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

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, 2016

Commission File Number
0-04041

ALLIED MOTION TECHNOLOGIES INC.
(Exact name of Registrant as Specified in Its Charter)

Colorado	**84-0518115**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

495 Commerce Drive, Suite 3
Amherst, New York 14228
(Address of Principal Executive offices, including zip code)

(716) 242-8634
(Registrant's Telephone Number, Including Area Code)

(Former Address, if Changed Since Last Report)

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 x No o

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 x No o

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 o	Accelerated filer x	Non-accelerated filer o (Do not check if a smaller reporting company)	Smaller reporting company o

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

Number of Shares of the only class of Common Stock outstanding: 9,402,363 as of May 4, 2016

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

	March 31, 2016	December 31, 2015
Assets		
Current Assets:		
Cash and cash equivalents	$ 6,316	$ 21,278
Trade receivables, net of allowance for doubtful accounts of $772 and $611 at March 31, 2016 and December 31, 2015, respectively	29,729	22,710
Inventories, net	31,279	26,175
Prepaid expenses and other assets	4,980	3,749
Total Current Assets	72,304	73,912
Property, plant and equipment, net	37,603	35,315
Deferred income taxes	5,160	5,099
Intangible assets, net	36,407	29,984
Goodwill	31,293	17,757
Other long term assets	3,651	2,631
Total Assets	$ 186,418	$ 164,698
Liabilities and Stockholders' Equity		
Current Liabilities:		
Debt obligations	21,947	9,860
Accounts payable	14,201	13,000
Accrued liabilities	13,013	11,121
Total Current Liabilities	49,161	33,981
Long-term debt	55,037	57,518
Deferred income taxes	5,141	3,181
Deferred compensation arrangements	3,151	2,636
Pension and post-retirement obligations	4,192	2,785
Total Liabilities	116,682	100,101
Commitments and Contingencies		
Stockholders' Equity:		
Common stock, no par value, authorized 50,000 shares; 9,402 and 9,276 shares issued and outstanding at March 31, 2016 and December 31, 2015, respectively	29,151	27,824
Preferred stock, par value $1.00 per share, authorized 5,000 shares; no shares issued or outstanding	—	—
Retained earnings	48,537	46,650
Accumulated other comprehensive loss	(7,952)	(9,877)
Total Stockholders' Equity	69,736	64,597
Total Liabilities and Stockholders' Equity	$ 186,418	$ 164,698

See accompanying notes to condensed consolidated financial statements.

ALLIED MOTION TECHNOLOGIES INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME
(In thousands, except per share data)

(Unaudited)

	For the three months ended March 31, 2016	For the three months ended March 31, 2015
Revenues	$ 63,675	$ 59,580
Cost of goods sold	45,398	42,080
Gross margin	18,277	17,500
Operating costs and expenses:		
Selling	2,424	2,208
General and administrative	6,409	5,553
Engineering and development	4,050	3,446
Business development	83	—
Amortization of intangible assets	779	662
Total operating costs and expenses	13,745	11,869
Operating income	4,532	5,631
Other expense (income):		
Interest expense	1,532	1,515
Other expense, net	15	(266)
Total other expense, net	1,547	1,249
Income before income taxes	2,985	4,382
Provision for income taxes	(858)	(1,406)
Net income	$ 2,127	$ 2,976
Basic earnings per share:		
Earnings per share	$ 0.23	$ 0.32
Basic weighted average common shares	9,273	9,208
Diluted earnings per share:		
Earnings per share	$ 0.23	$ 0.32
Diluted weighted average common shares	9,273	9,208
Net income	$ 2,127	$ 2,976
Foreign currency translation adjustment	2,029	(4,479)
Change in accumulated (loss) income on derivatives	(104)	(100)
Comprehensive income (loss)	$ 4,052	$ (1,603)

See accompanying notes to condensed consolidated 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, 2016	For the three months ended March 31, 2015
Cash Flows From Operating Activities:		
Net income	$ 2,127	$ 2,976
Adjustments to reconcile net income to net cash (used in) provided by operating activities (net of working capital acquired):		
Depreciation and amortization	2,270	1,807
Deferred income taxes	96	50
Stock compensation expense	513	433
Other	(217)	(198)
Changes in operating assets and liabilities:		
Trade receivables	(6,423)	(3,395)
Inventories, net	(16)	(728)
Prepaid expenses and other assets	(484)	(50)
Accounts payable	(520)	1,891
Accrued liabilities	(4,261)	(2,117)
Net cash (used in) provided by operating activities	(6,915)	669
Cash Flows From Investing Activities:		
Consideration paid for acquisition, net of cash acquired ($2,329)	(17,000)	—
Purchase of property and equipment	(984)	(1,436)
Net cash used in investing activities	(17,984)	(1,436)
Cash Flows From Financing Activities:		
Borrowings on lines-of-credit, net	10,859	315

Principal payments of long-term debt	(1,875)	(1,500)
Dividends paid to stockholders	(224)	(225)
Stock transactions under employee benefit stock plans	811	1,171
Net cash provided by (used in) financing activities	9,571	(239)
Effect of foreign exchange rate changes on cash	366	(1,064)
Net decrease in cash and cash equivalents	(14,962)	(2,070)
Cash and cash equivalents at beginning of period	21,278	13,113
Cash and cash equivalents at end of period	$ 6,316	$ 11,043

See accompanying notes to condensed consolidated financial statements.

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ALLIED MOTION TECHNOLOGIES INC.
UNAUDITED NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(In thousands, except share and per share data)

1. BASIS OF PREPARATION AND PRESENTATION

Allied Motion Technologies Inc. (Allied Motion or the Company) is engaged in the business of designing, manufacturing and selling motion control solutions, which include integrated system solutions as well as individual motion control products, to a broad spectrum of customers throughout the world primarily for the commercial motor, industrial motion, automotive control, medical, and aerospace and defense markets.

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 end of period exchange rates. Changes in reported amounts of assets and liabilities of foreign subsidiaries that occur as a result of changes in exchange rates between foreign subsidiaries' functional currencies and the U.S. dollar are included in foreign currency translation adjustment. Foreign currency translation adjustment is included in accumulated other comprehensive income, a component of stockholders' equity in the accompanying condensed consolidated balance sheets. Revenue and expense transactions use an average rate prevailing during the month of the related transaction. Transaction gains and losses that arise from exchange rate fluctuations on transactions denominated in a currency other than the functional currency of each Technology Unit ("TU") 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 condensed 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 consolidated 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, 2015 that was previously filed by the Company.

Reclassifications

Certain items in the prior year's consolidated financial statements and notes to consolidated financial statements have been reclassified to conform to the 2016 presentation.

