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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**  
WASHINGTON, D.C. 20549

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**Form 10-Q**

**Quarterly Report Pursuant to Section 13 or 15(d)  
of the Securities Exchange Act of 1934**

**For the quarterly period ended March 31, 2009**

**Commission File Number  
0-04041**

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**ALLIED MOTION TECHNOLOGIES INC.**

Incorporated Under the Laws of the State of Colorado

**Colorado**  
(State or other jurisdiction of  
incorporation or organization)

**84-0518115**  
(I.R.S. Employer  
Identification No.)

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

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 ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the Registrant was required to submit and post such files). Yes ☐ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ☐

Accelerated filer ☐

Non-accelerated filer ☐  
(Do not check if a smaller reporting company)

Smaller reporting company ☒

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

Number of Shares of the only class of Common Stock outstanding: 7,582,476 as of May 15, 2009

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

|   | March 31,<br>2009 | December 31,<br>2008 |
|---|-------------------|----------------------|
| <b>Assets</b>   |                   |                      |
| Current Assets:   |                   |                      |
| Cash and cash equivalents   | \$ 2,118          | \$ 4,196             |
| Trade receivables, net of allowance for doubtful accounts of \$131 and \$152 at March 31, 2009 and December 31, 2008, respectively                        | 9,622             | 10,008               |
| Inventories, net  | 10,153            | 10,532               |
| Deferred income taxes   | 1,032             | 674                  |
| Prepaid expenses and other  | 1,363             | 1,265                |
| Total Current Assets  | 24,288            | 26,675               |
| Property, plant and equipment, net  | 10,121            | 10,567               |
| Intangible assets   | 2,990             | 3,307                |
| Goodwill  | 12,073            | 12,231               |
| Total Assets  | \$ 49,472         | \$ 52,780            |
| <b>Liabilities and Stockholders' Investment</b>   |                   |                      |
| Current Liabilities:  |                   |                      |
| Debt obligations  | 800               | 800                  |
| Accounts payable  | 4,580             | 5,043                |
| Accrued liabilities and other   | 2,907             | 4,453                |
| Income taxes payable  | 59                | 219                  |
| Total Current Liabilities   | 8,346             | 10,515               |
| Debt obligations, net of current portion  | 1,800             | 2,000                |
| Deferred income taxes   | 831               | 906                  |
| Pension and post-retirement obligations   | 2,543             | 2,503                |
| Total Liabilities   | 13,520            | 15,924               |
| 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; 7,582 and 7,304 shares issued and outstanding at March 31, 2009 and December 31, 2008, respectively | 18,331            | 18,019               |
| Retained earnings   | 17,476            | 18,206               |
| Other comprehensive income  | 145               | 631                  |
| Total Stockholders' Investment  | 35,952            | 36,856               |
| Total Liabilities and Stockholders' Investment  | \$ 49,472         | \$ 52,780            |

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 March 31, |           |
|--|--------------------------------------|-----------|
|  | 2009                                 | 2008      |
| Revenues                               | \$ 15,295                            | \$ 23,312 |
| Cost of products sold                  | 12,506                               | 17,147    |
| Gross margin                           | 2,789                                | 6,165     |
| Operating costs and expenses:          |                                      |           |
| Selling                                | 878                                  | 1,036     |
| General and administrative             | 1,725                                | 2,422     |
| Engineering and development            | 995                                  | 996       |
| Amortization of intangible assets      | 255                                  | 265       |
| Fire related losses                    | 56                                   | —         |
| Insurance recoveries                   | (56)                                 | —         |
| Total operating costs and expenses     | 3,853                                | 4,719     |
| Operating (loss) income                | (1,064)                              | 1,446     |
| Other income (expense), net:           |                                      |           |
| Interest expense                       | (15)                                 | (59)      |
| Other income, net                      | 19                                   | 3         |
| Total other income (expense), net      | 4                                    | (56)      |
| (Loss) Income before income taxes      | (1,060)                              | 1,390     |
| Benefit (Provision) for income taxes   | 330                                  | (466)     |
| Net (loss) income                      | \$ (730)                             | \$ 924    |
| Basic net (loss) income per share:     |                                      |           |
| Net (loss) income per share            | \$ (0.10)                            | \$ 0.13   |
| Basic weighted average common shares   | 7,386                                | 7,153     |
| Diluted net (loss) income per share:   |                                      |           |
| Net (loss) income per share            | \$ (0.10)                            | \$ 0.13   |
| Diluted weighted average common shares | 7,386                                | 7,338     |

See accompanying notes to financial statements.

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

|  | For the three months ended March 31, |         |
|--|--------------------------------------|---------|
|  | 2009                                 | 2008    |
| <b>Cash Flows From Operating Activities:</b>   |                                      |         |
| Net (loss) income  | \$ (730)                             | \$ 924  |
| Adjustments to reconcile net income (loss) to net cash used in operating activities: |                                      |         |
| Depreciation and amortization  | 893                                  | 880     |
| Other  | (215)                                | 271     |
| Changes in assets and liabilities:   |                                      |         |
| Trade receivables  | 210                                  | (2,229) |
| Inventories, net   | 77                                   | (392)   |
| Prepaid expenses and other   | (115)                                | 28      |
| Accounts payable   | (367)                                | 461     |
| Accrued liabilities and other  | (1,577)                              | (232)   |
| Net cash used in operating activities  | (1,824)                              | (289)   |
| <b>Cash Flows From Investing Activities:</b>   |                                      |         |
| Purchase of property and equipment   | (241)                                | (312)   |
| Net cash used in investing activities  | (241)                                | (312)   |
| <b>Cash Flows From Financing Activities:</b>   |                                      |         |
| Borrowings on lines-of-credit, net   | —                                    | 194     |
| Repayments on term loans   | (200)                                | (200)   |
| Repayment of capital lease obligations   | —                                    | (11)    |

|   |                 |               |
|---|-----------------|---------------|
| Stock transactions under employee benefit stock plans | 230             | 766           |
| Net cash provided by financing activities             | 30              | 749           |
| Effect of foreign exchange rate changes on cash       | (43)            | 23            |
| Net (decrease) increase in cash and cash equivalents  | (2,078)         | 171           |
| Cash and cash equivalents at beginning of period      | 4,196           | 534           |
| Cash and cash equivalents at end of period            | <u>\$ 2,118</u> | <u>\$ 705</u> |

See accompanying notes to financial statements.

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ALLIED MOTION TECHNOLOGIES INC.

**1. Basis of Preparation and Presentation**

Allied Motion Technologies Inc. (the Company) is engaged in the business of designing, manufacturing and selling motion control products to a broad spectrum of customers throughout the world. The Company is organized into five business units: Emoteq, Computer Optical Products, Motor Products, Stature Electric and Premotec.

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.

The assets and liabilities of the Company's foreign subsidiaries are translated into U.S. dollars using exchange rates in effect at the balance sheet date. Revenues and expenses are translated at average rates prevailing during the month of the transaction. 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 of America ("U.S. GAAP") 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 U.S. GAAP 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 Annual Report on Form 10-K for the year ended December 31, 2008 that was previously filed by the Company.

**Recent Accounting Pronouncements**

In December 2008 the FASB issued FSP No. FAS 132(R)-1, "Employers' Disclosures About Postretirement Benefit Plan Assets" (FSP No. FAS 132(R)-1). This guidance requires disclosure of how investment allocation decisions are made, including the factors that are pertinent to an understanding of investment policies and strategies, the major categories of plan assets, significant concentrations of risk within plan assets, inputs and valuation techniques to measure fair value and the effect of significant unobservable inputs on changes in plan assets for the period. FSP No. FAS 132(R)-1 is effective for the fiscal year ending December 31, 2009. The Company is in the process of evaluating the impact this guidance will have on our consolidated financial statements.

In February 2007 the Financial Accounting Standards Board ("FASB") issued SFAS 159, "The Fair Value Option for Financial Assets and Financial Liabilities Including an Amendment of FASB Statement No. 115," which permits companies to choose, at specified election dates, to measure certain financial instruments and other eligible items at fair value. Unrealized gains and

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losses on items for which the fair value option has been elected are subsequently reported in earnings. The decision to elect the fair value option is generally irrevocable, is applied instrument by instrument and can only be applied to an entire instrument. The standard was effective for the Company as of January 1, 2008. The Company has not elected the fair value option for any eligible items.

**2. Inventories**

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

|                         | March 31,<br>2009 | December 31,<br>2008 |
|-------------------------|-------------------|----------------------|
| Parts and raw materials | \$ 8,030          | \$ 8,209             |
| Work-in process         | 1,939             | 1,957                |
| Finished goods          | 1,806             | 1,910                |
|                         | 11,775            | 12,076               |
| Less reserves           | (1,622)           | (1,544)              |
| Inventories, net        | <u>\$ 10,153</u>  | <u>\$ 10,532</u>     |

### 3. Property, Plant and Equipment

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

|                                      | March 31,<br>2009 | December 31,<br>2008 |
|--------------------------------------|-------------------|----------------------|
| Land                                 | \$ 332            | \$ 332               |
| Building and improvements            | 4,589             | 4,587                |
| Machinery, equipment, tools and dies | 16,577            | 16,263               |
| Furniture, fixtures and other        | 1,872             | 2,114                |
|                                      | 23,370            | 23,296               |
| Less accumulated depreciation        | (13,249)          | (12,729)             |
| Property, Plant and Equipment, net   | <u>\$ 10,121</u>  | <u>\$ 10,567</u>     |

### 4. Stock-Based Compensation

The Company's stock incentive plans provide for awards of stock options, stock appreciation rights and restricted stock to employees and directors, as determined by the board of directors.

#### *Stock Options*

All stock options were full vested by September 30, 2006, and the Company did not recognize any compensation expense relating to outstanding stock options during the quarters ended March 31, 2009 or 2008.

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The following is a summary of option activity, during the quarter ended March 31, 2009:

|                                    | Number<br>of Shares | Weighted<br>Average<br>Exercise<br>Price | Weighted<br>Average<br>Remaining<br>Contractual<br>Term (years) | Aggregate<br>Intrinsic<br>Value |
|------------------------------------|---------------------|--|---|---------------------------------|
| Outstanding at beginning of period | 588,950             | \$ 4.23                                  | 2.1   |                                 |
| Forfeited                          | (6,000)             | \$ 2.90                                  |   |                                 |
| Exercised                          | —                   | —  |   |                                 |
| Outstanding at end of Period       | <u>582,950</u>      | \$ 4.25                                  | 1.9   | \$ 0                            |
| Exercisable at end of period       | <u>582,950</u>      | \$ 4.25                                  | 1.9   | \$ 0                            |

There have been no options granted since October 2004.

