

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

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

For the Quarter Ended: JUNE 30, 1997

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)

(Zip Code)

Registrant's telephone number, including area code (602) 967-5146

Indicate by check mark whether the Registrant (i) has filed all reports required
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 (ii) has been subject to such filing requirements for
the past 90 days. Yes X No

Indicate the number of shares outstanding of each of the issuer's classes
of common stock as of the close of the period covered by this report.

Common Stock, \$.01 Par Value

(Title of Class)

4,154,718 Shares

Outstanding as of June 30, 1997

PART I. FINANCIAL INFORMATION

AMTECH SYSTEMS, INC.
AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS - ASSETS

	JUNE 30, 1997	SEPTEMBER 30, 1996
	----- (Unaudited)	-----
CURRENT ASSETS:		
Cash and cash equivalents	\$ 2,299,906	\$ 1,994,217
Short-term investments	1,179,489	2,464,120
Accounts receivable - net	3,503,444	1,581,973
Inventories - net	925,758	739,201
Deferred income taxes	356,000	223,000
Prepaid expenses	46,438	46,935
	-----	-----
Total current assets	8,311,035	7,049,446
	-----	-----

PROPERTY AND EQUIPMENT, AT COST:

Land and Building	408,623	373,380
Leasehold improvements	162,402	161,724
Machinery and equipment	452,835	432,435
Furniture and fixtures	649,983	608,972
	-----	-----
	1,673,843	1,576,511
Less: accumulated depreciation and amortization	(723,071)	(600,180)
	-----	-----
Property and equipment - net	950,772	976,331
	-----	-----
OTHER ASSETS	185,844	432,837
	-----	-----
	\$ 9,447,651	\$ 8,458,614
	=====	=====

See accompanying Notes to Condensed Financial Statements.

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AMTECH SYSTEMS, INC.
AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
LIABILITIES AND STOCKHOLDERS' INVESTMENT

	JUNE 30, 1997	SEPTEMBER 30, 1996
	-----	-----
	(Unaudited)	
CURRENT LIABILITIES:		
Accounts payable	\$ 1,236,965	\$ 652,771
Accrued liabilities:		
Compensation and related taxes	466,967	442,785
Warranty and installation expenses	377,495	185,450
Other accrued liabilities	212,280	143,988
Income taxes payable	291,000	144,000
	-----	-----
Total current liabilities	2,584,707	1,568,994
	-----	-----
LONG-TERM DEBT	222,364	265,355
	-----	-----
STOCKHOLDERS' INVESTMENT:		
Preferred stock, no specified terms; 100,000,000 shares authorized; none issued	--	--
Common stock, \$.01 par value; 100,000,000 shares authorized; 4,154,718 shares outstanding at June 30, 1997 and 4,109,668 shares at September 30, 1996	41,547	41,097
Additional paid-in capital	7,120,978	7,043,803
Cumulative foreign currency translation adjustment	(276,310)	(48,548)
Accumulated deficit	(245,635)	(412,087)
	-----	-----
Total stockholders' investment	6,640,580	6,624,265
	-----	-----
	\$ 9,447,651	\$ 8,458,614
	=====	=====

See accompanying Notes to Condensed Financial Statements.

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AMTECH SYSTEMS, INC.
AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS
FOR THE THREE AND NINE MONTHS ENDED JUNE 30, 1997 AND 1996

<TABLE>
<CAPTION>

	THREE MONTHS ENDED JUNE 30,		NINE MONTHS ENDED JUNE 30,	
	1997 (Unaudited)	1996 (Unaudited)	1997 (Unaudited)	1996 (Unaudited)
<S>	<C>	<C>	<C>	<C>
Net product sales	\$ 2,805,830	\$ 3,232,173	\$ 7,396,157	\$ 6,311,328
Cost of product sales	1,851,029	2,023,705	5,071,545	4,191,125
Gross margin	954,801	1,208,468	2,324,612	2,120,203
Selling and general	932,831	723,264	2,140,633	1,827,112
Research & development	60,517	96,769	191,411	214,042
Gain on asset disposal	--	--	(115,487)	--
Operating profit (loss)	(38,547)	388,435	108,055	79,049
Interest income - net	39,248	39,558	133,397	167,967
Income from continuing operations before income taxes	701	427,993	241,452	247,016
Income tax provision	--	150,000	75,000	100,000
INCOME FROM CONTINUING OPERATIONS	701	277,993	166,452	147,016
DISCONTINUED OPERATIONS:				
Income from discontinued operations	--	--	--	21,757
Gain on disposal of discontinued segment	--	23,834	--	284,335
	--	23,834	--	306,092
NET INCOME	\$ 701	\$ 301,827	\$ 166,452	\$ 453,108
PRIMARY EARNINGS PER SHARE (Note 5):				
Continuing Operations	\$ --	\$.05	\$.04	\$.04
Net Income	\$ --	\$.05	\$.04	\$.09
WEIGHTED AVERAGE OUTSTANDING SHARES	4,153,103	6,315,734	4,145,255	6,381,556

See accompanying Notes to Condensed Financial Statements.

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AMTECH SYSTEMS, INC.
AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE NINE MONTHS ENDED JUNE 30, 1997 AND 1996

NINE MONTHS ENDED

	JUNE 30,	
	1997	1996
	(Unaudited)	(Unaudited)
OPERATING ACTIVITIES:		
Net income	\$ 166,452	\$ 453,108
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	159,725	131,251
Inventory and receivable write-downs	46,123	81,553
Less gain on disposal of assets	(115,487)	(251,470)
Deferred tax benefit	(133,000)	(60,000)
Changes in operating assets and liabilities:		
Increase in accounts receivable	(2,202,755)	(1,138,776)
Increase in inventories and prepaid expenses	(316,474)	(194,675)
Increase in other assets	(136,678)	(8,429)
Increase in accounts payable	670,384	351,439
Increase in income taxes payable	147,000	58,000
Increase in accrued liabilities	412,820	175,869
Net cash used by operating activities	(1,301,890)	(402,130)
INVESTING ACTIVITIES:		
Maturities of short-term investments, net of purchases	1,284,631	1,045,035
Investment in unconsolidated subsidiary	--	(425,000)
Proceeds from disposition of assets	475,047	28,383
Purchase of property and equipment	(186,170)	(487,121)
Cash distributed in disposal of Echelon	--	(109,698)
Net cash provided by investing activities	1,573,508	51,599
FINANCING ACTIVITIES:		
Principal payments on mortgage loan	(10,169)	232,474
Net proceeds from exercise of stock options	35,201	--
Net cash provided by financing activities	25,032	232,474
EFFECT OF EXCHANGE RATE CHANGES	9,039	(11,175)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	305,689	(129,232)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	1,994,217	833,820
CASH AND CASH EQUIVALENTS, END OF PERIOD	\$ 2,299,906	\$ 704,588

See accompanying Notes to Condensed Financial Statements.

