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

FORM 8-K/A
(Amendment No. 1 to Form 8-K)

CURRENT REPORT
Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

September 27, 2004
(July 1, 2004)
Date of Reported
(earliest event reported)

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

Arizona	000-11412	86-0411215
(State or other jurisdiction of incorporation)	(Commission File Number)	(IRS Employer Identification No.)

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

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

Not applicable.
(Former name or former address, if changed since last report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

☐ Written communications pursuant to Rule 425 under Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 2.01 Completion of Acquisition or Disposition of Assets

As previously reported under Item 2 of the Form 8-K filed by Amtech Systems, Inc. (the "Company") on July 15, 2004, the Company has completed its acquisition of certain semiconductor horizontal diffusion furnace operations and assets in the United States and Europe (the "Business") from Kokusai Semiconductor Equipment Corporation and its affiliate Kokusai Electric Europe GmbH. The description of the acquisition included in the Company's July 15, 2004 Form 8-K is incorporated herein. This amended report on Form 8-K is being filed to complete the exhibit record with respect to the acquisition of the Business.

Item 9.01 Financial Statements and Exhibits

(a) *Financial Statements of businesses acquired.*

The combined financial statements of the horizontal furnace business of Kokusai Semiconductor Equipment Corporation and Kokusai Electric Europe Gmbh required to be filed pursuant to Item 9.01(a) of Form 8-K are included as Exhibit 99.1 of this report on Form 8-K/A.

(b) *Pro Forma Financial Information*.

The unaudited pro forma financial information required to be filed pursuant to Item 9.01(b) of Form 8-K is included as Exhibit 99.2 of this report on Form 8-K/A.

(c) *Exhibits.*

The following exhibits are filed as part of this report:

Exhibit Number	Description
23.1	Consent of Independent Auditors.
99.1	Combined financial statements of the Horizontal Furnace Business of Kokusai Semiconductor Equipment Corporation and Kokusai Electric Europe Gmbh, including the combined statements of net assets to be sold as of March 31, 2004 and March 31, 2003, related combined statements of net revenues, cost of revenues and direct operating expenses for each of the two fiscal years ended March 31, 2004 and Independent Auditors' Report.
99.2	Unaudited pro forma condensed combined statements of operations of Amtech Systems, Inc. and Subsidiaries and the Horizontal Furnace Business of Kokusai Semiconductor Equipment Corporation and Kokusai Electric Europe Gmbh (KSEC/KEE) for the fiscal year ended September 30, 2003 and the six months ended March 31, 2004 and the unaudited pro forma condensed combined balance sheet of Amtech Systems, Inc. and Subsidiaries and the Horizontal Furnace Business of KSEC/KEE as of March 31, 2004.

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 hereunto duly authorized.

AMTECH SYSTEMS, INC.

Date: September 27, 2004

By: /s/ Robert T. Hass
Name: Robert T. Hass
Title: Vice President-Finance

EXHIBIT INDEX

Exhibit Number	Description
23.1	Consent of Independent Auditors.
99.1	Combined financial statements of the Horizontal Furnace Business of Kokusai Semiconductor Equipment Corporation and Kokusai Electric Europe Gmbh, including the combined statements of net assets to be sold as of March 31, 2004 and March 31, 2003, related combined statements of net revenues, cost of revenues and direct operating expenses for each of the two fiscal years ended March 31, 2004 and Independent Auditors' Report.
99.2	Unaudited pro forma condensed combined statements of operations of Amtech Systems, Inc. and Subsidiaries and the Horizontal Furnace Business of Kokusai Semiconductor Equipment Corporation and Kokusai Electric Europe Gmbh (KSEC/KEE) for the fiscal year ended September 30, 2003 and the six months ended March 31, 2004 and the unaudited pro forma condensed combined balance sheet of Amtech Systems, Inc. and Subsidiaries and the Horizontal Furnace Business of KSEC/KEE as of March 31, 2004.