#### *Restricted Stock*

On March 9, 2009, 94,850 shares of unvested restricted stock were awarded with a value of \$1.21 per share. The value at the date of grant is amortized to compensation expense over the related three year vesting period. Shares of restricted stock are forfeited if an employee leaves the Company before the vesting date. Shares that are forfeited become available for future grant under the Company's stock incentive plans. During the first quarter of 2009 and 2008, compensation expense, net of forfeitures, of \$87,000 and \$75,000 was recorded, respectively.

The following is a summary of restricted stock activity during the quarter ended March 31, 2009:

|                                    | Number of<br>Shares |
|------------------------------------|---------------------|
| Outstanding at beginning of period | 150,564             |
| Granted                            | 94,850              |
| Forfeited                          | 0                   |
| Vested                             | (58,786)            |
| Outstanding at end of Period       | <u>186,628</u>      |

### 5. 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 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. The dilutive effect of outstanding awards for the quarters ended March 31, 2009 and 2008 was 0 and 185,000 shares, respectively. Stock awards to purchase 803,000 and 255,000 shares of common stock

were excluded from the calculation of diluted income per share for the quarters ended March 31, 2009 and 2008, respectively, since the results would have been anti-dilutive.

## 6. 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

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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 subsidiaries is summarized below (in thousands):

|  | As of and for the three months ended March 31, |           |
|--|--|-----------|
|  | 2009   | 2008      |
| Revenues derived from foreign subsidiaries | \$ 4,590                                       | \$ 6,816  |
| Identifiable assets                        | \$ 11,206                                      | \$ 12,599 |

Sales to customers outside of the United States by all subsidiaries were \$6,410,000 and \$9,798,000 during the quarters ended March 31, 2009 and 2008, respectively.

During the quarters ended March 31, 2009 and 2008, no single customer accounted for more than 10% of total revenues.

## 7. Comprehensive (Loss) Income

Comprehensive (loss) 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 (loss) income is computed as follows (in thousands):

|   | For the three months ended March 31, |                 |
|---|--------------------------------------|-----------------|
|   | 2009                                 | 2008            |
| Net (loss) income                       | \$ (730)                             | \$ 924          |
| Foreign currency translation adjustment | (486)                                | 538             |
| Comprehensive (loss) income             | <u>\$ (1,216)</u>                    | <u>\$ 1,462</u> |

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## 8. Goodwill

The change in the carrying amount of goodwill for 2009 is as follows (in thousands):

|  | March 31, 2009   |
|--|------------------|
| Balance at beginning of period         | \$ 12,231        |
| Effect of foreign currency translation | (158)            |
| Balance at end of period               | <u>\$ 12,073</u> |

## 9. Intangible Assets

Intangible assets on the Company's consolidated balance sheets consist of the following (in thousands):

|  | March 31, 2009 | December 31, 2008 | Estimated Life |
|--|----------------|-------------------|----------------|
|--|----------------|-------------------|----------------|

|                               |              |              |          |
|-------------------------------|--------------|--------------|----------|
| Amortizable intangible assets |              |              |          |
| Customer lists                | 4,473        | 4,541        | 8 years  |
| Trade name                    | 1,340        | 1,340        | 10 years |
| Design and technologies       | 2,598        | 2,665        | 8 years  |
| Patents                       | 24           | 24           |          |
| Accumulated amortization      | (5,445)      | (5,263)      |          |
| Total intangible assets       | <u>2,990</u> | <u>3,307</u> |          |

Amortization expense for intangible assets for the quarters ended March 31, 2009 and 2008 was \$255,000 and \$265,000, respectively.

## 10. Debt Obligations

Debt obligations consisted of the following (in thousands):

|   | March 31,<br>2009 | December 31,<br>2008 |
|---|-------------------|----------------------|
| <b>Credit Agreement (at variable rates)</b> |                   |                      |
| Term Loan, 1.28% as of March 31, 2009       | \$ 2,600          | \$ 2,800             |
| Less current maturities                     | (800)             | (800)                |
| Long-term debt obligations                  | <u>\$ 1,800</u>   | <u>\$ 2,000</u>      |

The credit agreement contains certain financial covenants related to maximum leverage, minimum fixed charge coverage and minimum tangible net worth of the company. The Company was in compliance with all covenants at March 31, 2009.

At March 31, 2009, approximately \$15.0 million was available under the credit agreement and €300,000 was available under a bank overdraft facility.

## 11. 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.

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

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 those associated with the present economic recession in the United States and throughout Europe, 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 loss of significant customers or enforceability of the Company's contracts in connection with a merger, acquisition, disposition, bankruptcy, or otherwise, 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, the ability of the Company to establish low cost region manufacturing and component sourcing capabilities, 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.

## 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. Examples of the end products using Allied Motion's technology in the medical and health care industries include wheel chairs, scooters, stair climbers, vehicle lifts, patient handling tables, electric powered surgical hand pieces, programmable pumps to meter and administer infusions associated with chemotherapy, pain control and antibiotics; nuclear imaging systems, automated pharmacy dispensing equipment, kidney dialysis equipment, respiratory ventilators and heart pumps. In electronics, our products are used in the handling, inspection, and testing of components and in the automation and verification of final products such as PC's, game equipment and cell phones. Our motors are used in the HVAC systems



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of trucks, buses, RV's, boats and off-road construction/farming equipment. These motors operate a variety of actuation systems (e.g., lifts, slide-outs, covers etc.), provide improved fuel efficiency while the vehicles are idling and are used in drive by wire applications to electrically replace a variety of mechanical linkages. Our products are also utilized in high performance vehicles, vehicles using alternative fuel systems such as LPG, fuel cell and hybrid vehicles. Our geared motor products are utilized in commercial grade floor cleaners, polishers and material handling devices for factories and commercial buildings. Our products are also used in a variety of military/defense applications including inertia guided missiles, mid range munitions systems, weapons systems on armed personnel carriers and in security and access control in camera systems, door access control and in airport screening and scanning devices. Other end products utilizing our technology include high definition printers; tunable lasers and spectrum analyzers for the fiber optic industry; processing equipment for the semiconductor industry, as well as cash dispensing machines (ATM's).

Allied Motion is organized into five companies or technology units (TUs): Emoteq Corporation, Computer Optical Products, Inc. (COP), Motor Products Corporation, Stature Electric, Inc., and Precision Motor Technology B.V.

The TUs offer a wide range of standard 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 high quality custom motion control solutions to meet the needs of its customers.

The Company has made considerable progress in implementing its new corporate strategy, with the driving force of "Applied Motion Technology/Know How". 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 desired changes through well defined processes such as Strategy Deployment, Target Marketing, Value Stream Mapping, Material Planning, Standard Work and Single Minute Exchange of Dies.

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. Currently, the Company is producing some of its motor sub-assemblies and finished products at sub-contract manufacturing facilities in China and Slovakia. The Company has increased efforts to identify opportunities where production in low cost regions can improve profitability while delivering the same high quality products.

The Company's products contain certain metals, and the Company has been experiencing significant fluctuations in the costs of these metals, particularly copper, steel and zinc, which are all key materials in our products. The Company has reacted by aggressively sourcing material at lower cost from Asian markets and by passing on surcharges and price increases to our customers.

The Company continues to pursue aggressive motor and drive development plans for new products that leverage the combined technology base of the Allied Motion TUs. The Company focuses on new product designs that design-out cost, provide higher level, value-added performance solutions and meet the needs of our served markets. Over the last few years, the Company announced several new motor designs targeted at various markets. It normally takes twelve months to get new products designed into new customer applications. We continue to invest in engineering new products that we believe will raise the bar and provide better solutions for our customers. The Company is realizing improved results from its new products and will continue to realize more improvements in the future.

Management believes the strategy we have developed for the Company will accomplish our long term goals of increasing shareholder value through the continued strengthening of the foundation necessary to achieve growth in sales and profitability.

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## Operating Results

### *Quarter Ended March 31, 2009 compared to Quarter Ended March 31, 2008*

**NET INCOME** The Company reported a net loss of (\$730,000) or (\$.10) loss per diluted share for the first quarter of 2009, as opposed to net income of \$924,000 or \$.13 per diluted share for the first quarter of 2008, a 179% and 176% change in net income and diluted EPS respectively.

**EBITDA** EBITDA was a loss of \$152,000 for the first quarter 2009 compared to EBITDA of \$2,329,000 for the same quarter last year. EBITDA is a non-GAAP measurement that consists of income before interest expense, provision for income taxes and depreciation and amortization. See information included in "Non - GAAP Measures" below for a reconciliation of net income to EBITDA.

**REVENUES** Revenues were \$15,295,000 in the quarter ended March 31, 2009 compared to \$23,312,000 for the quarter ended March 31, 2008. The 34% decrease in revenues for the first quarter of 2009 reflects the effects of the worldwide economic recession, which adversely affected nearly all markets to which we sell our products, though some were hit harder than others. Our vehicle, industrial and electronics markets were most affected, accounting for 31% of the 34% decrease in revenues. Other markets, such as distribution and aerospace and defense were least affected, accounting for the remainder of the 34% decrease in revenues, while sales into our medical markets posted a slight increase. We continue to utilize our low cost region operations to ensure we are globally competitive on a cost basis while maintaining the same high technical and commercial standards we have already established.

Sales to U.S. customers accounted for 58% of our sales in the first quarter of 2009 and 2008, with the balance to customers primarily in Europe and Canada. The strengthening of the U.S. dollar against the Euro in the first quarter of 2009 compared to the first quarter of 2008 accounted for approximately 3% of the 34% sales decrease in 2009.

**ORDER BACKLOG** At March 31, 2009, order backlog was approximately \$24,700,000 which is down 27% from the same time last year and up 5% from the backlog at December 31, 2008. Backlog is down from the same time last year due to the current worldwide economic recession, which has had a broad impact on the markets to which we sell.



**GROSS MARGINS** Gross margin as a percentage of revenues was 18% and 26% for the quarters ended March 31, 2009 and 2008, respectively. The decrease in gross margin is primarily a result of declining sales that has impacted our ability to absorb various overhead costs that are part of our operations. Management has made a number of changes in efforts to mitigate the negative impact of declining sales on our gross margin.

