
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C.

Form 10-Q

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

**For the Quarter Ended
September 30, 2005
(Unaudited)**

**Commission File Number
0-04041**

ALLIED MOTION TECHNOLOGIES INC.

(Incorporated Under the Laws of the State of Colorado)

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

84-0518115

(IRS Employer Identification Number)

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past ninety (90) days. Yes No

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

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

Number of Shares of the only class of Common Stock outstanding: 6,346,682 as of October 31, 2005

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

	September 30, 2005	December 31, 2004
Assets		
Current Assets:		
Cash and cash equivalents	\$ 480	\$ 456
Trade receivables, net of allowance for doubtful accounts of \$186 and \$135 at September 30, 2005 and December 31, 2004, respectively	11,065	9,353
Inventories, net	9,534	9,382
Deferred income taxes	1,176	1,186
Prepaid expenses and other	567	518
Total Current Assets	22,822	20,895
Property, plant and equipment, net	13,068	13,301
Goodwill and intangible assets	19,253	20,624
Total Assets	\$ 55,143	\$ 54,820
Liabilities and Stockholders' Investment		
Current Liabilities:		
Current maturities of capital lease obligations	\$ 192	\$ 183
Current maturities of debt obligations	9,636	6,904
Accounts payable	4,504	4,669
Accrued liabilities and other	4,025	6,003
Total Current Liabilities	18,357	17,759
Long-term capital lease obligations, net of current portion	129	241
Debt obligations, net of current portion	5,218	7,079
Deferred income taxes	2,344	2,304
Pension and post-retirement obligations	3,307	3,077
Total Liabilities	29,355	30,460
Commitments and Contingencies		
Stockholders' Investment:		
Preferred stock, par value \$1.00 per share, authorized 5,000 shares; no shares issued or outstanding	—	—
Common stock, no par value, authorized 50,000 shares; 6,347 and 6,070 shares issued and outstanding at September 30, 2005 and December 31, 2004, respectively	14,957	14,169
Deferred compensation	(143)	—
Loan receivable from Employee Stock Ownership Plan	—	(155)
Retained earnings	10,966	10,047
Other comprehensive income: translation adjustments	8	299
Total Stockholders' Investment	25,788	24,360
Total Liabilities and Stockholders' Investment	\$ 55,143	\$ 54,820

See accompanying notes to financial statements.

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

	For the three months ended September 30,		For the nine months ended September 30,	
	2005	2004	2005	2004
Revenues	\$ 18,043	\$ 18,042	\$ 55,411	\$ 44,394
Cost of products sold	13,845	13,479	42,901	32,720
Gross margin	4,198	4,563	12,510	11,674
Operating costs and expenses:				
Selling	817	671	2,413	1,817
General and administrative	1,354	1,687	4,285	4,334
Engineering and development	832	803	2,729	2,025
Amortization of intangible assets	252	182	761	392
Total operating costs and expenses	3,255	3,343	10,188	8,568
Operating income	943	1,220	2,322	3,106
Other income (expense), net:				
Interest expense	(282)	(229)	(814)	(411)
Other income (expense), net	(28)	(6)	(17)	(25)
Total other expense, net	(310)	(235)	(831)	(436)
Income before income taxes	633	985	1,491	2,670

Provision for income taxes	(250)	(373)	(572)	(1,023)
Net income	\$ 383	\$ 612	\$ 919	\$ 1,647
Basic net income per share:				
Net income per share	\$ 0.06	\$ 0.10	\$ 0.15	\$ 0.30
Basic weighted average common shares	6,344	5,907	6,209	5,421
Diluted net income per share:				
Net income per share	\$ 0.06	\$ 0.09	\$ 0.13	\$ 0.27
Diluted weighted average common shares	6,710	6,681	6,940	6,024

See accompanying notes to financial statements.

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

	For the nine months ended September 30,	
	2005	2004
Cash Flows From Operating Activities:		
Net income	\$ 919	\$ 1,647
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation and amortization	2,411	1,627
Provision (credit) for doubtful accounts	36	—
Provision for obsolete inventory	250	186
Deferred income taxes	148	902
Other	151	145
Changes in assets and liabilities, net of effects from acquisition:		
(Increase) decrease in -		
Trade receivables	(1,928)	(2,810)
Inventories	(619)	(1,394)
Prepaid expenses and other	(59)	435
Increase (decrease) in -		
Accounts payable	(26)	720
Accrued liabilities and other	(1,217)	(314)
Net cash provided by operating activities	66	1,144
Cash Flows From Investing Activities:		
Purchase of property and equipment	(1,628)	(653)
Acquisition costs for Owosso Corporation	(275)	(13,563)
Cash paid for Premotec, net of cash acquired of \$82	—	(3,135)
Remaining proceeds from sale of Calibrator Business	—	50
Net cash used in investing activities	(1,903)	(17,301)
Cash Flows From Financing Activities:		
Borrowings on line-of-credit, net	2,723	5,605
Borrowings on term loans	—	10,193
Repayments on term loans	(1,490)	(1,682)
Repayments of capital lease obligations	(93)	(103)
Issuance of unregistered stock	—	1,000
Stock transactions under employee benefit stock plans	724	108
Net cash provided by financing activities	1,864	15,121
Effect of foreign exchange rate changes on cash	(3)	2
Net increase (decrease) in cash and cash equivalents	24	(1,034)
Cash and cash equivalents at beginning of period	456	1,960
Cash and cash equivalents at September 30	\$ 480	\$ 926
Supplemental disclosure of cash flow information:		
Net cash paid during the period for:		
Interest	\$ 843	\$ 331
Income taxes	\$ 262	\$ 32

See accompanying notes to financial statements.

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

1. Basis of Preparation and Presentation

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

The assets and liabilities of the Company's foreign subsidiaries are translated into U.S. dollars using current exchange rates. Revenues and expenses are translated at average rates prevailing during the period. Nonmonetary assets and liabilities are translated at historical rates and monetary assets and liabilities are translated at exchange rates in effect at the balance sheet date. The resulting translation adjustments are included in the cumulative translation adjustment component of stockholders' investment in the accompanying consolidated balance sheets. Transaction gains and losses that arise from exchange rate fluctuations on transactions denominated in a currency other than the functional currency are included in the results of operations as incurred.

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

The preparation of financial statements in accordance with accounting principles generally accepted in the United States requires management to make certain estimates and assumptions. Such estimates and assumptions affect the reported amounts of assets and liabilities as well as disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

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

2. Owosso Merger

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

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

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		For the nine months ended September 30, 2004
Revenues	\$	51,658
Gross margin		12,388
Operating income	\$	2,025
Net income		633
Diluted net income per share		.09

3. Inventories

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

	September 30, 2005	December 31, 2004
Parts and raw materials, net	\$ 6,110	\$ 6,014
Work-in process	1,870	1,485
Finished goods, net	1,554	1,883
	\$ 9,534	\$ 9,382

4. Property, Plant and Equipment

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

	September 30, 2005	December 31, 2004
Land	\$ 167	\$ 167

Building and improvements	4,686	4,560
Machinery, equipment, tools and dies	14,845	13,366
Furniture, fixtures and other	816	1,134
	<u>20,514</u>	<u>19,227</u>
Less accumulated depreciation	(7,446)	(5,926)
	<u>\$ 13,068</u>	<u>\$ 13,301</u>

5. Stock-Based Compensation

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

During the second quarter 2005, 47,000 restricted stock awards were granted with a three year vesting period. The fair value of a share of restricted stock is measured at the market price of a share of nonrestricted stock on the award date and compensation expense is recorded ratably over the vesting period. Compensation expense for the quarter and nine-months ended September 30, 2005 was approximately \$16,000 and \$24,000, respectively.

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

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

	For the three months ended September 30,		For the nine months ended September 30,	
	2005	2004	2005	2004
Net income				
Reported net income	\$ 383	\$ 612	\$ 919	\$ 1,647
Stock-based compensation expense, net of taxes	(25)	(291)	(94)	(568)
Pro forma net income	<u>\$ 358</u>	<u>\$ 321</u>	<u>\$ 825</u>	<u>\$ 1,079</u>
Basic net income per share:				
Reported basic net income per share	\$ 0.06	\$ 0.10	\$ 0.15	\$ 0.30
Pro forma basic net income per share	\$ 0.06	\$ 0.05	\$ 0.13	\$ 0.20
Diluted net income per share:				
Reported diluted net income per share	\$ 0.06	\$ 0.09	\$ 0.13	\$ 0.27
Pro forma diluted net income per share	\$ 0.05	\$ 0.05	\$ 0.12	\$ 0.18

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

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

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

There were no options granted during the nine months ended September 30, 2005. During the quarter and nine months ended September 30, 2004, the weighted average fair value of options granted, assuming the Black-Scholes option-pricing model was \$5.15 and \$3.85, respectively and the total fair value of options granted was \$288,000 and \$984,000, respectively. These amounts are being amortized over the vesting periods of the options for purposes of this disclosure.

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

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

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different than those of traded options, and because changes in the subjective input assumptions can materially affect the fair value estimate, in management's opinion, the existing models do not necessarily provide a reliable single measure of the fair value of its stock options.

6. Earnings per Share

Basic income per share is computed by dividing net income by the weighted average number of shares of common stock outstanding. Diluted income per share is determined by dividing the net income by the sum of (1) the weighted average number of common shares outstanding and (2) if not anti-dilutive, the effect of stock awards determined utilizing the treasury stock method. Stock awards to purchase 895,000 and 123,000 shares of common stock (without regard to the treasury stock method), were excluded from the calculation of diluted income per share for the three months ended September 30, 2005 and 2004, respectively, since the results would have been anti-dilutive. Stock options to purchase 127,000 and 94,000 shares of common stock were excluded from the calculation of diluted income per share for the nine months ended September 30, 2005 and 2004, respectively, since the results would have been anti-dilutive.

