# 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 quarterly period ended: December 31, 2003

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**<br>**(State or other jurisdiction of incorporation or organization)** | **86-0411215**<br>**(I.R.S. Employer Identification No.)** |
|---|---|
| **131 South Clark Drive, Tempe, Arizona**<br>**(Address of principal executive offices)** | **85281**<br>**(Zip Code)** |

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

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

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act).☐ Yes ☒ No

Shares of Common Stock outstanding as of February 13, 2004: 2,700,671

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**AMTECH SYSTEMS, INC. AND SUBSIDIARIES**
**CONDENSED CONSOLIDATED BALANCE SHEETS**

| | December 31, 2003 | September 30, 2003 |
|---|---|---|
| | (Unaudited) | |
| **ASSETS** | | |
| CURRENT ASSETS: | | |
| Cash and cash equivalents | $ 6,681,663 | $ 7,453,069 |
| Accounts receivable (less allowance for doubtful accounts of $140,000 at December 31, 2003 and $176,000 at September 30, 2003) | 3,219,613 | 3,005,128 |
| Inventories | 4,869,989 | 3,893,886 |
| Deferred income taxes | 961,000 | 980,000 |
| Income taxes receivable | 498,000 | 460,000 |
| Prepaid expenses | 295,142 | 193,615 |
| Total current assets | 16,525,407 | 15,985,698 |
| PROPERTY, PLANT AND EQUIPMENT - net | 1,494,891 | 1,503,074 |
| DEFERRED INCOME TAXES - LONG TERM | 150,000 | 150,000 |
| GOODWILL AND OTHER ASSETS - net | 757,511 | 760,270 |
| TOTAL ASSETS | $ 18,927,809 | $ 18,399,042 |
| **LIABILITIES AND STOCKHOLDERS' EQUITY** | | |
| CURRENT LIABILITIES: | | |
| Accounts payable | $ 1,245,141 | $ 1,221,327 |
| Accrued compensation and related taxes | 578,859 | 626,426 |
| Accrued warranty expense | 280,123 | 321,300 |
| Deferred profit | 368,905 | 534,082 |
| Customer deposits | 615,043 | 226,959 |
| Other accrued liabilities | 404,700 | 329,061 |
| Total current liabilities | 3,492,771 | 3,259,155 |
| LONG-TERM OBLIGATIONS | 669,252 | 640,490 |
| COMMITMENTS AND CONTINGENCIES | | |
| STOCKHOLDERS' EQUITY: | | |
| Preferred stock; no specified terms; 100,000,000 shares authorized; none issued | — | — |
| Common stock; $0.01 par value; 100,000,000 shares authorized; shares issued and outstanding: 2,700,671 at December 31, 2003 and 2,698,421 at September 30, 2003 | 27,007 | 26,984 |
| Additional paid-in capital | 12,875,924 | 12,873,039 |
| Accumulated other comprehensive income | 455,957 | 194,338 |
| Retained earnings | 1,406,898 | 1,405,036 |
| Total stockholders' equity | 14,765,786 | 14,499,397 |
| TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY | $ 18,927,809 | $ 18,399,042 |

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

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**AMTECH SYSTEMS, INC. AND SUBSIDIARIES**
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**
**For the Three Months Ended December 31, 2003 and 2002**
(Unaudited)

| | Three Months Ended December 31, | |
|---|---|---|
| | 2003 | 2002 |
| Net revenues | $ 3,920,771 | $ 4,329,197 |
| Cost of sales | 2,731,774 | 3,390,293 |
| Gross margin | 1,188,997 | 938,904 |
| Selling, general and administrative | 1,055,144 | 1,027,696 |
| Research and development | 132,571 | 104,736 |
| Operating income (loss) | 1,282 | (193,528) |
| Interest income, net | 2,580 | 13,960 |
| Income (loss) before income taxes | 3,862 | (179,568) |
| Income tax provision (benefit) | 2,000 | (63,000) |
| **NET INCOME (LOSS)** | $ 1,862 | $ (116,568) |
| **EARNINGS (LOSS) PER SHARE:** | | |
| Basic earnings (loss) per share | $ — | $ (.04) |
| Weighted average shares outstanding | 2,700,084 | 2,689,006 |
| Diluted earnings (loss) per share | $ — | $ (.04) |
| Weighted average shares outstanding | 2,802,739 | 2,689,006 |

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

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**AMTECH SYSTEMS, INC. AND SUBSIDIARIES**
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**
**For the Three Months Ended December 31, 2003 and 2002**
(Unaudited)

| | 2003 | 2002 |
|---|---|---|
| **OPERATING ACTIVITIES** | | |
| Net income (loss) | $ 1,862 | $ (116,568) |
| Adjustments to reconcile net income (loss) to net cash used in operating activities: | | |
| Depreciation and amortization | 109,626 | 118,947 |
| Write-down of inventory | 9,932 | — |
| Provision for doubtful accounts | (44,679) | 9,810 |
| Deferred income taxes | 19,000 | (40,000) |
| Changes in operating assets and liabilities: | | |
| Accounts receivable | 22,279 | (1,101,414) |
| Inventories | (789,416) | (472,638) |
| Prepaid expenses and other assets | (94,015) | (49,549) |
| Accounts payable | (41,455) | (17,950) |
| Accrued liabilities and customer deposits | 285,885 | 266,159 |
| Deferred profit | (188,154) | 32,559 |
| Income taxes receivable/payable | (25,955) | (523,970) |
| Net cash used in operating activities | (735,090) | (1,894,614) |
| **INVESTING ACTIVITIES** | | |
| Purchases of property, plant and equipment | (38,194) | (46,823) |
| Net cash used in investing activities | (38,194) | (46,823) |
| **FINANCING ACTIVITIES** | | |
| Common stock issued | 2,908 | 1,126 |
| Net cash provided by financing activities | 2,908 | 1,126 |
| EFFECT OF EXCHANGE RATE CHANGES ON CASH | (1,030) | (23,454) |
| NET DECREASE IN CASH AND CASH EQUIVALENTS | (771,406) | (1,963,765) |
| CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD | 7,453,069 | 8,045,663 |
| CASH AND CASH EQUIVALENTS, END OF PERIOD | $ 6,681,663 | $ 6,081,898 |
| Supplemental Cash Flow Information: | | |
| Cash paid during the period for: | | |
| Interest expense | $ 6,107 | $ 7,547 |
| Income taxes paid, net | 12,786 | 514,000 |

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

**AMTECH SYSTEMS, INC. AND SUBSIDIARIES**
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**
**THREE MONTHS ENDED DECEMBER 31, 2003 (UNAUDITED)**

## (1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The accompanying unaudited condensed consolidated financial statements have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission (the "SEC"), and consequently do not include all disclosures normally required by accounting principles generally accepted in the United States of America. In the opinion of management, all adjustments necessary to present fairly the financial position, results of operations and cash flows for the periods presented have been made.

Certain information and footnote disclosures normally included in financial statements have been condensed or omitted pursuant to the rules and regulations of the SEC. 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, 2003.

The consolidated results of operations for the three months ended December 31, 2003 are not necessarily indicative of the results to be expected for the full year.

**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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Reclassifications –** In order to more accurately reflect research and development expenditures, the Company reclassified $47,000 of expenses previously reflected as cost of sales to research and development in the three months ended December 31, 2002.

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**Deferred Profit –** The components of deferred profit are as follows:

| | December 31, 2003 | September 30, 2003 |
|---|---|---|
| Deferred Revenues | $ 441,895 | $ 626,265 |
| Deferred Costs | 72,990 | 92,183 |
| | $ 368,905 | $ 534,082 |

**Concentrations of Credit Risk –** As of December 31, 2003, receivables from two customers comprised 27% and 21%, respectively, of accounts receivable. More than 90% of the balance of the accounts receivable from these two customers has been collected subsequent to December 31, 2003. In addition, 70% of the work-in-process inventory at December 31, 2003 is attributable to a single customer. The systems ordered by that customer are scheduled to begin shipping during the second quarter of 2004.