2. ACQUISITION

Acquisition of Heidrive

In December 2015, the Company, through its wholly-owned subsidiary, Allied Motion Technologies B.V., entered into a Share Purchase Agreement (the "Purchase Agreement") to purchase all of the outstanding equity interests of Heidrive GmbH, a German limited liability company ("Heidrive") from palero fünf S.à r.l for $22,000 (approximately €20,000), which includes certain management performance bonuses to be paid after closing. On January 12, 2016, the Company completed the acquisition for an adjusted purchase price of $19,329 (€17,800). The purchase price was funded with cash of $8,470 (€7,800) plus $10,859 (€10,000) of borrowings under the Company's foreign revolving credit facility (Note 9).

Heidrive is headquartered in Kelheim, Germany, and has manufacturing facilities located in the Germany and the Czech Republic.

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The purchase price was allocated to the underlying net assets based on fair value as of the acquisition date, as follows (in thousands):

	January 12, 2016
Current assets	$ 7,981
Property, plant and equipment	2,459
Amortizable intangible assets	6,841
Goodwill	12,755
Current liabilities	(7,695)
Long-term liabilities	(3,012)
Net purchase price	$ 19,329

The purchase price will be subject to further adjustment to reflect, among other things, any adjustments in accordance with the Purchase Agreement, finalization of the opening balance sheet, including adjustments for final valuations of assets and liabilities including intangible assets.

The intangible assets acquired consist of customer lists, tradename, and technology (the useful lives of which have not been finalized). Goodwill generated in the acquisition is related to the assembled workforce, synergies between Allied Motion's other Technology Units ("TUs") that will occur as a result of the combined engineering knowledge, the ability of each of the TU's to integrate each other's products into more fully integrated system solutions and Allied Motion's ability to utilize Heidrive's management knowledge in providing complementary product offerings to the Company's customers.

3. INVENTORIES

Inventories include costs of materials, direct labor and manufacturing overhead, and are stated at the lower of cost (first-in, first-out basis) or market, as follows (in thousands):

	March 31, 2016	December 31, 2015
Parts and raw materials	$ 27,117	$ 23,710
Work-in-process	4,699	2,404
Finished goods	4,744	3,730
	36,560	29,844
Less reserves	(5,281)	(3,669)
Inventories, net	$ 31,279	$ 26,175

4. PROPERTY, PLANT AND EQUIPMENT

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

	March 31, 2016	December 31, 2015
Land	$ 979	$ 970
Building and improvements	9,866	9,771
Machinery, equipment, tools and dies	40,923	37,782
Furniture, fixtures and other	9,347	8,657
	61,115	57,180
Less accumulated depreciation	(23,512)	(21,865)
Property, plant and equipment, net	$ 37,603	$ 35,315

Depreciation expense was approximately $1,491 and $1,145 for the quarters ended March 31, 2016 and 2015, respectively.

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5. GOODWILL

The change in the carrying amount of goodwill for the quarter ended March 31, 2016 and year ended December 31, 2015 is as follows (in thousands):

	March 31, 2016	December 31, 2015
Beginning balance	$ 17,757	$ 18,303
Goodwill acquired (Note 2)	12,755	—
Effect of foreign currency translation	781	(546)
Ending balance	$ 31,293	$ 17,757

6. INTANGIBLE ASSETS

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

	Life	March 31, 2016 Gross Amount	Accumulated amortization	Net Book Value	December 31, 2015 Gross Amount	Accumulated amortization	Net Book Value
Customer lists	8 - 15 years	$ 37,639	$ (8,435)	$ 29,204	$ 34,149	$ (7,785)	$ 26,364
Trade name	10 - 15 years	6,025	(1,909)	4,116	4,775	(1,793)	2,982
Design and technologies	8 - 15 years	4,772	(1,703)	3,069	2,189	(1,570)	619
Patents		24	(6)	18	24	(5)	19
Total		$ 48,460	$ (12,053)	$ 36,407	$ 41,137	$ (11,153)	$ 29,984

Intangible assets acquired from the Heidrive acquisition were approximately $6,841 (Note 2).

Amortization expense for intangible assets was $779 and $662 for the quarters ending March 31, 2016 and 2015, respectively. Estimated future intangible asset amortization expense as of March 31, 2016 is as follows (in thousands):

	Estimated Amortization Expense
Remainder of 2016	$ 2,346
2017	3,128
2018	3,128
2019	3,128
2020	3,128
Thereafter	21,549
Total estimated amortization expense	$ 36,407

7. STOCK-BASED COMPENSATION

Stock Incentive Plans

The Company’s Stock Incentive Plans provide for the granting of stock awards, including restricted stock, stock options and stock appreciation rights, to employees and non-employees, including directors of the Company.

Restricted Stock

For the quarter ended March 31, 2016, 86,841 shares of unvested restricted stock were awarded at a weighted average market value of $19.79. Of the restricted shares granted, 58,813 shares have performance based vesting conditions. The value of the shares is amortized to compensation expense over the related service period, which is normally three years, or over the estimated performance period. Shares of unvested restricted stock are forfeited if a recipient leaves the Company before the vesting date. Shares that are forfeited become available for future awards.

The following is a summary of restricted stock activity for the quarter ended March 31, 2016:

	Number of shares
Outstanding at beginning of period	367,199
Awarded	86,841
Vested	(105,950)
Forfeited	(4,317)
Outstanding at end of period	343,773

Stock based compensation expense, net of forfeitures of $513 and $433 was recorded for the quarter ended March 31, 2016 and 2015, respectively.

8. ACCRUED LIABILITIES

Accrued liabilities consist of the following (in thousands):

	March 31, 2016	December 31, 2015
Compensation and fringe benefits	$ 6,178	$ 7,791
Warranty reserve	1,073	780
Other accrued expenses	5,762	2,550
	$ 13,013	$ 11,121

9. DEBT OBLIGATIONS

Debt obligations consisted of the following (in thousands):

	March 31, 2016	December 31, 2015
Current Borrowings		

(In thousands, except share and per share data)

Revolving Credit Facility		$ 11,357	$ —
China Credit Facility (6.4% at March 31, 2016)		1,652	1,641
Term Loan, current portion, (2.4% at March 31, 2016)	(1)	8,938	8,219
Current borrowings		$ 21,947	$ 9,860
Long-term Debt			
Term Loan, noncurrent (2.4% at March 31, 2016)	(1)	$ 26,313	$ 28,906
Subordinated Notes (14.5%, 13% Cash, 1.5% PIK)		30,000	30,000
Unamortized debt issuance costs		(1,276)	(1,388)
Long-term debt		$ 55,037	$ 57,518

(1) The effective rate of the Term Loan including the impact of the related hedges is 2.67%.

