

**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: **March 31, 2007**

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

(State or other jurisdiction of incorporation or organization)

131 South Clark Drive, Tempe, Arizona

(Address of principal executive offices)

86-0411215

(I.R.S. Employer Identification No.)

85281

(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 a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer Accelerated filer Non-accelerated filer

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

Shares of Common Stock outstanding as of May 2, 2007: 6,497,342

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PART I FINANCIAL INFORMATION

ITEM 1. Condensed Consolidated Financial Statements

AMTECH SYSTEMS, INC. AND SUBSIDIARIES

Condensed Consolidated Balance Sheets

(in thousands except share data)

	March 31, 2007	September 30, 2006
	(Unaudited)	
Assets		
Current Assets		
Cash and cash equivalents	\$ 21,193	\$ 6,433
Accounts receivable		
Trade (less allowance for doubtful accounts of \$234 and \$223 at March 31, 2007 and September 30, 2006, respectively)	7,232	6,545
Unbilled and other	1,510	849
Inventories	7,748	4,979
Deferred income taxes	560	—
Other	726	414
	<hr/>	<hr/>
Total current assets	38,969	19,220
Property, Plant and Equipment - Net	5,427	2,382
Intangible Assets - Net	1,103	1,144
Goodwill	817	817
	<hr/>	<hr/>
Total Assets	\$ 46,316	\$ 23,563
Liabilities and Stockholders' Equity		
Current Liabilities		
Accounts payable	\$ 4,095	\$ 3,631
Bank loans and current maturities of long-term debt	216	258
Accrued compensation and related taxes	1,180	1,187
Accrued warranty expense	281	289
Deferred profit	1,060	1,071
Customer deposits	1,613	—
Accrued commissions	529	203
Other accrued liabilities	423	379
Income taxes payable	603	319
	<hr/>	<hr/>
Total current liabilities	10,000	7,337
Long-Term Obligations	825	617
	<hr/>	<hr/>
Total liabilities	10,825	7,954
Commitments and Contingencies		
Stockholders' Equity		
Preferred stock; 100,000,000 shares authorized; none issued		
Common stock; \$0.01 par value; 100,000,000 shares authorized; shares issued and outstanding: 6,497,342 and 3,476,042 at March 31, 2007 and September 30, 2006, respectively	65	35
Additional paid-in capital	35,259	15,774
Accumulated other comprehensive income	600	501
Accumulated deficit	(433)	(701)
	<hr/>	<hr/>
Total stockholders' equity	35,491	15,609
	<hr/>	<hr/>
Total Liabilities and Stockholders' Equity	\$ 46,316	\$ 23,563

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

AMTECH SYSTEMS, INC. AND SUBSIDIARIES
Condensed Consolidated Statements of Operations
(Unaudited)
(in thousands, except per share data)

	Three Months Ended March 31,		Six Months Ended March 31,	
	2007	2006	2007	2006
Revenues, net of returns and allowances	\$ 10,539	\$ 10,892	\$ 19,990	\$ 18,807
Cost of sales	7,671	8,155	14,730	13,533
Gross profit	2,868	2,737	5,260	5,274
Selling, general and administrative	2,417	2,172	4,636	4,061
Research and development	141	138	259	308
Operating income	310	427	365	905
Interest and other income (expense), net	122	(19)	143	25
Income before income taxes	432	408	508	930
Income tax expense	170	226	240	277
Net income	\$ 262	\$ 182	\$ 268	\$ 653
Earnings Per Share:				
Basic earnings per share	\$.05	\$.05	\$.06	\$.20
Weighted average shares outstanding	5,193,279	2,880,858	4,325,225	2,793,668
Diluted earnings per share	\$.05	\$.05	\$.06	\$.19
Weighted average shares outstanding	5,255,099	3,480,616	4,371,446	3,437,855

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

AMTECH SYSTEMS, INC. AND SUBSIDIARIES
Condensed Consolidated Statements Of Cash Flows
(Unaudited)
(in thousands)

	Six Months Ended March 31,	
	2007	2006
Operating Activities		
Net income	\$ 268	\$ 653
Adjustments to reconcile net income to net cash used in operating activities:		
Depreciation and amortization	329	312
Write-down of inventory	83	77
Deferred income taxes	(560)	—
Non-cash share based compensation expense	110	128
Other	20	35
Changes in operating assets and liabilities:		
Accounts receivable	(1,112)	(5,248)
Inventories	(2,690)	(2,490)
Accrued income taxes	272	606
Prepaid expenses and other assets	(299)	258
Accounts payable	344	2,303
Accrued liabilities and customer deposits	1,883	424
Deferred profit	(46)	1,004
Net cash used in operating activities	(1,398)	(1,938)
Investing Activities		
Purchases of property, plant and equipment	(3,240)	(349)
Net cash used in investing activities	(3,240)	(349)
Financing Activities		
Proceeds from issuance of common stock	19,403	564
Preferred stock cash dividends paid	—	(83)
Payments on long-term obligations	(103)	(69)
Borrowings on long-term obligations	355	—
Net short term borrowings (payments)	(111)	93
Excess tax benefit of stock options	—	27
Net cash provided by financing activities	19,544	532
Effect of Exchange Rate Changes on Cash	(146)	(84)
Net Increase (Decrease) in Cash and Cash Equivalents	14,760	(1,839)
Cash and Cash Equivalents, Beginning of Period	6,433	3,309
Cash and Cash Equivalents, End of Period	\$ 21,193	\$ 1,470
Supplemental Cash Flow Information:		
Interest paid	\$ 107	\$ 46
Income tax refunds	\$ —	\$ 370
Income tax payments	\$ 529	\$ 16
Supplemental Non-cash Financing Activities:		
Stock issued for preferred stock dividend	\$ —	\$ 74
Preferred stock converted to common stock	\$ —	\$ 1,859

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 AND SIX MONTHS ENDED MARCH 31, 2007 AND 2006
(UNAUDITED)

1. Basis of Presentation

Nature of Operations and Basis of Presentation – Amtech Systems, Inc. (the “Company”) designs, assembles, sells and installs capital equipment and related consumables used in the manufacture of semiconductors, solar cells, and wafers of various materials, primarily for the semiconductor and solar industries. The Company sells these products worldwide, particularly in the United States, Asia and Europe. In addition, the Company provides semiconductor manufacturing support services.

The Company serves niche markets in industries that are experiencing rapid technological advances, and which historically have been very cyclical. Therefore, future profitability and growth depend on the Company’s ability to develop or acquire and market profitable new products, and on its ability to adapt to cyclical trends.

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 U.S. generally accepted accounting principles. In the opinion of management, the accompanying unaudited interim condensed consolidated financial statements contain all adjustments necessary, all of which are of a normal recurring nature, to present fairly our financial position, results of operations and cash flows. Certain information and note 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 audited consolidated financial statements and notes thereto included in our Annual Report on Form 10-K for the fiscal year ended September 30, 2006.

The consolidated results of operations for the three and six month periods ended March 31, 2007, are not necessarily indicative of the results to be expected for the full year.

Reclassifications - Certain reclassifications have been made in the accompanying consolidated financial statements for fiscal 2006 to conform to the 2007 presentation. These reclassifications did not have a material effect on the Company’s results of operations.

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.

Revenue Recognition – Revenue is recognized upon shipment of the Company’s proven technology equal to the sales price less the greater of (i) the fair value of undelivered services and (ii) the contingent portion of the sales price, which is generally 10-20% of the total contract price. The entire cost of the equipment relating to proven technology is recorded upon shipment. The remaining contractual revenue, deferred costs and installation costs are recorded upon successful installation of the product.

For purposes of revenue recognition, proven technology means the Company has a history of at least two successful installations. New technology systems are those systems with respect to which the Company cannot demonstrate that it can meet the provisions of customer acceptance at the time of shipment.

Revenue on new technology is deferred until installation and acceptance at the customer’s premises is completed, as these sales do not meet the provisions of customer acceptance at the time of shipment. Cost of the equipment relating to new technology is recorded against deferred profit and then recorded in cost of sales upon customer acceptance.

Revenue from services is recognized as the services are performed. Revenue from prepaid service contracts is recognized ratably over the life of the contract. Revenue from spare parts is recorded upon shipment.

Deferred Profit— Revenue deferred pursuant to the Company’s revenue recognition policy, net of the related deferred costs, if any, is recorded as deferred profit in current liabilities. The components of deferred profit are as follows:

	March 31, 2007	September 30, 2006
	(dollars in thousands)	
Deferred revenues	\$ 2,664	\$ 2,493
Deferred costs	(1,604)	(1,422)
Deferred profit	\$ 1,060	\$ 1,071

Concentrations of Credit Risk – Financial instruments that potentially subject the Company to significant concentrations of credit risk consist principally of trade accounts receivable. The Company’s customers consist of manufacturers of semiconductors, semiconductor wafers, MEMS and solar cells located throughout the world. Credit risk is managed by performing ongoing credit evaluations of the customers’ financial condition, by requiring significant deposits where appropriate, and by actively monitoring collections. Letters of credit are required of certain customers depending on the size of the order, type of customer or its creditworthiness, and its country of domicile. Reserves for potentially uncollectible receivables are maintained based on an assessment of collectibility.

As of March 31, 2007, accounts receivable from one customer accounted for 23% of total accounts receivable.

Accounts Receivable - Unbilled and Other – Unbilled and other accounts receivable consist mainly of the contingent portion of the sales price that is not collectible until successful installation of the product. These amounts are generally billed upon final acceptance by our customers. The majority of these amounts are offset by balances included in deferred profit.

Inventories— Inventories are stated at the lower of cost (first-in, first-out method) or net realizable value.

The components of inventories are as follows:

	March 31, 2007	September 30, 2006
	(dollars in thousands)	
Purchased parts and raw materials	\$ 4,212	\$ 3,400
Work-in-process	2,924	1,159
Finished goods	612	420
	\$ 7,748	\$ 4,979

Property, Plant and Equipment – Property, plant and equipment are recorded at cost. Maintenance and repairs are charged to expense as incurred. The cost of property retired or sold and the related accumulated depreciation are removed from the applicable accounts when disposition occurs and any gain or loss is recognized. Depreciation is computed using the straight-line method. Useful lives for equipment, machinery and leasehold improvements range from three to seven years; for furniture and fixtures from five to 10 years; and for buildings 20 years.

In March 2007, the Company purchased a manufacturing facility in The Netherlands for a purchase price of approximately \$3.1 million. The following is a summary of property, plant and equipment:

	March 31, 2007	September 30, 2006
	(dollars in thousands)	
Land, building and leasehold improvements	\$ 4,303	\$ 1,094
Equipment and machinery	2,595	2,676
Furniture and fixtures	2,403	2,514
	9,301	6,284
Accumulated depreciation and amortization	(3,874)	(3,902)
	\$ 5,427	\$ 2,382

Goodwill - Goodwill and intangible assets with indefinite lives are not subject to amortization, but are tested for impairment at least annually. The Company accounts for goodwill under the provisions of Statement of Financial Accounting Standards (“SFAS”) No. 142. Accordingly, goodwill is reviewed for impairment on an annual basis, typically at the end of the fiscal year, or more frequently if circumstances dictate.

Intangibles – Intangible assets are capitalized and amortized over 4 to 15 years if the life is determinable. If the life is not determinable, amortization is not recorded.

The following is a summary of intangibles:

	Useful Life	March 31, 2007	September 30, 2006
		(dollars in thousands)	
Patents	7 years	\$ 74	\$ 74
Trademarks	Indefinite	592	592
Non-compete agreements	10 years	350	350
Customer lists	15 years	276	276
Technology	4 years	102	102
		1,394	1,394
Accumulated amortization		(291)	(250)
		\$ 1,103	\$ 1,144

Warranty – A limited warranty is provided free of charge, generally for periods of 12 to 24 months to all purchasers of the Company’s new products and systems. Accruals are recorded for estimated warranty costs at the time revenue is recognized.

The following is a summary of activity in accrued warranty expense:

	Six Months Ended March 31,	
	2007	2006
	(dollars in thousands)	
Beginning balance	\$ 289	\$ 248
Warranty expenditures	(51)	(27)
Provision	43	61
Ending balance	\$ 281	\$ 282

Long-Term Debt - In October 2006, the Company received \$0.4 million of additional long-term financing secured by new equipment acquired prior to the end of fiscal 2006. This debt has an interest rate of 7.43% per annum and will be repaid over five years with interest at 7.43% per annum.

Share-Based Compensation - On October 1, 2005, the Company adopted SFAS No. 123 (R), “Share-Based Payment” (“SFAS 123 (R)”) and Staff Accounting Bulletin 107, “Share-Based Payment.” SFAS 123 (R) requires the Company to measure compensation costs relating to share-based payment transactions based upon the grant-date fair value of the award. Those costs are recognized as expense over the requisite service period, which is generally the vesting period. The Company elected the modified prospective application method of reporting; therefore, prior periods were not restated. Under the modified prospective method, this statement was applied to new awards granted after the time of adoption, as well as to the unvested portion of previously granted awards for which the requisite service had not been rendered as of October 1, 2005. SFAS 123 (R) also requires the benefits of tax deductions in excess of recognized compensation cost to be reported as cash flow from financing activities rather than as cash flow from operating activities. Our share-based compensation plans are summarized in the table below:

Name of Plan	Shares Authorized	Shares Available	Options Outstanding
1998 Employee Stock Option Plan	500,000	11,487	414,084
Amended and Restated 1995 Stock Option Plan and 1995 Stock Bonus Plan	160,000	—	2,500
Non-Employee Directors Stock Option Plan	200,000	89,600	44,000
		101,087	460,584

Share-based compensation expense recognized under SFAS 123 (R) reduced the Company's results of operations by the following amounts:

	Three Months Ended March 31,		Six Months Ended March 31,	
	2007	2006	2007	2006
	(dollars in thousands, except per share amounts)			
Income before income taxes (1)	\$ 77	\$ 87	\$ 110	\$ 128
Net income	\$ 68	\$ 82	\$ 96	\$ 109
Basic income per share	\$ 0.01	\$ 0.03	\$ 0.02	\$ 0.04
Diluted income per share	\$ 0.01	\$ 0.02	\$ 0.02	\$ 0.03

(1) Stock option expense is included in selling, general and administrative expenses.