**Inventories –** The components of inventories are as follows:

| | December 31, 2003 | September 30, 2003 |
|---|---|---|
| Purchased parts and raw materials | $ 2,128,077 | $ 2,391,270 |
| Work-in-process | 2,224,681 | 1,011,717 |
| Finished goods | 517,231 | 490,899 |
| | $ 4,869,989 | $ 3,893,886 |

**Stock-Based Compensation –** The Company accounts for its employee stock-based compensation plans under Statement of Financial Accounting Standards ("SFAS") No. 123, "Accounting for Stock-Based Compensation." SFAS No. 123 permits companies to record employee stock-based transactions using the intrinsic value method in accordance with Accounting Principles Board ("APB") Opinion No. 25, "Accounting for Stock Issues to Employees," under which no compensation cost is recognized and the pro forma effects on earnings and earnings per share are disclosed as if the fair value approach had been adopted. The Company's employee stock-based compensation plans are summarized in the table below:

| Name of Plan | Shares Authorized | Plan Expiration |
|---|---|---|
| Director Stock Purchase Agreements (pre-1996) | 15,000 | 90 days after board member termination |
| Non-Employee Directors Stock Option Plan | 100,000 | December 21, 2005 |
| Amended and Restated 1995 Stock Option Plan and 1995 Stock Bonus Plan | 160,000 | October 5, 2005 |
| 1998 Employee Stock Option Plan | 500,000 | January 30, 2008 |

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Qualified stock options issued under the terms of the plans have, or will have, an exercise price equal to, or greater than, the fair market value of the common stock at the date of the option grant, and expire no later than 10 years from the date of grant, with the most recent grant expiring in 2013. Under the terms of the 1995 Stock Option Plan, nonqualified stock options may also be issued. Options issued by the Company vest at the rate of 20%-33% per year. As of December 31, 2003, the Company had 208,000 options available for issuance under the plans.

The stock option transactions and the options outstanding are summarized as follows:

| | Three Months Ended December 31, | | | |
|---|---|---|---|---|
| | 2003 | | 2002 | |
| | Options | Weighted Average Exercise Price | Options | Weighted Average Exercise Price |
| Outstanding at beginning of period | 405,217 | $ 4.70 | 434,567 | $ 4.78 |
| Granted | 20,000 | 5.98 | — | — |
| Exercised | (2,250) | 1.29 | (1,000) | 1.13 |
| Forfeited | — | — | — | — |
| Outstanding at end of period | 422,967 | 4.78 | 433,567 | 4.78 |
| Exercisable at end of period | 204,417 | $ 4.02 | 226,367 | $ 4.01 |
| Weighted average fair value of options granted during the period | $ 2.73 | | N/A | |

The Company has recognized no compensation expense, as all options have been granted with an exercise price equal to, or greater than, the fair value of the common stock on the date of grant. No adjustment has been made for the non-transferability of the options, or for the risk of forfeiture at the time of issuance. Forfeitures of unvested options are instead recorded as incurred. The fair value of each option grant has been estimated as of the date of grant using the Black-Scholes option pricing model with the following weighted average assumptions:

| | Three Months Ended December 31, | |
|---|---|---|
| | 2003 | 2002 |
| Risk free interest rate | 4.27% | Not applicable |
| Expected life | 6 years | Not applicable |
| Dividend rate | 0% | Not applicable |
| Expected volatility | 40% | Not applicable |

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The following table illustrates the pro-forma effect on net income (loss) and on earnings (loss) per share, as if the Company had applied the fair value recognition provisions of SFAS No. 123:

| | Three Months Ended December 31, | |
|---|---|---|
| | 2003 | 2002 |
| Net income (loss), as reported | $ 1,862 | $(116,568) |
| Compensation expense, net of tax | 47,475 | 48,051 |
| Net loss, pro forma | $(45,613) | $(164,619) |
| Basic Earnings (Loss) Per Share: | | |
| As reported | $ — | $ (.04) |
| Pro forma | (.02) | (.06) |
| Diluted Earnings (Loss) Per Share: | | |
| As reported | $ — | $ (.04) |
| Pro forma | (.02) | (.06) |

The following summarizes information about stock options outstanding at December 31, 2003:

| | Options Outstanding | | | Options Exercisable | |
|---|---|---|---|---|---|
| Range of Exercise Prices | Number Outstanding | Remaining Contractual Life | Weighted Average Exercise Price | Number Exercisable | Weighted Average Exercise Price |
| $1.13 – 1.49 | 70,517 | 2.35 | $1.13 | 70,517 | $1.13 |
| 1.50 – 1.99 | 10,500 | 4.40 | 1.50 | 7,400 | 1.50 |
| 2.00 – 3.24 | 11,700 | 7.92 | 2.88 | 1,100 | 2.00 |
| 3.25 – 4.24 | 11,000 | 7.27 | 3.25 | 3,000 | 3.25 |
| 4.25 – 5.49 | 90,250 | 6.87 | 4.43 | 31,600 | 4.42 |
| 5.50 – 6.49 | 63,000 | 7.23 | 5.87 | 21,466 | 5.81 |
| 6.50 – 6.99 | 166,000 | 6.48 | 6.54 | 69,334 | 6.55 |
| | 422,967 | | | 204,417 | |

**Other Significant Accounting Policies –** For further discussion of Amtech's significant accounting policies see "Item 2: Management's Discussion and Analysis of Financial Condition and Results of Operations" and the Company's audited consolidated financial statements and notes thereto contained in its Annual Report on Form 10-K for the fiscal year ended September 30, 2003.

**Impact of Recently Issued Accounting Pronouncements –** In January 2003, the Financial Accounting Standards Board ("FASB") issued Interpretation No. 46, "Consolidation of Variable Interest Entities, an Interpretation of ARB No. 51" ("FIN 46"). FIN 46 addresses the consolidation by business enterprises of variable interest entities when the equity investors do not have the characteristics of a controlling financial interest (as defined in FIN 46). In December 2003, the FASB revised and superceded FIN 46 with the issuance of FIN 46R in order to address certain implementation issues. FIN 46R will be required to be adopted by the Company effective March 31, 2004. Amtech believes it currently has no contractual or other business relationship with a variable interest entity and, therefore, does not believe that the adoption of FIN 46R will have a material effect on its financial position or results of operations.

In December 2003, the SEC issued Staff Accounting Bulletin ("SAB") No. 104 ("SAB 104"), "Revenue Recognition," which supercedes SAB No. 101 ("SAB 101"), "Revenue Recognition in Financial Statements." SAB 104's primary purpose is to rescind certain accounting guidance contained in SAB 101 related to multiple element revenue arrangements, which were superceded as a result of the issuance of Emerging Issues Task Force Issue 00-21 "Revenue Arrangements with Multiple Deliverables" ("EITF 00-21"). The issuance of SAB 104 has not had an effect on Amtech's revenue recognition policies, as such existing policies were already in accordance with SAB 104 and EITF 00-21.

## (2) EARNINGS (LOSS) PER SHARE

Earnings (loss) per share (EPS) is calculated as follows:

| | Three Months Ended December 31, | |
|---|---|---|
| | 2003 | 2002 |
| Net income (loss) | $ 1,862 | $ (116,568) |
| Weighted average shares outstanding: | | |
| Common stock | 2,700,084 | 2,689,006 |
| Common stock equivalents [(1)] | 102,655 | — |
| Diluted shares | 2,802,739 | 2,689,006 |
| Earnings (Loss) Per Share: | | |
| Basic | $ — | $ (.04) |
| Diluted | $ — | $ (.04) |

(1) The number of common stock equivalents is calculated using the treasury stock method and the average market price during the period. For the three months ended December 31, 2003 and 2002, options and warrants on 75,300 and 492,867 shares, respectively, are excluded from the EPS calculations, as they are either are antidilutive due to the net loss for the period, or had an exercise price greater than the average market price during the period.

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**(3) COMPREHENSIVE INCOME**

| | Three Months Ended December 31, | |
|---|---|---|
| | 2003 | 2002 |
| Net income (loss), as reported | $ 1,862 | $(116,568) |
| Foreign currency translation adjustment | 261,619 | 157,443 |
| Comprehensive income | $263,481 | $ 40,875 |

**(4) BUSINESS SEGMENT INFORMATION**

The Company classifies its products into two core business segments. The semiconductor equipment segment designs, manufactures and markets semiconductor wafer processing and handling equipment used in the fabrication of integrated circuits. Also included in the semiconductor equipment segment are the manufacturing support service operations and corporate expenses, except for a small portion that is allocated to the polishing supplies segment. The polishing supplies segment designs, manufactures and markets carriers, templates and equipment used in the lapping and polishing of wafer-thin materials, including silicon wafers used in the production of semiconductors.