Exhibit 23.1

INDEPENDENT AUDITORS' CONSENT

We consent to the incorporation by reference in the Registration Statements of Amtech Systems, Inc. on Form S-3 (Nos. 333-09917, 333-10117 and 333-47098) and on Form S-8 (Nos. 333-09911, 333-09909, 333-46086, 333-76812 and 333-103101) of our report dated June 29, 2004 appearing in this Form 8-K/A, with respect to the combined statements of net assets to be sold of the Horizontal Furnace Business of Kokusai Semiconductor Equipment Corporation and Kokusai Electric Europe GmBH (wholly owned subsidiaries of Hitachi Kokusai Electric Inc.) as of March 31, 2004 and 2003 and the combined statements of net revenues, cost of revenues and direct operating expenses for the years then ended (which report expresses an unqualified opinion and includes an explanatory paragraph concerning the combined financial statements not intended to be a complete financial statement presentation and that presentation may not be indicative of conditions that would have existed or results that would have occurred had the operating entity operated as an unaffiliated entity).

/S/ Deloitte & Touche LLP

San Jose, California
September 27, 2004

Exhibit 99.1

Horizontal Furnace Business of Kokusai Semiconductor Equipment Corporation and Kokusai Electric Europe GmbH
(Wholly Owned Subsidiaries of Hitachi Kokusai Electric Inc.)

Combined Statements of Net Assets to be Sold as of March 31, 2004 and 2003 and Combined Statements of Net Revenues, Cost of Revenues and Direct Operating Expenses for the Years Ended March 31, 2004 and 2003 and Independent Auditors' Report

INDEPENDENT AUDITORS' REPORT

Board of Directors and Stockholder of
Kokusai Semiconductor Equipment Corporation
and Kokusai Electric Europe GmbH

We have audited the accompanying combined statements of net assets to be sold of the Horizontal Furnace Business (the "Business") of Kokusai Semiconductor Equipment Corporation and Kokusai Electric Europe GmbH (collectively the "Company"), wholly owned subsidiaries of Hitachi Kokusai Electric Inc., as of March 31, 2004 and 2003, and the combined statements of net revenues, cost of revenues and direct operating expenses for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these combined financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the combined financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the combined financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

The accompanying combined financial statements were prepared to present the combined net assets, net revenues, cost of revenues and direct operating expenses of the Business to be sold to Amtech Systems, Inc. pursuant to the Asset Purchase Agreements described in Note 1. Such combined financial statements are not intended to be a complete financial statement presentation of the Business and may not be indicative of conditions that would have existed or results that would have occurred had the Business operated as an unaffiliated entity.

In our opinion, such combined financial statements present fairly, in all material respects, the net assets to be sold of the Horizontal Furnace Business (pursuant to the Asset Purchase Agreements described in Note 1) of Kokusai Semiconductor Equipment Corporation and Kokusai Electric Europe GmbH as of March 31, 2004 and 2003, and the combined net revenues, cost of revenues and direct operating expenses for the years then ended in conformity with accounting principles generally accepted in the United States of America.

/S/ Deloitte & Touche LLP

San Jose, California
June 29, 2004

HORIZONTAL FURNACE BUSINESS OF KOKUSAI SEMICONDUCTOR EQUIPMENT CORPORATION AND KOKUSAI ELECTRIC EUROPE GmbH
(Wholly Owned Subsidiaries of Hitachi Kokusai Electric Inc.)

COMBINED STATEMENTS OF NET ASSETS TO BE SOLD (NOTE 1)
MARCH 31, 2004 AND 2003

	2004	2003
ASSETS:		
Inventories	$ 2,852,217	$ 5,222,888
Furniture and equipment—net	83,965	135,679
Total assets	2,936,182	5,358,567
LIABILITIES—Accrued warranty expense	123,533	49,373
COMMITMENTS AND CONTINGENCIES (Note 6)		
NET ASSETS TO BE SOLD	$ 2,812,649	$ 5,309,194

See notes to combined financial statements.

HORIZONTAL FURNACE BUSINESS OF KOKUSAI SEMICONDUCTOR EQUIPMENT CORPORATION AND KOKUSAI ELECTRIC EUROPE GmbH
(Wholly Owned Subsidiaries of Hitachi Kokusai Electric Inc.)