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 2017. Under the terms of the 1998 Employee Stock Option Plan, nonqualified stock options may also be issued. Options issued by the Company vest over 3 to 5 years.

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

	Six Months Ended March 31,			
	2007		2006	
	Options	Weighted Average Exercise Price	Options	Weighted Average Exercise Price
Outstanding at beginning of period	308,384	\$ 5.95	468,206	\$ 4.78
Granted	156,250	7.01	20,022	7.30
Exercised	(2,550)	3.15	(109,269)	2.74
Forfeited	(1,500)	7.00	(4,898)	4.38
Outstanding at end of period	460,584	\$ 6.32	374,061	\$ 5.51
Exercisable at end of period	251,007	\$ 5.97	284,452	\$ 5.61
Weighted average fair value of options granted during the period	\$ 4.57		\$ 5.39	

The fair value of options was estimated at the date of grant using the Black-Scholes option pricing model with the following assumptions:

	Six Months Ended March 31,	
	2007	2006
Risk free interest rate	4.55% to 4.80%	4.38% to 4.64%
Expected life	5 to 6 years	3 to 7.5 years
Dividend rate	0%	0%
Volatility	61% to 69%	63% to 101%
Forfeiture rate	5.67% to 7.45%	7.45%

To estimate expected lives for this valuation, it was assumed that options will be exercised at varying schedules after becoming fully vested. In accordance with SFAS 123 (R), forfeitures have been estimated at the time of grant and will be revised, if necessary, in subsequent periods if actual forfeitures differ from those estimates. Forfeitures were estimated based upon historical experience. Fair value computations are highly sensitive to the volatility factor assumed; the greater the volatility, the higher the computed fair value of the options granted.

There were 86,250 and 156,250 options granted during the three and six months ended March 31, 2007, respectively; and 10,022 and 20,022 options granted for the comparable periods of fiscal 2006. Total fair value of options granted was approximately \$391,000 and \$714,000 for the three and six months ended March 31 2007, respectively; and \$41,000 and \$108,000 for the comparable periods of fiscal 2006.

The following tables summarize information for stock options outstanding and exercisable at March 31, 2007:

Range of Exercise Prices	Options Outstanding			
	Number Outstanding	Remaining Contractual Life (in years)	Weighted Average Exercise Price	Aggregate Intrinsic Value (in thousands)
\$ 2.00 - 4.00	18,112	6.3	\$ 3.12	\$ 76
4.01 - 5.00	49,700	5.3	4.58	135
5.01 - 6.00	68,022	5.7	5.76	104
6.01 - 7.00	272,750	6.6	6.69	166
7.01 - 10.00	52,000	9.6	7.87	—
	460,584	6.6	\$ 6.32	\$ 481
Vested and expected to vest as of March 31, 2007	436,445	6.5	\$ 6.30	\$ 462

Range of Exercise Prices	Options Exercisable			
	Number Exercisable	Remaining Contractual Life (in years)	Weighted Average Exercise Price	Aggregate Intrinsic Value (in thousands)
\$ 2.00 - 4.00	10,001	4.9	\$ 3.06	\$ 42
4.01 - 5.00	35,867	4.8	4.53	99
5.01 - 6.00	51,805	5.1	5.79	78
6.01 - 7.00	150,000	4.0	6.50	120
7.01 - 10.00	3,334	8.9	9.05	—
	251,007	4.4	\$ 5.97	\$ 339

Impact of Recently Issued Accounting Pronouncements

In June 2006, the FASB published FASB Interpretation No. 48, *Accounting for Uncertainty in Income Taxes* which clarifies the accounting for uncertainty in income taxes recognized in an enterprise's financial statements in accordance with SFAS No. 109, *Accounting for Income Taxes*. SFAS No. 109 does not prescribe a recognition threshold or measurement attributable for the financial statement recognition and measurement of a tax position taken in a tax return. Diversity in practice exists in the accounting for income taxes. To address that diversity this Interpretation clarifies the application of SFAS No. 109 by defining a criterion that an individual tax position must meet for any part of the benefit of that position to be recognized in an enterprise's financial statements. Additionally, this Interpretation provides guidance on measurement, derecognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition for such uncertain tax transactions. This Interpretation is effective for the Company's 2008 fiscal year (beginning October 1, 2007). The Company has not yet determined the impact, if any, that the adoption of Interpretation No. 48 will have on its financial statements.

In September 2006, the Financial Accounting Standards Board issued SFAS No. 157, "Fair Value Measurements". SFAS No. 157 defines fair value, establishes a formal framework for measuring fair value and expands disclosures about fair value measurements. The Company has not yet determined the impact, if any, that SFAS No. 157 will have on its financial statements. SFAS No. 157 is effective for the Company's fiscal year beginning October 1, 2008.

In February 2007, the Financial Accounting Standards Board issued SFAS No. 159, "The Fair Value Option for Financial Assets and Financial Liabilities (as amended)". SFAS No. 159 permits entities to choose to measure many financial instruments and certain other items at fair value that are not currently required to be measured at fair value. In addition, FAS No. 159 establishes presentation and disclosure requirements designed to facilitate comparisons between entities that choose different measurement attributes for similar types of assets and liabilities. The Company has not yet determined the impact, if any, that SFAS No. 159 will have on its financial statements. SFAS No. 159 is effective for the Company's fiscal year beginning October 1, 2009.

2. Deferred Taxes

Deferred tax assets reflect the tax effects of temporary differences between the carrying value of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Statement of Financial Accounting Standards ("SFAS") No. 109 "Accounting for Income Taxes" requires that a valuation allowance is recognized if, based on the weight of available evidence, it is more likely than not that some portion or all of the deferred tax asset will not be realized. Each quarter the valuation allowance is re-evaluated. During the six months ended March 31 2007, the valuation allowance was increased by \$21,000 for state net operating losses that may not be recovered. Tax payments of \$529,000 were made during the six months ended March 31, 2007. The Company also recorded a net deferred tax asset of \$560,000 for items that meet the more likely than not criteria for recognition under SFAS No. 109.

The tax effects of temporary book-tax differences that give rise to significant portions of the deferred tax asset and deferred tax liability are as follows:

	March 31, 2007	September 30, 2006
(dollars in thousands)		
Deferred tax assets - current:		
Capitalized inventory costs	\$ 359	\$ 205
Inventory write-downs	380	412
Deferred profit	362	377
Accruals and reserves not currently deductible	912	467
	<u>2,013</u>	<u>1,461</u>
Deferred tax assets - non-current:		
Stock option expense	34	17
State net operating losses	194	172
	<u>228</u>	<u>189</u>
Deferred tax liabilities - non-current:		
Book vs. tax depreciation and amortization	(28)	(17)
Total deferred tax assets - net	2,213	1,633
Valuation allowance	(1,653)	(1,633)
Deferred tax assets net of valuation allowance	<u>\$ 560</u>	<u>\$ —</u>

3. Earnings Per Share

Earnings per share (EPS) is computed by dividing net income available to common shareholders (net income less accrued preferred stock dividends) by the weighted average number of common shares outstanding for the period. Diluted EPS is computed similarly to basic EPS except that the denominator is increased to include the number of additional common shares that would have been outstanding if potentially dilutive common shares had been issued, and the numerator is based on net income available to common shareholders.

Common shares relating to stock options where the exercise prices exceeded the average market price of our common shares during the period were excluded from the diluted earnings per share calculation as the related impact was antidilutive. For the three and six months ended March 31, 2007, options for 20,000 and 39,100 shares, respectively, are excluded from the diluted EPS calculations because they are antidilutive as they have an exercise price greater than the average market price during the period. For the three and six months ended March 31, 2006, options for 3,683 and 2,008 shares, respectively, are excluded from the diluted EPS calculations because they are antidilutive as they have an exercise price greater than the average market price during the period.

	Three Months Ended March 31,		Six Months Ended March 31,	
	2007	2006	2007	2006
	(in thousands, except per share amounts)		(in thousands, except per share amounts)	
Basic Earnings Per Share Computation				
Net income	\$ 262	\$ 182	\$ 268	\$ 653
Preferred stock dividends	—	(37)	—	(81)
Net income available to common stockholders	\$ 262	\$ 145	\$ 268	\$ 572
Weighted Average Shares Outstanding:				
Common stock	5,193	2,881	4,325	2,794
Basic earnings per share	\$ 0.05	\$ 0.05	\$ 0.06	\$ 0.20
Diluted Earnings Per Share Computation				
Net income	\$ 262	\$ 182	\$ 268	\$ 653
Weighted Average Shares Outstanding:				
Common stock	5,193	2,881	4,325	2,794
Common stock equivalents (1)	62	600	46	644
Diluted shares	5,255	3,481	4,371	3,438
Diluted earnings per share	\$ 0.05	\$ 0.05	\$ 0.06	\$ 0.19

(1) The number of common stock equivalents is calculated using the treasury stock method and the average market price during the period.

4. Comprehensive Income

	Three Months Ended March 31,		Six Months Ended March 31,	
	2007	2006	2007	2006
	(dollars in thousands)		(dollars in thousands)	
Net income, as reported	\$ 262	\$ 182	\$ 268	\$ 653
Foreign currency translation adjustment	20	19	99	(25)
Comprehensive income	\$ 282	\$ 201	\$ 367	\$ 628

5. Business Segment Information

The Company's products are classified into two core business segments; the semiconductor and solar equipment segment and the polishing supplies segment. The semiconductor and solar equipment segment designs, manufactures and markets semiconductor wafer processing and handling equipment used in the fabrication of integrated circuits, solar cells and MEMS. Also included in the semiconductor and solar 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 our business segments is as follows:

	Three Months Ended March 31,		Six Months Ended March 31,	
	2007	2006	2007	2006
	(dollars in thousands)		(dollars in thousands)	
Net Revenues:				
Semiconductor and solar equipment	\$ 8,234	\$ 9,046	\$ 15,755	\$ 15,280
Polishing supplies	2,305	1,846	4,235	3,527
	\$ 10,539	\$ 10,892	\$ 19,990	\$ 18,807
Operating Income (loss):				
Semiconductor and solar equipment	\$ (126)	\$ 173	\$ (380)	\$ 377
Polishing supplies	436	254	745	528
	310	427	365	905
Interest and other income (expense), net	122	(19)	143	25
	432	408	508	930
			March 31,	September 30,
			2007	2006
			(dollars in thousands)	
Identifiable Assets:				
Semiconductor and solar equipment			\$ 42,123	\$ 19,564
Polishing supplies			4,193	3,999
			\$ 46,316	\$ 23,563

6. Major Customers and Foreign Sales

During the three and six months ended March 31, 2007, one customer represented 15% and 14% of net revenues, respectively. During the three and six months ended March 31, 2006, one customer represented 48% and 28% of net revenues, respectively.

Our net revenues were to customers in the following geographic regions:

	Six Months Ended March 31,	
	2007	2006
North America (1)	32%	30%
Asia (2) (3) (4)	46%	50%
Europe	22 %	20%
	<u>100 %</u>	<u>100 %</u>

(1) Includes 31% and 30% to the United States in 2007 and 2006, respectively

(2) Includes 13% and 6% to China in 2007 and 2006, respectively.

(3) Includes 19% and 9% to Taiwan in 2007 and 2006, respectively.

(4) Includes 6% and 23% to Malaysia in 2007 and 2006, respectively.

7. Commitments and Contingencies

Purchase Obligations – As of March 31, 2007, we had purchase obligations in the amount of \$5.6 million. These purchase obligations consist of outstanding purchase orders for goods and services. While the amount represents purchase agreements, the actual amounts to be paid may be less in the event that any agreements are renegotiated, cancelled or terminated.

8. Issuance of Common Stock

In February 2007, the Company filed registration statements on Form S-1 with the Securities and Exchange Commission for the sale of 2,625,000 shares of its common stock in an underwritten public offering at a price to the public of \$7.05 per share. The Company also granted the underwriters a 30-day option to purchase up to 393,750 additional shares of common stock to cover over-allotments. Net proceeds to the Company were approximately \$19.4 million including the exercise of the over-allotment, net of \$0.4 million of offering expenses and after deducting \$1.5 million of underwriting commissions.

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

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our condensed consolidated financial statements and the related notes included in Item 1, "Condensed Financial Statement" in this quarterly report on Form 10-Q and our consolidated financial statements and related notes included in Item 8, "Financial Statements and Supplementary Data" in our Annual Report on Form 10-K for the fiscal year ended September 30, 2006, as amended.

