ALLIED MOTION TECHNOLOGIES INC
Form S-4
March 15, 2004

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As filed with the Securities and Exchange Commission on March 12, 2004

Registration No. 333-

U.S. SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM S-4

**REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933**

ALLIED MOTION TECHNOLOGIES INC.

(Exact name of registrant as specified in its charter)

Colorado	**3825**	**84-0518115**
(State or other jurisdiction of incorporation or organization)	(Primary standard industrial classification code number)	(I.R.S. Employer Identification No.)

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

(Address, including zip code, and telephone number,
including area code, of registrant's principal executive offices)

**RICHARD D. SMITH, Chief Executive Officer
Allied Motion Technologies Inc.
23 Inverness Way East, Suite 150
Englewood, Colorado 80112
(303) 799-8520**

(Name, address, including zip code, and telephone number,
including area code, of agent for service)

With copies to:

JAMES J. TANOUS, Esq.	**ELAM M. HITCHNER, III, Esq.**
Jaeckle Fleischmann & Mugel, LLP	Pepper Hamilton LLP
800 Fleet Bank Building	3000 Two Logan Square
Twelve Fountain Plaza	Philadelphia, Pennsylvania 19103-2799
Buffalo, New York 14202-2292	(215) 981-4000
(716) 856-0600	

Approximate date of commencement of proposed sale to the public:
As soon as practicable after this registration statement is declared effective and all other conditions to the merger (the "Merger") of Owosso Corporation ("Owosso" or the "Company") with and into AMOT, Inc., a wholly-owned subsidiary of Allied Motion Technologies Inc. (the "Registrant" or "Allied Motion"), pursuant to the Agreement and Plan of Merger described in the enclosed proxy statement/prospectus have been satisfied or waived.

If the securities registered on this form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box. o

If this form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act of 1933, as amended (the "Securities Act"), check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

If this form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Amount to be Registered	Proposed Maximum Aggregate Offering Price Per Unit	Proposed Maximum Aggregate Offering Price(1)	Amount of Registration Fee(5)
Common Stock	532,125(2)	N/A	$178,262(1)	$ 22.59
Warrants	300,000(3)	N/A	$1,305,000(6)	$165.34
Subordinated Debt Securities	$500,000(4)		$500,000	$ 63.35
Total			$1,983,262	$251.28

(1) Estimated solely for purposes of calculating the registration fee pursuant to Rule 457(f) and Rule 457(c) under the Securities Act, based on the product of (a) 532,125 and (b) $.335, the average of the bid and asked price for shares of Owosso Common Stock, as reported on the Over-the-Counter Bulletin Board on March 9, 2004.

(2) This Registration Statement relates to the common stock, no par value per share, of the Registrant (the "Allied Motion Common Stock") estimated to be issuable to holders of Owosso's no par value common stock (the "Owosso Common Stock") and holders of preferred stock, $0.01 par value per share, of Owosso (the "Owosso Preferred Stock" and, together with Owosso Common Stock, the "Owosso Stock") in connection with the Merger. The number of shares to be registered pursuant to this Registration Statement is based upon the maximum number of shares of Allied Motion Common Stock expected to be issued in connection with the Merger, calculated as (a) the product of 5,824,306, the aggregate number of shares of Owosso Common Stock outstanding on March 9, 2004 and an exchange ratio of .068 per share of Allied Motion Common Stock for each share of Owosso Common Stock and (b) the product of 1,071,428, the aggregate number of shares of Owosso Preferred Stock outstanding on March 9, 2004 and an exchange ratio of .127 per share of Allied Motion Common Stock for each share of Owosso Preferred Stock.

(3) Based on the maximum number of warrants to purchase the Registrant's common stock expected to be issued in connection with the Merger, calculated as the product of (a) 1,071,428, the aggregate number of shares of Owosso Preferred Stock outstanding on March 9, 2004 and (b) an exchange ratio of 0.28 per share of Owosso Preferred Stock.

(4) This is the maximum principal amount of subordinated debt securities that may be issued to holders of Owosso Preferred Stock in connection with the Merger.

(5) The registration fee has been calculated pursuant to Section 6(b) of the Securities Act and Fee Advisory #7 for Fiscal Year 2004 issued by the Securities and Exchange Commission (SEC) on January 26, 2004 by multiplying .00012670 by the proposed maximum aggregate offering price (as computed in accordance with Rule 457 under the Securities Act solely for the purpose of determining the registration fee of the securities registered hereby).

(6) Estimated solely for purposes of calculating the registration fee pursuant to Rule 457(c) based on the product of (a) 300,000 and (b) $4.35, the average of the high and low prices for Allied Motion Common Stock on March 9, 2004.

The Registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act or until the registration statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

PROSPECTUS OF ALLIED MOTION TECHNOLOGIES INC.

PROXY STATEMENT OF OWOSSO CORPORATION

MERGER PROPOSAL

To the Shareholders of Owosso Corporation:

You are cordially invited to attend a Special Meeting of shareholders of Owosso Corporation ("Owosso") to be held at the offices of Pepper Hamilton LLP, 30th Floor, Two Logan Square, Eighteenth and Arch Streets, Philadelphia, Pennsylvania, on , 2004, at , local time.

At the Special Meeting, you will be asked to adopt and approve the merger agreement dated February 10, 2004 pursuant to which Owosso has agreed to merge with and into AMOT, Inc., a wholly-owned subsidiary of Allied Motion Technologies Inc., a publicly-traded Colorado corporation ("Allied Motion"). If the merger is completed, each outstanding share of Owosso's no par value common stock (other than shares held by holders who validly perfect appraisal rights under Pennsylvania law) will be exchanged for .068 of a share of the no par value common stock of Allied Motion (the "Allied Motion Common Stock"). Each outstanding share of Owosso's $.01 par value Class A convertible preferred stock (the "Owosso Preferred Stock") will be exchanged for:

cash in the amount of $.9333 per share

.127 of a share of Allied Motion Common Stock; and

a warrant to purchase .28 shares of Allied Motion Common Stock.

In the event that the custom motors and gear motors design and manufacturing business currently operated by Owosso's wholly-owned subsidiary, Stature Electric Inc., achieves certain gross revenue during the calendar year ending December 31, 2004, Allied Motion will also issue up to $500,000 in subordinated promissory notes on a prorated basis to holders of Owosso Preferred Stock. In connection with the consummation of the merger, Allied Motion expects to issue approximately 532,200 shares of Allied Motion Common Stock, representing approximately 9.6% of the Allied Motion Common Stock outstanding as of February 10, 2004.

After careful consideration, the Owosso Board of Directors unanimously adopted and approved the merger agreement and has determined that the merger agreement and the transactions contemplated thereby are fair to and in the best interests of Owosso. The Owosso Board of Directors recommends that you vote "FOR" the adoption and approval of the merger agreement.

At the special meeting, shares of Owosso Common Stock and Owosso Preferred Stock will vote together as a single class, with each share of Owosso Common Stock having one vote and each share of Owosso Preferred Stock having one vote for each share of Owosso Common Stock into which it is then convertible, and the adoption and approval of the merger agreement will require the affirmative vote of at least a majority of such shares cast at the special meeting. In addition, the affirmative vote at the special meeting of a majority of the outstanding shares of Owosso Preferred Stock, voting as a single class, is required to approve and adopt the merger agreement.

In connection with the merger agreement, each of George B. Lemmon, Jr., The John F. Northway, Sr. Trust, Lowell Huntsinger, Morris R. Felt, Randall V. James and John Reese entered into agreements with Allied Motion pursuant to which they agreed to vote their shares of Owosso Common Stock (representing, in the aggregate, approximately 63.37% of the outstanding shares of Owosso Common Stock) and Owosso Preferred Stock (representing, in the aggregate, 100% of the outstanding shares of Owosso Preferred Stock) in favor of the adoption and approval of the merger agreement, and have granted an irrevocable proxy to vote their shares of Owosso Common Stock and Owosso

Preferred Stock, as applicable, in favor of the adoption and approval of the merger agreement to certain representatives of Allied Motion.

Allied Motion Common Stock is listed on the NASDAQ Small Cap Market under the symbol "AMOT," and Owosso Common Stock is quoted on the OTCBB under the symbol "OWOS.BB." Based upon the closing price of Allied Motion Common Stock on the NASDAQ Small Cap Market on , the last practicable trading day date before the printing of this proxy statement/prospectus, Allied Motion Common Stock had a value of $ per share. You should be aware that, because the number of shares of Allied Motion Common Stock you will receive in connection with the merger is based on a fixed exchange ratio, the value of Allied Motion Common Stock is subject to change.

The Owosso Board of Directors has fixed the close of business on , 2004 as the record date for the determination of Owosso shareholders entitled to notice of, and to vote at, the Special Meeting.

This document is a prospectus of Allied Motion relating to the issuance of shares of Allied Motion Common Stock in connection with the merger and a proxy statement for Owosso to use in soliciting proxies for the Special Meeting.

We strongly urge you to read and consider carefully this proxy statement/prospectus in its entirety, including the matters discussed in this proxy statement/prospectus under the section entitled "Risk Factors" beginning on page .

Whether or not you plan to attend the Special Meeting in person, please take the time to vote your shares. You may vote your shares by completing, signing and dating the enclosed proxy card(s) and promptly returning the card(s) in the accompanying prepaid envelope.

George B. Lemmon, Jr.
President and Chief Executive Officer

NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES REGULATOR HAS APPROVED THE ALLIED MOTION COMMON STOCK TO BE ISSUED IN THE MERGER OR DETERMINED IF THIS PROXY STATEMENT/PROSPECTUS IS ACCURATE OR ADEQUATE. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

This joint proxy statement/prospectus is dated , 2004, and is first being mailed to Owosso shareholders on or about , 2004.

22543 Fisher Road
P.O. Box 6660
Watertown, New York 13601

NOTICE OF SPECIAL MEETING OF SHAREHOLDERS

To be held on , 2004

To the Shareholders of Owosso Corporation:

Owosso Corporation ("Owosso") will hold a special meeting of its shareholders at the offices of Pepper Hamilton LLP, 30th Floor, Two Logan Square, Eighteenth and Arch Streets, Philadelphia, Pennsylvania, local time, on , 2004 at , for the following purposes:

(1)

To consider and vote on a proposal to adopt and approve the Agreement and Plan of Merger, dated as of February 10, 2004, by and among Allied Motion Technologies Inc., a Colorado corporation ("Allied Motion"), Owosso Corporation, a Pennsylvania corporation, and AMOT, Inc., a Pennsylvania corporation and a wholly-owned subsidiary of Allied Motion, a copy of which is attached as Appendix A to the accompanying proxy statement/prospectus.

(2)

To transact any other business that may properly come before the meeting and any adjournment or postponement of the special meeting.

These items are more fully described in the proxy statement/prospectus that accompanies this notice. We encourage you to read the proxy statement/prospectus carefully.

Only holders of Owosso's Common Stock or Preferred Stock at the close of business on , are entitled to notice of, and to vote at, the special meeting and any adjournments or postponements of the special meeting. At the special meeting, shares of Owosso Common Stock and Owosso Preferred Stock will vote together as a single class, with each share of Owosso Common Stock having one vote and each share of Owosso Preferred Stock having one vote, or one vote for each share of Owosso Common Stock into which each share of Owosso Preferred Stock is then convertible, and the adoption and approval of the merger agreement will require the affirmative vote of at least a majority of such shares cast at the special meeting. In addition, the affirmative vote at the special meeting of a majority of the outstanding shares of Owosso Preferred Stock, voting as a single class, is required to approve and adopt the merger agreement.

In connection with the merger agreement, each of George B. Lemmon, Jr., The John F. Northway, Sr. Trust, Lowell Huntsinger, Morris R. Felt, Randall V. James and John Reese entered into agreements with Allied Motion pursuant to which they agreed to vote their shares of Owosso Common Stock (representing, in the aggregate, approximately 63.37% of the outstanding shares of Owosso Common Stock) and Owosso Preferred Stock (representing, in the aggregate, 100% of the outstanding shares of Owosso Preferred Stock) in favor of the adoption and approval of the merger agreement, and have granted an irrevocable proxy to vote their shares of Owosso Common Stock and Owosso Preferred Stock, as applicable, in favor of the adoption and approval of the merger agreement to certain representatives of Allied Motion.

All Owosso shareholders are cordially invited to attend the special meeting. Whether or not you expect to attend the special meeting in person, please complete, date, sign and return the enclosed proxy card(s) as promptly as possible to ensure your representation at the special meeting. We have enclosed a postage prepaid envelope for that purpose. It is important that you return your proxy to ensure the satisfaction of the quorum requirements for the conduct of business at the special meeting of shareholders. You may revoke your proxy in the manner described in the accompanying proxy

statement/prospectus at any time before the proxy has been voted at the special meeting. Even if you have given your proxy, you may still vote in person if you attend the special meeting.

By Order of the Board of Directors

George B. Lemmon, Jr.
President and Chief Executive Officer

, 2004

PLEASE DO NOT SEND YOUR STOCK CERTIFICATES AT THIS TIME. IF THE MERGER IS COMPLETED, YOU WILL BE SENT INSTRUCTIONS REGARDING THE SURRENDER OF YOUR STOCK CERTIFICATES.

IMPORTANT

This document, which is sometimes referred to as this proxy statement/prospectus, constitutes a proxy statement of Owosso Corporation to its shareholders and a prospectus of Allied Motion Technologies Inc. for the shares of Allied Motion Common Stock that Allied Motion will issue to Owosso shareholders in connection with the merger.

Except as otherwise specifically noted, references to "shares of Owosso Common Stock" or "Owosso common shares" refer to shares of Owosso Common Stock, par value $0.01 per share; references to "shares of Owosso Preferred Stock" or "Owosso preferred shares" refer to shares of Owosso Class A Convertible Preferred Stock, par value $0.01 per share; and references to "outstanding shares of Owosso Common Stock," "outstanding Owosso common shares," "outstanding shares of Owosso Preferred Stock" or "outstanding Owosso preferred shares" do not include shares held by Owosso or by any wholly-owned subsidiary of Owosso.

Except as otherwise specifically noted, references to "shares of Allied Motion Common Stock" refer to shares of Allied Motion Common Stock, no par value per share, and references to "outstanding shares of Allied Motion Common Stock" do not include shares held by Allied Motion or by any wholly-owned subsidiary of Allied Motion.

Selected information from this proxy statement/prospectus is highlighted in this proxy statement/prospectus under the section entitled "Questions and Answers About the Merger" beginning on page i and "Summary" beginning on page 1. However, these sections do not include all of the information that may be important to you. To better understand the merger agreement and the merger contemplated by the merger agreement, and for a complete description of their legal terms, you should carefully read this entire proxy statement/prospectus, including the appendices.

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QUESTIONS AND ANSWERS ABOUT THE MERGER

Q: **What am I being asked to vote on?**

A: Owosso shareholders are being asked to approve and adopt the Agreement and Plan of Merger, dated as of February 10, 2004, by and among Allied Motion, Owosso and AMOT, Inc., a Pennsylvania corporation and a wholly-owned subsidiary of Allied Motion. Under the merger agreement, Owosso would merge with and into AMOT with AMOT surviving the merger as a wholly-owned subsidiary of Allied Motion, as more fully described below in this proxy statement/prospectus.

Q: **What will happen to my shares of Owosso Common Stock and Owosso Preferred Stock after the merger?**

A: Following completion of the merger and in the absence of proper exercise of appraisal rights with respect to your shares of Owosso Common Stock, your shares of Owosso Preferred Stock and Owosso Common Stock will represent solely the right to receive the merger consideration described below, and trading in shares of Owosso Common Stock on the OTC Bulletin Board will cease. Price quotations for Owosso Common Stock will no longer be available, and Owosso will cease filing periodic reports with the Securities and Exchange Commission under the Securities Exchange Act of 1934.

Q: **Does the Owosso board of directors recommend the approval of the merger agreement?**

A: Yes. The Owosso Board of Directors has unanimously approved the merger and recommends that you vote "FOR" the adoption and approval of the merger agreement. As more fully described in this proxy statement/prospectus, the Owosso board of directors considered many factors in deciding to recommend the adoption and approval of the merger agreement, including the risk of remaining independent and the value of the merger consideration as compared to remaining independent.

Q: **Why has the merger been proposed?**

A: As more fully described in this proxy statement/prospectus, the Owosso Board of Directors has proposed the merger because, in its business judgment, it believes that the merger represents the strategic alternative that is in the best interest of Owosso and is even more favorable to Owosso than Owosso's continuing to operate as an independent company.

Q: **What will I receive in exchange for my shares of Owosso Common Stock and Owosso Preferred Stock?**

A: If you own shares of Owosso Common Stock, you will receive .068 of a share of Allied Motion Common Stock in exchange for each share of Owosso Common Stock owned at the time we complete the merger (unless you properly exercise appraisal rights). If you own shares of Owosso Preferred Stock, in exchange for each share of Owosso Preferred Stock owned at the time we complete the merger you will receive:

cash in the amount of $.9333,

.127 of a share of Allied Motion Common Stock, and

warrants to purchase .28 of a share of Allied Motion Common Stock.

In addition, in the event that the custom motors and gear motors design and manufacturing business currently operated by Owosso's wholly-owned subsidiary, Stature Electric Inc., achieves certain gross revenue during the calendar year ending December 31, 2004, Allied Motion will also issue up to $500,000 in subordinated promissory notes on a prorated basis to holders of Owosso Preferred Stock.

Allied Motion will not issue fractional shares of Allied Motion Common Stock. Any Owosso shareholder otherwise entitled to receive a fractional share of Allied Motion Common Stock will receive a cash payment instead of a fractional share.

Q:

Where will shares of Allied Motion Common Stock be traded?

A:

Allied Motion Common Stock is currently traded on the NASDAQ Small Cap Market under the symbol "AMOT."

Q:

What will happen to my options to purchase shares of Owosso Common Stock?

A:

Prior to the effective time of the merger, Owosso will accelerate the vesting of all outstanding options and, upon consummation of the merger, each option holder will be entitled to receive a payment from Owosso in cash for each vested stock option he or she then holds equal to the excess, if any, of $.30 over the exercise price for each vested stock option. For a more detailed description of the conversion of Owosso stock options in connection with the merger, see the section of this proxy statement/prospectus entitled "The Merger Stock Options" beginning on page .

Q:

What vote of Owosso shareholders is needed to approve and adopt the merger agreement?

A:

At the special meeting, shares of Owosso Common Stock and Owosso Preferred Stock will vote together as a single class, with each share of Owosso Common Stock having one vote and each share of Owosso Preferred Stock having one vote, or one vote for each share of Owosso Common Stock into which each share of Owosso Preferred Stock is then convertible, and the adoption and approval of the merger agreement will require the affirmative vote of at least a majority of such shares cast at the special meeting. In addition, the affirmative vote at the special meeting of a majority of the outstanding shares of Owosso Preferred Stock, voting as a single class, is required to approve and adopt the merger agreement.