COMBINED STATEMENTS OF NET REVENUES, COST OF REVENUES AND DIRECT OPERATING EXPENSES (NOTE 1)
YEARS ENDED MARCH 31, 2004 AND 2003

	2004	2003
NET REVENUES:		
Product sales	$ 11,608,023	$ 7,949,051
Service and maintenance fees	2,322,985	2,602,357
Total net revenues	13,931,008	10,551,408
COST OF REVENUES	11,708,518	8,433,751
GROSS PROFIT	2,222,490	2,117,657
DIRECT OPERATING EXPENSES—Sales and marketing expenses	472,739	275,842
EXCESS OF NET REVENUES OVER COST OF REVENUES AND DIRECT OPERATING EXPENSES	$ 1,749,751	$ 1,841,815

See notes to combined financial statements.

HORIZONTAL FURNACE BUSINESS OF KOKUSAI SEMICONDUCTOR EQUIPMENT CORPORATION AND KOKUSAI ELECTRIC EUROPE GmbH
(Wholly Owned Subsidiaries of Hitachi Kokusai Electric Inc.)

NOTES TO COMBINED FINANCIAL STATEMENTS
YEARS ENDED MARCH 31, 2004 AND 2003

1. BACKGROUND AND BASIS OF PRESENTATION

Kokusai Semiconductor Equipment Corporation ("KSEC"), a Delaware corporation of the United States of America, and Kokusai Electronic Europe GmbH ("KEE"), a corporation under German law, are both wholly owned subsidiaries of Hitachi Kokusai Electric Inc. (the "Parent," a Japanese corporation).

The accompanying combined financial statements have been prepared for the purpose of presenting the combined net assets of the horizontal furnace business (the "Business") of KSEC and KEE (collectively the "Company") as of March 31, 2004 and 2003, to be sold pursuant to the Asset Purchase Agreement dated as of May 3, 2004 between KSEC and Amtech Systems, Inc. ("AMTECH") and the Asset Purchase Agreement dated May 3, 2004 between KEE and AMTECH ("Agreements"), and the combined net revenues, cost of revenues and direct operating expenses of the Business for each of the years in the two-year period ended March 31, 2004. The transaction is expected to be consummated on July 1, 2004 (the "Closing Date"), subject to certain required consents, approval and filings as defined in the Agreements. Pursuant to the Agreements, the Business is defined as the design, manufacture, installation, parts and maintenance of horizontal furnaces and associated products, including automation, and services as related to those furnaces.

Pursuant to the Agreements, the Company will sell, assign or license to AMTECH certain assets pertaining to the Business including inventories, furniture and equipment, intangible rights and other assets as specified in the Agreements, in exchange for a combined consideration of up to $4.6 million, of which $3.6 million is payable in cash subject to adjustments related to the physical inventory and outstanding warranty liability at the Closing Date. The remaining amount is payable (but not in excess of $970,000) to the extent that the KSEC inventory transferred to AMTECH at the Closing Date and subsequently consumed by AMTECH exceeds $2.3 million. AMTECH will assume liabilities for product warranty claims relating to the Business' products sold through the Closing Date. In addition, AMTECH will assume all open sales order for products and services committed but not performed as of the Closing Date by the Business.

Historically, separate combined financial statements have not been prepared for the Business. The accompanying combined financial statements are derived from the historical accounting records of the Company and present the Business' combined net assets to be sold, in accordance with the Agreements, as of March 31, 2004 and 2003, and the Business' combined statements of net revenues, cost of revenues and direct operating expenses for the years then ended, and are not intended to be a complete presentation of the Business' combined financial position, results of operations and cash flows. The historical operating results may not be indicative of the results after the acquisition by AMTECH.

The combined statements of net revenues, cost of revenues and direct operating expenses also include revenues and expenses directly attributable to the Apogee product, a component of the Company's non-horizontal business which is not sold to AMTECH under the Agreements. The Company did not historically maintain separate accounting records for net revenues, cost of revenues and direct operating expenses for the Apogee product.

The cost of revenues include manufacturing costs related to the products sold and other costs associated with the service and maintenance of the equipment sold. Historically, the Company did not maintain separate costs for product sales and services. The cost of revenues for the year ended March 31, 2003 is based on direct costs incurred by the Business. The $11.7 million total cost of revenues for the year ended March 31, 2004 consists of $10.3 million direct costs incurred by the Business, and $1.4 million of allocated costs based on management's estimate of production and service hours spent by each employee. Such allocation was required as the Company had reorganized its operations and combined the horizontal and other business departments for efficiency purposes during the year ended March 31, 2004.