Information concerning the Company's business segments is as follows:

| | Three Months Ended December 31, | |
|---|---|---|
| | 2003 | 2002 |
| Net revenues: | | |
| Semiconductor equipment | $2,657,862 | $3,116,803 |
| Polishing supplies | 1,262,909 | 1,212,394 |
| | $3,920,771 | $4,329,197 |
| Operating income (loss): | | |
| Semiconductor equipment | $ 101,985 | $ (94,213) |
| Polishing supplies | (100,703) | (99,315) |
| Total operating income (loss) | 1,282 | (193,528) |
| Interest income – net | 2,580 | 13,960 |
| Income (loss) before income taxes | $ 3,862 | $ (179,568) |

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

### Caution Regarding Forward-Looking Statements

Certain information contained or incorporated by reference in this Quarterly Report on Form 10-Q 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 – 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 Amtech's fiscal year, which ends on September 30th. All references to "we," "our," "us," or "Amtech" refer to Amtech Systems, Inc. and its subsidiaries.

### Documents to Review in Connection with Management's Discussion and Analysis of Financial Condition and Results of Operations

This discussion should be read in conjunction with the Condensed Consolidated Financial Statements and Notes presented in this Quarterly Report on Form 10-Q and the Consolidated Financial Statements and Notes and the section entitled "Item 7: Management's Discussion and Analysis – Trends, Risks and Uncertainties" in our last filed Annual Report on Form 10- K for a more complete understanding of our financial position and results of operations for the three month period ended December 31, 2003.

### Results of Operations

We develop, manufacture, market and service wafer and semiconductor fabrication equipment and related parts, supplies and services on a worldwide basis. The products offered are grouped into two business segments: the semiconductor equipment segment, which offers horizontal diffusion furnaces, processing/robotic equipment for diffusion furnaces, related spare parts and manufacturing support services to semiconductor fabricators and silicon wafer manufacturers; and the polishing supplies segment, which offers supplies, including carriers and templates, and equipment for lapping and polishing, which are some of the last steps in the fabrication of silicon wafers. Demand for our products can change significantly from period to period as a result of numerous factors, including, but not limited to, changes in: 1) global and

regional economic conditions; 2) supply and demand for semiconductors or, more specifically, capacity utilization and production volume of manufacturers of semiconductors, silicon wafers, solar cells and microelectrical mechanical systems ("MEMS"); and 3) the profitability and capital resources of those manufacturers. For this and other reasons, our results of operations for past periods may not necessarily be indicative of future operating results.

Our business has historically been subject to cyclical industry conditions. As a result, we have experienced significant fluctuations in our quarterly new orders and net revenues, both within and across years. An example of these significant fluctuations is the large swing in revenues and income between the third and fourth quarters of 2003. Demand for semiconductor and silicon wafer manufacturing equipment and related consumable products has also been volatile as a result of sudden changes in semiconductor supply and demand and other factors in both semiconductor devices and wafer fabrication processes. Our orders tend to be more volatile than our revenues, as any change in demand is reflected immediately in orders booked, which are net of cancellations, while revenues tend to be recognized over multiple quarters as a result of procurement and production lead times and the deferral of certain revenues under our revenue recognition policies. Customer delivery schedules on large system orders, and the timing of revenue recognition under our accounting policies, can also add to this volatility.

***Net Revenues.*** Our net revenues for the three months ended December 31, 2003 were $3.9 million, compared to $4.3 million for the three months ended December 31, 2002, a decrease of 9%. This decrease was caused by the delay in shipment of two system orders that were scheduled for December 2003 and the lower backlog at the start of the first quarter of 2004, as compared to the backlog at the start of the first quarter of 2003.

Net revenues of the polishing supplies segment increased 4% to $1.3 million during the first quarter of 2004, compared to the first quarter of 2003. This increase is a result of increased sales of insert carriers. This increase was more than offset by the 15% decrease, to $2.7 million, experienced by the semiconductor equipment segment during the same period. The decline in the net revenues of the semiconductor equipment segment was primarily the result of delays in completing two systems that are part of a multi-system order, causing shipment to be made in January 2004, instead of in December 2003, as originally scheduled. This delay also caused a $1.2 million increase in work-in-process inventory ("WIP"). The reduction in net revenues for the semiconductor equipment segment was exacerbated by the decline in backlog discussed above.

The following table reflects new orders[1], shipments and net revenues for each quarter during the current fiscal year and also for our prior two fiscal years, and the backlog as of the end those periods, on a consolidated basis, as well as for each of our two business segments.

| | Fiscal Quarter | | | | | | |
|---|---|---|---|---|---|---|---|
| | First | Second | Third | Fourth | Fiscal Year | Semi-conductor Equipment Segment | Polishing Supplies Segment |
| | (dollars in thousands) | | | | | | |
| **2004:** | | | | | | | |
| New orders [1] | $ 3,684 | $ — | $ — | $ — | $ — | $ 2,151 | $ 1,533 |
| Shipments | 3,744 | — | — | — | — | 2,481 | 1,263 |
| Net revenues | 3,921 | — | — | — | — | 2,658 | 1,263 |
| Ending backlog | 7,408 | — | — | — | — | 5,966 | 1,442 |
| **2003:** | | | | | | | |
| New orders [1] | $ 2,165 | $ 6,477 | $ 7,498 | $ 3,027 | $ 19,167 | $ 13,495 | $ 5,672 |
| Shipments | 4,165 | 4,785 | 3,396 | 6,267 | 18,613 | 13,313 | 5,300 |
| Net revenues | 4,329 | 5,448 | 3,622 | 6,035 | 19,434 | 14,134 | 5,300 |
| Ending backlog | 5,748 | 6,777 | 10,653 | 7,645 | 7,645 | 6,473 | 1,172 |
| **2002:** | | | | | | | |
| New orders [1] | $ 2,213 | $ 519 | $ 6,132 | $ 5,626 | $ 14,490 | $ 9,404 | $ 5,086 |
| Shipments | 4,373 | 3,983 | 4,189 | 4,925 | 17,470 | 12,348 | 5,122 |
| Net revenues | 5,457 | 5,577 | 4,447 | 5,052 | 20,533 | 15,411 | 5,122 |
| Ending backlog | 10,711 | 5,653 | 7,338 | 7,912 | 7,912 | 7,112 | 800 |

(1) New orders are net of cancellations and also include the change in the U.S. dollar value of orders recorded in Euros by our semiconductor equipment segment.

Net new orders during first quarter of 2004 were higher than in the same quarter of 2003, and were also higher than in the fourth quarter of 2003. However, as demonstrated by our history presented in the table above, particularly the four quarters of 2003, orders levels have been and are expected to remain volatile, at least until there is clearer evidence of improvement in the general economy and the semiconductor industry. A significant portion of that volatility is due to the high sales value of the diffusion furnace systems sold by our semiconductor equipment segment, where one large system or multi-system order can cause a large spike in the orders for the quarter. We believe the fact that new orders for the first quarter of 2004 were lower than the quarterly average orders booked during 2003 is attributable to such volatility.

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

| | Three Months Ended December 31, | |
|---|---|---|
| | 2003 | 2002 |
| Net revenues | 100.0% | 100.0% |
| Cost of sales | 69.7 | 78.3 |
| Gross margin | 30.3 | 21.7 |
| Selling, general and administrative expenses | 26.9 | 23.7 |
| Research and development | 3.4 | 2.4 |
| Operating income (loss) | 0.0% | (4.4)% |

***Gross Margin.*** Consolidated gross margin for the three months ended December 31, 2003 was $1.2 million, compared to $0.9 million for the three months ended December 31, 2002, an increase of $0.3 million, or 27%. The increase in gross margin is primarily attributable to increased production activity, which caused the $1.2 million increase in WIP and the absorption of an additional $0.3 million of manufacturing labor and overhead costs into WIP during the first quarter of 2004. This increased WIP was primarily related to customer orders that were

scheduled to begin shipping in December 2003, but that were delayed to the second quarter of 2004. In the first quarter of 2004, the gross margin of the semiconductor equipment segment increased to 37% of net revenues, compared to 25% in the first quarter of 2003, due to the increased absorption of production costs in WIP caused by the higher level of those inventories. The gross margin of the polishing supplies segment increased to 16% of net revenues in the first quarter of 2004, compared to 14% in the first quarter of 2003 due to the increased revenues of this segment and a reduction of personnel costs in the first quarter of 2004.

