SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C.

Form 10-Q

Quarterly Report Under Section 13 or 15(d)
of the Securities Exchange Act of 1934

For the Quarter Ended **June 30, 2005** **(Unaudited)**	**Commission File Number** **0-4041**

ALLIED MOTION TECHNOLOGIES INC.
(Incorporated Under the Laws of the State of Colorado)

23 Inverness Way East, Suite 150
Englewood, Colorado 80112
Telephone: (303) 799-8520

84-0518115
(IRS Employer Identification Number)

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 ninety (90) days. Yes ☒ No o

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

Number of Shares of the only class of Common Stock outstanding: 6,332,113 as of August 5, 2005

ALLIED MOTION TECHNOLOGIES INC.
INDEX

ALLIED MOTION TECHNOLOGIES INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(In Thousands, except per share data)
(Unaudited)

	June 30, 2005	December 31, 2004
Assets		
Current Assets:		
Cash and cash equivalents	$ 495	$ 456
Trade receivables, net of allowance for doubtful accounts of $191 and $135 at June 30, 2005 and December 31, 2004, respectively	10,342	9,353
Inventories, net	9,635	9,382
Deferred income taxes	1,125	1,186
Prepaid expenses and other	367	518
Total Current Assets	21,964	20,895
Property, plant and equipment, net	13,266	13,301
Goodwill and intangible assets	19,509	20,624
Total Assets	$ 54,739	$ 54,820
Liabilities and Stockholders' Investment		
Current Liabilities:		
Current maturities of capital lease obligations	$ 189	$ 183
Current maturities of debt obligations	9,380	6,904
Accounts payable	4,231	4,669
Accrued liabilities and other	4,231	6,003
Total Current Liabilities	18,031	17,759
Long-term capital lease obligations, net of current portion	181	241
Debt obligations, net of current portion	5,764	7,079
Deferred income taxes	2,182	2,304
Pension and post-retirement obligations	3,235	3,077
Total Liabilities	29,393	30,460
Commitments and Contingencies		
Stockholders' Investment:		
Preferred stock, par value $1.00 per share, authorized 5,000 shares; no shares issued or outstanding	—	—
Common stock, no par value, authorized 50,000 shares; 6,332 and 6,070 shares issued and outstanding at June 30, 2005 and December 31, 2004, respectively	14,909	14,169
Deferred compensation	(159)	—
Loan receivable from Employee Stock Ownership Plan	—	(155)
Retained earnings	10,583	10,047
Other comprehensive income: translation adjustments	13	299
Total Stockholders' Investment	25,346	24,360
Total Liabilities and Stockholders' Investment	$ 54,739	$ 54,820

See accompanying notes to financial statements.

ALLIED MOTION TECHNOLOGIES INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(In Thousands, except per share data)
(Unaudited)

	For the three months ended June 30, 2005	For the three months ended June 30, 2004	For the six months ended June 30, 2005	For the six months ended June 30, 2004
Revenues	$ 18,913	$ 15,104	$ 37,368	$ 26,352
Cost of products sold	14,689	11,040	29,056	19,241
Gross margin	4,224	4,064	8,312	7,111
Operating costs and expenses:				
Selling	806	650	1,596	1,146
General and administrative	1,424	1,417	2,931	2,647
Engineering and development	910	712	1,897	1,222
Amortization of intangible assets	253	131	509	210

Total operating costs and expenses	3,393	2,910	6,933	5,225
Operating income	831	1,154	1,379	1,886
Other income (expense), net:				
Interest expense	(269)	(142)	(532)	(182)
Other income (expense), net	11	(22)	11	(19)
Total other expense, net	(258)	(164)	(521)	(201)
Income before income taxes	573	990	858	1,685
Provision for income taxes	(205)	(382)	(322)	(650)
Net income	$ 368	$ 608	$ 536	$ 1,035
Basic net income per share:				
Net income per share	$ 0.06	$ 0.11	$ 0.09	$ 0.20
Basic weighted average common shares	6,172	5,334	6,128	5,176
Diluted net income per share:				
Net income per share	$ 0.05	$ 0.10	$ 0.08	$ 0.18
Diluted weighted average common shares	6,784	5,897	7,007	5,699

See accompanying notes to financial statements.

ALLIED MOTION TECHNOLOGIES INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands)
(Unaudited)

	For the six months ended June 30, 2005	2004
Cash Flows From Operating Activities:		
Net income	$ 536	$ 1,035
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation and amortization	1,609	925
Provision (credit) for doubtful accounts	39	(3)
Provision for obsolete inventory	158	141
Deferred income taxes	36	578
Other	86	114
Changes in assets and liabilities, net of effects from acquisition:		
(Increase) decrease in —		
Trade receivables	(1,201)	(1,816)
Inventories	(633)	(1,180)
Prepaid expenses and other	141	308
Increase (decrease) in —		
Accounts payable	(300)	525
Accrued liabilities and other	(1,153)	(400)
Net cash provided by (used in) operating activities	(682)	227
Cash Flows From Investing Activities:		
Purchase of property and equipment	(1,247)	(355)
Acquisition costs for Owosso Corporation	(208)	(13,188)
Net proceeds from sale of Calibrator Business	—	50
Net cash used in investing activities	(1,455)	(13,493)
Cash Flows From Financing Activities:		
Borrowings on line-of-credit, net	2,565	4,078
Borrowings on term loans	—	8,250
Repayments on term loans	(1,043)	(1,233)
Repayments of capital lease obligations	(37)	(66)
Issuance of unregistered stock	—	1,000
Stock transactions under employee benefit stock plans	696	115
Net cash provided by financing activities	2,181	12,144
Effect of foreign exchange rate changes on cash	(5)	—
Net increase (decrease) in cash and cash equivalents	39	(1,122)
Cash and cash equivalents at beginning of period	456	1,960
Cash and cash equivalents at June 30	$ 495	$ 838
Supplemental disclosure of cash flow information:		

Net cash paid during the period for:				
Interest	$	492	$	132
Income taxes	$	251	$	32

See accompanying notes to financial statements.

ALLIED MOTION TECHNOLOGIES INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

1. Basis of Preparation and Presentation

The accompanying unaudited condensed consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries. All significant inter-company accounts and transactions have been eliminated in consolidation.