Direct operating expenses consist principally of sales and marketing expenses. Those direct operating expenses for the years ended March 31, 2004 and 2003 are allocated to the Business by management based on estimated hours spent by each employee of sales and marketing department. The financial statements do not include general and administrative, foreign currency transaction gains or losses, interest and income tax expenses. The Company did not maintain the horizontal furnace business as a separate stand-alone reporting unit and have not segregated or allocated those indirect operating costs relative to the business.

Information concerning operating, investing and financing cash flows such as inventory purchases, payroll costs, capital expenditures and receivable collection is accumulated at the Company level and is not separately available for the Business on a stand-alone basis. Accordingly, a combined statement of cash flows is not presented.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Inventories—Inventories are stated at the lower of standard cost, which approximates first-in-first-out cost method, or market.

Property and Equipment—Property and equipment is recorded at cost. Depreciation and amortization are provided on the straight-line basis over the estimated useful lives of the various classes of assets as follows:

	Useful Lives
Software	3 years
Computer hardware	3–5 years
Furniture and fixtures	7–8 years

Warranties—The Business' products are generally under warranty against defects in material and workmanship for a period of 90 days for parts, one year for equipment and 90 days to one year for equipment retrofit. The estimated warranty costs are provided for at the time the product revenue is recognized using rates that are based on the Business' historical experience. The following table illustrates the activities of the Business' warranty liability for the years ended March 31, 2004 and 2003:

	2004	2003
Warranty liability as of beginning of year	$ 49,373	$ 100,839
Accrual for warranty issued	179,255	117,887
Payments made and materials used related to warranty obligations	(105,095)	(169,353)
Warranty liability as of end of year	$ 123,533	$ 49,373

Revenue Recognition—The Business recognizes revenue when persuasive evidence of an arrangement exists, the sales price is fixed or determinable, delivery has occurred or services rendered and collectibility is reasonably assured.

Product Sales—The Business derives revenue from sales of semiconductor manufacturing equipment and parts. Parts and equipment sales are recognized when the product has been shipped, title and risk of loss has passed to the customer and collection is probable. In instances where the sales arrangement includes an acceptance clause, the equipment sale is recognized upon customer acceptance.

Maintenance Service Revenues—Maintenance service revenue is recognized as services are rendered, provided all other requirements for revenue recognition are met.

Foreign Currency—The functional currency of KEE is the Euro. The net assets of KEE to be sold were translated at exchange rates as of March 31, 2004 and 2003. The net revenues, cost of revenues and direct operating expenses of KEE were translated using the weighted average exchange rates prevailing during the years ended March 31, 2004 and 2003.

Use of Estimates—The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Such management estimates include the inventory obsolescence, warranty reserve, depreciation and allocation of certain cost of revenues and operating expenses. Actual results could differ from those estimates.

Principles of Combination—The combined financial statements include the accounts of the KSEC and KEE horizontal furnace businesses. All intercompany accounts, profits and transactions have been eliminated in the combined financial statements.

3. CONCENTRATION OF NET REVENUES

Three major customers of the Business accounted for approximately 31%, 14% and 12% of the Business' net revenues for the year ended March 31, 2004, respectively, and one major customer for 16% for the year ended March 31, 2003.

4. RELATED PARTY TRANSACTIONS

The Business' transactions with Parent and affiliates for the years ended March 31, 2004 and 2003 consisted of sales amounting to approximately $142,000 and $169,000, respectively, included in product sales.

5. FURNITURE AND EQUIPMENT

Furniture and equipment consists of the following at March 31:

	2004	2003
Software	$ 239,636	$ 239,636
Computer hardware	70,834	63,819
Furniture and fixtures	77,346	77,346
Total	387,816	380,801
Less accumulated depreciation and amortization	(303,851)	(245,122)
Net	$ 83,965	$ 135,679

For the year ended March 31, 2004, the depreciation expense of approximately $20,000 charged to the Business is included in cost of revenues. For the year ended March 31, 2003, the depreciation expense charged to the Business is approximately $16,000, of which $15,000 is included in cost of revenues and $1,000 is included in sales and marketing expenses.

