PSi TECHNOLOGIES REPORTS FOURTH QUARTER 2003 RESULTS

South San Francisco, CA & Manila, Philippines – February 2, 2004 – PSi Technologies Holdings, 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 fiscal year ended December 31, 2003:

Highlights

- *Revenue of $17.9 million, an increase of 2% on a quarter-over-quarter basis.*
- *Gross margin of 6.5%, an increase of 266 basis points on a quarter-over-quarter basis.*
- *EBITDA margin of 16.3%, an increase of 299 basis points versus 13.3% last quarter.*
- *EPS of $(0.07) per share, versus EPS of $(0.83) in 3Q03 inclusive of a $(0.72) per share asset impairment charge.*
- *Expects up to 25% revenue growth for 2004.*

Fourth Quarter Financial Results

Revenues for the fourth quarter of 2003 totaled $17.9 million, a 2% sequential increase compared to $17.5 million in the previous quarter, and a (5)% decline compared to $18.9 million in revenues for the fourth quarter of 2002. Revenues from the top 5 customers of the Company were $14.6 million, a 2% increase compared to $14.3 million in the previous quarter, and a (4)% decline compared to $15.1 million in the fourth quarter of 2002.

The Company's largest customers for the fourth quarter (in alphabetical order) were Infineon Technologies, ON Semiconductor, Philips and ST Microelectronics. Products packaged for those customers are used in a variety of end user applications, with particular focus on automotive systems, consumer electronics, communications equipment, industrial applications, home appliances and PC motherboards.

"Revenue growth was tempered by an adjustment in inventory by one of our customers, the higher than normal number of public holidays during the fourth quarter of 2003, and management's decision to exit the low-dropout voltage regulator market in the third quarter," said Arthur J. Young, Jr. Chairman and CEO. "Nonetheless, PSi saw a 5% sequential increase in customer bookings, driven primarily by the rebound in loadings for products geared towards consumer electronics and handheld devices, due to strengthening end-user demand."

Power semiconductor packages comprised 94.9% of total fourth quarter revenue, or $17.0 million, a 3% sequential increase in sales versus $16.5 million in the previous quarter, and a (2)% decline compared to $17.4 million in revenues for the fourth quarter of 2002. The average selling prices of power packages increased by 8% on a sequential basis, driven by the shift to higher-priced and higher margin packages.

According to Young, “PSi’s fourth quarter revenue performance reflects our strategic decision to manage our package portfolio and customer mix towards higher ASP and higher margin packages.”

Gross profit margin increased to 6.5%, from 3.8% in the previous quarter. It was 3.0% in the same period last year. Gross profit increased by 72% to $1.2 million from $0.7 million in the third quarter of 2003, and $0.6 million for the fourth quarter of 2002.

Operating loss for the fourth quarter improved to $(0.9) million, compared to $(1.5) million in the previous quarter, driven by higher gross profit margin and the (4)% reduction in operating expenses. Operating loss margin was (5.0)%, improved from (8.5)% in the previous quarter, and (10.3)% in the fourth quarter of 2002.

EBITDA margin was 16.3% for the quarter, up from 13.3% in the third quarter, and 9.6% in the same period last year.

“ Our focus on cost reduction and increased efficiencies continued to bear fruit during the quarter, as consolidated cash cost of goods sold declined by an additional 2 percentage points-or more than $475,000-during the quarter. This was in addition to the 4 percentage point reduction in cash cost of goods sold during the third quarter,” said Young.

Fourth quarter net loss was $(1.2) million or $(0.07) per diluted share, compared to third quarter net loss of $(1.9) million, or $(0.12) per diluted share excluding an asset impairment charge of $12.1 million or $(0.83) per diluted share incurred during the third quarter, and $(2.0) million or $(0.12) per diluted share in the fourth quarter of 2002.

Significant Events

On December 7, 2003, PSi entered into an Investment Agreement with the Management Committee of the Chengdu Hi-Tech Zone, in Chengdu City, Sichuan Province, People’s Republic of China. The Investment Agreement specifies the location and government support contracted by and provided to PSi by the Chengdu Hi-Tech Zone for the establishment of a 100% PSi-owned assembly and test facility.

On January 14, 2004, PSi signed a long-term Supply Agreement with Royal Philips Electronics to provide outsourced power semiconductor assembly and test services through PSi’s facility in Chengdu, Sichuan Province, People’s Republic of China. The products to be packaged and tested for Philips are bipolar power products for consumer electronic devices, white goods, lighting, power supplies and industrials for the international and China markets. As part of the agreement, Philips will progressively transfer its production of bipolar products, currently located in Philips’ assembly and test facility in Cabuyao, Laguna Province, Philippines, to PSi in China. The transfer is expected to commence in the first quarter of 2004 and extend to 2005. PSi currently provides assembly and test services to Philips in the Philippines, augmenting Philips’ internal capacity to meet market demand for its products and packages.

The United States Defense Supply Center Columbus (DSCC) certified PSi on military standard 19500 and 38535 certifications. This will enable the Company to provide assembly and test services for discrete and IC products with military applications, respectively.