Our gross margin has significantly fluctuated in the past, and will continue to fluctuate in the future, based on several factors including, but not limited to, the severity and duration of industry cycles, the timing of revenue recognition under evolving accounting principles, product mix and overhead absorption levels. The timing of revenue recognition has a particularly significant affect on gross margin when the equipment revenue of an order is recognized in one period and the remainder of the revenue attributed to installation, generally 10-20% of the order, is recognized in a later period, because the latter revenue has a significantly higher gross margin.

***Selling, General and Administrative Expenses.*** Consolidated selling, general and administrative expenses for the three months ended December 31, 2003 and 2002 were relatively consistent at $1.1 million and $1.0 million, respectively. Selling, general and administrative expenses as a percentage of net revenues was 26.9% for the first quarter of 2004, compared to 23.7% for the comparable period in 2003. The increase in this percentage is primarily due to the decline in net revenues, discussed above, as the amount of selling, general and administrative expenses was comparable between these periods.

***Research and Development Expenses.*** During the three months ended December 31, 2003 and 2002, research and development expenses were fairly consistent, at approximately $0.1 million each quarter. In order to more accurately reflect research and development expenditures, we have reclassified $47,000 of expenses previously reflected as cost of sales to research and development in the three months ended December 31, 2002. The reclassified costs primarily relate to the development engineering personnel in the semiconductor equipment segment, which were not separately tracked until 2001. In the first quarter of 2004, development of a new small batch vertical diffusion furnace product accounted for most of these expenses.

***Operating Income (Loss).*** Operating income for the first quarter of 2004 was $1,282, or less than 0.1% of net revenues, compared to an operating loss of $0.2 million, or (4.4)% of net revenues for the same period of 2003. Operating income increased in 2004 as a result of the improvement in gross margin discussed above.

***Income Tax Provision.*** During the first quarter of 2004, we recorded an income tax provision of $2,000, compared to an income tax benefit of $63,000 during the first quarter of 2003. The effective rate stated as a percentage of income (loss) before income taxes was 52% in the first quarter of 2004, compared to 35% in the first quarter of 2003. The higher effective tax rate in the first quarter of 2004 is primarily due to the low level of pre-tax income relative to the permanent differences between financial reporting and taxable income. Our future effective income tax rate depends on various factors, such as tax legislation, the geographic composition of our pre-tax income, the level of expenses that are not deductible for tax purposes and the effectiveness of our tax planning strategies.

***Net Income (Loss).*** As a result of the operating results described above, net income for the first quarter of 2004 was $1,862, or breakeven in terms of earnings per diluted share, compared to a net loss for the first quarter of 2003 of $0.1 million, or $(.04) per diluted share.

***Backlog.*** At December 31, 2003, our order backlog was $7.4 million, a decrease of 3.1% from the $7.6 million backlog at September 30, 2003. One European customer accounted for 42% of the backlog as of December 31, 2003. The systems ordered by this customer are scheduled to begin shipping in the second quarter of 2004. We have not yet made a determination of whether the systems we ship under this customer's five-system order will qualify for separate accounting treatment under the criteria established by Emerging Issues Task Force's Issue 00-21 "Revenue Arrangements with Multiple Deliverables." Depending on the determination of whether this customer's five-system order qualifies for separate accounting treatment, the timing of the recognition of all revenues on the individual systems could be delayed until final customer acceptance is received on all five systems.

The orders included in our backlog are generally credit approved customer purchase orders usually scheduled to ship in the next twelve months. The backlog also includes revenue deferred pursuant to our revenue recognition policy derived from orders that have already been shipped, but which have not met the criteria for recognition. We schedule production of our systems based on order backlog and customer commitments. However, customers may delay delivery of products or cancel orders suddenly and without sufficient notice, subject to possible cancellation penalties. Due to possible customer changes in delivery schedules and cancellations of orders, our backlog at any particular date is not necessarily indicative of actual sales for any succeeding period. Delays in delivery schedules and/or a reduction of backlog during any particular reporting period could have a material adverse effect on our business, financial position and results of operations. In addition, our backlog does not provide any assurance that we will realize a profit from those orders or indicate in which period revenue will be recognized.

**Liquidity and Capital Resources**

At December 31, 2003 and September 30, 2003, cash and cash equivalents were $6.7 million and $7.5 million, respectively. Our ratio of current assets to current liabilities was 4.7:1 and 4.9:1 at December 31, 2003 and September 30, 2003, respectively. We continue to believe that we have sufficient available liquidity and capital resources for our existing operations and expansion plans.

During the three months ended December 31, 2003, cash and cash equivalents decreased by $0.7 million due to the net cash used in operating activities. Net income of $1,862 was more than offset by $0.1 million of non-cash adjustments for depreciation and a $0.4 million increase in customer deposits on pending orders, offset by a $0.1 million decrease in other accrued liabilities. However, the $0.8 million increase in inventories (WIP, net of the decrease in purchased parts and raw materials inventory), the $0.1 million increase in prepaid expenses and other assets and the $0.2 million decrease in deferred profit caused the use of operating cash in the first quarter of 2004.

Investing and financing activities and the effect of exchange rates on cash were not significant during the three months ended December 31, 2003.

At December 31, 2003, our principal sources of liquidity consisted of $6.7 million of cash and cash equivalents. Since the only lien on our assets is a $0.5 million mortgage loan, we believe that significant amounts of additional liquidity are available from various financing sources. We believe that we have sufficient liquidity for our current operations and for at least certain elements of our growth strategy. One element of that strategy is the acquisition of product lines or businesses that complement our existing product lines and business. In this regard, we are currently engaged in active discussions with a company regarding the possible acquisition of its business. No assurance can be given that these discussions will result in a completed acquisition transaction. Another element of that strategy is the development of new products, such as the proposed new model for our diffusion furnace line. Our currently available cash and cash equivalents are expected to be sufficient for existing operations, planned research and development and at least one acquisition, depending on the size of the acquisition target. However, significant unplanned development of new products or the completion of larger acquisitions may require additional capital resources that are expected to be obtained from one or more sources of financing, such as a private placement, a public offering, working capital loans or term loans from banks or other financial institutions, equipment leasing, mortgage financing and internally generated cash flow from operations. There can be no assurance of the availability or sufficiency of these or any other source of funding for those purposes.

**Critical Accounting Policies**

“Management’s Discussion and Analysis of Financial Condition and Results of Operations” discusses our consolidated financial statements that have been prepared in accordance with accounting principles generally accepted in the United States of America. The preparation of these financial statements requires us to make estimates and assumptions that affect the reported amount of assets and liabilities at the date of the financial statements, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period.

On an on-going basis, we evaluate our estimates and judgments, including those related to revenue recognition, inventory valuation, accounts receivable collectibility, warranty and impairment of long-lived assets. We base our estimates and judgments on historical experience and on various other factors that we believe to be reasonable under the circumstances. The results of these estimates and judgments form the basis for making conclusions about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

A critical accounting policy is one that is both important to the presentation of our financial position and results of operations, and also requires management’s most difficult, subjective or complex judgments, often as a result of the need to make estimates about the effect of matters that are inherently uncertain. These uncertainties are discussed in the section entitled “Item 7: Management’s Discussion and Analysis – Trends, Risks and Uncertainties” in our last filed Annual Report on Form 10- K. We continually review our business activities to determine which of our policies meet these criteria. We believe the following critical accounting policies affect the more significant judgments and estimates used in the preparation of our consolidated financial statements.

***Revenue Recognition –*** We review product and service sales contracts with multiple deliverables to determine if separate units of accounting are present in the arrangements. Where separate units of accounting exist, revenue is allocated to delivered items equal to the total sales price less the greater of (1) the fair market value of the undelivered items, and (2) all contingent portions of the sales arrangement.

We recognize revenue when persuasive evidence of an arrangement exists; the product has been delivered and title has transferred, or services have been rendered; the seller's price to the buyer is fixed or determinable and collectibility is reasonably assured. For us, this policy generally results in revenue recognition at the following points: 1) For the semiconductor equipment segment, transactions where legal title passes to the customer upon shipment, we recognize revenue upon shipment for those products where the customer's defined specifications have been met with at least two similarly configured systems and processes for a comparably situated customer. However, a portion of the revenue associated with certain installation related tasks, equal to the greater of the fair market value of those tasks or the portion of the contract price contingent upon their completion, generally 10%-20% of the system's selling price (the "holdback"), and directly related costs are deferred and recognized into income when the tasks are completed. 2) For products where the customer's defined specifications have not been met with at least two similarly configured systems and processes, the revenue and directly related costs are deferred at the time of shipment and recognized into income at the time of customer acceptance or when this criteria has been met. We have, on occasion, experienced longer than expected delays in receiving cash from certain customers pending system acceptance or final installation. If some of our customers were to refuse to pay the remaining holdback, or otherwise delay final acceptance or installation, the deferred revenue would not be recognized, adversely affecting our future operating results.