In connection with the merger agreement, each of George B. Lemmon, Jr., The John F. Northway, Sr. Trust, Lowell Huntsinger, Morris R. Felt, Randall V. James and John Reese entered into agreements with Allied Motion pursuant to which they agreed to vote their shares of Owosso Common Stock (representing, in the aggregate, approximately 63.37% of the outstanding shares of Owosso Common Stock) and Owosso Preferred Stock (representing, in the aggregate, 100% of the outstanding shares of Owosso Preferred Stock) in favor of the merger, and have granted an irrevocable proxy to vote their shares of Owosso Common Stock and Owosso Preferred Stock, as applicable, in favor of the merger agreement to certain representatives of Allied Motion.

Q:

Are the Allied Motion shareholders also required to approve the merger agreement?

A:

Allied Motion has determined that the approval of the merger agreement by its shareholders is not necessary.

Q:

When and where will Owosso hold the special meeting of Owosso shareholders?

A:

Owosso will hold the special meeting of Owosso shareholders at the offices of Pepper Hamilton LLP, 30th Floor, Two Logan Square, Eighteenth and Arch Streets, Philadelphia, Pennsylvania, on , 2004, beginning at a.m., local time.

Q:

What rights do I have if I oppose the merger?

A:

You can vote against the merger by indicating a vote against the proposal on your proxy card(s) and signing and mailing your proxy card(s), or by voting against the merger in person at the special meeting. Under Pennsylvania law, dissenting Owosso shareholders have the right to receive the appraised value of their shares of common stock in connection with the proposed merger. For

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a detailed discussion of these rights, see the section of this proxy statement/prospectus entitled "The Merger Appraisal Rights" beginning on page .

Q:

Will Owosso shareholders be taxed on the Allied Motion Common Stock that they receive in exchange for their shares of Owosso Common Stock and Owosso Preferred Stock?

A:

Yes. It is intended that the merger constitute a taxable sale of assets and liquidation of Owosso under the Internal Revenue Code, and Allied Motion and Owosso have agreed to treat the merger consistently with this intention for all purposes at all times prior to and following the closing of the transactions contemplated by the merger agreement, unless required to do otherwise by law. For a more detailed description of the tax consequences to you of the merger, see the section of this proxy statement/prospectus entitled "The Merger Material United States Federal Income Tax Consequences" beginning on page .

Q:

What do I need to do now?

A:

After carefully reviewing this proxy statement/prospectus, indicate on your proxy card(s) how you want to vote on the merger agreement. Please note that Owosso is providing separate proxy cards for holders of Owosso Common Stock and Owosso Preferred Stock. If you hold both Owosso Common Stock and Owosso Preferred Stock, please complete and return both of the provided proxy cards. Then sign, date and mail your proxy card(s) in the enclosed return envelope as soon as possible, so that your shares may be represented at the special meeting.

If you sign, date and send in your proxy card, but do not indicate how you want to vote on the merger agreement proposal, your proxy card will be voted in favor of such proposal.

After the merger is completed, Owosso shareholders will receive written instructions and a letter of transmittal for exchanging their shares of Owosso Common Stock and/or Owosso Preferred Stock for shares of Allied Motion Common Stock, warrants to purchase common stock and cash instead of fractional shares of Allied Motion Common Stock.

Please do not send in your Owosso stock certificates until you receive the instructions and letter of transmittal.

Q:

If my shares of Owosso Common Stock are held in street name by my broker, will my broker automatically vote my shares for me?

A:

No. Your broker will vote your shares only if you provide instructions on how to vote. You should follow the directions provided by your broker regarding how to instruct your broker to vote your shares. Without instructions, your shares will not be voted on the proposed merger agreement.

Q:

May I change my vote even after submitting a proxy card?

A:

Yes. If you are a holder of record, there are three ways you can change your proxy instructions after you have submitted your proxy card. First, you may send a written notice revoking your proxy to the person to whom you submitted your proxy. Second, you may complete and submit a new proxy card. The latest proxy actually received by Owosso before the special meeting of Owosso shareholders will be counted, and any earlier proxies will be revoked. Third, you may attend the Owosso special meeting and vote in person. Any earlier proxy will thereby be revoked. However, simply attending the meeting without voting will not revoke your proxy.

If your shares are held in the name of a broker or nominee and you have instructed your broker or nominee to vote your shares, you must follow the directions you receive from your broker or nominee in order to change or revoke your vote.

Q:

What happens if I sell my shares of Owosso Common Stock or Owosso Preferred Stock before the special meeting?

A:

The record date for the Owosso special meeting is earlier than the expected completion date of the merger. If you held your shares of Owosso Common Stock or Owosso Preferred Stock on the record date but have transferred those shares after the record date and before the merger, you will retain your right to vote at the Owosso special meeting but not the right to receive the merger consideration. The right to receive the merger consideration will pass to the person to whom you transferred your shares of Owosso Common Stock or Owosso Preferred Stock.

Q:

Should I send in my Owosso stock certificates now?

A:

No. After the merger is completed, we will send you written instructions for exchanging your Owosso stock certificates.

Q:

When do you expect to complete the merger?

A:

Owosso and Allied Motion are working to complete the merger as quickly as possible. We currently expect to complete the merger in the second quarter of 2004, although we cannot assure you that all conditions to the completion of the merger will be satisfied by then.

Q:

Who should I contact if I have questions about the merger and need additional copies of the proxy statement?

A:

If you have more questions about the merger or would like additional copies of the accompanying proxy statement/prospectus, you should contact:

Jeffrey Swanson
Corporate Controller
Owosso Corporation
22543 Fisher Road, PO Box 6660
Watertown, NY 13601
(315) 782-5910

Owosso has supplied all information contained in this proxy statement/prospectus relating to Owosso, and Allied Motion has supplied all information contained in this proxy statement/prospectus relating to Allied Motion.

SUMMARY

The following summary highlights selected information from this proxy statement/prospectus and may not contain all of the information that is important to you. To better understand the merger and the merger agreement, you should carefully read this entire document. See the section of this proxy statement/prospectus entitled "Where You Can Find More Information" beginning on page .

Throughout this proxy statement/prospectus when we use the term "we," "us," or "our," we are referring to both Allied Motion and Owosso.

The Companies

Allied Motion Technologies Inc.
23 Inverness Way East, Suite 150
Englewood, CO 80112
Phone: (303) 799-8520

Allied Motion Technologies Inc. (NASDAQ: AMOT), formerly known as Hathaway Corporation, and which is referred to in this proxy statement/prospectus as Allied Motion, designs, manufactures and sells motor and servo motion products primarily for the Commercial Motor, Industrial Motion Control, and Aerospace and Defense markets. Three companies form the core of Allied Motion: Computer Optical Products, Inc.; Emoteq Corporation; and Motor Products Corporation.

Owosso Corporation
22543 Fisher Road, PO Box 6660
Watertown, NY 13601
Phone: (315) 782-5910

Owosso Corporation (OTCBB: OWOS.BB), which is referred to in this proxy statement/prospectus as Owosso, conducts business through it sole operating subsidiary, Stature Electric, Inc. Stature Electric, Inc., which is referred to in this proxy statement/prospectus as "Stature", which represents Owosso's historical motors segment, is a custom designer and manufacturer of motors and gear motors, including alternate current (AC), direct current (DC) and universal.

AMOT, Inc.
c/o Allied Motion Technologies Inc.
23 Inverness Way East, Suite 150
Englewood, CO 80112
Phone: (303) 799-8520

AMOT, Inc., a Pennsylvania corporation, which is referred to in this proxy statement/prospectus as AMOT, is a wholly-owned subsidiary of Allied Motion created solely for the purpose of effecting the merger.

The Merger

In the merger, Owosso will merge with and into AMOT, with AMOT continuing as the surviving corporation after the merger as a direct or indirect wholly-owned subsidiary of Allied Motion. In the merger, each share of Owosso Common Stock (unless the holder properly exercises appraisal rights) will be converted into the right to receive .068 of a share of Allied Motion Common Stock and each share of Owosso Preferred Stock will be converted into:

- cash in the amount of $.9333,
- .127 of a share of Allied Motion Common Stock, and

warrants to purchase .28 of a share of Allied Motion Common Stock.

In addition, in the event that the custom motors and gear motors design and manufacturing business currently operated by Stature achieves certain gross revenue during the calendar year ending December 31, 2004, Allied Motion will also issue subordinated promissory notes up to $500,000 on a prorated basis to holders of Owosso Preferred Stock. Any Owosso shareholder entitled to receive a fractional share of Allied Motion Common Stock after giving effect to the conversion of all Owosso shares owned by the shareholder will receive a cash payment instead of the fractional share. In the transaction, Allied Motion expects to issue approximately 532,200 shares of Allied Motion Common Stock, representing approximately 9.6% of the Allied Motion Common Stock outstanding as of February 10, 2004.

The merger agreement is the legal document that governs the merger and the other transactions contemplated by the merger agreement. We have attached the merger agreement as *Appendix A* to this proxy statement/prospectus. We urge you to read it carefully in its entirety.

Owosso Stock Options

Prior to the effective time of the merger, Owosso will accelerate the vesting of all outstanding options and, upon consummation of the merger, each option holder will be entitled to receive a payment from Owosso in cash for each vested stock option he or she then holds equal to the excess, if any, of $.30 over the exercise price for each vested stock option. For a more detailed description of the conversion of Owosso stock options in connection with the merger, see the section of this proxy statement/prospectus entitled "The Merger Stock Options" beginning on page .

Interests of Certain Persons in the Merger

You should be aware that a number of directors and officers of Owosso have interests in the merger that may be different from, or in addition to, your interests as a shareholder of Owosso. Certain executive officers and directors of Owosso will have a continuing equity interest in Allied Motion following the merger. Further, the directors and officers of Owosso have an interest in continuing rights to liability insurance and indemnification for losses relating to his or her service as an officer or director of Owosso before the merger. For a more detailed description of the interests of certain persons in the merger, see the section of this proxy statement/prospectus entitled "Interests of Certain Persons in the Merger" beginning on page .

Votes Required; Voting Agreements

At the special meeting, shares of Owosso Common Stock and Owosso Preferred Stock will vote together as a single class, with each share of Owosso Common Stock having one vote and each share of Owosso Preferred Stock having one vote, or one vote for each share of Owosso Common Stock into which each share of Owosso Preferred Stock is then convertible, and the adoption and approval of the merger agreement will require the affirmative vote of at least a majority of such shares cast at the special meeting. In addition, the affirmative vote at the special meeting of a majority of the outstanding shares of Owosso Preferred Stock, voting as a single class, is required to approve and adopt the merger agreement.

As of the record date for the special meeting, directors and executive officers of Owosso and their affiliates, as a group, beneficially owned and had the right to vote shares of Owosso Common Stock and shares of Owosso Preferred Stock, representing an aggregate of approximately % of the total voting power of the Owosso common shares and Owosso preferred shares entitled to vote at the special meeting, voting together as a single class with the Owosso preferred shares voting on an as-converted basis, and approximately % of the Owosso Preferred Stock voting as a separate class. Owosso expects the directors and sole executive officer of Owosso and

their affiliates to vote their Owosso Common Stock and Owosso Preferred Stock in favor of the approval of the merger agreement.

In connection with the merger agreement, each of George B. Lemmon, Jr., The John F. Northway, Sr. Trust, Lowell Huntsinger, Morris R. Felt, Randall V. James and John Reese entered into agreements with Allied Motion pursuant to which they agreed to vote their shares of Owosso Common Stock (representing, in the aggregate, approximately 63.37% of the outstanding shares of Owosso Common Stock) and Owosso Preferred Stock (representing, in the aggregate, 100% of the outstanding shares of Owosso Preferred Stock) in favor of the merger, and have granted an irrevocable proxy to vote their shares of Owosso Common Stock and Owosso Preferred Stock, as applicable, in favor of the merger agreement to certain representatives of Allied Motion.

Reasons for the Merger

The board of directors of Owosso believes that the merger is fair to, and in the best interests of, Owosso and its shareholders. For a description of the factors on which the board of directors based its determination, see the section of this proxy statement/prospectus entitled "The Merger Owosso's Reasons for the Merger" beginning on page .

The board of directors of Allied Motion believes that the merger is in the best interests of Allied Motion and its shareholders. For a description of the factors on which the board of directors based its determination, see the section of this proxy statement/prospectus entitled "The Merger Allied Motion's Reasons for the Merger" beginning on page .

Recommendations to Owosso Shareholders

The board of directors of Owosso unanimously approved the merger agreement and the transactions contemplated by the merger agreement, and unanimously recommends that Owosso shareholders vote at the special meeting "FOR" approval of the merger agreement.

You should refer to the factors considered by the Owosso board of directors in making its decision to approve the merger agreement as described in detail in the sections of this proxy statement/prospectus entitled "The Merger Recommendation of the Owosso Board of Directors" beginning on page and "The Merger Owosso's Reasons for the Merger" beginning on page .

Non-Solicitation Covenant

Owosso has agreed in the merger agreement not to initiate, solicit, negotiate, knowingly encourage or provide confidential information to facilitate any proposal or offer to acquire the business, properties or assets of Owosso and its subsidiaries, or capital stock of Owosso or any of its subsidiaries. This covenant is subject to exceptions in connection with unsolicited bona fide written offers for potential or proposed acquisition transactions under specified circumstances, which are described more fully under the section of this proxy statement/prospectus entitled "The Merger Agreement Covenants Acquisition Transactions" beginning on page .

Conditions to Completion of the Merger

Owosso and Allied Motion will not complete the merger unless a number of conditions are satisfied or waived, including adoption and approval of the merger agreement by the Owosso shareholders and other closing conditions described more fully under the section of this proxy statement/prospectus entitled "The Merger Agreement Conditions to the Merger" beginning on page .

Termination of the Merger Agreement

Owosso and Allied may terminate the merger agreement by mutual agreement, and the merger agreement may otherwise be terminated under certain other circumstances described more fully under the section of this proxy statement/prospectus entitled "The Merger Agreement Termination of the Merger Agreement; Effects of Termination" beginning on page .

Termination Fee

Owosso has agreed to pay Allied Motion a fee equal to $500,000 if the merger agreement is terminated under certain circumstances as more fully under the section of this proxy statement/prospectus entitled "The Merger Agreement Termination of the Merger Agreement; Effects of Termination" beginning on page .

Resale of Allied Motion Common Stock

All of the shares of Allied Motion Common Stock that Owosso shareholders receive in connection with the merger may be sold immediately, subject to certain restrictions imposed under Rule 145 of the Securities Act of 1933 with respect to shares received by affiliates of Owosso.

In connection with the merger, each of The John F. Northway, Sr. Trust, Lowell Huntsinger, Morris R. Felt, Randall V. James and John Reese will execute agreements pursuant to which they will agree not to sell any shares of Allied Motion Common Stock for a period of 180 days without the prior written consent of Allied. George Lemmon, Jr. will execute a similar agreement containing a restrictive term of 365 days.

Accounting Treatment

Allied Motion will account for the merger under the purchase method of accounting in accordance with accounting principles generally accepted in the United States.

Comparison of Shareholder Rights

Upon the completion of the merger, each Owosso shareholder will become a shareholder of Allied Motion. Colorado law and Allied Motion's certificate of incorporation and bylaws govern the rights of Allied Motion shareholders, which may differ in some respects from Owosso shareholders' rights under Pennsylvania law and Owosso's articles of incorporation and bylaws. For a summary of these material differences, see the discussion under the section of this proxy statement/prospectus entitled "Comparison of Shareholder Rights" beginning on page .

Appraisal Rights

Under Pennsylvania law, holders of Owosso Common Stock will be entitled to appraisal rights. Holders of Owosso Preferred Stock are not entitled to appraisal rights. For a detailed discussion of the appraisal rights of holders of Owosso Common Stock, see the section of this proxy statement/prospectus entitled "The Merger Appraisal Rights" beginning on page .

Tax Consequences

It is intended that the merger constitute a taxable sale of assets and liquidation of Owosso under the Internal Revenue Code, and Allied Motion and Owosso have agreed to treat the merger consistently with this intention for all purposes at all times prior to and following the closing, unless required to do otherwise by law. For a more detailed description of the tax consequences of the merger, see the section of this proxy statement/prospectus entitled "The Merger Material United States Federal Income Tax Consequences" beginning on page .

Certain Historical and Pro Forma Per Share Data

The following table presents historical per share data for Allied Motion as of and for the nine-months ended September 30, 2003 and as of and for the twelve months ended December 31, 2002 (which includes Allied Motion for the six months ended December 31, 2002 combined with the six months ended June 30, 2002), and for Owosso as of and for the year ended October 26, 2003. The table also presents combined pro forma per share data for Allied Motion and equivalent pro forma per share data for Owosso as of and for the nine-months ended September 30, 2003 and as of and for the twelve months ended December 31, 2002. The pro forma per share data, which is presented for comparative purposes only, assumes for income statement purposes that the merger had been completed as of January 1, 2002 and assumes for balance sheet purposes that the merger had been completed on September 30, 2003. The unaudited pro forma per share data does not reflect any payment that may be required to be made in connection with the exercise of dissenters' rights by holders of Owosso Common Stock in connection with the merger. Allied Motion did not declare any cash dividends on its common stock during the periods presented.

The unaudited comparative per share data does not purport to be, and you should not rely on it as, indicative of:

- the results of operations or financial position which would have been achieved if the merger had been completed at the beginning of the period or as of the date indicated, or

- the results of operations or financial position which may be achieved in the future.

It is important that when you read this information, you read along with it the separate financial statements and accompanying notes of Allied Motion and Owosso that are included in this proxy statement/prospectus. It is also important that you read the pro forma combined condensed financial information and accompanying notes included in this proxy statement/prospectus beginning on page under "Unaudited Pro Forma Combined Condensed Financial Statements of Allied Motion."

	Allied Motion Historical Per Share Data	Owosso Historical Per Share Data	Combined Allied Motion Pro Forma Per Share Data	Owosso Equivalent Pro Forma Per Share Data(1)
Book value per share				
December 31, 2002	$ 3.10	N/A	N/A	N/A
September 30, 2003	$ 3.12	N/A	$ 2.92	$ 0.20
October 26, 2003	N/A	($ 0.51)	N/A	N/A
Earnings (loss) per share from continuing operations				
Twelve months ended December 31, 2002	($ 0.01)	N/A	$ 0.97	$ 0.07
Nine months ended September 30, 2003	$ 0.11	N/A	($ 0.90)	($ 0.06)
Year ended October 26, 2003	N/A	($ 1.00)	N/A	N/A

(1) The Owosso equivalent pro forma per share data was calculated by multiplying the applicable combined Allied Motion pro forma per share data by 0.068, the exchange ratio in the merger.

Comparative Per Share Market Price Information and Dividend Policy

Shares of Allied Motion Common Stock are listed on The NASDAQ Small Cap Market. Shares of Owosso Common Stock are quoted on Over-the-Counter Bulletin Board. On February 9, 2004, the last

trading day before the announcement of the proposed merger, the Allied Motion Common Stock closed at $4.40 per share, and the Owosso Common Stock closed at $0.06 per share. On March , 2004, the Allied Motion Common Stock closed at $ per share, and the Owosso Common Stock closed at $ per share. The Owosso Preferred Stock is not listed or quoted on any exchange. For further information, see page .

