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(1) Represents the 1998 Employee Stock Option Plan, the 2007 Employee Stock Incentive Plan and the Non-Employee Director Stock Option Plan and any respective amendments thereto.

COMPANY PURCHASES OF EQUITY SECURITIES

The Company did not repurchase any of its shares during Fiscal 2010. As of September 30, 2010, $3.6 million was authorized and available for the repurchase of shares by the Company.

ITEM 6. SELECTED FINANCIAL DATA

This selected financial data should be read in conjunction with Item 7, “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” and our consolidated financial statements (including the related notes thereto) contained elsewhere in this report.

	Years Ended September 30,				
	2010	2009	2008 (1)	2007	2006
Operating Data:					
Net revenue	$ 120,019	$ 52,973	$ 80,296	$ 45,984	$ 40,445
Gross profit	$ 42,712	$ 15,019	$ 22,961	$ 12,810	$ 10,575
Gross profit %	35.6%	28.4%	28.6%	27.9%	26.1%
Operating income (loss)	$ 15,909	$ (1,938)	$ 3,802	$ 1,741	$ 1,635
Net income (loss)	$ 9,563	$ (1,589)	$ 2,857	$ 2,417	$ 1,318
Dividends on convertible preferred stock	$ -	$ -	$ -	$ -	$ (81)
Net income (loss) attributable to common	$ 9,563	$ (1,589)	$ 2,857	$ 2,417	$ 1,237
Earnings (loss) per share:					
Basic earnings (loss) per share	$ 1.06	$ (0.18)	$ 0.33	$ 0.45	$ 0.40
Diluted earnings (loss) per share	$ 1.04	$ (0.18)	$ 0.32	$ 0.44	$ 0.38
Order backlog(2)	$ 94,427	$ 32,357	$ 46,719	$ 22,866	$ 13,600
Balance Sheet Data:					
Cash and cash equivalents	$ 56,764	$ 42,298	$ 37,501	$ 18,370	$ 6,433
Working capital	$ 65,613	$ 55,868	$ 58,275	$ 30,492	$ 11,883
Current ratio	2.3:1	4.1:1	3.2:1	3.6:1	2.6:1
Total assets	$ 136,101	$ 92,526	$ 102,355	$ 50,666	$ 23,563
Total current liabilities	$ 50,816	$ 18,077	$ 26,159	$ 11,718	$ 7,337
Long-term obligations	$ 1,042	$ 644	$ 1,663	$ 744	$ 617
Convertible preferred stock	$ -	$ -	$ -	$ -	$ -
Total stockholders' equity	$ 84,243	$ 73,805	$ 74,533	$ 38,204	$ 15,609

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(1) Effective October 1, 2007, the Company acquired 100% of the equity of R2D Automation.

(2) The backlog as of September 30, 2009, 2008, 2007 and 2006 includes $1.2 million, $1.3 million, $0.9 million and $0.9 million, respectively, of deferred revenue on which we realized no gross margin.

ITEM 7. MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion of our financial condition and results of operations should be read in conjunction with our Consolidated Financial Statements and the related notes included in Item 8, “Financial Statements and Supplementary Data” in this Annual Report on Form 10-K. This discussion contains forward-looking statements, which involve risk and uncertainties. Our actual results could differ materially from those anticipated in the forward-looking statements as a result of certain factors including, but not limited to, those discussed in “Risk Factors” and elsewhere in this Annual Report on Form 10-K.

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: a summary of our business.
- Results of Operations: a discussion of operating results.
- Liquidity and Capital Resources: an analysis of cash flows, sources and uses of cash and financial position.
- Contractual Obligations and Commercial Commitments
- Critical Accounting Policies: a discussion of critical accounting policies that require the exercise of judgments and estimates.
- Impact of Recently Issued Accounting Pronouncements: a discussion of how we are affected by recent pronouncements.

Overview

We are a leading supplier of thermal processing systems, including related automation, parts and services, to the solar/photovoltaic, semiconductor, silicon wafer and MEMS industries and also offer PECVD (plasma-enhanced chemical vapor deposition) and PSG (phosphosilicate glass) equipment. We also manufacture polishing templates, steel carriers and double-sided polishing and lapping machines to fabricators of LED's, optics, quartz, ceramics and metal parts, and for manufacturers of medical equipment components. Due to the growth of our solar/photovoltaic business, the polishing supplies business is no longer a large enough portion of our total business to consider it a separate reportable segment.

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

In October 2007, we acquired 100% of the equity of R2D Automation (R2D), a solar cell and semiconductor automation equipment manufacturing company. The purpose of the acquisition was to expand our automation products which are used in solar diffusion and semiconductor manufacturing processes. The acquisition of the technology and business of R2D enhances our growth strategy by allowing us to increase revenue by offering to the solar industry an integrated system under the Tempress® brand.

In the third quarter of fiscal 2008, we reorganized the Bruce Technologies® operations to better position the company for profitability in light of lower plant utilization resulting from a slowdown in the semiconductor industry. As a result of this reorganization, we reduced the number of personnel and recorded a charge of $0.4 million in the third quarter of fiscal 2008.

In the second quarter of fiscal 2009, the Bruce Technologies® operations were further restructured to focus on the parts supply business. The restructuring included a reduction in the number of employees and a reduction in the amount of space required to operate the business. The restructuring resulted in a charge of $0.6 million. Also, due to the downturn in the semiconductor industry and deterioration in forecasted revenue and earnings at Bruce Technologies®, an impairment charge of $1.1 million was recorded in the second quarter of fiscal 2009.

Results of Operations

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

	Years Ended September 30,		
	2010	2009	2008
Net revenue	100.0%	100.0%	100.0%
Cost of sales	64.4%	71.6%	71.4%
Gross margin	35.6%	28.4%	28.6%
Selling, general and administrative	20.0%	27.9%	22.1%
Impairment and restructuring charges	0.5%	3.2%	0.4%
Research and development	1.8%	1.0%	1.4%
Operating income (loss)	13.3%	(3.7%)	4.7%
Interest and other income (expense), net	(0.2%)	(0.1%)	1.0%
Income before income (loss) taxes	13.1%	(3.8%)	5.7%
Income tax provision (benefit)	5.1%	(0.8%)	2.1%
Net income (loss)	8.0%	(3.0%)	3.6%

Fiscal 2010 compared to Fiscal 2009

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, gross margins and earnings in any given period. See Critical Accounting Policies – Revenue Recognition.

Net revenue for the years ended September 30, 2010 and 2009 was $120.0 million and $53.0 million, respectively; an increase of $67.0 million or 127%. Revenue increased primarily due to significantly higher demand in the solar industry, partially offset by an increase in the amount of revenue deferred. Net revenue from the solar market was $99.0 million and $34.8 million in fiscal 2010 and 2009, respectively; a 184% increase. Net revenue from all other markets served was $21.0 million in fiscal 2010 compared to $18.2 million in fiscal 2009, an increase of 15%, due primarily to increased demand from the semiconductor market.

Backlog

Our backlog as of September 30, 2010 and 2009 was $94.4 million and $32.4 million, respectively, a 191% increase. Our backlog as of September 30, 2010 included approximately $85.3 million of orders from our solar industry customers compared to $27.9 million of orders from solar industry customers as of September 30, 2009. 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 revenue or profit from completing these orders. 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. At the end of fiscal 2010, three customers, individually accounted for 17%, 15% and 14% of our total backlog, respectively.

Gross Profit

Gross profit is the difference between net revenue and cost of goods sold. Cost of goods sold consists of purchased material, labor and overhead to manufacture equipment or spare parts and the cost of service and support to customers for warranty, installation and paid service calls. Gross margin is gross profit as a percentage of net revenue.

The timing of revenue recognition can have a particularly significant effect on gross margin when the equipment revenue of an order is recognized in one period and the remainder of the revenue attributed to holdbacks is recognized in a later period. The portion of revenue attributed to the holdbacks generally comprises 10-20% of an order and has a significantly higher gross margin percentage.

Gross profit for the years ended September 30, 2010 and 2009 was $42.7 million and $15.0 million respectively; an increase of $27.7 million or 184%. Gross margin for fiscal 2010 and 2009 was 36% and 28% respectively. Increased gross profit and gross margins were driven by higher volumes which resulted in significantly more efficient capacity utilization, offset by higher deferred profit. In fiscal 2010, we had a net profit deferral of $6.8 million compared to a net recognition of $0.6 million of previously deferred profit in fiscal 2009.

Selling, General and Administrative Expenses

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

Total selling, general and administrative (SG&A) expenses for the year ended September 30, 2010 were $24.1 million or 20% of net revenue. For the year ended September 30, 2009, SG&A expenses were $14.8 million or 28% of net revenue. SG&A expenses include $1.0 million and $0.7 million of stock-based compensation expense for fiscal 2010 and 2009, respectively. The increase in SG&A expenses was primarily due to increased commissions related to higher revenues, higher compensation expense and increased shipping costs related to higher shipping volumes.

Impairment and Restructuring Charges

Impairment charges for the year ended September 30, 2010 were $0.6 million. Impairment and restructuring charges for the year ended September 30, 2009 were $1.7 million.

In April 2007, the Company entered into a license agreement with one of the Company’s technology partners to market, sell, install, service and manufacture machinery and equipment for the manufacturing of photovoltaic cells that employs PECVD Technology (Licensed Product) developed by the technology partner. Under the terms of this agreement the Company paid $1.0 million to the technology partner. The license agreement expires in January 2019. These payments are being amortized over the life of the agreement. Recently, several new competitors have entered the market and management has determined that the market opportunity for the licensed product has decreased. This recent development and the extended amount of time to develop the licensed product caused management to review the licensed product for impairment and recoverability.

It was determined that the carrying value of the license subject to amortization was not fully recoverable; therefore, an impairment charge of $0.6 million was recorded for the excess of carrying value over the fair value of the license. The fair value of the license was determined through estimates of the present value of future cash flows based upon the anticipated future use of the license.

The Bruce operations were restructured in the second quarter of fiscal 2009 to focus primarily on a parts supply business versus furnace systems sales. The restructuring resulted in a charge of $620,000 in the second quarter of fiscal 2009. We conducted an assessment of the ability to recover the carrying amount of long-lived assets of the Bruce operations. It was determined that the carrying value of the net assets was not fully recoverable; therefore, an impairment charge of $373,000 was recorded in the second quarter of fiscal 2009 for the excess of carrying value over the fair value of the customer list and non-compete agreement. The carrying values of goodwill ($89,000) and the Bruce trademark ($592,000) were also recorded as an impairment charge in the second quarter of fiscal 2009.

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.

	Years Ended September 30,		
	2010	2009	2008
	(dollars in thousands)		
Research and development	$ 2,986	$ 1,169	$ 1,114
Grants earned	(868)	(660)	(20)
Net research and development	$ 2,118	$ 509	$ 1,094

Research and development expenses increased primarily due to increases in research in the technology of solar (photovoltaic) cell manufacturing to increase cell efficiency. We receive reimbursements through governmental research and development grants which are netted against these expenses. As we have increased our research and development activity, we have also increased our efforts to receive grants to fund this research. As a result, the amount of grants earned in fiscal 2010 increased approximately 30%.