**SELLING EXPENSES** Selling expenses in the first quarter were \$878,000 compared to \$1,036,000 for the first quarter last year. The 15% decrease is primarily due to lower commissions and sales incentives as a result of lower sales and the strengthening of the U.S. dollar against the Euro.

**GENERAL AND ADMINISTRATIVE EXPENSES** General and administrative expenses were \$1,725,000 in the quarter ended March 31, 2009 compared to \$2,422,000 in the quarter ended March 31, 2008. The 29% decrease is a result of reductions in discretionary expenditures and compensation expense, which includes incentive bonuses.

**ENGINEERING AND DEVELOPMENT EXPENSES** Engineering and development expenses were \$995,000 in the first quarter of 2009 and \$996,000 in the same quarter last year. We continue to maintain

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strong engineering capabilities to meet our customers' needs and to expand our product base for future opportunities.

**AMORTIZATION OF INTANGIBLE ASSETS** Amortization of intangible assets expense was \$255,000 in the quarter ended March 31, 2009 and \$265,000 in the same quarter last year.

**INTEREST EXPENSE** Interest expense for the first quarter ended March 31, 2009 was \$15,000 compared to \$59,000 in the quarter ended March 31, 2008. The decrease in interest is directly attributable to the decrease in outstanding debt obligations and lower interest rates.

**INCOME TAXES** Benefit for income taxes was \$330,000 for the first quarter of 2009 as opposed to a provision for income taxes of \$466,000 for the first quarter last year. The effective rate used to record income taxes is based on projected results for the fiscal year. The effective income tax rate as a percentage of income (loss) before income taxes was 31% and 34% in the quarters ended March 31, 2009 and 2008. The effective tax rate is higher than the statutory rate due to permanent differences in a foreign jurisdiction.

**Non-GAAP Measures**

EBITDA is provided for information purposes only and is not a measure of financial performance under generally accepted accounting principles. The Company believes EBITDA is often a useful measure of a Company's operating performance and is a significant basis used by the Company's management to measure the operating performance of the Company's business because EBITDA excludes charges for depreciation, amortization and interest expense that have resulted from our debt financings, as well as our provision for income tax expense. Accordingly, the Company believes that EBITDA provides helpful information about the operating performance of its business, apart from the expenses associated with its physical assets or capital structure. EBITDA is frequently used as one of the bases for comparing businesses in the Company's industry. EBITDA does not represent and should not be considered as an alternative to net income, operating income, net cash provided by operating activities or any other measure for determining operating performance or liquidity that is calculated in accordance with generally accepted accounting principles.

The Company's calculation of EBITDA for the three months ended March 31, 2009 and 2008 is as follows (in thousands):

|   | For the three<br>months ended<br>March 31,<br>2009 | For the three<br>months ended<br>March 31,<br>2008 |
|---|--|--|
| Net income  | \$ (730)   | \$ 924   |
| Interest expense  | 15   | 59   |
| (Benefit) Provision for income tax  | (330)  | 466  |
| Depreciation and amortization   | 893  | 880  |
| Income before interest expense, provision for income taxes and depreciation and amortization (EBITDA) | \$ (152)   | \$ 2,329   |

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[Liquidity and Capital Resources](#)

The Company's liquidity position as measured by cash and cash equivalents decreased \$2,078,000 to a balance of \$2,118,000 at March 31, 2009. This decrease compares to an increase of \$171,000 for the same period last year. During the first quarter of 2009, operations used \$1,824,000 in cash compared to \$289,000 for the quarter ended March 31, 2008. The increase in cash used from operations of \$1,535,000 is primarily due to lower net income, along with reductions in working capital components that nearly offset each other as a result of the current economic downturn.

Net cash used in investing activities was \$241,000 and \$312,000 for the first quarter of 2009 and 2008, respectively, which is all related to the purchase of property and equipment.

Net cash provided by financing activities was \$30,000 for the quarter ended March 31, 2009 compared to \$749,000 for the same period last year. The decrease is primarily due to a large amount of stock transactions under employee benefit stock plans that occurred in the first quarter of 2008 compared to the first quarter of 2009.

At March 31, 2009, the Company had \$2,600,000 of debt obligations representing borrowings on the bank term loan.

The interest rates on the Company's credit facilities are variable rates based on one or more interest rate indices. The interest rate in effect as of March 31, 2009 was 1.28% on the term loan. Under the Company's credit agreement, which expires in May 2012, the interest rate on the Company's outstanding debt can be fixed for terms of one, three, or six months at specified amounts not to exceed the total outstanding loan amount. Management monitors market interest rates in efforts to minimize interest expense of the Company. As of March 31, 2009, the interest rate for all of the Company's outstanding debt is on a one-month contract, with the option to change the term upon the renewal of each contract. As of March 31, 2009, the amount available under the lines-of-credit was approximately \$15.0 million.

The Company's working capital, capital expenditure and debt service requirements are expected to be funded from cash provided by operations and amounts available under the Company's credit facilities.

The agreement contains certain financial covenants related to maximum leverage, minimum fixed charge coverage and minimum tangible net worth of the company. The Company was in compliance with all covenants at March 31, 2009.

The Company has a bank overdraft facility payable to a foreign bank with no monthly repayments required. The facility had no outstanding balance as of March 31, 2009. The amount available under the overdraft facility was € 300,000 (\$396,000 at the March 31, 2009 exchange rate).

### 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 Company's significant accounting policies are discussed in Note 1 in the Annual Report on Form 10-K for the year ended December 31, 2008. 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

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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 the Company's 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 use 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. 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 inventory obsolescence.

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, in accordance with SFAS No. 142 and SFAS No. 144. SFAS No. 142 provides a fair value test to evaluate goodwill and long-lived asset impairment. As part of the review, the Company estimates future cash flows. Depending upon future assessments of fair value and estimated future cash flows, there could be impairment recorded related to goodwill and other long-lived assets.

The Company provides pension and postretirement benefits for certain domestic retirees and records the cost of the obligations based on estimates. The net periodic costs are recognized as employees render the services necessary to earn the benefits. Several assumptions are used to calculate the expense and liability related to the plans including the discount rate, the expected rate of return on plan assets, the future rate of compensation increases and health care cost increases. The discount rate is selected based on a bond pricing model that relates to the projected future cash flows of benefit obligations. Actuarial assumptions used are based on demographic factors such as retirement and mortality. Actual results could vary materially from the Company's actuarial assumptions, which may have an impact on the amount of reported expense or liability for pension or postretirement benefits.

### **Item 3. Quantitative and Qualitative Disclosures About Market Risk**

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 from 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.

**Foreign Currency Risk**

Sales from Premotec 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. A 10% change in the Euro vs. the U.S dollar could affect the Company's earnings for the remainder of the year by approximately \$100,000 and net assets by approximately \$800,000. The Company does not believe that reasonably possible near-term changes in exchange rates will result in a material effect on future results or cash flows of the Company.

**Item 4T. 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. Under the supervision and with the participation of management, 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 as of the end of the Company's most recent fiscal quarter they are effective.

There have not been any changes in the Company's internal controls over financial reporting during the quarter ended March 31, 2009 that have materially affected or are reasonably likely to materially affect, the Company's internal control over financial reporting.

**PART II. OTHER INFORMATION****Item 4. Submissions of Matters to a Vote of Security Holders**

The Company held its annual stockholders' meeting on May 12, 2009. At the Annual Meeting, the stockholders of the Company elected the persons listed below to serve as directors of the Company for the coming year.

Election of Directors.

| Nominee                  | For       | Withheld  |
|--------------------------|-----------|-----------|
| D.D. Hock                | 5,899,832 | 1,086,286 |
| G.D. Hubbard             | 6,341,283 | 644,835   |
| G.J. Pilmanis            | 6,376,690 | 609,428   |
| M.M. Robert              | 6,815,789 | 170,329   |
| S.R. (Rollie) Heath, Jr. | 6,373,140 | 612,978   |
| R.D. Smith               | 5,901,877 | 1,084,241 |
| R.S. Warzala             | 6,817,440 | 168,678   |

In addition, the proposal to consider and ratify the appointment of Ehrhardt Keefe Steiner & Hottman PC as the Company's independent registered public accounting firm for the 2009 fiscal year was approved.

| For       | Withheld |
|-----------|----------|
| 6,524,319 | 450,496  |

**Item 5. Other Information**

In accordance with Allied Motion's previously announced management transition plan, on May 12, 2009, Richard S. Warzala was appointed Chief Executive Officer of Allied Motion, and Richard D. Smith was appointed Chief Financial Officer of Allied Motion and Executive Chairman of the Allied Motion Board of Directors.

**Item 6. Exhibits**

## (a) Exhibits

- 10.1 Employment Agreement between Allied Motion Technologies Inc. and Richard S. Warzala, as Amended and Restated, effective May 12, 2009 (attached herein)
- 10.2 Employment Agreement between Allied Motion Technologies Inc. and Richard D. Smith, as Amended and Restated, effective May 12, 2009 (attached herein)
- 31.1 Certification of the Chief Executive Officer pursuant to Rule 13a-14(a) or 15d-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
- 31.2 Certification of the 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 302 of the Sarbanes-Oxley Act of 2002.
- 32.1 Certification of the Chief Executive Officer pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
- 32.2 Certification of the Chief Financial Officer pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

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SIGNATURES

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

DATE: May 13, 2009

ALLIED MOTION TECHNOLOGIES INC.

By: /s/ Richard D. Smith

Chief Financial Officer

# AMENDED AND RESTATED EMPLOYMENT AGREEMENT

Richard S. Warzala

THIS AMENDED AND RESTATED EMPLOYMENT AGREEMENT, dated and effective as of May 12, 2009 is between Allied Motion Technologies Inc., a Colorado corporation (the "Company"), and Richard S. Warzala ("Employee").

## RECITALS:

WHEREAS, the Employee has acknowledged skills and experience in the business conducted by the Company and the Company desires to obtain the benefit of the Employee's knowledge, skills and experience and assure itself of the ongoing right to Employee's services from and after the date hereof, and is willing to do so on the terms and conditions set forth in this Agreement; and

WHEREAS, Employee is willing and able to render services to the Company, from and after the date hereof, on the terms and conditions set forth in this Agreement; and

WHEREAS, the Company and Employee entered into an Employment Agreement effective as of March 1, 2003; and

WHEREAS, the Company and Employee desire to amend and restate that Employment Agreement in order to recognize that the position and responsibilities of Employee have changed.