Allied Motion has not declared or paid cash dividends on shares of Allied Motion Common Stock, and Owosso has not declared or paid cash dividends on shares of Owosso Common Stock or Owosso Preferred Stock. Allied Motion currently intends to retain any future earnings to fund operations and the continued development of its business, and, thus, does not expect to pay any cash dividends on the Allied Motion Common Stock in the foreseeable future. Future cash dividends, if any, will be determined by Allied Motion's Board of Directors and will be based upon Allied Motion's earnings, capital requirements, financial condition and other factors deemed relevant by the Board of Directors.

RISK FACTORS

By receiving Allied Motion Common Stock in connection with the merger, you will be subject to the risks of ownership of that security. Unless the context requires otherwise, the use of the term "combined company" in this proxy statement/prospectus refers to the combined company of Allied and AMOT after giving effect to the merger.

Risk Factors Relating to the Merger

The price of Allied Motion Common Stock following the merger may fluctuate widely and rapidly and prevent shareholders from selling their stock at a profit.

In the merger, each share of Owosso Common Stock will be converted into the right to receive .068 of a share of Allied Motion Common Stock, and each share of Owosso Preferred Stock will be converted into the right to receive:

- cash in the amount of $.9333,
- .127 of a share of Allied Motion Common Stock, and
- a warrant to purchase .28 of a share of Allied Motion Common Stock.

Allied Motion and Owosso will not adjust the exchange ratio as a result of any change in the market price of Allied Motion Common Stock between the date of this proxy statement/prospectus and the date the Owosso shareholders receive shares of Allied Motion Common Stock in exchange for shares of Owosso Common Stock or Owosso Preferred Stock. The market price of Allied Motion Common Stock will likely be different, and may be lower, on the date Owosso shareholders receive shares of Allied Motion Common Stock from the market price of shares of Allied Motion Common Stock today.

Since , 2003 and through , 2004 the market price of Allied Motion Common Stock, has ranged from a low of $ per share to a high of $ per share. Fluctuations may occur, among other reasons, in response to:

- changes in the business, operations or prospects of Allied Motion and its subsidiaries;
- announcements by Allied Motion or its competitors;
- the assessment of, and reaction to, the merger by the market generally; and
- general market and economic conditions.

The trading price of Allied Motion Common Stock could continue to be subject to wide fluctuations in response to the factors set forth above and other factors, many of which are beyond Allied Motion's control. The stock market in recent years has experienced extreme price and trading volume fluctuations that often have been unrelated or disproportionate to the operating performance of individual companies. Owosso shareholders are urged to obtain current market quotations for Allied Motion Common Stock and Owosso Common Stock prior to voting to adopt and approve the merger agreement.

Difficulties associated with integrating Allied Motion and Owosso could affect the combined company's ability to realize cost savings.

Allied Motion and Owosso expect the combined company to realize cost savings and other financial and operating benefits from the merger, but there can be no assurance regarding when or the extent to which the combined company will be able to realize these benefits. There are a number of

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risks and challenges involved with integrating Owosso's business and operations with Allied Motion's businesses, each of which could be difficult to overcome. These risks and challenges include:

- retaining key employees;
- retaining Owosso's customer base; and
- integrating the operations, procedures and systems of Allied Motion and Owosso.

Current and potential employees of Owosso may be unsure about their role following the merger. Other current or potential employees could decide that they do not wish to work for a subsidiary of Allied Motion following completion of the merger. The combination of these two factors could impair the combined company's ability to attract and retain key employees. Difficulties associated with integrating Allied Motion and Owosso would have an adverse effect on the combined company's ability to realize the expected financial and operational benefits of the merger.

The sole executive officer and directors of Owosso have interests in the merger that may differ from the interests of Owosso shareholders generally.

When you consider the recommendation of Owosso's board of directors to adopt the merger agreement, you should also remember that Owosso's sole executive officer and directors participate in arrangements that provide them with interests in the merger that are different from, or are in addition to, your interests in the merger. These interests include the right of Owosso's directors to indemnification and insurance coverage for acts or omissions occurring before the merger is completed. These interests could make it more likely that Owosso's directors and sole executive officer will support the merger. You should consider carefully whether these interests might have influenced Owosso's directors and sole executive officer to support and recommend the merger and decide for yourself whether the merger is in your best interests.

The sale of a substantial amount of Allied Motion Common Stock after the merger could adversely affect the market price of Allied Motion Common Stock.

All of the shares of Allied Motion Common Stock that Owosso shareholders receive in the merger may be sold immediately, subject to certain restrictions imposed under Rule 145 of the Securities Act of 1933 with respect to shares received by "affiliates" of Owosso within the meaning of Rule 145. Substantially all of the outstanding shares of Allied Motion Common Stock are freely tradable (subject to certain Rule 144 restrictions in the case of Allied Motion affiliates). The sale of a substantial amount of Allied Motion Common Stock after the merger could adversely affect its market price. It could also impair Allied Motion's ability to raise money through the issuance of more stock or other forms of capital. In addition, the issuance of shares of Allied Motion Common Stock by Allied Motion after the merger could adversely affect its market price.

The merger agreement requires Owosso to pay Allied Motion a termination fee of $500,000 in certain instances, which could deter a third party from proposing an alternative transaction to the merger.

Under the terms of the merger agreement, Owosso may be required to pay to Allied Motion a termination fee of $500,000 if the merger agreement is terminated under certain circumstances. The effect of this termination fee may discourage competing bidders from presenting proposals to acquire or merge with Owosso that may be more favorable to Owosso and its shareholders than the terms of the merger. For a more complete description of the termination rights of each party and the termination fee payable under the merger agreement, see the section of this proxy statement/prospectus entitled "The Merger Agreement Termination of the Merger Agreement; Effects of Termination" beginning on page . In addition, Owosso will incur significant costs associated with the merger, including legal, accounting, financial printing and financial advisory fees. Many of these fees must be

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paid regardless of whether the merger is completed. For a more complete discussion regarding the payment of fees associated with the merger, see the section of this proxy statement/prospectus entitled "The Merger Agreement Fees and Expenses" beginning on page .

Risk Factors Relating to Allied Motion

Allied Motion depends on its key personnel.

Allied Motion is dependent upon the continued contributions of its senior corporate management, particularly Richard Smith, chief executive officer and chief financial officer, Richard Warzala, president and chief operating officer, and certain key employees of Allied Motion for its future success. If Mr. Smith or Mr. Warzala no longer serve in their positions at Allied Motion, Allied Motion's business, as well as the market price of Allied Motion Common Stock, could be substantially adversely affected. Allied Motion cannot assure you that it will be able to retain the services of Mr. Smith or Mr. Warzala or any other members of its senior management or key employees.

Allied Motion may experience operational and financial risks in connection with its acquisitions.

Allied Motion's future growth may be a function, in part, of acquisitions. To the extent that Allied Motion grows through acquisitions, it will face the operational and financial risks commonly encountered with that type of a strategy. Allied Motion would also face operational risks, such as failing to assimilate the operations and personnel of the acquired businesses, disrupting its ongoing business, dissipating its limited management resources and impairing its relationships with employees and customers of acquired businesses as a result of changes in ownership and management.

Allied Motion has existing debt and refinancing risks that could affect its cost of operations.

Allied Motion has both fixed and variable rate indebtedness and may incur indebtedness in the future, including borrowings under its existing or new credit facilities, to finance possible acquisitions and for general corporate purposes. As a result, Allied Motion is and expects to be subject to the risks normally associated with debt financing including:

- that interest rates may rise;
- that Allied Motion's cash flow will be insufficient to make required payments of principal and interest;
- that any default on Allied Motion's debt could result in acceleration of those obligations;
- that Allied Motion may be unable to refinance or repay the debt as it becomes due; and
- that any refinancing will not be on terms as favorable as those of the existing debt.

Allied Motion's operating results are likely to fluctuate significantly.

Allied Motion's quarterly and annual operating results are affected by a wide variety of factors that could materially adversely affect revenues and profitability, including:

- competitive pressures on selling prices;
- the timing of customer orders and the deferral or cancellation of orders previously received;
- development of and response to new technologies;
- fulfilling backlog on a timely basis;
- the level of orders received which can be shipped in a quarter; and
- the timing of investments in engineering and development.

As a result of the foregoing and other factors, Allied Motion has and may continue to experience material fluctuations in future operating results on a quarterly or annual basis which could materially and adversely affect its business, financial condition, operating results and stock price.

Allied Motion's operating results depend in part on its ability to contain or reduce costs.

Allied Motion's efforts to maintain and improve profitability depend in part on its ability to reduce costs of materials, components, supplies and labor. While the failure of any single cost containment effort by itself would not significantly impact Allied Motion's results, we cannot make any assurances that we will continue to be successful in implementing cost reductions and maintaining a competitive cost structure.

CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING STATEMENTS

This proxy statement/prospectus contains "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. For those statements, both Allied Motion and Owosso claim the protection of the safe harbor for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995. These forward-looking statements include statements relating to Allied Motion's and Owosso's anticipated financial performance, business prospects, new developments and similar matters, and/or statements preceded by, followed by or that include the words "believes," "could," "should," "expects," "anticipates," "estimates," "intends," "plans," "projects," "seeks" or similar expressions. These forward-looking statements are necessarily estimates reflecting the best judgment of each company's senior management and involve a number of risks and uncertainties that could cause actual results to differ materially from those suggested by the forward-looking statements. These forward-looking statements are subject to risks, uncertainties and assumptions that could have a material adverse effect on the merger and/or on each company's respective businesses, financial condition or results of operations. Other unknown or unpredictable factors also could have material adverse effects on Allied Motion's and Owosso's future results, performance or achievements. In light of these risks, uncertainties, assumptions and factors, the forward-looking events discussed in this proxy statement/prospectus may not occur. We caution you not to place undue reliance on these forward-looking statements, which speak only as of the date stated, or if no date is stated, as of the date of this proxy statement/prospectus.

Neither Allied Motion nor Owosso is under any obligation, and neither Allied Motion nor Owosso intends, to make publicly available any update or other revisions to any of the forward-looking statements contained in this proxy statement/prospectus to reflect circumstances existing after the date of this proxy statement/prospectus or to reflect the occurrence of future events even if experience or future events make it clear that any expected results expressed or implied by those forward-looking statements will not be realized.

THE OWOSSO SPECIAL MEETING

This proxy statement/prospectus is furnished to Owosso shareholders in connection with the solicitation of proxies by Owosso's board of directors from the holders of Owosso Common Stock and Owosso Preferred Stock for use at the special meeting of Owosso shareholders. This proxy statement/prospectus is also furnished to Owosso shareholders as a prospectus of Allied Motion in connection with the issuance by Allied Motion of shares of Allied Motion Common Stock and warrants to purchase Allied Motion Common Stock to Owosso shareholders in connection with the merger.

We are first furnishing this proxy statement/prospectus to Owosso's shareholders on or about , 2004.

Time and Place; Purposes

Owosso will hold the special meeting on , 2004 at , local time, at the offices of Pepper Hamilton LLP, 30th Floor, Two Logan Square, Eighteenth and Arch Streets, Philadelphia, Pennsylvania. At the special meeting (and any adjournment or postponement of the meeting), Owosso common shareholders and Owosso preferred shareholders will be asked to consider and vote upon a proposal to approve and adopt the merger agreement.

Record Date

The board of directors of Owosso has fixed the close of business on , 2004 as the record date for the determination of the holders of Owosso Common Stock and Owosso Preferred Stock entitled to receive notice of and to vote at the special meeting. Only holders of record of shares of Owosso Common Stock and Owosso Preferred Stock on the record date are entitled to vote at the special meeting. On the record date, there were shares of Owosso Common Stock outstanding and shares of Owosso Preferred Stock outstanding.

Recommendation of the Owosso Board of Directors

The board of directors of Owosso unanimously approved the merger agreement and the transactions contemplated by the merger agreement and declared them advisable, and unanimously recommends that shareholders vote at the special meeting "FOR" approval and adoption of the merger agreement.

Quorum; Votes Required for Approval

The presence, in person or by proxy, of the holders of a majority of the votes eligible to be cast by the holders of Owosso Common Stock and Owosso Preferred Stock is necessary to constitute a quorum at the special meeting.

At the special meeting, shares of Owosso Common Stock and Owosso Preferred Stock will vote together as a single class, with each share of Owosso Common Stock having one vote and each share of Owosso Preferred Stock having one vote, or one vote for each share of Owosso Common Stock into which each share of Owosso Preferred Stock is then convertible, and the adoption and approval of the merger agreement will require the affirmative vote of at least a majority of such shares cast at the special meeting. In addition, the affirmative vote at the special meeting of a majority of the outstanding shares of Owosso Preferred Stock, voting as a single class, is required to approve and adopt the merger agreement.

In connection with the merger agreement, each of George B. Lemmon, Jr., The John F. Northway, Sr. Trust, Lowell Huntsinger, Morris R. Felt, Randall V. James and John Reese entered into agreements with Allied Motion pursuant to which they agreed to vote their shares of Owosso Common Stock (representing, in the aggregate, approximately 63.37% of the outstanding shares of Owosso

Common Stock) and Owosso Preferred Stock (representing, in the aggregate, 100% of the outstanding shares of Owosso Preferred Stock) in favor of the merger, and have granted an irrevocable proxy to vote their shares of Owosso Common Stock and Owosso Preferred Stock, as applicable, in favor of the merger agreement to certain representatives of Allied Motion.

As of the record date for the special meeting, directors and executive officers of Owosso and their affiliates, as a group, beneficially owned and had the right to vote shares of Owosso Common Stock and shares of Owosso Preferred Stock, representing an aggregate of approximately % of the total voting power of the Owosso common shares and Owosso preferred shares entitled to vote at the special meeting, voting together as a single class with the Owosso preferred shares voting on an as-converted basis, and approximately % of the Owosso Preferred Stock voting as a separate class. Owosso expects directors and executive officers of Owosso and their affiliates to vote their Owosso Common Stock and Owosso Preferred Stock in favor of the approval of the merger agreement.

Voting; Revocation of Proxies

You may cause your Owosso shares to be voted by returning the enclosed proxy card(s) by mail or voting in person at the special meeting. Please note that Owosso is providing separate proxy cards for holders of Owosso Common Stock and Owosso Preferred Stock, and that any shareholder who holds both Owosso Common Stock and Owosso Preferred Stock should receive two different proxy cards, both of which the shareholder will need to complete, sign and return to have all shares of Owosso Common Stock and Owosso Preferred Stock held by such holder represented by proxy at the special meeting. The proxies will vote all shares of Owosso Common Stock and Owosso Preferred Stock represented by properly executed proxy cards received before or at the special meeting, unless revoked, in accordance with the instructions indicated on those proxy cards. If you do not indicate instructions for a proposal on a properly executed and delivered proxy, the proxies will vote the shares covered by the proxy "FOR" the proposal. We urge you to mark your proxy card(s) to indicate how to vote your shares.

Abstentions may be specified on the proposal. Owosso will count a properly executed proxy marked "ABSTAIN" as present for purposes of determining whether there is a quorum. In the event that you submit a proxy marked "ABSTAIN" with respect to the proposal, your vote will not be taken into consideration and all shares of Owosso Common Stock or Owosso Preferred Stock subject to the proxy will not be counted for purposes of determining the number of votes cast.

If your shares are held in the name of a bank, broker or a nominee, you should follow the instructions provided by your bank, broker or nominee when voting your shares or when granting or revoking a proxy. Absent specific instructions from you, your broker is not permitted to vote your shares. A "broker non-vote" occurs when a bank, broker or nominee does not vote on a proposal because it does not have discretionary voting power for that proposal and it has not received instructions from the beneficial owner on how to vote on that proposal. Owosso will count broker non-votes as present and represented at the special meeting for purposes of determining a quorum, but the bank, broker or nominee will not vote those shares on any proposal submitted to shareholders.

If you are a holder of record, you may revoke your proxy at any time before it is voted by:

- written notice addressed to Owosso Corporation, 22543 Fisher Road, P.O. Box 6660, Watertown, New York 13601, Attention: George B. Lemmon, Jr., President and Chief Executive Officer;

- timely submission of a subsequently dated proxy card; or

- appearing in person and voting at the special meeting.

Your attendance at the special meeting will not by itself revoke your proxy.

Owosso is not aware of any business to be acted on at the special meeting, except as described in this proxy statement/prospectus. If any other matters are properly presented at the special meeting, or any adjournment of the special meeting, the persons appointed as proxies or their substitutes will have discretion to vote or act on the matter according to their best judgment and applicable law.

Persons Making the Solicitation; Solicitation Expenses

The proxies of the shareholders of Owosso are being solicited by Owosso's board of directors. Owosso will pay its own costs of soliciting proxies and will share equally with Allied Motion the expenses incurred in connection with the printing and mailing of this proxy statement/prospectus. Owosso will also request banks, brokers and other nominees of shares of Owosso's common stock beneficially owned by others to send this proxy statement/prospectus to, and obtain proxies from, the beneficial owners and will, upon request, reimburse the holders for their reasonable expenses in so doing. In addition to this solicitation by mail, officers and regular employees of Owosso may solicit proxies in person or by mail, telephone, facsimile or other means of electronic transmission. We will not pay any additional compensation to directors, officers or employees for such solicitation efforts.

Owosso shareholders should not send in any stock certificates with their proxy cards. Owosso common shareholders and Owosso preferred shareholders will receive a transmittal letter with instructions for the surrender of their Owosso stock certificates as soon as practicable after completion of the merger.

Voting Securities and Principal Holders Thereof

The following table sets forth information, as of , 2004, with respect to the beneficial ownership of shares of Owosso Common Stock and Owosso Preferred Stock by each person who is known to Owosso to be the beneficial owner of more than five percent of either class of stock, by each director or nominee for director, by Owosso's sole executive officer, and by all directors and the sole

executive officer as a group. Unless otherwise indicated, each person listed has sole voting power and sole investment power over the shares indicated.

	Common Stock		Class A Convertible Preferred Stock		
Name(1)	**Amount and Nature of Beneficial Ownership**	**Percent of Class Outstanding**	**Amount and Nature of Beneficial Ownership**	**Percent of Class Outstanding**	**Percent of Voting Power**
Executive Officers and Directors:					
George B. Lemmon, Jr.	2,455,015(2)	42.6%			35.6%
Harry E. Hill	39,642(3)	*			*
Lowell P. Huntsinger	7,142(4)	*	518,433	48.4%	7.6%
Eugene P. Lynch	24,142(5)	*			*
Harry Holiday, III	84,802	*			*
All directors and executive officers as a group (5 persons)	2,610,743(6)	44.8%	518,433	48.4%	45.4%
Other Shareholders:					
John R. Reese c/o Lazard Asset Management LLC 30 Rockefeller Plaza New York, NY 10112-6300	524,602(7)	9.0%			7.6%
Morris R. Felt 34348 NYS Route 12 Clayton, NY 13624		*	259,216	24.2%	3.8%
Randall V. James 11620 Court of Palms Unit 204 Ft. Myers, FL 33908	16,090	*	293,779	27.4%	4.5%
John F. Northway, Sr. Trust, U/A/D July 23, 1984 1150 Cleveland Street Clearwater, FL 33755	687,949(8)	11.8%			10.0%
	549,600(9)	9.4%			8.0%

	Common Stock	Class A Convertible Preferred Stock
Innisfree Capital, L.L.C. 324 East 50th Street New York, NY 10022		

*
Less than 1%

(1)
Unless otherwise indicated, the address of each person named in the table is: c/o Owosso Corporation, 22543 Fisher Road, P.O. Box 6660, Watertown, New York 13601. In connection with the merger agreement, the John F. Northway, Sr. Trust and each of Messrs. Lemmon, Jr., Reese, Huntsinger, Felt and James entered into voting agreements with Allied Motion pursuant to which each agreed to vote such person's shares of Owosso Common Stock or Owosso Preferred Stock, as applicable, in favor of the merger agreement and has granted an irrevocable proxy to vote such person's shares of Owosso Common Stock or Owosso Preferred Stock, as applicable, in favor of the merger agreement to certain representatives of Allied Motion.