Full Year 2003 Results
Revenues for the full year were $77.7 million, an increase of 10% from 2002. Volumes were higher by 23% and ASPs lower by 10%. Gross profit was $2.6 million, or 3.4% of revenues.

Operating expenses remained stable at 11.5% of revenues or $9.0 million, as compared to 12.2% of revenue or $8.6 million in 2002. Operating loss was $(6.3) million, or (8.2)% of revenues versus $(6.6) million, or (9.4)% in 2002. Net loss was $(19.6) million, including a $(12.1) million asset impairment charge, compared to a net loss of $(6.9) million in 2002.

EBITDA margin was 11.7%, up from 10.4% in 2002.

Balance Sheet Highlights
Cash and cash equivalents totaled $0.7 million on December 31, 2003, versus $1.7 million in the end of 2002, as cash was channeled to reduce liabilities related to capital expenditures incurred during 2002.

During the year, the Company generated $12.5 million in cash from operating activities, driven by the growth in revenues, increase in EBITDA margins to 11.7% in 2003 from 10.4% in 2002, and lower receivable and inventory days.

For the full year, the Company spent $9.0 million in capital expenditures and reduced accounts payable related to capital expenditures by $8.2 million. Consequently, Accounts Payable CAPEX declined to $2.6 million in 2003, from $10.8 million in 2002.

PSi raised $4.5 million from financing activities in 2003, including $4.0 million from the issuance of senior subordinated exchangeable note to our principal shareholder, Merrill Lynch Global Emerging Markets Partners LP (MLGEMP).

In accordance with the terms of the subordinated exchangeable note issued to MLGEMP in the fourth quarter, the exchange price at which the note is exchangeable into shares of common stock has been lowered to $1.15 per share, from an exchange price of $1.47 at issuance. The Company's fourth quarter EBITDA of $2.9 million was lower than the fourth quarter Exchangeable Note EBITDA target of $3.92 million.

The Company entered into an agreement to restructure $2.6 million in liabilities related to the equipment offload program undertaken between PSi and ON in 2001. Instead of a final balloon payment on December 2003, the restructuring allows PSi to pay down the liability on a monthly basis at an amount dependent on the loading of ON, with final payment due on June 2005.

Tangible book value was $4.07 per share on December 31, 2003, on outstanding shares of 13,289,525 shares, or $3.23 per share on 16,767,786 shares assuming the exchange of the subordinated exchangeable note at an exchange price of $1.15 per share.

Business Outlook
Commenting on the Company's business outlook and going-forward strategies, Young said: "Customer forecasts have continued to build through the end of the December and early stage of the first quarter of 2004, driven by continued strength in consumer electronics and wireless markets. We anticipate that this could drive a 5 to 10% sequential increase in first quarter revenues."

"For the year, we expect the growth in our end markets to broaden beyond consumer electronics and wireless devices. Outsourcing activities are anticipated to increase as we are in discussions with certain other customers to offload their internal capacity to PSi's facilities. On this basis, we expect annual revenue growth up to about 25%."

"We have allocated 50-60% of our EBITDA towards capital expenditures, including $4.0 million to install facilities and support equipment in the first of two pre-fabricated production buildings in our Chengdu facility. The difference between EBITDA and cash allocated for capital expenditures will allow our cash balance to build," Young concluded.

Conference Call and Webcast

Company management will hold a conference call on its fourth quarter 2003 operating results on Monday, February 2, 2004, at 5:00 p.m. Eastern/2:00 p.m. Pacific. Interested parties should call 800-240-5318 (for domestic callers) or 303-262-2190 (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.fulldisclosure.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 800-405-2236 (for domestic callers) and 303-590-3000 (for international callers) through February 9, 2004; the access code is 567281. 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 or call:

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Safe Harbor Statement

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, 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, 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. 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.
Unaudited Income Statement

	(in US Dollars) For 3 months ended		(in US Dollars) For 12 Months ended	
	31-Dec-03	**31-Dec-02**	**31-Dec-03**	**31-Dec-02**
Sales	$ 17,895,277	$ 18,933,699	$ 77,729,231	$ 70,537,046
Cost of Sales	$ 16,738,526	$ 18,361,022	$ 75,110,632	$ 68,534,705
Gross Profit	**$ 1,156,751**	**$ 572,677**	**$ 2,618,600**	**$ 2,002,341**
Operating Expense				
Research and Development	$ 275,040	$ 375,801	$ 1,481,064	$ 1,253,242
Stock compensation cost	$ 59,988	$ 17,366	$ 239,953	$ 197,331
Administrative Expenses	$ 1,553,029	$ 1,882,728	$ 6,470,514	$ 6,028,604
Marketing Expenses	$ 168,173	$ 255,132	$ 766,752	$ 1,146,760
Subtotal	$ 2,056,231	$ 2,531,027	$ 8,958,283	$ 8,625,937
Operating Profit/(Loss)	**$ (899,480)**	**$ (1,958,350)**	**$ (6,339,683)**	**$ (6,623,596)**
Other Income / (Charges)	$ (310,894)	$ (126,788)	$ (1,194,673)	$ (332,611)
Impairment Charge			$ (12,089,680)	
Income before Tax	$ (1,210,374)	$ (2,085,138)	$ (19,624,037)	$ (6,956,207)
Minority Interest	$ (3,671)	$ 51,687	$ (12,698)	$ 47,805
Net Income	**$ (1,214,046)**	**$ (2,043,130)**	**$ (19,636,735)**	**$ (6,918,082)**
Net Income bef Impairment	**$ (1,214,046)**	**$ (2,043,130)**	**$ (7,547,055)**	**$ (6,918,082)**
EBITDA	**$ 2,922,839**	**$ 1,812,103**	**$ 9,100,633**	**$ 7,331,000**
Shares: Outstanding	$ 13,289,525	$ 13,289,525	13,289,525	13,289,525
Shares: Fully Diluted	$ 16,767,786	$ 16,767,786	16,767,786	16,767,786
EPS: Outstanding	(0.09)	(0.15)	(1.48)	(0.52)
EPS: Fully Diluted	(0.07)	(0.12)	(0.45)	(0.41)