## AGREEMENT:

NOW, THEREFORE, the Company and Employee agree as follows:

### 1. Employment.

**1.1 Title and Duties of Employee.** The Company hereby employs Employee as President and Chief Executive Officer of the Company and Employee hereby accepts such employment with the Company.

(a) *Powers and Duties.* Employee shall have the powers and duties normally incident to the offices he holds as provided in the bylaws of the Company and such other duties as shall be determined from time to time by Company's Board of Directors (the "Board") consistent with Employee's qualifications and the best interest of the Company. Employee shall report to the Board. Subject to the authority of the Board, Employee shall have supervision and final authority over all other officers except the Chairman, and all of the business, property, affairs and policies of the Company.

(b) *Contract Rights.* Failure of the Board to elect Employee as President and Chief Executive Officer, or action by the Board to remove Employee from such offices, shall be without prejudice to the contract rights in this Agreement.

(c) *Service on the Board.* So long as Employee is willing to serve on the Board and has not been terminated for cause, the Board shall nominate Employee for election to the Board. Failure to elect to, or removal from, the Board of Directors shall not constitute resignation from or termination of employment as Chief Executive Officer. Failure to elect to, or removal from, the position of Chief Executive Officer or termination of this Agreement for any reason shall not constitute resignation from the Board of Directors or termination of Employee's service on the Board.

**1.2 Performance.** Throughout the period of Employee's employment hereunder, Employee shall devote Employee's full business time, attention, knowledge and skills, faithfully, diligently, and to the best of Employee's ability, to the active performance of Employee's duties and responsibilities hereunder; provided, however, Employee may serve as a director of other corporations and entities and may engage in other activities to the extent they do not inhibit the performance of Employee's duties hereunder, or conflict with the business of the Company. Employee shall disclose to the Company the name of any corporation or entity on which he serves as a director or in a similar capacity and describe other activities that are not personal in nature in which he engages. Employee shall do such traveling as reasonably may be required in connection with the performance of such duties and responsibilities. Employee shall not be required to relocate Employee's residence and Employee may conduct work out of his residence from time to time as he determines appropriate.

**2. Term of Employment.** Unless terminated as provided in Section 4 hereof, the term of this Agreement shall extend to May 12, 2014 (the "Initial Period"), and thereafter shall automatically continue on a year to year basis (each a "Subsequent Period") unless the Company or Employee shall give the other party notice at least 60 days prior to the termination of the Initial Period or any Subsequent Period of its or his election not to renew the term of employment, in which case this Agreement shall terminate at the end of the period in which the notice is given; provided, however, the Company's obligation to pay compensation pursuant to Section 3 or perform any other acts with respect to the last year for which this Agreement is effective shall continue and be enforceable notwithstanding the termination of this Agreement.

### 3. Compensation Benefits.

**3.1 Base Salary.** As compensation for services to be rendered by Employee hereunder, the Company shall pay to Employee an annual salary of not less than \$275,000 per year, payable in periodic installments (but in no event less frequently than monthly) in accordance with the standard payroll practices of the Company in effect from time to time. Employee's

salary shall be reviewed annually for increase (but not decrease) on a merit basis. Such review shall be conducted at the first meeting of the Board after the end of a fiscal year but not later than February 28 of each year and the effective date of any such increase shall be March 1. The Employee's annual salary in effect from year to year is herein referred to as the "Base Salary".

### **3.2 Annual Bonus.**

(a) *Performance Criteria.* The Company shall pay to Employee an Annual Bonus with respect to each fiscal year in amounts determined as provided by the Board based on achieving performance criteria established at the beginning of each fiscal year. Such performance criteria will recognize the overall financial performance of the Company and the improvements made in financial results.

(b) *Time of Payment.* The first payment of the Annual Bonus to Employee pursuant to Section 3.2 (a) shall be with respect to the fiscal year ended December 31, 2009. An Annual Bonus provided herein shall be paid, subject to achieving the performance criteria, with respect to each fiscal year thereafter during the term of this Agreement. All Annual Bonuses payable under Section 3.2 (a) shall be paid in cash immediately following the first Board meeting held after the end of the applicable fiscal year at which the Annual Bonus calculation is approved by the Board. In no event shall payment be made later than March 15<sup>th</sup> of the year following the year in which the Annual Bonus was earned.

### **3.3 Long-Term Incentive Payment Plan.** On or before the first Board meeting held in a current fiscal year, the Board shall consider whether to award restricted Common Stock ("Restricted Stock") or to grant options to purchase the Company's Common Stock ("Stock Options") to Employee, including the terms and the provisions of any Restricted Stock or Stock Options. Awards of Restricted Stock or grants of Stock Options provided under this Section 3.3 are referred to herein as "Long-Term Incentive Payout". In making its determination the Board shall consider, among other things, the Employee's responsibilities and efforts and performance under this Agreement in relation to the business plan and forecast, the relationship between the benefits of Restricted Stock or Stock Options and improving shareholder value, the development of the Company's products and the performance of the Company's products in the marketplace, impact of the Company's products and product development on future prospects for the Company, and an increase in the trading price per share of the Company's Common Stock. The Board shall also consider customary business practices and Long-Term Incentive Payment Plan benefits granted to Employee in comparison to such benefits provided to other executives in positions similar to the Employee.

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### **3.4 Expenses.** The Company promptly shall reimburse Employee, upon presentation of appropriate receipts and vouchers, for any reasonable business expenses incurred by Employee in connection with the performance of his duties and responsibilities hereunder.

### **3.5 Vacation.** Throughout the period of Employee's employment hereunder, Employee shall be entitled to take, from time to time, 4 weeks of vacation annually with pay at such times as shall be mutually convenient to Employee and the Company.

### **3.6 Benefits and Perquisites.**

(a) *Participation.* The Company shall make available to Employee, throughout the period of employment hereunder, such benefits and perquisites as are generally provided by the Company to its employees. Without limiting the foregoing, Employee shall be eligible to participate in any bonus plan, stock option plan, stock purchase plan, pension plan and group life, health and accident insurance plans as the Company shall continue to provide or which may hereafter be adopted by the Company for the benefit of its employees generally. The Company shall provide and pay the premium on long term disability insurance for Employee. The Company shall not make any changes in such plans or arrangements which would adversely affect the Employee's rights or benefits thereunder, unless such changes occur pursuant to a program applicable to all employees of the Company and do not result in a proportionately greater reduction in the rights of, or benefits to, the Employee as compared with any other employee of the Company.

(b) *Office Space.* The Company shall provide office space and at the Company's offices suitable to Employee's position and will provide the equipment, including a computer, printer and phone, for Employee to maintain an office at his home.

(c) *Life Insurance.* The Company shall provide whole life insurance on the life of Employee with death benefits of \$500,000 with all premiums paid by the Company. In addition, the Company shall pay an additional \$10,000 in annual premiums toward an additional life insurance policy on the life of the Employee. Employee may designate the beneficiary or beneficiaries of such policies.

(d) *Automobile.* The Company shall provide a new automobile no less frequently than every 3 years for Employee's sole use and the Company shall pay all costs of operating and maintaining or repairing such automobile. At or before the time of replacement, Employee shall have the right to purchase, at its depreciated cost to the Company, the automobile previously provided.

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(e) *Benefit Plans.* The Company will make non-qualified contributions for Employee's benefit under the Company's IRS §401(k) plan on the same basis as it makes contributions for other employees.

(f) *Retirement Plan Benefits.* The Company will provide to Employee retirement plan benefits under any plan on the same basis it provides benefits to other employees.

**4. Termination.** This Agreement may be terminated by the Company or Employee as provided in this Section 4. Notwithstanding anything in this Agreement to the contrary, any payment that is subject to Code Section 409A and is payable upon termination of this Agreement due to Retirement, Disability, or termination of employment other than for cause, shall only be made if such termination otherwise meets the definition of a “separation from service” as defined under Code Section 409A. Furthermore, if Employee is a “specified employee” within the meaning of Code Section 409A, the payment of any amount that is both subject to Code Section 409A and due upon termination of this Agreement shall not be made until at least six months following Employee’s separation from service. At that time, all amounts, if any, that would have been paid during the six-month period shall be paid to Employee, and thereafter all payments shall be made as if there had been no six-month delay.

**4.1 Cause.**

(a) *Definition.* This Agreement may be terminated at any time at the option of the Company for Cause (as such term is hereinafter defined), effective as provided in Section 4.9. As used herein, the term “Cause” shall mean and be limited to: (i) conviction of, the indictment for (or its procedural equivalent), or the entering of a guilty plea or plea of no contest with respect to, a felony; (ii) the willful violation of the terms of this Agreement; (iii) gross negligence by Employee in connection with the performance of Employee’s duties, responsibilities, agreements and covenants hereof, which violation or negligence shall continue uncorrected for a period of 45 days after receipt by Employee of a written notice from the Company; (iv) the appropriation (or attempted appropriation) of a material business opportunity of the Company, including attempting to secure or securing any personal profit in connection with any transaction entered into on behalf of the Company; (v) the misappropriation (or attempted misappropriation) of any of the Company’s funds or property; or (vi) the excessive use (following at least one written warning) of alcohol or any illegal use of drugs or narcotics. For purposes of this Section, no act or failure to act on the 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 written notice pursuant to Section 13 and providing Employee an opportunity to be heard before the Board with the provisions relied upon for termination provided in reasonable detail.

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(b) *Salary; Benefits; Bonuses.* Upon termination for Cause, the Company shall (i) continue the Base Salary through the Date of Termination, (ii) pay all fringe benefits through the end of the calendar month in which termination occurs, and (iii) pay any annual bonuses pursuant to Section 3.2 treating the effective Date of Termination as being the last day of the fiscal year in which termination under this Section 4 occurs.

**4.2 Retirement.** Termination of employment based on “Retirement” shall mean termination in accordance with any retirement arrangement established with Employee’s consent, including settlement for the Annual Bonus pursuant to Section 3.2.

**4.3 Death of Employee.** This Agreement shall terminate upon the death of Employee; provided, however, the Company shall (i) continue Employee’s Base Salary through the month in which death occurs and for the following three months and (ii) shall make payments as provided in Section 4.5 in place of (x) Annual Bonus payments provided in Section 3.2 and (y) the Long-Term Incentive Payout pursuant to Section 3.3.