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AMTECH SYSTEMS, INC.
AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE NINE MONTHS ENDED JUNE 30, 1997 AND 1996

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:

	1997	1996
	-----	-----
Cash paid during the period for:		
Interest expense	\$ 12,347	\$ --
Income taxes	\$ 60,000	\$132,000

SUPPLEMENTAL INFORMATION OF NONCASH INVESTING
AND FINANCING ACTIVITIES:

Value of stock bonuses issued in exchange for services rendered in a prior period	\$ 42,424	\$ --
Value received in the form of the Company's stock in exchange for the net assets of Echelon Service Co.	\$ --	\$808,638

See accompanying Notes to Condensed Financial Statements.

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AMTECH SYSTEMS, INC.
AND SUBSIDIARIES

NOTES TO CONDENSED FINANCIAL STATEMENTS

THREE AND NINE MONTHS ENDED JUNE 30, 1997

(1) BASIS OF PRESENTATION

The accompanying consolidated financial statements include the accounts of Amtech Systems, Inc. and its wholly-owned subsidiary, Tempres Systems, Inc., based in Heerde, The Netherlands, hereinafter referred to as the Company. Echelon Service Company, which comprised the discontinued operations, is included in these financial statements through the date of disposition. See Note 4 regarding discontinued operations. All significant intercompany accounts and transactions have been eliminated in consolidation.

(2) INTERIM REPORTING

The accompanying consolidated financial statements are unaudited; however, these financial statements contain all adjustments which are, in the opinion of management, necessary for a fair presentation of the consolidated financial position of the Company as of June 30, 1997 and September 30, 1996 and the consolidated results of its operations for the three and nine months ended June 30, 1997 and 1996, and its consolidated cash flows for the nine months ended June 30, 1997 and 1996.

The accounting policies followed by the Company are set forth in Note 2 to the consolidated financial statements in the Company's 1996 Annual Report on Form 10-K for the year ended September 30, 1996, which is incorporated herein by reference.

Inventories as of June 30, 1997 and September 30, 1996 included work-in-process of \$228,048 and \$211,880, respectively. The remaining inventory primarily consists of purchased parts and completed sub-assemblies.

The consolidated results of operations for the three and nine months ended June 30, 1997 and 1996, are not necessarily indicative of the results to be expected for the full year.

(3) INVESTMENT IN UNCONSOLIDATED SUBSIDIARY

During the first quarter of fiscal 1996, the Company entered into a joint venture agreement pursuant to which it would have a 45% ownership interest and a 50% voting interest in Seil Semicon, Inc. in return for a commitment to invest \$500,000 in cash. The joint venturers' plan was to operate a silicon test wafer reclaiming business through Seil Semicon, Inc. During the fourth quarter of fiscal 1996, it was determined that the joint venture

Continued on next page.....

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NOTES TO CONDENSED FINANCIAL STATEMENTS - continued

(3) INVESTMENT IN UNCONSOLIDATED SUBSIDIARY - Continued

required significantly more capital than originally anticipated. In the first quarter of fiscal 1997, the Company disposed of its interest in the joint venture because management believed that raising the Company's commitment to \$3 million, without obtaining majority control, was more risk than was appropriate for the Company. The Company received \$475,000 during December 1996, in exchange for its interest in the joint venture, thereby recovering its investment and related expenses. Because the Company disposed of its interest in the joint venture and recovered its equity in the first year start-up losses and certain

expenses related to that venture incurred last year, a \$115,000 gain was recorded in the first quarter of fiscal 1997.

(4) DISCONTINUED OPERATIONS

Effective December 29, 1995, the Company exchanged all of its ownership in the technical contract personnel business, represented by all of the stock of Echelon Service Company, for 196,034 shares of the Company's outstanding \$.01 par value Common Stock previously owned by Eugene R. Hartman, then an officer and director of the Company. The transaction was preceded by a dividend from Echelon to the Company in order to equalize the values. The transaction was structured to be a tax-free reorganization and, as such, no provision was made for income taxes.

The fiscal 1996 income from discontinued operations are those of Echelon Service Company through the date of disposal and is net of applicable income taxes of \$30,000. Revenues of discontinued operations during that period were \$1,235,000.

(5) EARNINGS PER SHARE

Fully diluted earnings per share (EPS) for the periods covered by these financial statements are the same as primary EPS.

The Financial Accounting Standards Board ("FASB") has released FASB Statement 128, Earnings Per Share ("FASB 128"), which will become effective for fiscal years ending after December 15, 1997. Pro forma diluted EPS calculated in accordance with FASB 128 are as follows:

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NOTES TO CONDENSED FINANCIAL STATEMENTS - continued

	Three Months Ended June 30,		Nine Months Ended June 30,	
	1997	1996	1997	1996
BASIC EARNINGS PER SHARE:				
Continuing Operations	\$ --	\$.07	\$.04	\$.03
Net Income	\$ --	\$.07	\$.04	\$.11
DILUTED EARNINGS PER SHARE:				
Continuing Operations	\$ --	\$.05	\$.04	\$.03
Net Income	\$ --	\$.06	\$.04	\$.08

