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

FORM 10-Q

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

For the quarter ended: June 30, 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)

2,108,679 Shares
Outstanding as of June 30, 1999

AMTECH SYSTEMS, INC.
AND SUBSIDIARIES

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AMTECH SYSTEMS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS

	June 30, 1999	September 30, 1998
	(Unaudited)	
ASSETS		
CURRENT ASSETS:		
Cash and equivalents	$ 890,729	$ 1,351,542
Accounts receivable - net	2,588,514	2,894,217
Inventories - net	2,792,939	2,393,708
Deferred income taxes	234,000	393,000
Income taxes refundable	358,000	404,000
Prepaid expenses	29,784	87,711
Total current assets	6,893,966	7,524,178
PROPERTY, PLANT AND EQUIPMENT - net	1,136,559	1,243,016
PURCHASE PRICE IN EXCESS OF NET ASSETS ACQUIRED AND OTHER ASSETS - net	522,070	558,285
TOTAL ASSETS	$ 8,552,595	$ 9,325,479
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable	$ 902,475	$ 1,229,451
Accrued compensation and related taxes	503,407	573,294
Accrued warranty expense	95,602	166,839
Accrued installation expense	130,283	183,909
Customer deposits	10,860	249,795
Other accrued liabilities	145,196	127,435
Total current liabilities	1,787,823	2,530,723
LONG-TERM OBLIGATIONS	314,523	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; 2,108,679 (2,110,303 in 1998) shares issued and outstanding	21,087	21,103
Additional paid-in capital	7,400,152	7,406,589
Accumulated other comprehensive losses (ie: cumulative foreign currency translation adjustment)	(349,227)	(216,338)
Accumulated deficit	(621,763)	(764,265)
Total stockholders' equity	6,450,249	6,447,089
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 8,552,595	$ 9,325,479

See accompanying notes to condensed consolidated financial statements.

AMTECH SYSTEMS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
For Three and Nine Months Ended June 30, 1999 and 1998

<TABLE>
<CAPTION>

	Three Months Ended June 30		Nine Months Ended June 30	
	1999	1998	1999	1998
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
<S>	<C>	<C>	<C>	<C>
Net product sales	$ 3,403,801	$ 3,687,135	$10,375,713	$12,486,482
Cost of product sales	2,448,938	2,864,481	7,487,651	8,938,565
Gross margin	954,863	822,654	2,888,062	3,547,917

Selling, general and administrative	884,902	1,039,256	2,488,522	3,096,236
Research and development	23,084	97,834	187,244	264,543
Operating profit (loss)	46,877	(314,436)	212,296	187,138
Interest income-net	12,121	14,871	32,206	50,582
Income (loss) before income taxes	58,998	(299,565)	244,502	237,720
Income tax provision (benefit)	31,000	(115,000)	102,000	121,000
NET INCOME (LOSS)	$ 27,998	$ (184,565)	$ 142,502	$ 116,720
EARNINGS (LOSS) PER SHARE:				
Basic	$ .01	$ (.09)	$ .07	$ .05
Weighted average shares outstanding	2,109,736	2,110,303	2,110,198	2,105,541
Diluted	$ .01	$ (.09)	$ .07	$ .05
Weighted average shares outstanding	2,204,528	2,110,303	2,173,504	2,131,794

</TABLE>

See accompanying notes to condensed consolidated financial statements.

AMTECH SYSTEMS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
FOR THE NINE MONTHS ENDED JUNE 30, 1999 AND 1998

<TABLE>
<CAPTION>

	Common Stock		Additional	Accumulated Other Comprehensive Income (Losses) (i.e. Foreign Currency		Total
	Number of Shares	Amount	Paid-in Capital	Translation Adjustments)	Accumulated Deficit	Stockholders' Equity
<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	--	--	--	--	116,720	116,720
Translation adjustment	--	--	--	(24,622)	--	(24,622)
Comprehensive income						92,098
Employee stock bonus - net of stock repurchases	17,750	177	16,959	--	--	17,136
BALANCE AT JUNE 30, 1998	2,110,303	$ 21,103	$ 7,383,070	$(309,075)	$ (57,658)	$ 7,037,440
BALANCE AT SEPTEMBER 30, 1998	2,110,303	$ 21,103	$ 7,406,589	$(216,338)	$(764,265)	$ 6,447,089
Net income	--	--	--	--	142,502	142,502
Translation adjustment	--	--	--	(132,889)	--	(132,889)
Comprehensive income						9,613
Repurchases of Stock and other items	(1,624)	(16)	(6,437)	--	--	(6,453)
BALANCE AT JUNE 30, 1999	2,108,679	$ 21,087	$ 7,400,152	$(349,227)	$(621,763)	$ 6,450,249