In accordance with SFAS No. 52, "Foreign Currency Translation," the assets and liabilities of the Company's foreign subsidiaries are translated into U.S. dollars using current exchange rates. Revenues and expenses are translated at average rates prevailing during the period. Nonmonetary assets and liabilities are translated at historical rates and monetary assets and liabilities are translated at exchange rates in effect at the balance sheet date. The resulting translation adjustments are included in the cumulative translation adjustment component of stockholders' investment in the accompanying consolidated balance sheets. Transaction gains and losses that arise from exchange rate fluctuations on transactions denominated in a currency other than the functional currency are included in the results of operations as incurred.

The condensed consolidated financial statements included herein have been prepared by the Company pursuant to the rules and regulations of the Securities and Exchange Commission and include all adjustments which are, in the opinion of management, necessary for a fair presentation. Certain information and footnote disclosures normally included in financial statements which are prepared in accordance with accounting principles generally accepted in the United States have been condensed or omitted pursuant to such rules and regulations. The Company believes that the disclosures herein are adequate to make the information presented not misleading. The financial data for the interim periods may not necessarily be indicative of results to be expected for the year.

The preparation of financial statements in accordance with accounting principles generally accepted in the United States requires management to make certain estimates and assumptions. Such estimates and assumptions affect the reported amounts of assets and liabilities as well as 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.

It is suggested that the accompanying condensed interim financial statements be read in conjunction with the Consolidated Financial Statements and related Notes to such statements included in the December 31, 2004 Annual Report and Form 10-K previously filed by the Company.

2. Owosso Merger

On May 10, 2004, the Company completed the acquisition of Owosso Corporation (Owosso), and its sole remaining operating subsidiary Stature Electric, Inc. (Stature) located in Watertown, New York, with a wholly owned subsidiary of the Company pursuant to the terms of an Agreement and Plan of Merger dated February 10, 2004. The accompanying condensed consolidated financial statements include the operating results of Stature subsequent to May 10, 2004.

The following presents the Company's unaudited pro forma financial information for the quarter and six months ended June 30, 2004 after certain pro forma adjustments giving effect to the acquisition of Stature as if it had occurred at January 1, 2004. The pro forma financial information is for informational purposes only and does not purport to present what the Company's results would actually have been had the acquisition actually occurred at the beginning of the fiscal period or to project the Company's results of operations for any future period (in thousands, except per share data).

		For the three months ended June 30, 2004		For the six months ended June 30, 2004
Revenues	$	17,846	$	33,616
Gross margin		4,082		7,825
Operating income		554		805
Net income		30		21
Diluted net income per share		0.0		0.0

3. Inventories

Inventories, valued at the lower of cost (first-in, first-out basis) or market, are as follows (in thousands):

		June 30, 2005		December 31, 2004
Parts and raw materials, net	$	6,335	$	6,014
Work-in process, net		1,673		1,485
Finished goods, net		1,627		1,883
	$	9,635	$	9,382

4. Property, Plant and Equipment

Property, plant and equipment is classified as follows (in thousands):

	June 30, 2005	December 31, 2004
Land	$ 167	$ 167
Building and improvements	4,686	4,560
Machinery, equipment, tools and dies	14,227	13,366
Furniture, fixtures and other	1,118	1,134
	20,198	19,227
Less accumulated depreciation	(6,932)	(5,926)
	$ 13,266	$ 13,301

5. Stock-Based Compensation

The Company's Year 2000 Stock Incentive Plan provides for awards of stock options, stock appreciation rights and restricted stock to employees and directors, as determined by the board of directors.

During the second quarter 2005, 47,000 restricted stock awards were granted with a three year vesting period. The fair value of a share of restricted stock is measured at the market price of a share of nonrestricted stock on the award date and compensation expense is recorded ratably over the vesting period. Compensation expense for the quarter and six-months ended June 30, 2005 was approximately $9,000.

The Company accounts for awards of stock options using the intrinsic value method prescribed by Accounting Principles Board ("APB") Opinion No. 25, "Accounting for Stock Issued to Employees" and related interpretations. All options granted have an exercise price equal to the market value of the underlying common stock on the date of grant and therefore no stock-based compensation cost with respect to stock option awards is reflected in net income. Had compensation cost for stock option awards been determined consistent with SFAS No. 123,

"Accounting for Stock-Based Compensation" as amended by SFAS No. 148, "Accounting for Stock-Based Compensation — Transition and Disclosure, an Amendment of FASB Statement No. 123", the Company's net income would have been adjusted to the following amounts (in thousands, except per share data):

	For the three months ended June 30		For the six months ended June 30,	
	2005	2004	2005	2004
Net income				
Reported net income	$ 368	$ 608	$ 536	$ 1,035
Stock-based compensation expense, net of taxes	(40)	(203)	(66)	(277)
Pro forma net income	$ 328	$ 405	$ 470	$ 758
Basic net income per share:				
Reported basic net income per share	$ 0.06	$ 0.11	$ 0.09	$ 0.20
Pro forma basic net income per share	$ 0.05	$ 0.08	$ 0.08	$ 0.15
Diluted net income per share:				
Reported diluted net income per share	$ 0.05	$ 0.10	$ 0.08	$ 0.18
Pro forma diluted net income per share	$ 0.05	$ 0.07	$ 0.07	$ 0.13

Cumulative compensation cost recognized is adjusted for forfeitures by a reduction of adjusted compensation expense in the period of forfeiture.

For SFAS No. 123 purposes, the fair value of each option grant is estimated on the date of grant using the Black-Scholes option-pricing model with the following weighted-average assumptions:

	For the three months ended June 30, 2004	For the six months ended June 30, 2004
Risk-free interest rate	2.9%	2.9%
Expected dividend yield	0.0%	0.0%
Expected life	6 years	6 years
Expected volatility	102.7%	102.7%

There were no options granted during the six months ended June 30, 2005. During the quarter and six months ended June 30, 2004, the weighted average fair value of options granted, assuming the Black-Scholes option-pricing model was $3.46 and $3.49, respectively and the total fair value of options granted was $599,000 and $696,000, respectively. These amounts are being amortized over the vesting periods of the options for purposes of this disclosure.

The fair value of employee stock purchase rights issued pursuant to the Employee Stock Purchase Plan during the six month offering periods ended June 30, 2005 and 2004 were $0.67 and $1.49 per share, respectively. The fair value of the stock purchase rights was calculated as the difference between the stock price at the date of issuance and the employee purchase price.