(2)
Includes 130,800 shares of Owosso Common Stock purchasable upon the exercise of stock options and 2,090,671 shares of Owosso Common Stock held by a limited partnership of which a limited partnership controlled by Mr. Lemmon is the general partner. 217,538 shares are held by Mr. Lemmon, Jr. jointly with his wife.

(3)
Includes 13,000 shares of Owosso Common Stock purchasable upon the exercise of stock options. 1,000 shares are held by Mr. Hill as custodian for his children.

(4)
Includes 15,000 shares of Owosso Common Stock purchasable upon the exercise of stock options.

(5)
Includes 11,000 shares of Owosso Common Stock purchasable upon the exercise of stock options. 5,000 shares are deemed to be beneficially owned by Mr. Lynch as a trustee of a trust under which the children of Mr. Lemmon, Jr. are beneficiaries.

(6)
Includes 233,800 shares of Owosso Common Stock purchasable upon the exercise of stock options.

(7)
12,000 shares are deemed to be beneficially owned by Mr. Reese as trustee under a trust under which his family members are beneficiaries. 512,602 shares are held by Mr. Reese jointly with his wife.

(8)
All of these shares are held by the Northway Family Limited Partnership, of which John F. Northway, Sr. Trust is the General Partner. The Trustees of the John F. Northway, Sr. Trust are First National Trust Company of Florida and Martha Johnson. As Co-Trustees, First National Trust Company of Florida and Martha Johnson may be deemed to be beneficial owners.

(9)
Information with respect to beneficial ownership is based upon information furnished by the shareholder pursuant to Schedule 13G/A filed with the SEC, dated February 21, 2003. Innisfree Capital L.L.C. reports shared voting power and shared dispositive power. The shares are owned directly by Innisfree Partners, L.P., a Delaware limited partnership ("IP"). They are also beneficially owned by Innisfree Capital, L.L.C., a Delaware limited liability company ("IC"), which serves as the general partner and investment manager of IP, and by James B. Dinneen, Jr., who is the managing member of IC.

THE MERGER

This section of the proxy statement/prospectus describes certain aspects of the merger agreement and the proposed merger. The following description does not purport to be complete and is qualified in its entirety by reference to the merger agreement, which is attached as *Appendix A* to this proxy statement/prospectus and is incorporated herein by reference. We urge you to read the merger agreement carefully in its entirety.

Background to the Merger

In 1998, Owosso formulated a long-term plan to concentrate on value-added components for industry. In connection with its implementation of that plan, Owosso began a series of divestitures beginning with the sale of the four businesses comprising its historical Agricultural Equipment segment. The sale of the last of those businesses was completed in January 2001 with the divestiture of Sooner Trailer Manufacturing Company. During that time, however, Owosso experienced a significant downturn in its operating results, and at the end of fiscal 2000 was out of compliance with various covenants under its bank credit facility.

In March 2001, the Owosso board of directors formed a special committee for the purpose of evaluating the merits of a possible sale of the Company, a refinancing of the Company's existing debt and preferred stock, and to explore the possibility of other strategic alternatives designed to enhance shareholder value. The special committee began discussing these alternatives with Banc of America Securities LLC, which is sometimes referred to in this proxy statement/prospectus as "BOA", an investment banking firm familiar with Owosso and the industry in which it operates. As part of its efforts to gauge and solicit interest in the business of Owosso, BOA arranged introductory investment conferences between Owosso and certain potential buyers.

These preliminary meetings and subsequent contacts resulted in several prospective buyers expressing interest in purchasing either Owosso's Coils segment or Owosso's Motors segment. However, none of the prospective buyers expressed an interest in purchasing Owosso's entire business. After analyzing the offers received by the various potential buyers solicited by BOA, Owosso's board of directors determined that it was in the best interest of the company to discontinue discussions regarding a potential sale transaction at that time.

Throughout fiscal 2001, Owosso remained out of compliance with financial covenants, including maintenance of minimum operating profit, under its bank credit facility. As a result, Owosso and its lenders entered into a series of amendments to the facility, and in each case Owosso's lenders agreed to forebear from exercising their rights and remedies under the facility.

In order to meet the lenders' requirements for reduced outstanding balances and to secure the lenders' agreement to forebear, Owosso engaged in a series of divestitures of its operating subsidiaries. On October 26, 2001, Owosso completed the sale of the assets of the remaining businesses in its Coils segment. In July, 2002, Owosso sold its Motor Products subsidiaries, Motor Products Owosso Corporation and Motor Products Ohio Corporation, which are referred to collectively in this proxy statement/prospectus as "Motor Products", to Allied Motion. As a result of these transactions, Stature was left as Owosso's lone operating subsidiary.

At the time of its purchase of Motor Products, Allied Motion expressed an interest in purchasing Stature. Owosso's board of directors determined at that time that it was in the best interest of the company to decline pursuing a potential sale transaction with Allied Motion and instead attempt to refinance Owosso's existing credit facility and develop Owosso independently as the manufacturing markets began to recover from an industry-wide economic decline.

Following the divestiture of Motor Products through June 2003, Owosso attempted to refinance its credit facility without success. At the same time, Stature's operating results continued to decline. As a

result, the Company entered into additional amendments to its credit facility, and in each case Owosso's lenders agreed to continue to forebear from exercising their rights and remedies under the facility despite Owosso's noncompliance with financial covenants.

During their meeting on June 5, 2003, Owosso's board of directors discussed the viability of Stature and the strategic direction of Owosso in light of the company's inability to refinance its credit facility. Evaluating the company's weakened capital structure and greatly reduced sales base, and recognizing the general loss of Owosso's ability to leverage investment expenses, attract talented management, and compete on a global basis, the board decided that it would be in the best interest of Owosso to explore a potential sale of the company to Allied Motion in order to enhance shareholder value. Following the June 5, 2003 meeting, George B. Lemmon, Jr., the company's President and Chief Executive

Officer, initiated telephone conversations with representatives of Allied Motion to ascertain their interest in a possible transaction involving Owosso.

On July 28, 2003, members of Owosso's board of directors and each of the holders of Owosso preferred shares traveled to Owosso, Michigan to visit with the executive officers of Allied Motion and to visit the facilities of Owosso's former subsidiaries comprising Motor Products. During the visit, the Owosso directors and the Owosso Preferred Stock holders gained a better understanding of Allied Motion's operating strategy and philosophies as well as the changes that had been implemented at Motor Products since its acquisition by Allied Motion. The group of Owosso directors present were enthusiastic about Allied Motion's operating approach, its executive management team and the changes that had been implemented at Motor Products. The group felt that Owosso and Stature would achieve better future growth as a part of Allied Motion rather than on a stand-alone business, and recommended to the full Owosso board that the company pursue discussions with Allied Motion regarding a potential sale transaction. Subsequent to the July 28, 2003 meeting, George B. Lemmon, Jr. and certain executive officers of Allied Motion began discussions regarding the terms of a potential sale transaction.

The tentative terms of a proposed sale transaction were submitted to Owosso's board of directors for consideration during special meetings held via teleconference on August 19 and 22, 2003. At the August 22, 2003 meeting, the tentative terms were approved and the board authorized Owosso's management to negotiate a definitive agreement between the parties.

On August 28, 2003, Owosso and Allied Motion signed a non-binding letter of intent in which it was agreed that Allied Motion would acquire Owosso in a merger transaction. The letter of intent also granted Allied Motion an exclusive period in which to conduct due diligence and negotiate and sign a definite merger agreement with Owosso. On October 17, 2003, prior to the end of the period of exclusivity, Allied Motion informed Owosso that it would not be able to complete the transaction under the terms outlined in the letter of intent as a result of the findings produced by their due diligence investigation.

On November 17, 2003, after several weeks of discussions and negotiations, Owosso and Allied Motion signed a new non-binding letter of intent, which did not include any term of exclusivity, superseding the letter of intent dated August 28, 2003 and outlining revised terms and conditions relating to a potential merger transaction.

Between November 17, 2003 and February 9, 2004, Owosso, directly and through its advisors, continued negotiations with Allied Motion to finalize the terms of a definitive merger agreement. During this time, Owosso received indications of interest from multiple third parties regarding a potential purchase of Stature. Owosso's board determined that it would be in the best interest of Owosso to continue negotiations with Allied Motion regarding a sale transaction involving Owosso's entire business rather than to explore a potential sale transaction involving only Stature.

On February 9, 2004, the Owosso board of directors held a special meeting to review and discuss the potential transaction with Allied Motion and the terms and conditions of the merger agreement. After considering the terms of the proposed transaction and considering the advice of its advisors, the Owosso board of directors unanimously approved the merger agreement, the merger and the other transactions contemplated by the merger agreement.

On February 10, 2004, Allied Motion and Owosso signed the merger agreement, and both parties issued press releases announcing the execution of the merger agreement.

Recommendation of the Owosso Board of Directors

On February 10, 2004, the Owosso board:

- unanimously approved the merger agreement,
- determined that the merger agreement and the merger were advisable and fair to, and in the best interest of, Owosso, and
- recommended that Owosso's shareholders vote their shares in favor of the merger agreement.

The board of directors of Owosso unanimously recommends that shareholders vote at the special meeting "FOR" adoption and approval of the merger agreement.

Owosso's Reasons for the Merger

The Owosso board did not find it practicable to, and did not, quantify or otherwise assign relative weights to the specific factors considered in reaching its determination. Rather, the directors made their respective determinations based on the totality of the information presented to them, and the judgments of individual members of the board may have been influenced to a greater or lesser degree by different factors. In reaching its determination to recommend that shareholders vote in favor of the merger agreement, the Owosso board consulted with management and its legal counsel and considered the following material factors:

Throughout the process that Owosso has conducted of evaluating its strategic alternatives, including the proposed transaction with Allied Motion, the Owosso board considered possible alternatives to a transaction, including continuing to execute on its strategic plan as an independent company. However, while the Owosso board considered remaining independent a viable alternative, it considered the merger with Allied Motion and the associated strategic fit and the revenue base and financial resources of Allied Motion to be a significant benefit that could not be obtained by remaining an independent company, with its perceived risks and challenges.

The consideration to be paid to Owosso shareholders provides an opportunity for Owosso shareholders to participate in the future growth in the value of the surviving company following the merger as shareholders of Allied Motion.

The surviving company would be stronger than either Allied Motion or Owosso operating independently because of the strategic fit between the lines of business in which Allied Motion and Owosso operate and the complementary nature of the management teams. The Owosso board viewed the merger as an effective way to carry on Owosso's business and provide it with a competitive advantage as part of a larger organization with a broader service offerings, increased diversification, a wider revenue base and deeper financial resources.

Market forces in the domestic manufacturing sector are forcing both Allied Motion and Owosso to source components and complete products globally. Developing and managing this process is

expensive and time consuming and it is more cost effective to approach global sources with higher volumes as a result of a combined entity.

Allied Motion's senior operating executives have the type of experience and talent that Owosso requires to grow into the future. However, Owosso does not have the ability to recruit this type of management because of its size and capital structure.

Recent changes in the rules and regulations of being a publicly-traded company have dramatically increased the costs of operations. These expenses have a relatively high fixed cost component and a small variable component. Therefore, it is more cost effective to distribute these costs over a larger enterprise.

Owosso and its representatives may, in certain circumstances, furnish information to, or enter into discussions with, third parties making acquisition proposals not solicited after the date of the merger agreement.

Under the merger agreement, the Owosso board has the right, subject to providing prior notice to Allied, to withdraw or modify its recommendation in favor of the merger agreement and terminate the merger agreement if Owosso receives a superior proposal and the Owosso board determines, in good faith and after receiving the advice of its outside legal counsel, that it is required to do so in order to comply with its fiduciary obligations to Owosso's shareholders under applicable law.

In addition to those set forth above, in the course of its deliberations, the Owosso board considered a number of additional factors relevant to the merger, including:

- historical information concerning Owosso and Allied Motion and their respective businesses, financial performance, condition, operations, management and position in their respective industries, and information and evaluations regarding the two companies' strengths, weaknesses and prospects, both before and after giving effect to the merger;

- current industry, market and economic conditions, including the potential effects of a continued economic recovery;

- current financial market conditions and historical market prices, volatility and trading information for Owosso Common Stock and Allied Motion Common Stock, and various factors that might affect the market value of Allied Motion Common Stock in the future;

- the effect of the merger on Owosso customers, employees and other constituencies; and

- the terms of the merger agreement and related agreements, by themselves and in comparison to the terms of other transactions, and the negotiations between Owosso and Allied Motion.

The potential negative factors the Owosso board considered include:

- that because the consideration to be paid by Allied Motion in the merger is in part Allied Motion Common Stock, Owosso shareholders will be subject to the risks associated with being a Allied Motion stockholder, as detailed in this proxy statement/prospectus under the section entitled "Risk Factors;"

- that because Owosso shareholders will receive common stock of Allied Motion, they will no longer be entitled to share directly, exclusively and entirely in the growth and performance of the Owosso business, but Owosso shareholders will nonetheless continue to share indirectly in the future growth and performance of Owosso's business after the closing of the merger as a part of Allied Motion;

- that entering into a definitive agreement with Allied Motion, and that certain provisions of the merger agreement, such as the non-solicitation and termination fee provisions, may have the

effect of discouraging other prospective buyers from pursuing a more advantageous business combination with Owosso;

- the substantial time and effort that Owosso management has devoted, and will continue to devote, to complete this transaction and to the integration of the businesses;

- that pursuant to the merger agreement, Owosso is required to obtain Allied Motion's consent before it can take a variety of actions during the period of time between the signing of the merger agreement and the closing of the merger;

- the risk that potential benefits and synergies sought in the merger may not be fully realized, if at all;

- the risk that despite the efforts of the combined company, key management personnel of Owosso might not choose to remain employed by the combined company or employee attrition might occur;

the adverse effect on Owosso's business, operating results and financial condition and the effect on Owosso's ability to attract and retain key management personnel if the merger was not consummated following public announcement that the merger agreement had been entered into; and

the risk that the operations of Owosso would be disrupted by employee uncertainty following announcement of the merger.

The Owosso board concluded, however, that many of these risks could be managed or mitigated by Owosso or by the surviving company or were unlikely to have a material effect on the merger or the surviving company, and that, overall, the risks, uncertainties, restrictions and potentially negative factors associated with the merger were outweighed by the potential benefits of the merger.

The foregoing discussion of factors considered by the Owosso board is not meant to be exhaustive but includes the material factors considered by the board in approving the merger agreement and the transactions contemplated by the merger agreement and in recommending that shareholders approve the merger agreement.

Allied Motion's Reasons for the Merger

The board of directors of Allied Motion believes that the merger is fair to and in the best interests of Allied Motion and its shareholders. In reaching this determination, Allied Motion's board consulted with management, as well as its financial advisors, legal counsel and accountants, and considered a number of factors. The material factors considered by Allied Motion's Board in reaching the foregoing conclusions are described below.

In making its determination with respect to the merger, Allied Motion's board considered the following factors, all of which the board deemed favorable, in approving the merger:

Allied Motion has stated that its corporate strategy is to grow its business through both internal growth and strategic acquisitions. Allied Motion is acquiring Owosso for the purpose of acquiring Owosso's sole remaining operating company, Stature Electric, Inc. Stature's business is a strategic fit with the Allied Motion's business for the following reasons:

both companies operate motion related businesses, which is the sole focus of Allied Motion;

Stature is aligned with Allied Motion's driving force as a electro-magnetic motion technology/know-how company;

both companies apply engineered products to meet the exact needs of customer applications;

Stature's products are complimentary to Allied Motion's products and further expand Allied Motion's ability to offer a wider range of motion solutions to its customers;

Motor Products was previously a sister company of Stature and they previously shared a common sales force; and

the adjacent markets served by both companies allow for expanded sales of additional products within the served markets of the combined entity.

The combined companies will gain synergies through shared sales channels, manufacturing processes and strategic sourcing of materials.

Allied Motion management believes that the application of Allied's Systematic Tools, or "AST", within Stature, will provide the framework for improved performance and competitiveness of Stature in the future.

Allied Motion management believes it can bring the leadership and direction to establish a firm foundation and assist Stature in re-emerging as a growth business in the future.

Stature has an extensive design and applications engineering capability that will complement the needs of Allied Motion in its Commercial Motors segment and further enhances Allied Motion's ability to meet the future needs of its customers.

Stature has a history of strong financial performance and an excellent reputation for quality products and on-time delivery.

Stature has a stable and well trained workforce.

The State of New York, the City of Watertown, New York and Jefferson County, New York have offered Allied Motion financial incentives and strong support in completing the acquisition and to further create an economic climate that will help ensure Stature's long term viability in the region.

The total market capitalization of Allied Motion would increase as a result of the merger. The board believes that increased total market capitalization would provide Allied Motion shareholders with enhanced liquidity and would make Allied Motion Common Stock a more attractive investment for investors, thereby enhancing Allied Motion's ability to raise additional equity capital in the future.

Allied Motion's board also considered the following factors, all of which the board considered negative, in its deliberations concerning the merger:

The significant transaction costs involved in connection with consummating the merger and the substantial management time and effort required to effectuate the merger and to integrate the businesses of Allied Motion and Stature.

The potential liabilities that may arise in connection with Owosso's divested business operations.

Allied Motion's debt obligations after the merger would increase significantly and could adversely affect the market for Allied Motion Common Stock or inhibit Allied Motion's ability to raise capital and issue equity in both the public and private markets.

The risk that the anticipated benefits of the merger might not be fully realized.

In the opinion of Allied Motion's board, the factors listed above represent the material potential risks and adverse consequences to Allied Motion's existing shareholders which could occur as a result of the transaction. In considering the merger, the board considered the impact of these risks and consequences on Allied Motion's existing shareholders. In the opinion of the board, however, these

potential risks and consequences were outweighed by the potential positive factors considered by the board which are described above. Accordingly, the Allied Motion board voted to approve the merger.

