UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)
[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended: March 31, 2000

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _______________ to _______________

Commission File Number: 0-11412

AMTECH SYSTEMS, INC.
(Exact name of registrant as specified in its charter)

Arizona	86-0411215
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

131 South Clark Drive, Tempe, Arizona 85281
(Address of principal executive offices, including Zip Code)

Registrant's telephone number, including area code: 480-967-5146

Indicate by a check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. [X] Yes [ ] No

Shares of Common Stock outstanding as of March 31, 2000: 2,110,729

AMTECH SYSTEMS, INC.
AND SUBSIDIARIES

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AMTECH SYSTEMS, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

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	MARCH 31, 2000 (Unaudited)	SEPTEMBER 30, 1999
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 1,869,031	$ 1,124,685
Accounts receivable - net	3,344,076	3,208,488
Inventories	2,591,195	2,259,657
Deferred income taxes	482,000	421,000
Income taxes refundable	9,000	34,000
Prepaid expenses	37,111	73,914
Total current assets	8,332,413	7,121,744
PROPERTY, PLANT AND EQUIPMENT - net	994,181	1,098,313
GOODWILL AND OTHER ASSETS - net	493,754	524,501
TOTAL ASSETS	$ 9,820,348	$ 8,744,558
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable	$ 990,510	$ 627,445
Accrued compensation and related taxes	645,017	458,277
Accrued warranty expense	229,733	146,590
Accrued installation expense	130,356	196,349
Customer deposits	457,181	83,242
Other accrued liabilities	93,650	235,610
Total current liabilities	2,546,447	1,747,513
LONG-TERM OBLIGATIONS	262,063	286,828
COMMITMENTS AND CONTINGENCIES		
STOCKHOLDERS' EQUITY :		
Preferred stock; no specified terms; 100,000,000 shares authorized; none issued	--	--
Common stock; $0.01 par value; 100,000,000 shares authorized; 2,110,729 (2,108,679 in 1999) shares issued and outstanding	21,107	21,087
Additional paid-in capital	7,402,572	7,400,152
Accumulated other comprehensive loss - Cumulative foreign currency translation adjustment	(407,880)	(309,064)
Accumulated deficit	(3,961)	(401,958)
Total stockholders' equity	7,011,838	6,710,217
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 9,820,348	$ 8,744,558

</TABLE>

The accompanying notes are an integral part of these condensed consolidated financial statements.

AMTECH SYSTEMS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
For The Three and Six Months Ended March 31, 2000 and 1999

<TABLE>
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	THREE MONTHS ENDED MARCH 31,		SIX MONTHS ENDED MARCH 31,	
	2000 (Unaudited)	1999 (Unaudited)	2000 (Unaudited)	1999 (Unaudited)
Net product sales	$4,549,100	$3,593,204	$8,411,612	$6,971,912
Cost of product sales	2,868,232	2,443,918	5,504,150	5,038,713
Gross margin	1,680,868	1,149,286	2,907,462	1,933,199

Selling, general and administrative	1,080,420	811,806	2,040,101	1,603,620
Research and development	196,336	82,202	249,582	164,160
Operating profit	404,112	255,278	617,779	165,419
Interest income, net	12,058	10,248	21,218	20,085
Income before income taxes	416,170	265,526	638,997	185,504
Income tax provision	149,000	98,000	241,000	71,000
NET INCOME	$ 267,170	$ 167,526	$ 397,997	$ 114,504
EARNINGS PER SHARE:				
Basic	$ .13	$ .08	$ .19	$ .05
Weighted average shares outstanding	2,109,154	2,110,510	2,108,915	2,110,429
Diluted	$ .12	$ .08	$ .18	$ .05
Weighted average shares outstanding	2,274,526	2,147,591	2,257,517	2,150,478

</TABLE>

The accompanying notes are an integral part of these condensed consolidated financial statements.

AMTECH SYSTEMS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
FOR THE THREE AND SIX MONTHS ENDED MARCH 31, 2000 AND 1999