7. Segment Information

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

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

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

	For the three months ended September 30,		For the nine months ended September 30,	
	2005	2004	2005	2004
Revenues derived from foreign subsidiaries	\$ 3,303	\$ 1,389	\$ 10,065	\$ 1,389
Identifiable assets	\$ 8,233	\$ 8,345	\$ 8,233	\$ 8,345

Sales to customers outside of the United States by all subsidiaries were \$4,814,000 and \$3,433,000 for the quarters ended September 30, 2005 and 2004, respectively, and \$14,964,000 and \$7,935,000 for the nine months ended September 30, 2005 and 2004, respectively.

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

8. Comprehensive Income

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

Comprehensive income is computed as follows (in thousands):

	For the three months ended September 30,		For the nine months ended September 30,	
	2005	2004	2005	2004
Net income	\$ 383	\$ 612	\$ 919	\$ 1,647
Foreign currency translation adjustment	(5)	(6)	(290)	(6)
Comprehensive income	\$ 378	\$ 606	\$ 629	\$ 1,641

9. Goodwill and Intangible Assets

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

	September 30, 2005	December 31, 2004	Estimated Life
Goodwill	\$ 12,854	\$ 13,246	
Amortizable intangible assets			
Customer lists	4,386	4,506	8 years
Trade name	1,340	1,340	10 years
Design and technologies	2,510	2,631	8 years
Accumulated amortization	(1,837)	(1,099)	
Net intangible assets	6,399	7,378	

Total goodwill and intangible assets	\$ 19,253	\$ 20,624
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The change in the carrying amount of goodwill for 2005 is as follows (in thousands):

Balance as of December 31, 2004	\$ 13,246
Effect of foreign currency translation	(290)
Other	(102)
Balance as of September 30, 2005	\$ 12,854

Amortization expense for intangible assets was \$252,000 and \$182,000 for the quarters ended September 30, 2005 and 2004, respectively, and \$761,000 and \$392,000 for the nine months ended September 30, 2005 and 2004, respectively.

10. Debt Obligations

Debt obligations consist of the following (in thousands):

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	September 30, 2005	December 31, 2004
Domestic revolving line-of-credit (A)	\$ 6,288	\$ 3,615
Foreign revolving line-of-credit (B)	1,164	626
Bank overdraft facility payable to bank with no monthly repayments required, interest due at the bank's base rate plus 2%, minimum of 4.75% (4.75% as of September 30, 2005), due on demand, secured by Premotec's inventory	4	422
Term loan payable to bank in monthly installments of \$90 plus interest at 8.68%, due in May 2007, secured by machinery and equipment	1,806	2,618
Term loan payable to bank in monthly installments of \$59 plus interest at the bank's prime rate plus 0.75% (7.5% as of September 30, 2005), plus balloon payment of \$2,863, due in May 2007, secured by buildings, machinery and equipment	4,050	4,585
Term loan payable to bank in quarterly installments of EUR 80 (\$96 at September 30, 2005 exchange rate) plus interest at 4.74% until August, 2006, then at EURIBOR plus 2.5% with a minimum of 4.75%, due in July 2009, secured by Allied Motion Technologies, B.V. shares	1,542	2,074
Term loan payable to bank in monthly installments of \$1 plus interest at 7.89%, paid in full in January 2005	—	43
Total	14,854	13,983
Less current maturities	(9,636)	(6,904)
Long-term debt obligations	\$ 5,218	\$ 7,079

- (A) Under the domestic revolving line-of-credit agreement (Agreement), the Company has available the lesser of (a) \$10,500,000 or (b) the sum of 85% of eligible trade accounts receivable (excluding Premotec) and 50% of eligible inventory, as defined in the Agreement. The line-of-credit expires in May 2007, unless extended. Under the Agreement, the Company utilizes lock-box arrangements whereby remittances from customers reduce the outstanding debt, and therefore the line-of-credit balance has been classified as a current liability. Borrowings under the line-of-credit bear interest at a rate equal to the bank's prime rates plus 1% (7.75% as of September 30, 2005). All borrowings are collateralized by substantially all assets of the Company. The Agreement prohibits the Company from paying dividends and requires that the Company maintain compliance with certain covenants related to tangible net worth and fixed charge coverage. During the first nine months of 2005, the Company made significant investment in capital equipment to set up our China manufacturing capability that contributed to a fixed charge coverage ratio at September 30, 2005 that was below the covenant requirement. The banks have agreed to amend the Agreement to reduce the requirement for the period from September 30, 2005 through March 31, 2006. As of September 30, 2005, the amount available under the domestic line-of-credit was \$3,600,000.
- (B) Under the foreign line-of-credit agreement (Foreign Agreement), the Company has available the lesser of (a) EUR 1.25 million, or (b) 85% of eligible trade accounts receivable of Premotec as defined in the Foreign Agreement. The line-of-credit expires in August 2006, unless extended. Borrowings under the line-of-credit bear interest at a rate equal to the bank's base rate plus 1.75%, with a minimum of 4.75% (4.75% at September 30, 2005). Under the Foreign Agreement, remittances from customers reduce the outstanding debt, therefore the balance has been classified as a current liability. As of September 30, 2005, there were no amounts available under the foreign line-of-credit.

11. Pension and Postretirement Welfare Plans

Pension Plan

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

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

For the three months ended September 30,	For the nine months ended September 30,
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	2005		2004	
Service cost	\$	31	\$	24
Interest cost on projected benefit obligations		53		47
Expected return on assets		(69)		(68)
Amortization of gain		—		(3)
Net periodic pension expense	\$	15	\$	—

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

Postretirement Welfare Plan

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

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

	For the three months ended September 30,		For the nine months ended September 30,	
	2005	2004	2005	2004
Service cost	\$	21	\$	62
Interest cost		51		150
Amortization of gain		9		26
Net periodic postretirement Costs	\$	81	\$	238

The Company contributed \$24,000 and \$64,000 to the postretirement welfare plan during the three and nine months ended September 30, 2005. The Company expects to contribute approximately \$90,000 to the postretirement welfare plan during 2005.

12. Reclassifications

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

ALLIED MOTION TECHNOLOGIES INC.

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

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

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

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

Business Overview

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

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

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

During 2002, management significantly changed the structure and strategy of the Company. The Company had historically operated in two business segments under the name Hathaway Corporation: Motion Control and Power and Process. During 2002 and 2003, the Company sold all of its power and process business segment and transformed the Company to a focused motion company under the name Allied Motion Technologies Inc.

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

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

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

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

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

Strategy Overview

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

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

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

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

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

One of the Company’s major challenges, and a risk to our business, is to maintain and improve our price competitiveness. Some of our customers are continually being challenged by their markets and competitors to be price competitive and they are requiring their suppliers to deliver the highest quality product at the lowest price possible. For the Company to continue to be competitive in its markets, the Company must have the ability to continuously improve its cost of doing business while maintaining and improving the quality and performance of its products. To accomplish this, the Company has placed significant emphasis on reducing its costs through the implementation of AST, re-designing products and designing new products for cost improvement and manufacturing efficiency, sourcing materials and components from global low cost sources and establishing manufacturing capabilities in low cost regions. Gross product margins for the quarter and nine months ending September 30, 2005 have declined from 2004 reflecting a drop in sales of the Company’s higher margin business partially offset by increased sales of lower margin business, the weighting of lower margins of the acquired businesses and the

negative impact of the upward trend in the cost of metals that are used in the Company's products. The Company has proactively responded to the increased metal costs by aggressively sourcing from Asian markets, combining the sourcing of metals to benefit from volume purchasing and also passing surcharges through to customers. The Company will continue to improve manufacturing efficiencies through the implementation of lean manufacturing, offshore sourcing of materials and from continued cost reduction efforts to reduce overhead costs and expenses. The Company anticipates that it will begin to realize improved margins from products manufactured in low cost manufacturing facilities by the end of 2005.

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

Operating Results

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

NET INCOME The Company had net income of \$383,000 or \$.06 per diluted share for the third quarter 2005 compared to net income of \$612,000 or \$.09 per diluted share for the same quarter last year. The components of the decrease are discussed below.

REVENUES Revenues were \$18,043,000 in the quarter ended September 30, 2005 compared to \$18,042,000 for the quarter ended September 30, 2004. Included in revenues are results related to Stature for each full quarter and Premotec for the full quarter in 2005 and from August 23 in the 2004 quarter. The incremental revenues achieved by the companies acquired in 2004 increased revenues by 10% which were partially offset by a decrease in revenues from existing businesses of 10%. The decrease in existing business is primarily due to revenues related to certain projects last year that were not repeated this year, primarily in the Aerospace/ Defense and Electronics markets and changes in customer buying patterns, slightly offset by increased shipments to some customers due to hurricane relief requirements.

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ORDER BACKLOG At September 30, 2005, order backlog was \$23,217,000 which is an 8% increase over December 31, 2004.

GROSS MARGINS Gross margin as a percentage of revenues decreased to 23% for the quarter ended September 30, 2005 from 25% for the same quarter last year. The decrease is due to a change in sales mix (drop in sales of our higher margin business partially offset by increased sales of lower margin business), the weighting of the lower margins of the acquired businesses, additional costs incurred to set up low cost manufacturing capability in China and the negative impact of the upward trend in the cost of purchased metal. The Company has proactively responded to the increased metal costs by aggressively sourcing materials from Asian markets, by combining the sourcing of metals for its various manufacturing operations to benefit from volume purchasing and by passing surcharges to its customers. The Company anticipates gross margins will improve company wide as we continue to improve manufacturing efficiencies through the implementation of lean manufacturing, increase offshore sourcing of materials and from continued cost reduction efforts to reduce overhead costs and expenses. We also anticipate that we will start realizing improved margins from products manufactured in our low cost manufacturing facilities by the end of 2005.

