SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 10-Q

(MARK ONE)

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

FOR THE QUARTERLY PERIOD ENDED SEPTEMBER 30, 1995

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934

FOR THE TRANSITION PERIOD FROM .... TO ....

COMMISSION FILE NUMBER: 0-17995

AMTECH CORPORATION
(EXACT NAME OF REGISTRANT AS SPECIFIED IN ITS CHARTER)

TEXAS	75-2216818
(STATE OF INCORPORATION)	(I.R.S. EMPLOYER IDENTIFICATION NUMBER)

17304 PRESTON ROAD
BUILDING E-100
DALLAS, TEXAS 75252
(ADDRESS OF PRINCIPAL EXECUTIVE OFFICES)

(214) 733-6600
(REGISTRANT'S TELEPHONE NUMBER, INCLUDING AREA CODE)

INDICATE BY CHECK MARK WHETHER THE REGISTRANT (1) HAS FILED ALL REPORTS REQUIRED TO BE FILED BY SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934 DURING THE PRECEDING 12 MONTHS (OR FOR SUCH SHORTER PERIOD THAT THE REGISTRANT WAS REQUIRED TO FILE SUCH REPORTS) AND (2) HAS BEEN SUBJECT TO SUCH FILING REQUIREMENTS FOR THE PAST 90 DAYS.

YES [X] NO

INDICATE THE NUMBER OF SHARES OUTSTANDING OF EACH OF THE ISSUER'S CLASSES OF COMMON STOCK, AS OF THE LATEST PRACTICABLE DATE.

CLASS	OUTSTANDING AT OCTOBER 31, 1995
COMMON STOCK, PAR VALUE $.01 PER SHARE	14,670,546

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PART I-FINANCIAL INFORMATION

AMTECH CORPORATION

CONDENSED CONSOLIDATED BALANCE SHEETS
(In thousands)

(Unaudited)

	September 30, 1995	December 31, 1994
ASSETS		
Current assets:		
Cash and cash equivalents	$14,526	$14,217
Short-term marketable securities	12,365	35,695
Accounts receivable, net of allowance for doubtful accounts of $569,000 in 1995 and $210,000 in 1994	25,959	6,089
Accounts receivable from related parties	1,038	1,349
Inventories (Note 2)	11,501	8,199
Deferred income taxes	1,246	1,060
Prepaid expenses	752	425
Total current assets	67,387	67,034
Property and equipment, at cost	21,759	16,166
Accumulated depreciation	(8,977)	(7,281)
	12,782	8,885
Deferred income taxes	1,367	1,810
Intangible assets, net (Note 3)	9,067	--
Other assets	2,588	2,893
	$93,191	$80,622
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 5,338	$ 1,607
Note payable (Note 3)	1,887	--
Accrued expenses	5,789	1,789
Deferred income and license revenues	2,234	80
Total current liabilities	15,248	3,476
Deferred license revenues	--	1,810
Note payable (Note 3)	2,637	--
Contingencies (Note 4)		
Stockholders' equity:		
Preferred stock, $1 par value, 10,000,000 shares authorized; none issued	--	--
Common stock, $.01 par value, 30,000,000 shares authorized; shares issued and outstanding: 14,668,608 in 1995 and 14,599,283 in 1994	147	146
Additional paid-in capital	75,431	75,086
Unrealized gain (loss) on marketable securities	1,465	(411)
Retained earnings (accumulated deficit)	(1,737)	515
Total stockholders' equity	75,306	75,336
	$93,191	$80,622

See accompanying notes.

AMTECH CORPORATION

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except per share data)

(Unaudited)

	Three Months Ended September 30		Nine Months Ended September 30	
	1995	1994	1995	1994
Sales	$24,526	$12,213	$51,462	$49,685
Operating costs and expenses:				
Cost of sales	15,775	7,046	33,582	23,731
Research and development (Note 3)	2,798	1,591	6,323	4,666
Marketing, general and administrative	6,629	3,408	14,312	10,803
	25,202	12,045	54,217	39,200
Operating income (loss)	(676)	168	(2,755)	10,485
Investment income	276	535	628	1,367
Interest expense	(66)	--	(66)	--
Income (loss) before income taxes	(466)	703	(2,193)	11,852
Provision (benefit) for income taxes	(44)	200	(234)	4,266
Net income (loss)	$ (422)	$ 503	$(1,959)	$ 7,586
Earnings (loss) per share (Note 1)	$ (0.03)	$ 0.03	$ (0.13)	$ 0.51
Shares used in computing earnings (loss) per share	14,666	14,734	14,648	14,793

See accompanying notes.