<TABLE>
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	COMMON STOCK					
	NUMBER OF SHARES	AMOUNT	ADDITIONAL PAID-IN CAPITAL	ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)	ACCUMULATED DEFICIT	TOTAL STOCKHOLDERS' EQUITY
<S>	<C>	<C>	<C>	<C>	<C>	<C>
BALANCE AT SEPTEMBER 30, 1998	2,110,303	$21,103	$ 7,406,589	$(216,338)	$(764,265)	$ 6,447,089
Net Income	--	--	--	--	114,504	114,504
Translation adjustment	--	--	--	(85,955)	--	(85,955)
Comprehensive income						28,549
Employee stock bonus - net of repurchases	976	10	(10)	--	--	--
BALANCE AT MARCH 31, 1999	2,111,279	21,113	7,406,579	(302,293)	(649,761)	6,475,638
BALANCE AT SEPTEMBER 30, 1999	2,108,679	$21,087	$ 7,400,152	$(309,064)	$(401,958)	$ 6,710,217
Net income	--	--	--	--	397,997	397,997
Translation adjustment	--	--	--	(98,816)	--	(98,816)
Comprehensive income						299,181
Stock Options Exercised	2,050	20	2,420	--	--	2,440
BALANCE AT MARCH 31, 2000	2,110,729	21,107	7,402,572	(407,880)	(3,961)	$ 7,011,838
BALANCE AT DECEMBER 31, 1998	2,110,366	$21,104	$ 7,406,588	$(215,378)	$(817,287)	$ 6,395,027
Net income	--	--	--	--	167,526	167,526
Translation adjustment	--	--	--	(86,915)	--	(86,915)
Comprehensive income						80,611
Employee stock bonus - net of repurchases	913	9	(9)	--	--	--
BALANCE AT MARCH 31, 1999	2,111,279	21,113	7,406,579	(302,293)	(649,761)	6,475,638
BALANCE AT DECEMBER 31, 1999	2,108,679	$21,087	$ 7,400,152	$(360,518)	$(271,131)	$ 6,789,590
Net income	--	--	--	--	267,170	267,170
Translation adjustment	--	--	--	(47,362)	--	(47,362)

Comprehensive income	--	--	--	--	--	219,808
Stock Options Exercised	2,050	20	2,420	--	--	2,440
BALANCE AT MARCH 31, 2000	2,110,729	$21,107	$ 7,402,572	$(407,880)	$ (3,961)	$ 7,011,838

</TABLE>

The accompanying notes are an integral part of these condensed consolidated financial statements.

AMTECH SYSTEMS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE SIX MONTHS ENDED MARCH 31, 2000 AND 1999

<TABLE>
<CAPTION>

<S>	SIX MONTHS ENDED MARCH 31, 2000 (Unaudited) <C>	1999 (Unaudited) <C>
OPERATING ACTIVITIES:		
Net income	$ 397,997	$ 114,504
Adjustments to reconcile net income to net cash (used in) provided by operating activities:		
Depreciation and amortization	148,427	156,984
Inventory and accounts receivable write-offs	46,876	49,336
Loss on disposals of long-lived assets	432	--
Deferred income taxes	(61,000)	21,000
(Increase) decrease in:		
Accounts receivable	(249,067)	(675,244)
Inventories, prepaid expenses and other assets	(412,669)	(125,641)
Increase (decrease) in:		
Accounts payable	382,859	(347,776)
Accrued liabilities and customer deposits	501,359	433,045
Income taxes payable	21,366	301,309
Net Cash Provided By (Used In) Operating Activities	776,580	(72,483)
INVESTING ACTIVITIES:		
Purchases of property, plant and equipment	(67,778)	(143,275)
Net Cash Used In Investing Activities	(67,778)	(143,275)
FINANCING ACTIVITIES:		
Proceeds from stock options exercised	2,440	--
Payments on mortgage loan	(5,569)	(5,901)
Net Cash Used In Financing Activities	(3,129)	(5,901)
EFFECT OF EXCHANGE RATE CHANGES ON CASH	38,673	28,579
CASH AND CASH EQUIVALENTS:		
Net increase (decrease)	744,346	(193,080)
Beginning of year	1,124,685	1,351,542
END OF YEAR CASH AND CASH EQUIVALENTS	$ 1,869,031	$ 1,158,462
SUPPLEMENTAL CASH FLOW INFORMATION:		
Cash paid during the period for:		
Interest	$ 6,148	$ 5,806
Income taxes paid (refunded)	280,000	(209,000)

</TABLE>

The accompanying notes are an integral part of these condensed consolidated financial statements.

AMTECH SYSTEMS, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
THREE AND SIX MONTHS ENDED MARCH 31, 2000

1. BASIS OF PRESENTATION

The accompanying condensed consolidated financial statements include the accounts of Amtech Systems, Inc. and its wholly-owned subsidiaries, Tempress Systems, Inc., based in Heerde, The Netherlands, and P. R. Hoffman Machine Products, Inc. (collectively, the "Company"). All significant intercompany balances and transactions have been eliminated in consolidation.