**4.4 Disability of Employee.**

(a) *Termination; Definition.* In the event Employee becomes mentally or physically disabled during the term of employment hereunder, this Agreement shall terminate as of the date such disability is established. As used in this Section, the term “Disabled” or “Disability” means suffering from any mental or physical condition, other than use of alcohol or illegal use of drugs or narcotics, which renders Employee unable to perform substantially all of Employee’s duties and services under this Agreement in a satisfactory manner for 120 consecutive days, or 180 days during any 12-month period. If, by reason of Disability, Employee is absent from the full-time performance of his duties with the Company for the periods above provided, Notice of Termination may be given and if Employee has not returned to the full-time performance of his duties within 30 days thereafter, Employee’s Disability shall be deemed “established” at the end of such 30-day period.

(b) *Salary, Benefits.* During any period that Employee fails to perform his full duties with the Company because he is Disabled, Employee shall continue to receive Base Salary until this Agreement is terminated pursuant to Section 4.8 at the rate in effect at the commencement of any such period adjusted for any compensation payable to him under any Company paid disability plan during such period. In the event of termination for Disability the Company shall continue (i) Employee’s Base Salary adjusted for any compensation payable to him under any Company paid disability plan during such period and (ii) the same coverage under medical, dental, long-term disability and life

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insurance for the greater of (x) the remaining term of this Agreement or (y) until long term disability insurance coverage becomes effective.

(c) *Bonuses.* In the event of termination upon established Disability the Company shall make payments as provided in Section 4.5 in place of (i) the Annual Bonus payment provided in Section 3.2 and (ii) the Long-Term Incentive Payout pursuant to Section 3.3.

**4.5 Death and Disability of Employee.** In the event of termination upon death the Company shall make payments to Employee’s personal representative, and in the event of termination for Disability the Company shall make payments to Employee, as hereinafter provided. Such payments shall be made immediately following the first meeting of the Board held after the end of the fiscal year in which death or Disability occurred, but in no event later than February 28 of the year following the year of such death or disability.



(a) *Annual Bonus.* With respect to the Annual Bonus payment provided in Section 3.2(a) the Company shall make a separate determination of the Annual Bonus based on the factors provided in Section 3.2(a) for the fiscal year in which death or Disability occurs

(b) *Long Term Incentive Plan.* With respect to the Long-Term Incentive Payout provided in Section 3.3 the Company shall make a separate determination of the Long-Term Incentive Payout based on the factors provided in Section 3.3 for the fiscal year in which death or Disability occurs.

**4.6 Other than for Cause.** If Employee's employment shall be terminated by the Company other than for Cause, Retirement, death or Disability, prior to a change in control of the Company or potential change in control of the Company as defined in the Severance Agreement referred to in Section 4.7, then Employee shall be entitled to the payments provided below:

(a) *Base Salary.* On the effective Date of Termination the Company shall pay Employee his full Base Salary through the end of the month in which termination occurs at the rate in effect at the time Notice of Termination is given, and for one full year thereafter with payments being made over the following 12 months and no less frequently than once per month.

(b) *Benefits.* The Company shall continue providing medical, dental, long-term disability and life insurance equal to the coverages existing at the time Notice of Termination is given for one full year.

(c) *Annual and Long Term Bonus.* On the effective Date of Termination the Company shall make payments to and issue to Employee with respect to, and in place of (i) the Annual Bonus payment provided in

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Section 3.2 an amount in cash equal to 0.9 multiplied by Base Salary for the year in which employment is terminated and (ii) the Long Term Incentive Payout provided in Section 3.3 for the fiscal year in which employment is terminated under this Section.

#### **4.7 Change in Control.**

(a) *Severance Agreement Continued.* The letter agreement dated May 1, 2002 as subsequently amended, (Severance Agreement) between the Company and Employee providing certain benefits to Employee upon a change in control of the Company is continued and upon a change in control of the Company the Severance Agreement shall apply and have priority over this Agreement so that in the event of any conflict between this Agreement and the Severance Agreement the Severance Agreement shall apply. Any payments made or benefits provided pursuant to the Severance Agreement are not to be duplicated by any requirements of this Agreement.

(b) *Definition.* As used in this Agreement the term "change in control of the Company" shall have the meaning expressed in the Severance Agreement.

**4.8 Notice of Termination.** Any purported termination of employment by the Company or by Employee, other than for death, may be communicated orally or in writing. If communicated orally, such communication shall be followed within 10 days by a written communication which, and if communicated by written communication the communication, shall indicate the specific termination provisions in this Agreement relied upon, shall set forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of employment under the provisions so indicated and shall state an effective date of termination.

**4.9 Date of Termination, Etc.** "Date of Termination" shall mean: (i) if employment is terminated for Disability, the date as provided in Section 4.4(a), and (ii) if employment is terminated for Cause pursuant to Section 4.1 or for any other reason (other than Disability), the date specified in the Notice of Termination (which, in the case of a termination pursuant to Section 4.1 shall be the end of a calendar month but not less than 15 days). Amounts paid under this Section are in addition to all other amounts due under this Agreement and shall not be offset against or reduce any other amounts due under this Agreement.

**4.10 Termination by Employee.** Employee may terminate this Agreement by resigning as President and Chief Executive Officer upon at least 30 days prior written notice of the effective Date of Termination. In such event the Company shall continue Employee's Base Salary and all fringe benefits to the effective Date of Termination. Termination of this Agreement under

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this Section does not affect the Company's obligation to make all payments to Employee which were fixed and determined prior to the effective Date of Termination.

## **5. Confidential Information**

**5.1 Definition.** Confidential Information means:

(a) Any and all (i) trade secrets concerning the business and affairs of the Company, product specifications, data, know-how, formula, compositions, processes, designs, sketches, photographs, graphs, drawings, samples, inventions and ideas, past, current, and planned research and development, current and planned manufacturing or distribution methods and processes, customer lists, current and anticipated customer requirements, price lists, market studies, business plans, computer software and programs (including object code and source code), computer software and database technologies, systems, structures, architectures (and related formula), improvements, devices, discoveries, concepts, ideas, methods and information, and any other information, however documented, that is a trade secret within the meaning of Colorado Revised Statutes § 7-74-101 et seq.; and

(b) information concerning the business and affairs of the Company (which includes historical financial statements, financial projections and budgets, historical and projected sales, capital spending budgets and plans, the names and backgrounds of key personnel, personnel training and techniques and materials), however documented; and

(c) notes, analyses, compilations, studies, summaries and other material prepared by or for the Company containing or based, in whole or in part, on any information included in the foregoing.

- 5.2 **Disclosure and Use.** Employee shall not disclose, either during or subsequent to Employee's employment with the Company, any Confidential Information or proprietary data of the Company, whether or not developed by Employee, except (i) as may be required for Employee to perform Employee's employment duties with the Company; (ii) to the extent such information has been disclosed to Employee by a third party who is not subject to restriction on the dissemination of such information; (iii) as such information becomes generally available to the public other than as a result of a disclosure by Employee; (iv) information which must be disclosed as a result of a subpoena or other legal process, or (v) if Employee shall first secure the Company's prior written authorization. This covenant shall survive the termination of the Employee's employment with the Company, and shall remain in effect and be enforceable against Employee for so long as any such Confidential Information or proprietary

data retains economic value, whether actual or potential, from not being generally known to other persons who can obtain economic value from its disclosure or use.

- 5.3 **Return of Materials.** The Employee will not remove from the Company's premises (except to the extent such removal is for the purposes of the performance of Employee's duties at home or while traveling), any Confidential Information Employee recognizes that, as between the Company and Employee, all the Confidential Information, whether or not developed by the Employee, are the exclusive property of the Company. Upon termination of employment by the Company, Employee shall promptly deliver to the Company all Confidential Information, and all other materials of a secret or confidential nature relating to the Company's business, which are in the possession or under the control of Employee and Employee shall not retain copies of any such Confidential Information.

6. **Inventions and Discoveries.** Employee hereby assigns to the Company all of the Employee's rights, title and interest in and to all inventions, techniques, discoveries, processes, designs or improvements (whether patentable or not), any industrial design (whether registrable or not), or uses Confidential Information as described in Section 5.1, or other intellectual property rights pertaining thereto, that relates in any way to, or is useful in any manner in, the business then being conducted or proposed to be conducted by the Company, and any such item created by the Employee, either solely or in conjunction with others, following termination of Employee's employment with the Company (hereinafter referred to collectively as the "Inventions"). Promptly upon the development or making of any Invention or improvement thereon, Employee shall disclose the same to the Company and shall execute and deliver to the Company such reasonable documents as the Company may request to confirm the assignment of Employee's rights therein and if requested by the Company, shall assist the Company in applying for and prosecuting any patents which may be available in respect thereof. Employee acknowledges that all of Employee's Company-related writing, works of authorship, specially commissioned works and other Employee Inventions are works made for hire, property of the Company, including all copyrights, patents, and other intellectual property rights pertaining thereto. If it is determined that any such works are not works made for hire, the Employee hereby assigns to the Company all of the Employee's right, title, and interest, including all rights of copyright, patent, and other intellectual property rights, to or in such Inventions.

## 7. Restrictive Covenant.

(a) While the Employee is an employee of the Company and during a period in which the Company is making continuation payments of Base Salary pursuant to Section 4 hereof, Employee shall not, without the prior written consent of the Company, (i) engage directly or indirectly in any Competing Business in the geographical area where the Company does business (including, without limitation, the United States and any country in which the Company has a sales representative at the time of termination) whether as an employee, consultant or advisor, or owner as

principal, shareholder or partner of any equity interest in excess of 5% of any business entity (which shall include any proprietorship, trust, joint venture, partnership or any type of corporation or association), or (ii) serve as an officer, director, trustee, partner or the like in any such business entity.

(b) The term "Competing Business" as used in this Section 7 includes any business conducted by the Company, which initially includes the design, production and marketing of motion control products and any other products manufactured or marketed by the Company at the date of termination of this Agreement.

8. **Arbitration.** Any controversy or claim arising out of or relating to this Agreement or the breach thereof shall be settled by arbitration in the City and County of Denver in accordance with the rules of the American Arbitration Association. Judgment upon the award rendered by the arbitrators may be entered in any court having jurisdiction thereof. The Company shall pay all costs of arbitration. In the event that it shall be necessary or desirable for Employee to retain legal counsel and/or incur other costs and expenses in connection with interpretation of his rights under this Agreement, including any procedure in arbitration, Employee shall be entitled to recover from the Company reasonable attorneys' fees and costs and expenses incurred by him in connection with such interpretation or arbitration, regardless of the final outcome, unless the arbitrator shall determine that under the circumstances such payment would be unjust. Reimbursement of attorneys' fees, costs and expenses shall be subject to the following requirements: (a) such reimbursement shall be available to the Employee for as long as he has enforceable rights under this Agreement; (b) reimbursements provided during the Employee's taxable year may not affect the reimbursements provided in any other taxable year; (c) reimbursement must be made on or before the last day of the Employee's taxable year following the taxable year in which the expense was incurred; and (d) no reimbursement provided under this paragraph shall be subject to liquidation or exchange for another benefit.