6. COMMITMENTS AND CONTINGENCIES

The Company leases office space for its horizontal furnace business under an operating lease agreement (expiring in March 2005), which pursuant to the Agreements will be assigned to and assumed by AMTECH. The future minimum lease payment under such office space operating lease as of March 31, 2004 is $93,750 for the year ending March 31, 2005. Rental expense under such office space operating lease for the years ended March 31, 2004 and 2003 was $93,750 annually.

KSEC has an outsourcing agreement for the manufacture of its horizontal furnace systems with QAC Incorporated (“QAC”), expiring in November 2004. Under the outsourcing agreement, QAC manufactures equipment and maintains the majority of parts inventory on behalf of KSEC. Pursuant to the terms of the Agreements, AMTECH intends to enter into an outsourcing agreement with QAC with substantially similar terms to that of the KSEC outsourcing agreement. Additionally, KSEC intends to modify its outsourcing agreement to eliminate those services that QAC will provide to AMTECH. During the years ended March 31, 2004 and 2003, the Company made cash payments to QAC of approximately $4.0 million and $650,000, respectively, related to the outsourcing agreement.

* * * * * *

Exhibit 99.2

Amtech Systems Inc. and Subsidiaries

Unaudited Pro forma Condensed Combined Financial Information

Introduction

On July 1, 2004, Amtech Systems, Inc. (the "Company") acquired, through its wholly-owned subsidiaries Bruce Technologies, Inc. ("Bruce") and Tempress Systems, Inc. ("Tempress"), certain semiconductor horizontal diffusion furnace operations and assets in the United States and Europe (the "Business") from Kokusai Semiconductor Equipment Corporation ("KSEC") and its affiliate Kokusai Electric Europe, GmbH ("KEE"). The cost of the acquisition was approximately $3.6 million, including the $3.3 million paid in cash at closing, $.2 million of transaction costs and the assumption of approximately $.1 million in warranty liabilities. Amtech is also required to pay the seller contingent purchase payments equal to the amount of the acquired domestic inventory the Company consumes during the next five years in excess of $2,270,541, with such payments limited to a maximum of $970,000.

The following unaudited pro forma condensed combined financial information of Amtech Systems, Inc. and Subsidiaries gives effect to the acquisition. The unaudited pro forma condensed combined balance sheet has been prepared to reflect the acquisition of the Business as if it occurred on March 31, 2004. The two unaudited pro forma condensed combined statements of operations reflect the combined results of operations of Amtech Systems, Inc. and the Business for the fiscal year ended September 30, 2003 and the six months ended March 31, 2004, in both cases as if the acquisition had taken place on October 1, 2002.

The unaudited pro forma condensed combined balance sheet and unaudited pro forma condensed combined statements of operations are presented for illustrative purposes only and are not necessarily indicative of the financial position or results of operations in future periods or the results that actually would have been realized had Amtech Systems, Inc. and the acquired Business been a combined company during the specified periods.

The following unaudited pro forma condensed combined financial information should be read in conjunction with the related notes at the end of this report, the historical financial statements and notes thereto of the acquired Business, included as Exhibit 99.1 in this amendment to the related Report on Form 8-K, and with Amtech Systems, Inc.'s Consolidated Financial Statements and Notes and the section entitled "Item 7: Management's Discussion and Analysis of Financial Condition and Results of Operations – Trends, Risks and Uncertainties" in our Annual Report on Form 10-K for the fiscal year ended September 30, 2003 and filed on Form 10-Q for the six months ended March 31, 2004.