Material United States Federal Income Tax Consequences

The following is a summary of certain U.S. federal income tax consequences of the merger to the holders of Owosso Common Stock and Owosso Preferred Stock. This discussion is based on the provisions of the Internal Revenue Code of 1986, as amended, referred to in this proxy statement/prospectus as the "tax code", applicable Treasury regulations promulgated under the tax code by the Internal Revenue Service, referred to in this proxy statement/prospectus as the "IRS", and rulings and judicial interpretations of the IRS, all as in effect as of the date of this proxy statement/prospectus and all of which are subject to change occurring after this date, possibly with retroactive effect. There can be no assurance that future legislative, judicial or administrative action will not affect the accuracy of the statements or conclusions in this joint proxy statement/prospectus.

This summary does not address all the U.S. federal income tax considerations that may be relevant to Owosso shareholders, particularly holders subject to special treatment under the tax code, including without limitation, persons who are dealers in securities, who are subject to the alternative minimum tax provisions of the tax code, who are foreign persons, insurance companies, tax-exempt organizations, financial institutions, or broker-dealers, who hold their shares as part of a hedge, straddle, conversion or other risk-reduction transaction, or who acquired their shares in connection with the exercise of employee stock options or otherwise as compensation.

The following summary does not address the tax consequences of the merger under foreign, state or local tax laws.

Unlike many mergers involving a stock for stock exchange, the exchange of Allied Motion Common Stock for Owosso Common Stock pursuant to the terms of the merger agreement will be a taxable transaction for federal income tax purposes.

A shareholder of Owosso who exchanges Owosso Common Stock for Allied Motion Common Stock pursuant to the merger will recognize gain or loss equal to the difference between:

- the fair market value of the Allied Motion Common Stock received by the shareholder pursuant to the merger agreement and any cash received instead of a fractional share, and

- the tax basis in the Owosso Common Stock exchanged by such shareholder pursuant to the merger agreement.

Gain or loss must be determined separately for each block of Owosso Common Stock surrendered pursuant to the merger. For purposes of federal tax law, a block consists of shares of Owosso Common Stock acquired by the shareholder at the same time and price. An Owosso shareholder who exercises dissenters' rights of appraisal and who receives a cash payment for his or her shares of Owosso stock pursuant to the Pennsylvania statute governing such rights will be treated as having received such payment in redemption of such stock. Such redemption will be subject to the conditions and limitations of Section 302 of the Internal Revenue Code.

A shareholder of Owosso who exchanges Owosso Preferred Stock pursuant to the merger will recognize gain or loss equal to the difference between:

- the aggregate of the cash received in the merger, the fair market value of the Allied Motion Common Stock received by such shareholder, the fair market value of the warrants to purchase Allied Motion Common Stock received in the merger, and, for a shareholder who recognizes a loss on the merger, the current fair market value of the shareholder's subordinated promissory note that will be issued by Allied Motion if certain revenue targets are met by the custom motor and gear motors design and manufacturing business currently operated by Stature, and

- the tax basis of the Owosso Preferred Stock exchanged by such shareholder pursuant to the merger agreement. Gain or loss must be determined separately for each block of Owosso Preferred Stock surrendered pursuant to the merger. For purposes of federal tax law, a block consists of shares of Owosso Preferred Stock acquired by the shareholder at the same time and price. A shareholder of Owosso who exchanges Owosso Preferred Stock and recognizes gain (taking into account the maximum amount that the shareholder could receive from the receipt of a subordinated promissory note from Allied Motion if certain revenue targets are met by the custom motor and gear motors design and manufacturing business currently operated by Stature) must report the gain on the merger pursuant to the installment method (unless an election is made to not use the installment method). For shareholders who report on the installment method, complex rules require an allocation of basis to each payment of consideration received, and if a subordinated promissory note is received, a portion of the payments on the note will be imputed as interest, taxable at ordinary income rates.

Gain or loss recognized by an Owosso shareholder exchanging his or her Owosso Common Stock or Owosso Preferred Stock pursuant to the merger agreement or exchanging Owosso Common Stock pursuant to the exercise of dissenters' rights of appraisal will be capital gain or loss if such Owosso Common Stock or Owosso Preferred Stock is a capital asset in the hands of such shareholder. If the Owosso Common Stock or Owosso Preferred Stock has been held for more than one year, the gain or loss will be long-term.

Neither Owosso nor Allied Motion has requested or will request a ruling from the IRS as to any of the tax effects to Owosso's shareholders of the merger, and no opinion of counsel has been or will be rendered to Owosso's shareholders with respect to any of the tax effects of the merger to Owosso's shareholders.

An Owosso shareholder may be subject, under some circumstances, to backup withholding at a rate of 28% with respect to the amount of cash, if any, received as a holder of Owosso Common Stock instead of a fraction of a share of Allied Motion Common Stock in the merger and the amount of cash received as a holder of Owosso Preferred Stock, unless the shareholder provides proof of an applicable exemption or a correct taxpayer identification number, and otherwise complies with applicable requirements of the backup withholding rules. Any amounts withheld under the backup withholding rules are not an additional tax and may be refunded or credited against the holder's U.S.federal income tax liability, provided the required information is furnished to the IRS.

Determining the actual tax consequences of the merger to an Owosso shareholder may be complicated. The consequences will depend on the shareholder's specific situation and on variables not within the control of Owosso or Allied Motion.

The federal income tax discussion set forth above is based upon current law and is intended for general information only. You are urged to consult your tax advisor concerning the specific tax consequences of the merger to you, including the applicability and effect of state, local or other tax laws and of any proposed changes in those tax laws and the Internal Revenue Code.

Appraisal Rights

Owosso Common Stock

Under Subchapter D of Chapter 15 of the Pennsylvania Business Corporation Law of 1988, holders of shares of Owosso Common Stock have the right to dissent from the merger and obtain a cash payment of the "fair value" of their shares in cash in the event that the merger is consummated. The term "fair value" means the value of a share of Owosso Common Stock immediately before consummation of the merger taking into account all relevant factors, but excluding any appreciation or depreciation in anticipation of the merger. Neither Allied Motion nor Owosso can assure you as to the

methodology a court would use to determine fair value or how a court would select which elements of value are to be included in this determination. The value so determined could be more or less than the consideration to be paid for each share of Owosso Common Stock in the merger. A copy of the applicable statute is included as *Appendix B* to this proxy statement/prospectus. The following summary of the provisions is qualified in its entirety by reference to *Appendix B*.

If you wish to exercise dissenters' rights, you must do all of the following:

- submit, before the vote upon the merger at the special meeting, a written notice to Owosso of your intention to demand payment of the fair value of your shares if the merger is consummated;
- make no change in the beneficial ownership of the shares between the date of your notice and the date that the merger is consummated; and
- not vote your shares of Owosso Common Stock in favor of the approval and adoption of the merger agreement.

Voting against, abstaining from voting, or failing to vote on the approval and adoption of the merger agreement will not constitute written notice of an intent to demand payment for shares of Owosso Common Stock within the meaning of Subchapter D. You must send a separate, written notice of demand which includes your name, address and telephone number to:

Owosso Corporation
22543 Fisher Road, PO Box 6660
Watertown, NY 13601
Phone: (315) 782-5910
Attention: Jeffrey Swanson

In the event that, after filing a written notice to demand payment of fair value, you vote for approval and adoption of the merger agreement, or you deliver a proxy in connection with the special meeting that does not specify a vote against, or an abstention from voting on, approval and adoption of the merger agreement, you will have waived your dissenters' rights and will have nullified any written notice of an intent to demand payment that you previously submitted. However, failure to submit a proxy specifying a vote against or abstention from voting on the merger after filing a written notice to demand payment of fair value will not waive your dissenters' rights.

You may assert dissenters' rights as to less than all of the shares registered in your name only if you dissent with respect to all shares owned by any one beneficial owner and you disclose the name and address of each person on whose behalf you are dissenting. The rights of a partial dissenter are determined as if the shares as to which the record holder dissents and the record holder's remaining shares were registered in the names of different shareholders. A beneficial owner may assert dissenters' rights as to shares held on the beneficial owner's behalf only if the beneficial owner submits to Owosso the record holder's written consents to the dissent no later than the time the beneficial owner asserts his or her dissenters' rights. A beneficial owner may not dissent with respect to less than all shares of the same class or series owned by the beneficial owner, whether or not the shares owned by the beneficial owner are registered in the beneficial owner's name.

If the merger agreement is approved and adopted, Owosso will deliver a further notice to all holders who have satisfied the foregoing requirements. This notice will instruct the holder on the procedure for obtaining payment and will include a copy of Subchapter D. Failure to strictly follow the procedures set forth in Subchapter D regarding perfection of dissenters' rights may result in a loss of the right to payment.

The foregoing is only a summary of the rights of a dissenting shareholder of Owosso. If you intend to dissent from the merger, you should carefully review the applicable provisions of Subchapter D and

should also consult with your attorney. Your failure to follow precisely the procedures summarized above may result in loss of your dissenters' rights. No additional notice of the events giving rise to dissenters' rights or any steps associated with asserting those rights will be furnished to you, except as indicated above or otherwise required by law.

Owosso Preferred Stock

Appraisal rights in connection with the merger are not available with respect to shares of Owosso Preferred Stock under Subchapter D of Chapter 15 of the Pennsylvania Business Corporation Law of 1988.

Effects on the Market for Owosso Common Stock

Following the merger, we intend to cause the shares of Owosso Common Stock to no longer be quoted on the OTC Bulletin Board. Following this event, shares of Owosso Common Stock will no longer be publicly traded and Owosso will no longer file periodic reports under the Exchange Act.

Exchange Act Registration

Shares of Owosso Common Stock are currently registered under the Exchange Act. Following the merger, we will file a Form 15 with the SEC requesting the suspension and termination of registration of shares of Owosso Common Stock under the Exchange Act.

Accounting Treatment for the Merger

Allied Motion will account for the merger under the purchase method of accounting in accordance with accounting principles generally accepted in the United States. Accordingly, the cost to acquire shares of Owosso Common Stock and Owosso Preferred Stock in excess of the carrying value of Owosso's assets and liabilities will be allocated to Owosso's assets and liabilities based on their fair values, with any excess being allocated to goodwill and any identified intangible assets. The determination of asset lives and required purchase accounting adjustments reflected in this document, including the allocation of the purchase price to the assets and liabilities of Owosso based on their respective fair values, is preliminary. For additional information, see the notes accompanying the Unaudited Pro Forma Combined Condensed Financial Statements of Allied Motion contained in this proxy statement/prospectus.

Resale of Allied Motion Common Stock

Shares of Allied Motion Common Stock issued in connection with the merger will not be subject to any restrictions on transfer arising under the Securities Act, except for shares of Allied Motion Common Stock issued to any Owosso shareholder that is, or is expected to be, an "affiliate" of Allied Motion or Owosso for purposes of Rule 145 under the Securities Act (or Rule 144 under the Securities Act in the case of Owosso shareholders, if any, who become affiliates of Allied Motion). Persons that may be deemed to be "affiliates" of Allied Motion or Owosso for these purposes generally include individuals or entities that control, are controlled by, or are under common control with, Allied Motion or Owosso, and will include the directors and the sole executive officer of Owosso. The merger agreement requires Owosso to use its reasonable best efforts to cause each of its affiliates to execute a written agreement with Allied Motion to the effect that such affiliate will not transfer any shares of Allied Motion Common Stock received as a result of the merger, except pursuant to an effective registration statement under the Securities Act or in a transaction not required to be registered under the Securities Act.

This proxy statement/prospectus does not cover resales of shares of Allied Motion Common Stock received by any person in connection with the merger, and Allied Motion has not authorized any

person to make any use of this proxy statement/prospectus in connection with any resale of shares of Allied Motion Common Stock.

Leased Employee Agreement

Subsequent to the execution of the merger agreement, Allied Motion, Owosso, Stature and Ron Wenzel entered into an agreement pursuant to which Allied Motion agreed to lease Mr. Wenzel to Owosso on an interim basis prior to the effective time of the merger. Under the terms of the agreement, Mr. Wenzel, who was recently hired by Allied Motion to manage Stature after consummation of the merger, will provide executive management services related to the production, marketing and sale of products manufactured by Stature at its Watertown, New York facility. During the term of the agreement, Owosso and Stature are obligated to pay Allied Motion an amount equal to Mr. Wenzel's salary, the cost of his fringe benefits and certain employment related expenses.

The agreement is terminable at the option of Owosso or Allied Motion. In the event that Allied Motion terminates the agreement, Owosso has the right to elect to extend its term for a period of ninety days by delivering written notice to Allied Motion and Mr. Wenzel.

INTERESTS OF CERTAIN PERSONS IN THE MERGER

In considering the recommendation of Owosso's board of directors with respect to the merger agreement, Owosso's shareholders should be aware that some of Owosso's executive officers, directors and significant shareholders have interests in the merger and have arrangements that are different from, or in addition to, those of Owosso's shareholders generally. These interests and arrangements may create potential conflicts of interest. Owosso's board of directors was aware of these potential conflicts of interest and considered them, among other matters, in reaching its decisions to approve the merger agreement and to recommend that Owosso's common and preferred shareholders vote in favor of approving the merger agreement.

Ownership of Directors and Officers

As of the record date of the special meeting, directors and executive officers of Owosso beneficially owned in the aggregate shares of Owosso's common stock, representing approximately % of the outstanding common stock, and shares of Owosso Preferred Stock, representing approximately % of the outstanding preferred stock. Collectively, these Owosso common shares and Owosso preferred shares represented approximately % of the total voting power of the Owosso common shares and Owosso preferred shares as of the record date for the special meeting, voting together as a single class with the Owosso preferred shares voting on an as-converted basis. For a detailed discussion of Owosso stock held by directors, the sole executive officer and significant shareholders of Owosso, see the section of this proxy statement/prospectus entitled "The Owosso Special Meeting Voting Securities and Principal Holders Thereof" beginning on page .

Upon completion of the merger, the shares of Owosso Common Stock and Owosso Preferred Stock held by each of the directors and the sole executive officer of Owosso will be converted into shares of Allied Motion Common Stock on the same basis as all other shares of Owosso Common Stock and Owosso Preferred Stock.

Voting Agreements

In connection with the merger agreement, each of George B. Lemmon, Jr., The John F. Northway, Sr. Trust, Lowell Huntsinger, Morris R. Felt, Randall V. James and John Reese entered into agreements with Allied Motion pursuant to which they agreed to vote their shares of Owosso Common Stock (representing, in the aggregate, approximately 63.37% of the outstanding shares of Owosso Common Stock) and Owosso Preferred Stock (representing, in the aggregate, 100% of the outstanding shares of Owosso Preferred Stock) in favor of the merger, and have granted an irrevocable proxy to vote their shares of Owosso Common Stock and Owosso Preferred Stock, as applicable, in favor of the approval and adoption of the merger agreement to certain representatives of Allied Motion.

Insurance; Indemnification

For a period of not less than one year and not more than three years after the effective time of the merger, Allied Motion will cause to be maintained in effect a directors' and officers' liability insurance policy. Additionally, from and after the effective time of the merger, the surviving corporation will indemnify and hold harmless each present and former director and officer of Owosso or any of its subsidiaries, against any costs (including reasonable attorneys' fees), judgments incurred in connection with any threatened, pending or completed claim, action or suit existing or occurring at or before the effective time. For a more detailed discussion regarding the insurance coverage and indemnification rights to be received by Owosso's directors and officers in connection with the merger, see the section of this proxy statement/prospectus entitled "The Merger Agreement Indemnification; Insurance" beginning on page .

Salary Continuation Agreement

On October 1, 2001, Owosso entered into a two-year Executive Salary Continuation Agreement with George B. Lemmon, Jr., Owosso's President and Chief Executive Officer. The initial term of the Agreement but was subsequently extended through July 1, 2004. The agreement provides that after a termination of employment at any time during a change of control period, the agreement will remain in effect until all of the obligations of the parties are satisfied or have expired. In the event of the termination of employment of Mr. Lemmon during the two year period following a change of control, Owosso will pay to Mr. Lemmon, in a lump sum, an amount equal to eighteen months' base salary, the aggregate fair market value of Owosso's common shares subject to all stock options outstanding and unexercised as of the date of termination of employment, whether vested or unvested, granted to Mr. Lemmon, over the aggregate exercise price of all such stock options in respect of which the fair market value exceeds the exercise price, as well as provide certain other benefits, including eighteen months of medical, dental, life and disability benefits. If Mr. Lemmon's employment is terminated other than during the two year period following a change of control, Owosso will pay Mr. Lemmon's base salary for twelve months thereafter as well as provide certain other benefits, including out-placement services and twelve months of medical, dental, life and disability benefits, as long as such termination was not for cause, which is defined as willful misconduct or gross negligence which has had an adverse effect on Owosso's business, operations, assets or properties so as to materially adversely affect the financial condition of Owosso and its subsidiaries taken as a whole.

In connection with the merger, Mr. Lemmon's Executive Salary Continuation Agreement will be amended to modify the timing (but not the amounts) of payments made under the Agreement.

MATERIAL CONTACTS BETWEEN ALLIED MOTION AND OWOSSO

Allied and Owosso have had a commercial relationship since July 30, 2002, when Allied acquired 100% of the stock of Motor Products from Owosso.

Other than contacts relating to the merger agreement and the merger, which are described in the section of this proxy statement/prospectus entitled "Background of the Merger" beginning on page , there have been no material contacts between Allied and Owosso since July 30, 2002.

THE MERGER AGREEMENT

This section of the proxy statement/prospectus describes certain aspects of the merger agreement and the proposed merger. The following description does not purport to be complete and is qualified in its entirety by reference to the merger agreement, which is attached as *Appendix A* to this proxy statement/prospectus and is incorporated in this proxy statement/prospectus by reference. We urge you to read the merger agreement carefully in its entirety.

General Terms of the Merger Agreement

On February 10, 2004, Allied Motion, Owosso and AMOT entered into the merger agreement. The merger provided for by the merger agreement will become effective upon the filing of a properly executed certificate of merger with the Department of State of the Commonwealth of Pennsylvania in accordance with the Pennsylvania Business Corporation Law. The effective time of the merger is sometime referred to in this proxy statement/prospectus as the "effective time."

At the effective time, Owosso will be merged with and into AMOT, with AMOT surviving as a direct or indirect wholly-owned subsidiary of Allied Motion, and the separate existence of Owosso will cease. AMOT as it will exist following the completion of the merger is sometime referred to as the "surviving corporation" in this proxy statement/prospectus. At the effective time:

- the articles of incorporation and the bylaws of AMOT will become the articles of incorporation and bylaws of the surviving corporation;
- the directors of AMOT will become the initial directors of the surviving corporation and the officers of AMOT will become the officers of the surviving corporation;
- all debts, liabilities and duties of AMOT will become the debts, liabilities and duties of the surviving corporation; and
- all properties, rights, privileges, powers and franchises of Owosso will belong to the surviving corporation.

Prior to the effective time, Stature will merge with and into Owosso.