Income Tax Provision

Our effective tax rate was approximately 39% in fiscal 2010 and 21% in 2009. In fiscal 2009, we incurred operating losses which resulted in the recording of a tax benefit equal to 20.9% of our pretax loss. The effective tax rate was negatively impacted by higher permanent book-to-tax differences as a percentage of our pretax loss, the recording of tax on uncertain tax items and recording of additional valuation allowance on certain state deferred tax assets, including state net operating losses.

Our future effective income tax rate depends on various factors, such as the geographic composition of worldwide earnings, tax regulations governing each region, non-tax deductible expenses incurred and the effectiveness of our tax planning strategies.

Fiscal 2009 compared to Fiscal 2008

In fiscal 2009 and 2008, our business was reported under two reportable segments; the solar and semiconductor equipment segment and the polishing supplies segment. Following is our analysis of the results comparing these two fiscal years.

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, gross margins and earnings in any given period. See Critical Accounting Policies – Revenue Recognition.

Segment	Years Ended September 30, 2009	2008	Inc (Dec)	%
	(dollars in thousands)			
Solar and Semiconductor Equipment Segment	$ 47,307	72,029	(24,722)	(34%)
Polishing Supplies Segment	5,666	8,267	(2,601)	(31%)
Total Net Revenue	$ 52,973	$ 80,296	$ (27,323)	(34%)

Net revenue for the year ended September 30, 2009 decreased $27.3 million or 34% compared to the year ended September 30, 2008. Revenue from the Solar and Semiconductor Equipment Segment decreased $24.7 million or 34% due to significantly lower shipments to both the solar and the semiconductor industries, partially offset by a decrease in the amount of revenue deferred. The decrease in shipments was caused by lower sales volumes driven primarily by over-supply in the solar market and the global economic downturn and credit crisis. Within the solar and semiconductor equipment segment, net revenue from the solar market was $34.8 million and $50.1 million in fiscal 2009 and 2008, respectively. Net revenue from the semiconductor market was $12.5 million in fiscal 2009 compared to $21.9 million in fiscal 2008, a decrease of 43% due primarily to the downturn in the semiconductor industry. Revenue in the polishing supplies segment was $5.7 million and $8.3 million for the fiscal years ended September 30, 2009 and 2008, respectively. The decrease of $2.6 million, or 31%, in net revenue from the Polishing Supplies Segment is also due to the economic downturn and the downturn in the semiconductor industry as described above.

The supply-demand imbalance within the solar market, the downturn in the global economy, and the related credit crisis have caused some of our customers to delay or suspend their capacity expansion plans, which has resulted in lower orders. In addition, some of our customers have, and others may, request delays or cancellations in the shipment of their orders. A continuation of the global credit crisis and related downturn in the global economy is likely to negatively impact future revenues from both solar and semiconductor markets and could have a significant adverse affect on our results of operations and financial condition.

Backlog

Our backlog as of September 30, 2009 and 2008 was $32.4 million and $46.7 million, respectively, a 31% decrease. Our backlog as of September 30, 2009 included approximately $27.9 million of orders from our solar industry customers compared to $36.7 million of orders from solar industry customers as of September 30, 2008. 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 revenue or profit from completing these orders. The recent global credit crisis and related downturn in the global economy has caused many of our customers to delay or suspend their capacity expansion plans. As a result, the delivery times of many of the orders in our backlog may be delayed or even cancelled by our customers. 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. The backlog as of September 30, 2009 and 2008 includes $1.2 million and $1.3 million, respectively, of open orders or deferred revenue on which we anticipate no gross margin. At the end of fiscal 2009 and 2008, 31% and 38% of our backlog consisted of open sales orders and deferred revenue from one customer, E-Ton Solar Tech, respectively.

Gross Profit

Gross profit is the difference between net revenue and cost of goods sold. Cost of goods sold consists of purchased material, labor and overhead to manufacture equipment or spare parts and the cost of service and support to customers for warranty, installation and paid service calls. Gross margin is gross profit as a percentage of net revenue.

The timing of revenue recognition can have a particularly significant effect on gross margin when the equipment revenue of an order is recognized in one period and the remainder of the revenue attributed to holdbacks is recognized in a later period. The portion of revenue attributed to the holdbacks generally comprises 10-20% of an order and has a significantly higher gross margin percentage.

Segment	Years Ended September 30, 2009	2008	Inc (Dec)	%
	(dollars in thousands)			
Solar and Semiconductor Equipment Segment	$ 13,748	20,500	(6,752)	(33%)
Polishing Supplies Segment	1,271	2,461	(1,190)	(48%)
Total Gross Profit	$ 15,019	$ 22,961	$ (7,942)	(35%)
Gross Margin	28%	29%		

Gross profit for fiscal 2009 decreased $7.9 million, or 35%, to $15.0 million in fiscal 2009 from $23.0 million in fiscal 2008. Gross margin decreased slightly to 28% in fiscal 2009 from 29% in fiscal 2008. We recognized $0.6 million of previously deferred profit in fiscal 2009, net of deferrals, compared to a net deferral of $2.9 million of profit in fiscal 2008. Excluding the impact of the change in deferred profit, gross margin in the solar and semiconductor equipment segment decreased due primarily to lower sales volumes resulting in underutilization of existing plant capacity. Gross profit and gross margin in the polishing supplies segment were lower in fiscal 2009 as compared to fiscal 2008 due to lower sales volumes of polishing machines, carriers and templates.

Selling, General and Administrative Expenses

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

Segment	Years Ended September 30, 2009	2008	Inc (Dec)	%
	(dollars in thousands)			
Solar and Semiconductor Equipment Segment	$ 13,523	$ 16,267	$ (2,744)	(17%)
Polishing Supplies Segment	1,243	1,442	(199)	(14%)
Total SG&A	$ 14,766	$ 17,709	$ (2,943)	(17%)
Percent of net revenue	28%	22%		

Total selling, general and administrative (SG&A) expenses decreased $2.9 million or 17% in fiscal 2009 from fiscal 2008. SG&A expenses include $0.7 million and $0.5 million of stock-based compensation expense for fiscal 2009 and 2008, respectively. SG&A expenses for fiscal 2009 and 2008 include $0.2 million and $0.3 million, respectively, of costs related to compliance with the provisions of the Sarbanes-Oxley Act. The decrease in SG&A expenses was primarily due to decreased commissions on sales due to lower revenue generated in geographic regions where third-party sales representatives are utilized; primarily Asia. Additionally, other SG&A costs decreased in fiscal 2009 due to decreased shipping volumes and reduced costs related to reductions in workforce, mainly at our Bruce Technologies operation. Also, a $0.5 million provision was recorded in fiscal 2008 as an allowance for doubtful accounts for which there were no comparable expenses in fiscal 2009.

Impairment and Restructuring Charges

	Years Ended September 30,			
	2009	2008	Inc (Dec)	%
Segment	(dollars in thousands)			
Solar and Semiconductor Equipment Segment	$ 1,682	$ 356	$ 1,326	372%
Polishing Supplies Segment	-	-	-	0%
Total Impairment and Restructuring Charge	$ 1,682	$ 356	$ 1,326	372%

The Bruce Technologies operations are primarily dependent upon a mature segment of the semiconductor industry which is experiencing a significant downturn. The industry downturn resulted in recent operating losses and deterioration in forecasted revenue and earnings at Bruce Technologies. It is uncertain when, and to what extent, the markets served by Bruce Technologies will recover. Therefore, the Bruce Technologies operations were restructured in the second quarter of fiscal 2009 to focus on the parts supply business. The restructuring included a reduction in the number of employees and a reduction in the amount of space required to operate the business. The restructuring resulted in a charge of $0.6 million in the second quarter of fiscal 2009, which includes a $0.3 million charge for unutilized leased space, a $0.2 million write-off of furnace-related inventory parts that are not expected to be utilized in the future and $0.1 million of severance and outplacement costs. Our Bruce Technologies operations were also reorganized in the third quarter of fiscal 2008, which resulted in a restructuring charge of $0.4 million, consisting mainly of severance and outplacement costs for affected personnel.

Due to the circumstances related to the Bruce Technologies operations discussed above, the Company determined it was necessary to conduct an assessment of the ability to recover the carrying amount of long-lived assets of the Bruce Technologies operations. The amount estimated to be recoverable is based upon the Company's judgments and estimates of undiscounted cash flows during the estimated remaining useful life of the assets. It was determined that the carrying value of the net assets was not fully recoverable; therefore, an impairment charge of $0.4 million was recorded in the second quarter of fiscal 2009 for the excess of carrying value over the fair value of the customer list and non-compete agreement. Future adverse changes could be caused by, among other factors, a downturn in the industries served, 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.

As a result of the impairment of long-lived assets described above, it was necessary to conduct an interim review of the goodwill and Bruce Technologies trademark for impairment. The fair value of the assets group was determined through estimates of the present value of future cash flows based upon the anticipated future use of the assets. As the carrying value of the Bruce Technologies assets exceeded their estimated fair value, the carrying values of goodwill ($0.1 million) and the Bruce Technologies trademark ($0.6 million) were also recorded as an impairment charge in the second quarter of fiscal 2009.

The total amount of the impairment charge was $1.1 million. Details of the impairment charge are as follows:

	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Goodwill	$ 89	$ -	$ 89
Trademark	592	-	592
Customer List	276	87	189
Non-compete agreement	350	166	184
Impairment Charge			$ 1,054

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 and the materials used in those processes and producing prototypes. Reimbursements of research and development costs in the form of governmental research and development grants are netted against these expenses.

	Years Ended September 30,			
	2009	2008	Inc (Dec)	%
Segment	(dollars in thousands)			
Semiconductor and Solar Equipment Segment	$ 509	$ 1,094	$ (585)	(53%)
Polishing Supplies Segment	-	-	-	0%
Total Research and Development	$ 509	$ 1,094	$ (585)	(53%)
Percent of net revenue	1%	1%		

Research and development expenses decreased primarily due to increases in the amount of reimbursement of research and development costs. In fiscal 2009 and 2008, we recognized $0.5 million and $0.1 million of reimbursements of our research and development costs from governmental grants. The remainder of the decrease in research and development expenses relate to a specific customer development program in fiscal 2008 that did not repeat in fiscal 2009.

Income Tax Provision

Our effective tax rate was 20.9% in fiscal 2009 and 37.1% in 2008. In fiscal 2009, we incurred operating losses which resulted in the recording of a tax benefit equal to 20.9% of our pretax loss. The effective tax rate was negatively impacted by higher permanent book-to-tax differences as a percentage of our pretax loss and recording of additional valuation allowance on certain state deferred tax assets, including state net operating losses.

Our future effective income tax rate depends on various factors, such as the geographic composition of worldwide earnings, tax regulations governing each region, non-tax deductible expenses incurred and the effectiveness of our tax planning strategies.