SELLING EXPENSES Selling expenses in the third quarter were \$817,000 compared to \$671,000 for the third quarter last year. Of this 22% increase, selling expenses from existing businesses decreased 3% and incremental expenses from Stature and Premotec contributed 25% of this increase. The decrease in selling expense from existing businesses is due to cost reduction efforts and recruiting expenses incurred last year that did not repeat in 2005.

GENERAL AND ADMINISTRATIVE EXPENSES General and administrative expenses were \$1,354,000 in the quarter ended September 30, 2005 compared to \$1,687,000 in the quarter ended September 30, 2004. Of this 20% decrease, 18% was attributed to a decrease in incentive bonus expense and 8% was attributed to a decrease from cost reduction efforts in existing businesses offset by a 6% increase from the impact of acquiring Stature and Premotec.

ENGINEERING AND DEVELOPMENT EXPENSES Engineering and development expenses were \$832,000 in the third quarter and \$803,000 in the same quarter last year. This increase was primarily due to the impact of acquiring Stature and Premotec offset by a slight decrease in existing businesses due primarily to recruiting expenses incurred last year that were not repeated in 2005.

AMORTIZATION Amortization expense was \$252,000 in the quarter ended September 30, 2005 and \$182,000 in the same quarter last year. These costs relate to the amortizable intangible assets acquired in the Motor Products, Stature and Premotec acquisitions.

INTEREST EXPENSE Interest expense for the third quarter ended September 30, 2005 was \$282,000 compared to \$229,000 in the quarter ended September 30, 2004. The increase in interest is directly attributed to the increased outstanding balance on the borrowings related to the financing of the acquisitions of Stature and Premotec and the investment made in establishing our China manufacturing capability.

INCOME TAXES Provision for income taxes was \$250,000 for the third quarter this year compared to \$373,000 in the third quarter last year. The effective rate used to record income taxes is based on projected income for the fiscal year and differs from the statutory amounts primarily due to certain expenses that are deductible for income tax purposes and the impact of state tax rates.

Nine Months Ended September 30, 2005 compared to Nine Months Ended September 30, 2004

NET INCOME The Company had net income of \$919,000 or \$.13 per diluted share for the first nine months of 2005 compared to net income of \$1,647,000 or \$.27 per diluted share for the same nine months last year.

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REVENUES Revenues were \$55,411,000 in the nine months ended September 30, 2005 compared to \$44,394,000 for the nine months ended September 30, 2004. Included in revenues are results related to Stature from the date of acquisition on May 10, 2004 and Premotec from the date of acquisition on August 23, 2004. Of this 25% increase in revenues over last year, 34% of the increase was contributed by the incremental revenues achieved by the companies acquired in 2004 partially offset by a decrease in revenues from existing businesses which contributed an 9% decrease. The decrease in

existing business is primarily due to weakness in some of the Company's served markets and revenues in the third quarter of last year related to certain projects that were not repeated this year, primarily in the Aerospace / Defense and Electronics markets.

GROSS MARGINS Gross margin as a percentage of revenues decreased to 23% for the nine months ended September 30, 2005 from 26% for the same period last year. The decrease is due to a change in sales mix (drop in sales of our higher margin business partially offset by increased sales of lower margin business), the weighting of the lower margins of the acquired businesses, additional costs incurred to set up low cost manufacturing capabilities in China and the negative impact of the upward trend in the cost of the purchased metal.

SELLING EXPENSES Selling expenses in the first nine months were \$2,413,000 compared to \$1,817,000 for the first nine months last year. Of this 33% increase, selling expenses from existing businesses decreased 7% and incremental expenses from Stature and Premotec contributed 40% of this increase. The decrease in selling expense from existing businesses is due to cost reduction efforts and recruiting expenses incurred last year that did not repeat in 2005.

GENERAL AND ADMINISTRATIVE EXPENSES General and administrative expenses were \$4,285,000 in the nine months ended September 30, 2005 compared to \$4,334,000 in the nine months ended September 30, 2004. Of this slight decrease, 24% was attributed to an increase from the impact of acquiring Stature and Premotec offset by a 7% reduction in administrative costs resulting from the Company's cost reduction efforts and a 16% reduction in compensation and incentive bonus expense.

ENGINEERING AND DEVELOPMENT EXPENSES Engineering and development expenses were \$2,729,000 in the nine months and \$2,025,000 in the same nine months last year. Of this 35% increase, 31% was due to the acquisitions of Stature and Premotec and the remaining 4% was due to additional expenditures associated with increasing our engineering resources and new product development.

AMORTIZATION Amortization expense was \$761,000 in the nine months ended September 30, 2005 and \$392,000 in the same nine months last year. These costs relate to the amortizable intangible assets acquired in the Motor Products, Stature and Premotec acquisitions.

INTEREST EXPENSE Interest expense for the nine months ended September 30, 2005 was \$814,000 compared to \$411,000 in the nine months ended September 30, 2004. The increase in interest is directly attributed to the increased outstanding balance on the borrowings related to the financing of the acquisitions of Stature and Premotec and the investment made in establishing our China manufacturing capability.

INCOME TAXES Provision for income taxes was \$572,000 for the first nine months this year compared to \$1,023,000 in the same nine months last year. The effective rate used to record income taxes is based on projected income for the fiscal year and differs from the statutory amounts primarily due to certain expenses that are deductible for income tax purposes and the impact of state tax rates.

Liquidity and Capital Resources

The Company's cash and cash equivalents increased \$24,000 during the nine months to \$480,000 at September 30, 2005. The increase compares to a decrease of \$1,034,000 in the same period last year.

Net cash provided by operating activities was \$66,000 for the nine months ended September 30, 2005 compared to \$1,144,000 for the nine months ended September 30, 2004. The decrease was primarily due to lower net income during 2005 and more cash used during the current nine months to decrease accounts

payable and accrued liabilities, partially offset by less cash used during the current nine months for increases in trade receivables, inventory and prepaid expenses.

Net cash used in investing activities was \$1,903,000 and \$17,301,000 for the nine months ended September 30, 2005 and 2004, respectively. During the nine months ended September 30, 2005 and 2004, the Company paid \$275,000 and \$13,563,000, respectively, related to the acquisition of Stature. Purchases of property and equipment were \$1,628,000 and \$653,000 during the nine months ended September 30, 2005 and 2004, respectively. The amount of equipment purchases during the nine months ended September 30, 2005 that was related to the set-up of motor manufacturing in China was \$810,000.

Net cash provided by financing activities was \$1,864,000 for the nine months ended September 30, 2005 compared to net cash provided of \$15,121,000 for the nine months ended September 30, 2004. In the nine months ended September 30, 2005, the Company had net borrowings on lines-of-credit of \$2,723,000 compared to \$5,605,000 in the same period last year. The Company had no new borrowings under term loans this year compared to borrowings of \$10,193,000 during the first nine months last year. The Company repaid \$1,490,000 and \$1,682,000 on term loans during the nine months ended September 30, 2005 and 2004, respectively. In June 2004, Allied Motion received \$1.0 million for the issuance of 198,177 shares of common stock under the terms of a Stock Purchase Agreement. During the nine months ended September 30, 2005, the Company received \$172,000 from its employee stock ownership plan, \$129,000 from its employee stock purchase plan and \$430,000 from stock option exercises offset by \$7,000 of treasury stock purchased from employees. This \$724,000 cash inflow from stock benefit plans compares to \$108,000 received in the first nine months last year.

The Company's working capital, capital expenditure and debt service requirements are expected to be funded from cash provided by operations, the Company's existing cash balance and amounts available under its line-of-credit facilities. As of September 30, 2005, approximately \$3,600,000 was available on the lines-of-credit. The Company believes the capital currently available to it is sufficient for its currently anticipated needs for the next twelve months, but if additional capital is needed in the future, the Company would pursue additional capital via debt or equity financing. A key component of the Company's liquidity relates to the availability of amounts under its lines-of-credit. Any lack of availability of these facilities could have a material adverse impact on the Company's liquidity position.

At September 30, 2005, the Company had \$14,854,000 of bank debt obligations representing borrowings on lines-of-credit, term loans and an overdraft facility.

Under the domestic revolving line-of-credit agreement (Agreement), the Company has available the lesser of (a)\$10,500,000 or (b) the sum of 85% of eligible trade accounts receivable (excluding Premotec) and 50% of eligible inventory, as defined in the Agreement. The line-of-credit expires in May 2007, unless extended. Under the Agreement, the Company utilizes lock-box arrangements whereby remittances from customers reduce the outstanding debt, and therefore the line-of-credit balance has been classified as a current liability. Borrowings under the line-of-credit bear interest at a rate equal to the bank's

prime rates plus 1% (7.75% as of September 30, 2005). All borrowings are collateralized by substantially all assets of the Company. The Agreement prohibits the Company from paying dividends and requires that the Company maintain compliance with certain covenants related to tangible net worth and fixed charge coverage. During the first nine months of 2005, the Company made significant investment in capital equipment to set up our China manufacturing capability that contributed to a fixed charge coverage ratio at September 30, 2005 that was below the covenant requirement. The banks have agreed to amend the Agreement to reduce the requirement for the period from September 30, 2005 through March 31, 2006. As of September 30, 2005, the amount available under the domestic line-of-credit was \$3,600,000.

Under the foreign line-of-credit agreement (Foreign Agreement), the Company has available the lesser of (a) EUR 1.25 million, or (b) 85% of eligible trade accounts receivable of Premotec as defined in the Foreign Agreement. The line-of-credit expires in August 2006, unless extended. Borrowings under the line-of-credit bear interest at a rate equal to the bank's base rate plus 1.75%, with a minimum of 4.75% (4.75% at September 30, 2005). Under the Foreign Agreement, remittances from customers reduce the

outstanding debt, therefore the balance has been classified as a current liability. As of September 30, 2005, there were no amounts available under the foreign line-of-credit.