(6) SUBSEQUENT EVENT

On July 1, 1997, the Company purchased substantially all of the assets of P.R. Hoffman Machine Products Corporation, an "S" corporation ("P.R. Hoffman") based in Carlisle, Pennsylvania. P.R. Hoffman develops, manufactures, and markets double sided precision lapping and polishing machines for semiconductor silicon wafers and related products, including carriers, templates, and replacement parts. For the years ended December 31, 1996 and 1995, P.R. Hoffman had sales of \$6.6 million and \$4.9 million, respectively. Net income generated during the years ended December 31, 1996 and 1995 was \$458,215 and \$160,938, respectively. After making unaudited pro forma adjustments for income taxes, net income generated during the years ended December 31, 1996 and 1995 was \$338,215 and \$161,938, respectively. At closing the Company paid the seller \$2.2 million in cash and \$65,000 in the Company's common stock and assumed the operating liabilities of P.R. Hoffman. The purchase price is to be adjusted based upon the book value of the net assets as of June 30, 1997, which is expected to raise the purchase price by approximately \$227,000, resulting in an initial purchase price of \$2,900,000, including the assumed liabilities. The Company will also pay in either cash or stock an earn-out equal to 50% of the pre-tax income of the P.R. Hoffman in excess of \$800,000 per year, for the next five (5) years. The maximum earn-out payable under the purchase agreement is \$2 million. This additional purchase price will be treated as part of the purchase price to the extent earned.

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AMTECH SYSTEMS, INC.
AND SUBSIDIARIES
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL
CONDITION AND RESULTS OF OPERATIONS

Financial Condition and Working Capital.

As of June 30, 1997, the Company has \$3,479,000 of readily available liquidity in the form of cash and cash equivalents and short-term investments, a decrease of \$979,000 since September 30, 1996. During the nine months ended June 30, 1997, working capital increased by \$246,000 to \$5,726,000, primarily as the result of the proceeds received upon disposition of the Company's interest in Seil Semicon, Inc., an unconsolidated joint venture, which was owned until December 1996. Cash and short-term investments comprise 37% of total assets and stockholders' investment is 52% of total capitalization. The current ratio was 3.2:1 as of June 30, 1997, compared to 4.5:1 as of September 30, 1996. While there has been a decline in the current ratio since the beginning of the year, management believes that the ratio and the continued liquidity are a reflection of the Company's strong financial condition.

Liquidity and Capital Resources.

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Management believes the Company's liquidity is sufficient for its current operations. The Company is continuing to perform research on high intensity lamps to be used in conjunction with its patented photo-assisted chemical vapor deposition ("CVD") technology prior to making a decision regarding development of a commercial product incorporating that technology. Also, on July 1, 1997, the Company acquired the assets of P.R. Hoffman for an initial purchase price of \$2.9 million paid mostly in cash. See Note 6, Subsequent Event, to the financial statements as of June 30, 1997 and the nine months then ended, for further information regarding that acquisition. See the management's discussion and analysis included in the Company's 1996 annual report on Form 10-K for further information regarding the Company's strategy for acquisitions and development of a product based upon the Company's CVD technology. In addition, the Company continues to evaluate potential product or business acquisitions that may complement its business. There can be no assurance of the sufficiency of existing working capital or the availability of any other source of financing necessary to permit the Company to pursue simultaneously both its acquisition strategy and to complete development of a photo-assisted CVD product.

The semiconductor equipment order backlog was approximately \$3,800,000, as of June 30, 1997, as compared to \$4,600,000 as of June 30, 1996. The decline in the order backlog reflects shipments of a multi-year order and an increase in

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shipments due to an expansion of the production capacity of the Netherlands operation. While orders are ordinarily filled within three to nine months of receipt, the current backlog includes approximately [\$1,000,000] of orders to one customer that will not be shipped until fiscal 1998.

THREE MONTHS ENDED JUNE 30,
1997 vs. 1996

Continuing Operations.

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Revenues declined \$426,000, or 13%, to \$2,806,000 in the third quarter of fiscal 1997, from \$3,232,000 of product sales reported in the second quarter of the fiscal 1996 year. Revenue for the third quarter of fiscal 1996 was significantly higher than the most recently completed quarter due to the Company's ability to ship items in the third quarter of fiscal 1996 previously delayed due to long lead-times of important quartz parts. While there may be similar delays in the future, none were incurred in the quarter ended June 30, 1997. The allocation of greater resources to merger and acquisition activities during the most recent quarter also contributed to the decrease in consolidated revenue.

Gross margin decreased \$253,000, or 21%, to \$955,000, and amounted to 34% of sales, in the third quarter of fiscal 1997, compared to \$1,208,000, or 37% of sales, in the third quarter of fiscal 1996. The decline in revenues accounted for 62% of the reduction in gross margin. Furnace sales, which have a lower gross profit margin, comprised a larger percentage of the total revenue. This less profitable product mix and the spreading of the fixed portion of manufacturing costs over the reduced sales volume accounted for the remaining 38% of the decline in gross margin.

The selling, general and administrative expenses for the third quarter of fiscal 1997 were \$210,000 higher than in comparable period of last fiscal year. The increased expenses primarily from expanded overhead costs related to the larger office and manufacturing facilities in The Netherlands and increased selling, marketing and installation activities on a world-wide basis. Research and development costs were \$36,000 lower than in the three months ended June 30, 1996, as the Company's photo-CVD research has slowed pending the delivery of higher intensity lamps that are required for that research.

Income (Loss) From Continuing Operations.

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As a result of the above, for the three months ended June 30, 1997, the Company had an operating loss of \$39,000 as compared to

operating income of \$388,000 for the third quarter of fiscal 1996.

The income from continuing operations includes the operating profit (loss) from continuing operations discussed above, net interest income, and the provision for income taxes. During the third quarter of the current fiscal year, net interest income was \$39,000, just \$310 less than in the corresponding quarter of the preceding year.

Income tax expense decreased \$150,000, because income for the three months ended June 30, 1997 was break-even. The \$150,000 provision for income tax for the third quarter of fiscal 1996 is approximately \$5,000 more than would result from applying the statutory rates to the before tax loss, because of the effects of the permanent differences between financial and taxable income. As a result of the above, continuing operations produced income of \$701 for the 1997 period, compared to \$278,000, or \$.05 per share, recognized during the corresponding quarter of fiscal 1996.

Discontinued Operations.

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As a result of the December 1995 sale of the technical contract personnel segment, there was no income from discontinued operations in the second quarter of fiscal 1997 or 1996. However, during the third quarter of fiscal 1996, there was an adjustment increasing the gain on disposition of that segment of the business by \$23,834.