Cautionary Statement Regarding Forward-Looking Statements

The statements in this report include forward-looking statements. These forward-looking statements are based on our management's current expectations and beliefs and involve numerous risks and uncertainties that could cause actual results to differ materially from expectations. You should not rely upon these forward-looking statements as predictions of future events because we cannot assure you that the events or circumstances reflected in these statements will be achieved or will occur. You can identify forward-looking statements by the use of forward-looking terminology, including the words "believes," "expects," "may," "will," "should," "seeks," "intends," "plans," "estimates" or "anticipates" or the negative of these words and phrases or other variations of these words and phrases or comparable terminology. These forward-looking statements relate to, among other things: our sales, results of operations and anticipated cash flows; capital expenditures; depreciation and amortization expenses; research and development expenses; selling, general and administrative expenses; the development and timing of the introduction of new products and technologies; our ability to maintain and develop relationships with our existing and potential future customers and our ability to maintain the level of investment in research and development and capacity that is required to remain competitive. Many factors could cause our actual results to differ materially from those projected in these forward-looking statements, including, but not limited to: whether we will be able to complete acquisitions and integrate such businesses successfully and achieve anticipated synergies; variability of our revenues and financial performance; risks associated with product development and technological changes; the acceptance of our products in the marketplace by existing and potential future customers; disruption of operations or increases in expenses caused by civil or political unrest or other catastrophic events; general economic conditions and conditions in the semiconductor and solar industries in particular; the continued employment of our key personnel and risks associated with competition.

For a discussion of the factors that could cause actual results to differ materially from the forward-looking statements, see the "Risk Factors" set forth in Item 1A of Part I of Amtech Systems, Inc.'s Annual Report on Form 10-K for the fiscal year ended September 30, 2006, the "Liquidity and Capital Resources" section under "Management's Discussion and Analysis of Financial Condition and Results of Operations" in this item of this report and the other risks and uncertainties that are set forth elsewhere in this report or detailed in our other Securities and Exchange Commission reports and filings. We assume no obligation to update these forward-looking statements.

Introduction

Management's Discussion and Analysis ("MD&A") is intended to facilitate an understanding of our business and results of operations. MD&A consists of the following sections:

- Overview
- Results of Operations
- Liquidity and Capital Resources
- Off – Balance Sheet Arrangements
- Contractual Obligations
- Critical Accounting Policies
- Impact of Recently Issued Accounting Pronouncements

Overview

We operate in two segments: the semiconductor and solar equipment segment and the polishing supplies segment. Our semiconductor and solar equipment segment is a leading supplier of thermal processing systems, including related automation, parts and services, to the semiconductor, photovoltaic solar, silicon wafer and MEMS industries.

Our polishing supplies and equipment segment is a leading supplier of wafer carriers to manufacturers of silicon wafers. The polishing segment also manufactures polishing templates, steel carriers and double-sided polishing and lapping machines to fabricators of optics, quartz, ceramics and metal parts, and to manufacturers of medical equipment components.

Our customers are primarily manufacturers of integrated circuits and solar cells, and suppliers of silicon to those manufacturers. The semiconductor and solar cell industries are cyclical and historically have experienced significant fluctuations. Our revenue is impacted by these broad industry trends.

Due to the nature of the capital equipment markets that we serve and due to the nature of our contracts, which, include holdbacks of 10-20% of revenue that are recognized at the time of customer acceptance, revenues, gross margins, and operating results have historically fluctuated on a quarterly basis.

As our automation products are often sold in conjunction with new diffusion furnaces, to increase efficiency and reduce costs, we adopted a plan to consolidate the manufacturing of our automation product line into facilities already used to manufacture diffusion furnaces in June 2006. This consolidation was completed during January 2007.

Results of Operations

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

	Three Months Ended		Six Months Ended	
	March 31, 2007	March 31, 2006	March 31, 2007	March 31, 2006
Net revenue	100%	100%	100%	100%
Cost of goods sold	73%	75%	74%	72%
Gross margin	27%	25%	26%	28%
Operating expenses:				
Selling, general and administrative	23%	20%	23%	21%
Research and Development	1%	1%	1%	2%
Total operating expenses	24%	21%	24%	23%
Income from operations	3%	4%	2%	5%
Interest income (expense), net	1%	0%	0%	0%
Income before income taxes	4%	4%	2%	5%
Income taxes	2%	2%	1%	2%
Net Income	2%	2%	1%	3%

Net Revenue

Net revenue consists of revenue recognized upon shipment or installation of products using proven technology and upon acceptance of products using new technology. In addition, spare parts sales are recognized upon shipment. Service revenue is recognized upon completion of the service activity or ratably over the term of the service contract. The majority of our revenue is generated from large furnace systems sales which, depending on the timing of shipment and installation, can have a significant impact on our revenue and earnings in any given period. See Critical Accounting Policies – Revenue Recognition.

Net Revenue	Three Months Ended				Six Months Ended			
	March 31, 2007	March 31, 2006	Inc. (Dec)	%	March 31, 2007	March 31, 2006	Inc. (Dec)	%
	(dollars in thousands)				(dollars in thousands)			
Semiconductor and Solar Equipment Segment	\$ 8,234	\$ 9,046	\$ (812)	(9)%	\$ 15,755	\$ 15,280	\$ 475	3%
Polishing Supplies Segment	2,305	1,846	459	25%	4,235	3,527	708	20%
Total	\$ 10,539	\$ 10,892	\$ (353)	(3)%	\$ 19,990	\$ 18,807	\$ 1,183	6%

Net revenue for the quarter ended March 31, 2007 decreased by \$0.4 million, or 3%, compared to the quarter ended March 31, 2006. In the second quarter of fiscal 2006, we shipped a \$5.2 million semiconductor, multi-furnace order, resulting in the recognition of \$4.2 million of net revenue, with no corresponding shipment of similar magnitude in the second quarter of fiscal 2007. That decline was primarily offset by: (i) a \$1.2 million increase in solar revenue; (ii) a \$2.2 million revenue increase from other semiconductor shipments, excluding the fiscal 2006 multi-furnace shipment; and (iii) a \$0.5 million increase in revenue for our polishing supplies segment.

The increase in solar shipments was driven by the continuing increase in demand for solar products from our customers and the success of our increased marketing and sales efforts in penetrating the solar market. The increase in other semiconductor revenue was primarily due to the timing of shipments representing typical quarterly fluctuation of the low-volume, high value equipment products in our semiconductor and solar cell product line, while the 25% increase in polishing supplies was primarily caused by fluctuating demand for polishing machines and increased sales of templates.

Net revenue for the six months ended March 31, 2007 increased by \$1.2 million, or 6%, compared to the six months ended March 31, 2006. The 6% increase was primarily driven by \$4.2 million of solar revenue, a \$2.7 million increase over the same period in fiscal 2006, a \$2.0 million increase in other semiconductor revenue, excluding the \$4.2 million of 2006 revenue from the multi-system order discussed above and a \$0.7 million, or 20%, increase for our polishing supplies segment.

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

	Second Quarter			Year-to-Date		
	Semi-conductor and Solar Equipment Segment (2)	Polishing Supplies Segment	Total Company	Semi-conductor and Solar Equipment Segment (2)	Polishing Supplies Segment	Total Company
	(dollars in thousands)			(dollars in thousands)		
2007:						
New orders (1)	\$ 6,880	\$ 1,647	\$ 8,527	\$ 18,457	\$ 4,126	\$ 22,583
Shipments	7,837	2,303	10,140	15,872	4,235	20,107
Net revenues	8,234	2,305	10,539	15,755	4,235	19,990
Backlog 3/31/2007	15,316	876	16,192	15,316	876	16,192
Book-to-bill ratio	0.9:1	0.7:1	0.8:1	1.2:1	1.0:1	1.1:1
2006:						
New orders (1)	\$ 4,941	\$ 1,564	\$ 6,505	\$ 14,376	\$ 3,365	\$ 17,741
Shipments	9,525	1,853	11,378	16,263	3,535	19,798
Net revenues	9,046	1,846	10,892	15,280	3,527	18,807
Backlog 3/31/2006	12,496	826	13,322	12,496	826	13,322
Book-to-bill ratio	0.5:1	0.8:1	0.6:1	0.9:1	1.0:1	0.9:1

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

(2) The backlog as of March 31, 2007 and 2006, respectively, includes \$1.0 million and \$0.9 million of deferred revenue for which there is an equal amount of deferred costs, i.e. with no gross profit to be realized.

Backlog

Our order backlog as of March 31, 2007 and 2006 was \$16.2 million and \$13.3 million, respectively, a 22% increase. Our backlog as of March 31, 2007 includes approximately \$7.4 million of orders from our solar industry customers compared to \$1.8 million at March 31, 2006. The orders included in our backlog are generally credit approved customer purchase orders expected to ship within the next twelve months. Because our orders are typically subject to cancellation or delay by the customer, our backlog at any particular point in time is not necessarily representative of actual sales for succeeding periods, nor is backlog any assurance that we will realize profit from completing these orders. We believe the orders included in backlog are probable of being filled and not cancelled. Our 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 revenue recognition.

Gross Profit and Gross Margin

Cost of goods sold consists of purchased material, labor and overhead to manufacture equipment and spare parts and the cost of service and factory and field support to customers for warranty, installation and paid service calls. In addition, the cost of outsourcing the assembly or manufacturing of certain systems and subsystems to third parties and supplemental contract field service is included in cost of goods sold. The timing of recognizing the revenue components of an order may have a particularly significant effect on gross margin when the component attributed to equipment is recognized in one period and the remaining component attributed to installation, generally 10% to 20% of the order, is recognized in a later period because the latter revenue has a significantly higher gross margin percentage.

Gross profit	Three Months Ended				Six Months Ended			
	March 31, 2007	March 31, 2006	Inc. (Dec)	%	March 31, 2007	March 31, 2006	Inc. (Dec)	%
	(dollars in thousands)				(dollars in thousands)			
Semiconductor and Solar Equipment Segment	\$ 2,040	\$ 2,157	\$ (117)	(5)%	\$ 3,775	\$ 4,124	\$ (349)	(8)%
Polishing Supplies Segment	828	580	248	43%	1,485	1,150	335	29%
Total	\$ 2,868	\$ 2,737	\$ 131	5%	\$ 5,260	\$ 5,274	\$ (14)	(0)%
Gross margin	27%	25%			26%	28%		

Gross profit for the quarter ended March 31, 2007 increased 5%, from \$2.7 million to \$2.9 million, with an increase in the gross margin of two percentage points, from 25% to 27%, compared to the quarter ended March 31, 2006. The 5% gross profit increase was driven by a 43% increase in gross profit from our polishing supplies segment as a result of increased volume without any significant increase in labor and overhead costs. The increase in gross profit of the polishing supplies segment was partially offset by a 5% gross profit decrease from our semiconductor and solar cell equipment segment. The decline in the gross profit of the semiconductor and solar equipment segment primarily resulted from the decline in sales volume and increases in labor and overhead needed to provide the added capacity to produce the higher volume of orders received. These increased costs were partially offset by higher margins from previously deferred profit recognized from installations and customer acceptances.

Gross profit for the six months ended March 31, 2007 was comparable to the gross profit for the six months ended March 31, 2006. The improvements in gross margin in the second quarter of fiscal 2007 were offset by a 7% decline in gross margin in the first quarter of fiscal 2007, when compared to the same period in fiscal 2006, primarily as a result of changes in the mix of the products we sold in our semiconductor and solar equipment segment. In the first quarter of fiscal 2006, we shipped a significantly higher number of semiconductor automation systems and etching machines, which typically carry a higher gross margin than the products we shipped in the corresponding quarter in fiscal 2007.

The continued growth of our sales to the solar industry created capacity constraints at our European operations. Consequently, we purchased a new operating plant in March of 2007, which will significantly increase our capacity and is expected to incrementally improve the operating efficiencies in our semiconductor and solar cell equipment manufacturing segment.

Selling, General and Administrative

Selling, general and administrative expenses consist of the cost of employees, consultants and contractors, facility costs, sales commissions, promotional marketing expenses, legal and accounting expenses.

	Three Months Ended				Six Months Ended			
	March 31, 2007	March 31, 2006	Inc. (Dec)	%	March 31, 2007	March 31, 2006	Inc. (Dec)	%
Selling, general and administrative								
	(dollars in thousands)				(dollars in thousands)			
Semiconductor and Solar Equipment Segment	\$ 2,026	\$ 1,846	\$ 180	10%	\$ 3,896	\$ 3,439	\$ 457	13%
Polishing Supplies Segment	391	326	65	20%	740	622	118	19%
Total	\$ 2,417	\$ 2,172	\$ 245	11%	\$ 4,636	\$ 4,061	\$ 575	14%
Percent of net revenue	23%	20%			23%	22%		

Selling, general and administrative expenses for the quarter ended March 31, 2007 increased \$0.2 million, or 11%, from \$2.2 million to \$2.4 million compared to the quarter ended March 31, 2006 and \$0.6 million, or 14%, for the six months ended March 31, 2007 compared to the corresponding period in fiscal 2006. The increase of 11% for the quarter resulted primarily from increases in commissions due to the increase in revenues generated in regions where sales agents are utilized. Contributing to the increase for the quarter were increased personnel and consulting costs. The year-to-date increase of 14% was primarily due to increased personnel and consulting costs, and, due, in smaller part, to the above-mentioned increase in commissions. The increased personnel and consulting costs were a result of the need to (i) improve internal financial and operational reporting, (ii) identify potential improvements in operational efficiencies, (iii) assist in developing and executing our growth strategies and (iv) manage the increasing compliance obligations of a growing multi-national public company.

Research and Development

Research and development expenses consist of the cost of employees, consultants and contractors who design, engineer and develop new products and processes; materials and supplies used in those activities; and product prototyping. . .

	Three Months Ended				Six Months Ended			
	March 31, 2007	March 31, 2006	Inc. (Dec)	%	March 31, 2007	March 31, 2006	Inc. (Dec)	%
Research and Development								
	(dollars in thousands)				(dollars in thousands)			
Semiconductor and Solar Equipment Segment	\$ 141	\$ 138	\$ 3	2%	\$ 259	\$ 308	\$ (49)	(16)%
Polishing Supplies Segment	—	—	—	0%	—	—	—	0%
Total	\$ 141	\$ 138	\$ 3	2%	\$ 259	\$ 308	\$ (49)	(16)%

Research and development costs for the three and six months ended March 31, 2007 are relatively comparable to the three and six-month periods ended March 31, 2006 reflecting our partnering-based approach, in which our engineering and development teams work closely with our customers to ensure our products are tailored to meet our customers' specific requirements while at the same time minimizing research and development costs.