Liquidity and Capital Resources

As of September 30, 2010, and 2009, cash and cash equivalents were $56.8 million and $42.3 million, respectively. As of September 30, 2010, and 2009, restricted cash was $6.2 million and $1.5 million, respectively. Restricted cash increased $4.7 million due to receipt of customer deposits requiring bank guarantees collateralized by cash. Our working capital was $65.6 million as of September 30, 2010 and $55.9 million as of September 30, 2009. The increase in cash was primarily provided by cash from operating activities of $15.8 million, discussed below, and $1.3 million received from the exercise of stock options. This was offset by purchases of property, plant and equipment of $2.9 million. Our ratio of current assets to current liabilities decreased to 2.3:1 as of September 30, 2010 from 4.1:1 as of September 30, 2009. The decline in our current ratio was due to the simultaneous increase in our current assets and current liabilities as we ramped up inventory purchases to meet the growing order backlog. Current assets increased $42.5 million while current liabilities increased $32.7 million. The increase in customer orders is expected to result in higher operating levels and a potential reduction in cash due to increases in inventories and receivables and potential capital expenditures. We have never paid dividends on our Common Stock. Our present policy is to apply cash to investments in product development, acquisitions or expansion; consequently, we do not expect to pay dividends on Common Stock in the foreseeable future. We continue to have minimal long-term obligations to service.

The success of our growth strategy is dependent upon the availability of additional capital resources on terms satisfactory to management. Our sources of capital in the past have included the sale of equity securities, which include common and preferred stock sold in private transactions and public offerings, capital leases and long-term debt. There can be no assurance that we can raise such additional capital resources on satisfactory terms. We believe that our principal sources of liquidity discussed above are sufficient to support operations.

	Fiscal Years Ended September 30,		
	2010	2009	2008
	(dollars in thousands)		
Net cash provided by (used in) operating activities	$ 15,800	$ 7,571	$ (2,596)
Net cash used in investing activities	$ (2,929)	$ (1,948)	$ (11,650)
Net cash provided by (used in) financing activities	$ 1,413	$ (590)	$ 33,316

Cash Flows from Operating Activities

Cash provided by our operating activities was $15.8 million and $7.6 million in fiscal 2010 and 2009 respectively, compared to cash used in operating activities of $2.6 million in fiscal 2008. During fiscal 2010 cash was primarily generated by earnings from operations, adjusted for non-cash charges. Additional cash was generated by increases in current liabilities, such as customer deposits received with sales orders, accounts payable, accrued compensation and deferred profit. These increases were offset by an increase in restricted cash due to customers requiring bank guarantees for their deposits; an increase in inventory necessary to fulfill our backlog of orders; an increase in accounts receivable due to the record volumes of shipments; as well as an increase in prepayments to vendors to take advantage of available discounts. During fiscal 2009, cash was generated primarily from collection of accounts receivable and reductions in inventory. This generation of cash was partially offset by decreases in accrued liabilities and customer deposits, accounts payable and deferred profit. During fiscal 2008, cash was primarily used to finance business growth, including increases in accounts receivable and inventory. This use of cash was partially offset each fiscal year by increases in accrued liabilities and customer deposits, deferred profit and accounts payable.

Cash Flows from Investing Activities

Our investing activities for fiscal 2010, 2009 and 2008 used cash of $2.9 million, $1.9 million and $11.7 million, respectively. During fiscal 2010, the company made capital expenditures of $2.9 million, including land in the Netherlands adjacent to our current manufacturing facilities for $1.0 million. We plan to use this land to expand our current facilities due to our rapid growth. We also invested in machinery and equipment and infrastructure due to our capacity expansion, primarily at our Netherlands location. During fiscal 2009, we invested $1.1 million, primarily in manufacturing equipment, research and development equipment and building improvements. In addition, we invested $0.5 million for a license to certain solar etching technology for the removal of PSG or phosphorus silica glass and $0.3 million, the remaining installment for the license of certain solar PECVD technology. During fiscal 2008, the most significant investments were the acquisition of R2D for $7.4 million and a $1.5 million investment for additional improvements to the manufacturing facility in The Netherlands. Another significant investment in fiscal 2008 was $0.4 million paid for a license for solar PECVD technology. Other investments in fiscal 2008 consisted primarily of purchases of manufacturing equipment and research and development equipment and upgrades to information systems.

Cash Flows from Financing Activities

Cash provided by financing activities was $1.4 million in fiscal 2010, which primarily consists of $1.3 million cash received due to employee exercises of stock options. Cash used in financing activities was $0.6 million in fiscal 2009, which primarily consists of $0.5 million to purchase our common stock under the fiscal 2009 repurchase program and $0.1 million in payments on long-term debt. Cash provided by our financing activities for fiscal 2008 was $33.3 million, which primarily consists of the $33.6 million raised in our Common Stock offering, net of expenses. Other financing activities during fiscal 2008 was mainly payments on debt of $0.8 million.

We currently anticipate that our existing cash balances will be sufficient to meet our anticipated cash needs for current operations for at least the next 12 months.

Off-Balance Sheet Arrangements

As of September 30, 2010, we 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 and Commercial Commitments

We had the following contractual obligations and commercial commitments as of September 30, 2010:

Contractual obligations	Total	Less than 1 year	1-3 years	3-5 years	More than 5 years
	(dollars in thousands)				
Debt obligations	$ 158	$ 126	$ 32	$ -	$ -
Operating lease obligations:					
Buildings	2,864	938	785	522	619
Office equipment	70	41	29	-	-
Vehicles	264	123	129	12	-
Total operating lease obligations	3,198	1,102	943	534	619
Purchase obligations	40,103	40,103	-	-	-
Total	$ 43,459	$ 41,331	$ 975	$ 534	$ 619
Other commerical obligations:					
Bank guarantees	$ 6,192	$ 6,192	$ -	-	-

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 consolidated financial statements requires us to make estimates and assumptions that affect the reported amount of assets and liabilities at the date of the consolidated financial statements, the disclosure of contingent assets and liabilities at the date of the consolidated 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 collectability, 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.” We believe the following critical accounting policies affect the more significant judgments and estimates used in the preparation of our consolidated financial statements.

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

We recognize revenue when persuasive evidence of an arrangement exists; the product has been delivered and title has transferred, or services have been rendered; the seller's price to the buyer is fixed or determinable and collectability is reasonably assured. For us, this policy generally results in revenue recognition at the following points:

(1) For our equipment business, 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 the 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 disproportionate in relation to the deferred revenue. When this is the case, the gross margin recognized in one period will be lower and the gross margin reported in a subsequent period will improve.

(2) For products where the customer's defined specifications have not been met with at least two similarly configured systems and processes, the revenue and directly related costs are deferred at the time of shipment and later recognized 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.

(3) Sales of polishing supplies generally do not include process guarantees, acceptance criteria or holdbacks; therefore, the related revenue is generally recorded upon transfer of title which is generally at time of shipment.

(4) Sales of spare parts and consumables are recognized upon shipment, as there are no post shipment obligations other than standard warranties.

(5) 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.

Income taxes. The calculation of tax liabilities involves significant judgment in estimating the impact of uncertainties in the application of complex tax laws. Resolution of these uncertainties in a manner inconsistent with our expectations could have a material impact on our operations and financial condition.

We are required to apply a more likely than not threshold to the recognition and derecognition of uncertain tax positions. We are required to recognize the amount of tax benefit that has a greater than 50 percent likelihood of being ultimately realized upon settlement. It further requires that a change in judgment related to the expected ultimate resolution of uncertain tax positions be recognized in earnings in the quarter of such change. Prior to adoption, our policy was to establish reserves that reflected the probable outcome of known tax contingencies.

Inventory Valuation. We value our inventory at the lower of cost or net realizable value. Costs for approximately 90% of inventory are determined on an average cost basis with the remainder determined on a first-in, first-out (FIFO) basis. 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. 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 or unwillingness 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 collectability 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 acceptance 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 September 30, 2010, 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 and indefinite-lived intangibles are 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. Below is a more detailed explanation of the procedures we perform.

We perform a two-step impairment test of goodwill and indefinite-lived intangible assets. In the first step, we estimate the fair value of the reporting unit and compare it to the carrying value of the reporting unit. When the carrying value exceeds the fair value of the reporting unit, the second step is performed to measure the amount of the impairment loss, if any. In the second step, the amount of the impairment loss is the excess of the carrying amount of the goodwill and other intangibles not subject to amortization over their implied fair value.

The methods used to estimate fair value of the reporting unit for the purpose of determining the implied fair value of goodwill include the market approach and discounted cash flows, as follows:

i. One valuation methodology used is to determine the multiples of market value of invested capital ("MVIC") of similar public companies to their revenue for the last twelve months ("LTM") and next twelve months ("NTM"), and apply those multiples to the revenue for the comparable periods of the reporting unit being tested for impairment. One benefit of this approach is it is the closest to quoted market prices that are readily available. However, we generally give less weight to this method, because the market value of the minority interest of public companies may not be that relevant to the fair value of our wholly-owned reporting units, which are not public companies. Also, MVIC to revenue for the LTM uses a historical value in the denominator, while the market values tend to be forward looking; and MVIC of revenue for the NTM involves the use of projections for both the comparable companies and the reporting unit.

ii. Another market approach that we sometimes use is based upon prices paid in merger and acquisition transactions for other companies in the same industry, again applying the MVIC to revenue of those companies to the historical and projected revenue of the reporting unit. When we use both market prices determined as described in (i), above, and prices paid in merger and acquisition transactions, we weight them to determine an indicated value under the market approach.

iii. As stated, we also use discounted cash flows as an indication of what a third-party would pay for the reporting unit in an arms-length transaction. This method requires projections of EBITDA (earnings before interest, taxes, depreciation and amortization) and applying an appropriate discount rate based on the weighted average cost of capital for the reporting unit.

We generally give the greatest weight, often 75% or more, to the discounted cash flow method, due to difficulty in identifying a sufficient number of companies that are truly comparable to a given reporting unit. This is because two of our three reporting units are relatively small businesses serving niche markets.

The material estimates and assumptions used in the discounted cash flows method of determining fair value include (i) the appropriate discount rate, given the risk-free rate of return and various risk premiums, (ii) projected revenues, (iii) projected material cost as a percentage of revenue, and (iv) the rate of increase in payroll and other expense. Quantitatively, the discount rate is the assumption that has the most pervasive effect on the discounted cash flows. We determine the discount rate used based on input from a valuation firm, which applies various approaches taking into account the particular circumstances of the reporting unit in arriving at a recommendation. For annual valuations, we test the sensitivity of the assumptions used in our discounted cash flow projection with the aid of a valuation firm, which utilizes a Monte Carlo simulation model, wherein various probabilities are assigned to the key assumptions.

In Fiscal 2009, we performed a mid-year test of the impairment of the goodwill and other intangibles due to changing circumstances regarding the Bruce Technologies reporting unit. This test required us to use judgments and estimates that could be materially different than actual results. Bruce Technologies continued to incur losses after a restructuring and cost reductions put into place during the prior fiscal year and expectations that semiconductor customers served by this reporting unit would not in the future achieve the kinds of growth rates they had in the past due to increased maturity of that industry. We used the same discount rate as used in the prior annual impairment test of this reporting unit, but the other assumptions became more conservative due to the changing circumstances. It was primarily the lowered projections of future revenue that resulted in a lower estimate of fair value and the impairment loss. The payroll and certain expense assumptions, however, were lowered to take into account a second restructuring of the reporting unit, which involved a significant reduction in the number of employees. The material cost assumption was also lowered to take into account a change in product mix.

