



## **PSi TECHNOLOGIES REPORTS FOURTH QUARTER 2008 RESULTS**

**Manila, Philippines – March 6, 2009 – PSi Technologies Holdings, Inc., (PINK SHEETS: PSITY)**, an independent provider of assembly and test services for the power semiconductor market, today announced financial results for the fourth quarter ended December 31, 2008.

### **Fourth Quarter Financial Results**

The fourth quarter revenue totaled \$16.6 million, a decrease of 32.9% compared to \$24.8 million in the third quarter of 2008, and a decrease of 29.1% as compared to the same quarter in 2007. The sequential decrease in sales compared to the third quarter was due primarily to the downturn in demand for our standard package for high power, medium current and fast-switching power devices brought about by the world-wide economic recession. These are commonly used for home appliances, office and industrial equipment, and consumer electronic applications.

The top five customers for the fourth quarter of 2008 (in alphabetical order) were Infineon Technologies, NXP Semiconductors, ON Semiconductors, Power Integrations, and ST Microelectronics. The products assembled and tested for these customers are used in various end user applications, such as automotive systems, consumer electronics, communications equipment, industrial applications, home appliances and PC motherboards.

The cost of sales was \$16.4 million in the fourth quarter, compared to \$21.7 million in the third quarter of 2008. To mitigate the negative impact of the decrease in sales volume, we have been proactively managing our cost structure and have aggressively implemented cost reduction measures. These measures included activities directly improving materials usage and other variable cost during the fourth quarter. We have also implemented temporary and permanent headcount reductions, and completed energy savings projects. Overall, the cost of sales declined by 24.3% during the fourth quarter as compared to the third quarter of 2008.

The fourth quarter gross profit was \$189,687 as compared to \$3.1 million gross profit in the third quarter of 2008. The reduction in gross profit is largely attributed to the significant reduction in sales volume from the third quarter to the fourth quarter of 2008.

Total operating expenses was \$1.9 million in the fourth quarter, down by 20.7% as compared to \$2.4 million in the third quarter of 2008. The decrease in operating expenses is attributable to the implementation of various support and administrative manpower rationalization and various administrative and overhead expense reduction programs. The decrease in gross profit resulted to a loss from operations in the fourth quarter of \$1.7 million, compared to \$0.7 million income from operations in the third quarter of 2008.

Net other expense increased to \$1.3 million from \$0.6 million in the third quarter of 2008 due to the increasing debt discount amortization of the \$7 million exchangeable senior subordinated note issued in June 2005.

Largely due to the decrease in gross profit and increase in net other expenses, we recorded a net loss of \$3.1 million in the fourth quarter as compared to a net income of \$42,060 in the third quarter of 2008.

Given the reduction in sales volume brought about by the downturn in customer loadings, we ended the fourth quarter with a positive EBITDA of \$589,011 or 3.5% of Sales compared with 11.5% in the previous quarter amounting to \$2.9 million.

### **Balance Sheet Highlights**

Cash and cash equivalents totaled \$0.5 million as of December 31, 2008, compared to \$3.4 million as of December 31, 2007. As of December 31, 2008 and 2007, cash held in escrow amounting to \$5.0 million and \$1.1 million, respectively. This is the amount of cash in our bank account held in escrow to cover the short-term bank loans facility. The Non-current assets increased due to various deposits to suppliers of equipments and energy savings projects.

New acquisitions of property, plant and equipment totaled \$4.2 million for the year 2008, mostly related to the purchase of machinery and equipment to improve capacity and support ramp up for new products.

The accounts payables decreased by \$3.8 million due to a combination of improved payments to suppliers and reduced purchases due to less materials and overhead supplies consumption. A portion of the bank short-term loans has been converted to a Letter of Credit-Trust Receipts facility during the year 2008.

Total current liabilities increased by \$0.7 million, from \$37.4 million as of December 31, 2007 to \$38.1 million as of December 31, 2008, mainly due to the reclassification as current liability of our 2005 Exchangeable Senior Subordinated Note (the 2005 Note) which will mature on June 1, 2009. The reclassification of the 2005 Note was partially offset by the decrease in accounts payable and accrued expenses, and loans payable as of December 31, 2008.

As of December 31, 2007, the 2003 Exchangeable Senior Subordinated Note (the "2003 Note") was classified as current liability in the Company's consolidated balance sheet. The 2003 Note issued to Merrill Lynch LLC was amended to mature on July 31, 2008, and subsequently amended again to mature on August 15, 2008. All other terms and conditions remained the same. On August 15, 2008, the 2003 Note was amended to mature on June 1, 2009. The August 15, 2008, amendment, dated August 15, 2008, increases the principal amount of the 2003 Note from \$4 million to \$5.7 million. The 2003 Note is issued by the Company's principal operating subsidiary, and it accrues interest at 10% per year, net of Philippine withholding tax. The 2003 Note is exchangeable into the Company's common stock at a price equal to \$0.2682 per share, the average price per share of the publicly traded ADS for a 90 consecutive days trading period prior to August 15, 2008. On June 1, 2009, Merrill Lynch LLC may redeem the note together with the accrued interest and any unpaid interest.