MARCH 31, 1998	2,101,278	$ 21,013	$ 7,366,743	$(348,934)	$ 126,907	$ 7,165,729
Net income	--	--	--	--	(184,665)	(184,565)
Translation adjustment	--	--	--	39,859	--	39,859
Comprehensive income						(144,706)
Employee stock bonus - net of stock repurchases	9,025	90	16,327	--	--	16,417
BALANCE AT JUNE 30, 1998	2,110,303	$ 21,103	$ 7,383,070	$(309,075)	$ (57,658)	$ 7,037,440
BALANCE AT MARCH 31, 1999	2,111,279	$ 21,113	$ 7,406,579	$(302,293)	$(649,761)	$ 6,475,638
Net income	--	--	--	--	27,998	27,998
Translation adjustment	--	--	--	(46,934)	--	(46,934)
Comprehensive income						(18,936)
Repurchase of stock and other items	(2,600)	(26)	(6,427)	--	--	(6,453)
BALANCE AT JUNE 30, 1999	2,108,679	$ 21,087	$ 7,400,152	$(349,227)	$(621,763)	$ 6,450,249

</TABLE>

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

AMTECH SYSTEMS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE NINE MONTHS ENDED JUNE 30, 1999 AND 1998

	Nine Months Ended	
	1999	1998
	(Unaudited)	(Unaudited)
OPERATING ACTIVITIES:		
Net income	$ 142,502	$ 116,720
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation and amortization	241,545	254,045
Inventory and accounts receivable write-offs	69,239	37,902
Gain on disposals of long-lived assets	--	(2,241)
Deferred income taxes	159,000	(20,000)
(Increase) decrease in:		
Accounts receivable	90,164	34,752
Inventories, prepaids and other assets	(512,816)	(711,189)
Increase (decrease) in:		
Accounts payable	(251,136)	121,577
Accrued liabilities	(349,750)	491,941
Income taxes payable/refundable	39,598	(219,493)
Net Cash Provided By (Used In) Operating Activities	(371,654)	104,014
INVESTING ACTIVITIES:		
Maturities of short-term investments - net	--	579,191
Proceeds from sale of assets	--	2,241
Purchases of property, plant and equipment	(154,311)	(262,569)
Net Cash Provided By (Used In) Investing		

Activities	(154,311)	318,863
FINANCING ACTIVITIES:		
Stock repurchases	(6,453)	(24,775)
Payments on mortgage loan	(9,184)	(9,017)
Net Cash Used In Financing Activities	(15,637)	(33,792)
EFFECT OF EXCHANGE RATE CHANGES ON CASH	80,789	(101,588)
CASH AND EQUIVALENTS:		
Net increase (decrease)	(460,813)	287,497
Beginning of year	1,351,542	1,395,849
END OF YEAR CASH AND EQUIVALENTS	$ 890,729	$ 1,683,346
SUPPLEMENTAL CASH FLOW INFORMATION:		
Cash paid during the year for:		
Interest	$ 11,425	$ 11,858
Income taxes, net of refunds	(52,503)	360,000

See accompanying notes to condensed consolidated financial statements.

AMTECH SYSTEMS, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
THREE AND NINE MONTHS ENDED JUNE 30, 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 (collectively, the "Company"). All significant intercompany balances and transactions have been eliminated in consolidation.

The accompanying condensed consolidated financial statements have been prepared in accordance with generally accepted accounting principles, pursuant to the rules and regulations of the Securities and Exchange Commission (the "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 nine months ended June 30, 1999, are not necessarily indicative of the results to be expected for the full year.