Stock-Based Compensation. The Company measures 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 benefits of tax deductions in excess of recognized compensation cost are reported as cash flow from financing activities rather than as cash flow from operating activities.

Impact of Recently Issued Accounting Pronouncements

For discussion of the impact of recently issued accounting pronouncements, see “Item 8: Financial Statements and Supplementary Data” under Footnote 1 “Summary of Significant Accounting Policies” under “Impact of Recently Issued Accounting Pronouncements”.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Foreign Currency Risk

We are exposed to foreign currency exchange rates to the extent sales contracts, purchase contracts, assets or liabilities of our European operations are denominated in currencies other than their functional currency, Our operations in Europe, a component of the solar and semiconductor equipment business, conduct business primarily in their functional currency, the Euro, and the U.S. dollar. Nearly all of the transactions, assets and liabilities of all other operating units are denominated in the U.S. dollar, their functional currency. In fiscal 2010 and fiscal 2009, the U.S. dollar, on average, strengthened relative to the Euro by 11% and 10%, respectively. It is highly uncertain how currency exchange rates will fluctuate in the future. Actual changes in foreign exchange rates could adversely affect our operating results or financial condition.

As of September 30, 2010, we did not hold any stand-alone or separate derivative instruments. We incurred net foreign currency transaction losses of $0.4 million and less than $0.1 million in fiscal 2010 and fiscal 2009, respectively. As of September 30, 2010, our foreign subsidiaries had $1.6 million of assets (cash and receivables) denominated in U.S. dollars, rather than Euros, which is their functional currency. A 10% change in the value of the functional currency relative to the non-functional currency would result in a gain or loss of $0.2 million. As of the end of fiscal 2010, we had $2.3 million of accounts payable, consisting primarily of amounts owed by foreign subsidiaries to our U.S. companies, denominated in U.S. dollars. Even though the intercompany accounts are eliminated in consolidation, a 10% change in the value of the Euro relative to the U.S. dollar would result in a gain or loss of $0.2 million. Our net investment in and long-term advances to our foreign operations totaled $58.3 million as of September 30, 2010. A 10% change in the value of the Euro relative to the U.S. dollar would cause an approximately $5.8 million foreign currency translation adjustment, a type of other comprehensive income (loss), which would be a direct adjustment to our stockholders' equity. In fiscal 2010, we recognized net other comprehensive income of $1.6 million from translation adjustments.

During fiscal 2010 and 2009, U.S. dollar denominated sales of our European operations were $1.7 million and $4.0 million, respectively. As of September 30, 2010, sales commitments denominated in a currency other than the functional currency of our transacting operation were than $1.3 million.

All operations become less competitive relative to foreign suppliers when their functional currency strengthens relative to that of the foreign supplier. Our European operations are particularly affected when selling to customers in Asia when such customers require a purchase price in U.S. dollars. If the value of the U.S. dollar has strengthened or weakened relative to the Euro our gross margin will be reduced or increased, respectively, relative to prior transactions unless we and our customers agree to a commensurate increase or decrease, respectively, in our selling price.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The following documents are filed as part of this Annual Report on Form 10-K:

Financial Statements

Report of Independent Registered Public Accounting Firm	43
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Consolidated Statements of Operations: Years ended September 30, 2010, 2009 and 2008	46
Consolidated Statements of Stockholders' Equity and Comprehensive Income (Loss): Years ended September 30, 2010, 2009 and 2008	47
Consolidated Statements of Cash Flows: Years ended September 30, 2010, 2009 and 2008	48
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Report of Independent Registered Public Accounting Firm

To the Stockholders of

AMTECH SYSTEMS, INC.

We have audited the accompanying consolidated balance sheets of Amtech Systems, Inc. and subsidiaries (the “Company”) as of September 30, 2010 and 2009, and the related consolidated statements of operations, stockholders’ equity and comprehensive income (loss), and cash flows for each of the years in the three-year period ended September 30, 2010. These consolidated financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

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

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of September 30, 2010 and 2009, and the results of their operations and their cash flows for each of the years in the three-year period ended September 30, 2010 in conformity with accounting principles generally accepted in the United States of America.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Company’s internal control over financial reporting as of September 30, 2010, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), and our report dated November 15, 2010 expressed an unqualified opinion.

/s/ Mayer Hoffman McCann P.C.

Phoenix, Arizona
November 15, 2010

PART I FINANCIAL INFORMATION

ITEM 1. Consolidated Financial Statements

AMTECH SYSTEMS, INC. AND SUBSIDIARIES
Consolidated Balance Sheets
(in thousands except share data)

Assets	September 30, 2010	September 30, 2009
Current Assets		
Cash and cash equivalents	$ 56,764	$ 42,298
Restricted cash	6,192	1,496
Accounts receivable		
Trade (less allowance for doubtful accounts of $181 and $465 at September 30, 2010 and September 30, 2009, respectively)	9,252	8,409
Unbilled and other	15,231	5,156
Inventories	24,317	13,455
Deferred income taxes	2,130	2,290
Other	2,543	841
Total current assets	116,429	73,945
Property, Plant and Equipment - Net	9,577	8,477
Deferred Income Taxes - Long Term	2,660	1,140
Intangible Assets - Net	2,571	3,828
Goodwill	4,839	5,136
Other Assets	25	-
Total Assets	$ 136,101	$ 92,526

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Liabilities and Stockholders' Equity	September 30, 2010	September 30, 2009
Current Liabilities		
Accounts payable	$ 12,446	$ 4,181
Current maturities of long-term debt	126	121
Accrued compensation and related taxes	8,305	2,877
Accrued warranty expense	1,843	1,429
Deferred profit	11,439	4,727
Customer deposits	8,858	2,861
Other accrued liabilities	1,479	1,721
Income taxes payable	6,320	160
Total current liabilities	50,816	18,077
Income Taxes Payable Long-term	1,010	480
Other Long-Term Obligations	32	164
Total liabilities	51,858	18,721
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: 9,209,213 and 8,961,494 at September 30, 2010 and September 30, 2009, respectively	92	90
Additional paid-in capital	72,919	70,403
Accumulated other comprehensive income	(982)	661
Retained earnings	12,214	2,651
Total stockholders' equity	84,243	73,805
Total Liabilities and Stockholders' Equity	$ 136,101	$ 92,526

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

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

	Years Ended September 30,		
	2010	2009	2008
Revenues, net of returns and allowances	$ 120,019	$ 52,973	$ 80,296
Cost of sales	77,307	37,954	57,335
Gross profit	42,712	15,019	22,961
Selling, general and administrative	24,075	14,766	17,709
Impairment and restructuring charges	610	1,682	356
Research and development	2,118	509	1,094
Operating income (loss)	15,909	(1,938)	3,802
Interest and other income (expense), net	(196)	(71)	745
Income (loss) before income taxes	15,713	(2,009)	4,547
Income tax provision (benefit)	6,150	(420)	1,690
Net income (loss)	$ 9,563	$ (1,589)	$ 2,857
Income (Loss) Per Share:			
Basic income (loss) per share	$ 1.06	$ (0.18)	$ 0.33
Weighted average shares outstanding	9,022	9,019	8,719
Diluted income (loss) per share	$ 1.04	$ (0.18)	$ 0.32
Weighted average shares outstanding	9,237	9,019	8,846

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

AMTECH SYSTEMS, INC. AND SUBSIDIARIES
Consolidated Statements Of Stockholders' Equity
And Comprehensive Income (Loss)

	Common Stock Number of Shares	Amount	Additional Paid-In Capital	Accumulated Other Comprehensive Income (Loss)	Retained Earnings (Accumulated Deficit)	Total Stockholders' Equity
Balance at September 30, 2007	6,518	$ 65	$ 35,610	$ 813	$ 1,716	$ 38,204
Net income					2,857	2,857
Effect of the adoption of FIN 48					(333)	(333)
Translation adjustment				(746)		(746)
Comprehensive income						1,778
Issuance of common stock	2,500	25	33,549			33,574
Tax benefit of stock options			84			84
Stock compensation expense			473			473
Stock options exercised	78	1	419			420
Balance at September 30, 2008	9,096	$ 91	$ 70,135	$ 67	$ 4,240	$ 74,533
Net loss					(1,589)	(1,589)
Translation adjustment				594		594
Comprehensive loss						(995)
Share repurchase	(144)	(1)	(446)			(447)
Stock compensation expense			711			711
Restricted shares released	8	-				-
Stock options exercised	2	-	3			3
Balance at September 30, 2009	8,962	$ 90	$ 70,403	$ 661	$ 2,651	$ 73,805
Net income					9,563	9,563
Translation adjustment				(1,643)		(1,643)
Comprehensive income						7,920
Tax benefit of stock options			202			202
Stock compensation expense			987			987
Restricted shares released	34	-				-
Stock options exercised	214	2	1,327			1,329
Balance at September 30, 2010	9,210	$ 92	$ 72,919	$ (982)	$ 12,214	$ 84,243

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

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

	Year Ended September 30,		
	2010	2009	2008
Operating Activities			
Net income (loss)	$ 9,563	$ (1,589)	$ 2,857
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:			
Depreciation and amortization	1,763	1,559	1,339
Write-down of inventory	582	327	130
Provision for (reversal of) allowance for doubtful accounts	(56)	(57)	468
Deferred income taxes	(1,402)	25	(2,328)
Impairment of long-lived assets	610	1,062	-
Non-cash share based compensation expense	987	711	473
Changes in operating assets and liabilities:			
Change in restricted cash	(4,763)	1,421	(546)
Accounts receivable	(11,621)	9,118	(8,432)
Inventories	(12,128)	2,145	(7,288)
Accrued income taxes	6,549	(760)	421
Prepaid expenses and other assets	(1,752)	641	125
Accounts payable	8,436	(2,271)	1,264
Accrued liabilities and customer deposits	12,057	(4,128)	5,976
Deferred profit	6,975	(633)	2,945
Net cash provided by (used in) operating activities	15,800	7,571	(2,596)
Investing Activities			
Purchases of property, plant and equipment	(2,929)	(1,148)	(3,136)
Increase in restricted cash - non-current	-	645	(678)
Investment in R2D	-	(645)	(7,436)
Investment in note receivable	(1,000)	-	-
Proceeds from note receivable	1,000	-	-
Payment for licensing agreement	-	(800)	(400)
Net cash used in investing activities	(2,929)	(1,948)	(11,650)
Financing Activities			
Proceeds from issuance of common stock, net	1,328	3	33,994
Purchase of common stock under repurchase program	-	(448)	-
Payments on long-term obligations	(117)	(145)	(762)
Excess tax benefit of stock options	202	-	84
Net cash provided by (used in) financing activities	1,413	(590)	33,316
Effect of Exchange Rate Changes on Cash	182	(236)	61
Net Increase in Cash and Cash Equivalents	14,466	4,797	19,131
Cash and Cash Equivalents, Beginning of Year	42,298	37,501	18,370
Cash and Cash Equivalents, End of Year	$ 56,764	$ 42,298	$ 37,501
Supplemental Cash Flow Information:			
Interest paid	$ 80	$ 76	$ 244
Income tax refunds	665	1,450	96
Income tax payments	1,508	1,738	3,463
Supplemental Non-cash Financing Activities:			

Transfer inventory to capital equipment	-	116	-

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

Notes to Consolidated Financial Statements
For the Years Ended September 30, 2010, 2009 and 2008

1. Summary of Significant Accounting Policies

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 wafers, primarily for the solar and semiconductor industries. The Company sells these products to manufacturers of solar cells, silicon wafers, and semiconductors worldwide, particularly in the Asia, United States and northern Europe. In addition, the Company provided semiconductor manufacturing support services through fiscal 2009.