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Credit Agreement

On January 8, 2016, the Company entered into a First Amendment and Consent (the "Amendment") to the Credit Agreement with Bank of America, N.A., as administrative agent, and the lenders party thereto (as amended, the "Credit Agreement"). Pursuant to the Amendment, the administrative agent and lenders consented to the Company's acquisition of Heidrive GmbH, and that such acquisition would not reduce the acquisition basket under the Credit Agreement. The Amendment also amends the Credit Agreement to increase the revolving credit facility from $15,000 to $30,000 and the foreign revolving sublimit from $10,000 to $25,000.

The Credit Agreement provides for the $30,000 Revolving Credit Facility and a $50,000 Term Loan (collectively the "Senior Credit Facilities") each with a five year term that matures in 2018.

Borrowings under the Senior Credit Facilities are subject to terms defined in the Credit Agreement. Borrowings bear interest at either the Base Rate plus a margin of 0.25% to 2.00% (currently 1.50%) or the Eurocurrency Rate plus a margin of 1.25% to 3.00% (currently 2.00%), in each case depending on the Company's ratio of total funded indebtedness to Consolidated EBITDA (the "Total Leverage Ratio").

Principal installments are payable on the Term Loan in varying percentages quarterly through September 30, 2018 with a balloon payment at maturity. The Senior Credit Facilities are secured by substantially all of the Company's assets. The average outstanding borrowings for 2016 for the Senior Credit Facilities were $47,500. At March 31, 2016, there was approximately $18,600 available under the Senior Credit Facilities.

The Credit Agreement contains certain financial covenants related to maximum leverage and minimum fixed charge coverage. The Credit Agreement also includes other covenants and restrictions, including limits on the amount of certain types of capital expenditures. The Company was in compliance with all covenants at March 31, 2016.

Senior Subordinated Notes

Under the Company's Note Agreement, the Company sold $30,000 of 14.50% Senior Subordinated Notes due October 18, 2019 (the "Notes") to Prudential Capital Partners IV, L.P. and its affiliates in a private placement. The interest rate on the Notes is 14.50% with 13.00% payable in cash and 1.50% payable in-kind, quarterly in arrears and the outstanding principal amount of the Notes, together with any accrued and unpaid interest is due on October 18, 2019. The Company may prepay the Notes at any time after October 18, 2016, in whole or in part, at 100% of the principal amount. The Notes are unsecured obligations of the Company and are fully and unconditionally guaranteed by certain of the Company's subsidiaries.

On January 8, 2016, the Company entered into a Consent and Amendment No. 3 to the Note Agreement with Prudential Capital Partners IV, L.P. and its affiliates. Pursuant to the Note Amendment, the note holders consented to the Company's acquisition of Heidrive GmbH and that such acquisition would not reduce the acquisition basket under the Note Agreement.

Other

The China Facility provides credit of approximately $1,860 (Chinese Renminbi ("RMB") 12,000). The China Facility is used for working capital and capital equipment needs at the Company's China operations, and will mature in November, 2017. The average balance for 2016 was $1,630 (RMB 10,650). At March 31, 2016, there was approximately $210 (RMB 1,350) available under the facility.

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Maturities of long-term debt are as follows:

		Total
Remainder of 2016	$	21,947
2017		10,374
2018		15,939
2019		30,000
Total	$	78,260

10. DERIVATIVE FINANCIAL INSTRUMENTS

The Company is exposed to certain risk arising from both its business operations and economic conditions. The Company principally manages its exposures to a wide variety of business and operational risks through management of its core business activities. The Company manages economic risks, including interest rate, liquidity and credit risk primarily by managing the amount, sources and duration of its debt funding and the use of derivative financial instruments. Specifically, the Company enters into derivative financial instruments to manage exposures that arise from business activities that result in the receipt or payment of future known and uncertain cash amounts, the value of which are determined by interest rates. The Company's derivative financial instruments are used to manage differences in the amount, timing and duration of the Company's known or expected cash receipts and its known or expected cash payments principally related to the Company's investments and borrowings.

The Company's objectives in using interest rate derivatives are to add stability to interest expense and to manage its exposure to interest rate movements. To accomplish this objective, the Company primarily uses interest rate swaps as part of its interest rate risk management strategy. Interest rate swaps designated as cash flow hedges involve the receipt of variable amounts from a counterparty in exchange for the Company making fixed-rate payments over the life of the agreements without exchange of the underlying notional amount. During October 2013, the Company entered into two Interest Rate Swaps with a combined notional of $25,000 (representing 50% of the Term Loan balance at that time) that amortize quarterly to a notional of $6,673 at maturity. The notional amount changes over time as loan payments are made. As of March 31, 2016 the amount hedged was $17,625.

The effective portion of changes in the fair value of derivatives designated and that qualify as cash flow hedges is recorded in Accumulated Other Comprehensive Income and is subsequently reclassified into earnings in the period that the hedged forecasted transaction affects earnings. During 2016 and 2015, such derivatives were used to hedge the variable cash flows associated with existing variable-rate debt. The ineffective portion of the change in fair value of the derivatives is recognized directly in earnings. There was no hedge ineffectiveness recorded in the Company's earnings during the quarters ended March 31, 2016 and 2015.

Amounts reported in accumulated other comprehensive income related to derivatives will be reclassified to interest expense as interest payments are made on the Company's variable-rate debt. The Company estimates that an additional $90 will be reclassified as an increase to interest expense over the next year.

Additionally, the Company does not use derivatives for trading or speculative purposes and currently does not have any derivatives that are not designated as hedges.

The tables below present the fair value of the Company's derivative financial instruments as well as their classification on the condensed consolidated balance sheets as of March 31, 2016 and December 31, 2015 (in thousands):

		Fair Value			
Derivative Instrument	Balance Sheet Classification	March 31, 2016		December 31, 2015	
Interest Rate Swaps	Other Liabilities	$	131	$	27

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The effect of the Company's derivative financial instruments on the condensed consolidated statement of income and comprehensive income is as follows (in thousands):

	Net deferral in OCI of derivatives (effective portion)					Net reclassification from AOCI into income (effective portion)			
	For the quarter ended March 31,				Statement of earnings	For the quarter ended March 31,			
Derivative Instruments	2016		2015		classification	2016		2015	
Interest Rate Swaps	$	(136)	$	(151)	Interest expense	$	(32)	$	(51)

11. FAIR VALUE

Authoritative guidance defines fair value as the price that would be received to sell an asset or paid to transfer a liability (an exit price) in an orderly transaction between market participants at the measurement date.