The accompanying condensed consolidated financial statements have been prepared in accordance with generally accepted accounting principles, pursuant to the rules and regulations of the Securities and Exchange Commission (the "SEC"), and are unaudited. In the opinion of management, all adjustments (which include only normal recurring adjustments) necessary to present fairly the financial position, results of operations, and cash flows for the periods presented have been made.

Certain information and footnote disclosures normally included in financial statements have been condensed or omitted pursuant to the rules and regulations of the Commission. These condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and notes thereto included in the Company's Annual Report on Form 10-K for the fiscal year ended September 30, 1999, which are incorporated herein by reference.

The consolidated results of operations for the three and six months ended March 31, 2000, are not necessarily indicative of the results to be expected for the full year.

2. REVENUE RECOGNITION

Revenue is recognized on the accrual basis when the customer takes title to the product, generally upon shipment, which usually precedes final customer acceptance, provided that final customer acceptance and collection of the related receivable is probable. On occasion, the Company will recognize revenue prior to shipment. When this occurs, the Company ensures that title has passed, the customer has committed to take delivery of the goods in a reasonable period of time, there is a legitimate business purpose that led the customer to request us not to ship the product, the product is complete, ready for shipment and is segregated from existing inventory and there are no material contingencies. As of March 31, 2000, the Company had recognized $161,000 of revenue for a furnace system for which shipment had not occurred. The Company met the revenue recognition criteria described above.

3. INVENTORIES

The components of inventories are as follows:

	MARCH 31, 2000	SEPTEMBER 30, 1999
Purchased parts and raw material	$1,250,963	$1,237,348
Work-in-process	922,831	605,769
Finished goods	417,401	416,540
Totals	$2,591,195	$2,259,657

4. EARNINGS PER SHARE

	THREE MONTHS ENDED MARCH 31,		SIX MONTHS ENDED MARCH 31,	
	2000	1999	2000	1999
Net income	$ 267,170	$ 167,526	$ 397,997	$ 114,504
Weighted average Shares outstanding:				
Common shares	2,109,154	2,110,510	2,108,915	2,110,429
Common equivalents issuable upon exercise of warrants and stock options(1)(2)	165,372	37,081	148,602	40,049
	2,274,526	2,147,591	2,257,517	2,150,478
Earnings Per Share:				
Basic	$ .13	$ .08	$ .19	$ .05
Diluted	$ .12	$ .08	$ .18	$ .05

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(1) Number of shares calculated using the treasury stock method and the average market price during the period. Options and warrants on 84,000 and 1,501,500 shares had an exercise price greater than the average market price during the three and six months ended March 31, 2000 and 1999, respectively and therefore did not enter into the calculation. On December 15, 1999 and January 14, 2000, warrants on 210,000 shares and 1,207,500 shares, respectively, expired.

(2) All share amounts above have been restated to give effect to the one for two reverse stock split that became effective in March 1999.

5. ACCOUNTING PRONOUNCEMENTS NOT YET ADOPTED

In June 1998, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards ("SFAS") No. 133 - "Accounting for Derivative Instruments and Hedging Activities." This statement establishes accounting and reporting standards for derivative instruments, including derivative instruments embedded in other contracts, and for hedging activities. In June 1999, the FASB issued SFAS No. 137 - "Accounting for Derivative Instruments and Hedging Activities - Deferral of the Effective Date of SFAS No. 133". This statement defers the effective date of SFAS 133 to the Company's quarter ending December 31, 2000. The Company does not expect the adoption of SFAS 133 and 137 to have a material impact on its future results of operations or financial position.

In December, 1999, the SEC staff issued Staff Accounting Bulletin ("SAB") No. 101, "Revenue Recognition." SAB No. 101 is effective for the Company's first fiscal quarter ending on December 31, 2000. Based upon the prevailing interpretations of SAB No. 101, the Company will be required to recognize sales of its semiconductor production systems based upon installation and customer acceptance, rather than its current practice of recognizing such revenue upon transfer of title, generally upon shipment. The Company's current policy is to recognize revenue at the time the customer takes title to the product, generally at the time of shipment, because the Company has routinely met its installation obligations and obtained customer acceptance. The Company believes its current accounting policies on revenue recognition are consistent with those generally used in its industry and have been consistently applied since the inception of the Company. Therefore, if the Company is required to change its revenue recognition policies in order to comply with SAB No. 101, it will report a significant cumulative charge related to a change in an accounting principle on October 1, 2000. At the current time, it is not possible to determine the effect this change will have on the financial position or results of operations of the Company. This item will appear as a non-operating item in the Company's statement of operations. However, management believes the effects on liquidity and cash flow will not be material. The Company is also considering potential changes to its standard contracts for equipment sales that may mitigate the impact of SAB No. 101.