2. INVENTORIES

The components of inventories are as follows:

	June 30, 1999	September 30, 1998
Purchased parts and raw material	$1,286,068	$1,174,570
Work-in-process	911,758	612,646
Finished goods	595,113	606,492
Totals	$2,792,939	$2,393,708

3. EARNINGS PER SHARE

Earnings per share were calculated as follows:

	Three Months Ended June 30,		Nine Months Ended June 30,	
	1999	1998	1999	1998
Net income	$ 27,998	$ (184,565)	$ 142,502	$ 116,720

After-tax amortization of contingent goodwill	--	--	--	(5,936)
Income used in in the calculations	$ 27,998	$ (184,565)	$ 142,502	$ 110,784
Weighted average Shares outstanding:				
Common shares	2,109,736	2,110,303	2,110,198	2,105,541
Common equivalents issuable upon exercise of warrants and stock options(1)	94,792	--	63,306	26,253
	2,204,528	2,110,303	2,173,504	2,131,794
Earnings Per Share:				
Basic	$ .01	$ (.09)	$ .07	$ .05
Diluted	$ .01	$ (.09)	$ .07	$ .05

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(1) Number of shares calculated using the treasury stock method and the average market price during the period. Options and warrants on 1,492,500 shares and 1,642,792 shares had an exercise price greater than the average market price during the three months ended June 30, 1999 and 1998, respectively, and therefore did not enter into the calculation. Options and warrants on 1,492,500 shares and 1,527,792 shares were excluded from the calculation for the nine months ended June 30, 1999 and 1998, respectively.

(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.

4. REVERSE STOCK SPLIT

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

5. RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

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. Comprehensive income and components of accumulated other comprehensive income are presented in the Condensed Consolidated Statements of Stockholders' Equity.

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

During 1998, the American Institute of Certified Public Accountants issued Statement of Position 98-5 ("SOP 98-5") "Reporting on the Costs of Startup Activities". SOP 98-5 requires costs of start-up activities and organization costs to be expensed as incurred. The new statement is effective for fiscal years beginning after December 15, 1998. The Company will adopt this statement effective October 1, 1999. Initial application of this standard will not have a material impact on the Company's financial position or results of operations.

6. SHAREHOLDER RIGHTS PLAN

During May 1999, the Company's Board of Directors adopted a shareholder rights plan, which authorized the distribution of one right to purchase one one-hundredth of a share of Series A Participating Preferred Stock, at a purchase price of $8.50, subject to certain antidilution adjustments. The rights will expire 10 years after issuance and will be exercisable if (a) a person or group becomes the beneficial owner of 15% or more of the Company's common stock or (b) a person or group commences a tender or exchange offer that would result in the offeror beneficially owning 15% or more of the common stock (a "Stock Acquisition Date"). If a Stock Acquisition Date occurs, each right, unless redeemed by the Company, entitles the holder to purchase an amount of common stock of the Company, or in certain circumstances a combination of securities and/or assets or the common stock of the acquirer, having a market value of twice the exercise price of the right. Rights held by the acquiring person will become void and will not be exercisable to purchase shares at the discounted purchase price.

7. RECLASSIFICATIONS

Certain costs of field service and installation in the amount of $123,164 and $298,754 for the three and nine months ended June 30, 1998, respectively, have been reclassified from selling, general and administrative expense to cost of product sales to conform to the 1999 presentation.

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 June 30,		Nine Months Ended June 30,	
	1999	1998	1999	1998
Net revenue	100.0%	100.0%	100.0%	100.0%
Cost of product sales	(71.9)	(77.7)	(72.2)	(71.6)
Gross profit	28.1	22.3	27.8	28.4
Selling, general and administrative expenses	(26.0)	(28.1)	(24.0)	(24.8)
Research and development	(.7)	(2.7)	(1.8)	(2.1)
Operating profit (loss)	1.4%	(8.5)%	2.0%	1.5%