The Black-Scholes option valuation model was developed for use in estimating the fair value of traded options that have no vesting restrictions and are fully transferable. In addition, option valuation models require the input of highly subjective assumptions including the expected stock price volatility. Because the Company's employee stock options have characteristics significantly different than those of traded options, and because changes in the subjective input assumptions can

materially affect the fair value estimate, in management's opinion, the existing models do not necessarily provide a reliable single measure of the fair value of its stock options.

6. **Earnings per Share**

Basic income per share is computed by dividing net income by the weighted average number of shares of common stock outstanding. Diluted income per share is determined by dividing the net income or loss by the sum of (1) the weighted average number of common shares outstanding and (2) if not anti-dilutive, the effect of stock awards determined utilizing the treasury stock method. Stock awards to purchase 271,000 and 235,000 shares of common stock (without regard to the treasury stock method), were excluded from the calculation of diluted income per share for the three months ended June 30, 2005 and 2004, respectively, since the results would have been anti-dilutive. Stock options to purchase 133,000 and 247,000 shares of common stock were excluded from the calculation of diluted income per share for the six months ended June 30, 2005 and 2004, respectively, since the results would have been anti-dilutive.

7. **Segment Information**

SFAS No. 131, "Disclosures about Segments of an Enterprise and Related Information" requires disclosure of operating segments, which as defined, are components of an enterprise about which separate financial information is available that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance.

The Company operates in one segment for the manufacture and marketing of motion control products for original equipment manufacturers and end user applications. In accordance with SFAS No. 131, the Company's chief operating decision maker has been identified as the Office of the President and Chief Operating Officer, which reviews operating results to make decisions about allocating resources and assessing performance for the entire company. SFAS No. 131, which is based on a management approach to segment reporting, establishes requirements to report selected segment information quarterly and to report annually entity-wide disclosures about products and services, major customers, and the countries in which the entity holds material assets and reports revenue. All material operating units qualify for aggregation under SFAS No. 131 due to their similar customer base and similarities in: economic characteristics; nature of products and services; and procurement, manufacturing and distribution processes. Since the Company operates in one segment, all financial information required by SFAS No. 131 can be found in the accompanying consolidated financial statements and within this note.

The Company's wholly owned foreign subsidiary, Premotec, located in Dordrecht, The Netherlands is included in the accompanying consolidated financial statements. Financial information related to the foreign subsidiary is summarized below (in thousands):

	For the three months ended June 30, 2005	For the three months ended June 30, 2004	For the six months ended June 30, 2005	For the six months ended June 30, 2004
Revenues derived from foreign subsidiaries	$ 3,370	$ —	$ 6,762	$ —
Identifiable assets	$ 8,211	$ —	$ 8,211	$ —

Sales to customers outside of the United States by all subsidiaries were $4,991,000 and $2,154,000 for the quarters ended June 30, 2005 and 2004, respectively, and $10,098,000 and $4,502,000 for the six months ended June 30, 2005 and 2004, respectively.

During the quarters and six months ended June 30, 2005 and 2004, no single customer accounted for more than 10% of total revenues.

8. **Comprehensive Income**

Comprehensive income is defined as the change in equity of a business enterprise during a period from transactions and other events and circumstances from non-owner sources. It includes all changes in equity during a period except those resulting from investments by and distributions to stockholders.

Comprehensive income is computed as follows (in thousands):

	For the three months ended June 30, 2005	For the three months ended June 30, 2004	For the six months ended June 30, 2005	For the six months ended June 30, 2004
Net income	$ 368	$ 608	$ 536	$ 1,035
Foreign currency translation adjustment	(158)	—	(286)	—
Comprehensive income	$ 210	$ 608	$ 250	$ 1,035

9. **Goodwill and Intangible Assets**

Included in goodwill and intangible assets on the Company's consolidated balance sheets are the following (in thousands):

	June 30, 2005	December 31, 2004	Estimated Life
Goodwill	$ 12,858	$ 13,246	
Amortizable intangible assets			
Customer lists	4,387	4,506	8 years
Trade name	1,340	1,340	10 years
Design and technologies	2,511	2,631	8 years
Accumulated amortization	(1,587)	(1,099)	
Net intangible assets	6,651	7,378	
Total goodwill and intangible assets	$ 19,509	$ 20,624	

The change in the carrying amount of goodwill for 2005 is as follows (in thousands):

Balance as of December 31, 2004	$ 13,246
Effect of foreign currency translation	(286)
Other	(102)
Balance as of June 30, 2005	$ 12,858

Amortization expense for intangible assets was $253,000 and $131,000 for the quarters ended June 30, 2005 and 2004, respectively, and $509,000 and $210,000 for the six months ended June 30, 2005 and 2004, respectively.

10. Debt Obligations

Debt obligations consisted of the following (in thousands):

	June 30, 2005	December 31, 2004
Domestic revolving line-of-credit (A)	$ 5,968	$ 3,615
Foreign revolving line-of-credit (B)	917	626
Bank overdraft facility payable to bank with no monthly repayments required, interest due at the bank's base rate plus 2%, minimum of 4.75% (4.75% as of June 30, 2005), due on demand, secured by Premotec's inventory	313	422
Term loan payable to bank in monthly installments of $90 plus interest at 8.68%, due in May 2007, secured by machinery and equipment	2,077	2,618
Term loan payable to bank in monthly installments of $59 plus interest at the bank's prime rate plus 0.75% (6.75% as of June 30, 2005), plus balloon payment of $2,863, due in May 2007, secured by buildings, machinery and equipment	4,228	4,585
Term loan payable to bank in quarterly installments of EUR 80 ($97 at June 30, 2005 exchange rate) plus interest at 4.79% until August, 2005, then at EURIBOR plus 2.5% with a minimum of 4.75%, due in July 2009, secured by Beheer shares	1,641	2,074
Term loan payable to bank in monthly installments of $1 plus interest at 7.89%, paid in full in January 2005	—	43
Total	15,144	13,983
Less current maturities	(9,380)	(6,904)
Long-term debt obligations	$ 5,764	$ 7,079

(A) Under the domestic revolving line-of-credit agreement (Agreement), the Company has available the lesser of (a)$10,500,000 or (b) the sum of 85% of eligible trade accounts receivable (excluding Premotec) and 50% of eligible inventory, as defined in the Agreement. The line-of-credit expires in May 2007, unless extended. Under the Agreement, the Company utilizes lock-box arrangements whereby remittances from customers reduce the outstanding debt, and therefore the line-of-credit balance has been classified as a current liability. Borrowings under the line-of-credit bear interest at a rate equal to the bank's prime rates plus 1% (7.0% as of June 30, 2005). All borrowings are collateralized by substantially all assets of the Company. The Agreement prohibits the Company from paying dividends and requires that the Company maintain compliance with certain covenants related to tangible net worth and profitability. As of June 30, 2005, the Company was in compliance with such covenants. As of June 30, 2005, the amount available under the domestic line-of-credit was $3,031,000.