Total Company.

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The three months ended June 30, 1997, resulted in a net income of \$701, compared to a net income of \$302,000, or \$.05 per share, in the second quarter of fiscal 1996. The most significant factors contributing to the reduction in earnings was the \$426,000 decrease in sales and the less favorable product mix discussed above and the resulting decline in gross margins.

NINE MONTHS ENDED JUNE 30,
1997 vs. 1996

Continuing Operations.

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Revenues increased 17% to \$7,396,000 during the first nine months of fiscal 1997, from \$6,311,000 for the first nine months of fiscal 1996. The higher revenues were made possible by the expanded production capacity of The Netherlands operations resulting from larger facilities and the hiring of new employees. This increase also results from the Company's success in further penetrating the horizontal diffusion furnace market.

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Gross margin increased \$205,000, or 10%, to \$2,325,000, during the first nine months of fiscal 1997, from \$2,120,000 in the comparable period in fiscal 1996. The increase in gross margin related to the higher volume of shipments was partially offset by the lower gross margin as a percentage of sales resulting from a less favorable product mix. While spreading the fixed portion of manufacturing costs over the higher sales volume caused such costs to decrease as a percentage of sales, this benefit was offset by a product mix with a higher material cost content than in the prior year. As a result, gross margins as a percentage of revenue were 31% during the first nine months of fiscal 1997, compared to 34% during the comparable period in fiscal 1996.

The selling and general expenses of the semiconductor segment for the first nine months of fiscal 1997 were \$314,000 higher than in the comparable period of last fiscal year. The increased expenses primarily resulted from expanded sales, marketing and field service activities on a world-wide basis in order to promote the entire product line, with the greatest emphasis on the horizontal diffusion furnace developed in The Netherlands. The costs associated with the larger facilities in The Netherlands, including the costs of re-locating the operations to Heerde, contributed to the increase. These increases were partially offset by reductions in the sales and marketing costs of the U.S. based operations associated with the decision to defer the introduction of low-cost furnaces.

Research and development costs were \$23,000 lower than in the three quarters ended June 30, 1996, as the Company's photo-CVD ("chemical vapor deposition") research has slowed pending the delivery of higher intensity lamps that are required for that research.

Because the Company disposed of its interest in the Korean joint venture, Seil Semicon, Inc., and recovered its equity in the first year start-up losses and certain expenses related to that venture incurred last year, a \$115,000 gain was recorded in the first quarter of fiscal 1997. This gain offset much of the increase in expenses discussed above.

Income From Continuing Operations.

For the first nine months of fiscal 1997, the operating profit from continuing operations was \$108,000 as compared to \$79,000 for the first three quarters of fiscal 1996. This improvement results from the gain on the disposition of the Company's interest in Seil Semicon, Inc.

The income from continuing operations includes the operating profit, discussed above, net interest income, and the provision for income taxes. Net interest income declined by \$35,000 during the first nine months of fiscal 1997, as interest bearing investments were

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liquidated to finance the growth in accounts receivable associated with the higher sales volume.

During the first nine months of fiscal 1997 there was income tax expense of \$75,000, compared to an income tax expense of \$100,000 reported for the corresponding period of fiscal 1996. The \$100,000 income tax expense for the first three quarters of fiscal 1996 is approximately \$16,000 greater than would result from applying the statutory rates to the before tax loss, because of the effects of the permanent differences between financial and taxable income. The income tax expense in the first three quarters of fiscal 1997 is approximately \$7,000 less than what would result by applying the statutory rates to the before tax income, as the disposition of the Korean joint venture allowed the Company realized in the current year a tax benefit from the equity in losses recognized for financial statement purposes in fiscal 1996. This benefit was partially offset by differences between financial and taxable income as reflected in the Company's estimated effective tax rate which was applied to pre-tax book income for the fiscal year.

As a result of the above, continuing operations produced net income of \$166,000, or \$.04 per share, in the first nine months of fiscal 1997, representing an improvement of \$19,000, from the net loss of \$147,000, or \$.04 per share, reported in the first nine months of fiscal 1996.

Discontinued Operations.

Operating profits of the technical contract personnel business were \$22,000 in the first nine months of fiscal 1996. There was no comparable income in the current year because of the sale of this discontinued operation during December 1995.

During December 1995, the Company exchanged all of its ownership in the technical contract personnel business represented by the stock of Echelon Service Company for 196,034 shares of the Company's outstanding Common Stock previously owned by Eugene R. Hartman, then an officer and director of the Company. The transaction was preceded by a dividend from Echelon to the Company in order to equalize the values. The transaction was structured to be a tax-free reorganization and, as such, no provision was made for income taxes. As a result of the transaction, the Company recognized a gain of \$284,000.

Total Company

For the nine months ended June 30, 1997 there was net income of \$166,000, or \$.04 per share, as compared to net income of \$453,000, or \$.09 per share, for the comparable period of fiscal 1996. The net income for the first nine months of last fiscal year was generated entirely by the sale of the discontinued operations.

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FORWARD-LOOKING STATEMENTS

This report contains certain forward-looking statements. The forward-looking statements contained herein are based upon current expectations that involve a number of risks and uncertainties. The forward-looking statements are based upon a number of assumptions, including without limitation those enumerated in the related section of the Management's Discussion and Analysis included in the Company's 1996 annual report on Form 10-K, which are hereby incorporated by reference. Assumptions related to the foregoing involve judgments with respect to, among other things, future economic, competitive and market conditions, and future business decisions, 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 such forward-looking information included herein, the inclusion of 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.

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Item 1. Legal Proceedings.

None.

Item 4. Submission of Matters to a Vote of Security Holders

None.

Item 5. Other Matters

On July 1, 1997, the Company acquired substantially all of the assets and related operating liabilities of P.R. Hoffman Machine Products Corporation, a Carlisle, Pennsylvania-based corporation ("P.R. Hoffman") (the "Acquisition"). P.R. Hoffman will be operated through the Company's wholly owned subsidiary, P.R. Hoffman Machine Products, Inc. and is expected to remain headquartered in Carlisle.

