



**FOR IMMEDIATE RELEASE**

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**AEHR TEST SYSTEMS REPORTS FOURTH QUARTER  
AND FISCAL 2005 RESULTS**

**Fremont, CA (July 19, 2005)** - Aehr Test Systems (Nasdaq: AEHR), a leading supplier of semiconductor test and burn-in equipment, today announced financial results for the fourth quarter and fiscal year ended May 31, 2005.

Net sales were \$3.3 million in the fourth quarter of fiscal 2005, compared with \$5.9 million in the fourth quarter of fiscal 2004. The Company reported a net loss of \$1.7 million, or \$0.23 per diluted share, in the fourth quarter of fiscal 2005, compared with a net loss of \$484,000, or \$0.07 per diluted share, in the same period of the prior year.

“As anticipated, net sales grew compared to the third quarter of fiscal 2005, as we completed shipment of several MAX systems during the fourth quarter,” said Rhea Posedel, chairman and chief executive officer of Aehr Test Systems. “Current quote activity is the strongest we’ve seen in the last few years. During the fourth quarter of last year and the first quarter of this year, we’ve received orders for our MAX system from two new customers in Asia. Additionally, a current customer, who is a leading wireless communications IC manufacturer, placed a multi-system MAX order. We have also received multi-system, follow-on orders for our MTX-Fp+ products, valued at nearly \$3 million,” said Mr. Posedel.

“In June we announced the availability of the latest member of our FOX™ family of products, the FOX-1 full wafer contact test and burn-in system. After completion of the final milestone of the full wafer contact tester development program, we expect to begin shipment of our FOX-1 systems in calendar year 2005. In addition to our development partner, a number of IC manufacturers have shown interest in our FOX products, which parallel test an entire wafer with a single touchdown and provide wafer level burn-in and test.

“We are upbeat about the progress we’ve made as well as our future prospects. However, we also recognize the need for bottom line improvement. We believe that, if we are able to execute on our goals of growing net sales while controlling expenses, we should be able to markedly improve the Company’s financial results this fiscal year,” said Mr. Posedel.

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Fiscal 2005 net sales increased to \$16.1 million, compared with \$15.8 million in fiscal 2004. The Company's net loss in fiscal 2005 was \$4.9 million, or \$0.66 per diluted share, compared with a net loss of \$4.0 million, or \$0.55 per diluted share, in fiscal 2004.

At May 31, 2005, cash, short-term investments and long-term investments were \$9.2 million, compared to \$11.8 million at the end of fiscal 2004. Aehr Test ended the fourth quarter of fiscal 2005 with no outstanding debt and shareholders' equity of \$17.5 million, or \$2.33 per diluted share. The Company's order backlog, net of cancellations, at the end of fiscal 2005 was \$4.9 million.

"Given the levels of quote activity we're currently experiencing, we expect a significant improvement in net sales in the first quarter of fiscal 2006, when compared with net sales for the quarter just reported," said Gary Larson, vice president and chief financial officer of Aehr Test Systems. "Additionally, we expect full year fiscal 2006 net sales to increase considerably over those of fiscal 2005."

### **Management Conference Call**

Management of Aehr Test will host a conference call and webcast today, Tuesday, July 19, 2005 at 5:00 p.m. Eastern (2:00 p.m. Pacific) to discuss the Company's fourth quarter and fiscal 2005 results. The conference call will be accessible live via the Internet at [www.aehr.com](http://www.aehr.com). Please go to the website at least 15 minutes early to register, download and install any necessary audio software. A replay of the webcast will be available at [www.aehr.com](http://www.aehr.com) 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 memory and logic integrated circuits and has an installed base of more than 2,500 systems worldwide. Aehr Test has developed and introduced several innovative products, including the FOX, MTX, MAX3 and MAX4 systems and the DiePak<sup>®</sup> 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 website at [www.aehr.com](http://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 as well as projections regarding Aehr Test's future financial performance. Actual results may differ materially from projected results and should not be considered as an indication of future performance. These risks and uncertainties include, without limitation, economic conditions in Asia and elsewhere, world events, conversion of quote activity to purchase orders and acceptance by customers of the FOX, MTX, MAX and DiePak technologies, acceptance by customers of products shipped upon receipt of a purchase order and the ability of new products to meet customer