6. BUSINESS SEGMENT INFORMATION

The Company classifies its products into two core business segments: (1) the semiconductor production equipment segment which designs, manufactures and markets semiconductor wafer processing equipment used in the fabrication of integrated circuits, and (2) the polishing supplies and equipment segment, which designs, manufactures and markets carriers, templates and equipment used in the lapping and polishing of wafer thin materials, including silicon wafers used in the production of

semiconductors. Information concerning the Company's business segments in fiscal years 2000 and 1999 is as follows:

<TABLE>
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	THREE MONTHS ENDED MARCH 31,		SIX MONTHS ENDED MARCH 31,	
	2000	1999	2000	1999
<S>	<C>	<C>	<C>	<C>
Revenues				
Semiconductor production equipment	$2,540,822	$2,232,226	$4,706,296	$4,642,882
Polishing supplies and equipment	2,008,278	1,360,978	3,705,316	2,329,030
	$4,549,100	$3,593,204	$ 8,411,612	$ 6,971,912
Operating Profit				
Semiconductor production				

equipment - see notes (1) and (2)	$ 119,753	$ 197,177	$ 184,929	$ 159,762
Polishing supplies and equipment	284,359	58,101	432,850	5,657
Total Operating Profit	404,112	255,278	617,779	165,419
Interest income - net	12,058	10,248	21,218	20,085
Income before income taxes	$ 416,170	$ 265,526	$ 638,997	$ 185,504

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(1) Includes the Company's share of the research and development on the new technology asher in the amount of $131,000 and $34,000 for the quarters ended March 31, 2000 and 1999, respectively, and $169,000 and $71,000 incurred during the six month periods ended March 31, 2000 and 1999, respectively.

(2) The semiconductor production equipment segment also includes $110,000 and $119,000 of corporate expenses in excess of allocations in the quarter and six month period ended March 31, 2000, respectively, compared to corporate allocations in excess of corporate expenses of $6,000 and $25,000 in the quarter and six month period ended March 31, 1999, respectively.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

RESULTS OF OPERATIONS

The following table sets forth certain operational data as a percentage of net revenue for the periods indicated:

	THREE MONTHS ENDED MARCH 31,		SIX MONTHS ENDED MARCH 31,	
	2000	1999	2000	1999
Net revenue	100.0%	100.0%	100.0%	100.0%
Cost of product sales	63.1	68.0	65.4	72.3
Gross margin	36.9	32.0	34.6	27.7
Selling, general and administrative expenses	23.7	22.6	24.3	22.9
Research and development	4.3	2.3	3.0	2.4
Operating profit	8.9%	7.1%	7.3%	2.4%

NET REVENUE. The Company's net revenue for the three months ended March 31, 2000 was $4,549,000, an increase of $956,000, or 27%, compared to net revenue of $3,593,000 for the second quarter of the previous fiscal year. Polishing supplies and equipment segment revenue grew by $647,000, or 48% to $2,008,000 compared to $1,361,000 for the second quarter of fiscal 1999. A significant increase in sales volume, particularly in polishing equipment and related parts, and the raising sales prices to their pre-Asian financial crises levels contributed to the increased revenue of this segment. Revenues of the semiconductor production equipment and related services segment increased $309,000, or 14% to $2,541,000 in the second quarter of fiscal 2000 from $2,232,000 in the same quarter of 1999. The increase in the semiconductor production equipment segment revenue was achieved through an 82% increase in the volume of IBAL Automation sales, approximately one-half of which was offset by the decline in the sales of diffusion furnaces. The revenue for the second quarter of fiscal 2000 was $687,000, or 18%, higher than during the first fiscal quarter as the revenue of both segments increased.

Consolidated revenue for the first six months of fiscal 2000 was $8,412,000, an increase of $1,440,000, or 21%, compared to $6,972,000 in the previous fiscal year. The increase in revenue for the six months ended March 31, 2000, was due almost entirely to the higher sales volume and price increases in the polishing supplies and equipment segment. Within the semiconductor production equipment and related services a $1,122,000, or 94%, increase in sales of IBAL Automation and Atmoscan(R) processing equipment was almost entirely offset by the decline in the sales of diffusion furnaces. In the third quarter of fiscal 1999, the global semiconductor equipment industry began to recover as a result of increased sales and profitability of semiconductor manufacturers. This upturn in the industry was a significant factor contributing to the increase in sales volume during the quarter and six months ended March 31, 2000.