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

ASSETS	**31-Dec-03**	31-Dec-02
Cash & Cash Equivalents	709,965	1,700,572
Accounts Receivable	11,100,494	13,926,565
Inventories	6,114,573	8,471,056
Prepaid Expenses & Tax Credits	2,266,354	2,476,996
Total Current Assets	20,191,386	26,575,189
Property Plant & Equipment	130,927,177	138,741,635
Accumulated Depreciation	62,336,080	53,586,243
Property Plant & Equipment - Net	68,591,097	85,155,392
Investment & Advances	146,440	143,301
Other Assets	1,384,620	1,131,559
TOTAL ASSETS	90,313,543	113,005,441
LIABILITIES & STOCKHOLDER'S EQUITY		
Accounts Payable and Other Expenses	15,928,808	15,560,517
Accounts Payable CAPEX	2,586,834	10,806,346
Bank Loans	8,600,000	6,500,000
Trust Receipts	2,416,569	3,668,734
Current Portion of Long-term Debt	2,372,397	2,572,397
Current Portion of Obligation under Capital Lease	28,243	135,701
Total Current Liabilities	31,932,852	39,243,695
Long-term liability (net of current)	4,000,000	-
Obligation Under Capital Leases (net of current)	115,802	115,935
TOTAL LIABILITIES	36,048,654	39,359,630
Minority Interest	184,514	168,653
Equity		
Common Stock	590,818	590,818
Additional Paid-in-Capital	68,324,724	68,084,772
Subtotal Equity	68,915,542	68,675,590
Retained Earnings / (Deficit)		
Year to Date Profit & Loss	(19,636,735)	(6,918,083)
Previous Years' Retained Earnings	4,801,568	11,719,652
Other Comprehensive Income		
Subtotal Retained Earnings	(14,835,167)	4,801,569
TOTAL EQUITY	54,080,376	73,477,158
TOTAL LIABILITIES & S'HOLDERS' EQUITY	90,313,543	113,005,441

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

	For the 12 Months ended 31-Dec-03	For the 12 Months ended 31-Dec-02
CASH FLOWS FROM OPERATING ACTIVITIES	-	
Net Income	(19,636,735)	(6,918,082)
Adjustments to reconcile net income to net cash provided by operating activities:		
Minority interest	15,861	(47,805)
Retirement expense	-	203,124
Stock compensation cost	239,953	197,331
Depreciation and amortization	15,725,671	13,839,161
Loss on Asset Impairment	12,063,826	108,224
Provision for (benefit from) deferred income tax	-	9,680
Equity in net loss (gain) of an investee	-	87
Change in assets and liabilities:		
Decrease (increase) in:	-	-
Accounts receivables	2,873,949	(3,640,029)
Inventories	953,363	(1,170,674)
Other Current Assets and tax credit receivable	(33,370)	(242,407)
Increase (decrease) in :	-	-
Accounts payable and other expenses	327,978	(700,987)
Net cash provided by operating activities	**12,530,496**	**1,637,623**
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to property and equipment	(18,440,005)	(7,459,864)
Proceeds from sale of Property & Equipment	-	214,595
Decrease (increase) in investments and advances	94,523	-
Decrease (increase) in other assets	78,858	1,264,035
Net cash used in investing activities	**(18,266,623)**	**(5,981,234)**
CASH FLOWS FROM FINANCING ACTIVITIES		
Net availment/(payments) of short-term loans	2,100,000	2,300,000
Trust receipts and acceptances payable	(1,252,164)	2,588,518
Net availment/(payments) of stock issuance cost	-	-
Net availment/(payments) of long term loan	3,800,000	(534,111)
Net availment/(payments) of obligation under capital leases	(107,591)	(102,246)
Net cash provided by (used in) financing activities	**4,540,245**	**4,252,162**
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**(1,195,882)**	**(91,449)**
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	1,905,847	1,792,021
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**709,965**	**1,700,572**
SUPPLEMENTAL INFORMATION ON NONCASH FINANCING & INVESTING ACTIVITIES		
Property and equipment acquired (paid) on account under accounts payable	(7,221,623)	

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