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.

Principles of Consolidation –The consolidated financial statements include the accounts of Amtech and its wholly owned subsidiaries. All material intercompany accounts and transactions have been eliminated in consolidation.

Use of Estimates - The preparation of consolidated 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 consolidated financial statements and the reported amounts of revenue 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 or (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 that 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 our revenue 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:

	September 30,		
	2010	2009	2008
	(dollars in thousands)		
Deferred revenues	$ 12,577	$ 6,904	$ 6,934
Deferred costs	1,138	2,177	1,582
Deferred profit	$ 11,439	$ 4,727	$ 5,352

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Cash Equivalents – Cash equivalents consist of money market mutual funds invested in securities issued by the U.S. Government and its agencies and time certificates of deposit.

Restricted Cash – Current restricted cash of $6.2 million as of September 30, 2010 consists of collateral for bank guarantees required by certain customers from whom deposits have been received in advance of shipment. Current restricted cash of $1.5 million as of September 30, 2009 consists of collateral for bank guarantees of $1.0 million required by certain customers from whom deposits have been received in advance of shipment and cash in an escrow account related to contingent payments of $0.5 million paid in fiscal 2010 to the sellers of R2D upon the fulfillment of certain requirements.

Accounts receivable and allowance for doubtful accounts – Accounts receivable are recorded at the gross sales price of products sold to customers on trade credit terms. Accounts receivable are considered past due when payment has not been received from the customer within the normal credit terms extended to that customer. A valuation allowance is established for accounts when collection is no longer probable. Accounts are written off against the allowance when the probability of collection is remote.

The following is a summary of the activity in the Company's allowance for doubtful accounts:

	Years Ended September 30,		
	2010	2009	2008
	(dollars in thousands)		
Balance at beginning of year	$ 465	$ 588	$ 126
Provision / (adjustment)	(56)	(57)	468
Write offs	(228)	(66)	(50)
Acquired through business acquisitions	-	-	44
Balance at end of year	$ 181	$ 465	$ 588

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 customer acceptance. The majority of these amounts are offset by balances included in deferred profit. As of September 30, 2010, the unbilled and other includes $2.2 million of Value Added Tax (VAT) receivables at our Netherlands operations. These are taxes that we have paid to our vendors that will be refunded to the Company by the government.

Concentrations of Credit Risk – Financial instruments that potentially subject the Company to significant concentrations of credit risk consist principally of cash and trade accounts receivable. The Company's customers consist of manufacturers of solar cells, semiconductors, semiconductor wafers, and MEMS 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 collectability.

The Company maintains its cash, cash equivalents and restricted cash in multiple financial institutions. Balances in the United States are insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000 per institution. Balances on deposit exceed insured amounts. The Company also maintains cash in banks in The Netherlands and France that are uninsured. The Company has $62.2 million in cash and restricted cash that is not insured as of September 30, 2010.

As of September 30, 2010 three customers individually represented 25%, 11% and 11% of accounts receivable. As of September 30, 2009, receivables from three customers individually represented 19%, 11%, and 10% of accounts receivable, respectively

Refer to Note 8, Business Segments and Geographic Regions, for information regarding revenue and assets in other countries subject to fluctuation in foreign currency exchange rates.

Inventories – We value our inventory at the lower of cost or net realizable value. Costs for approximately 90% of inventory are determined on an average cost basis with the remainder determined on a first-in, first-out (FIFO) basis. The components of inventories are as follows:

	September 30, 2010	September 30, 2009
	(dollars in thousands)	
Purchased parts and raw materials	$ 12,894	$ 7,550
Work-in-process	9,497	3,277
Finished goods	1,926	2,628
	$ 24,317	$ 13,455

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 and amortization are removed from the applicable accounts when disposition occurs and any gain or loss is recognized. Depreciation and amortization is computed using the straight-line method. Depreciation expense was $1.3 million, $1.1 million and $1.0 million in fiscal 2010, 2009 and 2008, respectively. Useful lives for equipment, machinery and leasehold improvements range from three to seven years; for furniture and fixtures from five to ten years; and for buildings twenty years.

The following is a summary of property, plant and equipment:

	September 30, 2010	September 30, 2009
	(dollars in thousands)	
Land, building and leasehold improvements	$ 8,099	$ 7,124
Equipment and machinery	4,918	4,295
Furniture and fixtures	3,991	3,404
	17,008	14,823
Accumulated depreciation and amortization	(7,431)	(6,346)
	$ 9,577	$ 8,477

Goodwill - Goodwill and intangible assets with indefinite lives are not subject to amortization, but are tested for impairment at least annually. Goodwill is reviewed for impairment on an annual basis, typically at the end of the fiscal year, or more frequently if circumstances dictate. Circumstances in the quarter ended March 31, 2009 required the Company to test long-lived assets for recoverability and impairment. See Note 10, “Impairment and Restructuring Charge” for a description of the facts and circumstances leading to the interim impairment test and the amount and method of calculating the impairment charge.

Intangibles - Intangible assets are capitalized and amortized over their useful life if the life is determinable. If the life is not determinable, amortization is not recorded. Amortization expense related to intangible assets was $0.4 million, $0.5 million and $0.4 million in fiscal 2010, 2009 and 2008, respectively. The aggregate amortization expense for the intangible assets for each of the five succeeding fiscal years is estimated to be $0.4 million in 2011, 2012, 2013, 2014 and 2015 and $0.6 million, thereafter.

Long-lived assets are reviewed for impairment when events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Circumstances in the quarter ended June 30, 2010 and March 31, 2009 required the Company to test long-lived assets for recoverability and impairment. See Note 10, “Impairment and Restructuring Charge” for a description of the facts and circumstances leading to the interim impairment test and the amount and method of calculating the impairment charge.

The following is a summary of intangibles:

	Useful Life	September 30, 2010	September 30, 2009
		(dollars in thousands)	
Non-compete agreements	8 years	$ 166	$ 178
Customer lists	10 years	876	940
Technology	10 years	1,737	1,863
Licenses	10 years	890	1,500
Other	2-10 years	90	96
		3,759	4,577
Accumulated amortization		(1,188)	(749)
		$ 2,571	$ 3,828

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:

	Years Ended September 30, 2010	2009	2008
	(dollars in thousands)		
Beginning balance	$ 1,429	$ 1,155	$ 256
Warranty expenditures	(622)	(942)	(602)
Assumed liability from acquisition	-	-	505
Reserve Adjustment	1,036	1,216	996
Ending balance	$ 1,843	$ 1,429	$ 1,155

Research and Development Expenses - 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. The Company receives reimbursements through governmental research and development grants which are netted against these expenses. The table below shows gross research and development expenses and grants earned:

	Years Ended September 30, 2010	2009	2008
	(dollars in thousands)		
Research and development	$ 2,986	$ 1,169	$ 1,114
Grants earned	(868)	(660)	(20)
Net research and development	$ 2,118	$ 509	$ 1,094

Shipping expense – Shipping expenses of $2.5 million, $0.7 million and $1.0 million for fiscal 2010, 2009 and 2009 are included in selling, general and administrative expenses.

Foreign Currency Transactions and Translation – The functional currency of the Company's European operations is the Euro. Net income includes pretax net losses from foreign currency transactions of $0.4 million, $0.1 million and $0.1 million in fiscal 2010, 2009 and 2008, respectively. The gains or losses resulting from the translation of foreign financial statements have been included in other comprehensive income (loss).

Income Taxes – The Company files consolidated federal income tax returns and computes deferred income tax assets and liabilities based upon cumulative temporary differences between financial reporting and taxable income, carryforwards available and enacted tax laws.

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. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management and 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.

Stock-Based Compensation - The Company measures 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 benefits of tax deductions in excess of recognized compensation cost are reported as cash flow from financing activities rather than as cash flow from operating activities.

Stock-based compensation expense for the fiscal years ended September 30, 2010, 2009 and 2008 reduced the Company's results of operations as follows:

	Years Ended September 30,		
	2010	2009	2008
	(dollars in thousands, except per share amounts)		
Effect on income before income taxes	$ (987)	$ (711)	$ (473)
Effect on net income	$ (558)	$ (547)	$ (380)
Effect on basic income per share	$ (0.06)	$ (0.06)	$ (0.04)
Effect on diluted income per share	$ (0.06)	$ (0.06)	$ (0.04)

The Company awards restricted shares under the existing share-based compensation plans. Our restricted share-awards vest in equal annual installments over a two or four-year period. The total value of these awards is expensed on a ratable basis over the service period of the employees receiving the grants. The "service period" is the time during which the employees receiving grants must remain employees for the shares granted to fully vest.

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 ten years from the date of grant, with the most recent grant expiring in 2020. Options vest over 1 to 5 years. The Company estimates the fair value of stock option awards on the date of grant using the Black-Scholes option pricing model using the following assumptions:

	Years Ended September 30,		
	2010	2009	2008
Risk free interest rate	2.1%	1.9%	3.3%
Expected life	6 years	6 years	6 years
Dividend rate	0%	0%	0%
Volatility	69%	66%	62%
Forfeiture rate	4%	6%	9%

To estimate expected lives for this valuation, it was assumed that options will be exercised at varying schedules after becoming fully vested. 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. The Company uses historical stock prices to determine the volatility factor.

Fair Value of Financial Instruments – Cash, Cash Equivalents and Restricted Cash - The carrying amount of these assets on the Company's Consolidated Balance Sheets approximates their fair value because of the short maturities of these instruments.

Receivables, Payables and Accruals—The recorded amounts of financial instruments, including Accounts Receivable, Accounts Payable, and Accrued Liabilities, approximate their fair value because of the short maturities of these instruments.

Long-term Debt— The carrying values of the Company's long-term debt (see Note 5) approximate fair value because their variable interest rates approximate the prevailing interest rates for similar debt instruments.

Pensions—The Company has retirement plans covering substantially all employees. The principal plans are defined contribution plans, except for the plans of the Company's operations in the Netherlands and France and the plan for hourly union employees in Pennsylvania. The Company's employees in the Netherlands participate in a multi-employer plan. Payment to defined contribution plans and the multi-employer plan are recognized as an expense in the Consolidated Statement of Operations as they fall due.