The guidance establishes a framework for measuring fair value which utilizes observable and unobservable inputs. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect the Company's market assumptions. Preference is given to observable inputs. These two types of inputs create the following three-level fair value hierarchy:

Level 1: Quoted prices for identical assets or liabilities in active markets.

Level 2: Quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; and model-derived valuations whose inputs or significant value drivers are observable.

Level 3: Significant inputs to the valuation model that are unobservable.

The Company's financial assets and liabilities include cash and cash equivalents, accounts receivable, debt obligations, accounts payable, and accrued liabilities. The carrying amounts reported in the condensed consolidated balance sheets for these assets approximate fair value because of the immediate or short-term maturities of these financial instruments.

The following table presents the Company's financial assets that are accounted for at fair value on a recurring basis as of March 31, 2016 and December 31, 2015, respectively, by level within the fair value hierarchy (in thousands):

	March 31, 2016		
	Level 1	Level 2	Level 3
Assets			
Pension Plan Assets	$ 4,910	$ —	$ —
Other long term assets	3,146	—	—
Interest rate swaps	—	(131)	—

	December 31, 2015		
	Level 1	Level 2	Level 3
Assets			
Pension Plan Assets	$ 4,986	$ —	$ —
Other long term assets	2,631	—	—
Interest rate swaps	—	(27)	—

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12. INCOME TAXES

The income tax provision for interim periods is determined using an estimate of the annual effective tax rate, adjusted for discrete items, if any, that are taken into account in the relevant period. Each quarter, the estimate of the annual effective tax rate is updated, and if the estimated effective tax rate changes, a cumulative adjustment is made. There is a potential for volatility of the effective tax rate due to several factors, including changes in the mix of the pre-tax income and the jurisdictions to which it relates, changes in tax laws and foreign tax holidays, settlements with taxing authorities and foreign currency fluctuations.

The Company has net operating loss and tax credit carryforwards in certain foreign jurisdictions expiring through 2017. The Company evaluates the future realizability of the tax loss and credit carryforwards considering the anticipated future earnings and tax planning strategies in the foreign jurisdictions.

The effective income tax rate as a percentage of income before income taxes was 28.7% and 32.1% in the first quarter 2016 and 2015, respectively. The effective tax rate for the first quarter of 2016 is net of a discrete tax benefit of 5.4% ($160) related to the adoption of ASU 2016-09. The effective rate before discreet item for 2016 and 2015 varies from the statutory rate due to permanent differences in state taxes and the difference in US and foreign tax rates and the mix of foreign and domestic income.

The Company adopted ASU No. 2015-17 and ASU No. 2016-09 as of January 1, 2016. These pronouncements impact the accounting and disclosure for income taxes (refer to Note 18).

13. COMMITMENTS AND CONTINGENCIES

Warranty

The Company offers warranty coverage for its products. The length of the warranty period for its products varies significantly based on the product being sold. The Company estimates the costs of repairing products under warranty based on the historical average cost of the repairs. The assumptions used to estimate warranty accruals are reevaluated periodically in light of actual experience and, when appropriate, the accruals are adjusted. Estimated warranty costs are recorded at the time of sale of the related product, and are considered a cost of sale.

Changes in the Company's reserve for product warranty claims for the quarter ended March 31, 2016 and the year ended December 31, 2015 were as follows (in thousands):

	March 31, 2016	December 31, 2015
Warranty reserve at beginning of the year	$ 780	$ 786
Warranty reserves acquired	297	—
Provision	49	142
Warranty expenditures	(43)	(123)
Effect of foreign currency translation	(10)	(25)
Warranty reserve at end of the period	$ 1,073	$ 780

Litigation

The Company is involved in certain actions that have arisen out of the ordinary course of business. Management believes that resolution of the actions will not have a significant adverse effect on the Company's consolidated financial position or results of operations.

14. ACCUMULATED OTHER COMPREHENSIVE INCOME

Accumulated Other Comprehensive Income for the quarters ended March 31, 2016 and 2015 is comprised of the following (in thousands):

	Defined Benefit Plan Liability	Cash Flow Hedges	Foreign Currency Translation Adjustment	Total
At December 31, 2015	$ (688)	$ (27)	$ (9,162)	$ (9,877)
Unrealized loss on cash flow hedges	—	(136)	—	(136)
Amounts reclassified from AOCI	—	32	—	32
Foreign currency translation gain	—	—	2,029	2,029
At March 31, 2016	$ (688)	$ (131)	$ (7,133)	$ (7,952)

	Defined Benefit Plan Liability	Cash Flow Hedges	Foreign Currency Translation Adjustment	Total
At December 31, 2014	$ (853)	$ (2)	$ (4,828)	$ (5,683)
Unrealized loss on cash flow hedges	—	(151)	—	(151)
Amounts reclassified from AOCI	—	51	—	51
Foreign currency translation loss	—	—	(4,479)	(4,479)
At March 31, 2015	$ (853)	$ (102)	$ (9,307)	$ (10,262)

The realized (gain) loss relating to the Company's interest rate swap hedges were reclassified from Accumulated Other Comprehensive Income and included in Interest Expense in the Condensed Consolidated Statements of Operations and Comprehensive Income.

15. DIVIDENDS PER SHARE

The Company declared a quarterly dividend of $0.025 per share in the first quarter of 2016 and 2015. Total dividends declared in the first three months of 2016 and 2015 were $235 and $233, respectively.

16. SEGMENT INFORMATION

ASC Topic "Segment Reporting" 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 the "Segment Reporting" Topic of the ASC, the Company's chief operating decision maker has been identified as the Chief Executive Officer and President, who reviews operating results to make decisions about allocating resources and assessing performance for the entire Company. Existing guidance, 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 "Segment Reporting" 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

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(In thousands, except share and per share data)

segment, all financial information required by "Segment Reporting" can be found in the accompanying condensed consolidated financial statements and within this note.

The Company's wholly owned foreign subsidiaries, located in The Netherlands, Sweden, Germany, Portugal, China and Mexico are included in the accompanying condensed consolidated financial statements.

Financial information related to the foreign subsidiaries is summarized below (in thousands):

	For the three months ended March 31,	
	2016	2015
Revenues derived from foreign subsidiaries	$ 25,607	$ 17,427

Identifiable foreign assets were $81,408 and $56,444 as of March 31, 2016 and December 31, 2015, respectively.

Revenues derived from foreign subsidiaries and identifiable assets outside of the United States are primarily attributable to Europe.

Sales to customers outside of the United States by all subsidiaries were $28,575 and $19,814 during the quarters ended March 31, 2016 and 2015, respectively.