Equipment sold by the polishing supplies segment does not include process guarantees or acceptance criteria; therefore, the related revenue is recorded upon shipment. Our shipping terms for both segments are customarily FOB our shipping point or equivalent terms. For all segments, sales of spare parts and consumables are recognized upon shipment, as there are no post shipment obligations other than standard warranties. Service revenues are recognized upon performance of the services requested by the customer. Revenue related to service contracts is recognized ratably over the period of the contract, which generally coincides with the performance of the services requested by the customer.

***Inventory Valuation –*** We value our inventory at the lower of cost (first-in, first-out method) or net realizable value. We regularly review inventory quantities and record a write-down for excess and obsolete inventory. The write-down is primarily based on our estimated forecast of product demand and production requirements. However, our industry is characterized by customers in highly cyclical industries, rapid technological changes, frequent new product developments and rapid product obsolescence. During 2001 and 2002, there was a significant decrease in worldwide demand for semiconductor capital equipment. Demand for our products has fluctuated significantly in the past, and may do so in the future, which could result in an increase in the cost of inventory or an increase in excess inventory quantities. While inventory turns have returned to a level that is within historic norms on a consolidated basis, certain portions of the inventory are at higher levels than what are needed for related operating activities, a condition that may not change until there is further improvement in capital spending by our customers. There can be no assurance that future developments will not necessitate further write-downs.

***Allowance for Doubtful Accounts –*** We maintain an allowance for doubtful accounts for estimated losses resulting from the inability of our customers to make required payments. This allowance is based on historical experience, credit evaluations and specific customer collection issues we have identified. Since a significant portion of our revenues are derived from the sale of high-value systems, our accounts receivable are often concentrated in a relatively few number of customers. A significant change in the liquidity or financial position of any one of these customers could have a material adverse impact on the collectibility of our accounts receivable and our future operating results.

***Warranty –*** We provide a limited warranty, generally for 12 to 24 months, to all purchasers of our new products and systems. A provision for the estimated cost of providing warranty coverage is recorded upon shipment of all systems. On occasion, we have been required and may be required in the future to provide additional warranty coverage to ensure that the systems are ultimately accepted or to maintain customer goodwill. While our warranty costs have historically been within our expectations and we believe that the amounts accrued for warranty expenditures are sufficient for all systems sold through December 31, 2003, we cannot guarantee that we will continue to experience a similar level of predictability with regard to warranty costs. In addition, technological changes or previously unknown defects in raw materials or components may result in more extensive and frequent warranty service than anticipated, which could have a material adverse impact on our operating results for the periods in which such additional costs materialize.

***Impairment of Long-lived Assets –*** We evaluate whether events and circumstances have occurred that indicate the estimated useful lives of long-lived assets or intangible assets may warrant revision or that the remaining balance may not be recoverable. Goodwill is also tested for impairment at least annually. When factors indicate that an asset should be evaluated for possible impairment, we use an estimate of the related undiscounted net cash flows generated by the asset over the remaining estimated life of the asset in measuring whether the asset is recoverable. We make judgments and estimates used in establishing the carrying value of long-lived or intangible assets. Those judgments and estimates could be modified if adverse changes occurred in the future resulting in an inability to recover the carrying value of these assets. We have not experienced any impairment to long-lived assets during 2004 or 2003. Future adverse changes could be caused by, among other factors, a downturn in the semiconductor industry, a general economic slowdown, reduced demand for our products in the marketplace, poor operating results, the inability to protect intellectual property or changing technologies and product obsolescence.

**Impact of Recently Issued Accounting Pronouncements**

In January 2003, the Financial Accounting Standards Board (“FASB”) issued Interpretation No. 46, “Consolidation of Variable Interest Entities, an Interpretation of ARB No. 51” (“FIN 46”). FIN 46 addresses the consolidation by business enterprises of variable interest entities when the equity investors do not have the characteristics of a controlling financial interest (as defined in FIN 46). In December 2003, the FASB revised and superceded FIN 46 with the issuance of FIN 46R in order to address certain implementation issues. We will be required to adopt FIN 46R effective March 31, 2004. We believe that we currently have no contractual or other business relationship with a variable interest entity and, therefore, do not believe that the adoption of FIN 46 will have a material effect on our financial position or results of operations.

In December 2003, the SEC issued Staff Accounting Bulletin ("SAB") No. 104 ("SAB 104"), "Revenue Recognition," which supercedes SAB No. 101 ("SAB 101"), "Revenue Recognition in Financial Statements." SAB 104's primary purpose is to rescind certain accounting guidance contained in SAB 101 related to multiple element revenue arrangements, which were superceded as a result of the issuance of Emerging Issues Task Force Issue 00-21 "Revenue Arrangements with Multiple Deliverables" ("EITF 00-21"). The issuance of SAB 104 has not had an effect on our revenue recognition policies, as such policies were already in accordance with SAB 104 and EITF 00-21; however, depending on the circumstances and contract terms of large multi-system orders, SAB 104 and EITF 00-21 may increase the amount of revenue deferred to periods subsequent to shipment and add to the volatility in our revenues.

**ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK**

We are exposed to financial market risks, including changes in foreign currency exchange rates and interest rates. Our operations in the United States are conducted in U.S. dollars. Our operation in The Netherlands, a component of the semiconductor equipment segment, conducts business primarily in the Euro and the U.S. dollar. The functional currency of our Netherlands operation is the Euro. The functional currency for all other operating units is the U.S. dollar.

We estimate that more than 90% of our transactions are denominated in one of our two functional currencies or currencies that have fixed exchange rates with one of our functional currencies. As of December 31, 2003, we did not hold any stand alone or separate derivative instruments. We incurred net foreign currency transaction losses of less than $0.1 million during the three months ended December 31, 2003 and 2002. Our investment in and advances to our Netherlands operation totaled $4.6 million as of December 31, 2003. A 10% change in the value of the Euro relative to the U.S. dollar would cause an approximately $0.5 million foreign currency translation adjustment, a type of other comprehensive income (loss), which would be a direct adjustment to our stockholders' equity.

When the value of the Euro increases relative to the value of the U.S. dollar, as it has during 2004 and most of 2003, our operation in The Netherlands becomes less competitive outside the European market, as it must raise prices to those customers that normally make purchases in U.S. dollars, in order to maintain the same profit margins. When this occurs, this operation attempts to have transactions denominated in the Euro and to increase its purchases denominated in U.S. dollars, which become less expensive. When the value of the Euro declines relative to the value of the U.S. dollar, our operation in The Netherlands can be more competitive against United States based equipment suppliers, as the cost of purchases denominated in U.S. dollars becomes more expensive. Because it is difficult to predict the volume of U.S. dollar denominated transactions arising from our Netherlands operation, we do not hedge against the effects of exchange rate changes on future transactions. The Euro was at a relatively high value relative to the U.S. dollar at December 31, 2003, leaving our Netherlands operation at a competitive disadvantage compared to other suppliers based in the United States and increasing the risk of an unfavorable foreign currency translation adjustment, which would be a direct adjustment to stockholders' equity and included in comprehensive income (loss).

## ITEM 4. CONTROLS AND PROCEDURES

Our management, including our Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"), has carried out an evaluation of the effectiveness of our disclosure controls and procedures as of December 31, 2003, pursuant to Exchange Act Rules 13a-15(e) and 15(d)-15(e). Based upon that evaluation, our CEO and CFO have concluded that as of such date, our disclosure controls and procedures in place are adequate to ensure material information, and other information requiring disclosure, is identified and communicated on a timely basis.

There have been no significant changes in our internal controls over financial reporting or in other factors that have materially affected, or are reasonably likely to materially affect, those controls subsequent to the date this evaluation was carried out, including any corrective actions with regard to significant deficiencies and material weaknesses.