AMTECH CORPORATION

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)

(Unaudited)

	Nine Months Ended September 30	
	1995	1994
Cash flows from operating activities:		
Net income (loss)	$ (1,959)	$ 7,586

Adjustments to reconcile net income (loss) to net cash from operating activities:		
Depreciation and amortization	2,493	2,263
Deferred income taxes	(709)	540
Tax benefit from exercise of stock options	72	2,179
Purchased in-process research and development	882	--
Change in assets and liabilities:		
(Increase) decrease in accounts receivable	(2,764)	2,171
(Increase) decrease in inventories	1,655	(3,271)
(Increase) decrease in prepaid expenses	271	(56)
Decrease in other assets	229	2,115
Decrease in current liabilities	(2,148)	(3,042)
Total adjustments	(19)	2,899
Net cash provided (used) by operating activities	(1,978)	10,485
Cash flows from investing activities:		
Purchases of property and equipment	(1,460)	(1,715)
Purchase of Cotag International Limited (Note 3)	(5,784)	--
Purchase of Cardkey Systems, net of cash acquired (Note 3)	(16,502)	--
Increase in other assets	(145)	(3,081)
Purchases of marketable securities	--	(32,025)
Sales and maturities of marketable securities	26,172	17,857
Net cash provided (used) by investing activities	2,281	(18,964)
Cash flows from financing activities:		
Proceeds from issuances of common stock	289	228
Payment of cash dividends	(293)	(876)
Net cash used by financing activities	(4)	(648)
Effect of exchange rate changes on cash and cash equivalents	10	--
Increase (decrease) in cash and cash equivalents	309	(9,127)
Cash and cash equivalents, beginning of period	14,217	22,366
Cash and cash equivalents, end of period	$ 14,526	$ 13,239

See accompanying notes.

AMTECH CORPORATION

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

1. BASIS OF PRESENTATION

The accompanying financial statements, which should be read in conjunction with the audited consolidated financial statements included in the Company's 1994 Annual Report to Shareholders and Form 10-K, are unaudited but have been prepared in the ordinary course of business for the purpose of providing information with respect to the interim periods. The Condensed Consolidated Balance Sheet at December 31, 1994 was derived from the audited Consolidated Balance Sheet at that date which is not presented herein. Management of the Company believes that all adjustments necessary for a fair presentation for such periods have been included and are of a normal recurring nature except for the one-time charge for purchased in-process research and development as discussed in Note 3. The results of operations for the three-month and nine-month periods ended September 30, 1995 are not necessarily indicative of the results to be expected for the full year.

Earnings per share is computed based on the weighted average number of shares of common stock and dilutive common equivalent shares outstanding.

2. INVENTORIES

Inventories consist of the following:

	September 30, 1995	December 31, 1994
Raw materials	$ 5,288,000	$4,486,000
Work in process	3,986,000	2,168,000
Finished goods	2,227,000	1,545,000
	$11,501,000	$8,199,000

3. ACQUISITIONS

In late January 1995, the Company purchased all of the stock of Cotag International Limited ("Cotag") for approximately $5,800,000, including acquisition expenses. Cotag is located in Cambridge, England and manufactures radio frequency identification security systems for hands-free electronic access control and other related applications. The results of operations for Cotag are included in the consolidated financial statements of the Company beginning February 1, 1995. The acquisition of Cotag resulted in goodwill of approximately $4,100,000, which is being amortized over ten years.

On August 1, 1995, the Company purchased substantially all of the assets and assumed certain liabilities of Cardkey Systems, Inc. and Cardkey Systems Limited (collectively, "Cardkey") for approximately $16,500,000 in cash, including acquisition expenses. The Company also issued a non-interest bearing promissory note which has been recorded at a present value of approximately $4,500,000 with imputed interest at a rate of 8.75%. Such note is payable over the next one and one-half years. The primary operating companies of Cardkey are headquartered in Simi Valley, California and Reading, England. Cardkey sells, installs and services electronic access control systems through an international network of

direct sales offices and resellers.

The results of operations for Cardkey are included in the consolidated financial statements of the Company beginning August 1, 1995. Allocation of the purchase price resulted in a one-time charge in the third quarter of 1995 in the amount of $882,000 for purchased in-process research and development. The acquisition of Cardkey resulted in goodwill and other intangible assets of approximately $5,200,000 which are being amortized over estimated useful lives of seven to fifteen years.

The following unaudited pro forma summary combines the consolidated results of operations of the Company and Cardkey as if the acquisition had occurred on January 1, 1994, after giving effect to certain adjustments, including amortization of goodwill and intangible assets, decreased interest income on the cash consideration paid for the purchase, decreased interest expense on intercompany debt not assumed by the Company and related income tax effects. The pro forma summary does not include the effect of the one-time charge for purchased in-process research and development. This pro forma summary is not necessarily indicative of the results of operations as they would have been if the Company and Cardkey had constituted a single entity during such periods, nor is it necessarily indicative of the future results of operations.

