

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

FORM 10-Q

(Mark One)

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

For the quarter ended: March 31, 1999

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)

(Zip Code)

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

Common Stock, \$.01 Par Value

(Title of Class)

2,111,279 Shares

Outstanding as of March 31, 1999
AMTECH SYSTEMS, INC.
AND SUBSIDIARIES

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AMTECH SYSTEMS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS

<TABLE>
<CAPTION>

	MARCH 31, 1999	SEPTEMBER 30, 1998
	----- (Unaudited)	-----
<S>	<C>	<C>
ASSETS		
CURRENT ASSETS:		
Cash and equivalents	\$ 1,158,462	\$ 1,351,542
Accounts receivable - net	3,417,928	2,894,217
Inventories	2,409,679	2,393,708
Deferred income taxes	372,000	393,000
Income taxes refundable	96,000	404,000
Prepaid expenses	76,091	87,711
	-----	-----
Total current assets	7,530,160	7,524,178
PROPERTY, PLANT AND EQUIPMENT - net	1,213,149	1,243,016
PURCHASE PRICE IN EXCESS OF NET ASSETS ACQUIRED AND OTHER ASSETS - net	541,228	558,285
	-----	-----
TOTAL ASSETS	\$ 9,284,537	\$ 9,325,479
	=====	=====
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable	\$ 806,355	\$ 1,229,451
Accrued compensation and related taxes	654,645	573,294
Accrued warranty expense	135,992	166,839
Accrued installation expense	159,210	183,909
Customer deposits	604,912	249,795
Other accrued liabilities	123,120	127,435
	-----	-----
Total current liabilities	2,484,234	2,530,723
LONG-TERM OBLIGATIONS	324,665	347,667
	-----	-----
COMMITMENTS AND CONTINGENCIES		
STOCKHOLDERS' EQUITY		
Preferred stock; no specified terms; 100,000,000 shares authorized; none issued	--	--
Common stock; \$.01 par value; 100,000,000 shares authorized; 2,111,279 (2,110,303 in 1998) shares issued and outstanding	21,113	21,103
Additional paid-in capital	7,406,579	7,406,589
Cumulative foreign currency translation adjustment	(302,293)	(216,338)
Accumulated deficit	(649,761)	(764,265)
	-----	-----
Total stockholders' equity	6,475,638	6,447,089
	-----	-----
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 9,284,537	\$ 9,325,479
	=====	=====

</TABLE>

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AMTECH SYSTEMS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
For Three and Six Months Ended March 31, 1999 and 1998

<TABLE>
<CAPTION>

	Three Months Ended March 31		Six Months Ended March 31	
	1999	1998	1999	1998
<S>	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	<C>	<C>	<C>	<C>
	-----	-----	-----	-----

Net product sales	\$3,593,204	\$4,738,521	\$6,971,912	\$8,799,347
Cost of product sales	2,443,918	3,254,942	5,038,713	6,074,084
	-----	-----	-----	-----
Gross margin	1,149,286	1,483,579	1,933,199	2,725,263
Selling, general and administrative	811,806	1,055,014	1,603,620	2,056,980
Research and development	82,202	98,215	164,160	166,709
	-----	-----	-----	-----
Operating profit	255,278	330,350	165,419	501,574
Interest income-net	10,248	17,595	20,085	35,711
	-----	-----	-----	-----
Income before income taxes	265,526	347,945	185,504	537,285
Income tax provision	98,000	156,000	71,000	236,000
	-----	-----	-----	-----
NET INCOME	\$ 167,526	\$ 191,945	\$ 114,504	\$ 301,285
	=====	=====	=====	=====

EARNINGS PER SHARE :

Basic	\$.08	\$.09	\$.05	\$.14
Weighted average shares outstanding	2,110,510	2,103,154	2,110,429	2,103,185
Diluted	\$.08	\$.09	\$.05	\$.13
Weighted average shares outstanding	2,147,591	2,118,039	2,150,478	2,145,999

</TABLE>

See accompanying notes to condensed financial statements.