Impact of Recently Issued Accounting Pronouncements

In October 2009, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2009-13, Revenue Recognition–Multiple Deliverable Revenue Arrangements. This guidance updates the existing multiple-element revenue arrangements guidance currently included in FASB ASC 605-25, Revenue Recognition–Multiple–Element Arrangements. The revised guidance provides for two significant changes to the existing multiple element revenue arrangements guidance. The first change relates to the determination of when the individual deliverables included in a multiple-element arrangement may be treated as separate units of accounting. The second change modifies the manner in which the transaction consideration is allocated across the separately identified deliverables. This guidance also significantly expands the disclosures required for multiple-element revenue arrangements. The revised multiple-element revenue arrangements guidance will be effective the fiscal year ending September 30, 2011, however, early adoption is permitted, provided that the revised guidance is retroactively applied to the beginning of the year of adoption. The Company is not planning to adopt this guidance early and the Company has not yet determined the impact, if any, the adoption of this guidance will have on its consolidated financial statements.

2. Stock-Based Compensation

Stock-Based Plans –The 2007 Employee Stock Option Plan (the "2007 Plan"), under which 500,000 shares could be granted, was adopted by the Board of Directors in April 2007, and approved by the shareholders in May 2007. The 1998 Employee Stock Option Plan (the "1998 Plan"), under which 50,000 shares could be granted, was adopted by the Board of Directors in January 1998, and approved by shareholders in March 1998. The number of shares available for options under the 1998 Plan has since been increased to 500,000 shares through authorization by the Board of Directors and approval of shareholders. The 1998 Plan expired in January 2008. The Non-Employee Directors Stock Option Plan was approved by the shareholders in 1996 for issuance of up to 100,000 shares of Common Stock to directors. In July 2005, the Board of Directors authorized, and shareholders approved, an increase in the number of shares available for options under the Non-Employee Directors Stock Option Plan to 200,000 shares. In the second quarter of fiscal 2009, the Company's shareholders approved an amendment to our 2007 Employee Stock Incentive Plan and our Non-Employee Directors Stock Option Plan to authorize an additional 900,000 and 150,000 shares, respectively.

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 2020. Options issued by the Company vest over one to five years. The Company may also grant restricted stock awards under the 2007 Plan.

As of September 30, 2010 and 2009, the unamortized expense related to restricted shares was $0.6 million and $0.4 million and it is expected to be recognized over two and three years, respectively.

Restricted stock transactions and outstanding are summarized as follows:

	Years Ended September 30,			
	2010		2009	
	Awards	Weighted Average Grant Date Fair Value	Awards	Weighted Average Grant Date Fair Value
Beginning Outstanding	122,875	$ 5.85	30,500	$ 14.79
Awarded	40,751	8.00	100,000	3.80
Released	(33,625)	6.46	(7,625)	14.79
Forfeited	(1,250)	8.20	-	-
Ending Outstanding	128,751	$ 6.34	122,875	$ 5.85

Stock-based compensation plans are summarized in the table below:

Name of Plan	Shares Authorized	Shares Available	Options Outstanding	Plan Expiration
2007 Employee Stock Incentive Plan	1,400,000	821,737	388,437	Apr. 2017
1998 Employee Stock Option Plan	500,000	-	169,493	Jan. 2008
Non-Employee Directors Stock Option Plan	350,000	151,600	78,353	Jul. 2015
		973,337	636,283	

Stock options were valued using the Black-Scholes option pricing model. See Note 1 for further discussion. Stock option transactions and the options outstanding are summarized as follows:

	Years Ended September 30,					
	2010		2009		2008	
	Options	Weighted Average Exercise Price	Options	Weighted Average Exercise Price	Options	Weighted Average Exercise Price
Outstanding at beginning of period	691,403	$ 7.03	487,053	$ 8.39	450,303	$ 6.44
Granted	165,499	8.05	219,000	3.98	120,000	13.65
Exercised	(214,094)	6.19	(1,500)	2.00	(78,125)	5.37
Forfeited/cancelled	(6,525)	5.70	(13,150)	7.34	(5,125)	6.38
Outstanding at end of period	636,283	7.59	691,403	$ 7.03	487,053	$ 8.39
Exercisable at end of period	259,595	$ 7.97	317,877	$ 7.30	253,837	$ 6.54
Weighted average grant-date fair value of options granted during the period	$ 4.98		$ 2.33		$ 8.01	

The following tables summarize information for stock options outstanding and exercisable as of September 30, 2010:

Range of Exercise Prices		Options Outstanding Number Outstanding	Remaining Contractual Life (in years)	Average Exercise Price	Aggregate Intrinsic Value (in thousands)
$	3.01 - 4.00	160,315	8.2	3.75	2,278
	4.01 - 5.00	1,250	0.5	4.36	17
	5.01 - 6.00	41,349	6.7	5.38	520
	6.01 - 7.00	207,250	6.4	6.51	2,373
	7.01 - 8.00	23,000	5.9	7.30	245
	8.01 - 9.00	15,000	5.9	8.41	143
	9.01 - 10.00	5,000	5.4	9.05	45
	10.01 - 11.00	75,119	9.5	10.65	549
	11.01 - 15.00	108,000	7.2	13.99	429
		636,283	7.3	$ 7.59	$ 6,599
	Vested and expected to vest as of September 30, 2010	618,802	7.3	$ 7.60	$ 6,411

Range of Exercise Prices		Options Exercisable Number Exercisable	Weighted Average Exercise Price	Aggregate Intrinsic Value (in thousands)
$	3.01 - 4.00	29,491	3.71	420
	4.01 - 5.00	1,250	4.36	17
	5.01 - 6.00	36,545	5.42	458
	6.01 - 7.00	96,450	6.77	1,080
	7.01 - 8.00	18,000	7.30	192
	8.01 - 9.00	13,000	8.39	124
	9.01 - 10.00	5,000	9.05	45
	10.01 - 11.00	5,356	10.69	39
	11.01 - 15.00	54,503	13.97	218
		259,595	$ 7.97	$ 2,593

The aggregate intrinsic value in the tables above represents the total pretax intrinsic value, based on the Company’s closing stock price of $17.96 per share as of September 30, 2010, which would have been received by the option holders had all option holders exercised their options as of that date. The total intrinsic value of stock options exercised during the fiscal years ended September 30, 2010, 2009 and 2008 was $1.8 million, less than $0.1 million and $0.6 million, respectively.

3. Earnings Per Share

Basic earnings per share is computed by dividing net income (loss) available to common stockholders (net income less accrued preferred stock dividends) by the weighted average number of common shares outstanding for the period. Diluted earnings (loss) per share is computed similarly to basic earnings per share 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 (loss). In the case of a net loss, diluted earnings per share is calculated in the same manner as basic earnings per share. Options and restricted stock of approximately 229,000, 721,500 and 160,500 shares are excluded from the fiscal 2010, 2009 and 2008 earnings per share calculations as they are anti-dilutive.

	2010		2009		2008	
	(dollars in thousands, except per share amounts)					
Basic Income (Loss) Per Share Computation						
Net income (loss)	$	9,563	$	(1,589)	$	2,857
Weighted Average Shares Outstanding:						
Common stock		9,022		9,019		8,719
Basic income (loss) per share	$	1.06	$	(0.18)	$	0.33
Diluted Income (Loss) Per Share Computation						
Net income (loss)	$	9,563	$	(1,589)	$	2,857
Weighted Average Shares Outstanding:						
Common stock		9,022		9,019		8,719
Common stock equivalents		215		-		127
Diluted shares		9,237		9,019		8,846
Diluted income (loss) per share	$	1.04	$	(0.18)	$	0.32

4. Other Long-Term Obligations

In October 2006, the Company financed a de-burring machine purchased in the fourth quarter of fiscal 2006. The Company financed $0.4 million at an interest rate of 7.43% with 60 equal monthly payments of $7,000, including principal and interest. The outstanding principal balance of this loan was $0.1 million and $0.2 million as of September 30, 2010 and 2009, respectively.

In October 2007, the Company acquired, through the acquisition of R2D, a CNC machine purchased in the 3rd quarter of fiscal 2007. The amount originally financed was $0.1 million at an interest rate of 5.1% with 60 equal monthly payments of $2,000, including principal and interest. The outstanding balance at the time of the acquisition was $0.1 million. The outstanding principal balance of this loan was less than $0.1 million and $0.1 million as of September 30, 2010 and 2009, respectively.

In October 2007, the Company acquired, through the acquisition of R2D, a CNC machine purchased in the 4th quarter of fiscal 2007. The amount originally financed was $0.1 million at an interest rate of 5.2% with 60 equal monthly payments of $2,000, including principal and interest. The outstanding balance at the time of the acquisition was $0.1 million. The outstanding principal balance of this loan was less than $0.1 million and $0.1 million as of September 30, 2010 and 2009, respectively.

Total maturities of long term debt are $0.1 million in 2011, less than $0.1 million in 2012 and zero, thereafter. Interest expense was $0.1 million, $0.1 million, and $0.2 million for fiscal 2010, 2009, and 2008, respectively.

5. Stockholders' Equity

Stock Repurchase Program – In December 2008, the Board of Directors approved a stock repurchase program authorizing the repurchase of up to $4 million of its common stock. Under the program, shares may be repurchased from time to time in open market transactions at prevailing market prices or in privately negotiated purchases. The timing and actual number of shares purchased will depend on a variety of factors, such as price, corporate and regulatory requirements, alternative investment opportunities, and other market and economic conditions. The program may be commenced, suspended or terminated at any time, or from time-to-time at management's discretion without prior notice. During fiscal 2009, the Company repurchased 144,000 shares for $0.4 million in cash at an average cost of $3.09 per share. The repurchased shares were retired immediately after the repurchases were complete. Retirement of the repurchased shares is recorded as a reduction of common stock and additional paid-in-capital.

Shareholder Rights Plan – On December 15, 2008, the Company and Computershare Trust Company, N.A., as Rights Agent (the "Rights Agent"), entered into an Amended and Restated Rights Agreement (the "Restated Rights Agreement") which amends and restates the terms governing the previously authorized shareholder rights (each a "Right") to purchase fractional shares of the Company's Series A Participating Preferred Stock ("Series A Preferred") currently attached to each of the Company's outstanding Common Shares, par value $0.01 per share ("Common Shares"). As amended, each Right entitles the registered holder to purchase from the Company one one-thousandth of a share of Series A Preferred at an exercise price of $51.60 (the "Exercise Price"), subject to adjustment. The Final Expiration Date (as defined in the Restated Rights Agreement) is December 14, 2018.

Other than extending the Final Expiration Date (as defined in the Restated Rights Agreement) of the Rights to December 14, 2018 and adjusting the Exercise Price, there were no material changes to the principal terms of the Rights. The Restated Rights Agreement also contains certain other changes in order to address current law and practice with respect to shareholder rights plans.

Public Offerings - In November 2007, the Company completed an underwritten public offering of 2,500,000 shares of its common stock at a price to the public of $14.41 per share. Net proceeds to the Company were approximately $33.6 million, net of approximately $0.3 million of offering expenses and $2.2 million of underwriting commissions. The Company intends to use the net proceeds from this offering for working capital and other general corporate purposes. Pending application of these proceeds, the Company will invest the net proceeds in short-term, interest bearing investment grade securities.