NET REVENUE. The Company's net revenue for the three months ended June 30, 1999 was $3,404,000, a decline of $283,000, or 8%, from net revenue of $3,687,000 for the corresponding period of the previous fiscal year. The decline in revenue for quarter ended June 30, 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. During the most recently completed quarter, the industry slowdown adversely effected the revenue of all operations when compared to the prior year, with the only exception being revenue from the sale of P.R. Hoffman products, primarily consumable items. While sales of P.R. Hoffman products did not increase significantly during the third quarter compared to the same quarter in last fiscal year, they were 12% higher than in the second quarter of this fiscal year and increased 57% compared to the first quarter of the fiscal year, which was the lowest point in that operation's revenue since the beginning of the industry slowdown. Because the sales and production cycles for consumable products generally are much shorter than those for capital equipment, management believes that the improvement in the operations of P.R. Hoffman may be a leading indicator for the other operations of the Company.

Revenue for the first nine months of fiscal 1999 was $10,376,000, a decline of $2,111,000, or 17%, from the corresponding period in fiscal 1998. The decline in revenue for the nine months ended June 30, 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 affected the revenue of all major product categories.

GROSS PROFIT. The Company's gross profit increased by approximately $132,000 to $955,000, for the three months ended June 30, 1999, from $823,000 during the comparable period of the previous fiscal year. Gross profit as a percentage of sales was 28% for the third quarter of fiscal 1999 compared to 22% for the third quarter of fiscal 1998. The increase in gross profit and the gross profit percentage during the third quarter resulted from significant reductions in manufacturing overhead expenses, primarily within the diffusion equipment operations. Those expense reductions were implemented primarily in the fourth quarter of last fiscal year and the first quarter of this fiscal year, shortly after the industry slowdown began to affect the Company's operations.

The Company's gross profit decreased by approximately $660,000, or 19%, to $2,888,000 for the nine months ended June 30, 1999, from $3,548,000 during the comparable period of the previous fiscal year. The decline is primarily attributable to the 17% decline in the sales volume discussed above. Gross profit as a percentage of revenue was approximately 28% in the first nine months of fiscal 1999 and fiscal 1998, as manufacturing expenses were reduced in response to the industry slowdown.

SELLING, GENERAL AND ADMINISTRATIVE EXPENSES. Selling, general and administrative expenses for the third quarter of fiscal 1999 were reduced by $154,000, or 15%, compared to those expenses incurred in the third quarter of fiscal 1998. Expense reductions implemented by the Company in the first quarter of fiscal 1999 account for most of that decline. The temporary curtailment of the Company's acquisition activities and the associated expenses also contributed to the decline. Since the percentage decline in selling, general and administrative expenses during the quarter was significantly higher than the percentage decline in consolidated revenue, these expenses as a percentage of revenue were reduced to 26% in the third quarter of fiscal 1999, compared to 28% of sales during the third quarter of fiscal year 1998.

For the nine months ended June 30, 1999, the Company reduced selling, general and administrative expense by $608,000 from $3,096,000, a decrease of 20%. These expenses amounted to approximately 24% and 25% of sales for the nine months ended June 30, 1999 and 1998, respectively.

RESEARCH AND DEVELOPMENT. Research and development costs decreased by $75,000, to $23,000, during the third quarter of fiscal 1999, compared to $98,000 during the comparable quarter of fiscal 1998. Approximately $46,000 of the research and development work in the Netherlands was funded by a government grant, the proceeds of which were received during the third quarter of this fiscal year and accounted for as a reduction in these expenses. The Company is currently investigating potential new technologies. This activity is in its early stages and thus funding is significantly lower than the expenses incurred during fiscal 1998 on the now suspended photo assisted CVD (chemical vapor deposition) research project. For the first nine months of fiscal 1999, research & development costs were $187,000, compared to $265,000 in the first nine months of fiscal 1998, with the decline occurring in the third quarter, as discussed above.

OPERATING PROFIT (LOSS). Operating profit for the third quarter of fiscal 1998 increased by $361,000 to $47,000 from an operating loss of $314,000 in the same period of fiscal 1998. This improvement was achieved even though revenue declined by 8%, as discussed above, as margins were improved significantly and other expenses, including research and development, were reduced by $229,000. The improvement in operating profit also reflects the Company's successful efforts in reducing manufacturing labor and overhead.