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AMTECH SYSTEMS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
FOR THE SIX MONTHS ENDED MARCH 31, 1999 AND 1998

<TABLE>
<CAPTION>

	COMMON STOCK		ADDITIONAL PAID-IN CAPITAL	ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSSES) (I.E. FOREIGN CURRENCY TRANSLATION ADJUSTMENTS)		TOTAL STOCKHOLDERS' EQUITY
	NUMBER OF SHARES	AMOUNT		ACCUMULATED DEFICIT		
<S>	<C>	<C>	<C>	<C>	<C>	<C>
BALANCE AT SEPTEMBER 30, 1997	2,092,553	\$ 20,926	\$7,366,111	\$ (284,453)	\$ (174,378)	\$ 6,928,206
Net income	-	-	-	-	301,285	301,285
Translation adjustment	-	-	-	(64,481)	-	(64,481)
Comprehensive income						236,804
Employee stock bonus	8,725	87	632	-	-	719
BALANCE AT MARCH 31, 1998	2,101,278	\$ 21,013	\$7,366,743	\$ (348,934)	\$ 126,907	\$ 7,165,729
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
Other items	976	10	(10)	-	-	-
BALANCE AT MARCH 31, 1999	2,111,279	\$ 21,113	\$7,406,579	\$ (302,293)	\$ (649,761)	\$ 6,475,638

</TABLE>

See accompanying notes to condensed financial statements.

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AMTECH SYSTEMS, INC. AND SUBSIDIARIES
 CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
 For The Six Months Ended March 31, 1999 and 1998

<TABLE>
 <CAPTION>

	Six Months Ended	
	1999	1998
	Unaudited)	(Unaudited)
<S>	<C>	<C>
OPERATING ACTIVITIES:		
Net income	\$ 114,504	\$ 301,285
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation and amortization	156,984	166,793
Inventory and accounts receivable write-offs	49,336	24,038
Loss (gain) on disposals of long-lived assets	--	(2,241)
Deferred income taxes	21,000	(45,000)
(Increase) decrease in:		
Accounts receivable	(675,244)	(297,820)
Inventories, prepaids and other assets	(125,641)	(301,343)
Increase (decrease) in:		
Accounts payable	(347,776)	308,529
Accrued liabilities	433,045	(24,809)
Income taxes payable/refundable	301,309	48,916
Net Cash Provided By (Used In) Operating Activities	(72,483)	178,348
INVESTING ACTIVITIES:		
Maturities of short-term investments - net	--	579,191
Proceeds from sale of assets	--	2,241
Purchases of property, plant and equipment	(143,275)	(177,023)
Net Cash Provided By (Used In) Investing Activities	(143,275)	404,409
FINANCING ACTIVITIES:		
Proceeds from stock options exercised	--	719
Payments on mortgage loan	(5,901)	(6,018)
Net Cash Used In Financing Activities	(5,901)	(5,299)
EFFECT OF EXCHANGE RATE CHANGES ON CASH	28,579	6,447
CASH AND EQUIVALENTS:		
Net increase (decrease)	(193,080)	583,905
Beginning of year	1,351,542	1,395,849
END OF YEAR CASH AND EQUIVALENTS	\$ 1,158,462	\$ 1,979,754
SUPPLEMENTAL CASH FLOW INFORMATION:		
Cash paid during the year for:		
Interest	\$ 5,806	\$ 7,958
Income taxes, net of refunds	(209,000)	232,000

</TABLE>

See accompanying notes to condensed financial statements.

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AMTECH SYSTEMS, INC. AND SUBSIDIARIES
 NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
 THREE AND SIX MONTHS ENDED MARCH 31, 1999

(1) BASIS OF PRESENTATION

 The accompanying 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. formed July 1, 1997 ("P.R. Hoffman") (collectively, the "Company"). All significant intercompany balances and transactions have been eliminated in consolidation.