Caution Regarding Forward-Looking Statements

Certain information contained or incorporated by reference in this Current Report on Form 8-K/A is forward-looking in nature. All statements included or incorporated by reference in this Report, or made by the management of Amtech Systems, Inc. and its subsidiaries ("Amtech"), other than statements of historical fact, are hereby identified as “forward-looking statements” (as such term is defined in Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended). Examples of forward-looking statements include statements regarding Amtech’s future financial results, operating results, business strategies, projected costs, products under development, competitive positions and plans and objectives of the Company and its management for future operations. In some cases, forward-looking statements can be identified by terminology such as “may,” “will,” “should,” “would,” “expects,” “plans,” “anticipates,” “believes,” “estimates,” “predicts,” “potential,” “continue,” or the negative of these terms or other comparable terminology. Any expectations based on these forward-looking statements are subject to risks and uncertainties and other important factors, including those discussed in the section entitled “Item 7: Management’s Discussion and Analysis of Financial Condition and Results of Operations – Trends, Risks and Uncertainties” in Amtech’s Annual Report on Form 10-K for the fiscal year ended September 30, 2003. These and many other factors could affect our future operating results and financial condition, and could cause actual results to differ materially from expectations based on forward-looking statements made in this document or elsewhere by us or on our behalf. Unless noted otherwise, all references to a year apply to our fiscal year, which ends on September 30th.

AMTECH SYSTEMS, INC. AND SUBSIDIARIES
UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENT OF OPERATIONS
FOR THE SIX MONTHS ENDED MARCH 31, 2004

	Historical				
	Amtech	KSEC/KEE	Adj. #	Pro Forma Adjustments	Pro Forma Combined
Net revenues	$ 9,552,194	$ 8,095,704			$ 17,647,898
Cost of revenues	6,775,412	7,011,215	(1)	4,222	13,790,849
Gross margin	2,776,782	1,084,489		(4,222)	3,857,049
Selling and general	2,347,507	238,693	(1)	13,093	2,599,293
Other research and development	266,289	—		—	266,289
Operating profit	162,986	845,796		(17,315)	991,467
Interest income (expense) – net	2,391	—	(2)	(9,777)	(7,386)
Income from operations before income taxes	165,377	845,796		(27,092)	984,081
Income tax provision	66,000	—	(3)	327,000	393,000
Net income	$ 99,377	$ 845,796		$ (354,092)	$ 591,081
Earnings Per Share:					
Basic	$ .04				$ .22
Weighted average shares outstanding	2,700,387				2,700,387
Diluted	$ .04				$ .21
Weighted average shares outstanding	2,795,492				2,795,492

The accompanying notes are an integral part of these unaudited pro forma condensed combined financial information.

AMTECH SYSTEMS, INC. AND SUBSIDIARIES
UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENT OF OPERATIONS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2003

	Historical				
	Amtech	KSEC/KEE	Adj. #	Pro Forma Adjustments	Pro Forma Combined
Net revenues	$ 19,433,534	$ 10,481,968			$ 29,915,502
Cost of revenues	14,598,488	8,525,618	(1)	8,443	23,132,549
Gross margin	4,835,046	1,956,350		(8,443)	6,782,953
Selling and general	4,430,418	371,967	(1)	26,186	4,828,571
Other research and development	650,051	—		—	650,051
Operating profit (loss)	(245,423)	1,584,383		(34,629)	1,304,331
Interest income (expense) - net	35,744	—	(2)	(27,934)	7,810
Income (loss) from operations before income taxes	(209,679)	1,584,383		(62,563)	1,312,141
Income tax provision (benefit)	(110,000)		(3)	609,000	499,000
Net income (loss)	$ (99,679)	$ 1,584,383		$ (671,563)	$ 813,141
Earnings Per Share:					
Basic	$ (.04)				$ .30
Weighted average shares outstanding	2,692,222				2,692,222
Diluted	$ (.04)				$ .30
Weighted average shares outstanding	2,692,222				2,748,641

The accompanying notes are an integral part of these unaudited pro forma condensed combined financial information.