### **Business Outlook**

Commenting on PSi's business outlook, Arthur J. Young, Jr., Chairman and CEO said, "For the fourth quarter of 2008, we felt the effects of the global credit crisis. Our revenue declined by 33%, which resulted to the reversal of the upward trend of our revenue and profitability. For the first quarter of 2009, we continue to see a very challenging market with visibility continuing to remain cloudy. We continue to adjust our operating cost to align with this new environment."

George A. Shaw, COO stated, "With the dramatic revenue drop in Q4 from Q3, our primary focus was on minimizing our controllable spending in the factories. Both factory teams were very effective in managing their direct spending to minimize our loss for the quarter. We

continued to manage our available labor through reduced work schedules, continued job consolidation and the elimination of several contract and temporary workers.

There are positive areas, as we remain fully loaded in our Power QFN products and new products are in qualification. The capacity increase planned for Q4 was completed. PSi now has qualified for production, Power QFN packages utilizing wire, clip or ribbon bonding to provide our customers with the performance they require for their applications. Qualifications were started for several new proprietary packages for two new customers and the qualification is in progress for our new SOT 227 High Voltage packages. First packages were shipped for our Silicon Carbide high temperature package development. We are currently working with three customers to achieve higher operating temperatures for these packages leading ultimately to a 500° C capable package.”

### **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 Infineon Technologies, ON Semiconductor, Philips Semiconductor, and ST Microelectronics. For more information, visit the Company’s web site at [www.psitechnologies.com](http://www.psitechnologies.com) or call:

### **At PSi Technologies Holdings, Inc.:**

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This press release contains forward-looking statements that involve risks and uncertainties. Actual results and outcomes may differ materially. Factors that might cause a difference include, but are not limited 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, manufacturing and government regulation, risks inherent in emerging markets, including but not limited to, currency volatility and depreciation, restricted access to financing and political and social unrest and the possibility that the initiatives described herein may not produce the intended results. PSi undertakes no responsibility to 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.*  
*Fourth Quarter 2008 Results*

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

	For the Three Months Ended			For the Year Ended	
	31-Dec-08 Unaudited	30-Sep-08 Unaudited	31-Dec-07 Unaudited	31-Dec-08 Unaudited	31-Dec-07 Audited
<b>REVENUES</b>	\$ 16,634,751	\$ 24,804,867	\$ 23,460,578	\$ 85,796,101	\$ 93,512,954
<b>COST OF SALES</b>	16,445,064	21,734,692	22,674,157	80,963,196	88,846,884
<b>GROSS PROFIT</b>	<u>189,687</u>	<u>3,070,175</u>	<u>786,421</u>	<u>4,832,905</u>	<u>4,666,070</u>
<b>OPERATING EXPENSES</b>					
Research and development	298,968	378,606	374,991	1,405,633	1,236,084
Administrative expenses	1,351,792	1,714,374	1,996,722	6,659,283	7,180,351
Special charges	-	-	-	-	683,989
Marketing expenses	264,401	321,532	200,582	1,021,504	845,799
Total Operating Expenses	<u>1,915,161</u>	<u>2,414,512</u>	<u>2,572,295</u>	<u>9,086,420</u>	<u>9,946,223</u>
<b>LOSS FROM OPERATIONS</b>	<u>(1,725,473)</u>	<u>655,663</u>	<u>(1,785,874)</u>	<u>(4,253,515)</u>	<u>(5,280,153)</u>
Interest and bank charges-net	(279,348)	(244,684)	(221,217)	(903,883)	(1,093,159)
Foreign exchange gains(losses)-net	(36,356)	208,498	(665,472)	466,069	(1,003,157)
Lease income	41,370	41,370	41,370	165,480	165,480
Exchangeable Note interest and financing charges	(1,108,280)	(675,382)	(657,283)	(3,232,538)	(2,525,321)
Gain on disposal of assets	4,775	23,578	8,811	(1,466)	41,778
Miscellaneous	33,670	33,017	34,508	122,373	-
Net Other Expense	<u>(1,344,168)</u>	<u>(613,603)</u>	<u>(1,459,283)</u>	<u>(3,383,965)</u>	<u>(4,414,379)</u>
<b>LOSS FROM CONTINUING OPERATIONS BEFORE PROVISION FOR INCOME TAX</b>	<u>(3,069,641)</u>	<u>42,060</u>	<u>(3,245,157)</u>	<u>(7,637,480)</u>	<u>(9,694,532)</u>
PROVISION FOR INCOME TAX	-	-	-	-	19,253
<b>NET LOSS FROM CONTINUING OPERATIONS</b>	<u>(3,069,641)</u>	<u>42,060</u>	<u>(3,245,157)</u>	<u>(7,637,480)</u>	<u>(9,713,785)</u>
<b>NET LOSS FROM DISCONTINUED OPERATIONS</b>	-	-	66,000	0	0
<b>NET LOSS</b>	<u>\$ (3,069,641)</u>	<u>\$ 42,060</u>	<u>\$ (3,311,157)</u>	<u>\$ (7,637,480)</u>	<u>\$ (9,713,785)</u>
<b>EBITDA</b>	\$ 589,011	\$ 2,852,289	\$ 1,275,660	\$ 5,869,674	\$ 7,200,460
<b>No. of Shares Outstanding</b>	13,289,525	13,289,525	13,289,525	13,289,525	13,289,525
<b>EPS- based on Outstanding Shares</b>	\$ (0.23)	\$ 0.00	\$ (0.25)	\$ (0.57)	\$ (0.73)