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

Critical Accounting Policies

The Company has prepared its financial statements in conformity with accounting principles generally accepted in the United States, and these statements necessarily include some amounts that are based on informed judgments and estimates of management. The policies are reviewed on a regular basis. The Company's critical accounting policies are subject to judgments and uncertainties which affect the application of such policies. The Company uses historical experience and all available information to make these judgments and estimates. As discussed below the Company's financial position or results of operations may be materially different when reported under different conditions or when using different assumptions in the application of such policies. In the event estimates or assumptions prove to be different from actual amounts, adjustments are made in subsequent periods to reflect more current information. A discussion of the Company's critical accounting policies follows:

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

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

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

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

Recent Accounting Pronouncements

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

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

1. A "modified prospective" method in which compensation cost is recognized beginning with the effective date (a) based on the requirements of SFAS 123R for all share-based awards granted after the effective date and (b) based on the requirements of SFAS 123 for all awards granted to employees prior to the effective date of SFAS 123R that remain unvested on the effective date.

2. A “modified retrospective” method which includes the requirements of the modified prospective method described above, but also permits entities to restate prior operating results based on the amounts previously recognized under SFAS 123 for purposes of pro forma disclosure either (a) all prior periods presented or (b) prior interim periods of the year of adoption.

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

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

Item 3. Quantitative and Qualitative Disclosures About Market Risk

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

Interest Rate Risk

The interest payable on the Company’s domestic and foreign lines-of-credit and its foreign term loan are variable based on the prime rate and Euribor, and are affected by changes in market interest rates. The Company does not believe that reasonably possible near-term changes in interest rates will result in a material effect on future earnings, fair values or cash flows of the Company. A change in the interest rate of 1% point on the Company’s variable rate debt would have the impact of changing interest expense by approximately \$115,000 annually.

Foreign Currency Risk

On August 23, 2004, the Company completed the acquisition of Premotec, located in The Netherlands. Sales from this operation are denominated in Euros, thereby creating exposures to changes in exchange rates. The changes in the Euro/U.S. exchange rate may positively or negatively affect the Company’s sales,

gross margins, net income and retained earnings. The Company does not believe that reasonably possible near-term changes in exchange rates will result in a material effect on future earnings, fair values or cash flows of the Company.

Item 4. Controls and Procedures

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

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

PART II. OTHER INFORMATION

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Stock Repurchase Program Information

Under an employee stock repurchase program first approved by the Board of Directors in fiscal year 1994, the Company may repurchase its common stock from its employees at the current market value. The Company’s Agreement with its lenders limits employee stock repurchases to \$125,000 per fiscal year.

The following table shows the purchases of stock under this program during the third quarter of 2005.

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Program	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Program
July 1 – July 31, 2005	148	\$ 4.22	148	\$ 118,593
Aug 1 – Aug 30, 2005	0	—	0	\$ 118,593
Sept. 1- Sept. 30, 2005	226	\$ 4.10	226	\$ 117,666
Total	374	\$ 4.15	374	

Item 6. Exhibits

- 3.4 Bylaws of the Company, amended and restated as of August 3, 2005.
- 31.1 Certification of the Chief Executive Officer and Chief Financial Officer pursuant to Rule 13a-14(a) or 15d-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

- 31.2 Certification of the President and Chief Operating Officer pursuant to Rule 13a-14(a) or 15d-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32. Certification of the Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

SIGNATURE

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

DATE: November 8, 2005

ALLIED MOTION TECHNOLOGIES INC.

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

BYLAWS
OF
ALLIED MOTION TECHNOLOGIES INC.

ARTICLE I. OFFICES

§ 1.1 Business Office.

The principal office of the corporation shall be located at any place either within or outside the state of Colorado as designated in the corporation's most current Annual Report filed with the Colorado Secretary of State. The corporation may have such other offices, either within or without the State of Colorado as the board of directors may designate or as the business of the corporation may require from time to time.

§ 1.2 Registered Office.

The registered office of the corporation required by C.R.S. § 7-105-101 may, but need not, be identical with the principal office (if located within Colorado). The address of the registered office may be changed from time to time.

ARTICLE II. SHAREHOLDERS

§ 2.1 Annual Shareholder Meeting.

The annual meeting of the shareholders shall be held within 180 days after the close of the corporation's fiscal year at a time and date as is determined by the board of directors for the purpose of electing directors and for the transaction of such other business as may come before the meeting.

§ 2.2 Special Shareholder Meetings.

(a) *Authority.* Special meetings of the shareholders, for any purpose or purposes described in the meeting notice, may be called by the president or by the board of directors and shall be called by the president at the request of the holders of not less than one-tenth of all outstanding votes of the corporation entitled to be cast on any issues at the meeting.

(b) *Procedure.* If a special meeting is called by any person or persons other than the board of directors, the request shall be in writing, specifying the general nature of the business proposed to be transacted, and shall be delivered personally or sent by registered mail or by telegraphic or other facsimile transmission to the chairman of the board of directors of the corporation. No business may be transacted at such special meeting other than specified in such notice. The board of directors shall determine the time and place of such special meeting, which shall be held not less than 30 nor more than 120 days after the date of the receipt of the request. The chairman shall cause notice to be given to the shareholders entitled to vote. If the notice is not given within 60 days after the receipt of the request, the persons or person requesting the meeting may set the time and place of the meeting and give the notice. Nothing contained in this paragraph (b) shall be construed as limiting, fixing or

affecting the time when a meeting of shareholders called by action of the board of directors may be held.

§ 2.3 Place of Shareholder Meeting.

Meetings of shareholders may be held in or out of the state of Colorado at locations fixed by the board of directors. If no designation is made the place of meeting shall be the principal office of the corporation in the state of Colorado.

§2.4 Notice of Shareholder Meeting.

(a) *Time, Place, Purpose, Effective.* Written notice stating the place, date, and hour of the meeting shall be given not less than 10 nor more than 60 days before the date of the meeting, except that (i) if the number of authorized shares is to be increased, at least 30 days notice shall be given, or (ii) any other notice requirement of the Colorado Business Corporation Act (herein referred to as the "Act") shall be provided. Notice of a special meeting shall include a description of the purpose or purposes of the meeting. Notice of an annual meeting need not include a description of the purpose or purposes of the meeting unless required by the Act, the articles of incorporation or these bylaws. Notice shall be given personally or by mail, private carrier, telegraph, teletype, electronically transmitted facsimile or other form of wire or wireless communication by or at the direction of the chairman or the president or the officer or persons calling the meeting, to each shareholder of record entitled to vote at such meeting. Notice shall be deemed to be effective at the earlier of: (i) when deposited in the United States mail, addressed to the shareholder at his address as it appears on the stock transfer books of the corporation, with postage thereon prepaid; (ii) on the date shown on the return receipt if sent by registered or certified mail, return receipt requested, and the receipt is signed by or on behalf of the addressee; (iii) when received; or (iv) 5 days after deposit in the United States mail if mailed postpaid and correctly addressed to an address other than that shown in the corporation's current record of shareholders.

(b) *Undeliverable Notice.* No notice need be sent to any shareholder if three successive notices mailed to the last known address of such shareholder have been returned as undeliverable until such time as another address for such shareholder is made known to the corporation by such shareholder. In order to be entitled to receive notice of any meeting, a shareholder shall advise the corporation in writing of any change in such shareholder's mailing address as shown on the corporation's books and records.

(c) *Adjourned Meeting.* When a meeting is adjourned to another date, time or place, notice need not be given of the new date, time or place if the new date, time or place of such meeting is announced before adjournment at the meeting at which the adjournment is taken. At the adjourned meeting the corporation may transact any business which may have been transacted at the original meeting. If the adjournment is for more than 120 days, or if a new

record date is fixed for the adjourned meeting, a new notice of the adjourned meeting shall be given to each shareholder of record entitled to vote at the meeting as of the new record date.

§ 2.5 Waiver of Notice.

A shareholder may waive notice of a meeting before or after the time and date of the meeting by a writing signed by such shareholder. Such waiver shall be delivered to the corporation for filing

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with the corporate records. Further, by attending a meeting either in person or by proxy a shareholder waives objection to lack of notice or defective notice of the meeting unless the shareholder objects at the beginning of the meeting to the holding of the meeting or the transaction of business at the meeting because of lack of notice or defective notice. By attending the meeting, the shareholder also waives any objection to consideration at the meeting of a particular matter not within the purpose or purposes described in the meeting notice unless the shareholder objects to considering the matter when it is presented.

§ 2.6 Fixing of Record Date.

(a) *Meetings, Distributions.* For the purpose of determining shareholders entitled to (i) notice of or vote at any meeting of shareholders or any adjournment thereof, (ii) receive distributions or share dividends, or (iii) demand a special meeting, or to make a determination of shareholders for any other proper purpose, the board of directors may fix a future date as the record date for any such determination of shareholders, such date in any case to be not more than seventy days, and, in case of a meeting of shareholders, not less than ten days, prior to the date on which the particular action requiring such determination of shareholders is to be taken. If no record date is fixed by the directors, the record date shall be the date on which notice of the meeting is mailed to shareholders, or the date on which the resolution of the board of directors providing for a distribution is adopted, as the case may be. When a determination of shareholders entitled to vote at any meeting of shareholders is made as provided in this section such determination shall apply to any adjournment thereof unless the board of directors fixes a new record date, which it must do if the meeting is adjourned to a date more than 120 days after the date fixed for the original meeting.

(b) *Consent Action, Shareholder Demands.* The record date for determining the shareholders entitled to take action without a meeting shall be the date a writing upon which the action is taken is first received by the corporation. The record date for determining shareholders entitled to demand a special meeting shall be the date of the earliest of any of the demands pursuant to which the meeting is called.

§ 2.7 Organization of Shareholder Meeting.