For first quarter 2016 and 2015, one customer accounted for 18% and 23% of revenues, respectively and as of March 31, 2016 and December 31, 2015, for 16% and 12% of trade receivables, respectively. As of March 31, 2016 and December 31 2015, another customer accounted for 15% of trade receivables.

17. RECENT ACCOUNTING PRONOUNCEMENTS

Recently adopted accounting pronouncements

Effective January 1, 2016, the Company adopted ASU 2016-09, *"Compensation — Stock Compensation (Topic 718)."* The FASB issued ASU 2016-09 in March 2016 as part of its simplification initiative and affects all entities that issue share-based payment awards to their employees. The amendments in this update cover such areas as the recognition of excess tax benefits and deficiencies, the classification of those excess tax benefits on the statement of cash flows, an accounting policy election for forfeitures, the amount an employer can withhold to cover income taxes and still qualify for equity classification and the classification of those taxes paid on the statement of cash flows. The amendments are effective for annual periods, and interim reporting periods within those annual periods, beginning after December 15, 2016 using either prospective, retrospective or modified retrospective transition method, depending on the area covered in this update. As permitted within the amendment, the Company elected to early adopt and prospectively apply the provisions of this amendment as of January 1, 2016. As a result of the adoption, a tax benefit of $160 was recorded in the current quarter.

Effective January 1, 2016, the Company adopted ASU 2015-03, "*Interest - Imputation of Interest (Subtopic 835-30): Simplifying the Presentation of Debt Issuance Costs*" on a retrospective basis. The updated accounting guidance requires debt issuance costs to be presented as a deduction from the corresponding debt liability instead of the historical presentation as an unamortized debt issuance asset. The impacts of adopting the new standard as of December 31, 2015, were a decrease in other assets and a decrease in long term debt of $1,388.

Recently issued accounting pronouncements

In February 2016, the FASB issued ASU 2016-02, which amends the FASB Accounting Standards Codification and creates Topic 842, "*Leases*." The new topic supersedes Topic 840, "*Leases*," and increases transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and requires disclosures of key information about leasing arrangements. The guidance is effective for reporting periods beginning after December 15, 2018. ASU 2016-02 mandates a modified retrospective transition method. The Company is currently assessing the impact this guidance will have on its consolidated financial statements.

In November 2015, the FASB issued ASU 2015-17, "Balance Sheet Classification of Deferred Taxes." Current GAAP requires an entity to separate deferred income tax liabilities and assets into current and noncurrent amounts in a classified statement of financial position. The Update requires that deferred tax liabilities and assets be classified as noncurrent in a classified statement of financial position. ASU 2015-17 is effective for our financial statements issued for fiscal years beginning after December 15, 2016, and interim periods within those fiscal years. Earlier application is permitted. The Company is currently assessing the impact this guidance will have on its consolidated financial statements.

In September 2015, the FASB issued ASU No. 2015-16, "*Business Combinations (Topic 805): Simplifying the Accounting for Measurement-Period Adjustments*." This standard requires that an entity recognize adjustments to provisional amounts that are identified during the measurement period in the reporting period in which the adjustment amounts are determined. The update requires an entity to present separately on the face of the income statement or disclose in the notes the portion of the amount recorded in current-period earnings by line item that would have been recorded in previous reporting periods if the adjustment to the provisional amounts had been recognized as of the acquisition date. This standard is effective for fiscal years beginning after December 15, 2015, including interim periods within those fiscal years. ASU 2015-16 is not expected to have a material impact on the Company's condensed consolidated financial statements.

In July 2015, the FASB issued ASU No. 2015-11, "*Simplifying the Measurement of Inventory*." The standard applies to inventory that is measured using first-in, first-out (FIFO) or average cost. An entity should measure inventory within the scope of the standard at the lower of cost and net realizable value. Net realizable value is the estimated selling prices in the ordinary course of business, less reasonably predictable costs of completion, disposal and transportation. The amendments in ASU 2015-11 more closely align the measurement of inventory in U.S. GAAP with the measurement of inventory in International Financial Reporting Standards (IFRS). The standard is effective for fiscal years beginning after December 15, 2016. ASU 2015-11 is not expected to have a material impact on the Company's condensed consolidated financial statements.

In May 2014, the FASB issued ASU 2014-09, *"Revenue from Contracts with Customers,"* which amended revenue recognition guidance to clarify the principles for recognizing revenue from contracts with customers. The guidance requires an entity to recognize revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services. The guidance also requires expanded disclosures relating to the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. Additionally, qualitative and quantitative disclosures are required about customer contracts, significant judgments and changes in judgments, and assets recognized from the costs to obtain or fulfill a contract. This accounting guidance will be effective for the Company beginning in the first quarter of fiscal year 2018 using one of two prescribed retrospective methods. Early adoption is not permitted. The Company has not yet selected a transition method, or determined the effect of the standard on its ongoing financial reporting.

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 to differ materially from the expected results described in the forward-looking statements. The risks and uncertainties include those associated with: the domestic and foreign general business and economic conditions in the markets we serve, including political and currency risks and adverse changes in local legal and regulatory environments; the introduction of new technologies and the impact of competitive products; the ability to protect the Company's intellectual property; our ability to sustain, manage or forecast its growth and product acceptance to accurately align capacity with demand; the continued success of our customers and the ability to realize the full amounts reflected in our order backlog as revenue; the loss of significant customers or the enforceability of the Company's contracts in connection with a merger, acquisition, disposition, bankruptcy, or otherwise; our ability to meet the technical specifications of our customers; the performance of subcontractors or suppliers and the continued availability of parts and components; changes in government regulations; the availability of financing and our access to capital markets, borrowings, or financial transactions to hedge certain risks; the ability to attract and retain qualified personnel who can design new applications and products for the motion industry; the ability to implement our corporate strategies designed for growth and improvement in profits including to identify and consummate favorable acquisitions to support external growth and the development of new technologies; the ability to successfully integrate an acquired business into our business model without substantial costs, delays, or problems; our the ability to control costs, including the establishment and operation of low cost region manufacturing and component sourcing capabilities; and the additional risk factors discussed under "Item 1A. Risk Factors" in Part II of this report and in the Company's Annual Report in Form 10-K. 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. Any forward-looking statement speaks only as of the date on which it is made. New risks and uncertainties arise over time, and it is not possible for us to predict the occurrence of those matters or the manner in which they may affect us. 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

We are a global company that designs, manufactures and sells precision and specialty motion control components and systems used in a broad range of industries. Our target markets include Vehicle, Medical, Aerospace & Defense, Electronics and Industrial. We are headquartered in Amherst, NY, and have operations in the United States, Canada, Mexico, Europe and Asia. We are known worldwide for our expertise in electro-magnetic, mechanical and electronic motion technology. We sell component and integrated motion control solutions to end customers and original equipment manufacturers ("OEM's") through our own direct sales force and authorized manufacturers' representatives and distributors. Our products include brush and brushless DC motors, brushless servo and torque motors, coreless DC motors, integrated brushless motor-drives, gearmotors, gearing, modular digital servo drives, motion controllers, incremental and absolute optical encoders, and other motion control-related products.