GROSS MARGIN. The Company's gross margin increased by approximately

$532,000, or 46%, to $1,681,000, for the three months ended March 31, 2000, from $1,149,000 during the comparable period of the previous fiscal year. Approximately two-thirds of that increase resulted from an increase in revenue discussed above. Gross margin as a percentage of sales increased to 37% from 32% in the prior year and accounted for approximately one-third of the increase in gross margin. The improvement in gross margin as a percentage of revenue is due primarily to increased labor efficiencies.

For the six months ended March 31, 2000, gross margin increased by $974,000, or 50%, to $2,907,000 from $1,933,000 in the comparable period of fiscal 1999. The polishing supplies and equipment segment accounted for $580,000 , or 60% of the increase in consolidated gross margin in the first six months of fiscal 2000 due to the increase in sales volume discussed above. Despite the relatively insignificant increase in semiconductor production equipment segment revenue, gross margin from that segment increased $394,000, or 29%, due to a more favorable product mix resulting from the increase in sales of IBAL Automation products and from improved margins on diffusion furnaces. Gross margin as a percentage of sales was 35% for the first six months of fiscal 2000, an improvement of seven percentage points, compared to 28% for the first six months of fiscal 1999. The increase in the gross margin percentage primarily resulted from the improved product mix and increased labor efficiencies.

SELLING, GENERAL AND ADMINISTRATIVE EXPENSES. Selling, general and administrative expenses for the second quarter of fiscal 2000 increased by $268,000, or 33%, to $1,080,000, compared to $812,000 incurred in the second quarter of fiscal 1999. Commissions, royalties and incentive compensation, which vary with changes in sales volume or profitability accounted for $104,000 of those increases. Other selling expenses, primarily personnel and advertising costs related to the IBAL Automation product line, increased $120,000.

For the first half of fiscal 2000, selling, general and administrative expenses increased by $436,000, or 27%, to $2,040,000, compared to $1,604,000 incurred in the first six months of fiscal 1999. Higher commissions, royalties and incentive compensation, which vary with changes in sales volume or profitability, accounted for $222,000, or 51%, of the total increase. Other selling expenses, primarily personnel and advertising, increased $128,000. Commissions also increased as a percentage of sales due to the higher volume of sales derived from territories where the Company utilizes outside sales representatives.

RESEARCH AND DEVELOPMENT. Research and development costs increased by $114,000, to $196,000, during the second quarter of fiscal 2000 as compared to the second quarter of fiscal 1999, due to development work on a new technology asher, which, if successful, will be a new class of products within the semiconductor production equipment segment. As announced in November 1999, the Company is actively engaged in the joint development of a new technology asher. The Company's share of expenses associated with the asher development accounted for $97,000 of the increase in total research and development.

For the six months ended March 31, 2000, research and development costs increased by $86,000, to $250,000 compared to $164,000 during the comparable quarter of fiscal 1999. The increase was related to the asher development project discussed above.

OPERATING PROFIT. Operating profit for the second quarter of fiscal 2000 increased by $149,000, or 58%, to $404,000, compared to an operating profit of $255,000 in the same period of fiscal 1999. The increase in operating profit is primarily attributable to the 27% increase in consolidated revenue. Operating profit for the polishing supplies and equipment segment increased by $226,000 to $284,000, compared to $58,000 in the second quarter of fiscal 1999, as a result of the 48% increase in sales volume. In the semiconductor production equipment segment, operating profit was $120,000, a decrease of $77,000. The decline in the second quarter operating profit of the semiconductor equipment segment is due to the $97,000 increase in research and development costs associated with the asher development, discussed above, and the $116,000 increase in the unallocated portion of corporate expenses. Excluding the research and development costs of the new asher product line and the increase in unallocated corporate expenses, the operating profit the semiconductor production equipment segment was $361,000 for the second quarter of the current fiscal year, compared to $225,000 in the comparable period of last fiscal year.

For the six months ended March 31, 2000, operating profit increased $453,000, or 273%, to $618,000 from $165,000 in fiscal 1999. The increase in the operating profit is primarily attributable to the polishing supplies and equipment segment, which achieved a 59% increase in sales volume. The operating profit of the semiconductor production equipment segment for the first half of fiscal 2000 increased by $25,000 or 16% on a revenue increase of $63,000. Excluding the research and development costs of the new asher product line and the increase in unallocated corporate expenses, the operating profit for the semiconductor production equipment segment was $472,000 for the first six months of the current fiscal year, compared to $206,000 in comparable period of last fiscal year.