(a) *Officers of the Meeting.* The chairman of the board of directors shall preside at each meeting of shareholders or, if a chairman of the board of directors has not been appointed or is absent, the chief executive officer or president, in that order, if present, shall preside. In the absence of any such officers, any director present shall preside and if there be more than one director present, a director chosen by majority vote of those directors present shall preside. If no presiding officer is selected as provided above, the meeting shall be chaired by a person chosen by the vote of a majority in interest of the shareholders present in person or represented by proxy and entitled to vote thereat. The secretary or in his or her absence an assistant secretary or in the absence of the secretary and all assistant secretaries a person whom the chairman of the meeting shall appoint shall act as secretary of the meeting and keep a record of the proceedings thereof.

(b) *Conduct of Meeting.* The board of directors of the corporation shall be entitled to make such rules or regulations for conduct of meetings of shareholders as it shall deem necessary, appropriate or convenient. Subject to such rules and regulations of the board of directors, if any, the chairman of the meeting shall have the right and authority to prescribe such rules, regulations and

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procedures and to do all such acts as, in the judgment of such chairman, are necessary, appropriate or convenient for the proper conduct of the meeting including, without limitation, establishing (i) an agenda or order of business for the meeting, (ii) rules and procedures for maintaining order at the meeting and the safety of those present, (iii) limitations on participation in such meeting to shareholders of record of the corporation and their duly authorized and constituted proxies and such other persons as the chairman shall permit, (iv) restrictions on entry to the meeting after the time fixed for the commencement thereof, (v) limitations on the time allotted to questions or comment by participants, and (vi) regulation of the opening and closing of the polls for balloting on matters which are to be voted on by ballot. Unless and to the extent determined by the board of directors or the chairman of the meeting, meetings of shareholders shall not be required to be held in accordance with rules of parliamentary procedure.

(c) *Business Brought Before the Meeting.* At an annual meeting of the shareholders only such business shall be conducted as shall have been properly brought before the meeting. To be properly brought before an annual meeting business must be: (i) specified in the notice of meeting (or any supplement thereto) given by or at the direction of the board of directors, (ii) otherwise properly brought before the meeting by or at the direction of the board of directors, or (iii) otherwise properly brought before the meeting by a shareholder. For business to be properly brought before an annual meeting by a shareholder, including any proposal relating to the nomination of a person under § 2.15 to be elected to the Board of Directors of the corporation, the shareholder must have given timely notice thereof in writing to the secretary of the corporation. To be timely, a shareholder's notice must be delivered to or mailed and received at the principal office of the corporation not less than 60 days nor more than 90 days prior to the first anniversary of the preceding year's annual meeting of shareholders; *provided, however*, that in the event no annual meeting was held in the previous year or the date of the annual meeting has been changed by more than 30 days from the date contemplated at the time of the previous year's proxy statement, notice by the shareholder to be timely must be so received at a reasonable time before the solicitation is made. A shareholder's notice to the secretary shall set forth: (i) as to each person whom the shareholder proposes to nominate for election or reelection as a director, the information required to be provided pursuant to § 2.15, (ii) as to any other business that the shareholder proposes to bring before the meeting, a brief description of the business desired to be brought before the annual meeting and the reasons for conducting such business at the annual meeting, (iii) the name and address, as they appear on the corporation's books, of the shareholder proposing such business, (iv) the class and number of shares of the corporation which are beneficially owned by the shareholder, and (v) any material interest of the shareholder in such business. Notwithstanding the foregoing, in order to include information with respect to a shareholder proposal in the proxy statement and form of proxy for a shareholder's meeting, shareholders must provide notice as required by the regulations promulgated under the Securities Exchange Act of 1934, as amended (the "1934 Act"). Notwithstanding anything in these bylaws to the contrary, no business shall be conducted at any annual

meeting except in accordance with the procedures set forth in this § 2.7(c). The chairman of the annual meeting shall, if the facts warrant, determine and declare at the meeting that business was not properly brought before the meeting and in accordance with the provisions of this § 2.7(c), and, if he should so determine, he shall so declare at the meeting that any such business not properly brought before the meeting shall not be transacted.

§ 2.8 Recognition Procedure for Beneficial Owners.

The board of directors may adopt by resolution a procedure whereby a shareholder of the corporation may certify in writing to the corporation that all or a portion of the shares registered in the name of such shareholder are held for the account of a specified person or persons. The resolution may set forth (i) the types of nominees to which it applies, (ii) the rights or privileges that the corporation will recognize in a beneficial owner, which may include rights and privileges other than voting, (iii) the form of certification and the information to be contained therein, (iv) if the certification is with respect to a record date, the time within which the certification must be received by the corporation, (v) the period for which the nominee's use of the procedure is effective, and (vi) such other provisions with respect to the procedure as the board deems necessary or desirable. Upon receipt by the corporation of a certificate complying with the procedure established by the board of directors, the persons specified in the certification shall be deemed, for the purpose or purposes set forth in the certification, to be the registered holders of the number of shares specified in place of the shareholder making the certification.

§ 2.9 Shareholder List.

The secretary shall make a complete record of the shareholders entitled to vote at each meeting of shareholders arranged in alphabetical order, with the address of and the number of shares held by each. The list must be arranged by voting group (if such exists), and within each voting group by class or series of shares. The shareholder list must be available for inspection by any shareholder beginning at the earlier of 10 days before the meeting or 2 business days after notice of the meeting is given for which the list was prepared and continuing through the meeting. The list shall be available at the corporation's principal office or at a place identified in the meeting notice in the city where the meeting is to be held. A shareholder, his agent or attorney, is entitled on written demand to inspect and, subject to the requirements of § 2.17, to copy the list during regular business hours, and at his expense, during the period it is available for inspection. The corporation shall maintain the shareholder list in written form or in another form capable of conversion into written form within a reasonable time.

§ 2.10 Shareholder Quorum and Voting Requirements.

Shares entitled to vote as a separate voting group may take action on a matter at a meeting only if a quorum of those shares exists with respect to that matter. A majority of the votes entitled to be cast on the matter by the voting group constitutes a quorum of that voting group for action on that matter.

If voting by two or more voting groups on a matter is permitted or required, action on that matter is taken only when voted upon by each of those voting groups counted separately. Action may be taken by one voting group on a matter even though no action is taken by another voting group entitled to vote on the matter.

Once a share is represented for any purpose at a meeting it is deemed present for quorum purposes for the remainder of the meeting and for any adjournment of that meeting unless a new record date is or must be set for that adjourned meeting.

If a quorum exists, action on a matter by a voting group is approved if the votes cast within the voting group favoring the action exceed the votes cast opposing the action, unless a greater number of affirmative votes is required.

§ 2.11 Proxies.

At all meetings of shareholders a shareholder may vote by proxy by signing an appointment form or similar writing, either personally or by his duly authorized attorney-in-fact. A shareholder may also appoint a proxy by transmitting or authorizing the transmission of a telegram, teletype or other electronic transmission providing a written statement of the appointment to the proxy, a proxy solicitor, proxy support service organization, or other person duly authorized by the proxy to receive appointments as agent for the proxy, or to the corporation. The transmitted appointment shall set forth or be transmitted with written evidence from which it can be determined that the shareholder transmitted or authorized the transmission of the appointment. The proxy appointment form or similar writing shall be filed with the secretary of the corporation before or at the time of the meeting. The appointment of a proxy is effective when received by the corporation and is valid for eleven months unless a different period is expressly provided in the appointment form or similar writing.

Any complete copy, including an electronically transmitted facsimile, of an appointment of a proxy may be substituted for or used in lieu of the original appointment for any purpose for which the original appointment could be used.

Revocation of a proxy does not affect the right of the corporation to accept the proxy's authority unless (i) the corporation had notice that the appointment was coupled with an interest and notice that such interest has been extinguished is received by the secretary or other officer or agent authorized to tabulate votes before the proxy exercises his authority under the appointment, or (ii) other notice of the revocation of the appointment is received by the secretary or other officer or agent authorized to tabulate votes before the proxy exercises his authority under the appointment. Other notice of revocation may, in the discretion of the corporation, be deemed to include the appearance at a shareholders' meeting of the shareholder who granted the proxy and his voting in person on any matter subject to a vote at such meeting.

The death or incapacity of the shareholder appointing a proxy does not affect the right of the corporation to accept the proxy's authority unless notice of the death or incapacity is received by the secretary or other officer or agent authorized to tabulate votes before the proxy exercises his authority under the appointment.

The corporation shall not be required to recognize an appointment made irrevocable if it has received a writing revoking the appointment signed by the shareholder (including a shareholder who is successor to the shareholder who granted the proxy) either personally or by his attorney-in-fact,

notwithstanding that the revocation may be a breach of an obligation of the shareholder to another person not to revoke the appointment.

Subject to § 2.13 and any express limitation on the proxy's authority appearing on the appointment form, the corporation is entitled to accept the proxy's vote or other action as that of the shareholder making the appointment.

§ 2.12 Voting of Shares.

Each outstanding share entitled to vote shall be entitled to one vote and each fractional share shall be entitled to a corresponding fractional vote upon each matter submitted to a vote at a meeting of shareholders.

Except as provided by specific court order, no shares held by another corporation, if a majority of the shares entitled to vote for the election of directors of such other corporation are held by the corporation, shall be voted at any meeting or counted in determining the total number of outstanding shares at any given time for purposes of any meeting; *provided, however*, the prior sentence shall not limit the power of the corporation to vote any shares, including its own shares, held by it in a fiduciary capacity.

§ 2.13 Corporation's Acceptance of Votes.

(a) *Corresponds to Name of Shareholder.* If the name signed on a vote, consent, waiver, proxy appointment or proxy appointment revocation corresponds to the name of a shareholder, the corporation, if acting in good faith, is entitled to accept the vote, consent, waiver, proxy appointment or proxy appointment revocation and give it effect as the act of the shareholder.