9. **Mitigation.** Employee shall not be required to mitigate the amount of any payment provided in this Agreement by seeking other employment or otherwise, nor shall the amount of any payment or benefit provided in this Agreement be reduced by any compensation earned by Employee as the result of employment by another employer, by retirement benefits, by offset against any amount claimed to be owed by Employee to the Company, or otherwise.

10. **Announcements.** No public announcement regarding termination of employment of the Employee or any change in status of the Employee of the Company shall be made without Employee's approval except the Company may announce Employee's termination if Company is otherwise required to do so pursuant to the rules of the Securities and Exchange Commission or to any other legal requirement. All matters with respect to termination of employment of Employee, retirement of Employee or other action taken pursuant to this Agreement shall be kept confidential and neither Company nor Employee will make unfavorable comments about the other in connection with this Agreement.

11. **Severability.** If any provision of this Agreement, including the Restrictive Covenant in Section 7, is held invalid or unenforceable, either in its entirety or by virtue of its

scope or application to given circumstances, such provision shall thereupon be deemed modified only to the extent necessary to render same valid, or not applicable to given circumstances, or excised from this Agreement, as the situation may require, and this Agreement shall be construed and enforced as if such provision had been included herein as so modified in scope or application, or had not been included herein, as the case may be.

12. **Non-Assignability.** In light of the unique personal services to be performed by Employee hereunder, it is acknowledged and agreed that any purported or attempted assignment or transfer by Employee of this Agreement or any of Employee's duties, responsibilities or obligations hereunder shall be void. This Agreement may not be assigned by the Company without the prior written consent of Employee.

13. **Notices.** Any notice, request, demand or other communication required or permitted under this Agreement shall be in writing and shall be deemed to have been given when delivered personally or on the date of receipt when mailed by certified mail, return receipt requested, addressed as follows:

If to the Company:

Allied Motion Technologies Inc.  
23 Inverness Way East, Ste 150  
Englewood, Colorado 80112  
Attention: Chairman

If to the Employee:

Richard S. Warzala  
10365 Via Balestri Drive  
Miromar Lakes, FL 33913

or to such other address or addresses as may be specified from time to time by notice; *provided however*, that any notice of change of address shall not be effective until its receipt by the party to be charged therewith.

14. **General.**

- 14.1 **Amendments.** Neither this Agreement nor any of the terms or conditions hereof may be waived, amended or modified except by means of a written instrument duly executed by the party to be charged therewith.
- 14.2 **Captions and Headings.** The captions and paragraph headings used in this Agreement are for convenience of reference only, and shall not affect the construction or interpretation of this Agreement or any of the provisions hereof.
- 14.3 **Governing Law.** This Agreement, and all matters or disputes relating to the validity, construction, performance or enforcement hereof, shall be governed, construed and controlled by and under the laws of the State of Colorado without regard to principles of conflicts of law.

- 14.4 **Successors and Assigns.** This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective heirs, personal representatives, successors and permitted assigns.

(a) The Company shall require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company, by agreement in form and substance satisfactory to Employee, to expressly assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession had taken place. Failure of the Company to obtain such agreement prior to the effectiveness of any such succession shall be a breach of this Agreement and shall entitle Employee to all rights for breach hereunder.

(b) If Employee should die while any amounts would still be payable to him hereunder if he had continued to live, all such amounts, unless otherwise provided herein, shall be paid in accordance with the terms of this Agreement to Employee's personal representatives or to his estate.

- 14.5 **Counterparts.** This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original hereof, but all of which together shall constitute one and the same instrument.

**14.6 Entire Agreement.** Except as otherwise set forth or referred to in this Agreement, this Agreement constitutes the sole and entire agreement and understanding between the parties hereto as to the subject matter hereof, and supersedes all prior discussions, agreements and understandings of every kind and nature between them as to such subject matter.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on and as of the date first set forth above.

ALLIED MOTION TECHNOLOGIES INC.

By /s/ Richard D. Smith  
Richard D. Smith - Chairman

/s/ Richard S. Warzala  
Richard S. Warzala - Employee

# AMENDED AND RESTATED EMPLOYMENT AGREEMENT

Richard D. Smith

THIS AMENDED AND RESTATED EMPLOYMENT AGREEMENT, dated and effective as of May 12, 2009, is between Allied Motion Technologies Inc., a Colorado corporation (the "Company"), and Richard D. Smith ("Employee").

## RECITALS:

WHEREAS, the Employee has acknowledged skills and experience in the business conducted by the Company and the Company desires to obtain the benefit of the Employee's knowledge, skills and experience and assure itself of the ongoing right to Employee's services from and after the date hereof, and is willing to do so on the terms and conditions set forth in this Agreement; and

WHEREAS, Employee is willing and able to render services to the Company, from and after the date hereof, on the terms and conditions set forth in this Agreement; and

WHEREAS, the Company and Employee entered into an Employment Agreement effective as of August 1, 2003; and

WHEREAS, the Company and Employee desire to amend and restate the Employment Agreement in order to recognize that the position and responsibilities of Employee have changed.

## AGREEMENT:

NOW, THEREFORE, the Company and Employee agree as follows:

### 1. Employment.

**1.1 Title and Duties of Employee.** The Company hereby employs Employee as the Executive Chairman of the Board and Chief Financial Officer of the Company and Employee hereby accepts such employment with the Company.

(a) *Powers and Duties.* Employee shall have the powers and duties normally incident to the offices he holds as provided in the bylaws of the Company and such other duties as shall be determined from time to time by the Company's Board of Directors (the "Board") consistent with Employee's qualifications and the best interest of the Company.

(b) *Contract Rights.* Failure of the Board to elect Employee as Executive Chairman of the Board, subject to Employee being a member of the Board of Directors, or Chief Financial Officer, or action by the Board

to remove Employee from such offices, shall be without prejudice to the contract rights in this Agreement.

(c) *Service on the Board.* So long as Employee is willing to serve on the Board and has not been terminated for cause, the Board shall nominate Employee for election to the Board. Failure to elect to, or removal from, the Board of Directors shall not constitute resignation from or termination of employment as Chief Financial Officer. Failure to elect to, or removal from, the position of Chief Financial Officer or termination of this Agreement for any reason shall not constitute resignation from the Board of Directors or termination of Employee's service on the Board.

**1.2 Performance.** Throughout the period of Employee's employment hereunder, Employee shall devote Employee's full business time, attention, knowledge and skills, faithfully, diligently, and to the best of Employee's ability, to the active performance of Employee's duties and responsibilities hereunder; provided, however, Employee may serve as a director of other corporations and entities and may engage in other activities to the extent they do not inhibit the performance of Employee's duties hereunder, or conflict with the business of the Company. Employee shall disclose to the Company the name of any corporation or entity on which he serves as a director or in a similar capacity and describe other activities that are not personal in nature in which he engages. Employee shall do such traveling as reasonably may be required in connection with the performance of such duties and responsibilities. Employee shall not be required to relocate Employee's residence and Employee may conduct work out of his residence from time to time as he determines appropriate.

**2. Term of Employment.** Unless terminated as provided in Section 4 hereof, the term of this Agreement shall extend to May 12, 2014 (the "Initial Period"), and thereafter shall automatically continue on a year to year basis (each a "Subsequent Period") unless the Company or Employee shall give the other party notice at least 60 days prior to the termination of the Initial Period or any Subsequent Period of its or his election not to renew the term of employment, in which case this Agreement shall terminate at the end of the period in which the notice is given; provided, however, the Company's obligation to pay compensation pursuant to Section 3 or perform any other acts with respect to the last year for which this Agreement is effective shall continue and be enforceable notwithstanding the termination of this Agreement.

### 3. Compensation Benefits.

**3.1 Base Salary.** As compensation for services to be rendered by Employee hereunder, the Company shall pay to Employee an annual salary of not less than \$285,000 per year, payable in periodic installments (but in no event less frequently than monthly) in accordance with the standard payroll practices of the Company in effect from time to time. Employee's salary shall be reviewed annually for increase (but not decrease) on a merit basis. Such review shall be conducted at the first meeting of the Board

after the end of a fiscal year but not later than February 28 of each year and the effective date of any such increase shall be March 1. The Employee's annual salary in effect from year to year is herein referred to as the "Base Salary".

### 3.2 Annual Bonus.

(a) *Performance Criteria.* The Company shall pay to Employee an Annual Bonus with respect to each fiscal year in amounts determined as provided by the Board based on achieving performance criteria established at the beginning of each fiscal year. Such performance criteria will recognize the overall financial performance of the Company and the improvements made in financial results.

(b) *Time of Payment.* The first payment of the Annual Bonus to Employee pursuant to Section 3.2 (a) shall be with respect to the fiscal year ended December 31, 2009. An Annual Bonus provided herein shall be paid, subject to achieving the performance criteria, with respect to each fiscal year thereafter during the term of this Agreement. All Annual Bonuses payable under Section 3.2 (a) shall be paid in cash immediately following the first Board meeting held after the end of the applicable fiscal year at which the Annual Bonus calculation is approved by the Board. In no event shall payment be made later than March 15<sup>th</sup> of the year following the year in which the Annual Bonus was earned.

### 3.3 Long-Term Incentive Payment Plan.

On or before the first Board meeting held in a current fiscal year, the Board shall consider whether to award restricted Common Stock ("Restricted Stock") or grant options to purchase the Company's Common Stock ("Stock Options") to Employee, including the terms and the provisions of any Restricted Stock or Stock Options. Awards of Restricted Stock or grants of Stock Options provided under this Section 3.3 are referred to herein as "Long-Term Incentive Payout". In making its determination the Board shall consider, among other things, the Employee's responsibilities and efforts and performance under this Agreement in relation to the business plan and forecast, the relationship between the benefits of Restricted Stock or Stock Options and improving shareholder value, the development of the Company's products and the performance of the Company's products in the marketplace, impact of the Company's products and product development on future prospects for the Company, and an increase in the trading price per share of the Company's Common Stock. The Board shall also consider customary business practices and Long-Term Incentive Payment Plan benefits granted to Employee in comparison to such benefits provided to other executives in positions similar to the Employee.

