



FOR IMMEDIATE RELEASE

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**AEHR TEST SYSTEMS REPORTS SECOND QUARTER
RESULTS FOR FISCAL 2004**

Fremont, CA (January 7, 2004) -- Aehr Test Systems (Nasdaq: AEHR), a leading supplier of semiconductor test and burn-in equipment, today announced financial results for the second quarter ended November 30, 2003.

Net sales for the second quarter of fiscal 2004 were \$3.6 million, a 23 percent increase from \$2.9 million for the second quarter of fiscal 2003. Operating loss for the second quarter of fiscal 2004 was \$1.1 million, compared with an operating loss of \$1.7 million for the same quarter last year. Second quarter fiscal 2004 net loss improved 52 percent to \$949,000, or \$0.13 per share, compared with a net loss of \$2.0 million, or \$0.28 per share, in the same quarter of fiscal 2003.

“In the second quarter, we continued to see interest from integrated circuit (or IC) manufacturers for our FOX[™] full-wafer contact test and burn-in products,” commented Rhea Posedel, chairman and chief executive officer of Aehr Test. “Last month, we exhibited our FOX wafer level burn-in technology and DiePak[®] carrier products for producing ‘known-good-die’ at Semicon Japan. During the quarter, we made significant progress on the development of our FOX full wafer tester. This past fiscal year, we invested heavily in R&D, close to 30 percent of net sales, most of which was for FOX tester product development. We expect to see the benefit from this investment with increased revenues from our FOX products in the second half of calendar 2004. IC manufacturers are interested in our FOX tester as a solution to reduce the escalating cost for memory and embedded memory products.”

“Second quarter net sales were about what we expected and marked the continuation of year-over-year revenue growth we have seen for the past six consecutive quarters,” said Gary Larson, vice president of finance and chief financial officer of Aehr Test. “We were very pleased to be cash positive for the quarter as our cash and investments balance increased by almost \$500,000 over the first quarter’s levels.”

As of November 30, 2003, the Company had no debt outstanding. Cash, short-term investments and long-term investments increased to \$12.9 million, up from \$12.4 million at the end of the first quarter of fiscal 2004 and \$11.4 million at the end of fiscal 2003. The Company closed the second quarter with shareholders’ equity of \$23.5 million, or \$3.27 per share.

For the six months ended November 30, 2003, net sales were \$7.8 million, a 21 percent increase from \$6.4 million in the comparable period of fiscal 2003. Operating loss for the six months ended November 30, 2003 was \$2.2 million, compared with \$2.8 million for the same period of

fiscal 2003. Net loss for the six months was \$1.8 million, or \$0.25 per share. Net loss for the comparable period of fiscal 2003 was \$2.9 million, or \$0.40 per share.

“We are beginning to see signs that point to an improvement of our industry in calendar year 2004,” continued Posedel. “We are forecasting revenues for the current quarter to be similar to those levels achieved in the second quarter. Our long-term plan is to expand our addressable market and grow revenues through the execution of two main strategies. First, we are investing in research and market development of our innovative FOX product line. Second, we are enhancing and aggressively selling our core test and burn-in MAX and MTX systems. In conjunction with strict cost controls, we believe that this plan will enable us to return to profitability in calendar year 2004.”

Management Conference Call

Management of Aehr Test will host a conference call and webcast on Wednesday, January 7, 2004 at 9:00 a.m. Eastern (6:00 a.m. Pacific) to discuss the Company’s operating performance. The conference call can be accessed live via the Internet at www.aehr.com. Please go to the Web site at least fifteen minutes early to register, download and install any necessary audio software. A replay of the webcast will be available for 90 days.

About Aehr Test Systems

Headquartered in Fremont, California, Aehr Test Systems is a leading worldwide provider of systems for burning-in and testing DRAM and logic integrated circuits and has an installed base of more than 2,000 systems worldwide. Aehr Test has developed and introduced several innovative products, including the FOX, MTX, MAX3 and MAX4 systems, and the DiePak carrier. The FOX system is a full wafer contact test and burn-in system. The MTX system is a massively parallel test system designed to reduce the cost of memory testing by performing both test and burn-in on thousands of devices simultaneously. The MAX system can effectively burn-in and functionally test complex devices, such as digital signal processors, microprocessors, microcontrollers and systems-on-a-chip. The DiePak carrier is a reusable, temporary package that enables IC manufacturers to perform cost-effective final test and burn-in of bare die. For more information, please visit the Company’s Web site at www.aehr.com.