## PART II. OTHER INFORMATION

### Item 1. Legal Proceedings

On or about August 31, 2000, a “P.R. Hoffman Machine Products” was one of 11 companies named in a legal action being brought by North Middleton Township in Carlisle, Pennsylvania, in the Court of Common Pleas, Cumberland County, Pennsylvania, the owner of a landfill allegedly found to be contaminated. No detailed allegations have been filed as part of this legal action, which appears to have been filed to preserve the right to file claims for contributions to the clean up of the landfill at a later date. We acquired the assets of P.R. Hoffman Machine Products Corporation in an asset transaction consummated on July 1, 1997. The landfill was closed and has not been used by P.R. Hoffman since sometime prior to completion of our acquisition transaction. Therefore, we believe that the named company is the prior owner of the acquired assets. Under the terms of the Asset Purchase Agreement governing the acquisition, the prior owner is obligated to indemnify us for any breaches of its representations and warranties in the Asset Purchase Agreement, including representations relating to environmental matters. In accordance with the terms of the Asset Purchase Agreement, we have provided notice to the prior owner of P.R. Hoffman of our intent to seek indemnification from such owner for any liabilities resulting from this legal action. Based on information available to us as of the date of this report, we believe our costs, if any, to resolve this matter will not be material to our financial position or results of operations.

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

(a) Exhibits

Exhibit 10.1 - Key Man Severance Agreement with Robert T. Hass, dated November 16, 1999.

Exhibit 31.1 - Certification Pursuant to Rule 13a-14(a)/15d-14(a) of the Securities Exchange Act of 1934, as Amended

Exhibit 31.2 - Certification Pursuant to Rule 13a-14(a)/15d-14(a) of the Securities Exchange Act of 1934, as Amended

Exhibit 32.1 - Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

Exhibit 32.2 - Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

(b) Reports on Form 8-K

Amtech did not file any Current Reports on Form 8-K during its first fiscal quarter of 2004.

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SIGNATURE

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: February 17, 2004

**Robert T. Hass**
**Vice President – Finance, Chief Financial Officer**
**and Director**
**(Principal Financial & Accounting Officer)**

**EXHIBIT INDEX**

| Exhibit Number | Description | Page or Method of Filing |
|---|---|---|
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* Filed herewith.

**Exhibit 10.1**

# KEY MAN SEVERANCE AGREEMENT

THIS KEY MAN SEVERANGE AGREEMENT (“Agreement”) is made and entered into as of October 1, 1999, by and among AMTECH SYSTEMS, INC., an Arizona corporation (the “Company” or “Employer”), and Robert T. Hass (“Key Man” or “Employee”).

WHEREAS, the Company desires to retain Key Man, and Key Man desires to serve, as Vice President-Finance and Chief Financial Officer of the Company, and as an employee of the Company, on the terms and conditions hereinafter set forth.

NOW, THEREFORE, in consideration of the mutual covenants contained herein and other valuable consideration, the receipt, adequacy and sufficiency of which is hereby acknowledged, the parties hereto do hereby agree as follows:

1. Post-Termination Compensation and Other Benefits Following a Change in Control. In the event Key Man’s employment with the Company is terminated within one year following the occurrence of a Change of Control (other than as a consequence of death or disability) either (x) by the Company for any reason other than for Cause, or (y) by Key Man for Good Reason, then Key Man shall be entitled to receive salary, commissions and vacation accrued through the Termination Date plus the following:

(i) Base Salary: A lump sum severance payment equal to one (1) years’ base salary computed using the latest applicable salary rate;

(ii) Accrued Incentive Compensation: There shall be no incentive compensation unless an incentive compensation arrangement for the Employee is established after the date of this Agreement and is in effect anytime on or after the ninetieth (90) day prior to the date the Change in Control occurred. The amount of the Key Man’s accrued but unpaid incentive compensation under the incentive agreement established for Key Man, if any, shall be pro-rated for the year in which the termination occurs and shall be calculated through the end of the last full month prior to his termination with a proportionate adjustment to all caps and floors, if any, based upon the portion of the fiscal year worked prior to termination of Key Man’s employment and such amount shall be paid within 30 days from the date of such termination; and

(iii) Other Benefits: Notwithstanding the vesting period provided for in the Company’s Stock Option Plan and any related stock option agreements between the Company and the Key Man for stock options (“Options”) granted Key Man by the Company, all Options shall be fully vested and exercisable upon a Change of Control and termination of employment.

2. No Obligation to Mitigate/Indemnification.

(a) In no event shall the Key Man be obligated to seek other employment or take any other action by way of mitigation of the amounts payable to the Key Man under any of the provisions of the Agreement and such amounts shall not be reduced whether or not the Key Man obtains other employment.

(b) It is the intent of the Company that Key Man should not be required to incur the expenses associated with the enforcement of his rights under this Agreement pursuant to Section 1 hereof because the cost and expense thereof would substantially detract from the benefits intended to be extended to him hereunder, nor be bound to negotiate any settlement of his rights hereunder. Accordingly, if the Company fails to comply with any of its obligations under this Agreement or in the event that the Company or any other person takes any action to declare this Agreement void or unenforceable, the Company shall indemnify the Key Man for all legal costs and fees (including without limitation, attorneys' fees, retainers, arbitration costs, charges for transcripts, fees of experts, witness fees, travel expenses, duplicating costs, printing and binding costs, telephone charges, postage and delivery services fees, and all other disbursements or out-of-pocket expenses) that Key Man incurs asserting or defending his rights under this Agreement, if, after filing a claim in accordance with rules of the American Arbitration Association, the Company pays the Key Man more than $1,000 for such non-compliance, either as a result of a settlement or the arbitrators award pursuant to pursuant to Section 6 hereof. The fees and expenses of counsel selected by him shall be paid or reimbursed to him by the Company within 10 days after such settlement or award and presentation by him of a statement or statements prepared by such counsel in accordance with its customary practices, and in the event such payments are not paid within 10 days of presentment, the Company shall pay him interest running from the date he presents the statement to the Company at the applicable federal rate provided for in Section 1274(d) of the Code or any successor provision thereof, for an obligation with a term equal to the length of such delay.

3. Termination By Key Man For Good Reason Following a Change in Control.

(a) Key Man shall have the right to resign from the Company following a Change in Control by terminating his employment for "Good Reason." For purposes of this Agreement, "Good Reason" shall mean any of the following:

(i) The Company's failure to elect or reelect, or to appoint or reappoint, Key Man to offices or positions involving duties, responsibilities, authority and dignity of a scope comparable to those of Key Man's most significant offices or positions held at any time during the 90-day period immediately preceding the date such Change in Control occurs;

(ii) Material change by the Company in the Key Man's function, duties or responsibilities (including reporting responsibilities) of a scope less than that associated with Key Man's most significant position with the Company during the 90-day period immediately preceding the date such Change in Control occurs;

(iii) Key Man's Basic Compensation is reduced by the Company, unless such reduction is pursuant to a salary reduction program which affects all of the Company's exempt employees by the same percentage, or there is a material reduction in the benefits that were in effect for the Key Man on October 1, 1999 under the Company's benefit plans in effect on such date;

(iv) Relocation of Key Man's principal place of employment to a place that is not located within either the the city limits of Tempe, Arizona or within a radius of (10) miles of his primary residence; provided that required travel on the Company's business shall not be deemed a relocation so long as Key Man is not required to be outside of both the city limits of Tempe, Arizona and the area within a radius of ten (10) miles of his primary residence for a period of time that is greater than the period of time he was required to be outside of that area for the twelve month period immediately preceding the date such Change in Control occurs;

(v) The failure by the Company to obtain the assumption of this Agreement by any successor or assign of the Company; or

(vi) Material breach of this Agreement by the Company, which breach is not cured within five (5) days after written notice thereof is delivered to the Company or the Key Man's termination of employment that is not effected by a Notice of Termination pursuant to sub-Section 3(c) below and/or for grounds not constituting Cause.

(b) For purposes of this Agreement, the term "Change in Control" of the Company shall mean, and a "Change in Control" shall be deemed to have occurred if:

(i) Any "person" (as such term is used in Section 13(d) and 14(d)(2) of the Exchange Act) shall become the beneficial owner (within the meaning of Rule 13d-3 promulgated pursuant to the Exchange Act, or any successor provision thereto), directly or indirectly, of securities of the Company representing thirty-five percent (35%) or more of the combined voting power of the Company's then outstanding securities ordinarily (and apart from rights accruing under special circumstances) having the right to vote at an election of directors; provided, however, that, for purposes of this sub-Section 3(b)(i), "person" shall exclude the Company, its subsidiaries, any person acquiring such securities directly from the Company, any employee benefit plan sponsored by the Company or any stockholder owning thirty-five percent (35%) or more of the combined voting power of the Company's outstanding securities as of the date of this Agreement; or

(ii) Upon the first purchase under a tender offer or exchange offer for 20% or more of the outstanding shares of stock (or securities convertible into stock), other than an offer by the Company or any of its subsidiaries or any employee benefit plan sponsored by the Company or any of its subsidiaries.