	Nine Months Ended September 30	
	1995	1994
	(In thousands, except per share data) (Unaudited)	
Sales	$90,243	$104,198
Net income (loss)	(3,825)	4,440
Earnings (loss) per share	(0.26)	0.30

4. CONTINGENCIES

In October 1992, the Company filed suit against AT/Comm Incorporated ("AT/Comm"), one of the Company's competitors in certain markets, in federal district court for the Northern District of Texas, Dallas Division. The suit currently alleges unfair competition and requests an affirmative determination that the Company's technology and products do not infringe on certain patents held by AT/Comm. AT/Comm subsequently filed claims against the Company, which did not request any specific damage amounts, alleging unfair competition and related claims and patent infringement. In September 1994, the court ruled that the Company's radio frequency rail car identification products do not infringe two AT/Comm patents and in June 1995, the court dismissed AT/Comm's unfair competition and related claims. In September 1995, the court dismissed AT/Comm's remaining claim relating to an AT/Comm patent covering certain read/write electronic toll collection systems. The court's action completely exonerates the Company against all asserted claims by AT/Comm against Amtech.

In December 1994, the Company agreed to provide up to approximately $2,300,000 in convertible debt and equity financing to WaveLink Technologies, Inc. ("WaveLink") of Ontario, Canada, which will result in an ownership of up to 75% of WaveLink's equity, assuming eventual full conversion of the convertible debt by the Company. WaveLink and certain of its employees are the subject of a $7,800,000 suit brought by Teklogix, Inc., their former employer. The suit alleges improper use of confidential information, theft of technology, misappropriation of business opportunities and similar improprieties. In addition to the damages requested, the suit seeks to enjoin the defendants from soliciting customers and distributors of Teklogix and from disclosing alleged confidential information of Teklogix. WaveLink has denied any wrongdoing by it or its employees and has advised the Company that it intends to vigorously defend the litigation. While the final outcome of this matter cannot be predicted with certainty, the Company believes that the final resolution of this matter will not have a material adverse effect on the consolidated financial position of the Company.

ITEM 2.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS

OVERVIEW

The Company designs, manufactures and markets hardware and software products for wireless data communications. Products and services for electronic access control applications are the focus of Cotag International Limited ("Cotag") and Cardkey Systems, Inc. and Cardkey Systems Limited (collectively "Cardkey"). Cotag and Cardkey were acquired by the Company in January and August, 1995, respectively. Amtech Systems Corporation and Amtech World Corporation develop and provide high-frequency radio frequency identification (RFID) solutions to the transportation markets which include vehicle-roadside communications, electronic toll and traffic management (ETTM), rail, intermodal and motor freight. WaveLink Technologies, Inc. ("WaveLink") is developing a line of products targeting the interactive data marketplace consisting of mobile radio frequency data communications terminals using wireless local area networks for use in portable computing in logistics, warehousing, transportation and medical applications.

RESULTS OF OPERATIONS

Sales for the three months and nine months ended September 30, 1995 increased $12,313,000 or 101% and $1,777,000 or 4%, respectively, from the comparable periods in 1994. Shipments in transportation markets for the rail industry decreased from $3,706,000 to $2,206,000 for the three month period and from $28,092,000 to $7,406,000 for the nine month period, primarily as a result of the substantial completion in mid-1994 of tag deliveries for the implementation of the Association of American Railroads' mandatory standard for automatic equipment identification. Sales volumes for the ETTM sector of the transportation markets increased, primarily as a result of revenues of approximately $4,000,000 and $12,000,000 in the three month and nine month periods, respectively, from a systems integration services contract. Sales in the electronic access control markets amounted to approximately $9,600,000 and $13,100,000 for the three month and nine month periods ended September 30, 1995. Sales of Cotag were included in the Company's consolidated financial statements beginning February 1, 1995 and sales of Cardkey were included beginning August

1, 1995.

Cost of sales for the three months and nine months ended September 30, 1995 increased $8,729,000 or 124% and $9,851,000 or 42% from the comparable periods in 1994. Gross profit as a percentage of sales decreased from 42% for the third quarter of 1994 to 36% for the third quarter of 1995 and from 52% for the first nine months of 1994 to 35% for the first nine months of 1995. This decrease was primarily due to a reduction in the percentage of sales attributable to the Company's manufactured products for the transportation markets, and a larger percentage of sales being attributable to lower margin systems integration project work in the ETTM market.

Research and development expenses for the three months and nine months ended September 30, 1995 increased $1,207,000 or 76% and $1,657,000 or 36% from the comparable periods in 1994. The largest component of the increase for both periods is the one-time charge of $882,000 for purchased in-process research and development as a result of the Cardkey acquisition. The remaining increase was primarily attributable to expenditures by WaveLink for the development of a product line for the radio frequency data collection market and the inclusion of expenses for Cotag and Cardkey of $772,000 and $1,448,000 for the three month and nine month periods, respectively. These increases were partially offset by increased research and development expenditures included in cost of sales relating to software development costs associated with the installation of customer projects and reduced joint venture expense levels relating to product development for certain transportation applications.