Safe Harbor Statement

This release contains forward-looking statements that involve risks and uncertainties relating to projections regarding industry growth and customer demand for Aehr Test’s products. Actual results may vary from projected results. These risks and uncertainties include, without limitation, economic conditions in Asia and elsewhere, world events, acceptance by customers of the FOX, MTX, MAX and DiePak technologies, the ability of the Company to gain business in China, the Company’s development and manufacture of a commercially successful wafer-level burn-in system, and the potential emergence of alternative technologies, which could adversely affect demand for Aehr Test’s products in fiscal year 2004. See Aehr Test’s recent 10-K and 10-Q reports filed with the SEC for a more detailed description of the risks facing our business. The Company disclaims any obligation to update information contained in any forward-looking statement to reflect events or circumstances occurring after the date of this press release.

{Financial Tables to Follow}

AEHR TEST SYSTEMS AND SUBSIDIARIES
Condensed Consolidated Statements of Operations
(in thousands, except per share data)
(Unaudited)

	Three Months Ended		Six Months Ended	
	November 30,		November 30,	
	2003	2002	2003	2002
Net sales	\$ 3,593	\$ 2,928	\$ 7,762	\$ 6,436
Cost of sales	2,251	1,908	4,794	3,857
Gross profit	1,342	1,020	2,968	2,579
Operating expenses:				
Selling, general and administrative	1,269	1,452	2,783	3,163
Research and development	1,139	1,234	2,358	2,195
Total operating expenses	2,408	2,686	5,141	5,358
Loss from operations	(1,066)	(1,666)	(2,173)	(2,779)
Interest income	34	58	270	141
Other income (expense), net	98	(363)	161	(259)
Loss before income taxes	(934)	(1,971)	(1,742)	(2,897)
Income tax expense (benefit)	15	21	15	(18)
Net loss	<u>\$ (949)</u>	<u>\$ (1,992)</u>	<u>\$ (1,757)</u>	<u>\$ (2,879)</u>
Net loss per share				
Basic	\$ (0.13)	\$ (0.28)	\$ (0.25)	\$ (0.40)
Diluted	\$ (0.13)	\$ (0.28)	\$ (0.25)	\$ (0.40)
Shares used in per share calculations:				
Basic	7,181	7,164	7,169	7,174
Diluted	7,181	7,164	7,169	7,174

AEHR TEST SYSTEMS AND SUBSIDIARIES
Condensed Consolidated Balance Sheets
(in thousands, except per share data)

	November 30, 2003 (Unaudited)	May 31, 2003
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 6,370	\$ 8,362
Short-term investments	5,243	2,429
Accounts receivable	3,280	2,889
Inventories	7,897	9,247
Prepaid expenses and other	417	1,640
Total current assets	23,207	24,567
Property and equipment, net	1,395	1,515
Long-term investments	1,281	607
Other assets, net	1,529	1,558
Total assets	\$ 27,412	\$ 28,247
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 897	\$ 748
Accrued expenses	2,221	1,739
Deferred revenue	455	106
Total current liabilities	3,573	2,593
Deferred revenue	30	30
Deferred lease commitment	299	279
Total liabilities	3,902	2,902
Shareholders' equity:		
Common stock, \$.01 par value outstanding:		
7,186 and 7,157 shares at November 30, 2003 and May 31, 2003, respectively	72	72
Additional paid-in capital	36,418	36,364
Net unrealized gain (loss) on investments	(8)	2
Cumulative translation adjustment	1,397	1,519
Accumulated deficit	(14,369)	(12,612)
Total shareholders' equity	23,510	25,345
Total liabilities and shareholders' equity	\$ 27,412	\$ 28,247