(b) *Does not Correspond.* If the name signed on a vote, consent, waiver, proxy appointment or proxy appointment revocation does not correspond to the name of a shareholder, the corporation, if acting in good faith, is nevertheless entitled to accept the vote, consent, waiver, proxy appointment or proxy appointment revocation and give it effect as the act of the shareholder if:

(1) the shareholder is an entity as defined in the Act and the name signed purports to be that of an officer or agent of the entity;

(2) the name signed purports to be that of an administrator, executor, guardian, or conservator representing the shareholder and, if the corporation requests, evidence of fiduciary status acceptable to the corporation has been presented with respect to the vote, consent, waiver, proxy appointment or proxy appointment revocation;

(3) the name signed purports to be that of a receiver or trustee in bankruptcy of the shareholder and, if the corporation requests, evidence of this status acceptable to the corporation has been presented with respect to the vote, consent, waiver, proxy appointment or proxy appointment revocation;

(4) the name signed purports to be that of a pledgee, beneficial owner, or attorney-in-fact of the shareholder and, if the corporation requests, evidence acceptable to the corporation of the signatory's authority to sign for the shareholder has been presented with respect to the vote, consent, waiver, proxy appointment or proxy appointment revocation;

(5) two or more persons are the shareholder as co-tenants or fiduciaries and the name signed purports to be the name of at least one of the co-owners and the person signing appears to be acting on behalf of all the co-owners; or

(6) the acceptance of the vote, consent, waiver, proxy appointment or proxy appointment revocation is otherwise proper under rules established by the corporation that are not inconsistent with this § 2.13(b).

(c) *Rejection Upon Reasonable Doubt.* The corporation is entitled to reject a vote, consent, waiver, proxy appointment or proxy appointment revocation if the secretary or other officer or agent authorized to tabulate votes, acting in good faith, has reasonable basis for doubt about the validity of the signature on it or about the signatory's authority to sign for the shareholder.

(d) *Not Liable In Damages.* The corporation and its officer or agent who accept or reject a vote, consent, waiver, proxy appointment or proxy appointment revocation in good faith and in accordance with the standards of this section are not liable in damages to the shareholder for the consequences of the acceptance or rejection.

(e) *Corporate Action Valid.* Corporate action based on the acceptance or rejection of a vote, consent, waiver, proxy appointment or proxy appointment revocation under this section is valid unless a court of competent jurisdiction determines otherwise.

§ 2.14 Informal Action by Shareholders.

Any action required or permitted to be taken at a meeting of the shareholders may be taken without a meeting if all of the shareholders entitled to vote consent to such action in writing. Action taken under this section has the same effect as action taken at a meeting and may be described as such in any document.

§ 2.15 Notification of Nominations of Directors.

Only persons who are nominated in accordance with the procedures set forth in this § 2.15 shall be eligible for election as directors. Nominations of persons for election to the board of directors of the corporation may be made at a meeting of shareholders by or at the direction of the board of directors, or by any shareholder of the corporation entitled to vote in the election of directors at the meeting who complies with the notice procedures set forth in this § 2.15. Such nominations, other than those made by or at the direction of the board of directors, shall be made pursuant to a timely notice in writing to the secretary

of the corporation in accordance with the provisions of paragraph (c) of § 2.7. Such shareholder's notice shall set forth (i) as to each person, if any, whom the shareholder proposes to nominate for election or reelection as a director: (A) the name, age, business address and residence address of such person, (B) the principal occupation or employment of such person, (C) the class and number of shares of the corporation which are beneficially owned by such person, (D) a description of all arrangements or understandings between the shareholder and each nominee or any other person or persons (naming such person or persons) pursuant to which the nominations are to be made by the shareholders, and (E) any other information relating to such person that is required to be disclosed in solicitation of proxies for elections of directors, or as otherwise required, in each case pursuant to Regulation 14A under the 1934 Act (including without limitation such person's written consent to be named in the Proxy Statement, if any, as a nominee and to serving as a director if elected); and (ii) as to such shareholder giving notice, the information required to be provided pursuant to paragraph (c) of § 2.7. At the request of the board of directors, any person nominated by a shareholder for election as a director shall furnish to the secretary of the corporation that information required to be set forth in the shareholder's notice of nomination which pertains to the nominee. No person shall be eligible for election as a director of the corporation unless nominated in accordance with the procedures set forth in this § 2.15. The chairman of the meeting shall, if the facts warrant, determine and declare at the meeting that a nomination was not made in accordance with the procedures prescribed by these bylaws, and if he should so determine, he shall so declare at the meeting, and the defective nomination shall be disregarded.

§ 2.16 Voting for Directors.

At each election for directors, every shareholder entitled to vote at such election has the right to vote in person or by proxy. Each shareholder may vote one vote per share for as many persons as there are directors to be elected and for whose election the shareholder has the right to vote. That number of candidates equaling the number of directors to be elected having the highest number of votes cast in favor of their election shall be elected to the board of directors; provided, however, to be elected directors must receive the affirmative vote of the holders of at least two-thirds of the shares of the corporation entitled to vote thereon.

§ 2.17 Shareholder's Rights to Inspect Corporate Records.

(a) *Absolute Inspection Rights.* If he gives the corporation written notice of his demand at least five business days before the date on which he wishes to inspect and copy, a shareholder (or his agent or attorney) has the right to inspect and copy, during regular business hours, any of the following records, all of which the corporation shall keep at its principal office:

- (1) its articles of incorporation;
- (2) its bylaws;
- (3) the minutes of all shareholders' meetings and records of all action taken by shareholders without a meeting for the past three years;
- (4) all written communications within the past three years to shareholders as a group or to the holders of any class or series of shares as a group;
- (5) a list of the names and business addresses of its current directors and officers;
- (6) its most recent corporate report delivered to the Secretary of State; and
- (7) its most recent annual financial statements and its most recently published financial statement showing in reasonable detail its assets and liabilities and results of its operations.

(b) *Conditional Inspection Right.* In addition to the rights set forth in § 2.17(a) a shareholder who has been a shareholder for at least 3 months immediately preceding the demand to inspect or copy, or is a shareholder of at least 5% of all of the outstanding shares of any class of shares of the corporation as of the date the demand is made, is entitled to inspect and copy, during regular business hours at a reasonable location specified by the corporation, any of the following records of the corporation if (i) the shareholder gives the corporation written demand at least 5 business days before the date on which the shareholder wishes to inspect and copy such records, (ii) such demand is made in good faith and for a proper purpose, (iii) the shareholder describes with reasonable particularity the purpose and the records the shareholder desires to inspect and, (iv) the records are directly connected with the described purpose:

- (1) excerpts from minutes of any meeting of the board of directors or from records of any action taken by the board of directors without a meeting, minutes of any meeting of the shareholders or records of any action taken by the shareholders without a meeting, excerpts of records of any action of a committee of the board of directors while acting in place of the board of directors on behalf of the corporation, and waivers of notice of any meeting of the shareholders or the board of directors or any committee of the board of directors;
- (2) accounting records of the corporation; and
- (3) a record of the names and addresses of shareholders of the corporation.

(c) *Copy Costs.* The right to copy records includes, if reasonable, the right to receive copies made by photographic, xerographic, or other means. The corporation may impose a reasonable charge, covering the costs of labor and material, for copies of any documents provided to the shareholder. The charge may not exceed the estimated cost of production or reproduction of the records.

(d) *Beneficial Owner.* For purposes of this § 2.17 the term "shareholder" shall include a beneficial owner whose shares are held in a voting trust and any other beneficial owner who establishes beneficial ownership.

§ 3.1 General Powers.

All corporate powers shall be exercised by or under the authority of, and the business and affairs of the corporation shall be managed under the direction of, the board of directors.

§ 3.2 Number, Tenure, and Qualifications of Directors.

(a) **Number.** As provided in the articles, the authorized number of directors shall be not less than 3 nor more than 6. The current number of directors shall be within the limits specified above, and as determined by resolution adopted by the shareholders or directors.

(b) **Tenure.** Each director shall hold office until the next annual meeting of shareholders or until removed; *provided however*, if a director's term expires the director shall continue to serve until a successor shall have been elected and qualified, or until there is a decrease in the number of directors. No member of the board of directors of the Company shall serve after reaching the age of 75.

(c) **Qualifications.** Directors do not need to be residents of Colorado or shareholders of the corporation.

§ 3.3 Regular Meetings of the Board of Directors.

A regular meeting of the board of directors shall be held without other notice than this bylaw immediately after, and at the same place as, the annual meeting of shareholders. The board of directors may provide, by resolution, the time and place for the holding of additional regular meetings without other notice than such resolution.

§ 3.4 Special Meetings of the Board of Directors.

Special meetings of the board of directors may be called by or at the request of the chairman or any two directors. The chairman of the board of directors may fix any place as the place for holding any special meeting of the board of directors, or such meeting may be held by telephone.

§ 3.5 Notice of, and Waiver of Notice for, Special Director Meetings.

Notice of the date, time and place of any special meeting of directors shall be given at least three days previously thereto either orally or in writing. Oral notice is effective when communicated. If mailed, notice of any director meeting shall be deemed to be effective at the earlier of: (i) when received; (ii) five days after deposited in the United States mail, addressed to the director's business

office, with postage thereon prepaid; or (iii) the date shown on the return receipt if sent by registered or certified mail, return receipt requested, and the receipt is signed by or on behalf of the director. Any director may waive notice of any meeting. Except as provided in the next sentence, the waiver must be in writing, signed by the director entitled to the notice, and delivered to the corporation for filing with the corporate records. The attendance of a director at a meeting shall constitute a waiver of notice of such meeting, except where a director attends a meeting for the express purpose of objecting to the transaction of any business and at the beginning of the meeting (or promptly upon his arrival) objects to holding the meeting or transacting business at the meeting because of lack of notice or defective notice, and does not thereafter vote for or assent to action taken at the meeting. Unless required by the articles of incorporation, neither the business to be transacted at, nor the purpose of, any special meeting of the directors need be specified in the notice or waiver of notice of such meeting.