Marketing, general and administrative expenses for the three months and nine months ended September 30, 1995 increased $3,221,000 or 95% and $3,509,000 or 32% from the comparable periods in 1994. The increases are primarily attributable to the inclusion of expenses for Cotag and Cardkey of $3,903,000 and $5,130,000 for the three month and nine month periods, respectively. These increases were partially offset by decreases in outside consultant costs, advertising and travel incurred to pursue and support new business opportunities for the transportation markets.

Investment income for the three months and nine months ended September 30, 1995 decreased from $535,000 to $276,000 and from $1,367,000 to $628,000, respectively. The decrease for both periods was primarily attributable to the reduction in interest income resulting from the reduction of cash and marketable securities used for the purchase of Cotag and Cardkey. Also contributing to the decrease for the nine month periods were declines in the market value of certain of the Company's cash and cash equivalent investments.

The income tax benefit as a percentage of the loss before taxes was 9% for the three months and 11% for the nine months ended September 30, 1995. The primary difference between the statutory and effective tax rates is the effect of unbenefitted foreign losses.

As a result of the foregoing, the Company experienced a net loss of $422,000 and $1,959,000 for the three months and nine months ended September 30, 1995, respectively, as compared to net income of $503,000 and $7,586,000 for the same periods in 1994. The Company currently expects consolidated revenues for calendar year 1995 to be between $73 and $80 million with a consolidated net loss for the full year of between $0.23 and $0.36 per share.

LIQUIDITY AND CAPITAL RESOURCES

At September 30, 1995, the Company's principal source of liquidity consisted of cash and cash equivalents of $14,526,000 and marketable securities of $12,365,000. The Company's future liquidity will be affected by payments of approximately $5,000,000 which are scheduled to be made over the next one and one-half years pursuant to the acquisition of Cardkey. In addition, in December 1994, the Company entered into an agreement to provide up to approximately $2,300,000 of debt and equity financing to WaveLink. Approximately $1,200,000 had been advanced as of September 30, 1995.

With total current liabilities at September 30, 1995 of approximately $15,200,000 and no long-term debt other than the long-term portion of the note payable relating to the Cardkey transaction, the Company believes that existing cash investments will be sufficient to meet the capital requirements for the current businesses for at least the next two years.

PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

The information set forth under Part I, Notes to Condensed Consolidated Financial Statements, Note 4 is incorporated herein by reference.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(A) Exhibits

The following is a list of exhibits filed as part of this Quarterly Report on Form 10-Q.

DESCRIPTION OF EXHIBITS

10.1 1995 Long-Term Incentive Plan of the Company. Filed under Annex A in the Company's Proxy Statement for the Annual Meeting of Shareholders held April 21, 1995, and incorporated herein by reference.

10.2* Fourth Amendment to Employment Agreement, effective August 1, 1995, by and between Amtech Corporation and Steve M. York.

10.3* Employment Agreement, effective January 25, 1995, by and between Cotag International Limited and Stuart M. Evans.

10.4* First Amendment to Employment Agreement, effective August 1, 1995, by and between Cotag International Limited and Stuart M. Evans.

27.1* Financial Data Schedule

(B) No reports of the registrant on Form 8-K have been filed with the Securities and Exchange Commission during the three months ended September 30, 1995.

*Filed herewith.

SIGNATURE

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

AMTECH CORPORATION
(Registrant)

Date: November 13, 1995 By: /s/Steve M. York

Steve M. York
Senior Vice President, Chief Financial Officer, and Treasurer
(Principal Financial Officer and Duly Authorized Officer)

EXHIBIT 10.2

FOURTH AMENDMENT TO EMPLOYMENT AGREEMENT

Reference is made to that certain Employment Agreement, dated August 6, 1991, as amended (the "Employment Agreement"), entered into between Amtech Corporation, a Texas corporation (the "Company"), and Steve M. York ("Employee").

Employee and Company desire to amend the Employment Agreement, as follows:

1. Paragraph 4 of the Employment Agreement is amended by substituting "$175,000" for "$145,000" wherever it appears in such Paragraph.

2. Other than as set forth herein the Employment Agreement remains in full force and effect as written.

The parties have executed this Fourth Amendment to be effective as of August 1, 1995.