For the nine months ended June 30, 1999, operating profit increased $25,000, or 13%, to $212,000 from $187,000 in the comparable period in fiscal 1998. The improvement in operating profit was achieved despite a 17% decline in revenues discussed above. This increase is primarily attributable to reductions in expenses in fiscal 1999, which more than offset the decline in gross profit, resulting from the lower revenues. Such non-manufacturing expenses, including research and development, were reduced by $685,000, or 20%, in the first nine months of fiscal 1999 over the same period in 1998.

NET INCOME. Net income includes operating profit, discussed above, net interest income and the provision for income taxes. During the third quarter of fiscal 1999, net interest income was $12,000, or $3,000 lower than the $15,000 of net interest income for the corresponding quarter of fiscal 1998. For the nine months ended June 30, 1999, net interest income was $32,000, a decrease of $18,000 compared to $50,000 of net interest income for the corresponding period of fiscal 1998. The decline in net interest income is attributable to the lower level of cash and short-term investments during fiscal 1999, as funds were used to finance increased inventories, as explained below. As a result of the above factors, income before income taxes for the third quarter of fiscal 1999 was $59,000, compared to a loss before taxes of $300,000 in the third quarter of fiscal 1998, an improvement of $359,000.

Income tax expense of $31,000, recorded at an effective tax rate of 53%, resulted in net income for the third quarter of fiscal 1999 of $28,000, or $.01 per share. During the third quarter of fiscal 1998, the Company recorded income tax benefits of $115,000, reflecting a 38% effective tax rate, which resulted in a net loss of $185,000, or $(.09) per share. The higher effective tax rate in the current fiscal year is primarily attributable to the fact that a significantly higher percentage of earnings during the third quarter of fiscal 1999 were in jurisdictions that have higher income tax rates. As a result of the above factors, net income in the third quarter of fiscal 1999 increased by $213,000 to $28,000, or $.01 per share, from a net loss of $185,000, or $(.09) per share, in the third quarter of fiscal 1998.

For the nine months ended June 30, 1999, the Company recorded income tax expense of $102,000, an effective rate of 42%, resulting in net income of $143,000, or $.07 per share. For the same period in fiscal 1998, income taxes of $121,000, an effective rate of 51%, reduced net income to $117,000, or $.05 per share.

BACKLOG. At June 30, 1999, the order backlog was $4,655,000, a reduction of 10% from the $5,152,000 backlog at June 30, 1998. The backlog as of June 30, 1999 was approximately $536,000 higher than at September 30, 1998, and it was up $222,000 from the $4,433,000 backlog at March 31, 1999. 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 June 30, 1999, the Company had $891,000 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 $461,000. The decline in cash and equivalents is primarily due to an increase in inventories of approximately $560,000, as inventory levels have nearly returned to the same level as of June 30, 1998. For the first nine months of fiscal 1999, net income plus amortization and depreciation (i.e. cash flow) was a positive $384,000. The Company continues to believe that there is sufficient liquidity for existing operations.

At June 30, 1999, working capital was $5,106,000, up slightly from $4,993,000, at September 30, 1998. The Company's current ratio, 3.9:1 at the end of the third quarter of fiscal 1999, improved from 3.0:1 at the beginning of the year. Also, at the end of the third quarter of fiscal 1999, cash and short-term investments comprised 10% of total assets and stockholders' equity accounted for 75% of total capitalization. The Company believes that it continues to posses 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 five 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.

READINESS AND RELATED RISKS. 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 priority concerns on a timely basis. Based on a 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.

COSTS. The Company expects that the costs to be incurred by it to deal with this issue will not be material, as most of the issues have been resolved through installation of regular software updates provided by licensors under standard maintenance agreements.

CONTINGENCY PLANS. The production processes of the Company and of its critical vendors are not significantly dependent upon hardware or software which is likely to be affected by "Year 2000" problems. 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.

None.

ITEM 5. OTHER MATTERS.

None.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K.

(a) Exhibits -

27 Financial Data Schedule

(b) Reports on Form 8-K

The Company filed a Form 8-K on May 28, 1999 disclosing the adoption of a rights agreement dated May 17, 1999, between Amtech Systems, Inc. and American Securities Transfer & Trust, Inc.

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: August 16, 1999

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

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