### 3.4 Expenses.

The Company promptly shall reimburse Employee, upon presentation of appropriate receipts and vouchers, for any reasonable

business expenses incurred by Employee in connection with the performance of his duties and responsibilities hereunder.

### 3.5 Vacation.

Throughout the period of Employee's employment hereunder, Employee shall be entitled to take, from time to time, 5 weeks of vacation annually with pay at such times as shall be mutually convenient to Employee and the Company.

### 3.6 Benefits and Perquisites.

(a) *Participation.* The Company shall make available to Employee, throughout the period of employment hereunder, such benefits and perquisites as are generally provided by the Company to its employees. Without limiting the foregoing, Employee shall be eligible to participate in any bonus plan, stock option plan, stock purchase plan, pension plan and group life, health and accident insurance plans as the Company shall continue to provide or which may hereafter be adopted by the Company for the benefit of its employees generally. The Company shall provide and pay the premium on long term disability insurance for Employee. The Company shall not make any changes in such plans or arrangements which would adversely affect the Employee's rights or benefits thereunder, unless such changes occur pursuant to a program applicable to all employees of the Company and do not result in a proportionately greater reduction in the rights of, or benefits to, the Employee as compared with any other employee of the Company.

(b) *Office Space.* The Company shall provide office space and at the Company's offices suitable to Employee's position and will provide the equipment, including a computer, printer and phone, for Employee to maintain an office at his home.

(c) *Life Insurance.* The Company shall provide whole life insurance on the life of Employee with death benefits of \$500,000 with all premiums paid by the Company. In addition, the Company shall pay an additional \$10,000 in annual premiums toward an additional life insurance policy on the life of the Employee. Employee may designate the beneficiary or beneficiaries of such policies.

(d) *Automobile.* The Company shall provide a new automobile no less frequently than every 3 years for Employee's sole use and the Company shall pay all costs of operating and maintaining or repairing such automobile. At or before the time of replacement, Employee shall have the right to purchase, at its depreciated cost to the Company, the automobile previously provided.

(e) *Benefit Plans.* The Company will make non-qualified contributions for Employee's benefit under the Company's IRS §401(k) plan on the same basis as it makes contributions for other employees.

(f) *Retirement Plan Benefits.* The Company will provide to Employee retirement plan benefits under any plan on the same basis it provides benefits to other employees.

**4. Termination.** This Agreement may be terminated by the Company or Employee as provided in this Section 4. Notwithstanding anything in this Agreement to the contrary, any payment that is subject to Code Section 409A and is payable upon termination of this agreement due to Retirement, Disability, or termination of employment other than for cause, shall only be made if such termination otherwise meets the definition of a “separation from service” as defined under Code Section 409A. Furthermore, if Employee is a “specified employee” within the meaning of Code Section 409A, the payment of any amount that is both subject to Code Section 409A and due upon termination of this Agreement shall not be made until at least six months following Employee’s separation from service. At that time, all amounts, if any, that would have been paid during the six-month period shall be paid to Employee, and thereafter all payments shall be made as if there had been no six-month delay.

**4.1 Cause.**

**(a) Definition.** This Agreement may be terminated at any time at the option of the Company for Cause (as such term is hereinafter defined), effective as provided in Section 4.9. As used herein, the term “Cause” shall mean and be limited to: (i) conviction of, the indictment for (or its procedural equivalent), or the entering of a guilty plea or plea of no contest with respect to, a felony; (ii) the willful violation of the terms of this Agreement; (iii) gross negligence by Employee in connection with the performance of Employee’s duties, responsibilities, agreements and covenants hereof, which violation or negligence shall continue uncorrected for a period of 45 days after receipt by Employee of a written notice from the Company; (iv) the appropriation (or attempted appropriation) of a material business opportunity of the Company, including attempting to secure or securing any personal profit in connection with any transaction entered into on behalf of the Company; (v) the misappropriation (or attempted misappropriation) of any of the Company’s funds or property; or (vi) the excessive use (following at least one written warning) of alcohol or any illegal use of drugs or narcotics. For purposes of this Section, no act or failure to act on the 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 written notice pursuant to Section 13 and providing Employee an opportunity to be heard before the Board with the provisions relied upon for termination provided in reasonable detail.

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**(b) Salary; Benefits; Bonuses.** Upon termination for Cause, the Company shall (i) continue the Base Salary through the Date of Termination, (ii) pay all fringe benefits through the end of the calendar month in which termination occurs, and (iii) pay any annual bonuses pursuant to Section 3.2 treating the effective Date of Termination as being the last day of the fiscal year in which termination under this Section 4 occurs.

**4.2 Retirement.** Termination of employment based on “Retirement” shall mean termination in accordance with any retirement arrangement established with Employee’s consent, including settlement for the Annual Bonus pursuant to Section 3.2.

**4.3 Death of Employee.** This Agreement shall terminate upon the death of Employee; provided, however, the Company shall (i) continue Employee’s Base Salary through the month in which death occurs and for the following three months and (ii) shall make payments as provided in Section 4.5 in place of (x) Annual Bonus payments provided in Section 3.2 and (y) the Long-Term Incentive Payout pursuant to Section 3.3.

**4.4 Disability of Employee.**

**(a) Termination; Definition.** In the event Employee becomes mentally or physically disabled during the term of employment hereunder, this Agreement shall terminate as of the date such disability is established. As used in this Section, the term “Disabled” or “Disability” means suffering from any mental or physical condition, other than use of alcohol or illegal use of drugs or narcotics, which renders Employee unable to perform substantially all of Employee’s duties and services under this Agreement in a satisfactory manner for 120 consecutive days, or 180 days during any 12-month period. If, by reason of Disability, Employee is absent from the full-time performance of his duties with the Company for the periods above provided, Notice of Termination may be given and if Employee has not returned to the full-time performance of his duties within 30 days thereafter, Employee’s Disability shall be deemed “established” at the end of such 30-day period.

**(b) Salary, Benefits.** During any period that Employee fails to perform his full duties with the Company because he is Disabled, Employee shall continue to receive Base Salary until this Agreement is terminated pursuant to Section 4.8 at the rate in effect at the commencement of any such period adjusted for any compensation payable to him under any Company paid disability plan during such period. In the event of termination for Disability the Company shall continue (i) Employee’s Base Salary adjusted for any compensation payable to him under any Company paid disability plan during such period and (ii) the same coverage under medical, dental, long-term disability and life

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insurance for the greater of (x) the remaining term of this Agreement or (y) until long term disability insurance coverage becomes effective.

**(c) Bonuses.** In the event of termination upon established Disability the Company shall make payments as provided in Section 4.5 in place of (i) the Annual Bonus payment provided in Section 3.2 and (ii) the Long-Term Incentive Payout pursuant to Section 3.3.

**4.5 Death and Disability of Employee.** In the event of termination upon death the Company shall make payments to Employee’s personal representative, and in the event of termination for Disability the Company shall make payments to Employee, as hereinafter provided. Such payments shall be made immediately following the first meeting of the Board held after the end of the



fiscal year in which death or Disability occurred, but in no event later than February 28 of the year following the year of such death or disability.

(a) *Annual Bonus.* With respect to the Annual Bonus payment provided in Section 3.2(a) the Company shall make a separate determination of the Annual Bonus based on the factors provided in Section 3.2(a) for the fiscal year in which death or Disability occurs

(b) *Long Term Incentive Plan.* With respect to the Long-Term Incentive Payout provided in Section 3.3 the Company shall make a separate determination of the Long-Term Incentive Payout based on the factors provided in Section 3.3 for the fiscal year in which death or Disability occurs.

**4.6 Other than for Cause.** If Employee's employment shall be terminated by the Company other than for Cause, Retirement, death or Disability, prior to a change in control of the Company or potential change in control of the Company as defined in the Severance Agreement referred to in Section 4.7, then Employee shall be entitled to the payments provided below:

(a) *Base Salary.* On the effective Date of Termination the Company shall pay Employee his full Base Salary through the end of the month in which termination occurs at the rate in effect at the time Notice of Termination is given, and for one full year thereafter with payments being made over the following 12 months and no less frequently than once per month.

(b) *Benefits.* The Company shall continue providing medical, dental, long-term disability and life insurance equal to the coverages existing at the time Notice of Termination is given for one full year.

(c) *Annual and Long Term Bonus.* On the effective Date of Termination the Company shall make payments to and issue to Employee with respect to, and in place of (i) the Annual Bonus payment provided in

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Section 3.2 an amount in cash equal to 0.9 multiplied by Base Salary for the year in which employment is terminated and (ii) the Long Term Incentive Payout provided in Section 3.3 for the fiscal year in which employment is terminated under this Section.

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#### **4.7 Change in Control.**

(a) *Severance Agreement Continued.* The letter agreement dated July 24, 2003 as subsequently amended, (Severance Agreement) between the Company and Employee providing certain benefits to Employee upon a change in control of the Company is continued and upon a change in control of the Company the Severance Agreement shall apply and have priority over this Agreement so that in the event of any conflict between this Agreement and the Severance Agreement the Severance Agreement shall apply. Any payments made or benefits provided pursuant to the Severance Agreement are not to be duplicated by any requirements of this Agreement.

(b) *Definition.* As used in this Agreement the term "change in control of the Company" shall have the meaning expressed in the Severance Agreement.

**4.8 Notice of Termination.** Any purported termination of employment by the Company or by Employee, other than for death, may be communicated orally or in writing. If communicated orally, such communication shall be followed within 10 days by a written communication which, and if communicated by written communication the communication, shall indicate the specific termination provisions in this Agreement relied upon, shall set forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of employment under the provisions so indicated and shall state an effective date of termination.

**4.9 Date of Termination, Etc.** "Date of Termination" shall mean: (i) if employment is terminated for Disability, the date as provided in Section 4.4(a), and (ii) if employment is terminated for Cause pursuant to Section 4.1 or for any other reason (other than Disability), the date specified in the Notice of Termination (which, in the case of a termination pursuant to Section 4.1 shall be the end of a calendar month but not less than 15 days). Amounts paid under this Section are in addition to all other amounts due under this Agreement and shall not be offset against or reduce any other amounts due under this Agreement.