AMTECH CORPORATION

By: /s/ G. Russell Mortenson

G. Russell Mortenson
President and Chief
Executive Officer

Date: August 1, 1995

EMPLOYEE:

/s/ Steve M. York

Steve M. York

Date: August 1, 1995

EXHIBIT 10.3

CONFIDENTIAL

EXECUTION COPY

EMPLOYMENT AGREEMENT

This EMPLOYMENT AGREEMENT (this "Agreement") is made and entered into on January 25, 1995, by and between Cotag International Limited, a company organized under the laws of England (the "Company"), and Stuart Evans ("Employee").

Recitals

A. Employee has been employed by the Company (or its subsidiary, Tag Radionics Limited) since January 1, 1983 and as Chairman and Chief Executive of the Company since April 28, 1987, and has accumulated experience and knowledge of value to the Company.

B. The Company desires to provide for the continued employment of Employee in such a manner as will reinforce and encourage the Employee's highest attention and dedication to the Company.

C. Employee is willing to continue to serve the Company on the terms and conditions provided herein.

Terms and Conditions

In consideration of the covenants and agreements contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Employment. The Company shall continue to employ Employee, and Employee shall continue to serve the Company, on the terms and conditions set forth herein.

2. Term. Subject to the terms and conditions herein, the employment of Employee by the Company as provided in Section 1 will be for a term commencing on the date hereof and expiring on the close of business on January 31, 1997 (the "Primary Term"). Thereafter this Agreement may be terminated by either the Company or the Employee upon twelve months written notice of termination which may be given at any time, but not to expire before the expiring of the Primary Term.

3. Position and Duties. The Company shall engage Employee, and Employee shall serve, as Chairman and Chief Executive of the Company with such duties as may be assigned to him from time to time by the President and Chief Executive Officer of Amtech Corporation, the Company's parent corporation organized under the laws of the State of Texas, (hereinafter referred to as the "Amtech CEO"). Employee shall devote

substantially all his working time and efforts to the business and affairs of the Company and to the Employee's responsibilities as Vice President-Europe of Amtech Systems Corporation, a corporation organized under the laws of the State of Delaware. The location of Employee's principal employment shall be Mercers Row, Cambridge CB5 8EX.

4. Compensation. During the term of Employee's employment hereunder, the Company shall pay Employee for his services a base salary of not less than

(Pounds)95,000 per annum (the "Base Salary"), payable monthly in arrears on the last Friday of every month. The Base Salary includes any amounts that the Employee may request that the Company contribute to a defined contribution pension scheme on the Employee's behalf. The Amtech CEO shall review the Base Salary of Employee once a year and if he, in his sole and complete discretion, deems an adjustment in the Base Salary is appropriate for any reason whatsoever (including, but not limited to, a change of Employee's duties), the adjustment will be effective on the date designated by the Amtech CEO and be evidenced by appropriate entries on the payroll records of the Company. All applicable taxes on the Base Salary will be withheld in accordance with applicable taxation guidelines.

During the Primary Term, the Employee will receive on such dates a minimum increase equal to the increase in the United Kingdom retail price index for the twelve months ended on February 1, 1996 and February 1, 1997.

The Employee will have the opportunity to receive on an annual basis an amount equal to between 25% to 30% of the Base Salary in a bonus (the "Bonus Opportunity"). For 1995, 1/3 of the Bonus Opportunity is based upon the Company's financial performance, as set forth in a bonus plan similar to a bonus plan applicable to the executive management team at Amtech Corporation, the parent corporation of the Company ("Amtech"), 1/3 of the Bonus Opportunity is based upon the financial performance of Amtech, as set forth in a bonus plan applicable to the executive management team at Amtech, while 1/3 of the Bonus Opportunity is based upon individual performance as determined by the Amtech CEO.

5. <u>Working Hours and Vacation.</u> The Employee's normal hours are 37.5 hours per week, excluding lunch break during the hours of 9:00 a.m. through 5:30 p.m., Monday through Friday.

In addition to public holidays when the Company is closed, the Employee is entitled, without loss of remuneration, to twenty-five vacation days in each calendar year, of which up to ten accrued and unused vacation days may be carried into the next calendar year. Vacation days may be taken in advance of entitlement to such days; provided, however, if the Employee leaves employment of the Company for any reason and the Employee has taken a number of vacation days in excess of the number accrued to that date, then the Employee shall reimburse

the Company any remuneration paid on account of the excess vacation days.

6. <u>Absence Due to Illness.</u> During any period of absence from work due to physical or mental illness or accident, the Employee is required to produce a proper certificate so as to continue to be entitled to the Base Salary. In the event of absence from work due to physical or mental illness or accident for a period of four or more consecutive days, the Employee is required to provide the Company with a statement signed by the Employee under the self certification procedure of the Statutory Sick Pay Scheme stating the cause of incapacity. Where the Employee's absence due to physical or mental illness or accident exceeds six or more consecutive days, the Employee will cause to be produced to the Company a certificate signed by a qualified medical examiner.