The accompanying 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 "Commission"), 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 disclosure 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, 1998, which are incorporated herein by reference.

The consolidated results of operations for the three and six months ended March 31, 1999, are not necessarily indicative of the results to be expected for the full year.

(2) INVENTORIES

The components of inventories are as follows:

	March 31, 1999	September 30, 1998
	-----	-----
Purchased parts and raw material	\$ 1,045,447	\$ 1,174,570
Work-in-process	759,478	612,646
Finished goods	604,754	606,492
	-----	-----
Totals	\$ 2,409,679	\$ 2,393,708
	=====	=====

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(3) EARNINGS PER SHARE

Earnings per share were calculated as follows:

	Three Months Ended March 31,		Six Months Ended March 31,	
	----- 1999	----- 1998	----- 1999	----- 1998
Net income	\$ 167,526	\$ 191,945	\$ 114,504	\$ 301,285
After-tax amortization of contingent goodwill	--	(7,667)	--	(15,780)
	-----	-----	-----	-----
Income used in the calculations	\$ 167,526	\$ 184,278	\$ 114,504	\$ 285,505
	=====	=====	=====	=====
Weighted average Shares outstanding:				
Common shares	2,110,510	2,103,154	2,110,429	2,103,185
Common equivalents issuable upon exercise of warrants and stock options(1)	37,081	14,885	40,049	42,814
	-----	-----	-----	-----
	2,147,591	2,118,039	2,150,478	2,145,999
	=====	=====	=====	=====
Earnings Per Share:				
Basic	\$.08	\$.09	\$.05	\$.14
	=====	=====	=====	=====
Diluted	\$.08	\$.09	\$.05	\$.13
	=====	=====	=====	=====

(1) Number of shares calculated using the treasury stock method and the average market price during the period. Options and warrants on 1,501,500 shares had an exercise price greater than the average market price during the period and therefore did not enter into the calculation.

(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. See Note 4, regarding the reverse stock split.

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4. REVERSE STOCK SPLIT

Effective with the close of business on March 15, 1999, each two shares of the \$.01 par value common stock ("Common Stock") of the Company was combined and reclassified into one share of the Common Stock. All shares and per share amounts have been restated to give effect for this one for two reverse stock split. Any fractional shares resulting from the reverse split were rounded to the next highest whole number.

5. COMPREHENSIVE INCOME

As of October 1, 1998, the Company adopted Statement of Financial Accounting Standards ("SFAS") No. 130, "Reporting Comprehensive Income." SFAS No. 130 establishes new rules for reporting and displaying of comprehensive income and its components. SFAS No. 130 requires foreign currency translation adjustments to be included in other comprehensive income. SFAS No. 130 had no effect on the Company's consolidated net income or stockholders' equity. Comprehensive income and components of accumulated other comprehensive income are presented in the Condensed Consolidated Statements of Stockholders' Equity.

6. RECLASSIFICATIONS

Certain reclassifications have been made to the amounts for fiscal 1998 to conform to the fiscal 1999 presentation.

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AMTECH SYSTEMS, INC. AND SUBSIDIARIES
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,	
	1999	1998	1999	1998
Net revenue	100.0%	100.0%	100.0%	100.0%
Cost of product sales	(68.0)	(68.7)	(72.3)	(69.0)
Gross profit	32.0	31.3	27.7	31.0
Selling, general and administrative expenses	(22.6)	(22.2)	(22.9)	(23.4)
Research and development	(2.3)	(2.1)	(2.4)	(1.9)
Operating profit	7.1%	7.0%	2.4%	5.7%
	=====	=====	=====	=====

NET REVENUE. The Company's net revenue for the three months ended March 31, 1999 was \$3,593,000, a decline of \$1,145,000, or 24%, from net revenue of \$4,739,000 for the corresponding period of the previous fiscal year. The decline in revenue for quarter ended March 31, 1999 was caused by the continuing effects of the slowdown in the semiconductor industry, which began to affect operations during the latter part of fiscal 1998. The industry slowdown adversely effected the revenue of all operations during the most recently completed quarter when compared to the prior year. However, consolidated revenue for the second quarter was 6% higher than in the first quarter of the current fiscal year, reflecting a slight improvement in the industry.