P.R. Hoffman specializes in developing, manufacturing and marketing double sided precision lapping and polishing machines and related products including carriers and semiconductor polishing templates. Double sided lapping and polishing machines are designed to process wafer type products such as semiconductor silicon wafers, computer disk media, and ceramic components for wireless communication devices to exact tolerances of thickness, flatness, parallelism and surface finish. Carriers, which are produced by P.R. Hoffman for its own machines as well as for competitors' systems, consist of holders where silicon wafers are nested during the lapping and polishing process. P.R. Hoffman also produces an assortment of plates, gears, parts and wear items for its machines as well as for the machines of competitors.

Management believes that the addition of P.R. Hoffman's product line to the Company's existing products (used primarily by customers in the manufacture of semiconductors) will enable the Company to offer a more diversified product line, provide a variety of possible solutions for new and existing customers, enhance the Company's ability to serve its customers and markets, and enable the Company to access markets currently served by P.R. Hoffman with the Company's technology and product line. In addition, management believes that the Company's larger and more established international operations will enhance and accelerate P.R. Hoffman's ability to distribute its products internationally.

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The aggregate consideration paid by the Company in connection with the Acquisition was approximately \$2,900,000, comprised of \$2,435,000 cash, 32,338 unregistered shares of Common Stock, and the assumption of liabilities (approximately \$400,000). The cash portion of the purchase price includes an estimate for a post-closing adjustment based upon P.R. Hoffman's June 30, 1997, balance sheet. The acquisition also provided for an earnout formula which, in the aggregate, could result in up to an additional \$2 million payment to the seller. Under the terms of the earnout formula, P.R. Hoffman is entitled to fifty (50%) of P.R. Hoffman's pre-tax profits in excess of \$800,000 per year for a period of five (5) years up to a cumulative maximum of \$2 million. This additional purchase price will be treated as part of the purchase price to the extent earned.

Item 6. Exhibits and Reports on Form 8-K.

a) EXHIBITS -

Exhibit 10, Employment Agreement between Company and Jong S. Whang, President and Chief Executive Officer, dated 28th day of February, 1997.

The Company also incorporates by this reference the exhibits filed with the Company's Form 8-K dated July 8, 1997

b) Reports of Form 8-K

The Company did not file any reports on Form 8-K during three months ended June 30, 1997

SIGNATURES

Pursuant to the requirements of the Securities and 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

Robert T. Hass, Vice-President and
Chief Financial Officer

DATED: August 19, 1997

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EMPLOYMENT AGREEMENT

AGREEMENT, dated this 28th day of February, 1997, between Amtech Systems, Inc., an Arizona corporation (the "Company") with offices at 131 South Clark Drive, Tempe, Arizona and Jong S. Whang (the "Executive"),

W I T N E S S E T H:

WHEREAS, the Company and the Executive wish to enter into an employment and compensation arrangement on the following terms and conditions:

1. Employment. Subject to the terms and conditions of this Agreement, the Company agrees to employ the Executive as its Chief Executive Officer during the Employment Period (as defined in Section 7) and Executive agrees to perform such acts and duties and furnish such services to the Company and its affiliates consistent with such position as the Company's Board of Directors shall from time to time direct. The Executive shall have general and active charge of the business and affairs of the Company and, in such capacity, shall have responsibility for the day-to-day operations of the Company, subject to the authority and control of the Board of Directors of the Company. During the Employment Period, the Company shall continue to take such actions as necessary to cause the Executive's nomination as a member of the Board of Directors of the company. The Executive hereby accepts such employment and agrees to devote his full time and best efforts to the duties provided herein, provided, that the Executive may engage in other business activities which (i) involve no conflict of interest with the interests of the Company (subject to approval by the Board of Directors, which approval shall not be unreasonably withheld) and (ii) do not materially interfere with the performance by the Executive of his duties under this Agreement.

2. Compensation. For services rendered to the Company during the term of this Agreement, the Company shall compensate the Executive with an initial salary, payable in monthly installments, of \$155,000 per annum. Such base salary shall be reviewed on an annual basis by the Compensation Committee of the Company's Board of Directors (the "Compensation Committee") and shall be increased by at least five (5%) percent per annum.

3. Incentive Compensation. The Executive shall also be entitled to annual incentive compensation of up to fifty per cent (50%) of the applicable base salary ("Incentive Compensation"). The Executive's Incentive Compensation shall be calculated in accordance with Paragraph 5 of Executive's prior employment agreement with the Company dated November 14, 1994, which paragraph is incorporated herein by reference.

4. Stock Options. As further compensation, Employee shall be issued 207,584 stock options (hereinafter "stock options") upon the effective date of this Agreement. All of the stock options shall be "Incentive Stock Options" within the meaning of the Internal Revenue Code of 1986, as amended (the "Code"), subject to the limitations of the Code. Any stock options which are not allowed to be incentive stock options under the Code shall be non-qualified stock options. The stock options shall be issued at the fair market value of the Employer's common stock as of the date of this Agreement and shall then be vested at 20% per full year of service (and shall not be vested for interim periods on a pro-rata basis, except as otherwise provided in the applicable Stock Option Agreement) from the date of this Agreement, over a five year period, all of the foregoing to be in accordance with the provisions of Employer's Stock Option Plan, as may be amended from time to time, which is incorporated by reference herein.

5. Benefits. During the Employment Period, the Company shall provide or cause to be provided to the Executive such employee benefits as are provided to other executive officers of the Company, including family medical and dental, disability and life insurance, and participation in pension and retirement plans, incentive compensation plans, stock option plans and other benefit plans. During the Employment Period, the Company may provide or cause to be provided to the Executive such additional benefits as the Company may deem appropriate from time to time. The Company shall also provide the Executive at the Company's expense the use of an automobile of at least equal value to that which is presently utilized by the Executive as of the date of this Agreement as well as a life insurance policy in the face amount of \$250,000 with Executive's spouse as the beneficiary.

6. Vacation. The Executive shall be entitled to annual vacations in accordance with the Company's vacation policies in effect from time to time for executive officers of the Company.

7. Term: Employment Period. The "Employment Period" shall commence on the date of this Agreement and shall terminate 5 years thereafter, unless extended by written agreement between the parties or unless earlier terminated pursuant to Section 8. If the Executive shall remain in the full time employ of the Company beyond the Employment Period without any written agreement between the parties, this Agreement shall be deemed to continue on a month to

month basis and either party shall have the right to terminate this Agreement at the end of any ensuing calendar month on written notice of at least 30 days.