(iii) Individuals who, as of the date hereof, constitute the Board of Directors of the Company (the "Incumbent board") cease for any reason to constitute at least a majority of the Board of Directors of the Company, provided (A) that any person becoming a member of the Board of Directors of the Company subsequent to the date hereof whose election, or nomination for election by the Company's stockholders, was approved by a vote of at least a majority of the members then comprising the Incumbent Board (other than an election or nomination of an individual whose initial assumption of office is in connection with an actual or threatened election contest relating to the election of the Directors of the Company, as such terms are used in Rule 14a-11 of Regulation 14A promulgated under the Exchange Act, or any successor provision thereto) shall be, for purposes of this Agreement, considered as though such person were a member of the Incumbent Board, or (B) that the members of the Board of Directors of the Company who are nominated in the definitive proxy statement furnished in connection with the solicitation of proxies on behalf of the Board of Directors of the Company shall be, for purposes of this Agreement, considered as members of the Incumbent Board; or

(iv) Approval by the stockholders of the Company and consummation of (A) a reorganization, merger, consolidation, or sale or other disposition of all or substantially all of the assets of the Company, or (B) a liquidation or dissolution of the Company.

(c) Any termination by the Company for Cause or by the Key Man for Good Reason following a Change in Control shall be communicated by Notice of Termination to the other party hereto. The Key Man's Termination Date shall be the date specified in the Notice of Termination where required or in any other case the date upon which the Key Man ceases to perform services for the Company; provided that if within thirty (30) days after any Notice of Termination is given, the party receiving such Notice of Termination notifies the other party that a dispute exists concerning the termination, the Termination Date shall be the date finally determined to be the Termination Date, either by mutual written agreement of the parties or by binding arbitration in the manner provided in Section 6 hereof; provided further that the Termination Date shall be extended by a notice of dispute only if such notice is given in good faith and the party giving such notice pursues the resolution of such dispute with reasonable diligence. Notwithstanding the pendency of any such dispute, the Company will continue to pay the Key Man his full compensation in effect when the notice giving rise to the dispute was given and continue the Key Man as a participant in all compensation, benefit and insurance plans in which he was participating when the notice giving rise to the dispute was given, until the dispute is finally resolved in accordance with this sub-section. Amounts paid under this sub-section 3(c) are in addition to all other amounts due under this Agreement and shall not be offset against or reduce any other amounts due under this Agreement. However, if the arbitrator determines that the Key Man did not terminate for Good Reason or that the Company terminated the Key Man for Cause, the

Key Man must repay the Company the amount of compensation paid to the Key Man pursuant to this sub-section 3(c) from the Termination Date specified in the Notice of Termination, plus interest thereon at the applicable federal rate provided for in Section 1274(d) of the Code or any successor provision thereof, for an obligation with a term equal to the period from the date of payment to the date of repayment pursuant to this sub-section 3(c).

4. <u>Termination by the Company for Cause.</u> The Company shall have the right to terminate Key Man's employment for "Cause" following a Change in Control, "Cause" shall mean (i) the Key Man's willful, repeated or negligent failure to perform his duties hereunder and to comply with any reasonable or proper direction given by or on behalf of the Company's Board of Directors and the continuation of such failure following ten (10) days written notice to such effect; (ii) the Key Man being guilty of serious misconduct on the Company's premises or elsewhere, whether during the performance of his duties or not, which is reasonably likely to cause material damage to the reputation of the Company or render it materially more difficult for the Key Man to satisfactorily continue to perform his duties and the continuation or a second instance of such serious misconduct following ten (10) days written notice to such effect; (iii) the Key Man being found guilty in a criminal court of any offense of a nature which is reasonably likely to materially adversely affect the reputation of the company or to materially adversely affect the Key Man's ability to perform his responsibilities or materially adversely prejudice the Company's interests if the Key Man were to continue to be employed by the Company; (iv) the Key Man's commission of any act of fraud, theft or dishonesty, or any intentional tort against the Company; or (v) the Key Man's violation of any of the material terms, covenants, representations or warranties contained in this Agreement and failure to correct such violation within ten (10) days after written notice by the Company. If Key Man's employment is terminated for Cause, the Company will have no further liability or obligation to Key Man except for amounts earned or accrued under Company sponsored benefit plans prior to termination.

5. <u>Termination by the Company Without Cause.</u> At its option, the Company may terminate Key Man's employment without Cause following a Change in Control upon written notice to Key Man. In such event, Key Man shall be entitled to the benefits described in Section 1.

6. <u>Arbitration.</u> Any dispute or controversy arising under or in connection with this Agreement shall be settled exclusively by arbitration in Phoenix, Arizona in accordance with the rules of the American Arbitration Association then in effect. Judgment may be entered on the arbitrator's award in any court having jurisdiction; provided, however, that the Key Man shall be entitled to seek specific performance of his right to be paid during the pendency of any dispute or controversy arising under or in connection with this Agreement pursuant to sub-section 3(c) hereof.

7. <u>No Right of Employment Prior to a Change in Control.</u> Key Man agrees that the provisions of Sections 1 – 6 of this Agreement shall become effective only after a Change in Control and that this Agreement provides the Key Man with no rights or remedies in the event his employment with the Company is terminated for any reason prior to a Change in Control.

8. Noncompetition.

(a) Employee agrees that, except in accordance with his duties under this Agreement on behalf of Employer, he will not during the term of this Agreement:

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

(ii) In addition, Employee agrees that for a period of two years after the termination of his employment, he shall observe the covenants set forth in this Section 8 and shall not own, either directly or indirectly or through or in conjunction with one or more members of his or his spouse's family or through any trust or other contractual arrangement, a greater than five percent (5%) interest in, or otherwise control either directly or indirectly, any partnership, corporation, or other entity which distributes, sells, or otherwise trades in products which are competitive to any products or services being developed, distributed, sold or otherwise traded in by Employer, during Employee's term of employment with Employer, or being actively developed by Employer during the term of Employee's term of employment with Employer with a bonafide intent to market same. Employee further agrees, for such two year period following termination, to refrain from directly or indirectly soliciting Employer's vendors, customers or employees, except that the Employee may solicit Employer's vendors or customers in connection with a business that does not compete directly or indirectly with that of Employer. However, if the Employer breeches this Agreement by failing to pay to Key Man all sums due him under the terms hereof, if any, the two year term of the covenant in this Section 8.(a)(ii) will be reduced to a period equal to 730 days multiplied by a factor the numerator of which is the sum of the amounts that Employer has paid to Key Man under the terms of this Agreement and the denominator of which is the Sum of the Amounts that Employer should have paid to Employee under the terms of this Agreement.

(b) Employee hereby agrees that damages and any other remedy available at law would be inadequate to redress or remedy any loss or damage suffered by Employer upon any breach of the terms of this Section 8 by Employee, and Employee therefore agrees that Employer, in addition to recovering on any claim for damages or obtaining any other remedy available at law, also may enforce the terms of this Section 8 by a restraining order or preliminary injunction enjoining Employee from further breach of this Agreement, and may obtain any other appropriate remedy available in equity.

9. Assignment of Patents. Employee shall disclose fully to Employer any and all discoveries, designs, trademarks, formulae, processes, manufacturing techniques, trade secrets and any and all ideas, concepts or inventions, improvements, or copyrightable works relating to Employer's business which he shall conceive or make during his period of employment, or during the period of six months after his employment shall terminate, which are in whole or in part the result of his work with Employer. Such disclosure is to be made promptly after each such discovery or conception, and each such discovery, design, trademark, formula, process, manufacturing technique, trade secret and each other concept or invention, improvement, or copyrightable work will become and remain the property of Employer, whether or not patent applications are filed thereon. Upon request and at the expense of Employer, Employee shall make application through the patent solicitors of Employer for letters patent of the United States and any and all other countries at the discretion of Employer on such discoveries, ideas and inventions, and assign all such applications to Employer, or at its order, forthwith, without additional payment by Employer during his period of employment and for reasonable compensation for time actually spent by Employee at the request of Employer at such work after the termination of the employment. Employee shall give Employer, its attorneys and solicitors, all reasonable assistance in preparing and prosecuting such applications and, on the request of Employer, execute all papers and do all things that may be reasonably necessary to protect the rights of Employer and vest in it or its assigns the discoveries, ideas, or inventions, improvements, applications and letters patent and trademarks, formulae, processes, manufacturing techniques, trade secrets, concepts or copyrightable works herein contemplated. Said cooperation shall also include all actions reasonably necessary to aid Employer in the defense of its rights in the event of litigation.