NET INCOME. Net income includes operating profit, discussed above, net interest income and the provision for income taxes. During the second quarter of fiscal 2000, net interest income was $12,000, or $2,000 higher than the $10,000 of net interest income for the corresponding quarter of fiscal 1999. As a result of the above factors, income before income taxes for the second quarter of fiscal 2000 was $416,000, a increase of 57%, compared to $266,000 in the second quarter of fiscal 1999.

Interest income for the six months ended March 31, 2000 was $21,000, or $1,000 higher than the same period in fiscal 1999. Income before income taxes for the first six months of fiscal 2000 increased by $453,000, or 244%, to $639,000 in fiscal 2000 as compared to $186,000 for the first six months of fiscal 1999.

Income tax expense of $149,000, recorded at an effective tax rate of 36%, resulted in net income for the second quarter of fiscal 2000 of $267,000, or $.12 per diluted share. During the second quarter of fiscal 1999, the Company recorded income tax expense of $98,000, reflecting a 37% effective tax rate, resulting in net income of $168,000, or $.08 per share.

For the six months ended March 31, 2000, the Company recorded income tax expense of $241,000, an effective rate of 38%, compared to $71,000, an effective rate of 38%, for the comparable period in fiscal 1999. The resulting net income for the first half of fiscal 2000 was $398,000, or $.18 per diluted share, an increase of 248% compared to the $115,000 of net income, or $.05 per share, earnings in the first half of the previous year.

BACKLOG. At March 31, 2000, the order backlog was $4,444,000, a slight increase of less than 1% from the $4,433,000 backlog at March 31, 1999. The backlog as of March 31, 2000 was approximately $294,000 higher than at December 31, 1999, an increase of 7%, and approximately $685,000 higher than at the end of fiscal 1999, an increase of 18%. In addition, the backlog as of March 31, 2000 has a product mix with an expected higher gross margin than the backlog of one year earlier. Orders are generally shipped within three to six months of receipt. Accordingly, the order backlog may not be a valid measure of revenue or earnings for a future period.

LIQUIDITY AND FINANCIAL CONDITION

At March 31, 2000, the Company had $1,869,000 of readily available liquidity in the form of cash and cash equivalents, compared to cash and equivalents of $1,125,000 at September 30, 1999, an increase of approximately $744,000. The increase in liquidity corresponds to the $777,000 net cash provided by operating activities as reflected in the condensed consolidated statements of cash flow for the six months ended March 31, 2000. The Company continues to believe that there is sufficient liquidity for existing operations.

At March 31, 2000, working capital was $5,786,000, up $412,000 from $5,374,000, at September 30, 1999. While the Company's current ratio declined to 3.3:1 at the end of the second quarter of fiscal 2000 from 4.1:1 at the beginning of the year, the Company believes that its current ratio continues to indicate a strong financial condition. At the end of the second quarter of fiscal 2000, cash and cash equivalents comprised 19% of total assets and stockholders' equity accounted for 71% of total capitalization. The Company believes that it continues to posses the financial strength necessary to achieve continued growth.

ACCOUNTING PRONOUNCEMENTS NOT YET ADOPTED

In June 1998, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards ("SFAS") No. 133 - "Accounting for Derivative Instruments and Hedging Activities." This statement establishes accounting and reporting standards for derivative instruments, including derivative instruments embedded in other contracts, and for hedging activities. In June 1999, the FASB issued SFAS No. 137 - "Accounting for Derivative Instruments and Hedging Activities - Deferral of the Effective Date of SFAS No. 133".
This statement defers the effective date of SFAS 133 to the Company's quarter ending December 31, 2000. The Company does not expect the adoption of SFAS 133 and 137 to have a material impact on its future results of operations or financial position.

In December, 1999, the SEC staff issued Staff Accounting Bulletin ("SAB") No. 101, "Revenue Recognition." SAB No. 101 is effective for the Company's first fiscal quarter ending on December 31, 2000. Based upon the prevailing interpretations of SAB No. 101, the Company will be required to recognize sales of its semiconductor production systems based upon installation and customer acceptance, rather than its current practice of recognizing such revenue upon transfer of title, generally upon shipment. The Company's current policy is to recognize revenue at the time the customer takes title to the

product, generally at the time of shipment, because the Company has routinely met its installation obligations and obtained customer acceptance. The Company believes its current accounting policies on revenue recognition are consistent with those generally used in its industry and have been consistently applied since the inception of the Company. Therefore, if the Company is required to change its revenue recognition policies in order to comply with SAB No. 101, it will report a significant cumulative charge related to a change in an accounting principle on October 1, 2000. At the current time, it is not possible to determine the effect this change will have on the financial position or results of operations of the Company. This item will appear as a non-operating item in the Company's statement of operations. However, management believes the effects on liquidity and cash flow will not be material. The Company is also considering potential changes to its standard contracts for equipment sales that may mitigate the impact of SAB No. 101.