Interest and other income (expense), net

Interest and other income (expense), net includes mainly interest income, interest expense and gains and losses on foreign currency transactions.

	Three Months Ended			Six Months Ended		
	March 31, 2007	March 31, 2006	Inc. (Dec)	March 31, 2007	March 31, 2006	Inc. (Dec)
Interest and other income (expense), net						
	(dollars in thousands)			(dollars in thousands)		
Interest and other income (expense), net	\$ 107	\$ 6	\$ 101	\$ 130	\$ 20	\$ 110
Foreign currency gains (losses)	15	(25)	40	13	5	8
Total	\$ 122	\$ (19)	\$ 141	\$ 143	\$ 25	\$ 118

Interest income represents earnings on invested funds. Interest expense primarily consists of interest incurred on our overdraft facility, revolving line of credit, equipment financing, a mortgage, which is secured by a mortgage on Amtech's land and buildings in the Netherlands, and amortization of debt issuance costs. Due to an increase in cash and cash equivalents raised in the secondary public offering of common stock during the second quarter of fiscal 2007, net interest income increased by \$0.1 million during the three and six months ended March 31, 2007, from the comparable period in 2006.

Income Taxes

During the three months ended March 31, 2007 and 2006 we recorded income tax provisions of \$0.2 million for an effective tax rate of 39% and 55%, respectively. During the six months ended March 31, 2007 and 2006, we recorded income tax provisions of \$0.2 million and \$0.3 million, respectively, for an effective tax rate of 47% and 30%, respectively. The decline in the effective tax rate during the quarter ended March 31, 2007, is based upon the expected effective tax rate for fiscal 2007, during which we expect permanent differences between financial income and taxable income to be smaller in relation to pre-tax income. During the six months ended March 31, 2007, the valuation allowance was increased by \$20,000 for state net operating losses that may not be recovered, and we made \$529,000 of tax payments. We also recorded a net deferred tax asset of \$560,000 for items that meet the more likely than not criteria for recognition under SFAS No. 109. (See Note 2 to the condensed consolidated financial statements).

Liquidity and Capital Resources

In February 2007, we completed the sale of 3,018,750 shares of common stock in a public offering for \$7.05 per share. The net proceeds of the sale after offering expenses and underwriting fees was \$19.4 million. We intend to use the net proceeds from this offering for working capital and other general corporate purposes, including possible future product or business acquisitions in connection with the planned expansion of our solar and semiconductor businesses.

At March 31, 2007 and September 30, 2006, cash and cash equivalents were \$21.2 million and \$6.4 million, respectively. Our working capital increased \$17.1 million to \$29.0 million as of March 31, 2007, compared to \$11.9 million at September 30, 2006. Our ratio of current assets to current liabilities increased to 3.9:1 at March 31, 2007, from 2.6:1 at September 30, 2006. The increase in cash and cash equivalents and working capital and the improvement in the current ratio resulted primarily from the \$19.4 million of net proceeds after deducting expenses raised from the secondary public offering of common stock during February 2007. The increase was partially offset by \$3.2 million of capital expenditures, primarily a building acquired in the Netherlands, which will increase the capacity of our semiconductor and solar equipment segment. We intend to mortgage the new facility once improvements have been made and operations have been transferred.

At March 31, 2007, our principal sources of liquidity consisted of \$21.2 million of cash and cash equivalents and the \$3.3 million in available credit facilities to provide additional liquidity to support future growth. Amtech's revolving line of credit with Silicon Valley Bank contains certain financial and other covenants. Amtech was in compliance with these covenants as of March 31 2007. We believe that our principal sources of liquidity discussed above and the increased capital and liquidity resulting from the February 2007 secondary public offering are sufficient to support operations and will allow us to pursue our growth strategies, which include possible acquisitions.

Cash Flows from Operating Activities

Cash used in our operating activities was \$1.4 million for the six months ended March 31, 2007, compared to \$1.9 million used in such activities for the six months ended March 31, 2006. During the six months ended March 31, 2007 cash was primarily used to finance increases in accounts receivable (\$1.1 million), inventory (\$2.7 million), prepaid and other assets (\$0.3 million). This use of cash was partially offset by increases in accounts payable of \$0.3 million, accrued liabilities and customer deposits of \$1.9 million, deferred profit of \$0.1 million and accrued income taxes of \$0.3 million.

Cash Flows from Investing Activities

Our investing activities for the six months ended March 31, 2007 and 2006 used \$3.2 million and \$0.3 million of cash, respectively. During fiscal 2007, the most significant investment was the purchase of a 48,000 sq. ft. manufacturing facility located in Vaassen, The Netherlands for approximately \$2.9 million. Other investments in both periods consisted primarily of purchases of equipment.

Cash Flows from Financing Activities

Cash provided by financing activities for the six months ended March 31, 2007 was \$19.5 million, which primarily consists of the \$19.4 million, net of expenses, raised in the secondary public offering of the Company's common stock. Other financing activities during the first half of fiscal 2007 include the October 2006 equipment financing of \$0.4 million and \$0.2 million of payments on debt. This compares to \$0.5 million of cash provided by financing activities during the six months ended March 31, 2006, primarily from the exercise of stock options.

Off-Balance Sheet Arrangements

As of March 31, 2007, Amtech had no off-balance sheet arrangements as defined in Item 303(a)(4) of Regulation S-K promulgated by the Securities and Exchange Commission.

Contractual Obligations

The only significant changes in contractual obligations since the end of fiscal 2006 have been changes in purchase obligations and long-term debt (See Notes 1 and 7 of the Condensed Consolidated Financial Statements). Refer to Amtech's annual report on Form 10-K for the year ended September 30, 2006, for information on the Company's other contractual obligations.

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 revenue 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 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 "Item 1A. Risk Factors" of our Annual Report on Form 10-K. 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 the relative fair value of the undelivered items, and 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:

- For the semiconductor and solar 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 relative fair 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, if any, are deferred and recognized into income when the tasks are completed. Since we defer only those costs directly related to installation or other unit of accounting not yet delivered and that portion of the contract price is often considerably greater than the fair market value of those items, our policy at times will result in deferral of profit that is disproportionately greater than the deferred revenue. When this is the case, the gross profit recognized in one period will be lower and the gross profit reported in a subsequent period will improve.

- 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 criterion has been met. We have, on occasion, experienced longer than expected delays in receiving cash from certain customers pending final installation or system acceptance. If some of our customers refuse to pay the final payment, 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, acceptance criteria or holdbacks; therefore, the related revenue is recorded upon transfer of title which is generally at time of 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 revenue is recognized upon performance of the services requested by the customer. Revenue related to service contracts is recognized ratably over the period of the contract or in accordance with the terms of the contract, which generally coincides with the performance of the services requested by the customer.

Deferred Tax Asset Valuation Allowance. We currently have significant deferred tax assets resulting from expenses not currently deductible for tax purposes, revenue recognized for tax purposes but deferred for financial statement purposes and state net operating loss carryforwards that will reduce taxable income in future periods.

During fiscal 2004, we recorded a valuation allowance for the total of our deferred tax assets. SFAS No. 109 requires a valuation allowance be established when it is "more likely than not" that all or a portion of deferred tax assets will not be realized. It also states that it is difficult to conclude that a valuation allowance is not needed when there is negative evidence such as cumulative losses in recent years. Therefore, the cumulative losses weigh heavily in the overall assessment. Each quarter, Amtech analyzes each deferred tax asset to determine the amount that is more likely than not to be realized, based upon the weight of available evidence, and adjusts the valuation allowance to the amount of deferred taxes that do not meet the criteria for recognition under SFAS No. 109.

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 historical inventory usage adjusted for expected changes in 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. While the inventories acquired in the Bruce Technologies transaction will require several years to consume in production and through spare parts sales, management believes the write-downs taken were sufficient to protect against future losses, as this product line is receiving greater attention under its current ownership. Changes in demand for our products and product mix could result in 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, specific customer collection history and any customer-specific issues we have identified. Since a significant portion of our revenue is 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 our customers. 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 March 31 2007, 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 result in an increase in our warranty expense.

Impairment of Long-lived Assets. We periodically 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 fiscal 2007, 2006 or 2005. 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

For discussion of the impact of recently issued accounting pronouncements, see “Item 1: Financial Information” under “Impact of Recently Issued Accounting Pronouncements”.

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 operations in Europe, a component of the semiconductor and solar equipment segment, conduct business primarily in the Euro, but also sell products in Asia in the U.S. dollar. The functional currency of our European operation is the Euro. Nearly all of the transactions, assets and liabilities of all other operating units are denominated in the U.S. dollar, their functional currency. The following disclosures about market risk should be read in conjunction with the more in depth discussion in Item 7A, Quantitative and Qualitative Disclosures About Market Risk in our Annual Report on Form 10-K for the fiscal year ended September 30, 2006.

As of March 31, 2007, we did not hold any stand-alone or separate derivative instruments. We incurred net foreign currency transaction gains or losses of less than \$0.1 million during the three months ended March 31, 2007 and 2006. As of March 31, 2007, our foreign subsidiaries had \$8.5 million of assets (cash and receivables) denominated in currencies other than the functional currency. As of March 31, 2007, we had \$7.8 million of accounts payable, consisting primarily of amounts owed by our foreign subsidiaries to our U.S. companies, denominated in U.S. dollars. Although the intercompany accounts are eliminated in consolidation, we have \$0.7 million of net assets denominated in a currency other than the functional currency of our foreign operations. A 10% change in the value of the functional currency relative to the non-functional currency would result in net gains or losses of \$0.1 million. Our net investment in and long-term advances to our foreign operations totaled \$2.3 million as of March 31, 2007. A 10% change in the value of the Euro relative to the U.S. dollar would cause an approximately \$0.2 million foreign currency translation adjustment, a type of other comprehensive income (loss), which would be a direct adjustment to our stockholders' equity.

During the six months ended March 31, 2007, our European operations transacted U.S. dollar denominated sales and purchases of \$3.5 million and \$2.5 million, respectively. As of March 31, 2007, sales commitments denominated in a currency other than the function currency of our transacting operation totaled \$3.9 million. Our lead-times to fulfill these commitments generally range between 13 and 20 weeks. A 10% change in the relevant exchange rates between the time the order was taken and the time of shipment would cause our gross profit on such orders to be approximately \$0.4 million greater than or less than expected on the date the order was taken.

ITEM 4. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

Our management, including the Chief Executive Officer ("CEO") and the Chief Financial Officer ("CFO"), has carried out an evaluation of the effectiveness of our disclosure controls and procedures as of March 31 2007, 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 effective.

Changes in Internal Control Over Financial Reporting

There has been no change in Amtech's internal control over financial reporting during the first quarter of fiscal 2007 that has materially affected, or is reasonably likely to materially affect, its internal control over financial reporting.

PART II. OTHER INFORMATION

Item 5. Other Information

(a) On May 10, 2007, the Board of Directors of the Company approved an amendment (the "Amendment") to the Company's Bylaws to provide that, unless otherwise required by the Company's Articles of Incorporation or by applicable law, approval by the shareholders of the adoption or amendment of an equity based compensation plan for employees will require only the minimum vote required under Arizona law. As of the date hereof, Arizona law provides that a matter submitted to the shareholders for approval, other than with respect to the election of directors, will be approved if the votes cast in favor of such matter exceed the votes cast opposing such matter. Prior to the adoption of the Amendment, the Company's Bylaws provided that any question submitted to the shareholders would be resolved by a majority of the votes cast thereon, provided that such votes constitute a majority of the quorum of that particular meeting of shareholders.

Item 6. Exhibits

3.1	Bylaws as of April 17, 1991	*
3.2	First amendment to Bylaws dated May 10, 2007	*
10.1	Sale Agreement, dated March 15, 2007, for purchase of manufacturing facility located in Vaassen, The Netherlands by Tempres Holdings B.V. from Mr. F.H. van Berlo,	*
10.2	Employment Agreement with J.S. Whang dated April 13, 2007	*
31.1	Certification of Chief Executive Officer Pursuant to Rule 13a-14(a)/15d-14(a) of the Securities Exchange Act of 1934, as Amended	*
31.2	Certification of Chief Financial Officer Pursuant to Rule 13a-14(a)/15d-14(a) of the Securities Exchange Act of 1934, as Amended	*
32.1	Certification of Chief Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	*
32.2	Certification of Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	*

* Filed herewith.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

AMTECH SYSTEMS, INC.

By /s/ Robert T. Hass

Dated: May 15, 2007

Robert T. Hass
Chief Accounting Officer
(Principal Accounting Officer)

EXHIBIT INDEX

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* Filed herewith.

BYLAWS
OF
AMTECH SYSTEMS, INC.

I. CORPORATION ARTICLES

1.1 References to Articles. Any reference herein made to the corporation's Articles will be deemed to refer to its Articles of Incorporation and all amendments thereto as at any given time on file with the Arizona Corporation Commission (or any successor to its functions) pursuant to applicable law.

1.2 Seniority. The Articles will in all respects be considered senior and superior to these Bylaws, with any inconsistency to be resolved in favor of the Articles, and with these Bylaws to be deemed automatically amended from time to time to eliminate any such inconsistency which may then exist.