(B) Under the foreign line-of-credit agreement (Foreign Agreement), the Company has available the lesser of (a) EUR 1.25 million, or (b) 85% of eligible trade accounts receivable of Premotec as defined in the Foreign Agreement. The line-of-credit expires in August 2006, unless extended. Borrowings under the line-of-credit bear interest at a rate equal to the bank's base rate plus 1.75%, with a minimum of 4.75% (4.75% at June 30, 2005). Under the Foreign Agreement, remittances from customers reduce the outstanding debt, therefore the balance has been classified as a current liability. As of June 30, 2005, there were no amounts available under the foreign line-of-credit.

11. Pension and Postretirement Welfare Plans

Pension Plan

Motor Products, a wholly owned subsidiary of the Company, has a defined benefit pension plan covering substantially all of its hourly union employees. The benefits are based on years of service, the employee's compensation during the last three years of employment, and accumulated employee contributions.

Components of the net periodic pension expense included in the condensed consolidated statements of operations are as follows:

	For the three months ended June 30, 2005	For the three months ended June 30, 2004	For the six months ended June 30, 2005	For the six months ended June 30, 2004
Service cost	$ 31	$ 29	$ 67	$ 49
Interest cost on projected benefit obligations	53	50	111	95
Expected return on assets	(69)	(79)	(138)	(137)
Amortization of gain	—	(3)	—	(3)
Net periodic pension expense (credit)	$ 15	$ (3)	$ 40	$ 4

The Company does not expect to contribute to the pension plan in 2005.

Postretirement Welfare Plan
Motor Products provides postretirement medical benefits and life insurance benefits to current and former union employees hired before January 1, 1994 who retire from Motor Products. The plan is funded on a pay-as-you-go basis. The Company recognizes the expected cost of providing such post-retirement benefits during employees' active service periods.

Net periodic postretirement benefit costs included in the condensed consolidated statements of operations are as follows:

	For the three months ended June 30, 2005	For the three months ended June 30, 2004	For the six months ended June 30, 2005	For the six months ended June 30, 2004
Service cost	$ 21	$ 16	$ 41	$ 26
Interest cost	52	30	99	50
Amortization of gain	9	—	17	(1)
Net periodic postretirement costs	$ 82	$ 46	$ 157	$ 75

The Company contributed $25,000 and $40,000 to the postretirement welfare plan during the three and six months ended June 30, 2005. The Company expects to contribute approximately $90,000 to the postretirement welfare plan during 2005.

12. Reclassifications

Certain prior year balances were reclassified to conform to the current year presentation. Those reclassifications had no impact on net income, stockholders' investment or cash flows from operations as previously reported.

Item 2. Management's Discussion and Analysis of Operating Results and Financial Condition

All statements contained herein that are not statements of historical fact constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements include, without limitation, any statement that may predict, forecast, indicate, or imply future results, performance, or achievements, and may contain the word "believe," "anticipate," "expect," "project," "intend," "will continue," "will likely result," "should" or words or phrases of similar meaning. Forward-looking statements involve known and unknown risks and uncertainties that may cause actual results of the Company to differ materially from the forward-looking statements. The risks and uncertainties include international, national and local general business and economic conditions in the Company's motion markets, introduction of new technologies, products and competitors, the ability to protect the Company's intellectual property, the ability of the Company to sustain, manage or forecast its growth and product acceptance, success of new corporation strategies and implementation of defined critical issues designed for growth and improvement in profits, the continued success of the Company's customers to allow the Company to realize revenues from its order backlog and to support the Company's expected delivery schedules, the continued viability of the Company's customers and their ability to adapt to changing technology and product demand, the ability of the Company to meet the technical specifications of its customers, the continued availability of parts and components, increased competition and changes in competitor responses to the Company's products and services, changes in government regulations, availability of financing, the ability of the Company's lenders and financial institutions to provide additional funds if needed for operations or for making future acquisitions or the ability of the Company to obtain alternate financing if present sources of financing are terminated, the ability to attract and retain qualified personnel who can design new applications and products for the motion industry, the ability of the Company to identify and consummate favorable acquisitions to support external growth and new technology, and the ability of the Company to control costs for the purpose of improving profitability. The Company's ability to compete in this market depends upon its capacity to anticipate the need for new products, and to continue to design and market those products to meet customers' needs in a competitive world. Actual results, events and performance may differ materially. Readers are cautioned not to place undue reliance on these forward-looking statements as a prediction of actual results. The Company has no obligation or intent to release publicly any revisions to any forward looking statements, whether as a result of new information, future events, or otherwise.

New risk factors emerge from time to time and it is not possible for management to predict all such risk factors, nor can it assess the impact of all such risk factors on its business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements. The Company's expectations, beliefs and projections are expressed in good faith and are believed to have a reasonable basis; however, the Company makes no assurance that expectations, beliefs or projections will be achieved.

Because of the risks and uncertainties, investors should not place undue reliance on forward-looking statements as a prediction of actual results. The Company has no obligation or intent to release publicly any revisions to any forward-looking statements, whether as a result of new information, future events, or otherwise.

Business Overview

Allied Motion designs, manufactures and sells motion products to a broad spectrum of customers throughout the world primarily for the commercial motor, industrial motion control, and aerospace and defense markets. The Company's products are used in demanding applications in medical equipment, HVAC systems for trucks, busses and off-road vehicles, the specialty automotive market, industrial automation, pumps, health-fitness, defense, aerospace, semiconductor manufacturing, fiber optic-based telecommunications, printing, and graphic imaging market sectors, to name a few.

Today, five companies form the core of Allied Motion. The companies, Emoteq, Computer Optical Products, Motor Products, Stature Electric and Premotec offer a wide range of standard and customized

motors, encoders and drives for original equipment manufacturers (OEM) and end user applications. A particular strength of each company is its ability to design and manufacture custom motion control solutions to meet the needs of its customers.

During 2002, management significantly changed the structure and strategy of the Company. The Company had historically operated in two business segments under the name Hathaway Corporation: Motion Control and Power and Process. During 2002, the Company sold substantially all of its power and process business segment and transformed the Company to a focused motion company under the name Allied Motion Technologies Inc.