Financial overview

The Company achieved a 7% increase in sales for the first quarter of 2016 compared to the prior year resulting from the contribution for our Heidrive acquisition as well as increased sales in our medical, electronics and industrial markets. Earnings were 29% lower in the first quarter of 2016 compared to the prior year which reflects higher operating costs from increased investment in engineering and development for multi-product motion system offerings, the additional expense related to the Heidrive acquisition and the investments we continue to make to realign our organization for greater efficiency and accelerated growth.

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We are encouraged with the progress we have made as we advance our strategy to become the leader in motion solutions for our target markets. A number of our multi-product motion control solution wins successfully moved into production during the quarter, we realigned and enhanced our North American sales organization, and look for additional lift from the Heidrive acquisition which provides us multiple growth opportunities through new markets and customers, complementary products and additional technical competencies in customized motor and system solutions.

2016 will be a year of change and transformation as we continue to apply our One Allied approach to better serve our customers and markets, use our Allied Systematic Tools to improve productivity and efficiency, and invest in the further development of our motion control solutions capabilities and offerings to drive higher value sales and margin expansion. We also intend to restructure a significant portion of our debt later this year.

Operating Results

Quarter ended March 31, 2016 compared to quarter ended March 31, 2015

	For the quarter ended March 31,		2016 vs. 2015 Variance	
(in thousands)	**2016**	**2015**	**$**	**%**
Revenues	$ 63,675	$ 59,580	$ 4,095	7%
Cost of goods sold	45,398	42,080	3,318	8%
Gross margin	18,277	17,500	777	4%
Gross margin percentage	28.7%	29.4%		
Operating costs and expenses:				
Selling	2,424	2,208	216	10%
General and administrative	6,409	5,553	856	15%
Engineering and development	4,050	3,446	604	18%
Business development	83	—	83	100%

Amortization of intangible assets	779	662	117	18%
Total operating costs and expenses	13,745	11,869	1,876	16%
Operating income	4,532	5,631	(1,099)	(20)%
Interest expense	1,532	1,515	17	1%
Other income (expense)	15	(266)	281	(106)%
Total other expense	1,547	1,249	298	24%
Income before income taxes	2,985	4,382	(1,397)	(32)%
Provision for income taxes	(858)	(1,406)	548	(39)%
Net Income	$ 2,127	$ 2,976	$ (849)	(29)%
Effective tax rate	28.7%	32.1%	(3)%	(10)%
Diluted earnings per share	$ 0.23	$ 0.32	$ (0.09)	(28)%
Bookings	$ 66,391	$ 58,143	$ 8,248	14%
Backlog	$ 81,704	$ 71,344	$ 10,360	15%

NET INCOME: Net income decreased during the first quarter reflecting increased engineering and development costs, and additional organizational enhancements. Heidrive is included in our results as of January 12, 2016.

Adjusted net income for the quarter ended March 31, 2016, was $2,183. Adjusted diluted earnings per share for 2016 was $0.24. Adjusted net income and adjusted diluted earnings per share are non-GAAP measurements. Adjusted net income for

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2016 excludes $83 ($56 net of tax) of business development. See information included in “Non — GAAP Measures” below for a reconciliation of net income to Adjusted net income.

EBITDA AND ADJUSTED EBITDA: EBITDA was $6,787 for the first quarter of 2016 compared to $7,704 for the same quarter last year. Adjusted EBITDA was $7,383 and $8,137 for the first quarter of 2016 and 2015, respectively. EBITDA and adjusted EBITDA are non-GAAP measurements. EBITDA consists of income before interest expense, provision for income taxes, and depreciation and amortization. Adjusted EBITDA also excludes stock compensation expense and certain other items. Refer to information included in “Non - GAAP Measures” below for a reconciliation of net income to EBITDA and adjusted EBITDA.

REVENUES: For the quarter, the increase in revenues reflects the incremental sales from Heidrive and increased sales in the Medical, Electronics and Industrial markets, partially offset by lower sales in the Vehicle and Aerospace & Defense markets.

Sales to U.S. customers were 55% of total sales for the quarter compared with 67% for the same period last year, with the balance of sales to customers primarily in Europe, Canada and Asia.

ORDER BACKLOG: The increase in bookings in the first quarter of 2016 compared to the first quarter of 2015 is largely due to the acquisition of Heidrive. The backlog increase as of March 31, 2016 compared to at March 31, 2015 was also attributable to the added business of Heidrive.

GROSS MARGIN: The 4% gross margin compression in first quarter 2016 compared to first quarter 2015 was due to product mix.

SELLING EXPENSES: Selling expenses increased in the first quarter of 2016 compared to the same period of 2015 primarily due to the acquisition of Heidrive. Selling expenses as a percentage of revenues were 4% in the first quarter of 2016 and 2015.

GENERAL AND ADMINISTRATIVE EXPENSES: General and administrative expenses increased by 15% in the first quarter 2016 from the first quarter 2015 largely due to the acquisition of Heidrive. As a percentage of revenues, general and administrative expenses increased to 10% for the period ended March 31, 2016 compared to 9% for the same period in 2015.

ENGINEERING AND DEVELOPMENT EXPENSES: Engineering and development expenses increased by 18% in the first quarter of 2016 compared to the same quarter last year. The increase is primarily due to the ramp up of a significant development project to meet the future needs of a target market for Allied Motion along with the acquisition of Heidrive. As a percentage of revenues, engineering and development expenses were 6% for both the first quarter of 2016 and 2015.

BUSINESS DEVELOPMENT COSTS: The Company incurred $83 of business development costs during 2016 related to the acquisition of Heidrive GmbH on January 12, 2016. Business development costs are typically acquisition related expenses for due diligence and legal services.

AMORTIZATION OF INTANGIBLE ASSETS: Amortization of intangible assets expense increased in the first quarter of 2016 compared to the first quarter of 2015 due to the amortization Heidrive’s intangible assets.

INCOME TAXES: The effective income tax rate as a percentage of income before income taxes was 28.7% and 32.1% in the first quarters of 2016 and 2015, respectively. The effective tax rate for 2016 and 2015 is lower than the statutory rate primarily due to differences in foreign tax rates. The effective rate for 2016 is lower than 2015 primarily due to the effect of foreign tax rate differences and the early adoption of ASU 2016-09, “*Compensation — Stock Compensation (Topic 718)*.” Refer to Note 12 of the *Unaudited Notes to Condensed Consolidated Financial Statements* for information.