§ 3.6 Quorum.

A majority of the current number of directors fixed pursuant to § 3.2 shall constitute a quorum for the transaction of business at any meeting of the board of directors.

§ 3.7 Manner of Acting.

The act of the majority of the directors present at a meeting at which a quorum is present when the vote is taken shall be the act of the board of directors unless the articles require a greater number or percentage.

Any or all directors may participate in a regular or special meeting by, or conduct the meeting through the use of, any means of communication by which all directors participating may simultaneously hear each other during the meeting. A director participating in a meeting by this means is deemed to be present in person at the meeting.

A director who is present at a meeting of the board of directors or a committee of the board of directors when corporate action is taken is deemed to have assented to the action taken unless: (i) he objects at the beginning of the meeting (or promptly upon his arrival) to holding it or transacting business at the meeting and does not thereafter vote for or assent to any action taken at the meeting; or (ii) he contemporaneously requests that his dissent or abstention from specific action taken be entered in the minutes of the meeting; or (iii) he delivers written notice of his dissent or abstention to specific action to the presiding officer of the meeting, before its adjournment, or to the corporation promptly after adjournment of the meeting. The right of dissent or abstention is not available to a director who votes in favor of the action taken.

§ 3.8 Director Action Without a Meeting.

Any action required or permitted to be taken by the board of directors at a meeting may be taken without a meeting if all the directors take the action, and each one signs a written consent describing the action taken. Action taken by consents is effective when the last director signs the consent unless before such time a director has revoked his consent by a writing received by the secretary and unless the consent specifies a different effective date. A signed consent has the effect of a meeting vote and may be described as such in any document.

§ 3.9 Removal of Directors.

The shareholders may remove one or more directors at a meeting if notice has been given that a purpose of the meeting is such removal. The removal may be with or without cause. A director may be removed only by a vote of at least two-thirds of the shares then entitled to vote at an election of directors.

§ 3.10 Board of Director Vacancies.

If a vacancy occurs on the board of directors, including a vacancy resulting from an increase in the number of directors, the shareholders may fill the vacancy, the board of directors may fill the vacancy, or if the directors remaining in office constitute fewer than a quorum of the board, they may fill the vacancy by the affirmative vote of a majority of all the directors remaining in office. When a vacancy has been filled as permitted by this § 3.10 by action of the board of directors or by the directors remaining in office even though fewer than a quorum before action by the shareholders, the shareholders may thereafter act to fill such vacancy only by first removing the director in question.

A vacancy that will occur at a specific later date (by reason of a resignation effective at a later date) may be filled before the vacancy occurs but the new director may not take office until the vacancy occurs.

The term of a director elected by directors to fill a vacancy expires at the next shareholders' meeting at which directors are elected. If elected by the shareholders the director shall hold office for the unexpired term of his predecessor in office. However, if his term expires the director shall continue to serve until his successor is elected and qualifies or until there is a decrease in the number of directors.

§ 3.11 Director Compensation.

By resolution of the board of directors each independent director may be paid compensation and be reimbursed for expenses for attendance at board and corporate meetings and may receive additional compensation for other services to the corporation.

§ 3.12 [Omitted.]

§ 3.13 Director Committees.

(a) *Creation of Committees.* The board of directors may create one or more committees and appoint members of the board of directors to serve on them. Each committee must have two or more members, who serve at the pleasure of the board of directors.

(b) *Required Procedures.* Sections 3.4, 3.5, 3.6, 3.7 and 3.8, which govern meetings, notice and waiver of notice, quorum, manner of acting, and action without meetings of the board of directors, apply to committees and their members.

(c) *Authority.* Each committee shall make recommendations to the board of directors on such subjects as are stated in the resolution creating the committee and no committee shall have authority to act for the board of directors.

ARTICLE IV. OFFICERS

§ 4.1 Number of Officers.

The officers of the corporation shall include, if and when appointed by the board of directors, a chairman of the board of directors (sometimes referred to herein as "chairman") a chief executive officer, a president, a chief operating officer, an executive vice president, one or more vice presidents, a secretary, a chief financial officer, a treasurer and a controller. Such other officers and assistant officers as may be deemed necessary may be appointed by the board of directors. The board of directors may assign such additional titles to one or more of the officers as it deems appropriate. If specifically authorized by the board of directors, an officer may appoint one or more officers or assistant officers. The same individual may simultaneously hold more than one office in the corporation, except that an individual may not hold the office of secretary and either the office of chief executive officer or president.

§ 4.2 Appointment and Term of Office.

The officers of the corporation shall be appointed by the board of directors to serve at the pleasure of the board of directors. The designation of a specified term grants to the officer no contract rights, and the board can remove the officer at any time prior to the termination of such term. If no term is specified, they shall hold office until they resign, die, or are removed.

§ 4.3 Removal of Officers.

Any officer or agent may be removed by the board of directors at any time, without notice, with or without cause. Such removal shall be without prejudice to the contract rights, if any, of the person so removed. Appointment of an officer or agent shall not of itself create contract rights.

§ 4.4 Chairman.

The chairman of the board of directors shall preside at all meetings of the shareholders and of the board of directors at which he is present. The chairman shall have such further powers and perform such duties as are incident to his office or as may be granted to or required of him by the board of directors or by these bylaws including the following:

1. Provide leadership to the board

2. Assist the board in the discharge of its duties
3. Together with the CEO and with input from the other directors, determine the agenda and structure for board and shareholders' meetings
4. Act as liaison between the board and management
5. Undertake to see that the corporation develops and implements effective corporate governance principles and procedures
6. Oversee the development and implementation of an effective corporate strategy
7. Recommend the proper committee structure including assignments of members and committee chairmen

§ 4.5 Chief Executive Officer.

The chief executive officer is the most senior officer of the corporation, and shall have all power and authority implied by that position. He shall have, subject only to direction of the board of directors, supervision and final authority over all other officers except the chairman, and all of the business, property, affairs and policies of the corporation. In the absence of authority granting the power to another officer, the chief executive officer may vote any shares of another corporation which are owned by this corporation. The chief executive officer shall preside at all meetings of the shareholders and of the board of directors when the chairman is not present. Subject to the oversight and supervision of the board of directors, the chief executive officer shall supervise and control the management of the corporation in accordance with these bylaws. Unless another officer is specifically authorized to do so, he may sign and execute all authorized bonds, certificates for shares, contracts, checks or other obligations in the name of the corporation. All other officers of the corporation, except the chairman, shall report to the chief executive officer from time to time, and shall be subject to supervision by the chief executive officer. The chief executive officer shall have general charge of the operation of the business of the corporation including finance and stockholder relations. In general, the chief executive officer shall perform all duties incident to the office and such other duties as may be prescribed by the board of directors from time to time.

§ 4.6 President.

Subject to the oversight and supervision of the chief executive officer and the board of directors, and to other provisions of these bylaws, the president shall have general charge of the operation of the business of the corporation. Unless another officer is specifically authorized to do so, the president may sign and execute all authorized bonds, certificates for shares, contracts, checks or other obligations in the name of the corporation. He shall do and perform such other duties as from time to time may be assigned to him by the chief executive officer. The president reports to the chief executive officer. He shall keep the chief executive officer and the board of directors fully informed and shall freely consult with them concerning the business of the corporation in his charge.

§ 4.7 Chief Operating Officer

The chief operating officer shall report to the president of the corporation and shall be responsible for the day-to-day operations of the corporation. He shall do and perform such other duties as from time to time may be assigned to him by the president or the chief executive officer.

§ 4.8 Executive Vice President.

In the absence of the president, or in the event of his death, inability or refusal to act, the executive vice president shall perform the duties of the president, and when so acting, shall have all the powers of and be subject to all the restrictions upon the president.

§ 4.9 Vice Presidents.

If there be more than one vice president, the chief executive officer or the board of directors may designate their seniority (such as first vice president, senior vice president, etc.) and/or the

particular department of the corporation of which they shall have charge. The vice presidents in order of their seniority by designation, or if not so designated, in the order of their seniority by appointment, shall perform the duties of the executive vice president in his absence or during his inability to act. If there is no executive vice president, then the vice presidents, in order of their seniority by designation, or if not so designated, then the order of their seniority by appointment, shall perform the duties of the president in his absence or during his inability to act. The vice presidents shall have such other duties and powers as may be assigned to or vested in them by the chief executive officer, the president or the board of directors or by the job description relating to any duties associated with management of a particular department.

§ 4.10 Secretary.

The secretary shall: (i) keep the minutes of the proceedings of the shareholders and of the board of directors in one or more books provided for that purpose; (ii) see that all notices are duly given in accordance with the provisions of these bylaws or as required by law; (iii) be custodian of the corporate records and of any seal of the corporation and if there is a seal of the corporation, see that it is affixed to all documents the execution of which on behalf of the corporation under its seal is duly authorized; (iv) when requested or required, authenticate any records of the corporation; (v) keep a register of the post office address of each shareholder which shall be furnished to the secretary by such shareholder; (vi) sign with the chief executive officer or the president certificates for shares of the corporation the issuance of which shall have been authorized by resolution of the board of directors; (vii) have general charge of the stock transfer books of the corporation; and (viii) in general perform all duties incident to the office of secretary and such other duties as from time to time may be assigned to the secretary by the chief executive officer or by the board of directors.

§ 4.11 Chief Financial Officer.