Revenue for the first six months of fiscal 1999 was \$6,972,000, a decline of \$1,827,000, or 21%, from the corresponding period in fiscal 1998. The decline in revenue for the six months ended March 31, 1999 was caused by the continuing effects of the slowdown in the semiconductor industry, which began to affect operations during the latter part of fiscal 1998. The industry slowdown adversely effected the revenue of all operations, except for the Tempress diffusion operations. The revenue increase from Tempress diffusion products

during the first quarter of the fiscal year caused this operation to have increased revenue for the first half of this fiscal year.

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GROSS PROFIT. The Company's gross profit decreased by approximately \$334,000 to \$1,149,000 for the three months ended March 31, 1999, from \$1,484,000 during the comparable period of the previous fiscal year. The decline in gross profit during the second quarter resulted primarily from reduced sales volume, discussed above. Gross profit as a percentage of sales was 32% for the second quarter, a slight improvement over the 31% for the second quarter of fiscal 1998, the net result of several nearly offsetting factors.

The Company's gross profit decreased by approximately \$792,000 to \$1,933,000 for the six months ended March 31, 1999, from \$2,725,000 during the comparable period of the previous fiscal year. The decline is primarily attributable to the 21% decline in the sales volume discussed above. Gross profit as a percentage of revenue was 28% in the first six months of fiscal 1999, compared to 31% in the first six months of fiscal 1998. The gross profit percentage for all products was lower in the first half of the current fiscal year than in the comparable period of fiscal 1998, primarily due to competitive pressures on pricing during the first quarter of this fiscal year, caused by the industry slowdown.

Comparing the gross profit for the second quarter to the first quarter of the current fiscal year provides an indication of some improvement in the industry. For the second quarter of fiscal 1999, gross profit increased by \$365,000, or 47%, over the first quarter on the 6% increase in revenue discussed above. This improvement also demonstrates the effectiveness of the Company's cost reductions implemented late in the first quarter of this fiscal year.

SELLING, GENERAL AND ADMINISTRATIVE EXPENSES. Selling, general and administrative expenses for the second quarter of fiscal 1999 were \$243,000, or 23%, less than the level of such expenses incurred in the second quarter of fiscal 1998. A reduction in acquisition activity and in the associated expenses also contributed to this decline. Selling, general and administrative expenses were reduced by approximately the same percentage as the decline in consolidated revenue when compared to the same quarter of fiscal 1998, and amounted to 23% and 22% of sales during the second quarter of fiscal years 1999 and 1998, respectively.

For the six months ended March 31, 1999, the Company reduced selling, general and administrative expense by \$453,000 from \$2,057,000, a decrease of 22%. Since these expenses were reduced by approximately the same percentage as the decline in sales volume, these expenses amounted to approximately 23% of sales for both periods.

RESEARCH AND DEVELOPMENT. Research and development costs decreased by \$16,000, to \$82,000, during the second quarter of fiscal 1999, compared to \$98,000 during the comparable quarter of fiscal 1998. For the first six months of fiscal 1999, research & development costs were \$164,000, compared to \$167,000 in the first six months of fiscal 1998. Research and development efforts were stepped-up in order to develop improved models of existing products, such as robotic loading systems and the furnace control interface. Costs of investigating potential new technologies replaced the costs incurred in fiscal 1998 for the now suspended photo assisted CVD (chemical vapor deposition) research project.

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OPERATING PROFIT. The \$75,000 decline in operating profit for the second quarter of fiscal 1999 is primarily attributable to the decline in sales volume discussed above. Expenses, including research and development, declined \$259,000. As a result, operating profit of \$255,000 was realized during the quarter ended March 31, 1999, a decrease of \$75,000 from the \$330,000 operating profit earned during the comparable period in fiscal 1998.