6. Commitments and Contingencies

Purchase Obligations – As of September 30, 2010, we had unrecorded purchase obligations in the amount of $40.1 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.

Legal Proceedings –The Company and its subsidiaries are defendants from time to time in actions for matters arising out of their business operations. The Company does not believe that any matters or proceedings presently pending will have a material adverse effect on its consolidated financial position, results of operations or liquidity.

License agreement – The Company entered into amendments with one of our technology partners to both the PSG license and the PECVD license to expand the licenses to include one future model of the PSG dry etch systems and three future models of the PECVD system. These amendments to the licenses require the Company to pay additional license fees upon successful achievement of the agreed upon specifications of each of the four new models. The four payments range from three hundred million South Korean Won (KRW), approximately $230,000, to one billion KRW, approximately $780,000, for maximum total payments of approximately $1,420,000. Such payments will be recorded as additional intangibles, the cost of which will be amortized over the life of the license. Due to the extended amount of time to reach the agreed upon specifications it is uncertain whether these commitments will materialize.

Operating Leases –The Company leases buildings, vehicles and equipment under operating leases. Rental expense under such operating leases was $1.0 million in fiscal 2010 and $0.9 million in fiscal 2009 and 2008, respectively. As of September 30, 2010, future minimum rental commitments under non-cancelable operating leases with initial or remaining terms of one year or more totaled $3.2 million, of which $1.1 million, $0.6 million, $0.4 million, $0.3 million and $0.2 million is payable in fiscal 2011, 2012, 2013, 2014 and 2015, respectively, and $0.6 million, thereafter.

7. Major Customers and Foreign Sales

Three customers individually accounted for 28%, 16% and 20% of net revenue during fiscal 2010, 2009 and 2008, respectively. Yingli Green Energy (Yingli) accounted for 28%, 4% and 20% of our net revenue in fiscal 2010, 2009 and 2008, respectively.

Our net revenues for fiscal 2010, 2009 and 2008 were to customers in the following geographic regions:

	Years Ended September 30,		
	2010	2009	2008
United States	7%	18%	15%
Other	0%	0%	1%
Total North America	7%	18%	16%
Taiwan	17%	22%	14%
China	64%	39%	48%
Other	3%	7%	6%
Total Asia	84%	68%	68%
Germany	3%	5%	5%
Other	6%	9%	11%
Total Europe	9%	14%	16%
	100%	100%	100%

8. Business Segments and Geographic Regions

The Company is no longer required to present separate reportable segments as none of our operating segments meet the quantitative thresholds.

The Company has manufacturing operations in The Netherlands, United States and France. Revenues, operating income (loss) and identifiable assets by geographic region are as follows:

	Years Ended September 30,		
	2010	2009	2008
	(dollars in thousands)		
Net revenue:			
The Netherlands	$ 93,389	$ 40,854	$ 58,642
United States	15,020	9,877	18,478
France	11,610	2,242	3,176
	$ 120,019	$ 52,973	$ 80,296
Operating income (loss):			
The Netherlands	$ 12,165	$ 2,255	$ 6,342
United States	(1,955)	(4,131)	(2,304)
France	5,699	(62)	(236)
	$ 15,909	$ (1,938)	$ 3,802

	As of September 30,	
	2010	2009
Net Long-lived Assets (excluding intangibles and goodwill)		
The Netherlands	$ 8,273	$ 6,902
United States	3,532	2,182
France	457	533
	$ 12,262	$ 9,617

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9. Income Taxes

The components of the provision (benefit) for income taxes are as follows:

	Year Ended September 30,		
	2010	2009	2008
	(dollars in thousands)		
Current:			
Domestic Federal	$ 200	(330)	$ 1,600
Foreign	7,200	640	2,300
Domestic state	110	10	20
	7,510	320	3,920
Deferred:			
Domestic Federal	(1,540)	(710)	(2,100)
Foreign	180	(110)	(140)
Domestic state	-	80	10
	(1,360)	(740)	(2,230)
	$ 6,150	$ (420)	$ 1,690

A reconciliation of actual income taxes to income taxes at the expected United States federal corporate income tax rate of 34 percent is as follows:

	Year Ended September 30,		
	2010	2009	2008
	(dollars in thousands)		
Tax provision (benefit) at the statutory federal rate	$ 5,340	$ (680)	$ 1,550
Effect of permanent book-tax differences	240	130	190
State tax provision	20	20	10
Valuation allowance for net deferred tax assets	90	80	(230)
Uncertain tax items	530		
Expiration of foreign net operating loss	-	-	70
Other items	(70)	30	100
	$ 6,150	$ (420)	$ 1,690

Deferred income taxes 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. The tax effects of temporary book-tax differences that give rise to significant portions of the deferred tax assets and deferred tax liability are as follows:

	Year Ended September 30,		
	2010	2009	2008
	(dollars in thousands)		
Deferred tax assets - current:			
Capitalized inventory costs	$ 470	$ 310	470
Inventory write-downs	820	870	700
Accrued Warranty	370	520	410
Deferred profits	(180)	(10)	1,800
Accruals and reserves not currently deductible	650	600	1,120
	2,130	2,290	4,500
Valuation allowance	-	-	-
Deferred tax assets - current net of valuation allowance	2,130	2,290	4,500
Deferred tax assets (liabilities)- non-current:			
Stock option expense	430	310	110
Book vs. tax basis of acquired assets	(670)	(830)	(900)
State net operating losses	380	300	220
Book vs. tax depreciation and amortization	350	150	(150)
Foreign tax credits	2,540	1,490	-
Other deferred tax assets	20	20	-
Total deferred tax assets - net	3,050	1,440	(720)
Valuation allowance	(390)	(300)	(220)
Deferred tax assets net of valuation allowance	$ 2,660	$ 1,140	$ (940)

Changes in the deferred tax valuation allowance are as follows:

	Year Ended September 30,		
	2010	2009	2008
	(dollars in thousands)		
Balance at the beginning of the year	$ 300	$ 220	$ 450
Additions (subtractions) to valuation allowance	90	80	(230)
Balance at the end of the year	$ 390	$ 300	$ 220

The Company has net operating losses in some states at September 30, 2010 which expire in varying amounts between 2011 and 2014. These operating losses have been fully reserved in those states where we determined that we will not be able to utilize those net operating losses. The Company has foreign tax credits which expire in varying amounts between 2018 and 2020.

Proper 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. Tax payments of $1.5 million were made and tax refunds of $0.7 million were received during fiscal 2010.

We adopted, as of the beginning of fiscal 2008, the standards required for accounting for uncertainty in income taxes. Prior to the adoption of these standards, our policy was to establish reserves that reflected the probable outcome of known tax contingencies. The effects of final resolution, if any, were recognized as changes to the effective income tax rate in the period of resolution. The standards adopted at the beginning of fiscal 2008 require application of a "more likely than not" threshold to the recognition and derecognition of uncertain tax positions. We currently recognize the amount of tax benefit that has a greater than 50 percent likelihood of being ultimately realized upon settlement. The standards further require that a change in judgment related to the expected ultimate resolution of uncertain tax positions be recognized in earnings in the quarter of such change.

As a result of adoption, we recorded a $0.3 million increase to tax liabilities, and a $0.3 million decrease to retained earnings at the beginning of fiscal 2008.

The following table sets forth changes in our total gross unrecognized tax benefit liabilities for fiscal 2010. Approximately $1.1 million of this total represents the amount that, if recognized would favorably affect our effective income tax rate in future periods.

	(dollars in thousands)
Balance as of September 30, 2009	$ 480
Tax positions related to current year:	
Additions	490
Reductions	-
Tax positions related to prior years:	
Additions	70
Reductions	-
Settlements	-
Lapses in statues of limitations	(30)
Balance as of September 30, 2010	$ 1,010

We have classified all of our liabilities for uncertain tax positions as income taxes payable long-term.

We report accrued interest and penalties related to unrecognized tax benefits in income tax expense. For fiscal 2010, we recognized a net expense for interest and penalties of $0.1 million resulting in an accrual of $0.2 million for potential accrued interest and penalties as of September 30, 2010.

We do not expect that the amount of our tax reserves will materially change in the next 12 months other than the continued accrual of interest and penalties.

We have not signed any agreements with the Internal Revenue Service, any state or foreign jurisdiction to extend the statute of limitations for any fiscal year. As such, the number of open years is the number of years dictated by statute in each of the respective taxing jurisdictions, but generally is from 3 to 5 years.

During the current fiscal year, we recorded a benefit of less than $0.1 million, resulting from the reversal of liabilities in taxing jurisdictions where the statute of limitations had expired.

Various examinations by United States, state or foreign tax authorities could be conducted for any open tax year.

10. Impairment and Restructuring Charge

Long-lived assets are reviewed for impairment when events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The methods used to estimate fair value include the market approach (Level 2) and discounted cash flows (Level 3). The Company gives the greatest weight to the discounted cash flow method. The material estimates and assumptions used in the discounted cash flows method of determining fair valued include: the appropriate discount rate, given the risk-free rate of return and various risk premiums; projected revenues; projected material costs as a percentage of revenue; and the rate of increase in payroll and other expense.

In April 2007, the Company entered into a license agreement with one of the Company's technology partners to market, sell, install, service and manufacture machinery and equipment for the manufacturing of photovoltaic cells that employs PECVD Technology (Licensed Product) developed by the technology partner. Under the terms of this agreement the Company paid $1.0 million to the technology partner. The license agreement expires in January 2019. These payments are being amortized over the life of the agreement. Recently, several new competitors have entered the market and management has determined that the market opportunity for the licensed product has decreased. This recent development and the extended amount of time to develop the licensed product caused management to review the licensed product for impairment and recoverability.

In Fiscal 2010, it was determined that the carrying value of the license subject to amortization was not fully recoverable; therefore, an impairment charge of $0.6 million was recorded for the excess of carrying value over the fair value of the license. The fair value of the license was determined through estimates of the present value of future cash flows based upon the anticipated future use of the license.

The Bruce operations were restructured in the second quarter of fiscal 2009 to focus primarily on a parts supply business versus furnace systems sales. The restructuring resulted in a charge of $620,000 in the second quarter of fiscal 2009. We conducted an assessment of the ability to recover the carrying amount of long-lived assets of the Bruce operations. It was determined that the carrying value of the net assets was not fully recoverable; therefore, an impairment charge of $373,000 was recorded in the second quarter of fiscal 2009 for the excess of carrying value over the fair value of the customer list and non-compete agreement. The carrying values of goodwill ($89,000) and the Bruce trademark ($592,000) were also recorded as an impairment charge in the second quarter of fiscal 2009.

In the third quarter of fiscal 2008, Bruce Technologies operations were reorganized to better position the Company for profitability in light of lower plant utilization resulting from a slowdown in the semiconductor industry. As a result of this reorganization, the Company notified certain personnel of their termination date and severance and recorded a restructuring charge of $0.4 million. All amounts had been paid as of September 30, 2008. These charges are presented as a separate line item on the Consolidated Statements of Operations.