II. CORPORATION OFFICES

2.1 Known Place of Business. The known place of business of the corporation in the State of Arizona shall be the office of its statutory agent unless otherwise designated in the Articles or in a written statement or document duly executed and filed with the Arizona Corporation Commission. The corporation may have such other offices, either within or without the State of Arizona, as the Board of Directors may designate or as the business of the corporation may require from time to time.

2.2 Change Thereof. The Board of Directors may change the corporation's known place of business or its statutory agent from time to time by filing a statement with the Arizona Corporation Commission pursuant to applicable law.

III. SHAREHOLDERS

3.1 Annual Meetings. Each annual meeting of the shareholders is to be held on the third Wednesday in the month of April of each year, commencing with the year 1992 or such other date as may be determined by the Board of Directors, at a time and place as determined by the Board of Directors or, in the absence of action by the Board, as set forth in the notice given, or waiver signed, with respect to such meeting pursuant to Section 3.3 below. At the annual meeting, shareholders shall elect a Board of Directors and transact such other business as may be properly brought before the meeting. If any annual meeting is for any reason not held on the

date determined as aforesaid, a deferred annual meeting may thereafter be called and held in lieu thereof, at which the same proceedings may be conducted. Any director elected at any annual meeting, deferred annual meeting or special meeting will continue in office until the election of his successor, subject to his earlier resignation pursuant to Section 7.1 below.

3.2 Special Meetings. Special meetings of the shareholders may be held whenever and wherever called for by the Chairman of the Board, the President or the Board of Directors, or by the written demand of the holders of not less than fifty percent (50%) of all issued and outstanding shares of the corporation entitled to vote at any such meeting. Any written demand by shareholders shall state the purpose or purposes of the proposed meeting, and business to be transacted at any such meeting shall be confined to the purposes stated in the notice thereof, and to such additional matters as the chairman of the meeting may rule to be germane to such purposes.

3.3 Notices. Not less than ten (10) nor more than fifty (50) days (inclusive of the date of the meeting) before the date of any meeting of the shareholders and at the direction of the person or persons calling the meeting, the Secretary of the corporation will cause a written notice setting forth the time, place and general purposes of the meeting to be deposited in the mail, with first class or airmail postage prepaid, addressed to each shareholder of record at his last address as it appears on the corporation's records on the applicable record date. Any shareholder may waive call or notice of any annual, deferred annual or special meeting (and any adjournment thereof) unless he or his proxy is attending the meeting for the express purpose of objecting to the transaction of business because the meeting has not been properly called or noticed.

3.4 Shareholders of Record. For each meeting, or consent to corporate action without a meeting, of shareholders (and at any adjournment of such meeting), or in order to make a determination of shareholders for determining those shareholders entitled to receive payment of any dividend, or for any other lawful action, the Board of Directors may fix in advance a record date which shall not be more than sixty (60) nor less than ten (10) days prior to the date of such meeting or other action.

If no record date is fixed by the Board of Directors for determining shareholders entitled to notice of, and to vote at, a meeting of shareholders, the record date shall be at 4:00 o'clock in the afternoon on the day before the notice is given, or, if notice is waived, at the commencement of the meeting. If no record date is fixed for determining shareholders entitled to express written consent to corporate action without a meeting, the record date shall be the time of the day on which the first written consent is served upon an officer or director of the corporation.

A determination of shareholders of record entitled to notice of, and to vote at, a meeting of shareholders shall apply to any adjournment of the meeting; provided, however, that the Board of Directors may fix a new record date for the adjourned meeting and further provided that the adjournment or adjournments do not exceed thirty (30) days in the aggregate.

3.5 Shareholder Record. The officer or agent having charge of the stock ledger books for the corporation shall make, at least ten (10) days before every meeting of shareholders, a complete record of the shareholders entitled to vote at the meeting (and at any adjournment thereof), arranged in alphabetical order, showing the address and the number of shares registered in the name of each shareholder. Such record shall be produced and kept open (i) at the office of the corporation prior to the time of the meeting, and (ii) at the time and place of the meeting; such record shall be subject to the inspection of any shareholder during such times for any purpose germane to the meeting.

3.6 Proxies. Any shareholder entitled to vote may vote by proxy at any meeting of the shareholders (and at any adjournment thereof) which is specified in such proxy, provided that his or her proxy is executed in writing by such shareholder or his or her duly authorized attorney-in-fact. No proxy shall be valid after eleven (11) months from the date of its execution, unless otherwise specifically provided therein. The burden of proving the validity of any undated, irrevocable or otherwise contested proxy at a meeting of the shareholders will rest with the person seeking to exercise the same. A telegram or cablegram appearing to have been transmitted by a shareholder or by his duly authorized attorney-in-fact may be accepted as a sufficiently written and executed proxy.

3.7 Voting. Except for the election of directors (which will be governed by cumulative voting pursuant to applicable law) and except as may otherwise be required by the corporation's Articles, these Bylaws or by statute, each issued and outstanding share of the corporation (specifically excluding shares held in the treasury of the corporation) represented at any meeting of the shareholders in person or by a proxy given pursuant to Section 3.6 above, will be entitled to one vote of the shareholders at such meeting. Unless otherwise required by the corporation's Articles or by applicable law, any question submitted to the shareholders will be resolved by a majority of the votes cast thereon, provided that such votes constitute a majority of the quorum of that particular meeting, whether or not such quorum is then present. Voting will be by ballot on any question as to which a ballot vote is demanded prior to the time the voting begins by any person entitled to vote on such question; otherwise, a voice vote will suffice. No ballot or change of vote will be accepted after the polls have been declared closed following the ending of the announced time for voting.

3.8 Quorum. At any meeting of the shareholders, the presence in person or by proxy of the holders of a majority of the shares of the corporation issued, outstanding and entitled to vote at the meeting will constitute a quorum of the shareholders for all purposes. In the absence of a quorum, any meeting may be adjourned from time to time by its chairman, without notice other than by announcement at the meeting, until a quorum is formed. At any such adjourned meeting at which a quorum is formed. At any such adjourned meeting at which a quorum is present, any business may be transacted which might have been transacted at the meeting as originally noticed. Once a quorum has been formed at any meeting, the shareholders from time to time remaining in attendance may continue to transact business until adjournment, notwithstanding the prior departure of enough shareholders to leave less than a quorum. If an adjournment is for more than thirty (30) days, or if after the adjournment a new record date is fixed for the adjourned meeting, a notice of the adjourned meeting shall be given to each shareholder of record entitled to vote at the meeting.

3.9 Election Inspectors. The Board of Directors, in advance of any meeting of the shareholders, may appoint an election inspector or inspectors to act at such meeting (and at any adjournment thereof). If an election inspector or inspectors are not so appointed, the chairman of the meeting may, or upon request of any person entitled to vote at the meeting will, make such appointment. If any person appointed as an inspector fails to appear or to act, a substitute may be appointed by the chairman of the meeting. If appointed, the election inspector or inspectors (acting through a majority of them if there be more than one) will determine the number of shares outstanding, the authenticity, validity and effect of proxies and the number of shares represented at the meeting in person and by proxy; they will receive and count votes, ballots and consents and announce the result thereof; they will hear and determine all challenges and questions pertaining to proxies and voting; and, in general, they will perform such acts as may be proper to conduct elections and voting with complete fairness to all shareholders. No such election inspector need be a shareholder of the corporation.

3.10 Organization and Conduct of Meetings. Each meeting of the shareholders will be called to order and thereafter chaired by the chairman of the Board of Directors if there is one; or, if not, or if the chairman of the Board is absent or so requests, then by the President; or if both the Chairman of the Board and the President are unavailable, then by such other officer of the corporation or such shareholder as may be appointed by the Board of Directors. The corporation's Secretary will act as Secretary of each meeting of the shareholders; in his or her absence the chairman of the meeting may appoint any person (whether a shareholder or not) to act as secretary for the meeting. After calling a meeting to order, the chairman thereof may require the

registration of all shareholders intending to vote in person and the filing of all proxies with the election inspector or inspectors, if one or more have been appointed (or, if not, with the secretary of the meeting). After the announced time for such filing of proxies has ended, no further proxies or changes, substitutions or revocations of proxies will be accepted. If directors are to be elected, a tabulation of the proxies so filed will, if any person entitled to vote in such election so requests, be announced at the meeting (or adjournment thereof) prior to the closing of the election polls. Absent a showing of bad faith on his part, the chairman of a meeting will, among other things, have absolute authority to fix the period of time allowed for the registration of shareholders and the filing of proxies, to determine the order of business to be conducted at such meeting and to establish reasonable rules for expediting the business of the meeting (including any informal, or question and answer portions thereof).

3.11 Shareholder Approval or Ratification. The Board of Directors may submit any contract or act for approval or ratification of the shareholders, either at a duly constituted meeting of the shareholders (the notice of which either includes mention of the proposed submittal or is waived pursuant to Section 3.3 above) or by unanimous written consent to corporate action without a meeting pursuant to Section 3.13 below. If any contract or act so submitted is approved or ratified by a majority of the votes cast thereon at such meeting or by such unanimous written consent, the same will be valid and binding upon the corporation and all of its shareholders as it would be if it were the act of its shareholders.

3.12 Informalities and Irregularities. All informalities or irregularities in any call or notice of a meeting of the shareholders or in the areas of credentials, proxies, quorums, voting and similar matters, will be deemed waived if no objection is made at the meeting.

3.13 Action by Shareholders Without a Meeting. Any action required or permitted to be taken at a meeting of the shareholders of the corporation may be taken without a meeting if a consent in writing, setting forth the action so taken, is signed by all of the shareholders entitled to vote with respect to the subject matter thereof. Such consent shall have the same effect as a unanimous vote of the shareholders of the corporation at a meeting duly called and noticed.

IV. BOARD OF DIRECTORS

4.1 Membership.

4.1.1 The authorized number of directors shall be six (6) subject to the decision by the Board of Directors that such number should from time to time be changed. The directors shall be elected at the annual meeting of the shareholders, except as provided in subparagraph 4.1.2 hereof, and each director elected shall hold office until his or her successor is elected and qualified. Directors need not be shareholders.

4.1.2 Vacancies, including newly created directorships, resulting in any increase in the authorized number of directors may be filled by an affirmative vote of a majority of the remaining directors then in office, though not less than a quorum, or by a sole remaining director, and the directors so chosen shall hold office until the next annual election and until their successors are duly elected and qualified, unless sooner displaced. Until the Board of Directors votes to fill any such vacancies, the directors may continue to act and function as the Board of Directors so long as there is at least one (1) director holding office. If there are no directors in office, then an election of directors may be held in the manner provided by statute.

4.2 Regular Meetings. A regular annual meeting of the Board of Directors is to be held as soon as practicable after the adjournment of each annual meeting of the shareholders, either at the place of the shareholders meeting or at such other place as the directors elected at the shareholders' meeting may have been informed of at or prior to the time of their election. Additional regular meetings may be held at regular intervals at such places and at such times as the Board of Directors may determine.

4.3 Special Meetings. Special meetings of the Board of Directors may be held whenever and wherever called for by the Chairman of the Board, the President or the number of directors which would be required to constitute a quorum.

4.4 Notices. No notice need be given of regular meetings of the Board of Directors. Written notice of the time and place (but not necessarily the purpose or all of the purposes) of any special meeting will be given to each director in person or via mail or telegram addressed to him at his latest address appearing on the corporation's records. Notice to any director of any such special meeting will be deemed given sufficiently in advance when (i) if given by mail, the same is deposited in the mail, with first class or airmail postage prepaid, at least four (4) days before the meeting date, or (ii) if personally delivered or given by telegram, the same is handed to the director, or the telegram is delivered to the telegraph office for fast transmittal, at least forty-eight

(48) hours prior to the convening of the meeting or (iii) if transmitted by facsimile, such transmission has been acknowledged as having been received by the director at least forty-eight hours prior to the convening of the meeting. Any director may waive call or notice of any meeting (and any adjournment thereof) at any time before, during which or after it is held. Attendance of a director at any meeting will automatically evidence his waiver of call and notice of such meeting (and any adjournment thereof) unless he is attending the meeting for the express purpose of objecting to the transaction of business because the meeting has not been properly called or noticed. Any meeting, once properly called and noticed (or a to which call and notice have been waived as aforesaid) and at which a quorum is formed, may be adjourned to another time and place by a majority of those in attendance.

4.5 Quorum. A quorum for the transaction of business at any meeting or adjourned meeting of the Board of Directors will consist of a majority of those then in office. Once a quorum has been formed, the directors from time to time remaining in attendance at such meeting prior to its adjournment will continue to be legally competent to transact business properly brought before the meeting, notwithstanding the prior departure from the meeting of enough directors to leave less than a quorum.

4.6 Voting. Any matter submitted to a meeting of the Board of Directors will be resolved by a majority of the votes cast thereon. In case of an equality of votes, the chairman of the meeting will have a second or deciding vote.

4.7 Executive Committee. The Board of Directors, by resolution adopted by a majority of the full board, may name one or more of its members as an executive committee. Such executive committee will have and may exercise the powers of the Board of Directors in the management of the business and affairs of the corporation while the Board is not in session, subject to such limitations as may be included in the Board's resolution; provided, however, that such executive committee shall not have the authority of the Board of Directors in reference to the following matters: (i) the submission to shareholders of any action that requires shareholders' authorization or approval under applicable law; (ii) the filling of vacancies on the Board of Directors or in any committee of the Board of Directors; (iii) the amendment or repeal of the Bylaws, or the adoption of new Bylaws; and (iv) the fixing of compensation of directors for serving on the Board or on any committee of the Board of Directors. Any member of the executive committee may be removed, with or without cause, by the Board of Directors. In the event any vacancy occurs in the executive committee, it shall be filled by the Board of Directors.