*PSi Technologies Holdings, Inc.*  
*Fourth Quarter 2008 Results*

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

	31-Dec-08	31-Dec-07
	Unaudited	Audited
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 549,714	\$ 3,414,322
Restricted cash	5,043,831	1,096,376
Accounts receivable-net	7,171,652	12,752,236
Inventories-net	4,955,504	4,477,486
Other current assets-net	403,086	438,430
Total Current Assets	<u>18,123,788</u>	<u>22,178,850</u>
<b>Noncurrent Assets</b>		
Property, plant and equipment-net	21,109,482	26,723,243
Other noncurrent assets-net	1,156,760	876,565
Total Noncurrent Assets	<u>22,266,242</u>	<u>27,599,808</u>
	<u>\$ 40,390,030</u>	<u>\$ 49,778,658</u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued expenses	\$ 17,832,927	\$ 21,647,112
Accounts payable CAPEX	608,302	425,120
Loans Payable	8,050,000	10,020,000
Current portion of exchangeable notes	9,812,385	4,816,349
Advance from customer	-	466,503
Trust receipts payable	1,805,521	52,520
Total Current Liabilities	<u>38,109,135</u>	<u>37,427,604</u>
<b>Noncurrent Liabilities</b>		
Noncurrent portion of exchangeable notes	-	2,027,347
Accrued retirement benefit cost	1,062,534	1,475,276
Total Noncurrent Liabilities	<u>1,062,534</u>	<u>3,502,623</u>
<b>Stockholders' Equity</b>		
Capital stock-Philippine peso 1-2/3 par value		
Authorized-37,058,100 shares		
Issued and outstanding-13,289,525 shares	590,818	590,818
Additional paid-in capital	79,428,984	79,421,574
Other comprehensive loss	280,257	280,257
Deficit	(79,081,698)	(71,444,218)
Total Stockholders' Equity	<u>1,218,361</u>	<u>8,848,431</u>
	<u>\$ 40,390,030</u>	<u>\$ 49,778,658</u>

**PSi Technologies Holdings, Inc**  
**Unaudited Consolidated Statement of Cash Flows**  
**(In US Dollars)**

	For the Year Ended December 31, 2008
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Net loss	\$ (7,637,480)
Adjustments to reconcile net loss to net cash provided by	
Depreciation	9,763,912
Stock compensation costs	7,410
Amortization of debt issuance costs and discount	2,204,614
Interest on exchangeable notes converted to principal	788,786
Accretion of interest receivable from Manila Electric	(35,557)
Unrealized foreign exchange gain	(443,764)
Provision for pension expense	360,370
Loss on disposal of inventories	71,689
Loss on disposal on property and equipment	1,466
Changes in operating assets and liabilities:	
Decrease (increase) in:	
Trade and other receivables	5,114,708
Inventories	(549,707)
Other current assets	23,032
Decrease in trade and other payables	(4,477,558)
Net cash provided by (used in) operating activities	<u>5,191,920</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Acquisitions of property and equipment	(3,543,316)
Increase in other noncurrent assets	(346,785)
Net cash used in investing activities	<u>(3,890,100)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	
Net proceeds from (payments of) trust receipts payable	1,753,001
Net proceeds from (payments of) loans payable	(1,970,000)
Increase in restricted cash	(3,947,456)
Net cash provided by financing activities	<u>(4,164,454)</u>
<b>EFFECT OF EXCHANGE RATE CHANGES ON CASH</b>	<u>(1,974)</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(2,864,608)</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD</b>	<b>3,414,322</b>
<b>CASH AND CASH EQUIVALENTS, END OF PERIOD</b>	<b>\$ 549,714</b>

**SUPPLEMENTAL INFORMATION ON NONCASH INVESTING AND FINANCING ACTIVITIES**

Property and equipment acquired on account under accounts	\$ 608,302
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