8. Termination.

(a) Executive's employment with the company shall be "at will". Either the Company or the Executive may terminate this Agreement and Executive's employment at any time, with or without Cause or Good Reason (as such terms are defined below), in its or his sole discretion, upon thirty (30) days prior written notice of termination.

(b) Without limiting the foregoing Section 8(a), (i) the Executive may terminate his employment with the company at any time for Good Reason, or (ii) the Company may terminate his employment at any time for Cause. "Good Reason" shall mean Executive's termination of his employment as a result of a substantial diminution in the Executive's responsibilities, or base salary below \$155,000 or a demotion in title or status. "Cause" shall mean (i) the Executive's wilful, repeated or negligent failure to perform his duties hereunder and to comply with any reasonable or proper direction given by or on behalf of the Company's Board of Directors and the continuation of such failure following ten (10) days written notice to such effect, (ii) the Executive being guilty of serious misconduct on the Company's premises or elsewhere, whether during the performance of his duties or not, which is reasonably likely to cause material damage to the reputation of the Company or render it materially more difficult for the Executive to satisfactorily continue to perform his duties; (iii) the Executive being found guilty in a criminal court of any offense of a nature which is reasonably likely to materially adversely affect the reputation of the company or to materially prejudice its interests if the Executive were to continue to be employed by the Company; (iv) the Executive's commission of any act of fraud, theft or dishonesty, or any intentional tort against the Company; or (v) the Executive's violation of any of the material terms, covenants, representations or warranties contained in this Agreement and failure to correct such violation within ten (10) days after written notice by the Company.

(c) "Disability" shall mean that the Executive, in the good faith determination of the Board of Directors of the Company, is unable to render services of the character contemplated hereby and that such inability (i) may be expected to be permanent, or (ii) may be expected to continue for a period of at least six (6) consecutive months (or for shorter periods totaling more than six (6) months during any period of twelve (12) consecutive months). Termination resulting from Disability may only be effected after at least thirty (30) days written notice by the Company of its intention to terminate the Executive's employment.

(d) "Termination Date" shall mean (i) if this Agreement is terminated on account of death, the date of death; (ii) if this Agreement is terminated for Disability, the date established by the Company pursuant to Section 8(c) hereof; (iii) if this Agreement is terminated by the Company, the date on which a notice of termination is given to the Executive; (iv) if the Agreement is terminated by the Executive, the date the Executive ceases work; or (v) if this Agreement expires by its terms, the last day of the term of this Agreement.

9. Severance:

(a) If (i) the Company terminates the employment of the Executive against his will and without Cause, or (ii) the Executive terminates his employment for Good Reason, the Executive shall be entitled to receive salary, Incentive Compensation and vacation accrued through the Termination Date plus the greater of (i) Executive Compensation \$155,000 or (ii) the balance of the Executive's compensation hereunder to the end of the term of this Agreement computed using the latest applicable salary rate without consideration of any reductions in base pay below \$155,000. The Company shall make such termination payment within thirty (30) days of such termination. Notwithstanding the foregoing, the Company shall not be required to pay any severance pay for any period following the Termination Date if the Executive violates the provisions of Section 15, Section 16 or Section 17 of this Agreement in any material respect, and fails to cure such violation willingly thirty days after written notice from the Company to the Executive detailing such violation. For the purpose of this Section 9(a), the Executive's compensation hereunder shall mean compensation as described in Section 2 without regard to any salary reductions, Incentive Compensation as described in Section 3, pro-rated through the Termination Date, Stock Options as described in Section 4 pro-rated through the Termination Date and accelerated vesting of such Stock Options, such that all stock options granted Executive shall become immediately vested and exercisable on the Termination Date.

(b) If (i) the Executive voluntarily terminates his employment other than for Good Reason, (ii) the Executive's employment is terminated due to death or Disability, or (iii) the Executive is terminated by the Company for Cause, then the Executive shall be entitled to receive salary and accrued vacation through the Termination Date only. In the event of death or Disability the Executive shall also be entitled Incentive Compensation per Section 3 and stock options per Section 4 pro-rated through the Termination Date.

(c) In addition to the provisions of Section 9(a) and 9(b) hereof, to the extent COBRA shall be applicable to the Company or as provided by law, the Executive shall be entitled to continuation of group health plan benefits in accordance with COBRA if the Executive makes the appropriate conversion and payments. If requested to do so, the Company will transfer ownership of the life insurance policy referred to in Section 5 to the Executive and the Executive agrees to pay for any costs related to the transfer in excess of \$1000 and to be responsible for all future premiums.

(d) The Executive acknowledges that, upon termination of his employment, he is entitled to no other compensation, severance or other benefits other than those specifically set forth in this Agreement or any applicable Stock Option Agreement.

10. Expenses. The Company shall pay or reimburse the Executive for all expenses normally reimbursed by Company, reasonably incurred by him in furtherance of his duties hereunder and authorized and approved by the Company in compliance with such rules relating thereto as the Company may, from time to time, adopt and as may be required in order to permit such payments as proper deductions

to Company under the Internal Revenue Code of 1986, as amended, and the rule and regulations adopted pursuant thereto now or hereafter in effect.

11. Facilities and Services. The Company shall furnish the Executive with office space, secretarial and support staff and such other facilities and services as shall be reasonably necessary for the performance of his duties under this Agreement.

12. Mitigation Not Required. In the event this Agreement is terminated, the Executive shall not be required to mitigate amounts payable pursuant hereto by seeking other employment or otherwise. The Executive's acceptance of any such other employment shall not diminish or impair the amounts payable to the Executive pursuant hereto.

13. Place of Performance. The Executive shall perform his duties primarily in Tempe, Arizona or locations within a reasonable proximity thereof, except for reasonable travel as the performance of the Executive's duties may require.

14. Insurance and Indemnity. During the Employment Period, if available at reasonable costs, the Company shall maintain, at its expense, officers and directors fiduciary liability insurance covering the Executive and all other executive officers and directors in an amount of no less than \$1,000,000. The Company shall also indemnify the Executive, to the fullest extent permitted by law, from any liability asserted against or incurred by the Executive by reason of the fact that the Executive is or was an officer or director of the Company or any affiliate or related party or is or was serving in any capacity at the request of the Company for any other corporation, partnership, joint venture, trust, employment benefit plan or other enterprise. This indemnity shall survive termination of this Agreement.