Treatment of Securities in the Merger

Owosso Common Stock and Preferred Stock

The merger agreement provides that each share of Owosso Common Stock outstanding immediately prior to the effective time (other than shares as to which appraisal rights have been properly exercised) will at the effective time be converted into the right to receive .068 of a fully paid and nonassessable share of Allied Motion Common Stock (which, together with the cash in lieu of any fractional share of Allied Motion Common Stock described below, we sometimes refer to in this proxy statement/prospectus as the "common merger consideration.") However, any shares of Owosso Common Stock held in the treasury of Owosso or owned by Allied Motion will be cancelled without any payment for those shares.

In addition, each share of Owosso Preferred Stock outstanding immediately prior to the effective time will, at the effective time, be converted into the right to receive:

- cash in the amount of $.9333 per share;
- .127 of a fully paid and nonassessable share of Allied Motion Common Stock; and
- a warrant to purchase .28 shares of Allied Motion Common Stock (which, together with the cash in lieu of fractional shares described below, we sometimes refer to in this proxy statement/prospectus as the "preferred merger consideration," and together with the common merger

consideration, we sometimes refer to in this proxy statement/prospectus as the "merger consideration").

However, any shares of Owosso Preferred Stock held in the treasury of Owosso or owned by Allied Motion will be cancelled without any payment for those shares.

In the event that the custom motors and gear motors design and manufacturing business currently operated by Stature achieves certain gross revenue during the calendar year ending December 31, 2004, Allied Motion will also issue up to $500,000 in subordinated promissory notes on a prorated basis to holders of Owosso Preferred Stock.

Allied Motion will not issue any fractional shares of Allied Motion Common Stock in the merger; instead, a cash payment will be made to the holders of shares of Owosso Common Stock and/or Owosso Preferred Stock who would otherwise be entitled to receive a fractional share of Allied Motion Common Stock. For a more detailed discussion regarding the treatment of fractional shares, see the section of this proxy statement/prospectus entitled "The Merger Agreement Cash Instead of Fractional Shares" beginning on page .

As a result of the merger, all shares of Owosso Common Stock and Owosso Preferred Stock will no longer be outstanding and will be cancelled.

If, between the date of the merger agreement and the effective time, the outstanding shares of Allied Motion Common Stock or Owosso Common Stock or Owosso Preferred Stock are changed into a different number of shares or a different class by reason of any reclassification, recapitalization, reorganization, split-up, stock dividend (including any dividend or distribution of securities convertible into, or exercisable or exchangeable for, Allied Motion Common Stock or Owosso Common Stock or preferred stock), stock combination, exchange of shares, readjustment or otherwise, then the exchange ratio will be adjusted to preserve the economic effect of the merger to Owosso shareholders.

Appraisal Rights

Shares of a holder of Owosso Common Stock who has properly demanded appraisal rights will not be converted into common merger consideration unless the holder loses his right to appraisal. Owosso must promptly notify Allied Motion of any demands for appraisal of shares and Allied Motion is entitled to participate in any negotiations or proceedings with respect to such demands. Owosso may not make any payments or settlement offers with respect to appraisal demands without Allied Motion's prior written consent and Owosso must make any and all payments resulting from such demands out of its own funds. For a more detailed discussion regarding appraisal rights of Owosso Common Stock, see the section of this proxy statement/prospectus entitled "The Merger Appraisal Rights" beginning on page .

Exchange of Certificates

Exchange Agent and Exchange Procedures

Allied Motion will appoint an exchange agent for purposes of administering the payment of the merger consideration. Prior to the effective time, Allied Motion will deposit with the exchange agent, for the benefit of the holders of shares of Owosso Common Stock and Owosso Preferred Stock, the merger consideration.

As soon as practicable after the effective time, the exchange agent will mail to each holder of record of an Owosso certificate a letter of transmittal and instructions for exchanging the holder's Owosso certificates for the merger consideration. After receipt of the transmittal forms, each holder of an Owosso Common Stock certificate or an Owosso Preferred Stock certificate will be able to surrender his, her or its certificate to the exchange agent, and the holder will receive in exchange a

book-entry statement reflecting (or, if requested, certificates representing) that number of whole shares of Allied Motion Common Stock to which the holder is entitled, together with:

- any cash which may be payable instead of fractional shares of Allied Motion Common Stock;
- any dividends or other distributions with respect to Allied Motion Common Stock having a record date and paid after the effective time; and
- with respect to preferred shareholders, the cash and warrants described above.

In the event of a transfer of ownership of shares of Owosso Common Stock or Owosso Preferred Stock which is not registered on the transfer records of Owosso, a book-entry statement reflecting (or a certificate representing) the proper number of shares of Allied Motion Common Stock, any cash instead of fractional shares of Allied Motion Common Stock and applicable dividends and distributions may be issued and paid to a transferee if the Owosso certificate representing the applicable Owosso shares is presented to the exchange agent, accompanied by all documents required to evidence and effect such transfer and by evidence that any applicable stock transfer taxes have been paid. The consideration to be issued in the merger will be delivered by the exchange agent as promptly as practicable following surrender of a Owosso certificate and any other required documents. No interest will be payable on the merger consideration, regardless of any delay in making payments.

Dividends and Other Distributions

Holders of shares of Owosso Common Stock or Owosso Preferred Stock will not be entitled to receive any dividends or distributions payable by Allied Motion with respect to Allied Motion Common Stock until they exchange their Owosso certificates for shares of Allied Motion Common Stock. After they deliver their Owosso certificates to the exchange agent, those shareholders will receive, subject to applicable law, the amount of dividends or other distributions on Allied Motion Common Stock having a record date after the effective time previously paid and, at the appropriate payment date, the amount of dividends or other distributions on Allied Motion Common Stock with a record date after the effective time and a payment date after the surrender of such Owosso certificates, without interest.

Cash Instead of Fractional Shares

No fractional shares of Allied Motion Common Stock will be issued upon the surrender of Owosso certificates. No dividend or distribution will relate to any fractional share of Allied Motion Common Stock that would otherwise be issuable in the merger, and those fractional shares of Allied Motion Common Stock will not entitle the owner to any voting rights of a Allied Motion shareholder.

Holders of shares of Owosso Common Stock or Owosso Preferred Stock otherwise entitled to fractional shares of Allied Motion Common Stock, if any, will receive a cash payment instead of the fractional share of Allied Motion Common Stock they would otherwise be entitled to receive upon surrender of their Owosso certificates. Following completion of the merger, the exchange agent will determine the excess of the number of whole shares of Allied Motion Common Stock delivered to the exchange agent by Allied Motion for distribution to Owosso shareholders over the aggregate number of whole shares of Allied Motion Common Stock to be distributed to Owosso shareholders. The exchange agent will then, on behalf of the former Owosso shareholders, sell the excess shares of Allied Motion Common Stock at the then-prevailing prices on the open market, in the manner provided for in the merger agreement, and make the proceeds available for distribution to the former holders of shares of Owosso Common Stock and/or Owosso Preferred Stock otherwise entitled to fractional shares of Allied Motion Common Stock upon surrender of their Owosso certificates. Allied Motion will pay all commissions, transfer taxes and other associated out-of-pocket transaction costs relating to the sale by the exchange agent of shares of Allied Motion Common Stock.

Return of Exchange Fund

Any shares or cash held by the exchange agent on behalf of the former holders of shares of Owosso Common Stock or Owosso Preferred Stock that remains undistributed to the former Owosso shareholders for one year after the effective time will be delivered to Allied Motion and former Owosso shareholders that have not validly exchanged Owosso certificates for the merger consideration will be required to look as a general creditor only to Allied Motion for payment of the merger consideration, subject to applicable law.

Each of the exchange agent, the surviving corporation and Allied Motion will be entitled to deduct and withhold from the consideration otherwise payable under the merger agreement to any holder of Owosso certificates any amounts that it is required to deduct and withhold with respect to the making of such payments under the Internal Revenue Code and the rules and regulations promulgated under the Internal Revenue Code, or any provisions of state, local or foreign law. To the extent that amounts are so withheld by the exchange agent, the surviving corporation or Allied Motion, the withheld amounts will be treated for all purposes of the merger agreement as having been paid to the holder of the shares of Owosso Common Stock or Owosso Preferred Stock, as the case may be, in respect of which the deduction and withholding was made.

Lost Certificates

In the event any certificate is lost, stolen or destroyed, the exchange agent will issue in exchange for such lost, stolen or destroyed certificate the applicable merger consideration for which the certificate would have been exchanged under the merger agreement, provided that the person claiming that such certificate was lost, stolen or destroyed makes an affidavit of that fact and, if reasonably required by Allied Motion, posts a bond in such amount as Allied Motion may determine is reasonably necessary as indemnity against any claim that may be made against Allied Motion with respect to such certificate.

Stock Options

Prior to the effective time, Owosso's Board of Directors must take any and all steps necessary to cancel any outstanding stock options or similar rights. Prior to the effective time of the merger, Owosso will accelerate the vesting of all outstanding options and, upon consummation of the merger, each option holder will be entitled to receive a payment from Owosso in cash for each vested stock option he or she then holds equal to the excess, if any, of $.30 over the exercise price for each vested stock option.

Issuance of Subordinated Notes

In the event that the custom motors and gear motors design and manufacturing business currently operated by Stature achieves certain gross revenue during the calendar year ending December 31, 2004, Allied Motion will issue up to $500,000 in subordinated promissory notes on a prorated basis to holders of Owosso Preferred Stock.

Representations and Warranties

In the merger agreement, Owosso and Allied Motion (along with AMOT) made representations and warranties to each other about their respective companies related to, among other things:

- corporate organization and qualifications to do business;
- capital structure;
- corporate authority to enter into, and carry out the obligations under, the merger agreement;

approval of the merger agreement and related transactions by Owosso's and Allied Motion's respective boards of directors;

absence of any breach of organizational documents, laws or certain material agreements as a result of the merger agreement and the merger, as applicable to Allied Motion and Owosso;

required governmental consents and approvals;

compliance with laws;

documents filed with the SEC and the financial statements included in those documents;

payment of fees to brokers or investment bankers in connection with the merger;

absence of material adverse effects;

absence of undisclosed litigation;

tax matters;

employee benefit plans;

compliance with the federal securities laws;

possession of permits and licenses;

intellectual property and proprietary rights;

material contracts;

absence of undisclosed liabilities;

insurance;

environmental liabilities;

accuracy of information supplied in this proxy statement/prospectus;

transactions with affiliates;

- labor relations;
- dividends; and
- product liability, product warranties and product labeling.

Owosso also made additional representations and warranties to Allied Motion and AMOT related to state anti-takeover law. Allied Motion and AMOT have also represented and warranted that AMOT is a corporation formed solely for the purpose of consummating the merger and has not engaged in any business activity that was not contemplated in the merger agreement.

The representations and warranties given by Owosso, Allied Motion and AMOT will not survive completion of the merger.

Covenants

The merger agreement contains customary covenants as well as specific covenants relating to the conduct of the respective parties' businesses pending completion of the merger.

Conduct of Business Prior to the Merger

Owosso agreed that, except as expressly contemplated or permitted by the merger agreement, Owosso and any subsidiary will conduct their businesses in the ordinary course consistent with past practices, and will use their best efforts to:

- maintain and preserve intact their business organization and business relationships;
- retain the services of their key officers and key employees; and
- use their best efforts to limit Owosso's legal expenses incurred in connection with the merger agreement to $200,000.

In addition, subject to certain exceptions, Owosso has agreed (as to itself and its subsidiaries) that, without Allied Motion's prior written consent, it will not take any of the following actions prior to the completion of the merger:

- incur any indebtedness for borrowed money, assume, guarantee, endorse or otherwise as an accommodation become responsible for the obligations of any other person, or make any loan or advance;
- make, declare or pay any dividends or make other distributions on any of its capital stock or redeem or purchase any shares of capital stock;
- adjust, split, combine or reclassify its capital stock;
- grant any right to acquire any shares of its capital stock;
- issue any additional shares of capital stock except upon the exercise of stock options under Owosso's stock incentive plans;

sell, transfer, mortgage, encumber or otherwise dispose of any of its lines of business, material properties or assets to any person, other than to a wholly-owned subsidiary, or cancel, release or assign any indebtedness to any such person or any claims held by any such person, except pursuant to contracts or agreements in force as of February 10, 2004;

except pursuant to contracts or agreements in force on February 10, 2004, make any material investment or acquisition, whether by purchase of stock or securities, contributions to capital, property transfers, or purchase of any property or assets of any other person other than a wholly-owned subsidiary of Owosso;

except for transactions in the ordinary course of business consistent with past practice which would not reasonably be expected to have a material adverse effect on Owosso, terminate, amend or waive any material provision of any Owosso material contract, or make any material change in any instrument or agreement governing the terms of any lease or contract other than normal renewals of contracts and leases without material adverse changes of terms;

except to the extent required by law or an existing agreement, increase in any manner the compensation or benefits of any of its employees, directors, consultants, independent contractors or service providers and other similar restrictions;

settle any material claim, action or proceeding;

amend its articles of incorporation or its bylaws or enter into any agreement with its shareholders in their capacity as such;

other than in the ordinary course of business consistent with past practice, sell or enter into contracts relating to intellectual property or marketing or distribution rights with respect to material products of Owosso or its subsidiaries;

enter into any "non-compete" or similar agreement that would materially restrict the businesses of the surviving corporation or its subsidiaries following the effective time or that would in any way restrict the businesses of Allied Motion and its subsidiaries (excluding the surviving corporation and its subsidiaries);

adopt a plan of complete or partial liquidation, dissolution, merger, consolidation, restructuring, recapitalization or other reorganization;

implement or adopt any change in its accounting principles, practices or methods, other than as consistent with or as may be required by law, generally accepted accounting principles or regulatory guidelines;

settle or compromise any material liability for taxes, file any material tax return, make any material tax election or change any method of accounting for tax purposes;

enter into any new, or amend or otherwise alter any current, transaction with affiliates of Owosso;

permit the Owosso 401(k) plan to purchase or otherwise acquire additional shares of Owosso Common Stock; or

agree to take, make any commitment to take, or adopt any resolutions of its board of directors in support of, any of the actions prohibited by any of the above covenants.

The term "material adverse effect," as used in the merger agreement, refers, with respect to Owosso or Allied Motion, as the case may be, to any change or effect that is or would reasonably be expected to be materially adverse to

- the businesses, operations, results of operations or financial condition of such party and its subsidiaries taken as a whole, or

- the ability of such party to consummate the transactions contemplated by the merger agreement in a timely manner;

except that a material adverse effect will not be deemed to include the impact of any change or effect relating to or arising from the execution, announcement or consummation of the merger agreement and the transactions contemplated by the merger agreement, including any impact on relationships, contractual or otherwise, with customers, suppliers or employees.

Allied Motion has agreed that, prior to the completion of the merger:

- Allied Motion will not adopt any amendments to its articles of incorporation that would materially adversely affect the terms and provisions of the Allied Motion Common Stock or the rights of the holders of shares of Allied Motion Common Stock without Owosso's prior consent;

- neither Allied Motion nor any of its affiliates, without Owosso's consent, will, directly or indirectly, except under the merger agreement or the voting agreements, purchase or otherwise acquire any Owosso securities or otherwise intentionally vote or acquire the right to vote Owosso securities; and

- Allied Motion will cause AMOT to perform its obligations under the merger agreement.

In addition, Owosso and Allied Motion have agreed to use their reasonable best efforts until the effective time to ensure the qualification of the merger as a taxable sale of assets and liquidation of Owosso under the Internal Revenue Code.

Acquisition Transactions

Owosso has agreed to immediately cease any existing discussions or negotiations with any parties (other than Allied Motion) with respect to any offer or other proposal to acquire the business, properties or assets of Owosso and its subsidiaries, or capital stock of Owosso or any of its subsidiaries, in each case whether by merger, purchase of assets, tender offer or otherwise (we refer in this proxy statement/prospectus to a transaction that meets these criteria as an "acquisition transaction").

If Owosso receives a written proposal to enter into an acquisition transaction prior to the effective time that was not solicited after the date of the merger agreement which the Owosso board of directors or the special committee of the board determines in good faith, after consultation with their legal and financial advisors, is or could reasonably be expected to lead to delivery of a superior proposal, then Owosso may:

- furnish information about Owosso to the person making the acquisition proposal; and

- participate in discussions and negotiations with respect to the acquisition proposal.

Prior to taking any of these actions, the Owosso board of directors or the special committee of the board must determine that such actions are required, after consulting with and taking into consideration the advice of their legal advisors, to comply with their fiduciary duties to Owosso. Owosso must also notify Allied Motion before it takes any such action, provide copies of any information provided to the person making the acquisition proposal, and enter into a confidentiality and standstill agreement with the person making the acquisition proposal.

For purposes of the merger agreement, the term "superior proposal" means an acquisition proposal not solicited or encouraged, directly or indirectly, after the date of the merger agreement by Owosso, any of Owosso's representatives or other affiliates and which, in the good faith determination of Owosso's board of directors or the special committee of the board, taking into account, to the extent deemed appropriate by the Owosso board or the special committee, such interests and factors that may be considered under Pennsylvania law and the advice of a financial advisor of nationally recognized reputation, that:

- if accepted, is highly likely to be consummated;
- if consummated, would result in a transaction that is more favorable to Owosso than the transactions contemplated by the merger agreement; and
- which financing, to the extent required, is then committed or which if not committed is capable of being obtained by such person.

If the Owosso board or the special committee determines that an acquisition proposal is a superior proposal, then the board or the special committee may do any of the following if they determine, after consulting with and taking into consideration the advice of their legal advisors, that such action is required to comply with their fiduciary duties to Owosso:

- withhold, withdraw, modify, change or fail to make in a manner adverse to Allied Motion their recommendations relating to this transaction, or propose publicly to do so;
- approve, endorse or recommend any superior proposal, or propose publicly to do so;
- cause Owosso to enter into any letter of intent, agreement in principle, acquisition agreements or similar agreement relating to any acquisition proposal; and

- release any person making a superior proposal from confidentiality and standstill agreements.

Prior to taking any of these actions, Owosso must negotiate for not less than five business days with Allied Motion to revise the merger agreement so that the superior proposal is no longer a superior proposal, if Allied Motion so requests.

As discussed below, Allied Motion and Owosso have the right to terminate the merger agreement if Owosso takes or fails to take certain actions with respect to a superior proposal and under certain other circumstances.

Owosso Shareholder Approval

Owosso has agreed to use its reasonable best efforts to cause a special meeting of its shareholders to be held as soon as reasonably practicable for the purpose of obtaining the required shareholder approvals of the merger agreement. Owosso's board of directors is required to use its reasonable best efforts to obtain from its shareholders the votes required by Pennsylvania law or Owosso's charter in favor of the approval of the merger agreement and any other related matters required to be approved in connection with the merger, and to recommend to Owosso's shareholders that they so vote at the shareholder meeting or any adjournment or postponement of the meeting. However, Owosso's board of directors will not be required to use its reasonable best efforts to obtain those approvals or to make or continue to make such recommendations if Owosso's board of directors, after having received and considered the advice of, and after consultation with, its independent, outside legal counsel, determines that such action would cause the members of Owosso's board of directors to breach their fiduciary duties under applicable law. Unless the merger agreement is earlier terminated, Owosso is required to submit the merger agreement to its shareholders for approval at a duly held shareholder meeting, whether with or without the recommendation of its board of directors.