Non-GAAP Measures

EBITDA and Adjusted EBITDA are provided for information purposes only and are not measures of financial performance under GAAP.

Management believes the presentation of these financial measures reflecting non-GAAP adjustments provides important supplemental information in evaluating the operating results of the Company as distinct from results that include items that are not indicative of ongoing operating results; in particular, those charges and credits that are not directly related to

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operating unit performance, and that are not a helpful measure of the performance of our underlying business particularly in light of their unpredictable nature. This non-GAAP disclosure has limitations as an analytical tool, should not be viewed as a substitute for net income determined in accordance with GAAP, and should not be considered in isolation or as a substitute for analysis of the Company's results as reported under GAAP, nor is it necessarily comparable to non-GAAP performance measures that may be presented by other companies. In addition, supplemental presentation should not be construed as an inference that the Company's future results will be unaffected by similar adjustments to net income determined in accordance with GAAP.

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. EBITDA is frequently used as one of the bases for comparing businesses in the Company's industry.

The Company also believes that Adjusted EBITDA provides helpful information about the operating performance of its business. Adjusted EBITDA excludes stock compensation expense, as well as certain income or expenses which are not indicative of the ongoing performance of the Company. EBITDA and Adjusted EBITDA do 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 and Adjusted EBITDA for the quarters ended March 31, 2016 and 2015 is as follows (in thousands):

	For the three months ended March 31,	
	2016	2015
Net income as reported	$ 2,127	$ 2,976
Interest expense	1,532	1,515
Provision for income tax	858	1,406
Depreciation and amortization	2,270	1,807
EBITDA	6,787	7,704
Stock compensation expense	513	433
Business development costs	83	—
Adjusted EBITDA	$ 7,383	$ 8,137

Allied Motion's management uses Adjusted net income to assess the Company's consolidated financial and operating performance. Adjusted net income is provided for informational purposes only and is not a measure of financial performance under generally accepted accounting principles. This measure helps management make decisions that are expected to facilitate meeting current financial goals as well as achieve optimal financial performance. Adjusted net income provides management with a measure of financial performance of the Company based on operational factors, including the profitability of assets on an economic basis, net of operating expenses, and the capital costs of the business on a consistent basis as it removes the impact of certain non-routine items from the Company's operating results. Adjusted net income is a key metric used by senior management and the Company's board of directors to review the consolidated financial performance of the business. This measure adjusts net income determined in accordance with GAAP to reflect changes in financial results associated with the highlighted charges and income items.

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The Company's calculation of Adjusted net income and Adjusted diluted earnings per share for the quarters ended March 31, 2016 and 2015 is as follows (in thousands):

	For the quarter ended March 31,	
	2016	2015
Net income as reported	$ 2,127	$ 2,976
Non-GAAP adjustments, net of tax		
Business development costs	56	—
Non-GAAP adjusted net income	$ 2,183	$ 2,976
Per Share Amounts		
Non-GAAP adjusted net income per share (diluted)	$ 0.24	$ 0.32
Diluted weighted average common shares	9,273	9,208

Liquidity and Capital Resources

The Company's liquidity position as measured by cash and cash equivalents decreased by $14,962 to a balance of $6,316 at March 31, 2016 from December 31, 2015.

	Quarter ended March 31,		2016 vs. 2015
	2016	2015	$
Net cash (used in) provided by operating activities	$ (6,915)	$ 669	$ (7,584)
Net cash used in investing activities	(17,984)	(1,436)	(16,548)

Net cash (used in) provided by financing activities	9,571	(239)	9,810
Effect of foreign exchange rates on cash	366	(1,064)	1,430
Net decrease in cash and cash equivalents	$ (14,962)	$ (2,070)	$ (12,892)

During the first quarter 2016, the decrease in cash provided by operating activities is primarily due to lower net income combined with an increase in working capital needs, primarily trade receivables, accounts payable and accrued liabilities. The receivables increase reflects higher sales in first quarter 2016 compared to 2015 that includes the additive sales from Heidrive. The change in cash used for accrued liabilities is largely attributable to the cash settlement of acquired liabilities for Heidrive, made during the first quarter.

The significant cash used for investing activities in 2016 reflects the acquisition of Heidrive during the quarter. The cash paid for the acquisition was $17,000 net of cash acquired. During the first quarter of 2016, purchases of property and equipment were $984 compared to $1,436 for the first quarter of 2015.

Net cash provided by financing activities was higher in the first quarter of 2016 than 2015 due to the use of the foreign revolver of $10,859 (€10,000) to partially finance the Heidrive acquisition. During the first quarter of 2016, we made payments of $1,875 for our Term Loan obligation. At March 31, 2016, we had $76,608 in obligations under the Credit Agreement and the Note Agreement.

The Credit Agreement contains certain financial covenants related to maximum leverage and minimum fixed charge coverage. The Credit Agreement also includes other covenants and restrictions, including limits on the amount of certain types of capital expenditures. The Company was in compliance with all covenants at March 31, 2016.

As of March 31, 2016, the amount available to borrow under the Credit Agreement was approximately $18,600.

The average China Facility balance for the first quarter of 2016 was $1,630 (RMB 10,650). At March 31, 2016, there was approximately $210 (RMB 1,350) available under the facility.

During the quarter ended March 31, 2016, the Company paid dividends of $0.025 per share. The Company’s working capital, capital expenditure and dividend requirements are expected to be funded from cash provided by operations and amounts available under the Credit Agreement.

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Item 3. Qualitative and Quantitative Disclosures about Market Risk

Foreign Currency

We have foreign operations in The Netherlands, Sweden, Germany, China, Portugal, Canada and Mexico, which expose the Company to foreign currency exchange rate fluctuations due to transactions denominated in Euros, Swedish Krona, Chinese Yuan Renminbi, Canadian dollar and Mexican pesos, respectively. We continuously evaluate our foreign currency risk and will take action from time to time in order to best mitigate these risks. A hypothetical 10% change in the value of the U.S. dollar in relation to our most significant foreign currency exposures would have had an impact of approximately $2,500 on our first quarter 2016 sales. This amount is not indicative of the hypothetical net earnings impact due to partially offsetting impacts on cost of sales and operating expenses in those currencies. We estimate that foreign currency exchange rate fluctuations during the quarter ended March 31, 2016 decreased sales in comparison to the quarter ended March 31, 2015 by approximately $350.