The Company has made considerable progress in implementing its new corporate strategy, the driving force of which is "Applied Motion Technology/Know How", and in the transformation of Allied Motion into a growth oriented motion company. The Company's commitment to Allied's Systematic Tools, or AST for short, is driving continuous improvement in quality, delivery, cost and growth. AST utilizes a tool kit to effect continuous improvement in its operating efficiencies through well defined processes such as Strategy Deployment, Target Marketing, Value Stream Mapping, Material Planning, Standard Work and Single Minute Exchange of Dies.

The acquisitions of Stature and Premotec in 2004 have significantly aided the Company's expansion into the motion industry, not only with the addition of complementary products, but also by establishing a presence in the European market.

One of the Company's major challenges is to maintain and improve price competitiveness. The Company's customers are continually being challenged by their markets and competitors to be price competitive and they are requiring their suppliers to deliver the highest quality product at the lowest price possible. The Company's products contain certain metals and the Company has been experiencing increases in the cost of these metals. The Company has reacted by aggressively sourcing material at lower cost from Asian markets and by passing on surcharges to its customers. In 2004, the Company began production of motor sub-assemblies at a sub-contract manufacturing facility in China and will continue to produce additional products in China that are expected to improve margins towards the end of 2005 for some of its existing business and are expected to open up opportunities for new business.

The Company has begun an aggressive motor development plan that is expected to result in the release of several new products in 2005 that should start generating sales late in 2005 and into 2006. All product development efforts are focused in adding value for our customers in our served market segments.

During 2005, the Company has been experiencing a decline in revenues from some of its served markets including project sales completed in 2004 that did not repeat in 2005. The project based business that did not repeat in 2005 was high margin business and together with the generally lower margins from our acquired businesses, has resulted in a decrease in profitability. Management believes the continued execution of the Company's long-term strategy will result in improvement in operations and the continued strengthening of the foundation necessary to achieve long-term goals for growth in sales and profitability.

Strategy Overview

Allied Motion's Strategic Plan is to leverage its superior expertise in the integration of electro-magnetic and other enabling technologies to address growth oriented motion applications with the most compact, differentiated products, systems, and/or solutions that provide added value for its customers. Our intent is to be the recognized leader of motion solutions in market segments where we will enhance our position through the implementation of Allied's Systematic Tools (AST) to drive continuous improvement in quality, cost, delivery and growth. The Company will concentrate in geographic markets where our technical support provides an additional competitive advantage.

Allied Motion continues to make progress in implementing its corporate strategy. To ensure the implementation of all of our critical issues that are necessary to accomplish our overall strategy, we utilize a formal process, called Strategy Deployment, in each Allied Motion operation. The Strategy Deployment

process includes the development of action plans and a rigorous and regular implementation review process to ensure we achieve the objectives of our Strategic Plan.

The Company is continuing its recruitment efforts for various engineering and sales and marketing positions to enhance its ability to increase sales. Overhead cost reductions and the parallel recruitment efforts are consistent with improving our "Areas of Excellence" and the redeployment of resources in support of our strategy. Key resources have been added in electrical design, mechanical design and in applied marketing and it is our belief these key resources will allow us to accelerate our current product re-design as well as our new product development efforts. The Company fully expects its recruiting efforts to result in cost effective and innovative new designs and solutions that will provide us with the technology platform to obtain a leadership position in our served market segments.

The Company's sales team is focused on selected vertical target market segments to achieve a much better understanding of these markets, and through continuous emphasis on its applications expertise the Company will continue to provide improved support for its customers which the Company believes should contribute to the Company's growth in sales and profitability.

One of our major challenges, and a risk to our business, is to maintain and improve our price competitiveness. Our customers are continually being challenged by their markets and competitors to be price competitive and they are requiring their suppliers to deliver the highest quality product at the lowest price possible. For the Company to continue to be competitive in its markets, the Company must have the ability to continuously improve its cost of doing business while maintaining and improving the quality and performance of its products. To accomplish this, the Company has placed significant emphasis on reducing its costs through the implementation of AST, re-designing products and designing new products for cost improvement and manufacturing efficiency, sourcing materials and components from global low cost sources and establishing manufacturing capabilities in low cost regions. Gross product margins for the quarter and six months ending June 30, 2005 have declined from 2004 reflecting a drop in sales of the Company's higher margin project business partially offset by increased sales of lower margin business, the weighting of lower margins of the acquired businesses and the negative impact of the upward trend in the cost of metals that are used in the Company's products. The Company has proactively reacted to the increased metal costs by aggressively sourcing from Asian markets, combining the sourcing of metals to benefit from volume purchasing and also passing surcharges through to customers. The Company will continue to improve manufacturing efficiencies through the implementation of lean manufacturing, offshore sourcing of materials and from continued cost reduction efforts to reduce overhead costs and expenses. The Company anticipates that it will begin to realize improved margins from products manufactured in low cost manufacturing facilities towards the end of 2005.

The Company continues to be in discussions with other companies in selectively pursuing strategic acquisitions to both provide external growth and to strengthen its technology base.

Operating Results

Quarter Ended June 30, 2005 compared to Quarter Ended June 30, 2004

NET INCOME The Company had net income of $368,000 or $.05 per diluted share for the second quarter 2005 compared to net income of $608,000 or $.10 per diluted share for the same quarter last year.

REVENUES Revenues were $18,913,000 in the quarter ended June 30, 2005 compared to $15,104,000 for the quarter ended June 30, 2004. Included in revenues are results related to Stature from the date of acquisition on May 10, 2004 and Premotec from the date of acquisition on August 23, 2004. The incremental revenues achieved by the companies acquired in 2004 increased revenues by 37% which were partially offset by a decrease in revenues from existing businesses of 12%. The decrease in existing business is primarily due to weakness in some of the Company's served markets and revenues in the second quarter of last year related to certain projects that were not repeated this year, primarily in the Aerospace / Defense and Electronics markets.

ORDER BACKLOG At June 30, 2005, order backlog was $21,834,000 which is a 2% increase over December 31, 2004.