For the six months ended March 31, 1999, operating profit declined \$336,000, or 67%, to \$165,000 from \$502,000 in the comparable period in fiscal 1998. This decline is primarily attributable to the operating loss in the first quarter of fiscal 1999. Reductions in expenses, including research and development, were \$456,000 in the first six months of fiscal 1999 over the same period in 1998.

Net income includes the operating profit discussed above, net interest income and the provision for income taxes. During the second quarter of fiscal 1999, net interest income was \$10,000, a decrease of \$8,000 from the \$18,000 of net interest income for the corresponding quarter of fiscal 1998. For the six months ended March 31, 1999, net interest income was \$20,000, a decrease of \$16,000 from the \$36,000 of net interest income for the corresponding period of fiscal 1998. The decrease in net interest income is attributable to the Company beginning fiscal 1999 with less cash and short-term investments, as funds were used to finance the increase in inventories and refundable income taxes during fiscal 1998. As a result of the above factors, income before income taxes for the second quarter of fiscal 1999 was \$266,000, compared to income before taxes of \$348,000 in the second quarter of fiscal 1998, a decline of \$82,000.

NET INCOME. Net income in the second quarter of fiscal 1999 declined by \$24,000 to \$168,000, or 13%, from the second quarter of fiscal 1998. Income tax expense of \$98,000, recorded at an effective tax rate of 37%, reduced net income for the second quarter of fiscal 1999 to \$168,000, or \$.08 per share. During the second quarter of fiscal 1998, the Company recorded income tax expense of \$156,000, reflecting a 45% effective tax rate, resulting in net income of \$192,000, or \$.09 per share. The lower effective tax rate in the current fiscal year is primarily attributable to the fact that a significantly higher percentage of earnings during the second quarter of fiscal 1999 were in jurisdictions that have lower income tax rates and due the utilization of state net operating carryforwards, which previously had been offset by a valuation allowance.

For the six months ended March 31, 1999, the Company recorded income tax expense of \$71,000, an effective rate of 38%, reducing net income to \$115,000, or \$.05 per share. For the same period in fiscal 1998, income taxes of \$236,000, an effective rate of 44%, reduced net income to \$301,000. The lower effective tax rate in the current fiscal year is attributable to factors discussed above.

The increase in net earnings for the second quarter over the first quarter of fiscal 1999 is due to cost reductions implemented during the fourth quarter of fiscal 1998 and the first quarter of fiscal 1999 and to the 6% increase in revenue. The \$168,000 net income for the second quarter of fiscal 1999 is an improvement of \$221,000, compared to the \$53,000 net loss for the first quarter of fiscal 1999 and also reflects a turnaround from the net losses of \$185,000 and \$707,000, for the third and fourth quarters of fiscal 1998, respectively.

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BACKLOG. At March 31, 1999 the order backlog was \$4,433,000, a reduction of 26% from the \$5,986,000 backlog at March 31, 1998. The backlog as of March 31, 1999 was approximately \$315,000 higher than at September 30, 1998, but it was down \$780,000 from the \$5,213,000 backlog at December 31, 1998. 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, 1999, the Company had \$1,158,000 of readily available liquidity in the form of cash and cash equivalents, compared to cash and equivalents of \$1,352,000 at September 30, 1998, a decrease of approximately \$193,000. For the first six months of fiscal 1999, net income plus amortization and depreciation (i.e. cash flow) was a positive \$271,000. The Company continues to believe that there is sufficient liquidity for existing operations.

At March 31, 1999, working capital was \$5,046,000, up slightly from \$4,993,000, at September 30, 1998. The Company's current ratio, 3.0:1 at the end of the second quarter of fiscal 1999, was unchanged from the beginning of the year. Also, at the end of the second quarter of fiscal 1999, cash and short-term investments comprised 12% of total assets and stockholders' equity accounted for 70% of total capitalization. The Company believes that it continues to possess the financial strength to plan for future growth, while actively managing the current industry slowdown.