AMTECH SYSTEMS, INC. AND SUBSIDIARIES
UNAUDITED PRO FORMA CONDENSED COMBINED BALANCE SHEET
AS OF MARCH 31, 2004

	Historical				
	Amtech	KSEC/KEE	Adj. #	Pro Forma Adjustments	Pro Forma Combined
ASSETS					
CURRENT ASSETS:					
Cash and equivalents	$ 7,635,584	—	(4)	$ (3,491,764)	$ 4,143,820
Accounts receivable – net	2,580,872	—		—	2,580,872
Inventories	4,462,812	2,852,217		—	7,315,029
Income taxes receivable	474,000	—		—	474,000
Deferred income taxes	970,000	—		—	970,000
Prepaid expenses	251,067	—		—	251,067
Total current assets	16,374,335	2,852,217		(3,491,764)	15,734,788
Property, Plant and Equipment-Net	1,393,362	83,965		—	1,477,327
Deferred Income Taxes-Long Term	120,000	—		—	120,000
Goodwill and Other Assets-Net	754,697	—	(5)	679,115	1,433,812
	$ 18,642,394	$ 2,936,182		$ (2,812,649)	$ 18,765,927
LIABILITIES AND STOCKHOLDERS' INVESTMENT					
CURRENT LIABILITIES:					
Accounts payable	$ 860,532	$ —		$ —	$ 860,532
Accrued compensation and related taxes	726,311	—		—	726,311
Accrued warranty and installation expense	238,334	123,533		—	361,867
Deferred profit	507,712	—		—	507,712
Customer deposits	438,641	—		—	438,641
Other accrued liabilities	446,043	—	(7)	36,000	482,043
Total current liabilities	3,217,573	123,533		36,000	3,377,106
LONG TERM OBLIGATIONS	653,591	—		—	653,591
COMMITMENTS AND CONTINGENCIES					—
			(6)	(2,812,649)	
STOCKHOLDERS' INVESTMENT	14,771,230	2,812,649	(7)	(36,000)	14,735,230
TOTAL LIABILITIES AND STOCKHOLDERS' INVESTMENT	$ 18,642,394	$ 2,936,182		$ (2,812,649)	$ 18,765,927

The accompanying notes are an integral part of these unaudited pro forma condensed combined financial information.

Amtech Systems, Inc.
Notes to the Unaudited Pro Forma Condensed Combined Financial Information

NOTE 1: BASIS OF PRESENTATION

On July 1, 2004, Amtech Systems, Inc. (the "Company") completed its acquisition of certain semiconductor horizontal diffusion furnace operations and assets in the United State and Europe (the "Business") from Kokusai Semiconductor Equipment Corporation (KSEC) and its affiliate Kokusai Electric Europe GmbH (KEE). The acquired Business was not operated by KSEC and KEE as an independent business unit, but rather was integrated to varying degrees with its other operations, which were not acquired by the Company. As a result all historic financial information of the Business are derived from the records of KSEC and KEE. Furthermore, the historic financial statements presented herein for the Business include the direct revenues, costs and expenses related to the Apogee vertical product line, which were commingled with those of the acquired business. The Apogee product line was also included in the audited historic combined statements operations, as KSEC did not maintain separate accounting records for net revenues, cost of revenues and direct operating expenses for that product line. The revenue and cost of revenue related to the Apogee product line are also included in the unaudited pro forma condensed combined financials information included herein, even though they will not be a part of the revenues of the acquired entity going forward, because the amounts could not be determined in a factually supportable manner. See Note 3, below, for further information.

The historical consolidated statement of operations of Amtech Systems, Inc. and subsidiaries and the combined statements of net revenues, cost of revenues and direct operating expenses of the horizontal furnace business of Kokusai Semiconductor Equipment Corporation ("KSEC") and Kokusai Electric Europe Gmbh (KEE) (the "Business"), both for the six months ended March 31, 2004 and the twelve months ended September 30, 2003 were used as the basis for the unaudited pro forma condensed combined statements of operations. The historical combined statement of operations of the Business for the 12 months ended September 30, 2003 were derived by subtracting from the audited combined statement of net revenues, cost of revenues and direct operating expenses the related unaudited amounts for the six months ended March 31, 2004 and adding the related unaudited amounts for interim six months ended March 31, 2003. The unaudited pro forma condensed combined statements of operations are prepared to reflect the assumption that the acquisition occurred October 1, 2002.

The consolidated balance sheet of Amtech Systems, Inc. and the Business' combined statement of net assets to be sold, both as of March 31, 2004, were used as the basis for the unaudited pro forma condensed combined balance sheet, which was prepared on the assumption that the acquisition occurred on March 31, 2004.