GROSS MARGINS Gross margin as a percentage of revenues decreased to 22% for the quarter ended June 30, 2005 from 27% for the same quarter last year. The decrease is due to a change in sales mix (drop in sales of our higher margin business partially offset by increased sales of lower margin business), the weighting of the lower margins of the acquired businesses and the negative impact of the upward trend in the cost of purchased metal. The Company has proactively reacted to the increased metal costs by aggressively sourcing materials from Asian markets, by combining the sourcing of metals for its various manufacturing operations to benefit from volume purchasing and by passing surcharges to its customers. The Company anticipates gross margins will improve company wide as we continue to improve manufacturing efficiencies through the implementation of lean manufacturing, offshore sourcing of materials and from continued cost reduction efforts to reduce overhead costs and expenses. We also anticipate that we will start realizing improved margins from products manufactured in our low cost manufacturing facilities toward the end of 2005.

SELLING EXPENSES Selling expenses in the second quarter were $806,000 compared to $650,000 for the second quarter last year. Of this 24% increase, selling expenses from existing businesses decreased 18% and incremental expenses from Stature and Premotec contributed 42% of this increase. The decrease in selling expense from existing businesses is due to cost reduction efforts and recruiting expenses incurred last year that did not repeat in 2005.

GENERAL AND ADMINISTRATIVE EXPENSES General and administrative expenses were $1,424,000 in the quarter ended June 30, 2005 compared to $1,417,000 in the quarter ended June 30, 2004. This slight increase is due to a 23% increase from the impact of acquiring Stature and Premotec offset by a 5% decrease from cost reduction efforts and a 17% decrease in incentive bonus expense.

ENGINEERING AND DEVELOPMENT EXPENSES Engineering and development expenses were $910,000 in the second quarter and $712,000 in the same quarter last year. This increase was primarily due to the impact of acquiring Stature and Premotec.

AMORTIZATION Amortization expense was $253,000 in the quarter ended June 30, 2005 and $131,000 in the same quarter last year. These costs relate to the amortizable intangible assets acquired in the Motor Products, Stature and Premotec acquisitions.

INTEREST EXPENSE Interest expense for the second quarter ended June 30, 2005 was $269,000 compared to $142,000 in the quarter ended June 30, 2004. The increase in interest is directly attributed to the increased outstanding balance on the borrowings related to the financing of the acquisitions of Stature and Premotec.

INCOME TAXES Provision for income taxes was $205,000 for the second quarter this year compared to $382,000 in the second quarter last year. The effective rate used to record income taxes is based on projected income for the fiscal year and differs from the statutory amounts primarily due to certain expenses that are deductible for income tax purposes and the impact of state tax rates.

Six Months Ended June 30, 2005 compared to Six Months Ended June 30, 2004

NET INCOME The Company had net income of $536,000 or $.08 per diluted share for the first six months of 2005 compared to net income of $1,035,000 or $.18 per diluted share for the same six months last year.

REVENUES Revenues were $37,368,000 in the six months ended June 30, 2005 compared to $26,352,000 for the six months ended June 30, 2004. Included in revenues are results related to Stature from the date of acquisition on May 10, 2004 and Premotec from the date of acquisition on August 23, 2004. Of this 42% increase in revenues over last year, 50% of the increase was contributed by the

incremental revenues achieved by the companies acquired in 2004 partially offset by a decrease in revenues from existing businesses which contributed an 8% decrease. The decrease in existing business is primarily due to weakness in some of the Company's served markets and revenues in the second quarter of last year related to certain projects that were not repeated this year, primarily in the Aerospace / Defense and Electronics markets.

GROSS MARGINS   Gross margin as a percentage of revenues decreased to 22% for the six months ended June 30, 2005 from 27% for the same period last year. The decrease is due to a change in sales mix (drop in sales of our higher margin business partially offset by increased sales of lower margin business), the weighting of the lower margins of the acquired businesses and the negative impact of the upward trend in the cost of the metal markets.

SELLING EXPENSES   Selling expenses in the first six months were $1,596,000 compared to $1,146,000 for the first six months last year. Of this 39% increase, selling expenses from existing businesses decreased 10% and incremental expenses from Stature and Premotec contributed 49% of this increase.

GENERAL AND ADMINISTRATIVE EXPENSES   General and administrative expenses were $2,931,000 in the six months ended June 30, 2005 compared to $2,647,000 in the six months ended June 30, 2004. This increase is primarily due to the acquisitions of Stature and Premotec partially offset by a reduction in administrative costs resulting from the Company's cost reduction efforts and a decrease in compensation and incentive bonus expense.

ENGINEERING AND DEVELOPMENT EXPENSES   Engineering and development expenses were $1,897,000 in the six months and $1,222,000 in the same six months last year. Of this 55% increase, 47% was due to the acquisitions of Stature and Premotec and the remaining 8% was due to additional expenditures associated with increasing our engineering resources and new product development.

AMORTIZATION   Amortization expense was $509,000 in the six months ended June 30, 2005 and $210,000 in the same six months last year. These costs relate to the amortizable intangible assets acquired in the Motor Products, Stature and Premotec acquisitions.

INTEREST EXPENSE   Interest expense for the six months ended June 30, 2005 was $532,000 compared to $182,000 in the six months ended June 30, 2004. The increase in interest is directly attributed to the increased outstanding balance on the borrowings related to the financing of the acquisitions of Stature and Premotec.

INCOME TAXES   Provision for income taxes was $322,000 for the first six months this year compared to $650,000 in the same six months last year. The effective rate used to record income taxes is based on projected income for the fiscal year and differs from the statutory amounts primarily due to certain expenses that are deductible for income tax purposes and the impact of state tax rates.

Liquidity and Capital Resources

The Company's cash and cash equivalents increased $39,000 during the six months to $495,000 at June 30, 2005. The increase compares to a decrease of $1,122,000 in the same period last year.

Net cash used in operating activities was $682,000 for the six months ended June 30, 2005 compared to cash provided by operating activities of $227,000 for the six months ended June 30, 2004. The decrease was primarily due to lower net income during 2005 and more cash used during the current six months to decrease accounts payable and accrued liabilities, partially offset by less cash used during the current six months for increases in trade receivables and inventory.

Net cash used in investing activities was $1,455,000 and $13,493,000 for the six months ended June 30, 2005 and 2004, respectively. During the six months ended June 30, 2005 and 2004, the Company paid $208,000 and $13,188,000, respectively, related to the acquisition of Stature. Purchases of property and equipment were $1,247,000 and $355,000 in the six months ended June 30, 2005 and 2004, respectively.

Most of the equipment purchases during the six months ended June 30, 2005 were related to the set-up of motor sub-assembly manufacturing in China.