YEAR 2000 COMPLIANCE

Many currently installed computer systems and software products are coded to accept two digit entries in the date code field. These 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, in less than eight months, computer systems and software used by many companies may need to be upgraded to comply with such "Year 2000" requirements. Certain of the Company's systems, including information and computer systems and automated equipment, will be affected by the Year 2000 issue.

The Company is in the process of identifying the programs, infrastructure, and products that could be affected by the Year 2000 issue and is developing and implementing a plan to resolve the problem on a timely basis. Based on a preliminary, informal review of the hardware and software components of its systems and products, the Company anticipates that the plan will not require it to devote a considerable amount of internal resources or otherwise hire substantial external resources to assist with the implementation of such plan. The Company expects that the costs to be incurred by it to deal with this issue will be not be material, as many of the issues were resolved before the end of fiscal 1998, through installation of regular software updates provided by licensors under standard maintenance agreements. The Company does not anticipate that any problems encountered by suppliers and vendors in connection with the Year 2000 will have a material adverse effect on the Company's financial condition and 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 that have occurred recently due to equipment buyers' caution resulting from over-capacity for the production of semiconductor chips, (c) that the Company's products will remain accepted within their respective markets and will not be significantly further replaced by newer technology equipment, (d) that competitive conditions within the Company's markets will not materially deteriorate further, (e) that the Company's efforts to improve its products and maintain its competitiveness in the markets it competes will continue to progress and that the savings associated with these expenditures and/or the increased product demand resulting therefrom justifies these development costs, (f) that the Company will be able to retain, and when needed, add key technical and management personnel, (g) that business or product acquisitions, if any, will be successfully integrated and the results of operations therefrom will support the acquisition price, (h) that the Company's forecasts will accurately anticipate market demand, (i) that there will be no material adverse changes in the Company's exiting 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 recover from the current slowdown, (l) the turmoil in the Asian markets will not spread to other geographic regions or further deteriorate, (m) the Company has or will be able to reduce costs sufficiently to avoid using a substantial portion of its current liquidity to fund losses, (n) the Company will not, either directly or indirectly, incur any material Year 2000 issues and (o) that 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, 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.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings.

None.

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

On February 26, 1999, the Company held its annual meeting of shareholders at which 3,771,053, or 89.09% of the 4,232,632 shares outstanding were represented by proxy or in person. The following persons were elected to the board of directors with shares voted as follows:

Election of Directors	For	Withheld
-----	-----	-----
Jong S. Whang	3,722,713	48,340
Robert T. Hass	3,723,413	47,640
Donald F. Johnston	3,722,963	48,090
Alvin Katz	3,723,387	47,666
Bruce R. Thaw	3,723,437	47,616

At that meeting, the shareholders also approved the proposed amendment to the Articles of Incorporation to effect a one for two reverse split of the Company's \$.01 par value common stock. Shareholders voted 3,584,459 shares for approval of the proposed amendment; 173,279 shares were voted against proposed amendment; and proxies representing 13,315 shares abstained from voting.

Item 5. Other Matters.

None.

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

(a) Exhibits -

None.

(b) Reports on Form 8-K

The Company did not file any reports on Form 8-K during the three months ended March 31, 1999.

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 17, 1999

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, 1999, AND THE STATEMENT OF OPERATION AND THE STATEMENT OF CASH FLOW FOR THE SIX MONTHS ENDED MARCH 31, 1999 AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH QUARTERLY REPORT ON FORM 10-Q FOR THE QUARTER ENDED MARCH 31, 1999.

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<CURRENCY>

U.S. DOLLARS

<S>

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6-MOS

<FISCAL-YEAR-END>

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<PERIOD-END>

MAR-31-1999

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