4.8 Other Committees. The Board of Directors, from time to time, by resolution adopted by a majority of the full Board, may appoint other standing or temporary committees from its membership

and vest such committees with such powers as the Board may include in its resolution; provided, however, that such committees shall be restricted in their authority as specifically set forth with respect to the executive committee in Section 4.7 above.

4.9 Presumption of Assent. A director of the corporation who is present at a meeting of the Board of Directors or of any committee at which action is taken on any matter and whose vote is not recorded at such meeting will be presumed to have assented to the action taken unless he files his written dissent to such action with the person acting as secretary of the meeting before the adjournment thereof or forwards such dissent by registered or certified mail to the secretary of the corporation within two (2) business days after the adjournment of the meeting. A right to dissent will not be available to a director who voted in favor of the action.

4.10 Compensation. By resolution of the Board of Directors, each director may be paid his expenses, if any, of attendance at each meeting of the Board of Directors or of any committee, and may be paid a fixed sum for attendance at each such meeting and/or a stated salary as a director or committee member. No such payment will preclude any director from serving the corporation in any other capacity and receiving compensation therefor.

4.11 Action by Directors Without a Meeting. Any action required or permitted to be taken at a meeting of the Board of Directors or of any committee thereof may be taken without a meeting if all directors or committee members, as the case may be, consent thereto in writing. Such consent shall have the same effect as a unanimous vote of the directors or committee members of the corporation at a meeting duly called and noticed.

4.12 Meetings by Conference Telephone. Any member of the Board of Directors or of a committee thereof may participate in any meeting of the Board or such committee by means of a conference telephone or similar communication equipment whereby all members participating in such meeting can hear one another. Such participation shall constitute attendance in person, unless otherwise stated as provided in Section 4.4 above.

V. OFFICERS - General

5.1 Elections and Appointments. The Board of Directors will elect or appoint a president, one or more vice presidents, a secretary, and a treasurer, and may choose a chairman of the Board. The regular election or appointment of officers will take place at each annual meeting of the Board of Directors, but elections of officers may be held at any other meeting of the Board. A person elected or appointed to any office will continue to hold that office until the election or appointment of his successor, subject

to action earlier taken pursuant to Section 5.4 or 7.1 below. Any two or more offices may be held by the same person, except the offices of president and secretary.

5.2 Additional Appointments. In addition to the officers contemplated in Section 5.1 above, the Board of Directors may elect or appoint other corporate or divisional officers or agents with such authority to perform such duties as may be prescribed from time to time by the Board of Directors, by the President or by the superior officer of any person so elected or appointed. Each of such persons (in the order designated by the Board) will be vested with all of the powers and charged with all of the duties of his or her superior officer in the event of such superior officer's absence or disability.

5.3 Bonds and Other Requirements. The Board of Directors may require any officer to give bond to the corporation (with sufficient surety, and conditioned for the faithful performance of the duties of his or her office) and to comply with such other conditions as may from time to time be required of him or her by the Board.

5.4 Removal; Delegation of Duties. The Board of Directors may, whenever in its judgment the best interests of the corporation will be served thereby, remove any officer or agent of the corporation or temporarily delegate his powers and duties to any other officer or to any director. Such removal or delegation shall be without prejudice to the contract rights, if any, of the person so removed or whose powers and duties have been delegated. Election or appointment of an officer or agent shall not of itself create contract rights.

5.5 Salaries. The salaries of officers may be fixed from time to time by the Board of Directors or (except as to the President's own) left to the discretion of the President. No officer will be prevented from receiving a salary by reason of the fact that he or she is also a director of the corporation.

VI. SPECIFIC OFFICERS

6.1 Chairman of the Board. The Board of Directors may elect a chairman to serve as a general executive officer of the corporation, and, if specifically designated as such by the Board, as the chief executive officer of the corporation. If elected, the chairman will preside at all meetings of the Board of Directors and be vested with such other powers and duties as the Board may from time to time delegate to him or her.

6.2 President and Vice Presidents. Unless otherwise specified by resolution of the Board of Directors, the President will be the chief executive officer of the corporation.

The President will supervise the business and affairs of the corporation and the performance by all of its other officers of their respective duties, subject to the control of the Board of Directors (and of its chairman, if the chairman has been specifically designated as chief executive officer of the corporation). One or more vice presidents shall be elected by the Board of Directors to perform such duties as may be designated by the Board or be assigned or delegated to them by the chief executive officer. Any one of the vice presidents as authorized by the Board will be vested with all of the powers and charged with all of the duties of the President in the event of his or her absence or inability to act. Except as may otherwise be specifically provided in a resolution of the Board of Directors, the President or any vice president will be a proper officer to sign on behalf of the corporation any deed, bill of sale, assignment, option, mortgage, pledge, note, bond, evidence of indebtedness, application, consent (to service of process or otherwise), agreement, indenture or other instrument of any significant importance to the corporation. The President or any vice president may represent the corporation at any meeting of the shareholders of any other corporation in which this corporation then holds shares, and may vote this corporation's shares in such other corporation in person or by proxy appointed by him or her, provided that the Board of Directors may from time to time confer the foregoing authority upon any other person or persons.

6.3 Secretary. The secretary will keep the minutes of meetings of the shareholders, Board of Directors and any committee, and all unanimous written consents of the shareholders, Board of Directors and any committee of the corporation, and will see that all notices are duly given in accordance with the provisions of these Bylaws or as required by law. The Secretary will be custodian of the corporate seal and corporate records, and, in general, perform all duties specifically provided in a resolution of the Board of Directors, the Secretary and each assistant secretary will be a proper officer to take charge of the corporation's stock transfer books and to compile the voting record pursuant to Section 3.5, above, and to impress the corporation's seal on any instrument signed by the President, any vice president or any other duly authorized person, and to attest to the same.

6.4 Treasurer. The Treasurer will keep full and accurate accounts of receipts and disbursements in books belonging to the corporation, and will cause all money and other valuable effects to be deposited in the name and to the credit of the corporation in such depositories, subject to withdrawal in such manner, as may be designated by the Board of Directors. He or she will render to the President, the directors and the shareholders at proper times an account of all his or her transactions as Treasurer and of the financial condition of the corporation. The Treasurer shall be responsible for preparing and filing such financial reports, financial statements and returns as may be required by law.

VII. RESIGNATIONS AND VACANCIES

7.1 Resignations. Any director, committee member or officer may resign from his or her office at any time by written notice delivered or addressed to the corporation at its known place of business. Any such resignation will be effective upon its receipt by the corporation unless some later time is therein fixed, and then from that time; the acceptance of a resignation will not be required to make it effective.

7.2 Vacancies. If the office of any director, committee member or officer becomes vacant by reason of his or her death, resignation, disqualification, removal or otherwise, the Board of Directors may choose a successor to hold office for the unexpired term.

VIII. SEAL

8.1 Form Thereof. The Board of Directors may provide for a seal of the corporation which will have inscribed thereon the name of the corporation, the state and year of its incorporation and the words "Corporate Seal."

IX. CERTIFICATES REPRESENTING SHARES

9.1 Form Thereof. Each certificate representing shares of the corporation will be in such form as may from time to time be approved by the Board of Directors, will be consecutively numbered and will exhibit such information as may be required by applicable law.

9.2 Signatures and Seal Thereon. All certificates issued for shares of the corporation (whether new, reissued or transferred) will bear the signatures of the President or Vice President, and of the Secretary or an assistant secretary, and the impression of the corporation's corporate seal, if any. The signatures of such officers of the corporation and the impression of its corporate seal may be in facsimile form on any certificate which is countersigned by a transfer agent and/or registered by a registrar duly appointed by the corporation and other than the corporation itself or one of its employees. If a supply of unissued certificates bearing the facsimile signature of a person remains when that person ceases to hold the office of the corporation indicated on such certificates, they may still be countersigned, registered, issued and delivered by the corporation's transfer agent and/or registrar thereafter, the same as though such person had continued to hold the office indicated on such certificate.

9.3 Ownership. The corporation will be entitled to treat the registered owner of any share as the absolute owner thereof and,

accordingly, will not be bound to recognize any beneficial, equitable or other claim to, or interest in, such share on the part of any other person, whether or not it has notice thereof, except as may expressly be provided by applicable law.

9.4 Transfers. Transfers of shares of the corporation may be made on the stock transfer books of the corporation only at the direction of the person named in the certificate therefor (or by his or her duly authorized attorney-in-fact) and upon the surrender of such certificate.

9.5 Lost Certificates. In the event of the loss, theft or destruction of any certificate representing shares of the corporation or of any predecessor corporation, the corporation may issue (or, in the case of any such shares as to which a transfer agent and/or registrar have been appointed, may direct such transfer agent and/or registrar to countersign, register and issue) a new certificate, and cause the same to be delivered to the owner of the shares represented thereby, provided that the owner shall have submitted such evidence showing the circumstances of the alleged loss, theft or destruction, and his ownership of the certificate, as the corporation considers satisfactory, together with any other facts which the corporation considers pertinent, and further provided that, if so required by the corporation, the owner shall provide a bond in form and amount satisfactory to the corporation (and to its transfer agent and/or registrar, if applicable). The corporation may act through its President or any vice president for any purpose of this Section 9.5.

X. DIVIDENDS

10.1 Subject to such restrictions or requirements as may be imposed by applicable law or the corporation's Articles or as may otherwise be binding upon the corporation, the Board of Directors may from time to time declare and the corporation may pay dividends on shares of the corporation outstanding on the dates of record fixed by the Board, to be paid in cash, in property or in shares of the corporation on or as of such payment or distribution dates as the Board may prescribe.

XI. AMENDMENTS

11.1 These Bylaws may be altered, amended, supplemented, repealed or temporarily or permanently suspended, in whole or in part, or new bylaws may be adopted, at any duly constituted meeting of the Board of Directors (the notice of which meeting either includes mention of the proposed action relative to the Bylaws or is waived pursuant to Section 4.4 above) or, alternatively, by unanimous written consent to corporate action without a meeting of the Board of Directors pursuant to Section 4.11 above.

If, however, any such action arises as a matter of necessity at any such meeting and is otherwise proper, no notice thereof will be required.

DATED: April 17, 1991.

/s/ J.S. Whang

J.S. Whang, President

ATTEST:

/s/ Timothy D. Allen

Timothy D. Allen, Secretary

**FIRST AMENDMENT
TO THE
BYLAWS
OF
AMTECH SYSTEMS, INC.**

Pursuant to the provisions of Section 11.1 of the Bylaws (the "**Bylaws**") of Amtech Systems, Inc, an Arizona corporation (the "**Corporation**"), the following amendment to the Bylaws was adopted pursuant to a Unanimous Consent in Lieu of Special Meeting of the Board of Directors of the Corporation, dated as of May 10, 2007:

1. Section 3.7 - *Voting* shall be amended by replacing it in its entirety with the following:

3.7 Voting. Except for the election of directors (which will be governed by cumulative voting pursuant to applicable law) and except as may otherwise be required by the corporation's Articles, these Bylaws or by statute, each issued and outstanding share of the corporation (specifically excluding shares held in the treasury of the corporation) represented at any meeting of the shareholders in person or by a proxy given pursuant to Section 3.6 above, will be entitled to one vote of the shareholders at such meeting. Unless otherwise required by the corporation's Articles or by applicable law, approval by the shareholders of the adoption or amendment of an equity based compensation plan for employees will require only the minimum vote required under Arizona law. Unless otherwise required by the corporation's Articles or by applicable law, any other question submitted to the shareholders will be resolved by a majority of the votes cast thereon, provided that such votes constitute a majority of the quorum of that particular meeting, whether or not such quorum is then present. Voting will be by ballot on any question as to which a ballot vote is demanded prior to the time the voting begins by any person entitled to vote on such question; otherwise, a voice vote will suffice. No ballot or change of vote will be accepted after the polls have been declared closed following the ending of the announced time for voting.
2. Except as expressly amended herein, the Bylaws of the Corporation shall remain in full force and effect.

CERTIFICATE

I, Robert T. Hass, Assistant Secretary of **Amtech Systems, Inc** (the "Corporation"), do hereby certify that the foregoing is a true and correct copy of the First Amendment to the Corporation's Bylaws adopted by the Board of Directors of the Corporation on May 10, 2007.

IN WITNESS WHEREOF, I have set my hand this 14th day of May, 2007.

/s/ Robert T. Hass

Robert T. Hass, Assistant Secretary

Netherlands Association of Real Estate Brokers and immovable Property Experts (NVM)

DEED OF SALE

BUSINESS PREMISES

SALE AGREEMENT FOR BUSINESS PREMISES (model 2000)

The undersigned:

Mr F.H. van Berlo, born in Rotterdam on 05-12-1954, married, currently residing at Amersfoortseweg 7, 7313 AA Apeldoorn, and Mr W.D.Th. Rietbergen, born in Lisse on 21-01-1946, married, currently residing at Elspeterweg 10, 8171 ET Vaassen,

hereafter referred to as 'the vendor',

Tempress Holding B.V., legally represented by its Director Amtech Systems Inc., legally represented for the present purpose by its Director Bradley C. Anderson, authorized to sign, registered in Heerde, 8171 VH, Brugstraat 2, or principal referred to hereafter,

hereafter referred to as 'the purchasers',

have concluded a contract of sale on 28-02-2007 concerning:

the business premises including the parcel of land on which it has been erected and garden known locally as (including postcode) Radeweg 29, 8171 MD Vaassen recorded in the Land Registry of the Municipality of Vaassen, section H, no. 3288 partially, such in conformance with the shaded part on the land registry map enclosed, for a purchase price of EUR 2,200,000, in words two million two hundred thousand euros with all related appurtenances and furthermore including the property and inventory in respect of which the parties require no description;

They have furthermore agreed:

Article 1 Costs, levies and transfer tax

Costs, levies and transfer tax relating to this contract and the transfer of title are at the expense of the purchaser.