YEAR 2000 COMPLIANCE

Certain computer systems and software products are coded to accept two digit entries in the date code field. Date code fields will need to accept four digit entries to distinguish 21st century dates from 20th century dates. Any programs that have time-sensitive software may recognize a date using "00" as the year 1900 rather than the year 2000. This could result in the computer shutting down or performing incorrect computations. As a result, many companies may need to upgrade their computer systems and software to comply with such "Year 2000" requirements. Certain of the Company's systems, including information and computer systems and automated equipment, may be affected by the Year 2000 issue.

As of the date of this report, the Company has not experienced any significant Year 2000 problems with the hardware and software components of its systems and products. While there can be no assurance, the company does not anticipate that the resolution of Year 2000 problems will require it to devote any material amount of resources.

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The Company is exposed to financial market risks, including changes in foreign currency exchange rates and interest rates. Its operations in the United States are conducted in United States dollars. The Company's operation in The Netherlands, a component of the semiconductor production equipment segment, conducts business primarily in The Netherlands' guilder and, to a lesser extent, the United States dollar and other European currencies. As of January 1, 1999, the European Union, of which The Netherlands is a member, established a fixed conversion rate between their existing sovereign currencies and the Euro and adopted the Euro as their common legal currency. Most of the other European currencies in which the Company's Netherlands operation conducts business also have fixed exchange rates with the Euro. Currently, the functional currency of the Company's Netherlands operation is The Netherlands guilder. Thus, by the end of the three year transition period, the functional currency of that operation will be the Euro.

Based upon its fiscal 1999 information, the Company estimates that more than 95% of its transactions are denominated in one of its two functional currencies, the United States dollar and The Netherlands guilder, or currencies that have fixed exchange rates with The Netherlands guilder. As of March 31, 2000, the Company did not hold any derivative securities. The Company incurred net foreign currency transaction losses of $14,000 and $45,000 in the first six months of fiscal 2000 and 1999, respectively. As of March 31, 1999, a 10% change in the foreign currency rates would not have a material impact on the Company's financial condition. However, the Company's investment in and advances to its Netherlands' operation, which total $1,458,000, are recorded in The Netherland guilder, the currency used to purchase those net assets, and then translated to United States dollars, the reporting currency, at the end of each accounting period. As a result, the significant decline in the value of The Netherlands guilder relative to the United States dollar caused a negative foreign currency translation adjustment during the first six months of fiscal 2000 of $99,000. This adjustment is a component of comprehensive income and recorded as a direct adjustment to stockholders' equity.

When the value of The Netherlands guilder declines relative to the value of the United States dollar, operations in The Netherlands can be more competitive against the United States based equipment suppliers and the cost of purchases denominated in United States dollars become more expensive. When the value of The Netherlands guilder increases relative to the value of the United States dollar, operations in The Netherlands must raise prices to those customers that normally make purchases in United States dollars, in order to maintain the same profit margins. When this occurs, this operation attempts to have transactions denominated in The Netherlands guilder or the Euro and to increase its purchases denominated in United States dollars. Based upon fiscal year 1999 information, the Company estimates that the annual purchases and sales of this operation that are denominated in currencies not linked to its functional currency, including United States dollars, British pounds and Swiss francs, are approximately $600,000 and $800,000, respectively. Most of those purchases and sales are denominated in United States dollars and those purchases equal approximately 75% of those sales, providing a partial hedge against fluctuations in exchange rates. Because it is difficult to predict the volume of dollar denominated transactions arising from The Netherlands operations, the

Company does not hedge against the effects of exchange rate changes on future transactions, such as sales for which the Company has not yet received a purchase order. The Netherlands guilder is near its historically low value relative to the United States dollar, giving the Company's operation based in The Netherlands a competitive advantage over other suppliers based in the United States. However, a future increase in the relative value of The Netherlands guilder could have a materially adverse effect on the Company's future results of operations.

Based upon fiscal 1999 information, the Company estimates that its polishing supplies and equipment segment makes annual purchases of approximately $650,000 through direct or indirect sources from Japan or Germany. While these purchases are denominated in United States dollars, the price of materials purchased from Japan is directly effected by the value of the yen relative to the dollar. The Company believes the price of steel produced in Germany is relatively unaffected by fluctuations in the value of German mark, as the supplier sets the price based on an average exchange rate. However, assuming the price of German sourced steel also fluctuated with currency exchange rates, a 10% change in the value of Japanese yen and the German mark relative to the

United States dollar would affect the cost of this segment's purchases by approximately $65,000.