10. Confidential Information.

(a) In the course of Employee's employment with Employer, it is anticipated that Employee shall have access to secret or confidential technical and commercial information, records, data, specifications, systems, methods, plans, designs, policies, inventions, material and other knowledge ("Confidential Material"), whether or not copyrighted, owned by Employer, including without limitation all such information and material relating to the business or business plans of Employer. Employee recognizes and acknowledges that included within the Confidential Material are Employer's confidential commercial information, technology, methods of manufacture, designs, and any computer programs, source codes, object codes, executable codes and related materials, including without limitation customer lists and all other such information and material relating to the business of Employer, all as they may exist from time to time, and that they are valuable, special and unique aspects of Employer's business. All such Confidential Material shall be and remain the property of the Company. Except as required by his duties to the Company, Employee shall not, directly or indirectly, either during the term of his employment or during the five year period following the termination of his employment, disclose or disseminate to anyone or make use of, for any purpose whatsoever, any Confidential Material. Upon termination of his employment, Employee shall promptly deliver to the Company all Confidential Material (including all copies thereof, whether prepared by Employee or others) which are in the possession or under the control of

Employee. Employee shall not be deemed to have breached this Section 10 if (i) Employee shall be specifically compelled by lawful order of any judicial, legislative, or administrative authority or body to disclose any Confidential Material or else face civil or criminal penalty or sanction, or (ii) Employee can demonstrate by clear and convincing evidence that the Confidential Material is or became publicly and openly known and in the public domain through no fault of the Employee.

(b) Employee hereby agrees that damages and any other remedy available at law would be inadequate to redress or remedy any loss or damage suffered by Employer upon any breach of the terms of this Section 10 by Employee, and Employee therefore agrees that Employer, in addition to recovering on any claim for damages or obtaining any other remedy available at law, also may enforce the terms of this Section 10 by a restraining order or preliminary injunction enjoining Employee from further breach of this Agreement, or by injunction for specific performance, and may obtain any other appropriate remedy available in equity.

11. Miscellaneous.

(a) As used herein, the terms “Company” and “Employer” shall mean and include Amtech Systems, Inc. and any subsidiary thereof and any successor or assign unless the context indicates otherwise. This Agreement and all rights hereunder are personal to the Key Man and shall not be assignable by him and any purported assignment shall be null and void and shall not be binding on the Company. This Agreement shall be binding upon, and shall inure to the benefit of Key Man and the Company and its successors and assigns.

(b) Except as required by law, no right to receive payments under this Agreement shall be subject to anticipation, commutation, alienation, sale, assignment, encumbrances, charge, pledge, or hypothecation or to execution, attachment, levy, or similar process or assignment by operation of law, and any attempt, voluntary or involuntary, to effect such action shall be null, void, and of no effect.

(c) This Agreement may not be modified or amended except by an instrument in writing signed by the parties hereto. No term or condition of this Agreement shall be deemed to have been waived, nor shall there be any estoppel against the enforcement of any provision of this Agreement, except by written instrument of the party charged with such waiver or estoppel. No such written waiver shall be deemed a continuing waiver unless specifically stated therein, and each such waiver shall operate only as to the specific term or condition waived and shall not constitute a waiver of such term or condition for the future or as to any act other than specifically waived. This Agreement represents the entire agreement of the parties with respect to the subject matter contained herein.

(d) Unless specifically stated to the contrary herein, all references to "days" and "months" shall mean calendar days and calendar months, respectively.

(e) As used herein, "Board" shall mean the Board of Directors of the Company, or a Committee of the Board designated by the Board to fulfill one or more of the Board's responsibilities under this Agreement.

12. Severability. If for any reason any provision of this Agreement is held invalid, such invalidity shall not affect any other provision of this Agreement not held so invalid, and each such other provision shall to the full extent consistent with law continue in full force and effect. If any provision of this Agreement shall be held invalid in part, such invalidity shall in no way affect the rest of such provision not held so invalid, and the rest of such provision, together with all other provisions of this Agreement, shall to the full extent consistent with law continue in full force and effect. It is the desire and intent of the parties that, if any provision hereof is adjudicated to be invalid or unenforceable by reason of its scope in terms of area, length of time or otherwise, but may be enforceable by limitations thereon, a reviewing court is authorized and empowered by the parties to re-write any such provision so that same shall be enforceable to the maximum extent permissible under law.

13. Notices. All notices, requests, demands and other communications which are required or may be given pursuant to this Agreement shall be in writing and shall be deemed to have been duly given if delivered personally or sent by certified mail, postage prepaid, as follows:

(a) If to the Company, to it at:

AMTECH SYSTEMS, lNC.
131 South Clark Drive
Tempe, Arizona 85281

(b) If to Key Man, to him at:

Robert T. Hass
Street Address
City, State Zip Code

or such other address as any party hereto shall have designated by notice in writing to the other parties hereto. All such notices, requests, demands and communications shall be deemed to have been given on the date of delivery, or, if given by certified mail, on the second business day after mailing.

14. Headings. The headings of sections herein are included solely for convenience of reference and shall not control the meaning or interpretation of any provision of this Agreement.

15. Governing Law. This Agreement has been executed and delivered in the State of Arizona, and its validity, interpretation, performance, and enforcement shall be governed by the internal laws of said State.

IN WITNESS WHEREOF, the Company has caused this Agreement to be executed by its duly authorized officers, and Key Man has signed this Agreement, all as of the date or dates below.

AMTECH SYSTEMS, Inc., an Arizona corporation

BY /s/ J.S. WHANG Date: November 16, 1999

Its **President**

KEY MAN:

/s/ ROBERT T. HASS Date: November 16, 1999

(Signature)

**Robert T. Hass**

(Printed Name)

Exhibit 31.1

AMTECH SYSTEMS, INC. AND ITS SUBSIDIARIES
CERTIFICATION PURSUANT TO RULE 13a-14(a)/15d-14(a)
OF THE SECURITIES EXCHANGE ACT OF 1934, As Amended

I, Jong S. Whang, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Amtech Systems, Inc.;

2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial position, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and we have:

(a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this annual report is being prepared;

(b) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(c) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

(a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

By /s/ JONG S. WHANG

**Jong S. Whang**
**President and Chief Executive Officer**
**Amtech Systems, Inc.**

Date: February 17, 2004

Exhibit 31.2

AMTECH SYSTEMS, INC. AND ITS SUBSIDIARIES
CERTIFICATION PURSUANT TO RULE 13a-14(a)/15d-14(a)
OF THE SECURITIES EXCHANGE ACT OF 1934, As Amended

I, Robert T. Hass, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Amtech Systems, Inc.;

2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial position, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and we have:

(a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this annual report is being prepared;

(b) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(c) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

(a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

By /s/ ROBERT T. HASS

**Robert T. Hass**
**Vice President – Finance and Chief Financial Officer**
**Amtech Systems, Inc.**

Date: February 17, 2004

Exhibit 32.1

AMTECH SYSTEMS, INC. AND ITS SUBSIDIARIES

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Amtech Systems, Inc. (the “Company”) on Form 10-Q for the period ended December 31, 2003, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Jong S. Whang, President and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. ss. 1350, as adopted pursuant to ss. 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

By /s/ JONG S. WHANG

**Jong S. Whang**
**President and Chief Executive Officer**

Date: February 17, 2004

Exhibit 32.2

AMTECH SYSTEMS, INC. AND ITS SUBSIDIARIES

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Amtech Systems, Inc. (the "Company") on Form 10-Q for the period ended December 31, 2003, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Robert T. Hass, Vice President – Finance and Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. ss. 1350, as adopted pursuant to ss. 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

By /s/ ROBERT T. HASS

**Robert T. Hass**
**Vice President – Finance and Chief Financial Officer**

Date: February 17, 2004