We translate all assets and liabilities of our foreign operations, where the U.S. dollar is not the functional currency, at the period-end exchange rate and translate sales and expenses at the average exchange rates in effect during the period. The net effect of these translation adjustments is recorded in the Condensed Consolidated Financial Statements as Comprehensive Income. The translation adjustment was a gain of approximately $2,000 for the first quarter 2016 and a loss of $4,500 for the first quarter 2015. Translation adjustments are not adjusted for income taxes as they relate to permanent investments in our foreign subsidiaries. Net foreign currency transaction gains and losses included in other income, net amounted to a loss of $94 and $220 for the first quarter of 2016 and 2015, respectively. A hypothetical 10% change in the value of the U.S. dollar in relation to our most significant foreign currency net assets would have had an impact of approximately $4,945 on our foreign net assets as of March 31, 2016.

Interest Rates

Interest rates on our Credit Facility are based on the Base Rate plus a margin of 0.25% to 2.00% (currently 1.50%) or the Eurocurrency Rate plus a margin of 1.25% to 3.00% (currently 2.0%). The Company uses interest rate derivatives to add stability to interest expense and to manage its exposure to interest rate movements. The Company primarily uses interest rate swaps as part of its interest rate risk management strategy. Interest rate swaps designated as cash flow hedges involve the receipt of variable amounts from a counterparty in exchange for the Company making fixed-rate payments over the life of the agreements without exchange of the underlying notional amount. During October 2013, the Company entered into two Interest Rate Swaps with a combined notional of $25,000 that amortize quarterly to a notional of $6,673 at maturity. This swap is accounted for as a cash flow hedge. Refer to Note 7 of the *Unaudited Notes to Condensed Consolidated Financial Statements* for information about our derivative financial instruments.

As of March 31, 2016, we had $35,250 outstanding under the Term Loan, of which $17,625 is currently being hedged. Refer to Note 6 of the *Notes to Condensed Consolidated Financial Statements* for additional information about our outstanding debt. A hypothetical one percentage point (100 basis points) change in the Base Rate on the $17,625 of unhedged floating rate debt outstanding at March 31, 2016 would have an impact of approximately $40 on our interest expense for the first quarter 2016.

Item 4. Controls and Procedures

Conclusion regarding the effectiveness of disclosure controls and procedures

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer (principal accounting officer), evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the “Exchange Act”)) as of March 31, 2016. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by the Company in the reports that we file or submit under the Exchange Act is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure. Management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives and management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

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Based on management's evaluation of our disclosure controls and procedures as of March 31, 2016, our Chief Executive Officer and Chief Financial Officer concluded that, as of such date, our disclosure controls and procedures were effective.

Changes in internal control over financial reporting

During the quarter ended March 31, 2016, there has been no change in our internal control over financial reporting that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1A. RISK FACTORS

There have been no material changes to the risk factors disclosed in the Company's Form 10-K for the year ended December 31, 2015, except to the extent factual information disclosed elsewhere in this form 10-Q relates to such risk factors. For a full discussion of these risk factors, please refer to "Item 1A. Risk Factors" in the 2015 Annual Report in Form 10-K.

Item 5. Other Information

The Company held its annual stockholders' meeting on May 4, 2016. At the annual meeting, the stockholders of the Company (i) elected the seven director nominees, (ii) approved, on an advisory basis, the compensation awarded to the Company's Named Executive Officers, (iii) and ratified the appointment of EKS&H LLLP as the Company's independent registered public accounting firm for the 2016 fiscal year.

The results of the voting for the seven director nominees were as follows:

Nominee	For	Against	Abstentions	Broker Non-votes
Richard D. Federico	5,457,307	173,343	10,915	2,183,308
Gerald J. Laber	5,487,475	143,377	10,713	2,183,308
Alexis P. Michas	5,495,399	136,254	9,912	2,183,308
Richard D. Smith	5,454,366	176,489	10,710	2,183,308
James J. Tanous	5,456,836	179,445	5,284	2,183,308
Richard S. Warzala	5,488,634	143,240	9,691	2,183,308
Michael R. Winter	5,464,550	172,032	4,983	2,183,308

The results for the advisory vote on executive compensation were as follows:

For	Against	Abstentions	Broker Non-Votes
5,395,736	229,658	16,171	2,183,308

The results of the voting for the ratification of EKS&H as the Company's independent registered public accounting firm for the 2016 fiscal year were as follows:

For	Against	Abstentions
7,719,835	9,561	95,477

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Item 6. Exhibits

(a) Exhibits

10.1 Employment Agreement between Allied Motion Technologies Inc. and Richard S. Warzala, as Amended and Restated, effective March 22, 2016.

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.

101 The following materials from Allied Motion Technologies Inc.'s Quarterly Report on Form 10-Q for the quarter ended March 31, 2016, formatted in XBRL (eXtensible Business Reporting Language): (i) condensed consolidated balance sheets, (ii) condensed consolidated statements of operations and comprehensive income, (iii) condensed consolidated statements of cash flows and (iv) the notes to the consolidated financial statements.

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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 4, 2016	ALLIED MOTION TECHNOLOGIES INC.
		By: /s/ Michael R. Leach
		Michael R. Leach
		Chief Financial Officer

AMENDED AND RESTATED EMPLOYMENT AGREEMENT
Richard S. Warzala

THIS AMENDED AND RESTATED EMPLOYMENT AGREEMENT, dated and effective as of March 22, 2016 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 as amended and restated effective as of May 12, 2009; and

WHEREAS, the Company and Employee desire to further amend and restate that Employment Agreement.

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 15th 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.

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 Employee will maintain his primary office at his home and the Company will provide to the Employee (i) the office equipment and supplies necessary for Employee to perform his duties, including but not limited to a computer, printer and phone, and (ii) $500 per month as payment to the Employee for maintaining his office in his home, which amount is included in his base salary.

(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.

(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 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 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 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. 495 Commerce Drive, Suite 3 Amherst, NY 14229 Attention: Chairman, and Chairman of the Compensation Committee
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. Federico
Richard D. Federico, Chairman of the Compensation Committee of the Board of Directors

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

EXHIBIT 31.1

CERTIFICATION

I, Richard S. Warzala, certify that:

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

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

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

4. The registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a—15(e) and 15d—15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) 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 4, 2016

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

EXHIBIT 31.2

CERTIFICATION

I, Michael R. Leach, certify that:

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

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

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

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a—15(e) and 15d—15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) 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 4, 2016	/s/ Michael R. Leach
	Michael R. Leach
	Chief Financial Officer

EXHIBIT 32.1

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, 2016 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 4, 2016

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

EXHIBIT 32.2

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, 2016 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 4, 2016

/s/ Michael R. Leach
Michael R. Leach
Chief Financial Officer