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11. Selected Quarterly Data (Unaudited)

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Fiscal Year 2010:	(in thousands, except per share amounts)			
Revenue	$ 15,457	$ 16,077	$ 43,072	$ 45,413
Gross margin	$ 4,600	$ 4,708	$ 15,752	$ 17,652
Net income	$ 80	$ 206	$ 3,876	$ 5,401
Net income per share:				
Basic	$ 0.01	$ 0.02	$ 0.43	$ 0.60
Shares used in calculation	8,972	9,018	9,021	9,077
Diluted	$ 0.01	$ 0.02	$ 0.42	$ 0.58
Shares used in calculation	9,059	9,239	9,231	9,376
Fiscal Year 2009:	(in thousands, except per share amounts)			
Revenue	$ 17,872	$ 10,904	$ 12,528	$ 11,669
Gross margin	$ 6,086	$ 2,357	$ 3,582	$ 2,994
Net income (loss)	$ 860	$ (2,012)	$ (235)	$ (202)
Net income (loss) per share:				
Basic	$ 0.09	$ (0.22)	$ (0.03)	$ (0.02)
Shares used in calculation	9,098	9,057	8,960	8,960
Diluted	$ 0.09	$ (0.22)	$ (0.03)	$ (0.02)
Shares used in calculation	9,109	9,057	8,960	8,960

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

Conclusion Regarding the Effectiveness of Disclosure Controls and Procedures

Our management, including our Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"), has carried out an evaluation of the effectiveness of our disclosure controls and procedures as defined in Exchange Act Rules 13a-15(e) and 15(d)-15(e). Based upon that evaluation, our CEO and CFO have concluded that our disclosure controls and procedures in place were effective as of September 30, 2010.

Management's Report on Internal Control Over Financial Reporting

To the Shareholders of Amtech Systems, Inc.,

The management of Amtech Systems, Inc. is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rules 13a-15(f) and 15d-15(f). Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.

Because of its inherent limitations, our controls and procedures may not prevent or detect misstatements. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the controls system are met. Because of the inherent limitations in all controls systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, have been detected.

Management assessed the effectiveness of our internal control over financial reporting based on the criteria in Internal Control — Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on its evaluation under the criteria in Internal Control — Integrated Framework, management concluded that our internal control over financial reporting was effective as of September 30, 2010.

There were no changes in our internal controls over financial reporting that occurred during the year ended September 30, 2010, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

The Company's independent registered public accounting firm, Mayer Hoffman McCann P.C., has issued an audit report on the Company's internal control over financial reporting. The report on the audit of internal control over financial reporting is set forth below.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Stockholders of

AMTECH SYSTEMS, INC.

We have audited the internal control over financial reporting of Amtech Systems, Inc. and subsidiaries (the “Company”) based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Amtech Systems, Inc.’s management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management’s Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the effectiveness of the Company’s internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company’s internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company’s assets that could have a material effect on the consolidated financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of September 30, 2010, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets and the related consolidated statements of operations, stockholders’ equity and comprehensive income (loss), and cash flows of Amtech Systems, Inc., and our report dated November 15, 2010 expressed an unqualified opinion.

/s/ MAYER HOFFMAN MCCANN P.C.

Phoenix, Arizona

November 15, 2010

ITEM 9B. OTHER INFORMATION

None.

PART III

Pursuant to Paragraph G(3) of the General Instructions to Form 10-K, the information required by Part III of Form 10-K are incorporated by reference to Amtech's Definitive Proxy Statement to be filed with the Securities and Exchange Commission in connection with its 2011 Annual Meeting of Stockholders (the "Proxy Statement").

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND GOVERNANCE

The information required by this item is incorporated herein by reference to the Proxy Statement, which will be filed with the Securities and Exchange Commission within 120 days of the end of our fiscal year.

ITEM 11. EXECUTIVE COMPENSATION

The information required by this item is incorporated herein by reference to the Proxy Statement, which will be filed with the Securities and Exchange Commission within 120 days of the end of our fiscal year.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The information required by this item is incorporated herein by reference to the Proxy Statement, which will be filed with the Securities and Exchange Commission within 120 days of the end of our fiscal year.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The information required by this item is incorporated herein by reference to the Proxy Statement, which will be filed with the Securities and Exchange Commission within 120 days of the end of our fiscal year.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

The information required by this item is incorporated herein by reference to the Proxy Statement, which will be filed with the Securities and Exchange Commission within 120 days of the end of our fiscal year.

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a)(1) The consolidated financial statements required by this item are set forth on the pages indicated at Item 8.

(2) All financial statement schedules are omitted because they are either not applicable, or because the required information is shown in the consolidated financial statements or notes thereto.

(3) Exhibits: The response to this section of Item 15 is included in the Exhibit Index of this Annual Report on Form 10-K and is incorporated herein by reference.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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.

November 15, 2010	By:	/s/ Bradley C. Anderson Bradley C. Anderson, Vice President – Finance and Chief Financial Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report on Form 10-K has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated:

SIGNATURE	TITLE	DATE
* Jong S. Whang	Chairman of the Board, President and Chief Executive Officer (Principal Executive Officer)	November 15, 2010
/s/ Bradley C. Anderson Bradley C. Anderson	Vice President – Finance and Chief Financial Officer (Principal Financial Officer)	November 15, 2010
* Robert T. Hass	Chief Accounting Officer (Principal Accounting Officer)	November 15, 2010
* Michael Garnreiter	Director	November 15, 2010
* Alfred W. Giese	Director	November 15, 2010
* Egbert J.G. Goudena	Director	November 15, 2010
* Robert F. King	Director	November 15, 2010
* Dr. Jeong Mo Hwang	Director	November 15, 2010

*By: /s/ Bradley C. Anderson
Bradley C. Anderson, Attorney-In-Fact**

**By authority of the power of attorney
filed as Exhibit 24 hereto.

EXHIBIT INDEX

EXHIBIT NO.	DESCRIPTION	METHOD OF FILING
3.1	Articles of Incorporation	A
3.2	Articles of Amendment to Articles of Incorporation, dated April 27, 1983	A
3.3	Articles of Amendment to Articles of Incorporation, dated May 19, 1987	B
3.4	Articles of Amendment to Articles of Incorporation, dated May 2, 1988	C
3.5	Articles of Amendment to Articles of Incorporation, dated May 28, 1993	D
3.6	Articles of Amendment to Articles of Incorporation, dated March 14, 1999	E
3.7	Certificate of Designations, Preferences and Privileges of the Series A Convertible Preferred Stock, dated April 21, 2005	K
3.8	Amended and Restated Bylaws	F
4.1	Amended and Restated Rights Agreement as of December 15, 2008, by between Amtech systems, Inc. and Computershare Trust Company, N.A., including the form of Certificate of Designation, the form of Rights Certificate and the Summary of Rights attached thereto as Exhibits A, B and C, respectively.	G
4.2	Form of Subscription Agreement for the Series A Convertible Preferred Stock	K
+10.1	Amended and Restated 1995 Stock Option Plan	H
+10.2	Non-Employee Directors Stock Option Plan, as amended through March 11, 2010.	I
+10.3	Employment Agreement with Robert T. Hass, dated May 19, 1992	J
10.4	Warrant to Purchase Common Stock, dated April 22, 2005	L
10.5	Loan and Security Agreement (Domestic), dated April 7, 2006, between Silicon Valley Bank and the Company.	M
10.6	Loan and Security Agreement (EXIM), dated April 7, 2006, between Silicon Valley Bank and the Company.	M
10.7	Export-Import Bank of the United States Working Capital Guarantee Program Borrower Agreement, dated April 7, 2006.	M
10.8	Third Amendment to Lease, dated as of August 11, 2006, between Wakefield Investments, Inc. and Bruce Technologies, Inc.	N
+10.9	2007 Employee Stock Incentive Plan, as amended through March 11, 2010.	O
10.10	Sale Agreement, dated March 15, 2007, for purchase of manufacturing facility Located in Vassen, The Netherlands by Tempress Holdings B.V. from Mr. F. H. Van Berlo.	P
+10.11	Amended and Restated Employment Agreement between Amtech and Jong S. Whang	P
10.12	Stock Purchase and Sale Agreement, by and among Tempress Holdings, B.V., R2D Ingenierie SAS and the Shareholders of R2D Ingenierie SAS, dated as of October 8, 2007.	O
+10.13	Change of Control Severance Agreement, dated as of March 10, 2008 between Amtech and Bradley Anderson.	R
10.14	Amended and Restated Change of Control and Severance Agreement between Amtech and Robert T. Hass	I
21.1	Subsidiaries of the Registrant	*
23.1	Consent of Independent Registered Public Accounting Firm - Mayer Hoffman McCann P.C.	*
24.1	Powers of Attorney	*
31.1	Certification Pursuant to Rule 13a-14(a)/15d-14(a) of the Securities Exchange Act of 1934, as Amended	*
31.2	Certification Pursuant to Rule 13a-14(a)/15d-14(a) of the Securities Exchange Act of 1934, as Amended	*
32.1	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	*
32.2	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	*

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*	Filed herewith.
+	Indicates management contract or compensatory plan or arrangement.
A	Incorporated by reference to Amtech's Form S-1 Registration Statement No. 2-83934-LA.
B	Incorporated by reference to Amtech's Annual Report on Form 10-K for the year ended September 30, 1987.
C	Incorporated by reference to Amtech's Annual Report on Form 10-K for the year ended September 30, 1988.
D	Incorporated by reference to Amtech's Form S-1 Registration Statement (File No. 33-77368).
E	Incorporated by reference to Amtech's Annual Report on Form 10-K for the year ended September 30, 1999.
F	Incorporated by reference to Amtech's Current Report on Form 8-K filed with the Securities and Exchange Commission on January 8, 2008.
G	Incorporated by reference to Amtech's Current Report on Form 8-K, filed with the Securities and Exchange Commission on December 15, 2008.
H	Incorporated by reference to Amtech's Form S-8 Registration Statement (related to the Amended and Restated 1995 Stock Option Plan), filed with the Securities and Exchange Commission on August 9, 1996.
I	Incorporated by reference to Amtech's Current Report on Form 8-K, filed with the Securities and Exchange Commission on March 17, 2010.
J	Incorporated by reference to Amtech's Annual Report on Form 10-K for the year ended September 30, 1993.
K	Incorporated by reference to Amtech's Current Report on Form 8-K filed with the Securities and Exchange Commission on April 28, 2005.
L	Incorporated by reference to Amtech's Annual Report on Form 10-K for the year ended September 30, 2005.
M	Incorporated by reference to Amtech's Current Report on Form 8-K, filed with the Securities and Exchange Commission on April 12, 2006.
N	Incorporated by reference to Amtech's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2006.
O	Incorporated by reference to Amtech's Proxy Statement for its 2007 Annual Shareholders' Meeting, filed with the Securities and Exchange Commission on April 24, 2007.
P	Incorporated by reference to Amtech's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2007.
Q	Incorporated by reference to Amtech's Current Report on Form 8-K filed with the Securities and Exchange Commission on October 11, 2007.
R	Incorporated by reference to Amtech's Current Report on Form 8-K filed with the Securities and Exchange Commission on March 11, 2008.