In connection with the merger agreement, each of George B. Lemmon, Jr., The John F. Northway, Sr. Trust, Lowell Huntsinger, Morris R. Felt, Randall V. James and John Reese entered into agreements with Allied Motion pursuant to which they agreed to vote their shares of Owosso Common Stock (representing, in the aggregate, approximately 63.37% of the outstanding shares of Owosso Common Stock) and Owosso Preferred Stock (representing, in the aggregate, 100% of the outstanding shares of Owosso Preferred Stock) in favor of the merger, and have granted an irrevocable proxy to vote their shares of Owosso Common Stock and Owosso Preferred Stock, as applicable, in favor of the merger agreement to certain representatives of Allied Motion. These agreements and the obligations of the shareholders under the agreements will terminate at the effective time of the merger or after the termination of the merger agreement in certain limited circumstances (as described in the section below entitled "Termination of the Merger Agreement; Effects of Termination"), whichever is earlier.

NASDAQ Quotation

Allied Motion has agreed to use its reasonable best efforts to cause the shares of Allied Motion Common Stock issuable in the merger (including the shares of Allied Motion Common Stock reserved for issuance upon exercise of the warrants given to holders of Owosso Preferred Stock) to be eligible for quotation on the NASDAQ Small Cap Market (or other market or exchange on which Allied Motion Common Stock is then traded or quoted) before the effective time.

Indemnification; Insurance

For a period of not less than one year and not more than three years after the effective time, Allied Motion will cause to be maintained in effect a directors' and officers' liability insurance policy, underwritten by a reputable insurance company, with policy limits of not less than one million dollars ($1,000,000) and not more than three million dollars ($3,000,000), covering the directors and officer of Owosso.

From and after the effective time, the surviving corporation will indemnify and hold harmless each present and former director and officer of Owosso or any of its subsidiaries, determined as of the effective time, against any costs (including reasonable attorneys' fees), judgments incurred in connection with any threatened, pending or completed claim, action or suit existing or occurring at or before the effective time. The surviving corporation will assume all rights of the indemnified parties to indemnification and exculpation from liabilities for acts or omissions occurring at or before the effective time as provided in the respective articles of incorporation or bylaws (or comparable organizational documents) of Owosso or any of its subsidiaries as in effect on the date of the merger agreement. Any indemnification agreements or arrangements of Owosso or any of its subsidiaries provided to Allied Motion prior to the date of the merger agreement will survive the merger and will continue in full force and effect in accordance with their terms. The rights of the indemnified parties under these agreements will not be amended in any manner that would adversely affect those rights, unless the modification is required by law.

For two years after the effective time, the articles of incorporation and bylaws of the surviving corporation will contain provisions no less favorable to the indemnified parties described above with respect to indemnification and to limitation of certain liabilities of directors and officers than are contained as the date of the merger agreement in Owosso's charter and bylaws, and the certificate of incorporation and bylaws (or comparable organizational documents) of each subsidiary of the surviving corporation will contain the current provisions regarding indemnification of directors and officers. These provisions will not be amended, repealed or otherwise modified in a manner that would adversely affect the rights of the indemnified parties under those instruments.

In the event that Allied Motion or the surviving corporation or their respective successors or assigns consolidate with or merge into another person and are not the continuing or surviving corporation or entity of such consolidation or merger or transfer or convey all or substantially all of their properties and assets to any person, then Allied Motion and the surviving corporation will ensure that proper provision be made so that the successors and assigns of Allied Motion or the surviving corporation assume the obligations of Allied Motion and the surviving corporation in the merger agreement relating to indemnification of directors and officers of Owosso and its subsidiaries.

Employee Matters

From and after the effective time, Allied Motion has agreed to cause the surviving corporation to fulfill all employment, bonus, consulting, termination, severance, change in control and indemnification agreements that had been disclosed to Allied Motion as of the date of the merger agreement to which Owosso or any subsidiary was a party. The surviving corporation may amend, suspend or terminate any of these agreements to the extent permitted under the terms of the agreement.

Allied Motion and the surviving corporation will cause their respective employee benefit and compensation plans that cover any of Owosso's employees who remain employed by the surviving corporation as of the effective time to count service that has been recognized by Owosso and its affiliates, without duplication of benefits, for purposes of determining eligibility to participate and vesting, but not benefit accrual, to the same extent such service was recognized under any similar Owosso benefit plan. However, the obligations of Allied Motion and the surviving corporation described in the previous sentence will not apply to newly established plans for which prior service is not taken into account.

With respect to benefit plans that would otherwise be applicable to newly hired employees, Allied Motion and the surviving corporation will cause all waiting periods and pre-existing conditions and proof of insurability provisions for all conditions that any Owosso employee who remains employed by the surviving corporation as of the effective time has as of the effective time to be waived for such employee to the same extent such provisions are waived or satisfied under Owosso's benefit plans for

the year in which the merger occurs. Allied Motion and the surviving corporation will give any Owosso employee who remains employed by the surviving corporation as of the effective time credit, for purposes of Allied Motion's and the surviving corporation's vacation and/or other paid leave benefit programs, for such employee's accrued and unpaid vacation and/or paid leave balance as of the effective time.

Additional Covenants

Owosso and Allied Motion have agreed to other customary covenants in the merger agreement, relating to, among other matters:

- access to information, and confidential treatment of that information;
- actions that would result in a material breach of any of the representations and warranties or covenants set forth in the merger agreement;
- the preparation of this proxy statement/prospectus and the registration statement of which this proxy statement/prospectus is a part;
- the taking of specified actions to facilitate completion of the merger and the other transactions contemplated by the merger agreement, and the taking of additional actions after the effective time that are necessary or desirable to carry out the purposes of the merger agreement;
- the obtaining of any consents or approvals necessary in order to complete the merger and the other transactions contemplated by the merger agreement;
- notification to the other parties to the merger agreement of specified matters prior to completion of the merger; and
- the agreement not to take actions that would jeopardize qualification of the merger as a taxable sale of assets and liquidation of Owosso under U.S. tax laws.

Conditions to the Merger

The respective obligations of Allied Motion and Owosso to effect the merger are subject to the satisfaction or waiver of a number of customary conditions before completion of the merger, including all of the following:

Owosso's shareholders must approve the merger agreement by the required vote;

the shares of Allied Motion Common Stock issuable to Owosso shareholders in the merger (including the shares of Allied Motion Common Stock reserved for issuance upon exercise of the warrants issued to holders of Owosso Preferred Stock) must have been authorized for quotation on the NASDAQ Small Cap Market (or other exchange on which Allied Motion Common Stock is then quoted or listed);

all notifications, consents, authorizations or other approvals required to be made with or obtained from any governmental entity before completion of the merger under applicable federal, state, local and foreign laws relating to the operation of Owosso's business or where the failure to obtain the required authorization or other consent would have a material adverse effect on either Owosso or Allied Motion. However, this condition applies to Owosso's obligation to complete the merger only to the extent that the failure to make or obtain the notification, consent, authorization or approval would make consummation of the merger an illegal act by Owosso;

the registration statement of which this proxy statement/prospectus forms a part shall have become effective under the Securities Act and no stop order suspending that effectiveness will

have been issued and no proceedings for that purpose will have been initiated or threatened by the SEC;

no injunction, statute, rule, regulation, order, injunction or decree will have been enacted, entered, promulgated or enforced by any governmental entity which prohibits, materially restricts or makes illegal consummation of the merger, and no governmental entity will have instituted any proceeding or be threatening to institute any proceeding seeking such an order, injunction or decree;

the representations and warranties made in the merger agreement will be, as of the closing date of the merger, true in all material respects (in the case of representations not qualified by materiality) and in all respects (in the case of representations qualified by materiality); and

Allied Motion, AMOT and Owosso will have performed in all material respects all obligations required to be performed by each of them under the merger agreement at or prior to the effective time, and each party will have received certificates signed by an appropriate executive officer that effect.

The obligations of Allied Motion to effect the merger are subject to the satisfaction or waiver of a number of additional conditions, including the following:

the execution of agreements by certain Owosso shareholders pursuant to which such shareholders agree to restrictions on the transfer of shares of Allied Motion Common Stock issued to them in the merger;

payment of Owosso's subordinated debt at approximately 40% of the total current principal amount outstanding;

continuation or prepayment of Owosso's industrial revenue bonds;

the "Net Liabilities" of Owosso (as defined in the merger agreement) shall not exceed $11,600,000;

entering into non-competition agreements with Owosso's preferred shareholders;

payment of Owosso's junior secured debt at approximately 60% of the total current principal amount outstanding;

the consummation of the sale of Owosso's owned real property located in Kilgore, Texas for a purchase price of not less than $311,000;

the consummation of the merger of Stature with and into Owosso;

the amendment of George B. Lemmon, Jr.'s Owosso Corporation Executive Salary Continuation Agreement, in a manner reasonably satisfactory to Allied Motion;

the release by certain Owosso shareholders of Owosso and Allied Motion of and from all claims which such shareholders may have had against Owosso or Allied Motion in any way related to such shareholders' ownership of Owosso capital stock or the merger agreement; and

repayment of all Owosso senior debt.

Termination of the Merger Agreement; Effects of Termination

The merger agreement may be terminated at any time before the effective time:

1) By the mutual written consent of Allied Motion and Owosso.

2) By either Allied Motion or Owosso if any governmental entity that must grant a regulatory approval described as a condition to closing under the section of this proxy statement/

prospectus entitled "Conditions to the Merger" beginning on page has denied approval of the merger and such denial has become final and nonappealable or any governmental entity of competent jurisdiction has issued a final nonappealable order permanently enjoining or otherwise prohibiting the consummation of the transactions contemplated by the merger agreement.

3) By Owosso (provided that Owosso is not then in material breach of any representation, warranty, covenant or other agreement contained in the merger agreement) if there has been a breach by Allied Motion or AMOT of its covenants or agreements or its representations or warranties set forth in the merger agreement, which is not cured as promptly as practicable and in any case within 30 days following written notice by Owosso to Allied Motion or which by its nature or timing cannot be cured prior to the closing date of the merger.

4) By Allied Motion (provided that neither Allied Motion nor AMOT is then in material breach of any representation, warranty, covenant or other agreement contained in the merger agreement) if there has been a breach by Owosso of its covenants or agreements or its representations or warranties set forth in the merger agreement, or there has been a material breach (including any prohibited transfer or other disposition of any Owosso securities) by any party (other than Allied Motion) to a voting agreement entered into in connection with the merger agreement, and which, in either case, is not cured as promptly as practicable and in any case within 30 days following written notice by Allied Motion to Owosso or which by its nature or timing cannot be cured prior to the closing date of the merger.

5) By Owosso if prior to receipt of the required shareholder approvals of the merger agreement Owosso receives a "superior proposal," and has otherwise complied with its obligations described under the section of this proxy statement/prospectus

entitled "Acquisition Transactions" beginning on page .

6) By Allied Motion, if the board of directors of Owosso has failed to recommend, or has withdrawn, or modified in any respect materially adverse to Allied Motion, its approval or recommendation of the merger agreement or has resolved to take any such action, or has recommended another "acquisition proposal" or if the board of directors of Owosso has resolved to accept a superior proposal or has failed publicly to affirm its approval or recommendation of the merger agreement within ten days of Allied Motion's request made after any acquisition proposal has been disclosed to Owosso's shareholders generally.

7) By Allied Motion or Owosso if the shareholders of Owosso fail to approve the merger agreement upon a vote held at a duly held meeting of shareholders called for that purpose (including any adjournment or postponement).

8) By Allied Motion or Owosso if the effective time has not occurred on or before July 1, 2004, unless the effective time has not occurred due to the failure of the party seeking to terminate the merger agreement to perform or observe its covenants and agreements in the merger agreement.

Owosso agrees to pay to Allied Motion a fee equal to $500,000, as follows:

the merger agreement is terminated as specified in paragraphs 5 or 6 of the list above;

Owosso terminates the merger agreement as specified in paragraph 8 of the list above at a time when Allied Motion would have been permitted to terminate the merger agreement as specified in paragraph 3 of the list above as a result of a willful or bad faith breach of any material covenant or agreement contained in the merger agreement, and prior to such termination, an acquisition proposal (other than pursuant to the merger agreement) shall have been disclosed

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publicly or to Owosso in excess of the aggregate merger consideration to be received by Owosso's shareholders in connection with the merger; or

the merger agreement is terminated as specified in paragraph 7 of the list above, if the officers of Allied Motion appointed under the voting agreements do not vote such shareholders' shares of Owosso Common Stock and Owosso Preferred Stock at the special meeting of Owosso shareholders in favor of the merger.

The voting agreements executed in connection with the merger agreement and the obligations of the shareholders under the voting agreements will terminate at the effective time of the merger or the 90th day after the termination of the merger agreement, whichever is earlier. If the merger agreement is terminated as specified in paragraph 3 or paragraph 5 of the list above, the voting agreements and the obligations of shareholders under the voting agreements will terminate immediately.

Amendment; Extension; Waiver

Amendment

The merger agreement may be amended by Allied Motion and Owosso in a written instrument signed by both parties prior to the effective time. However, after adoption of the merger agreement by Owosso's shareholders, no amendment may be made which by law requires further approval of the shareholders of Owosso without the further approval of Owosso's shareholders.

Extension; Waiver

At any time prior to the effective time, Allied Motion and Owosso may, in writing, extend the time for the performance of any of the obligations or other acts of the other party, waive any inaccuracies in the representations and warranties contained in the merger agreement or in any document delivered pursuant to the merger agreement and waive compliance with any of the agreements or conditions contained in the merger agreement. However, after any approval of the transactions contemplated by the merger agreement by Owosso's shareholders, there may not be, without further approval of Owosso's shareholders, any extension or waiver of the merger agreement which reduces the amount or changes the form of the consideration to be delivered to the holders of Owosso securities under the merger agreement, other than as contemplated by the merger agreement.

Assignment

The merger agreement and any rights, interests or obligations associated with it may not be assigned by any party to the merger agreement without the prior written consent of the other parties to the merger agreement. If consent is provided, the agreement will be binding on any successors and assigns.

Fees and Expenses

Except as set forth in the section of this proxy statement/prospectus entitled "The Merger Agreement Termination of the Merger Agreement; Effects of Termination" beginning on page , all costs and expenses incurred in connection with the merger agreement and the related transactions will be paid by the party incurring the expenses. However, the costs and expenses of printing and mailing this proxy statement/prospectus and all filing and other fees paid to the SEC in connection with the merger will be divided equally between Allied Motion and Owosso.

UNAUDITED PRO FORMA CONDENSED COMBINED CONSOLIDATED FINANCIAL STATEMENTS

The following unaudited pro forma condensed combined consolidated financial statements are presented to show the combination of Allied Motion and Owosso as if they had been combined for the year ended December 31, 2002 and the nine months ended September 30, 2003. The unaudited pro forma combined condensed consolidated financial statements are based on the assumptions set forth in the related notes and should be read in conjunction with the separate historical consolidated financial statements of Allied Motion and Owosso and related notes thereto.

Allied Motion changed its fiscal year end to December 31 subsequent to June 30, 2002. Owosso's fiscal year ends for the past two years were October 26, 2003 and October 27, 2002. The unaudited pro forma combined consolidated statements of operations present the operations of the combined company as if the acquisition of Owosso had occurred on January 1, 2002. The unaudited pro forma combined consolidated statement of operations for the nine months ended September 30, 2003 includes Allied Motion for the nine months ended September 30, 2003 and Owosso for the nine months ended October 26, 2003. The unaudited pro forma combined condensed statement of operations for the fiscal year ended December 31, 2002 includes Allied Motion for the six months ended December 31, 2002 combined with the six months ended June 30, 2002 and Owosso for the twelve months ended October 27, 2002. The unaudited pro forma combined balance sheet as of September 30, 2003 is presented as if the acquisition of Owosso had occurred on September 30, 2003 and combines Allied Motion's balance sheet as of September 30, 2003 with Owosso's balance sheet as of October 26, 2003.

The unaudited pro forma combined condensed financial statements give effect to:

- The acquisition of 100% of Owosso's common stock in exchange for 396,121 shares of Allied Motion's common stock, valued at $1,790,000 or $4.52 per common share;

- The acquisition of 100% of Owosso's preferred stock in exchange for: 1) $1,000,000 cash paid at closing, plus 2) 136,024 of Allied Motion's common stock, valued at $615,000, plus 3) 300,000 warrants to purchase Allied Motion common stock at a strike price of $4.41, valued at $80,000;

The value of Allied Motion's common stock used to determine the overall purchase price was calculated using the average closing price for the two business days prior to and the two business days following the announcement of the acquisition of Owosso, as well as the closing price on the date the acquisition was announced. The transaction was announced on February 10, 2004 and the average closing price used to value the shares was $4.52 per share;

A debt restructuring, including

The repayment of $4,500,000 indebtedness under Owosso's existing bank facilities and $818,000 of Owosso's subordinated debt;

Additional borrowings of $3,568,000 under a revolving line of credit facility which, when combined with Allied Motion's debt of $2,958,000 results in a new revolving credit facility of $6,526,000;

Additional borrowings under a new term loan totaling $3,000,000;

Additional borrowings under a new subordinated debt facility totaling $750,000;

The assumption of $4,550,000 in Owosso's indebtedness;

Allied Motion will not be assuming $1,228,000 of Owosso's subordinated debt nor will it be assuming $500,000 of accrued interest;

The subsequent sale of a building owned by Owosso for $315,000, upon which the acquisition of Owosso is contingent;

The estimated accrued closing costs of $1,000,000 related to the acquisition;

Certain other adjustments made to record the assets and liabilities of Owosso at their estimated fair values.

In accordance with Statement of Financial Accounting Standards No. 141 "Business Combinations" (SFAS 141), the acquisition of Owosso will be recorded as a purchase for accounting purposes. The preliminary adjustments to net assets and goodwill which are shown in these unaudited combined condensed pro forma financial statements are based upon Allied Motion's current estimates. Allied Motion is in the process of obtaining valuations for inventory, property, plant and equipment and intangibles related to trade name and customer lists which could modify the amounts to be recorded as part of the acquisition.

The pro forma adjustments do not reflect adjustments for anticipated operating efficiencies that the Company expects to achieve as a result of this acquisition. The pro forma adjustments also do not give effect to the prorata effect of the issuance of up to an additional $500,000 of subordinated promissory notes if Owosso's revenues for the year ending December 31, 2004 are between $18,370,000 and $19,600,000.

The historical and pro forma income (loss) from continuing operations by Owosso included in these pro forma condensed combined consolidated financial statements for the nine months ended September 30, 2003 includes an impairment of goodwill by Owosso in the amount of $5,331,000. The historical and pro forma income (loss) from continuing operations included in these pro forma condensed combined consolidated financial statements for the twelve months ended December 31, 2002 includes a gain on the sale of a business by Owosso of $6,055,000.

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 these transactions actually occurred on the dates presented or to project the combined company's results of operations or financial position for any future period.

ALLIED MOTION TECHNOLOGIES, INC.