needs or perform as described, the Company's development and manufacture of a commercially successful wafer-level test and burn-in system, and the potential emergence of alternative technologies, each of which could adversely affect demand for Aehr Test's products in calendar year 2005. See Aehr Test's most recent 10-K and 10-Q reports and other reports from time to time filed with the Securities and Exchange Commission (SEC) for a more detailed description of the risks facing our business and factors that could cause actual results to differ materially from projected results. 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)

	Three Months Ended May 31, (Unaudited)		Year Ended May 31,	
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
Net sales	\$ 3,270	\$5,872	\$16,080	\$15,800
Cost of sales	<u>2,366</u>	<u>3,942</u>	<u>11,817</u>	<u>10,092</u>
Gross profit	904	1,930	4,263	5,708
Operating expenses:				
Selling, general and administrative	1,403	1,375	5,215	5,572
Research and development	<u>1,138</u>	<u>1,153</u>	<u>4,023</u>	<u>4,645</u>
Total operating expenses	<u>2,541</u>	<u>2,528</u>	<u>9,238</u>	<u>10,217</u>
Loss from operations	(1,637)	(598)	(4,975)	(4,509)
Interest income	58	28	155	333
Other income (expense), net	<u>(123)</u>	<u>119</u>	<u>86</u>	<u>293</u>
Loss before income taxes	(1,702)	(451)	(4,734)	(3,883)
Income tax expense	<u>24</u>	<u>33</u>	<u>136</u>	<u>76</u>
Net loss	<u><u>\$ (1,726)</u></u>	<u><u>\$ (484)</u></u>	<u><u>\$ (4,870)</u></u>	<u><u>\$ (3,959)</u></u>
Net loss per share				
Basic	\$ (0.23)	\$(0.07)	\$ (0.66)	\$ (0.55)
Diluted	\$ (0.23)	\$(0.07)	\$ (0.66)	\$ (0.55)
Shares used in per share calculations:				
Basic	7,450	7,385	7,420	7,248
Diluted	7,450	7,385	7,420	7,248

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

	<u>May 31,</u> <u>2005</u>	<u>May 31,</u> <u>2004</u>
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 4,952	\$ 4,041
Short-term investments	3,813	6,492
Accounts receivable	2,537	4,205
Inventories	7,140	7,989
Prepaid expenses and other	<u>585</u>	<u>492</u>
Total current assets	19,027	23,219
Property and equipment, net	1,232	1,289
Long-term investments	409	1,292
Goodwill	274	274
Other assets, net	<u>527</u>	<u>738</u>
Total assets	<u><u>\$21,469</u></u>	<u><u>\$26,812</u></u>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable	\$ 1,050	\$ 1,838
Accrued expenses	1,943	2,100
Deferred revenue	<u>692</u>	<u>337</u>
Total current liabilities	3,685	4,275
Deferred revenue	21	26
Deferred lease commitment	<u>311</u>	<u>307</u>
Total liabilities	<u>4,017</u>	<u>4,608</u>
Shareholders' equity:		
Common stock, \$.01 par value outstanding:		
7,482 and 7,389 shares at May 31, 2005 and May 31, 2004, respectively	75	74
Additional paid-in capital	37,568	37,322
Accumulated other comprehensive income	1,250	1,379
Accumulated deficit	<u>(21,441)</u>	<u>(16,571)</u>
Total shareholders' equity	<u>17,452</u>	<u>22,204</u>
Total liabilities and shareholders' equity	<u><u>\$21,469</u></u>	<u><u>\$26,812</u></u>