The following applies in respect of Turnover Tax (BTW [*Dutch VAT*]): parties do not opt for VAT-charged delivery.

Article 2 Payment

Payment of the purchase price and of the levies, costs and taxes is effected via the notary upon execution of the deed of transfer.

The vendor agrees that the notary shall retain the purchase price until it is certain that the apartment right is transferred unencumbered with mortgages, attachments and registrations thereof.

If there is transfer of the beneficial title between the parties prior to the time of transfer pursuant to Article 3.1., the transfer of tax shall be paid upon such transfer of beneficial title.

Article 3 Transfer of title

3.1. The deed of transfer shall be executed on 15 March 2007

or as much earlier or later as the parties have agreed, before notary (or his replacement) working for the firm of civil-law notaries (hereafter referred to as the notary): notariskantoor Schurink & Feijen, Eperweg 3, 8181 ET Heerde, telephone 0578-692622.

3.2. The vendor warrants that it is authorized to sell and to transfer title at the time of execution of the deed of transfer.

3.3. The parties state that Section 94c, and Section 204c of Book 2 of the Civil Code
- do not apply

Article 4 Deposit NOT APPLICABLE

4.1. As security for the performance of the purchaser's obligations, the purchaser shall, at latest on pay as deposit in escrow to the notary via its /giro account an amount of, in words

Subject to the provisions of Article 10, the deposit will be deducted from the purchase price.

The vendor shall not owe any interest on this deposit.

If the notary pays interest on the deposit, such interest accrues to the purchaser.

4.2. Instead of depositing this deposit, the purchaser can provide a written bank guarantee, at latest up to the date set out in Article 4.1 for the amount set out in Article 4.1, provided such bank guarantee is unconditional, lasts for at least one month after the agreed date of transfer of title, is issued by a banking institution based in the Netherlands and the clause sets out that upon the notary's first request the banking institution in question shall pay the guarantee out to the notary. If the amount of the guarantee is paid out to the notary, he shall handle such amount in the manner as set out in Article 10. If the provisions of Article 10.2d arise, the bank guarantee must be extended; in the event of failure to effect extension, pursuant to this contract the parties obligate the notary to call on the bank guarantee.

The notary is hereby obligated and insofar as necessary irrevocably authorized to inform the banking institution as soon as the purchase price has been paid and the transfer of legal title has been effected, that the bank guarantee given by the purchaser can be cancelled.

In this paragraph banking institution also means an insurance company as referred to in Article 1 of the Insurance Industry Supervision Act.

4.3. If the purchaser is declared bankrupt and the bankruptcy trustee does not wish to uphold the contract, the deposit shall be forfeited to the vendor as a penalty as set out in Article 10.2 by operation of law. In no case shall the purchaser attach the deposit or bank guarantee or block the bank guarantee in any other way.

Article 5 Condition of the real estate, use

5.1. The real estate and title thereto shall be transferred to the purchaser in the condition in which it finds itself when this contract was concluded, with all related rights and claims, visible and hidden defects, positive tenements and rights in rem, and unencumbered with mortgages, attachments and registrations thereof.

5.2. The purchaser expressly accepts all negative tenements, special obligations and limitations, individual property duties, perpetual clauses and obligations in rem, appearing and/or ensuing from the last and preceding deed(s) of transfer and/or of granting the right of leasehold and/or superficies and/or individual deed(s).

The vendor has furnished the purchaser with a verbatim copy of such deeds.

The purchaser states to have taken note of the contents of said deeds, including those relating to a right of leasehold and/or superficies of the general and special conditions.

5.3. Upon the transfer of title the real estate shall possess the factual characteristics which are necessary for normal use. If the de facto transfer takes place earlier, the real estate shall at such time possess the characteristics required for normal use.

The vendor does not provide any guarantees in respect of characteristics other than those required for normal use, nor in respect of the absence of defects which impede such normal use and which are known to the purchaser at the time the contract of sale was concluded. The vendor has used the real estate as business premises with offices, which the parties deem the normal use.

5.4.1. The vendor is not aware as to whether the real estate contains any pollution which would be to the detriment of the use by the purchaser or which has led or could be reasonably expected to lead to an obligation to clean the real estate, or to take other measures.

5.4.2. Insofar as the vendor is aware, the property ~~does/does not*~~ not contain an underground tank for the storage of (liquid) substances. ~~Insofar as the vendor is aware of the presence of an underground tank for the storage of (liquid) substances, the vendor states that the storage of such substances has/has not* been terminated. In the event the tank is no longer in use as such, the vendor states that this tank has/has not* been disabled in accordance with the relevant statutory regulations.~~

5.4.3. The vendor is not aware ~~whether/the purchaser is aware that*~~ there is asbestos present in the real estate.

5.4.4. The vendor is not aware that any decisions or orders have been made in respect of the real estate as referred to in Article 55 of the Soil Protection Act by the relevant authorities.

5.5. Before the execution of the deed of transfer the purchaser has the right to inspect the property inside and out.

5.6. The vendor warrants that up to the date of the conclusion of this contract, no public authority or utility company has issued a notice or demand for improvements or repairs which have not yet been carried out or have not been carried out properly.

If after the time this contract of sale was concluded and before the time of transfer a public authority or utility company issues a notice or demand for an improvement or repair, the consequences of the notice or demand are at the expense and risk of the purchaser. The notice or demand is at the expense and risk of the vendor if such is connected with the non-performance of obligations ensuing for him under the law or this contract.

5.7. The vendor ~~is~~ is not*) aware of (any current advice request for) designation, or a designation decision, or registration in the relevant register in respect of the real estate:

- a. as a protected monument as referred to in Articles 3, 4 or 6 of the Listed Buildings Act,
- b. as a protected urban or village landscape or submission of a proposal in this respect as referred to in Article 35 of the Listed Buildings Act,
- c. as a protected monument as designated by the municipality or the province.

5.8. The vendor states that in respect of the real estate there are no obligations vis-à-vis third parties in relation to a right of first refusal, a right of option or a right to repurchase.

5.9. Insofar as the vendor is aware, the property ~~has~~ has not*) been included in a designation as referred to in Section 2 or Section 8, or a proposal as referred to in Section 6 or Section 8a of the Municipalities (Preferential Rights) Act.

5.10. The vendor states that the purchase does not include the items in respect of which tenants can exercise their statutory rights of removal.

5.11. Neither party shall derive any right from any deviations between the indicated and the actual size.

5.12. The vendor states that the levies over preceding years, insofar as demands were imposed and ground rents were owed, have been paid.

Insofar as the aforementioned demands and/or ground rents have not yet been paid, the vendor declares that it shall pay such upon first request.

Article 6 De facto transfer, transfer of claims

6.1. De facto transfer and acceptance shall be effected on the date of transfer.

~~- wholly/partly*)unencumbered with tenancy
—and subject to maintenance by the purchaser of the following rent, lease and/or hire purchase contracts for the specified entirety or part of the real estate*):~~

6.2. If the purchaser accepts the real estate in whole or in part unencumbered with tenancy, the vendor warrants that upon de facto transfer the real estate shall be free in full or up to the specified part of lease or hire-purchase contracts or other claims for use, empty and vacated (except for any movable property included in the sale) and unencumbered by claims.

6.3. If the purchaser accepts the real estate in whole or in part subject to maintaining any current lease or hire-purchase contracts:

- the vendor warrants that no dispositions have been nor shall be made in respect of installments not yet received at the time of de facto transfer;
- the vendor warrants that as of the time this contract is concluded the rent, lease or hire-purchase contracts shall not be amended, the real estate shall not be let in whole or part, or given into hire-purchase or given into use in any other way, unless such is with the written permission of the purchaser;
- the purchaser states to be familiar with the contents of the lease or hire(-purchase) contracts to be taken over;
- any outstanding deposits shall be made available to the purchaser upon the transfer.

6.4. Insofar as possible this contract of sale includes the transfer of all claims which the vendor can make in respect of the real estate with regard to third parties, including the builder(s), (sub)contractor(s), installer(s), architect(s) and supplier(s), such as damage caused by work carried out to or in connection with the real estate, without the vendor being subject to any obligation of indemnification. This transfer takes place upon the transfer of title to the real estate, unless the de facto transfer is effected earlier, in which case the transfer of said claims shall be effected at such time.

The vendor undertakes to furnish the purchaser with the information which it possesses and hereby authorizes the purchaser, insofar as necessary, to give notice of such transfer of claims in accordance with the statutory provisions, at the purchaser's expense.

Article 7 Income, costs and ground rent

All income, costs and ground rent owed shall accrue to or be born by the purchaser as of the date of transfer.

The then current income, costs and ground rent, with the exception of the real estate tax for the use, shall be settled between the parties on a time proportional basis. This settlement shall be effected simultaneously with the payment of the purchase price.

Article 8 Indivisibility

The obligations which the two parties have vis-à-vis each other under this contract are indivisible and several.

Article 9 Transfer of risk, damage by force majeure

9.1. As of the time of signing the deed of transfer the real estate is at the purchaser's risk, unless de facto transfer is effected at an earlier date, in which case the risk passes to the purchaser as of that date.

9.2. If the real estate is damaged or destroyed in whole or in part before the time of passing of the risk, the vendor is obligated to give the purchaser notice hereof within 48 hours after it has received notice of the damage or destruction referred to above.

9.3. If the real estate is damaged or destroyed in whole or in part by force majeure at the time of passing of risk, this contract shall be legally dissolved, unless within four weeks after the damage or destruction, but in any event before the agreed date of transfer of title:

a. the purchaser demands performance of this contract, in which case the vendor – without any special consideration in addition to the fixed purchase price – shall transfer to the purchaser on the agreed day of transfer the real estate in the condition it is in at such time, with all rights which the vendor has in respect of the loss or damage – either under the heading of insurance, or under another heading – vis-à-vis third parties; or

b. the vendor states to repair the damage at its expense before the agreed date of transfer of title or if such is later, within four weeks after the loss or damage. In the latter case a previously agreed date of transfer shall be shifted to the day following that on which said four weeks have expired. If repair is not effected to the purchaser's satisfaction, this contract shall be dissolved, unless the purchaser states within fourteen days after repair was to have been effected on the basis of this article, that it wishes to exercise the right awarded to him under a., in which case the transfer of title shall be effected on the agreed date or, if such is later, at latest six weeks after the loss or damage.

Article 10 Notice of default, dissolution

10.1. If after having been given notice of default one of the parties defaults or continues for a period of eight days to default on the performance of one or more of its obligations under this contract, the other party can dissolve this contract vis-à-vis the defaulting party without the need for judicial intervention by means of written notice to the defaulting party.

10.2. Dissolution on the basis of default is only possible after prior notice of default. In the event of dissolution of the contract on the basis of default, the defaulting party shall forfeit to the other party, without the need for notice of default or judicial intervention, an immediately payable penalty of EUR 220,000, in words two hundred and twenty thousand euros, without prejudice to its right to additional damages and compensation of the costs of recovery.

The notary is hereby obligated, and insofar as necessary irrevocably authorized by the parties, to:

a. if the purchaser defaults, pay the vendor the amount of the penalty forfeited by him from the deposit deposited with the notary or from the guarantee;

b. if the vendor defaults, to return the deposit which the purchaser has deposited with the notary to the purchaser or to return the guarantee which was given to the notary to the banking institution;

c. if the event of Article 4.3 arises, to pay the deposit to the vendor as a penalty;

d. if both parties default or the notary cannot satisfactorily determine which of the two parties is in default, to keep the amount of the deposit or the bank guarantee under its control until a decision is made by final judgment or by judgment which is immediately enforceable as to whom the notary is to pay the amount.

10.3. If the other party does not make use of its right to dissolve the contract and demands performance, the defaulting party shall owe the other party after expiry of the term of eight days set out in 10.1 until the day of performance, an immediately payable penalty of 0.3% of the purchase price, without prejudice to the right to demand additional damages and compensation of the costs of recovery. If after some time the other party dissolves the contract, this penalty shall be owed for every day after expiry of the term of eight days set out in 10.1 until the day on which the contract is dissolved.

10.4. If after having been given notice of default the defaulting party performs its obligations within the aforementioned term of eight days, such party is nevertheless bound to compensate the other party for the loss it has suffered as a result of late performance.