Net cash provided by financing activities was $2,181,000 for the six months ended June 30, 2005 compared to net cash provided of $12,144,000 for the six months ended June 30, 2004. In the six months ended June 30, 2005, the Company had net borrowings on lines-of-credit of $2,565,000 compared to $4,078,000 in the same period last year. The Company had no new borrowings under term loans this year compared to borrowings of $8,250,000 during the first six months last year. The Company repaid $1,043,000 and $1,233,000 on term loans during the six months ended June 30, 2005 and 2004, respectively. In June 2004, Allied Motion received $1.0 million for the issuance of 198,177 shares of common stock under the terms of a Stock Purchase Agreement. During the six months ended June 30, 2005, the Company received $172,000 from its employee stock ownership plan, $129,000 from its employee stock purchase plan and $401,000 from stock option exercises offset by $6,000 of treasury stock purchased from employees. This $696,000 cash inflow from stock benefit plans compares to $115,000 received in the first six months last year.

The Company's working capital, capital expenditure and debt service requirements are expected to be funded from cash provided by operations, the Company's existing cash balance and amounts available under its line-of-credit facilities. As of June 30, 2005, approximately $3.0 million was available on the lines-of-credit. The Company believes the capital currently available to it is sufficient for its currently anticipated needs for the next twelve months, but if additional capital is needed in the future, the Company would pursue additional capital via debt or equity financing. A key component of the Company's liquidity relates to the availability of amounts under its lines-of-credit. Any lack of availability of these facilities could have a material adverse impact on the Company's liquidity position.

At June 30, 2005, the Company had $15,144,000 of bank debt obligations representing borrowings on lines-of-credit, term loans and an overdraft facility.

Under the domestic revolving line-of-credit agreement (Agreement), the Company has available the lesser of (a)$10,500,000 or (b) the sum of 85% of eligible trade accounts receivable (excluding Premotec) and 50% of eligible inventory, as defined in the Agreement. The line-of-credit expires in May 2007, unless extended. Under the Agreement, the Company utilizes lock-box arrangements whereby remittances from customers reduce the outstanding debt, and therefore the line-of-credit balance has been classified as a current liability. Borrowings under the line-of-credit bear interest at a rate equal to the bank's prime rates plus 1% (7.0% as of June 30, 2005). All borrowings are collateralized by substantially all assets of the Company. The Agreement prohibits the Company from paying dividends and requires that the Company maintain compliance with certain covenants related to tangible net worth and profitability. As of June 30, 2005, the Company was in compliance with such covenants. As of June 30, 2005, the amount available under the domestic line-of-credit was $3,031,000.

Under the foreign line-of-credit agreement (Foreign Agreement), the Company has available the lesser of (a) EUR 1.25 million, or (b) 85% of eligible trade accounts receivable of Premotec as defined in the Foreign Agreement. The line-of-credit expires in August 2006, unless extended. Borrowings under the line-of-credit bear interest at a rate equal to the bank's base rate plus 1.75%, with a minimum of 4.75% (4.75% at June 30, 2005). Under the Foreign Agreement, remittances from customers reduce the outstanding debt, therefore the balance has been classified as a current liability. As of June 30, 2005, there were no amounts available under the foreign line-of-credit.

The EUR 200,000 bank overdraft facility bears an interest rate equal to the bank's base rate plus 2%, with a minimum of 4.75% (4.75% at June 30, 2005). The facility has no expiration date.

Critical Accounting Policies

The Company has prepared its financial statements in conformity with accounting principles generally accepted in the United States, and these statements necessarily include some amounts that are based on informed judgments and estimates of management. The policies are reviewed on a regular basis. The Company's critical accounting policies are subject to judgments and uncertainties which affect the

application of such policies. The Company uses historical experience and all available information to make these judgments and estimates. As discussed below the Company's financial position or results of operations may be materially different when reported under different conditions or when using different assumptions in the application of such policies. In the event estimates or assumptions prove to be different from actual amounts, adjustments are made in subsequent periods to reflect more current information. The Company's critical accounting policies include:

The Company maintains allowances for doubtful accounts for estimated losses resulting from the inability of its customers to make required payments. The allowance is based on historical experience and judgments based on current economic and customer specific factors. Significant judgments are made by management in connection with establishing our customers' ability to pay at the time of shipment. Despite this assessment, from time to time, the Company's customers are unable to meet their payment obligations. The Company continues to monitor customers' credit worthiness, and uses judgment in establishing the estimated amounts of customer receivables which may not be collected. A significant change in the liquidity or financial position of the Company's customers could have a material adverse impact on the collectibility of accounts receivable and future operating results.

Inventory is valued at the lower of cost or market. The Company monitors and forecasts expected inventory needs based on sales forecasts and historical usage of the specific inventory. Inventory is written down or written off when it becomes obsolete or when it is deemed excess. These determinations involve the exercise of significant judgment by management. If actual market conditions are significantly different from those projected by management the recorded reserve may be adjusted, and such adjustments may have a significant impact on the Company's results of operations. Demand for the Company's products can fluctuate significantly, and in the past the Company has recorded substantial charges for obsolete and excess inventory.

The Company records deferred tax assets and liabilities for the estimated future tax effects of temporary differences between the tax basis of assets and liabilities and amounts recorded in the consolidated financial statements, and for operating loss and tax credit carryforwards. Realization of the recorded deferred tax assets is dependent upon the Company generating sufficient taxable income in the appropriate tax jurisdiction in future years to obtain benefit from the reversal of net deductible temporary differences and from tax credit and operating loss carryforwards. A valuation allowance is provided to the extent that management deems it more likely than not that the net deferred tax assets will not be realized. The amount of deferred tax assets considered realizable is subject to adjustment in future periods if estimates of future taxable income are changed.

The Company reviews the carrying values of its long-lived assets, including goodwill and identifiable intangibles, annually or whenever events or changes in circumstances indicate that such carrying values may not be fully recoverable. Considerable judgment is required to project cash flows from their use and estimate the fair value if the long-lived asset is impaired. Depending upon future assessments of fair value, there could be impairments recorded related to goodwill and other long-lived assets.

Recent Accounting Pronouncements

In December 2004, the Financial Accounting Standards Board (FASB) issued SFAS no. 123 (revised 2004), Share-Based Payment. SFAS 123R is a revision of FASB No. 123 "Accounting for Stock-Based Compensation" and supersedes APB Opinion No. 25, "Accounting for Stock Issued to Employees", and amends SFAS No. 95, "Statement of Cash Flows". SFAS No. 123R requires all share-based payments to employees, including grants of employee stock options to be recognized in the income statement based on their fair values. The amount of compensation cost will be measured based on the grant-date fair value of the equity or liability instruments issued. Compensation cost will be recognized over the period that an employee provides service in exchange for the award. Pro forma disclosure will no longer be an alternative. The provisions of this statement will become effective in 2006.