The Company is also exposed to interest rate risk on its fixed debt obligations. At March 31, 2000, fixed rate debt obligations totaled $171,000 with a fixed interest rate of 6.95% through June 2001. Due to the relatively insignificant principal balance of outstanding debt, the Company does not actively manage the risk associated with these obligations. The impact of interest rate changes would not have a material impact on the Company's results of operations.

FORWARD-LOOKING STATEMENTS

The statements contained in this report on Form 10-Q that are not historical fact are forward-looking statements (as such term is defined in the Private Securities Litigation Reform Act of 1995). These statements can be identified by the use of forward looking terminology such as "believes," "expects," "may," "will," "should," or "anticipates," or the negative thereof or other written variations thereof or comparable terminology. The forward-looking statements contained herein are based on current expectations that involve a number of risks and uncertainties. Among others, these forward-looking statements are based on assumptions that (a) the Company will not lose a significant customer or customers, (b) the Company will not experience significant further reductions in demand or rescheduling of customer purchase orders, (c) the Company's products will remain accepted within their respective markets and will not be significantly further replaced by newer technology equipment, (d) competitive conditions within the Company's markets will not materially deteriorate, (e) the Company's efforts to improve its products and maintain its competitiveness in the markets in which it competes will continue to progress and that the savings associated with these expenditures and/or the increased product demand resulting therefrom justifies such development costs, (f) the Company will be able to retain, and when needed, add key technical and management personnel, (g) business or product acquisitions, if any, will be successfully integrated and the results of operations therefrom will support the acquisition price, (h) the Company's forecasts will accurately anticipate market demand, (i) there will be no material adverse changes in the Company's existing operations, (j) the Company will be able to obtain sufficient equity or debt funding to increase its capital resources by the amount needed for new business or product acquisitions, if any, (k) the semiconductor equipment industry will continue to recover from the recent slowdown, (l) the condition in the Asian markets will continue to improve, (m) the Company will be able to continue to control costs, (n) the Company will not, either directly or indirectly, incur any material Year 2000 issues and (o) demand for the Company's products will not be adversely and significantly influenced by trends within the semiconductor industries, including consolidation of semiconductor manufacturing operations through mergers and the subcontracting out of the production of semiconductors to foundries. Assumptions related to the foregoing involve judgments with respect to, among other things, future economic, competitive and market conditions, all of which are beyond the control of the Company. Although the Company believes that the assumptions underlying the forward-looking statements are reasonable, any of the assumptions could prove inaccurate and, therefore, there can be no assurance that the results contemplated in forward-looking statements will be realized. In addition, the business and operations of the Company are subject to substantial risks, which increase the uncertainty

inherent in such forward-looking statements. In light of the significant uncertainties inherent in the forward-looking information included herein, such information should not be regarded as a representation by the Company, or any other person, that the objectives or plans for the Company will be achieved.

PART II. OTHER INFORMATION

ITEM 2. CHANGE IN SECURITIES.

On December 15, 1999, non-public warrants for the purchase of 210,000 shares expired. On December 15, 1999, the Board of Directors of the Company elected to extend the expiration date of the 1,207,500 redeemable public warrants from December 15, 1999 to January 14, 2000, thereby providing the warrant-holders additional time to exercise these warrants. Such public warrants expired on January 14, 2000.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS.

On February 25, 2000, the Company held its annual meeting of shareholders at which 1,835,932, or 87% of the 2,108,679 shares outstanding were represented by proxy or in person. The following persons where elected to the board of directors with shares voted as follows:

ELECTION OF DIRECTORS	FOR	WITHHELD
Jong S. Whang	1,831,600	4,332
Robert T. Hass	1,831,626	4,306
Donald F. Johnston	1,830,613	5,319
Alvin Katz	1,828,078	7,854
Bruce R. Thaw	1,831,639	4,293

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

AMTECH SYSTEMS, INC.

By /s/ Robert T. Hass Dated: May 15, 2000

Robert T. Hass, Vice-President-Finance and
(Chief Financial and Accounting Officer)

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THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE BALANCE SHEET AS OF MARCH 31, 2000, AND THE STATEMENT OF OPERATION AND THE STATEMENT OF CASH FLOWS FOR THE SIX MONTHS ENDED MARCH 31, 2000 AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH QUARTERLY REPORT ON FORM 10-Q FOR THE QUARTER ENDED MARCH 31, 2000.
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