The Company shall set off against the Employee's remuneration all Statutory Sick Pay payments made by the Company in accordance with the Statutory Sick Pay Scheme.

7. <u>Life Assurance.</u> The Company will maintain at its own expense a life assurance policy (the "Policy") in favor of the Employee's dependents or beneficiaries in the event of the Employee's death during the term of this Agreement. The benefit payable under the Policy will be a lump sum of four times the Base Salary on the date of death of the Employee.

8. <u>Expenses and Services.</u> During the term of Employee's employment hereunder, Employee will be required to travel both domestically and internationally and shall be entitled to receive prompt reimbursement for all reasonable expenses incurred by Employee by reason of his employment, provided that such expenses are incurred and accounted for in accordance with the

policies and procedures established by the Company and in effect when the expenses are incurred. The Company shall furnish Employee with office space, secretarial assistance, office supplies, office equipment and such other facilities and services as are suitable to Employee's position and adequate for the performance of his duties.

9. Transportation. The Company will provide the Employee with a Jaguar XJ6 Sovereign motor car (the "Company Vehicle"), or its substantial equivalent. The Company agrees to pay for the licensing, insurance, repair and servicing of the Company Vehicle and for the cost of all petrol and oil. The Employee, with his permission, and members of his immediate family may use the Company Vehicle for private purposes when the Employee is not engaged in transacting business on behalf of the Company.

10. Confidential Information. Employee recognizes and acknowledges that Employee will have access to confidential information of the Company and its Affiliates including, without limitation, customer information, lists of suppliers and costs, information concerning the business and operations of the

Company, and its Affiliates and proprietary data, information, concepts and ideas (whether or not patentable or copyrightable) relating to the business of the Company, or its Affiliates, as applicable. Employee agrees not to disclose such confidential information, except as may be necessary in the performance of Employee's duties, to any Person, nor use such confidential information in any way, unless Employee has received the written consent of the Company or its Affiliates as applicable, or unless such confidential information becomes public knowledge through no wrongful act of Employee. Upon termination of Employee's employment for any reason, Employee shall promptly deliver to the Company all drawings, manuals, letters, notebooks, customer lists, documents, records, equipment, files, computer disks or tapes, reports or any other materials relating to the business of the Company or its Affiliates,(and all copies) which are in Employee's possession or under Employee's control excluding documents in the possession of Employee (as a direct result of Employee being a signatory to such documents) relating to the purchase by Amtech of the Employee's shares in the Company. Additionally, the parties hereby acknowledge that Employee has previously executed an Assignment of Inventions and Confidential Information Agreement dated January 25, 1995.

11. Rights under Certain Plans. Each of the Employee and the Employee's spouse and children is entitled to participate in the Company's medical insurance scheme, as operated from time to time, the cost of which will be paid for by the Company. In addition, the Company will maintain at its cost a disability insurance policy for the benefit of the Employee.

12. Early Termination. Employee's employment hereunder may be terminated without any breach of this Agreement only under the following circumstances:

(A) Employee's employment hereunder will terminate upon Employee's death;

(B) If, as a result of Employee's incapacity due to physical or mental illness, Employee shall have been absent from his duties or is unable to perform his full duties hereunder for a total of 180 days during any 12 month period, and within 30 days after written notice of termination is given (which may occur before or after the end of such 180 day period) shall not have returned to the performance of his full duties hereunder on a full-time basis, the Company may terminate Employee's employment hereunder.

(C) The Company may terminate Employee's employment hereunder for Cause. For purposes of this Agreement, the Company shall have "Cause" to terminate Employee's employment hereunder upon (1) the willful and continued failure by Employee to substantially perform his duties hereunder (other than any such failure resulting from Employee's incapacity due to physical or mental illness), after written demand for substantial performance is delivered by the Company that specifically identifies the manner in which the Company believes Employee has not substantially performed his duties; or (2) the willful engaging by Employee in misconduct that is materially injurious to the Company; or (3) the conviction of Employee of any indictable offense or crime of moral turpitude. For purposes of this subsection (C), no act, or failure to act, on Employee's part shall be considered "willful" unless done, or omitted to be done, by him not in good faith and without reasonable belief that his action or omission was in the best interest of the Company. Notwithstanding the foregoing, Employee shall not be deemed to have been terminated for Cause without (a) reasonable written notice to Employee, setting forth the reasons for the Company's intention to terminate for Cause; (b) an opportunity for Employee, together with his counsel, to be heard before the Board (or an authorized representative thereof); and (c) delivery to Employee of a written Notice of Termination as defined in subsection (D) hereof from the Board finding that, in the good faith opinion of the Board, Employee was guilty of conduct set forth above in clause (1), (2) or (3) of this subsection (C), and specifying the particulars thereof in detail.