EMPLOYMENT AGREEMENT

AGREEMENT, dated this 13th day of April, 2007, between Amtech Systems, Inc., an Arizona corporation (the "Company") with offices at 131 South Clark Drive, Tempe, Arizona, and Jong S. Whang (the "Executive"),

WITNESSETH

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

1. **Employment.** Subject to the terms and conditions of this Agreement, the Company agrees to employ the Executive as its Chief Executive Officer during the Employment Period (as defined in Section 7) and Executive agrees to perform such acts and duties and furnish such services to the Company and its affiliates consistent with such position as the Company's Board of Directors shall from time to time direct. The Executive shall have general and active charge of the business and affairs of the Company and, in such capacity, shall have responsibility for the day-to-day operations of the Company, subject to the authority and control of the Board of Directors of the Company. During the Employment Period, the Company shall continue to take such actions as necessary to cause the Executive's nomination as a member of the Board of Directors of the Company. The Executive hereby accepts such employment and agrees to devote his full time and best efforts to the duties provided herein, provided, that the Executive may engage in other business activities which (i) involve no conflict of interest with the interests of the Company (subject to approval by the Board of Directors, which approval shall not be unreasonably withheld) and (ii) do not materially interfere with the performance by the Executive of his duties under this Agreement.
2. **Compensation.** For services rendered to the Company during the term of this Agreement, the Company shall compensate the Executive with an initial salary, payable in monthly installments, of \$250,000 per annum. Such base salary shall be reviewed on an annual basis by the Compensation Committee of the Company's Board of Directors (the "Compensation Committee") and shall be subject to being increased but not decreased in the discretion of the Compensation Committee.
3. **Incentive Compensation.** The Executive shall also be entitled to annual cash bonuses for each fiscal year during the Employment Period ("Incentive Compensation"). The Executive's Incentive Compensation for each such fiscal year shall be determined in accordance with an annual bonus plan adopted by the Compensation Committee, which shall be no less favorable to the Executive than the bonus plan for fiscal 2007 adopted by the Compensation Committee on December 8, 2006.
4. **Stock Options.**
 - (a) **Outstanding Options.** All currently outstanding options to purchase Common Stock of the Company held by Executive shall remain in full force and effect in accordance with the provisions of Employer's stock option plans and the applicable Stock Option Agreements, as may be amended from time to time.
 - (b) **New Options.** As further compensation, Employee shall be issued an annual grant of stock options by the Compensation Committee within ninety (90) days after the end of each fiscal year during the Employment Period. The amount of such grant and the terms of vesting shall be as determined by the Compensation Committee, but shall be no less favorable to the Executive than the amounts and terms of the grant approved by the Compensation Committee on December 8, 2006. All of the stock options granted to Executive shall be "Incentive Stock Options" within the meaning of the Internal Revenue Code of 1986, as amended (the "Code"), subject to the limitations of the Code. Any stock options which are not allowed to be incentive stock options under the Code shall be non-qualified stock options. The stock options shall be issued at the fair market value of the Company's common stock as of the date of grant.

5. Benefits. During the Employment Period, the Company shall provide or cause to be provided to the Executive such employee benefits as are provided to other executive officers of the Company, including family medical and dental, disability and life insurance, and participation in pension and retirement plans, incentive compensation plans, stock option plans and other benefit plans (collectively, the "Applicable Benefit Plans"). In lieu of participating in any Applicable Benefit Plan, the Executive may elect to receive from the Company cash in the amount of the lesser of (i) the amount that the Company spends to provide Executive with benefits under such Applicable Benefit Plan and (ii) the amount the Executive spends to obtain benefits that would otherwise be provided to the Executive under such Applicable Benefit Plan. During the Employment Period, the Company may provide or cause to be provided to the Executive such additional benefits as the Company may deem appropriate from time to time. The Company shall also provide the Executive with an annual automobile allowance of not less than \$12,000, as well as a life insurance policy in the face amount of \$250,000 with Executive's spouse as the beneficiary. At Executive's request, the Company shall transfer ownership of such life insurance policy to the Executive or his designee, at such time and in such a manner as to minimize any adverse tax consequences to the Executive.

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

7. Term: Employment Period. The "Employment Period" shall commence on the date of this Agreement (the "Effective Date") and shall continue for an initial term of three (3) years (the "Initial Term"). Thereafter, the Employment Period shall continue for successive one (1) year terms (the "Additional Terms") unless either the Company or the Executive provides written notice of termination of the Employment Period not less than one hundred twenty (120) days prior to the end of the Initial Term or any Additional Term, or unless earlier terminated pursuant to Section 8. If the Executive shall remain in the full time employ of the Company beyond the Employment Period without any written agreement between the parties, this Agreement shall be deemed to continue on a month to month basis and either party shall have the right to terminate this Agreement at the end of any ensuing calendar month on written notice of at least thirty (30) days.

8. Termination.

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

(b) Without limiting the foregoing Section 8(a), (i) the Executive may terminate his employment with the company at any time for Good Reason, or (ii) the Company may terminate his employment at any time for Cause. "Good Reason" shall mean (i) the Company's failure to elect or reelect, or to appoint or reappoint, Executive to the offices of President and Chief Executive Officer of the Company; (ii) material changes by the Company in the Executive's function, duties or responsibilities (including reporting responsibilities) of a scope less than that associated with the positions of President and Chief Executive Officer of the Company; (iii) Executive's base salary is reduced by the Company below the highest base salary of Executive in effect during the Employment Period; (iv) relocation of Executive's principal place of employment to a place that is not within either the city limits of Tempe, Arizona, or within a radius of ten (10) miles of his primary residence; (v) failure by the Company to obtain the assumption of this Agreement by any successor or assign of the Company; (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 (vii) the occurrence of a Change of Control (as defined in Section 18). "Cause" shall mean (i) the Executive'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 twenty (20) days written notice to such effect, (ii) the Executive being guilty of serious misconduct on the Company's premises or elsewhere, whether during the performance of his duties or not, which is reasonably likely to cause material damage to the reputation of the Company or render it materially more difficult for the Executive to satisfactorily continue to perform his duties and the continuation or a second instance of such serious misconduct following twenty (20) days written notice to such effect; (iii) the Executive being found guilty in a criminal court of any offense of a nature which is reasonably likely to materially adversely affect the reputation of the Company or to materially prejudice its interests if the Executive were to continue to be employed by the Company; (iv) the Executive's commission of any act of fraud or theft involving the Company or its business, or any intentional tort

against the Company; or (v) the Executive's violation of any of the material terms, covenants, representations or warranties contained in this Agreement and failure to correct such violation within twenty (20) days after written notice by the Company. Notwithstanding the foregoing, "Cause" shall only be deemed to exist if it is so determined by a resolution duly adopted by the Board of Directors of the Company, at a duly noticed meeting at which the Executive and his counsel are first given the opportunity to address the Board with respect to such determination.

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

(d) "Termination Date" shall mean (i) if this Agreement is terminated on account of death, the date of death; (ii) if this Agreement is terminated for Disability, the date established by the Company pursuant to Section 8(c) hereof; (iii) if this Agreement is terminated by the Company, the date on which a notice of termination is given to the Executive; (iv) if the Agreement is terminated by the Executive, the date the Executive ceases work; or (v) if this Agreement expires by its terms, the last day of the term of this Agreement. Notwithstanding the foregoing, if within thirty (30) days after any notice of termination is given, the party receiving such notice 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 23 hereof; provided 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 Executive his full compensation in effect when the notice giving rise to the dispute was given and continue the Executive 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. Amounts paid under this Section 8(d) shall be in addition to all other amounts due under this Agreement and shall not be offset against or reduce any amounts due under this Agreement; provided, however, that if the arbitrator determines that any notice of dispute by the Executive was not given in good faith or that the Executive did not pursue the resolution of such dispute with reasonable diligence, the Executive shall repay the Company the amount of compensation paid to the Executive pursuant to Section 8(d) from the Termination Date which would have applied had such notice of dispute not been given, plus interest thereon at the applicable federal rate provided for in Section 1274(d) of the Internal Revenue 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 Section 8(d).

9. Severance:

(a) If (i) the Company terminates the employment of the Executive against his will and without Cause (including by giving notice of termination of the Agreement pursuant to Section 7), or (ii) the Executive terminates his employment for Good Reason, the Executive shall be entitled to receive salary, Incentive Compensation and vacation accrued through the Termination Date, plus the following:

(i) an amount equal to two years of Executive's base salary in effect on the Termination Date;

(ii) a pro-rated portion of the amount of Incentive Compensation Executive would earn for the fiscal year in which the termination occurs if the results of operations of the Company for the period from the beginning of such fiscal year to the Termination Date were annualized (the "Pro-Rated Incentive Compensation"); and

(iii) full vesting of all outstanding stock options held by Executive.

The Company shall make the termination payment required hereunder within thirty (30) days of the Termination Date. Notwithstanding the foregoing, the Company shall not be required to pay any severance pay for any period following the Termination Date if the Executive violates the provisions of Section 15, Section 16 or Section 17 of this Agreement in any material respect, and fails to cure such violation within thirty (30) days after written notice from the Company to the Executive detailing such violation.

(b) If (i) the Executive voluntarily terminates his employment other than for Good Reason, (ii) the Executive's employment is terminated due to death or Disability, or (iii) the Executive is terminated by the Company for Cause, then the Executive shall be entitled to receive salary and accrued vacation through the Termination Date only. In the event of death or Disability the Executive shall also be entitled to receive the Pro-Rated Incentive Compensation and vesting of outstanding stock options as provided in Section 9(a).

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

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

10. Expenses. The Company shall pay or reimburse the Executive for all expenses normally reimbursed by Company, reasonably incurred by him in furtherance of his duties hereunder and authorized and approved by the Company in compliance with such rules relating thereto as the Company may, from time to time, adopt and as may be required in order to permit such payments as proper deductions to Company under the Internal Revenue Code of 1986, as amended, and the rule and regulations adopted pursuant thereto now or hereafter in effect.

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

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

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

14. Insurance and Indemnity. During the Employment Period, if available at reasonable costs, the Company shall maintain, at its expense, officers and directors fiduciary liability insurance covering the Executive and all other executive officers and directors in an amount of no less than \$5,000,000. The Company shall also indemnify the Executive, to the fullest extent permitted by law, from any liability asserted against or incurred by the Executive by reason of the fact that the Executive is or was an officer or director of the Company or any affiliate or related party or is or was serving in any capacity at the request of the Company for any other corporation, partnership, joint venture, trust, employment benefit plan or other enterprise. This indemnity shall survive termination of this Agreement.

15. Noncompetition.

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

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

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

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

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

17. Trade Secrets.

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

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

18. Provisions After Change of Control.

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

- (i) an amount equal to three years of Executive's base salary in effect on the Termination Date;
- (ii) the maximum amount of the Incentive Compensation which Executive could earn for the fiscal year in which the Termination Date occurs; and
- (iii) full vesting of all outstanding stock options held by Executive.

The Company shall make the termination payments required hereunder within ten (10) days of the Termination Date.

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

(i) The acquisition, other than from the Company, by any individual, entity or group (within the meaning of Rule 13d-3 promulgated under the Exchange Act or any successor provision) (any of the foregoing described in this Section 18 (b)(i) hereafter a "Person") of 20% or more of either (a) the then outstanding shares of Capital Stock of the Company (the "Outstanding Capital Stock") or (b) the combined voting power of the then outstanding voting securities of the Company entitled to vote generally in the election of directors (the "Voting Securities"), provided, however, that any acquisition by (x) the Company or any of its subsidiaries, or any employee benefit plan (or related trust) sponsored or maintained by the Company or any of its subsidiaries or (y) any Person that is eligible, pursuant to Rule 13d-1 (b) under the Exchange Act, to file a statement on Schedule 13G with respect to its beneficial ownership of Voting Securities, whether or not such Person shall have filed a statement on Schedule 13G, unless such Person shall have filed a statement on Schedule 13D with respect to beneficial ownership of 35% or more of the Voting Securities or (z) any corporation with respect to which, following such acquisition, more than 60%

respectively, the then outstanding shares of common stock of such corporation and the combined voting power of the then outstanding voting securities of such corporation entitled to vote generally in the election of directors is then beneficially owned, directly or indirectly, by all or substantially all of the individuals and entities who were the beneficial owners, respectively, of the Outstanding Capital Stock and Voting Securities immediately prior to such acquisition in substantially the same proportion as their ownership, immediately prior to such acquisition, of the Outstanding Capital Stock and Voting Securities, as the case may be, shall not constitute a Change of Control; or

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

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

(iv) (a) a complete liquidation or dissolution of the Company or (b) a sale or other disposition of all or substantially all of the assets of the Company other than to a corporation with respect to which, following such sale or disposition, more than 60% of, respectively, the then outstanding shares of common stock and the combined voting power of the then outstanding voting securities entitled to vote generally in the election of directors is then owned beneficially, directly or indirectly, by all or substantially all of the individuals and entities who were the beneficial owners, respectively, of the Outstanding Capital Stock and Voting Securities immediately prior to such sale or disposition in substantially the same proportion as their ownership of the Outstanding Capital Stock and Voting Securities, as the case may be, immediately prior to such sale or disposition.

(v) 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) of the Company, 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.

(c) For purposes of this Agreement, the term "Pending Change of Control" shall mean the occurrence of one of the following events as the result of which a Change in Control pursuant thereto is reasonably expected within ninety (90) days after the date of determination as to whether there is a Pending Change in Control: (i) the Company executes a letter of intent, term sheet or similar instrument with respect to a transaction or series of transactions, the consummation of which would result in a Change of Control; (ii) the Board approves a transaction or series of transactions, the consummation of which would result in a Change of Control; (iii) a Person makes a public announcement of a tender offer for the Common Stock of the Company, the consummation of which would result in a Change of Control; or (iv) a Person makes a public announcement of, or makes a public filing with respect to, the intention of that Person to seek to change the membership of the Board of Directors of the Company in a manner that would result in a Change of Control. A Pending Change of Control shall cease to exist upon a Change of Control.

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

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

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

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

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

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

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

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

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

AMTECH SYSTEMS, INC.

By /s/ Bradley C. Anderson

/s/ Jong S. Whang

Bradley C. Anderson
Vice President and Chief Financial Officer

Jong S. Whang

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. (the "registrant"),
2. Based on my knowledge, this 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 report;
3. Based on my knowledge, the financial statements, and other financial information included in this 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 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 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; and
5. The registrant's other certifying officer 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: May 15, 2007

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, Bradley C. Anderson, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Amtech Systems, Inc. (the "registrant"),
2. Based on my knowledge, this 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 report;
3. Based on my knowledge, the financial statements, and other financial information included in this 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 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 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; and
5. The registrant's other certifying officer 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/ Bradley C. Anderson

Bradley C. Anderson
Chief Financial Officer
Amtech Systems, Inc.
Date: May 15, 2007