**4.10 Termination by Employee.** Employee may terminate this Agreement by resigning as both Executive Chairman of the Board and Chief Financial Officer upon at least 30 days prior written notice of the effective Date of Termination. In such event the Company shall continue Employee's Base Salary and all fringe benefits to the effective Date of Termination. Termination of this Agreement under this Section does not affect the Company's obligation to make all payments to Employee which were fixed and determined prior to the effective Date of Termination.

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## **5. Confidential Information.**

**5.1 Definition.** Confidential Information means:

(a) Any and all (i) trade secrets concerning the business and affairs of the Company, product specifications, data, know-how, formula, compositions, processes, designs, sketches, photographs, graphs, drawings, samples, inventions and ideas,

past, current, and planned research and development, current and planned manufacturing or distribution methods and processes, customer lists, current and anticipated customer requirements, price lists, market studies, business plans, computer software and programs (including object code and source code), computer software and database technologies, systems, structures, architectures (and related formula), improvements, devices, discoveries, concepts, ideas, methods and information, and any other information, however documented, that is a trade secret within the meaning of Colorado Revised Statutes § 7-74-101 et seq.; and

(b) information concerning the business and affairs of the Company (which includes historical financial statements, financial projections and budgets, historical and projected sales, capital spending budgets and plans, the names and backgrounds of key personnel, personnel training and techniques and materials), however documented; and

(c) notes, analyses, compilations, studies, summaries and other material prepared by or for the Company containing or based, in whole or in part, on any information included in the foregoing.

- 5.2 **Disclosure and Use.** Employee shall not disclose, either during or subsequent to Employee's employment with the Company, any Confidential Information or proprietary data of the Company, whether or not developed by Employee, except (i) as may be required for Employee to perform Employee's employment duties with the Company; (ii) to the extent such information has been disclosed to Employee by a third party who is not subject to restriction on the dissemination of such information; (iii) as such information becomes generally available to the public other than as a result of a disclosure by Employee; (iv) information which must be disclosed as a result of a subpoena or other legal process, or (v) if Employee shall first secure the Company's prior written authorization. This covenant shall survive the termination of the Employee's employment with the Company, and shall remain in effect and be enforceable against Employee for so long as any such Confidential Information or proprietary data retains economic value, whether actual or potential, from not being generally known to other persons who can obtain economic value from its disclosure or use.

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- 5.3 **Return of Materials.** The Employee will not remove from the Company's premises (except to the extent such removal is for the purposes of the performance of Employee's duties at home or while traveling), any Confidential Information. Employee recognizes that, as between the Company and Employee, all the Confidential Information, whether or not developed by the Employee, are the exclusive property of the Company. Upon termination of employment by the Company, Employee shall promptly deliver to the Company all Confidential Information, and all other materials of a secret or confidential nature relating to the Company's business, which are in the possession or under the control of Employee and Employee shall not retain copies of any such Confidential Information.

6. **Inventions and Discoveries.** Employee hereby assigns to the Company all of the Employee's rights, title and interest in and to all inventions, techniques, discoveries, processes, designs or improvements (whether patentable or not), any industrial design (whether registrable or not), or uses Confidential Information as described in Section 5.1, or other intellectual property rights pertaining thereto, that relates in any way to, or is useful in any manner in, the business then being conducted or proposed to be conducted by the Company, and any such item created by the Employee, either solely or in conjunction with others, following termination of Employee's employment with the Company (hereinafter referred to collectively as the "Inventions"). Promptly upon the development or making of any Invention or improvement thereon, Employee shall disclose the same to the Company and shall execute and deliver to the Company such reasonable documents as the Company may request to confirm the assignment of Employee's rights therein and if requested by the Company, shall assist the Company in applying for and prosecuting any patents which may be available in respect thereof. Employee acknowledges that all of Employee's Company-related writing, works of authorship, specially commissioned works and other Employee Inventions are works made for hire, property of the Company, including all copyrights, patents, and other intellectual property rights pertaining thereto. If it is determined that any such works are not works made for hire, the Employee hereby assigns to the Company all of the Employee's right, title, and interest, including all rights of copyright, patent, and other intellectual property rights, to or in such Inventions.

## 7. Restrictive Covenant.

(a) While the Employee is an employee of the Company and during a period in which the Company is making continuation payments of Base Salary pursuant to Section 4 hereof, Employee shall not, without the prior written consent of the Company, (i) engage directly or indirectly in any Competing Business in the geographical area where the Company does business (including, without limitation, the United States and any country in which the Company has a sales representative at the time of termination) whether as an employee, consultant or advisor, or owner as principal, shareholder or partner of any equity interest in excess of 5% of any business entity (which shall include any proprietorship, trust, joint venture, partnership or any type of corporation or association), or (ii) serve

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as an officer, director, trustee, partner or the like in any such business entity.

(b) The term "Competing Business" as used in this Section 7 includes any business conducted by the Company, which initially includes the design, production and marketing of motion control products and any other products manufactured or marketed by the Company at the date of termination of this Agreement.

8. **Arbitration.** Any controversy or claim arising out of or relating to this Agreement or the breach thereof shall be settled by arbitration in the City and County of Denver in accordance with the rules of the American Arbitration Association. Judgment upon the award rendered by the arbitrators may be entered in any court having jurisdiction thereof. The Company shall pay all costs of arbitration. In the event that it shall be necessary or desirable for Employee to retain legal counsel and/or incur other costs and expenses in connection with interpretation of his rights under this Agreement, including any procedure in arbitration, Employee shall be entitled to recover from the Company reasonable attorneys' fees and costs and expenses incurred by him in connection with such interpretation or arbitration, regardless of the final outcome, unless the arbitrator shall determine that under the circumstances such payment would be unjust. Reimbursement of attorneys' fees, costs and expenses shall be subject to the following requirements: (a) such reimbursement shall

be available to the Employee for as long as he has enforceable rights under this Agreement; (b) reimbursements provided during the Employee's taxable year may not affect the reimbursements provided in any other taxable year; (c) reimbursement must be made on or before the last day of the Employee's taxable year following the taxable year in which the expense was incurred; and (d) no reimbursement provided under this paragraph shall be subject to liquidation or exchange for another benefit.

**9. Mitigation.** Employee shall not be required to mitigate the amount of any payment provided in this Agreement by seeking other employment or otherwise, nor shall the amount of any payment or benefit provided in this Agreement be reduced by any compensation earned by Employee as the result of employment by another employer, by retirement benefits, by offset against any amount claimed to be owed by Employee to the Company, or otherwise.

**10. Announcements.** No public announcement regarding termination of employment of the Employee or any change in status of the Employee of the Company shall be made without Employee's approval except the Company may announce Employee's termination if Company is otherwise required to do so pursuant to the rules of the Securities and Exchange Commission or to any other legal requirement. All matters with respect to termination of employment of Employee, retirement of Employee or other action taken pursuant to this Agreement shall be kept confidential and neither Company nor Employee will make unfavorable comments about the other in connection with this Agreement.

**11. Severability.** If any provision of this Agreement, including the Restrictive Covenant in Section 7, is held invalid or unenforceable, either in its entirety or by virtue of its scope or application to given circumstances, such provision shall thereupon be deemed modified only to the extent necessary to render same valid, or not applicable to given circumstances, or excised from this Agreement, as the situation may require, and this Agreement shall be construed

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and enforced as if such provision had been included herein as so modified in scope or application, or had not been included herein, as the case may be.

**12. Non-Assignability.** In light of the unique personal services to be performed by Employee hereunder, it is acknowledged and agreed that any purported or attempted assignment or transfer by Employee of this Agreement or any of Employee's duties, responsibilities or obligations hereunder shall be void. This Agreement may not be assigned by the Company without the prior written consent of Employee.

**13. Notices.** Any notice, request, demand or other communication required or permitted under this Agreement shall be in writing and shall be deemed to have been given when delivered personally or on the date of receipt when mailed by certified mail, return receipt requested, addressed as follows:

If to the Company:

Allied Motion Technologies Inc.  
23 Inverness Way East, Ste 150  
Englewood, Colorado 80112  
Attention: CEO and Secretary

If to the Employee:

Richard D. Smith  
8422 Newland Drive  
Arvada, CO 80003

or to such other address or addresses as may be specified from time to time by notice; provided however, that any notice of change of address shall not be effective until its receipt by the party to be charged therewith.

**14. General.**

- 14.1 Amendments.** Neither this Agreement nor any of the terms or conditions hereof may be waived, amended or modified except by means of a written instrument duly executed by the party to be charged therewith.
- 14.2 Captions and Headings.** The captions and paragraph headings used in this Agreement are for convenience of reference only, and shall not affect the construction or interpretation of this Agreement or any of the provisions hereof.
- 14.3 Governing Law.** This Agreement, and all matters or disputes relating to the validity, construction, performance or enforcement hereof, shall be governed, construed and controlled by and under the laws of the State of Colorado without regard to principles of conflicts of law.
- 14.4 Successors and Assigns.** This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective heirs, personal representatives, successors and permitted assigns.

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(a) The Company shall require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company, by agreement in form and substance satisfactory to Employee, to expressly assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession had taken place. Failure of the Company to obtain such agreement prior to the effectiveness of any such succession shall be a breach of this Agreement and shall entitle Employee to all rights for breach hereunder.

(b) If Employee should die while any amounts would still be payable to him hereunder if he had continued to live, all such amounts, unless otherwise provided herein, shall be paid in accordance with the terms of this Agreement to Employee's personal representatives or to his estate.

- 14.5 Counterparts.** This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original hereof, but all of which together shall constitute one and the same instrument.
- 14.6 Entire Agreement.** Except as otherwise set forth or referred to in this Agreement, this Agreement constitutes the sole and entire agreement and understanding between the parties hereto as to the subject matter hereof, and supersedes all prior discussions, agreements and understandings of every kind and nature between them as to such subject matter.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on and as of the date first set forth above.

ALLIED MOTION TECHNOLOGIES INC.

By /s/ Delwin Hock  
Delwin Hock — Lead Director

/s/ Richard D. Smith  
Richard D. Smith - Employee

**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. I am 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) Designed such internal control over financial reporting or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (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. 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: May 13, 2009

/s/ Richard S. Warzala  
Richard S. Warzala  
Chief Executive Officer

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**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. I am 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) Designed such internal control over financial reporting or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (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. 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: May 13, 2009

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

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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 March 31, 2009 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: May 13, 2009

/s/ Richard S. Warzala

Richard S. Warzala

Chief Executive Officer

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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 March 31, 2009 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: May 13, 2009

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

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