(D) Any termination of Employee's employment by the Company (other than termination pursuant to subsection (A) above) shall be communicated by written Notice of Termination to the Employee. For purposes of this Agreement, a "Notice of Termination" shall mean a notice that shall indicate the specific termination provision in this Agreement relied upon and shall set forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of Employee's employment under the provision so indicated.

(E) "Date of Termination" shall mean (1) if Employee's employment is terminated by Employee's death, the date of Employee's death; and (2) if Employee's employment is terminated for any other reason, the date specified in the Notice of Termination.

13. Compensation upon Termination. Upon termination of Employee's employment under Paragraph 12 hereof, the Company shall pay to Employee the monthly Base Salary earned through the Date of Termination at the rate then in effect, any invoiced and unpaid expenses payable under Section 8 hereof and an amount equivalent to the Employee's accrued and unused vacations days to the Date of Termination. The Company shall have no further obligations to Employee under this Agreement.

14. Noncompetition and Nonsolicitation. Employee agrees and covenants:

(A) That Employee will not compete directly or indirectly with the Company (which term, for purposes of this Section 14, shall mean the Company and its subsidiaries) in the Designated Geographical Area in any business or businesses conducted by the Company during the term provided for in Section 2 and for a period of six months after Employee ceases to be employed by the Company. For purposes of this Agreement, "Competition" shall include, without limitation, any engagement in any business whether as proprietor, partner, joint venturer, employee, agent, officer or holder of more than five percent (5%) of any class of equity ownership of a business enterprise, which is competitive with any business or businesses conducted by the Company;

(B) That the Employee will not furnish advice to, solicit or do business of a like nature to that done by the Company and with any past or current customer of the Company during term provided for in Section 2 and for a period of twelve months after the Employee ceases to be employed by the Company.

(C) That the Employee will not hire away on any basis any person who is an employee of the Company during the term provided for in Section 2 and for a period of twelve months after the Employee ceases to be employed by the Company.

(D) For purposes of this Section 13, "Designated Geographical Area" shall mean and includes the United Kingdom and any foreign jurisdiction in which the Company has conducted or is actively conducting business, directly or indirectly, at the time Employee ceases to be employed by the Company; and

(E) The non-competition and non-solicitation covenants of Employee contained in this Section 14 shall be construed as agreements independent of any other provision of this Agreement and the existence of any claim or cause of action of Employee against the Company, whether predicated on this Agreement or otherwise, shall not constitute a defense to the enforcement by the Company of the non-competition and non-solicitation covenants.

15. Affiliate Defined. The term "Affiliate" as used in this Agreement means any individual, corporation, unincorporated organization, trust or other form of entity controlling, controlled by or under common control with the Company. For purposes of this definition, "control" (including "controlled by" and "under common control with") means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such individual, corporation, unincorporated organization, trust or other form of entity, whether through the ownership of voting securities or otherwise.

16. Waiver. No waiver of any provision of this Agreement shall be deemed, or shall constitute, a waiver of any other provision, whether or not similar, nor shall any waiver constitute a waiver of any continuing or succeeding breach of such provision, a waiver of the provision itself, or a waiver of any right under this Agreement. No waiver shall be binding unless executed in writing by the party making the waiver.

17. Limitation of Rights. Nothing in this Agreement, except as specifically stated herein, is intended to confer any rights or remedies under or by reason of this Agreement on any persons other than the parties to it and their respective permitted successors and assigns and other legal representatives, nor is anything in this Agreement intended to relieve or discharge the obligation or liability of any third persons to any party to this Agreement, nor shall any provision give any third persons any right of subrogation or action over against any party to this Agreement.

18. Remedies. Employee hereby agrees that a violation of the provisions of Section 10 or 14 or any agreement referred to in Section 14 would cause irreparable injury to the Company for which it would have no adequate remedy at law. Accordingly, in the event of any such violation, the Company shall be entitled to preliminary and other injunctive relief. Any such injunctive relief shall be in addition to any other remedies to which the Company may be entitled at law or in equity, or otherwise.

19. Notice. Any consent, notice, demand or other communication (including any payment hereunder) required or permitted hereby must be in writing to be effective and shall be deemed to have been received on the date delivered, if personally delivered, on the date transmitted, if transmitted by telecopy with receipt appropriately confirmed, or ten days following the date the same is deposited in the mail, postage prepaid, certified return receipt requested, addressed to the applicable party at the address for such party set forth below or at such other address as such party may designate by like notice:

The Company:

Amtech Corporation
Dominion Plaza
17304 Preston Road, E-100
Dallas, Texas 75252
Attn: General Counsel

Employee:

Mr. Stuart M. Evans
3 Wordsworth Grove
Newham
Cambridge CB3 9HH

20. Inconsistent Obligations. Employee represents and warrants that Employee has not previously assumed any obligations inconsistent with those of this Agreement. The Employee's employment hereunder is not subject to any agreement between the Company and any trade union.