SFAS 123R permits public companies to adopt its requirements using one of two methods:

1. A "modified prospective" method in which compensation cost is recognized beginning with the effective date (a) based on the requirements of SFAS 123R for all share-based awards granted after the effective date and (b) based on the requirements of SFAS 123 for all awards granted to employees prior to the effective date of SFAS 123R that remain unvested on the effective date.
2. A "modified retrospective" method which includes the requirements of the modified prospective method described above, but also permits entities to restate prior operating results based on the amounts previously recognized under SFAS 123 for purposes of pro forma disclosure either (a) all prior periods presented or (b) prior interim periods of the year of adoption.

The Company intends to use a "modified prospective" method when it adopts SFAS 123R.

As permitted by SFAS 123, the Company currently accounts for share-based payments to employees using Opinion 25's intrinsic value method and, as such, generally recognizes no compensation cost for employee stock options. The impact of the adoption of SFAS 123R cannot be predicted with certainty at this time because it will depend on levels of share-based awards granted in the future. SFAS 123R also requires the benefits of tax deductions in excess of recognized compensation cost be reported as a financing cash flow, rather than as an operating cash flow as required under current literature. This requirement will reduce net operating cash flows and increase net financing cash flows in periods after adoption and we have not assessed the impact of this provision in the context of our net operating loss carryforwards.

<u>Item 3. Quantitative and Qualitative Disclosures About Market Risk</u>

Market risk represents the risk of loss that may impact the financial position, results of operations or cash flows of the Company due to adverse changes in financial and commodity market prices and rates. The Company is exposed to market risk in the areas of changes in interest rates and changes in foreign currency exchange rates as measured against the United States dollar. These exposures are directly related to its normal operating and funding activities.

Interest Rate Risk

The interest payable on the Company's domestic and foreign lines-of-credit and its foreign term loan are variable based on the prime rate and Euribor, and are affected by changes in market interest rates. The Company does not believe that reasonably possible near-term changes in interest rates will result in a material effect on future earnings, fair values or cash flows of the Company. A change in the interest rate of 1% point on the Company's variable rate debt would have the impact of changing interest expense by approximately $133,000 annually.

Foreign Currency Risk

On August 23, 2004, the Company completed the acquisition of Premotec, located in The Netherlands. Sales from this operation are denominated in Euros, thereby creating exposures to changes in exchange rates. The changes in the Euro/U.S. exchange rate may positively or negatively affect the Company's sales, gross margins, net income and retained earnings. The Company does not believe that reasonably possible near-term changes in exchange rates will result in a material effect on future earnings, fair values or cash flows of the Company.

Item 4. Controls and Procedures

The Company's controls and procedures include those designed to ensure that material information is accumulated and communicated to the Company's management as appropriate to allow timely decisions regarding required disclosure. As of June 30, 2005 the Company's chief executive officer and chief financial officer evaluated the effectiveness of the Company's disclosure controls and procedures designed to ensure that information is recorded, processed, summarized and reported in a timely manner as required by Exchange Act reports such as this Form 10-Q and concluded that they are effective.

There has not been any significant changes in the Company's internal controls over financial reporting during the quarter or six months ended June 30, 2005 that has materially affected or is reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II. OTHER INFORMATION

Item 4. Submissions of Matters to Vote of Security Holders

The Company held its annual stockholders' meeting on April 28,2005. The stockholders voted on one item.

The stockholders elected E.E. Prince, R.D. Smith, D.D. Hock, G.D. Hubbard, G.J. Pilmanis and M.M. Robert to serve on the Board of Directors for the coming year. The vote tabulation was as follows:

Nominee	For	Withheld or Against	Total Shares Outstanding	% of Shares Voting For
E.E. Prince	4,779,073	586,024	6,103,439	78.3%
R.D. Smith	4,962,061	403,036	6,103,439	81.3%
D.D. Hock	5,147,951	217,146	6,103,439	84.4%
G.D. Hubbard	4,961,076	404,021	6,103,439	81.3%
G.J. Pilmanis	4,965,001	400,096	6,103,439	81.4%
M.M. Robert	5,348,558	16,539	6,103,439	87.6%

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits

31.1. Certification of the Chief Executive Officer and Chief Financial Officer pursuant to Rule 13a-14(a) or 15d-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 203 of the Sarbanes-Oxley Act of 2002.

31.2 Certification of the President and Chief Operating Officer pursuant to Rule 13a-14(a) or 15d-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 203 of the Sarbanes-Oxley Act of 2002.

32. Certification of the Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

(b) Reports on Form 8-K

On May 5, 2005, the Company filed Form 8-K to report the issuance of a press release dated May 5, 2005 to report the results of operations for the first quarter ended March 31, 2005.

SIGNATURE

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

DATE: August 11, 2005 ALLIED MOTION TECHNOLOGIES INC.

By: /s/ Richard D. Smith

Chief Executive Officer and
Chief Financial Officer

EXHIBIT 31.1

CERTIFICATION

I, Richard D. Smith, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Allied Motion Technologies Inc. (the "registrant");

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

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

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

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

   (b) Omitted;

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

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

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

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

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

Date: August 11, 2005

/s/ Richard D. Smith
Richard D. Smith
Chief Executive Officer,
Chief Financial Officer and Director

CERTIFICATION

I, Richard S. Warzala, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Allied Motion Technologies Inc. (the “registrant”);

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

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

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

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

   (b) Omitted;

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

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

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

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

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

Date: August 11, 2005

/s/ Richard S. Warzala
Richard S. Warzala
President and
Chief Operating Officer

EXHIBIT 32

Certification of Periodic Financial Reports
Pursuant to 18 U.S.C. Section 1350

Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned officer of Allied Motion Technologies Inc. (the "Company") certifies to his knowledge that:

(1) The Quarterly Report on Form 10-Q of the Company for the quarterly period ended June 30, 2005 fully complies with the requirements of Section 13 (a) or 15 (d) of the Securities Exchange Act of 1934; and

(2) The information contained in that Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 11, 2005

/s/ Richard D. Smith
Richard D. Smith
Chief Executive Officer and
Chief Financial Officer