	(2,214,756)
Adjustments to reconcile net income to net cash provided by operating activities:		
Minority Interest	14,414	(1,327)
Depreciation and amortization	3,483,784	3,080,044
Provision for Deferred Income Tax	-	-
Equity in net loss (Gain) of an investee	-	-
Change in assets & liabilities		
Decrease (Increase) in:		
Accounts Receivable	169,262	97,533
Inventories	555,079	1,424,712
Other Current Assets & Tax Credit Receivables	230,231	(76,728)
Increase (Decrease) in:		
Accounts Payable and other expenses	2,575,386	1,120,784
Accounts Payable - CAPEX	(316,907)	993,091
Trust Receipts & acceptances payable	796,616	573,152
Current Portion of LT Liability	-	-
Current Portion of Obligation Under Capital Lease	(45,044)	-
Net Cash Provided by Operating Activities	<u>6,048,911</u>	<u>4,996,504</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Additions to property & equipment	(3,549,041)	(6,902,048)
Decrease (increase) in investments & advances	(15,315)	5,527
Decrease (increase) in other assets	(1,333,033)	(811,338)
Net Cash Used in Investing Activities	<u>(4,897,390)</u>	<u>(7,707,859)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Net availments/(payments) of short-term loans	(1,400,000)	950,000
Additional Paid-in-Capital	59,988	59,988
Net Cash provided by (used in) Financing Activities	<u>(1,340,012)</u>	<u>1,009,988</u>
NET INCREASE (DECREASE) IN CASH & CASH EQUIVALENTS	(188,490)	(1,701,367)
CASH & CASH EQUIVALENTS AT BEGINNING OF PERIOD	1,659,169	3,742,547
CASH & CASH EQUIVALENTS AT END OF PERIOD	<u>1,470,679</u>	<u>2,041,180</u>

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

	For the Nine Months Ended	
	30-Sep-02	30-Sep-01
CASH FLOW FROM OPERATING ACTIVITIES		
Net Income	(4,874,952)	(3,797,474)
Adjustments to reconcile net income to net cash provided by operating activities:		
Minority Interest	3,883	(3,384)
Depreciation and amortization	10,077,028	8,645,819
Provision for Deferred Income Tax	-	14,145
Equity in net loss (Gain) of an investee	(88)	(350)
Change in assets & liabilities		
Decrease (Increase) in:		
Accounts Receivable	(2,125,020)	1,329,110
Inventories	(603,134)	3,069,638
Other Current Assets & Tax Credit Receivables	(230,442)	(210,963)
Increase (Decrease) in:		
Accounts Payable and other expenses	6,926,573	(1,572,304)
Accounts Payable - CAPEX	4,573,302	(639,047)
Trust Receipts & acceptances payable	1,861,405	892,817
Current Portion of LT Liability	(484,540)	-
Current Portion of Obligation Under Capital Lease	(90,722)	-
Net Cash Provided by Operating Activities	15,033,292	7,728,006
CASH FLOW FROM INVESTING ACTIVITIES		
Additions to property & equipment	(13,516,896)	(19,155,206)
Decrease (increase) in investments & advances	(14,229)	(9,304)
Decrease (increase) in other assets	(1,153,474)	(1,107,203)
Net Cash Used in Investing Activities	(14,684,598)	(20,271,714)
CASH FLOW FROM FINANCING ACTIVITIES		
Net availments/(payments) of short-term loans	(850,000)	2,600,000
Additional Paid-in-Capital	179,965	(7,441)
Net Cash provided by (used in) Financing Activities	(670,035)	2,592,559
NET INCREASE (DECREASE) IN CASH & CASH EQUIVALENTS	(321,342)	(9,951,148)
CASH & CASH EQUIVALENTS AT BEGINNING OF PERIOD	1,792,021	11,992,329
CASH & CASH EQUIVALENTS AT END OF PERIOD	1,470,679	2,041,180