21. Entirety and Amendments. This instrument and the instruments referred to herein embody the entire agreement between the parties relating to the subject matters hereof, supersede all prior agreements and understandings relating to the subject matter hereof, and may be amended only by an instrument in writing executed by all parties, and supplemented only by documents delivered or to be delivered in accordance with the express terms hereof.

22. Successors and Assigns. This Agreement will be binding upon and inure to the benefit of the parties hereto and any successors in interest to the Company but neither this Agreement nor any rights hereunder may be assigned by the Company or the Employee except in the case of the death of Employee.

23. Governing Law. The construction, validity and performance of this Agreement shall be governed by English law which shall be the applicable law in all respects. The parties irrevocably agree that, for the exclusive benefit of the Company and the Employee, the courts of England shall have exclusive jurisdiction in respect of any dispute, suit, action or proceedings that may arise out of or in connection with this Agreement.

24. Cumulative Remedies. No remedy herein conferred upon any party is intended to be exclusive of any other benefits or remedy, and each and every such remedy shall be cumulative and shall be in addition to every other benefit or remedy given hereunder or now or hereafter existing at law or in equity or by statute or otherwise. No single or partial exercise by any party of any right, power or remedy hereunder shall preclude any other exercise or further exercise thereof.

25. Multiple Counterparts. This Agreement may be executed in a number of identical counterparts, each of which constitute collectively, one agreement; but in making proof of this Agreement, it shall not be necessary to produce or account for more than one counterpart.

26. Descriptive Headings. The headings, captions and arrangements used in this Agreement are for convenience only and shall not be deemed to limit, amplify, or modify the terms of this Agreement, nor affect the meaning hereof.

Signatures

To evidence the binding effect of the covenants and agreements described above, the parties hereto have executed this Agreement effective as of the date first above written.

THE COMPANY:

Cotag International Limited

By: /s/G. Russell Mortenson

G. Russell Mortenson

EMPLOYEE:

/s/Stuart M. Evans

EXHIBIT 10.4

[LOGO OF COTAG INTERNATIONAL LIMITED APPEARS HERE]

COTAG INTERNATIONAL LIMITED
Mercers Row, Cambridge CB5 8EX
Tel: +44(0)1223 321535 Fax: +44(0)1223 366799
Reg No. 1710122 VAT:GB 388 851296

FIRST AMENDMENT TO EMPLOYMENT AGREEMENT

Reference is made to that certain Employment Agreement, entered into on January 25, 1995 (the "Employment Agreement"), between Cotag International Limited, a company organized under the laws of England (the "Company"), and Stuart M. Evans ("Employee").

Employee and Company desire to amend the Employment Agreement, as follows:

1. Paragraph 4 of the Employment Agreement is hereby amended by substituting "(Pounds)115,000" for "(Pounds)95,000" wherever it appears in such Paragraph.

2. Paragraph 3 of the Employment Agreement is hereby amended in its entirety to read as follows:

"3. Position and Duties. The Company shall engage Employee, and Employee shall serve, as Chairman and Chief Executive of the Company with such duties as may be assigned to Employee from time-to-time by the President and Chief Executive Officer of Amtech Corporation, the Company's parent corporation organized under the laws of the State of Texas (hereinafter referred to as the "Amtech CEO"). Employee shall also serve in such officer capacities with such Affiliates of the Company as may be designated, in each case, from time-to-time by the Amtech CEO. Employee shall devote substantially all of his working time and efforts to the business and affairs of the Company and the Employee's responsibilities vis-a-vis such Affiliates of the Company as have been designated by the Amtech CEO. The location of Employee's principal place of employment shall be Mercers Row, Cambridge CB5 8EX.

3. The second paragraph of Paragraph 4 is hereby amended in its entirely to read as follows:

"During the Primary Term, the Employee will receive on each of February 1, 1996, and February 1, 1997, a minimum percentage increase in Base Salary equal to the percentage increase in the United Kingdom retail price index for the twelve months ended on February 1, 1996, and February 1, 1997, as applicable. However, no such increase in Base Salary shall be given to the Employee until the cumulative amounts that the Employee would be entitled to receive under the provisions of the preceding sentence exceed (Pounds)20,000."

4. Other than as set forth herein the Employment Agreement remains in full force and effect as written.

The parties have executed this First Amendment to be effective as of August 1, 1995.

COTAG INTERNATIONAL LIMITED

By: /s/ G. RUSSELL MORTENSON
____
G. Russell Mortenson

Date: October 5, 1995
____

EMPLOYEE:

/s/ STUART M. EVANS
____

Stuart M. Evans

Date: October 5, 1995

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