The unaudited pro forma condensed combined financial information reflects a preliminary allocation of the purchase price and represents Amtech Systems, Inc.'s expectations of the significant tangible and intangible assets and liabilities that will be recognized in connection with the acquisition. The estimated fair values of the assets and liabilities are preliminary and are subject to future adjustments. The significant items that could change are intangible assets and goodwill. The valuations of certain tangible and intangible assets are dependent on the finalization of an independent valuation report.

Amtech Systems, Inc.
Notes to the Unaudited Pro Forma Condensed Combined Financial Information – (Continued)

NOTE 2: PRO FORMA ADJUSTMENTS

(1) Adjustment to increase amortization expense for intangible assets associated with the acquisition, with the portion related to acquired technology charged to cost of revenues and all other amortization charged to selling and general expenses.

(2) Adjustment to reduce interest income due to the use of $3,491,764 in cash and equivalents for the acquisition, including transaction costs, computed at an interest rate of .56% and ..8% per annum for the six month period ended March 31, 2004 and the fiscal year ended September 30, 2003, respectively.

(3) Adjustment to reflect income taxes on the historical income of the acquired Business and the pro forma adjustments at an estimated combined federal and state statutory rate of 40%.

(4) Reflects the use of existing cash and equivalents in the acquisition and the assumption of certain liabilities. The pro forma purchase price, which includes estimated direct transaction costs is summarized as follows:

Cash paid to sellers at the closing	$3,291,764
Estimated direct transaction costs	200,000
Cash used in the acquisition	$3,491,764

The asset purchase agreement also requires additional payments computed at historical cost contingent upon and to the extent of the usage of certain acquired inventories is in excess of $2,270,541. Such contingent payments are limited to a maximum of $970,000. However, for the purpose of these unaudited pro forma condensed combined financial information it has been assumed that no such contingent payment will be required. If such contingent payments become due, they will be treated as normal inventory purchases.

Amtech Systems, Inc.
Notes to the Unaudited Pro Forma Condensed Combined Financial Information – (Continued)

(5) Adjustment necessary to reflect the preliminary allocation of the purchase price to the assets acquired for pro forma purposes only, assuming the acquisition occurred on March 31, 2004 and not on the actual closing date of July 1, 2004. The actual allocation of the purchase price will differ because it will be made as of the actual closing date, at which time the asset and liability balances will be different. In addition, the final valuation of certain tangible and intangible assets are dependent on the finalization of an independent valuation report. Based upon those assumptions, the preliminary pro forma allocation of the purchase price and the estimated lives of the intangible assets is as follows:

		Useful Life
Inventories	$2,852,217	
Equipment	83,965	
Accrued warranty expense	(123,533)	
Intangible assets:		
Customer relationships	190,886	15
Trademarks & trade names	403,798	30
Technology	84,431	10
	679,115	
Total Purchase Price	$3,491,764	

(6) Adjustment to eliminate KSEC’s and KEE’s investment in the net assets of the Business.

(7) Non-recurring bonuses and related payroll taxes of approximately $36,000 net of related income tax benefits were granted and charged to expense in July 2004, which were directly related to the successful completion of the acquisition. Pursuant to Article 11 of regulation S-X, these bonuses are not reflected in these unaudited pro forma condensed combined statements of operations.

NOTE 3: NON-RECURRING CHARGES AND FURTHER CASH REQUIREMENTS

The historical and unaudited pro forma condensed combined financial statements of the Business include revenues and cost of revenues of Apogee, which was not acquired in the transaction. Estimated revenues of this product line not acquired were approximately $1,800,000 and $1,900,000 for the six months ended March 31, 2004 and the 12 months ended September 30, 2004, respectively. Estimated costs directly related to the revenues of that product line not acquired were approximately $1,200,000 and $1,000,000 for the six months ended March 31, 2004 and the 12 months ended September 30, 2004, respectively. These estimates are based upon revenues attributable to customers that have a greater number of Apogee tools than horizontal tools. This is an estimate of the actual revenues and cost of revenues related to the Apogee product line, as some customers have acquired products and services related to both the horizontal and Apogee product lines. See Note 1, above, for further explanation.

The accounts receivable of the Business were not acquired in the transaction. As the Business is conducted accounts receivable will be generated and will plateau at an estimated 49 days of sales. Based upon this assumption approximately an additional $1,703,000 of cash will be invested in the business.