15. Noncompetition.

A. The Executive agrees that, except in accordance with his duties under this Agreement on behalf of the Company, he will not during the term of this Agreement:

Participate in, be employed in any capacity by, serve as director, consultant, agent or representative for, or have any interest, directly or indirectly, in any enterprise which is engaged in the business of distributing, selling or otherwise trading in products or services which are competitive to any products or services distributed, sold or otherwise traded in by the Company or any of its subsidiaries during the term of the Executive's employment with the Company, or which are competitive to any products or services being actively developed, with the bona fide intent to market same, by the Company or any of its subsidiaries during the term of the Executive's employment with the Company;

In addition, the Executive agrees that for a period of two years after the end of the term of this Agreement (unless the Company breaches this Agreement by failing to pay to the Executive all sums due him under the terms hereof, in which event the following provisions of this Section 15.A shall be inapplicable), the Executive shall observe the covenants set forth in this Section 15 and shall not own, either directly or indirectly or through or in conjunction with one or more members of his or his spouse's family or through any trust or other contractual arrangement, a greater than five percent (5%) interest in, or otherwise control either directly or indirectly, any partnership, corporation, or other entity which distributes, sells, or otherwise trades in products which are competitive to any products or services being developed, distributed, sold, or otherwise traded in by the Company or any of its subsidiaries, during the term of this Agreement, or being actively developed by the Company or any of its subsidiaries during the term of this Agreement with the Company with a bona fide intent to market same. Executive further agrees, for such two year period following

termination, to refrain from directly or indirectly soliciting Company's vendors, customers or employees, except that the Executive may solicit the Company's vendors or customers in connection with a business that does not compete with the Company or any of its subsidiaries.

B. The Executive hereby agrees that damages and any other remedy available at law would be inadequate to redress or remedy any loss or damage suffered by the Company upon any breach of the terms of this Section 15 by the Executive, and the Executive therefore agrees that the Company, in addition to recovering on any claim for damages or obtaining any other remedy available at law, also may enforce the terms of this section 15 by injunction or specific performance, and may obtain any other appropriate remedy available in equity.

16. Assignment of Patents. Executive shall disclose fully to the Company any and all discoveries and any and all ideas, concepts or inventions relating to the Company's business as described in the Company's most recent 10-K report) which he shall conceive or make during his period of employment, or during the period of six months after his employment shall terminate, which are in whole or in part the result of his work with the Company. Such disclosure is to be made promptly after each such discovery or conception, and each such discovery, idea, concept or invention will become and remain the property of the Company, whether or not patent applications are filed thereon. Upon request and at the expense of the Company, the Executive shall make application through the patent solicitors of the Company for letters patent of the United States and any and all other countries at the discretion of the Company on such discoveries, ideas and inventions, and to assign all such applications to the Company, or at its order, forthwith, without additional payment by the Company during his period of employment and for reasonable compensation for time actually spent by the Executive at such work at the request of the Company after the termination of the employment. Executive shall give the Company, its attorneys and solicitors, all reasonable assistance in preparing and prosecuting such applications and, on request of the Company, execute all papers and do all things that may be reasonably necessary to protect the right of the Company and vest in it or its assigns the discoveries, ideas or inventions, applications and letters patent herein contemplated. Said cooperation shall also include all actions reasonably necessary to aid the Company in the defense of its rights in the event of litigation.

17. Trade Secrets.

A. In the course of the term of this Agreement, it is anticipated that the Executive shall have access to secret or confidential technical and commercial information, records, data, specifications, systems, methods, plans, policies, inventions, material and other knowledge ("Confidential Material") owned by the Company and its subsidiaries. The Executive recognizes and acknowledges that included within the Confidential Material are the Company's confidential commercial information, technology, methods of manufacture, designs, and any computer programs, source codes, object codes, executable codes and related materials, all as they may exist from time to time, and that they are valuable special and unique aspects of the Company's business. All such Confidential material shall be and remain the property of the Company. Except as required by his duties to the Company, the Executive shall not, directly or indirectly, either during the term of his employment or at any time thereafter, disclose or disseminate to anyone or make use of, for any purpose whatsoever, any Confidential Material. Upon termination of his employment, the Executive shall promptly deliver to the Company all Confidential Material (including all copies thereof, whether prepared by the Executive or others) which are in the possession or under the control of the Executive. The Executive shall not be deemed to have breached this Section 17 if the Executive shall be specifically compelled by lawful order of any judicial, legislative, or administrative authority or body to disclose any Confidential Material or else face civil or criminal penalty or sanction.

B. The Executive hereby agrees that damages and any other remedy available at law would be inadequate to redress or remedy any loss or damage suffered by the Company upon any breach of the terms of this Section 17 by the Executive, and the Executive therefore agrees that the Company, in addition to recovering on any claim for damages or obtaining any other remedy available at law, also may enforce the terms of this Section 17 by injunction or specific performance, and may obtain any other appropriate remedy available in equity.

18. Provisions After Change of Control.

(a) In the event Executive's employment with the Company is terminated within one year following the occurrence of a Change of Control (other than as a consequence of death or Disability) either (x) by the Company for any reason other than for Cause, or (y) by Executive for Good Reason, then Executive shall be entitled to receive from the Company, in lieu of the severance payment otherwise payable pursuant to Section 9(a), the following:

(i) Base Salary: The severance payment otherwise payable pursuant to Section 9(a) of this Agreement;

(ii) Incentive Compensation: The maximum amount of the Executive's Incentive Compensation for the fiscal year in which the Termination Date occurs shall be paid on the Termination Date; and

(iii) Other Benefits: Notwithstanding the vesting period provided for in the Company's Stock Option Plan and any related Stock Option Agreements between the Company and the Executive for stock options granted Executive by the Company all of options shall be fully vested and exercisable upon a Change of Control and termination of employment.