The chief financial officer shall keep or cause to be kept the books of account of the corporation in a thorough and proper manner and shall render statements of the financial affairs of the corporation in such form and as often as required by the board of directors or the chief executive officer. The chief financial officer shall perform other duties commonly incident to the office and shall also perform such other duties and such other powers as the board of directors or the chief executive officer shall designate from time to time. The individual holding the office of chief executive officer may perform the duties of chief financial officer and may direct the treasurer or any assistant treasurer, or the controller or any assistant controller to assume and perform the duties of the chief financial officer.

§ 4.12 Treasurer.

The treasurer shall: (i) have charge and custody of and be responsible for all funds and securities of the corporation; (ii) receive and give receipts for moneys due and payable to the corporation from any source whatsoever, and deposit all such moneys in the name of the corporation in such banks, trust companies, or other depositories as shall be selected by the board of directors; and (iii) in general perform all of the duties incident to the office of treasurer and such other duties as from time to time may be assigned by the chief executive officer or by the board of directors. If required by the board of directors, and at company expense, the treasurer shall give a bond for the

faithful discharge of duties in such sum and with such surety or sureties as the board of directors shall determine.

§ 4.13 Assistant Secretaries and Assistant Treasurers.

The assistant secretaries, when authorized by the board of directors, may sign with the president or a vice president certificates for shares of the corporation the issuance of which shall have been authorized by resolution of the board of directors. The assistant treasurers shall, if required by the board of directors, and at company expense, give bonds for the faithful discharge of their duties in such sums and with such sureties as the board of directors shall determine. The assistant secretaries and assistant treasurers, in general, shall perform such duties as shall be assigned to them by the secretary or the treasurer, respectively, or by the chief executive officer or the board of directors.

§ 4.14 Controller.

The controller shall keep financial records for the corporation and report the financial condition of the corporation as requested from time to time.

§ 4.15 Salaries.

The compensation of the officers shall be fixed by or in the manner determined by the board of directors.

ARTICLE V. INDEMNIFICATION OF DIRECTORS, OFFICERS,
AGENTS, AND EMPLOYEES

§ 5.1 Indemnification of Directors.

The corporation shall indemnify any individual made a party to a proceeding because he is or was a director of the corporation against liability incurred in the proceeding, but only if the corporation has authorized the payment in accordance with C.R.S. § 7-109.106(1) and a determination has been made in accordance with the procedures set forth in C.R.S. § 7-109-106(2) that the director met the standards of conduct in paragraph (a), (b), and (c) below.

(a) *Standard of Conduct* The individual shall demonstrate that:

(1) he conducted himself in good faith; and

(2) he reasonably believed:

(i) in the case of conduct in his official capacity with the corporation that his conduct was in its best interests; and

(ii) in all other cases, that his conduct was at least not opposed to its best interests; and

(3) in the case of any criminal proceeding he had no reasonable cause to believe his conduct was unlawful.

(b) *No Indemnification Permitted in Certain Circumstances.* The corporation shall not indemnify a director under this § 5.1:

(1) in connection with a proceeding by or in the right of the corporation in which the director was adjudged liable to the corporation;
or

(2) in connection with any other proceeding charging improper personal benefit to him, whether or not involving action in his official capacity, in which he was adjudged liable on the basis that personal benefit was improperly received by him.

(c) *Indemnification in Derivative Actions Limited.* Indemnification permitted under this § 5.1 in connection with a proceeding by or in the right of the corporation is limited to reasonable expenses incurred in connection with the proceeding.

§ 5.2 Advance Expenses for Directors.

If a determination is made, following the procedures of C.R.S. § 7-109-106(2), that the director has met the following requirements; and if an authorization of payment is made, following the procedures and standards set forth in C.R.S. § 7-109-106(1), the corporation shall pay for or reimburse the reasonable expenses incurred by a director who is a party to a proceeding in advance of final disposition of the proceeding if:

- (1) the director furnishes the corporation a written affirmation of his good faith belief that he has met the standard of conduct described in § 5.1(a);
- (2) the director furnishes the corporation a written undertaking, executed personally or on his behalf, to repay the advance if it is ultimately determined that he did not meet the standard of conduct (which undertaking must be an unlimited general obligation of the director but need not be secured and may be accepted without reference to financial ability to make repayment); and
- (3) a determination is made that the facts then known to those making the determination would not preclude indemnification under § 5.1.

§ 5.3 Indemnification of Officers, Agents, and Employees Who Are Not Directors.

The corporation shall indemnify and advance expenses to any officer of the corporation or of any of its subsidiaries or any general manager of any division of the corporation which indemnitee is not a director of the corporation to the maximum extent not inconsistent with public policy. The corporation may indemnify and advance expenses to any employee, fiduciary, or agent of the corporation who is not a director of the corporation if not inconsistent with public policy, as determined by the general or specific action of the board of directors.

ARTICLE VI. CERTIFICATES FOR SHARES AND THEIR TRANSFER

§ 6.1 Certificates for Shares.

(a) *Content.* Certificates representing shares of the corporation shall at a minimum state on their face the name of the corporation and that it is formed under the laws of Colorado, the name of the person to whom issued, and the number and class of shares and the designation of the series, if any, the certificate represents, and be in such form as determined by the board of directors. Such certificates shall be signed (either manually or by facsimile) by the president or a vice-president and by the secretary or an assistant secretary and may be sealed with a corporate seal or a facsimile thereof. Each certificate for shares shall be consecutively numbered or otherwise identified.

(b) *Legend as to Class or Series.* The designations, relative rights, preferences and limitations applicable to each class and the variations in rights, preferences and limitations determined for each series (and the authority of the board of directors to determine variations for

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future series) must be summarized on the front or back of each certificate. Alternatively, each certificate may state conspicuously on its front or back that the corporation will furnish the shareholder this information on request in writing and without charge.

(c) *Transferring Shares.* All certificates surrendered to the corporation for transfer shall be cancelled and no new certificate shall be issued until the former certificate for a like number of shares shall have been surrendered and cancelled, except that in case of a lost, destroyed or mutilated certificate a new one may be issued therefor as provided in § 6.1(d)

(d) *Lost Certificates.* A new certificate or certificates shall be issued in place of any certificate or certificates theretofore issued by the corporation alleged to have been lost, stolen or destroyed upon the making of an affidavit of that fact by the person claiming the certificate of stock to be lost, stolen or destroyed. The corporation may require, as a condition precedent to the issuance of a new certificate or certificates, the owner of such lost, stolen or destroyed certificate or certificates, or his legal representative, to give the corporation a surety bond in such form and amount as it may direct as indemnity against any claim that may be made against the corporation with respect to the certificate alleged to have been lost, stolen or destroyed.

§ 6.2 Registration of the Transfer of Shares.

Registration of the transfer of shares of the corporation shall be made only on the stock transfer books of the corporation. In order to register a transfer the record owner shall surrender the shares to the corporation for cancellation properly endorsed by the appropriate person or persons with reasonable assurances that the endorsements are genuine and effective. Unless the corporation has established a procedure by which a beneficial owner of shares held by a nominee is to be recognized by the corporation as the owner, the person in whose name shares stand on the books of the corporation shall be deemed by the corporation to be the owner thereof for all purposes.

§ 6.3 Restrictions on Transfer of Shares Permitted.

The board of directors (or shareholders) may impose restrictions on the transfer or registration of transfer of shares (including any security convertible into or carrying a right to subscribe for or acquire shares). A restriction does not affect shares issued before the restriction was adopted unless the holders of the shares are parties to the restriction agreement or voted in favor of the restriction.

A restriction on the transfer or registration of transfer of shares is valid and enforceable against the holder or a transferee of the holder if the restriction is authorized by this section and its existence is noted conspicuously on the front or back of the certificate. Unless so noted a restriction is not enforceable against a person without knowledge of the restriction.

ARTICLE VII. DISTRIBUTIONS

§ 7.1 Distributions.

The board of directors may authorize, and the corporation may make, distributions (including dividends on its outstanding shares) in the manner and upon the terms and conditions provided by law and in the corporation's articles of incorporation.

§ 7.2 Dividend Reserves.

Before payment of any dividend there may be set aside out of any funds of the corporation available for dividends such sum or sums as the board of directors from time to time, in their absolute discretion, think proper as a reserve or reserves to meet contingencies, or for equalizing dividends, or for repairing or maintaining any property of the corporation, or for such other purpose as the board of directors shall think best in the interests of the corporation, and the board of directors may modify or abolish any such reserve in the manner in which it was created.

ARTICLE VIII. CORPORATE SEAL

§ 8.1 Corporate Seal.

The board of directors may provide a corporate seal which may be circular in form and have inscribed thereon any designation including the name of the corporation, Colorado as the state of incorporation, and the words "Corporate Seal."

ARTICLE IX. AMENDMENTS

§ 9.1 Amendments.

The corporation's board of directors may amend or repeal the corporation's bylaws unless (i) such power is reserved exclusively to the shareholders, or (ii) the bylaws prohibit the board of directors from doing so. The corporation's shareholders may amend the bylaws even though the bylaws may also be amended by its board of directors.

ALLIED MOTION TECHNOLOGIES INC.

CERTIFICATION

I, Richard D. Smith, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Allied Motion Technologies Inc. (the “registrant”);
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a–15(e) and 15d–15(e)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Omitted;
 - (c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and
5. The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of registrant’s board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal controls over financial reporting.

Date: November 8, 2005

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

ALLIED MOTION TECHNOLOGIES INC.

CERTIFICATION

I, Richard S. Warzala, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Allied Motion Technologies Inc. (the “registrant”);
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a–15(e) and 15d–15(e)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Omitted;
 - (c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and
5. The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of registrant’s board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal controls over financial reporting.

Date: November 8, 2005

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

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 September 30, 2005 fully complies with the requirements of Section 13 (a) or 15 (d) of the Securities Exchange Act of 1934; and
- (2) The information contained in that Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 8, 2005

/s/ Richard D. Smith

Richard D. Smith

Chief Executive Officer and
Chief Financial Officer