(b) For purposes of this Agreement, the term "Change of Control" shall mean:

(i) The acquisition, other than from the Company, by any individual, entity or group (within the meaning of Rule 13d-3

promulgated under the Exchange Act or any successor provision) (any of the foregoing described in this Paragraph 18 b.i.hereafter a "Person") of 50% or more of either (a) the then outstanding shares of Capital Stock of the Company (the "Outstanding Capital Stock") or (b) the combined voting power of the then outstanding voting securities of the Company entitled to vote generally in the election of directors (the "Voting Securities"), provided, however, that any acquisition by (x) the Company or any of its subsidiaries, or any employee benefit plan (or related trust) sponsored or maintained by the Company or any of its subsidiaries or (y) any Person that is eligible, pursuant to Rule 13d-1 (b) under the Exchange Act, to file a statement on Schedule 13G with respect to its beneficial ownership of Voting Securities, whether or not such Person shall have filed a statement on Schedule 13G, unless such Person shall have filed a statement on Schedule 13D with respect to beneficial ownership of 50% or more of the Voting Securities or (z) any corporation with respect to which, following such acquisition, more than 60% of, respectively, the then outstanding shares of common stock of such corporation and the combined voting power of the then outstanding voting securities of such corporation entitled to vote generally in the election of directors is then beneficially owned, directly or indirectly, by all or substantially all of the individuals and entities who were the beneficial owners, respectively, of the Outstanding Capital Stock and Voting Securities immediately prior to such acquisition in substantially the same proportion as their ownership, immediately prior to such acquisition, of the Outstanding Capital Stock and Voting Securities, as the case may be, shall not constitute a Change of Control; or

(ii) Individuals who, as of the Effective Date, constitute the Board (the "Incumbent Board") cease for any reason to constitute at least a majority of the Board, provided that any individual becoming a director subsequent to the date hereof whose election or nomination for election by the Company's shareholders, was approved by a vote of at least a majority of the directors then comprising the Incumbent Board shall be considered as though such individual were a member of the Incumbent Board, but excluding, for this purpose, any such individual whose initial assumption of office is in connection with an actual or threatened election contest relating to the election of the Directors of the Company (as such terms are used in Rule 14a-11 of Regulation 14A, or any successor section, promulgated under the Exchange Act); or

(iii) Approval by the shareholders of the Company of a reorganization, merger or consolidation (a "Business Combination"), in each case, with respect to which all or substantially all holders of the Outstanding Capital Stock and Voting Securities immediately prior to such Business Combination do not, following such Business Combination, beneficially own, directly or indirectly, more than 60% of, respectively, the then outstanding shares of common stock and the combined voting power of the then outstanding voting securities entitled to vote generally in the election of directors, as the case may be, of the corporation resulting from the Business Combination; or

(iv) (a) a complete liquidation or dissolution of the Company or (b) a sale or other disposition of all or substantially all of the assets of the Company other than to a corporation with respect to which, following such sale or disposition, more than 60% of, respectively, the then outstanding shares of common stock and the combined voting power of the then outstanding voting securities entitled to

vote generally in the election of directors is then owned beneficially, directly or indirectly, by all or substantially all of the individuals and entities who were the beneficial owners, respectively, of the Outstanding Capital Stock and Voting Securities immediately prior to such sale or disposition in substantially the same proportion as their ownership of the Outstanding Capital Stock and Voting Securities, as the case may be, immediately prior to such sale or disposition.

19. Notices. Any notice required or permitted to be given under this Agreement shall be sufficient if in writing and if sent by registered or certified mail, return receipt requested to his residence in the case of the Executive, or to its principal office in the case of the Company, or to such other addresses as they may respectively designate in writing.

20. Entire Agreement; Waiver. This Agreement contains the entire understanding of the parties and may not be changed orally but only by an agreement in writing, signed by the party against whom enforcement of any waiver, change, modification or discharge is sought. Waiver of or failure to exercise any rights provided by this Agreement in any respect shall not be deemed a waiver or any further or future rights.

21. Binding Effect; Assignment. The rights and obligations of this Agreement shall bind and inure to the benefit of any successor of the Company by reorganization, merger or consolidation, or any assignee of all or substantially all of the Company's business or properties. The Executive's rights hereunder are personal to and shall not be transferable nor assignable by the Executive.

22. Headings. The headings contained in this Agreement are for reference purposes only and shall not affect the meaning or interpretation of this Agreement.

23. Governing Law; Arbitration. This Agreement shall be construed in accordance with and governed for all purposes by the laws and public policy of the State of Arizona applicable to contracts executed and to be wholly performed within such state. Any dispute or controversy arising out of or relating to this Agreement shall be settled by arbitration in accordance with the rules of the American Arbitration Association and judgment upon the award may be entered in any court having jurisdiction thereover. The arbitration shall be held in Maricopa County or in such other place as the parties hereto may agree.

24. Further Assurances. Each of the parties agrees to execute, acknowledge, deliver and perform, and cause to be executed, acknowledged, delivered and performed, at any time and from time to time, all such further acts, deeds, assignments, transfers, conveyances, powers of attorney and/or assurances as may be necessary or proper to carry out the provisions or intent of this Agreement.

25. Severability. The parties agree that if any one or more of the terms, provisions, covenants or restrictions of this Agreement shall be determined by a court of competent jurisdiction to be invalid, void or unenforceable, the remainder of the terms, provisions, covenants and restrictions of this Agreement shall remain in full force and effect and shall in no way be affected, impaired or invalidated.

26. Counterparts. This Agreement may be executed in several counterparts, each of which shall be deemed to be an original, but all of which together will constitute one and the same Agreement.

IN WITNESS WHEREOF, AMTECH SYSTEMS, INC. has caused by instrument to be signed by a duly authorized officer and the Executive has hereunto set his hand the day and year first above written.

AMTECH SYSTEMS, INC.

By /s/ Robert T. Hass

Robert T. Hass
Vice President-Finance

/s/ Jong S. Whang

Jong S. Whang

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THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE BALANCE SHEET AS OF JUNE 30, 1997, AND THE STATEMENT OF OPERATION AND THE STATEMENT OF CASH FLOW FOR THE NINE MONTHS ENDED JUNE 30, 1997 AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH QUARTERLY REPORT ON FORM 10-Q FOR THE QUARTER ENDED JUNE 30, 1997.

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