UNAUDITED PRO FORMA CONDENSED COMBINED CONSOLIDATED

STATEMENT OF OPERATIONS

(In thousands, except per share data)

	Historical For the Nine Months Ended			
	September 30, 2003 Allied Motion	October 26, 2003 Owosso(a)	Pro Forma Adjustments	Pro Forma
Revenues	$ 28,750	$ 13,114	$	$ 41,864
Cost of products sold	21,702	10,619		32,321
Gross margin	7,048	2,495		9,543
Operating costs and expenses:				
Selling	1,512	548		2,060
General and administrative	3,232	2,270		5,502
Engineering and development	1,374	135		1,509
Amortization of intangibles and other	376		649 (b)	1,025
Goodwill impairment expense		5,331		5,331 (c)
Total operating costs and expenses	6,494	8,284	649	15,427
Operating income (loss)	554	(5,789)	(649)	(5,884)
Other expense, net	(180)	(372)	2 (d)	(550)
Income (loss) before income taxes	374	(6,161)	(647)	(6,434)
Benefit (provision) for income taxes	182	542	246 (e)	970
Income (loss) from continuing operations	$ 556	$ (5,619)	$ (401)	$ (5,464)
Basic and diluted income (loss) per share from continuing operations	$ 0.11			$ (0.90)
Basic weighted average shares outstanding	4,901			6,103
Diluted weighted average shares outstanding	4,963			6,103

ALLIED MOTION TECHNOLOGIES, INC.

UNAUDITED PRO FORMA CONDENSED COMBINED CONSOLIDATED STATEMENT OF OPERATIONS

(In thousands, except per share data)

	Historical For the Twelve Months Ended								
	December 31, 2002 Allied Motion		October 27, 2002 Owosso(f)		Pro Forma Adjustments			Pro Forma	
Revenues	$	25,046	$	36,901	$			$	61,947
Cost of products sold		18,309		31,242					49,551
Gross margin		6,737		5,659					12,396
Operating costs and expenses:									
Selling		1,183		1,403					2,586
General and administrative		4,311		6,588					10,899
Engineering and development		1,178		233					1,411
Amortization of intangibles and other		132		381		865	(b)		1,378
Total operating costs and expenses		6,804		8,605		865			16,274
Operating income (loss)		(67)		(2,946)		(865)			(3,878)
Other income (expense), net		(9)		4,467		931	(d)		5,389
Income (loss) before income taxes		(76)		1,521		66			1,511
Benefit (provision) for income taxes		17		4,197		(25)	(e)		4,189
Income (loss) from continuing operations	$	(59)	$	5,718	$	41		$	5,700
Basic income (loss) per share from continuing operations	$	(0.01)						$	0.98
Diluted income (loss) per share from continuing operations	$	(0.01)						$	0.97
Basic weighted average shares outstanding		4,747							5,800
Diluted weighted average shares outstanding		4,747							5,869

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ALLIED MOTION TECHNOLOGIES, INC.

UNAUDITED PRO FORMA CONDENSED COMBINED CONSOLIDATED BALANCE SHEET

AS OF SEPTEMBER 30, 2003

(In thousands)

	Historical Allied Motion	Historical Owosso	Pro Forma Adjustments	Pro Forma

	Historical Allied Motion	Historical Owosso	Pro Forma Adjustments	Pro Forma
ASSETS				
Current Assets				
Cash and cash equivalents	$ 1,490	$ 709	$ 1,315 (g)	$ 3,514
Trade receivables, net	6,398	2,323		8,721
Inventories, net	3,319	1,745		5,064
Assets held for sale, net		350	(350)(h)	
Deferred income tax	1,249	240	(240)(i)	1,249
Prepaid expenses and other	864	251		1,115
Total current assets	13,320	5,618	725	19,663
Property, plant and equipment, net	6,245	4,755	2,450 (j)	13,450
Goodwill	5,214	3,074	(727)(j)	7,561
Intangible assets	2,302	4,800	(1,800)(j)	5,302
Other assets		133		133
Total Assets	$ 27,081	$ 18,380	$ 648	$ 46,109
LIABILITIES & STOCKHOLDERS' INVESTMENT				
Current Liabilities				
Accounts payable	$ 1,907	$ 1,918	$	$ 3,825
Accrued liabilities and other	3,432	2,257	500 (k)	6,189
Debt obligations	2,958	10,968	(12,075)(l)	1,851
Total current liabilities	8,297	15,143	(11,575)	11,865
Long-term debt		128	12,847 (l)	12,975
Common stock put option		600	(600)(m)	
Deferred tax liability		1,446	(1,446)(i)	
Accrued preferred stock dividends		4,034	(4,034)(m)	
Pension, post-retirement & other liabilities	3,183			3,183
Total liabilities	11,480	21,351	(4,808)	28,023
Stockholders' Investment				
Convertible stock		15,000	(15,000)(n)	
Common stock	8,355	20,839	(18,434)(n)	10,760
Warrants to purchase common stock			80 (n)	80
ESOP loan receivable	(200)			(200)
Retained earnings (accumulated deficit)	7,405	(38,810)	38,810 (n)	7,405
Cumulative translation adjustment	41			41
Total Stockholders' Investment	15,601	(2,971)	5,456	18,086
Total Liabilities & Stockholders' Investment	$ 27,081	$ 18,380	$ 648	$ 46,109

ALLIED MOTION TECHNOLOGIES, INC.
NOTES TO UNAUDITED PRO FORMA COMBINED FINANCIAL STATEMENTS

Note 1 Basis of Presentation

The accompanying unaudited pro forma combined financial statements reflect the acquisition of 100% of the common and preferred stock of Owosso Corporation (Owosso) by Allied Motion Technologies, Inc. (Allied Motion).

The accompanying unaudited pro forma combined statements of operations for the year ended December 31, 2002 and the nine month period ended September 30, 2003 assume that the acquisition of Owosso occurred as of January 1, 2002.

The purchase price for the acquisition of Owosso was $14,353,000 which included new or assumed debt of $11,868,000, Allied Motion common stock issued of $2,405,000, and warrants issued to purchase Allied Motion common stock valued at $80,000. The Owosso stock options will be vested and cashed out, but because of the current exercise prices, the cash to be paid out is not significant.

Note 2 Pro Forma Adjustments

The unaudited pro forma consolidated financial statements reflect the following pro forma adjustments:

Statement of Operations

(a)
To reflect Owosso's revenues and expenses. These unaudited revenues and expenses reflect Owosso's operating results from continuing operations for the nine-month period ended October 26, 2003.

(b)
To record additional depreciation and amortization related to amounts allocated to property and equipment based on preliminary valuations and estimated amortizable intangible assets. No amortization expense related to goodwill has been reflected in this pro forma adjustment. The additional amounts allocated to property and equipment in excess of Owosso's historical carrying value of $4,755,000 is being depreciated over a weighted average life of approximately five years. Intangibles are being amortized over eight years.

(c)
The pro forma statement of operations for 2003 includes the $5,331,000 charge for goodwill impairment from the historical Owosso financial statements.

(d)
To record interest expense related to the financing obtained to acquire Owosso, calculated using the interest rates indicated in footnote (l) as compared to actual recorded interest.

(e)
The tax effect for all pre-tax pro forma adjustments has been calculated to reflect the pro forma tax provision at anticipated effective tax rates of 38%.

(f)
To reflect Owosso revenues and expenses for the fiscal year ended October 27, 2002.

Balance Sheet

(g)
To record the impact on cash of the following:

Paydown of Owosso debt	$	(5,318,000)
Payoff of Allied Motion debt		(2,958,000)
New debt agreements		10,276,000
Pay to Owosso preferred shareholders		(1,000,000)
Receive cash from sale of building		315,000

Pro forma adjustment	$	1,315,000

(h)

To reflect the sale of an Owosso owned building with a net book value of $350,000 for $315,000 in projected cash; the sale of this building is a contingency to closing per the merger agreement.

(i)

To eliminate Owosso's deferred tax asset and deferred tax liability accounts as the book and tax basis of the acquired assets will be the same.

(j)

The purchase price has been allocated to Owosso's tangible and intangible assets and liabilities assumed on an estimated fair value basis. The final determination of the estimated fair value of Owosso's tangible and intangible assets acquired and liabilities assumed are subject to change and it is possible that the amounts ultimately recorded could equal, exceed, or be less than those estimated fair values indicated here.

Common stock issued (approximately 532,200 shares at $4.52 per share)	$	2,405,000
Fair value of warrants issued (300,000 warrants; exercise price of $4.41)		80,000
Debt assumed / new debt, including $1,000,000 to be paid to Owosso's preferred shareholders		11,868,000
Total purchase price		14,353,000
Less net cash received		(2,024,000)
Remaining amounts allocated on a fair value basis to the following:		
Trace receivables		(2,323,000)
Inventories		(1,745,000)
Prepaid expenses		(251,000)
Property, plant and equipment		(7,205,000)
Intangible assets		(3,000,000)
Other assets		(133,000)
Accounts payable		1,918,000
Accrued liabilities and other		2,757,000
Goodwill	$	2,347,000

(k)

To record estimated closing costs of $1,000,000 related to the transaction and to reflect the forgiveness of $500,000 in accrued interest on Owosso's debt.

(l)

To reflect the new debt of the combined entity of $14,826,000. The new debt will result from the following expected activity (in thousands):

	Historical balance	Payoff	Not assumed	New debt agreements	Pro forma balance	Projected interest

						rate
Allied Motion						
Revolving credit	$ 1,750	$ (1,750)		$ 6,526	$ 6,526	5.0%
Term loan	1,208	(1,208)		3,000	3,000	7.8%
Subordinated notes				750	750	6.5%
Total Allied Motion	$ 2,958	$ (2,958)				
Owosso						
Revolving credit	4,500	(4,500)				
Industrial revenue bonds	4,550				4,550	1.0%
Subordinated debt	2,046	(818)	$ (1,228)			
Total Owosso	$ 11,096	$ (5,318)				
Total debt	$ 14,054	$ (8,276)	$ (1,228)	$ 10,276	$ 14,826	

It is estimated that $12,975,000 of the pro forma debt balance will be long-term and $1,851,000 will be classified as current based on the terms of the new debt agreements.

(m)
To eliminate the accrued preferred stock dividends of Owosso that will be forgiven upon closing of the acquisition and Owosso's common stock put option that will be cancelled per the merger agreement.

(n)
To reflect the elimination of Owosso's equity and reflect the issuance of Allied Motion's common stock and warrants to purchase common stock as consideration for the acquisition.

INFORMATION ABOUT ALLIED MOTION

Business

Allied Motion Technologies Inc. was organized in 1962 under the laws of Colorado. Allied Motion is engaged in the business of designing, manufacturing and selling motion products to a broad spectrum of customers throughout the world. Prior to July 29, 2002, Allied Motion was also engaged in designing, manufacturing and selling advanced systems and instrumentation to the worldwide power and process industries. As discussed more fully in Note 2 of the Notes to Consolidated Financial Statements, on July 29, 2002, Allied Motion sold substantially all of its Power and Process Business, and in March 2003 finalized the sale of the Calibrator Business, completing the sale of all its Power and Process Business, therefore transforming Allied Motion and focusing all of its resources in the motor and motion products markets (Motion Strategy). Allied Motion operates primarily in the United States and the United Kingdom. Prior to the sale of its Power and Process Business, Allied Motion also had joint venture investments in China. Prior to October 2002, Allied Motion was known as Hathaway Corporation. In connection with the sale of its Power and Process Business, the Hathaway name became the property of the buyers. At the October 2002 Annual Meeting of Shareholders, a proposal was approved to amend the Articles of Incorporation to change the company's name to Allied Motion Technologies Inc.

Allied Motion's business offers high quality, cost-effective products that serve a wide range of engineered applications in the off road, truck, bus and recreational vehicle markets, fuel cell, telecommunications, semiconductor, industrial, medical, military and aerospace industries, as well as in the manufacturing of analytical instruments and computer peripherals. End products using Allied Motion technology include HVAC systems and actuators for the vehicle markets, tuneable lasers, wavelength meters and spectrum analyzers for the fiber optic industry, robotic systems for the semiconductor industry, anti-lock brake and fuel cell applications for the specialty automotive market, satellite tracking systems, smart bomb and munitions control applications for the military and defense markets, as well as various applications in the medical and high definition printing markets.

The motion group is organized into one division and three subsidiaries, respectively: Motors and Instruments Division (MI Tulsa, OK), Emoteq Corporation (Emoteq Tulsa, OK), Computer Optical Products, Inc. (COPI Chatsworth, CA), and Motor Products Owosso Corporation and Motor Products Ohio Corporation (Motor Products Owosso, MI).

The MI division manufactures precision direct current fractional horsepower motors and certain motor components. Industrial equipment and military products are the major application for the motors. This division also supplies spare parts and replacement equipment for general-purpose instrumentation products.

Emoteq-Tulsa designs, manufactures and markets direct current brushless motors, related components, and drive and control electronics as well as a family of static frequency converters for military and aerospace applications and has extensive experience in power electronics design and software development required for the application of specialized drive electronics technology. Markets served include semiconductor manufacturing, industrial automation, medical equipment, and military and aerospace. Emoteq has one wholly-owned subsidiary acquired July 1, 1998 named Emoteq UK Limited.

Optical encoders are manufactured by COPI. They are used to measure rotational and linear movements of parts in diverse applications such as tunable lasers, spectrum analyzers, machine tools, robots, printers and medical equipment. The primary markets for the optical encoders are in the telecommunications, computer peripheral manufacturing, industrial and medical sectors. COPI also designs, manufactures and markets fiber optic-based encoders with special characteristics, such as immunity to radio frequency interference and high temperature tolerance, suited for industrial,

aerospace and military environments. Applications include airborne navigational systems, anti-lock braking transducers, missile flight surface controls and high temperature process control equipment.

Effective July 30, 2002 Allied Motion acquired 100% of the stock of Motor Products Owosso Corporation and Motor Products Ohio Corporation ("Motor Products") from Owosso Corporation, a publicly held corporation. Motor Products, located in Owosso, Michigan has been a motor producer for more than fifty years and is a vertically integrated manufacturer of customized, highly engineered sub-fractional horsepower permanent magnet DC motors serving a wide range of original equipment applications. The motors are used in HVAC and actuation systems in a variety of markets including trucks, buses, RV's, off-road vehicles, health, fitness, medical and industrial equipment. Motor Products will continue to operate its business in Owosso, Michigan under the existing management team.

Fiscal Year End Change. To help position Allied Motion for the new Motion Strategy, the Board of Directors approved the change of the fiscal year end from June 30 to December 31. The change to a calendar fiscal year is intended to assist Allied Motion's expansion as an international company especially the expansion into the European marketplace.

Product Distributions. Allied Motion maintains a direct sales force. In addition to its own marketing and sales force, Allied Motion has developed a worldwide network of independent sales representatives and agents to market its various product lines.

Competition. Allied Motion faces competition in all of its markets, although the number of competitors varies depending upon the product. Allied Motion believes there are numerous competitors in the motion control market. Competition involves primarily product performance and price, although service and warranty are also important.

Financial Information about Operating Segments. The information required by this item is set forth in Note 11 of the Notes to Consolidated Financial Statements contained herein.

Availability of Raw Materials. All parts and materials used by Allied Motion are in adequate supply. No significant parts or materials are acquired from a single source.

Seasonality of the Business. Allied Motion's business is not of a seasonal nature; however, revenues may be influenced by customers' fiscal year ends and holiday seasons.

Working Capital Items. Allied Motion currently maintains inventory levels adequate for its short-term needs based upon present levels of production. Allied Motion considers the component parts of its different product lines to be readily available and current suppliers to be reliable and capable of satisfying anticipated needs.

Sales to Large Customers. During fiscal years 2001 and 2000, one customer accounted for 20% and 11%, respectively, of Allied Motion's consolidated revenue from continuing operations. The customer is a leading manufacturer of test instrumentation for the fiber optic telecommunications industry. During fiscal 2002, the customer cancelled a $4.75 million order. Allied Motion's products are still designed into the customer's products; however, deliveries of the Company's products have been halted by the customer because of excess inventories and the economic downturn. Allied Motion is delivering products to this customer under other orders at this time.

Sales Backlog. Allied Motion's backlog from continuing operations at December 31, 2002 consisted of sales orders totaling approximately $13,663,000. Backlog at December 31, 2002 includes $6,604,000 in sales order backlog from the newly acquired Motor Products. Backlog at December 31, 2001 was $8,758,000. There can be no assurance that Allied Motion's backlog can be converted into revenue.

Government Sales. Approximately $1,010,000 of Allied Motion's backlog as of December 31, 2002 consisted of contracts with the United States Government. Allied Motion's contracts with the government contain a provision generally found in government contracts that permits the government to terminate the contract at its option. When the termination is attributable to no fault of Allied Motion, the government would, in general, have to pay Allied Motion certain allowable costs up to the time of termination, but there is no compensation for loss of profits.

Engineering and Development Activities. Allied Motion's expenditures on engineering and development for the Transition Period were $754,000. For fiscal years 2002, 2001, and 2000 expenditures for engineering and development from continuing operations were $846,000, $962,000 and $861,000, respectively. Of these expenditures, no material amounts were charged directly to customers.

Environmental Issues. No significant pollution or other types of emission result from Allied Motion's operations and it is not anticipated that the Company's proposed operations will be materially affected by Federal, State or local provisions concerning environmental controls. However, there can be no assurance that any future regulations will not affect Allied Motion's operations.

See "Legal Proceedings" below and Note 10 of the Notes to Consolidated Financial Statements for additional information regarding environmental issues.

Foreign Operations. The information required by this item is set forth in Note 11 of the Notes to Consolidated Financial Statements contained herein.

Employees. As of December 31, 2002, Allied Motion had approximately 341 full-time employees, of which 332 remained with Allied Motion after the sale of the Process Business on March 6, 2003.

Properties

As of December 31, 2002, Allied Motion occupies its administrative offices and manufacturing facilities as follows:

Description / Use	Location	Approximate Square Footage	Owned or Leased
Corporate headquarters	Littleton, Colorado	5,000	Leased
Office and manufacturing facility	Farmers Branch, Texas	8,000	Leased
Office and manufacturing facility	Tulsa, Oklahoma	20,000	Leased
Office and manufacturing facility	Chatsworth, California	22,000	Leased
Office and manufacturing facility	Tulsa, Oklahoma	10,000	Leased
Office and manufacturing facility	Bournemouth, England	2,000	Leased
Office and manufacturing facility	Owosso, Michigan	82,500	Owned

As a result of the March 2003 Calibrator Business sale, Allied Motion no longer occupies the facility in Farmers Branch, Texas.

Allied Motion's management believes the above-described facilities are adequate to meet the company's current and foreseeable needs.

Legal Proceedings

In 2001, Allied Motion, with other parties, was named as a defendant in an environmental contamination lawsuit. The lawsuit relates to property that was occupied by Allied Motion's Power and Process Business over 37 years ago. Allied Motion agreed to settle the lawsuit and recorded an estimated charge for the settlement and related legal fees of $1,429,000 ($961,000 net of the tax effect) during the fiscal year ended June 30, 2002. The settlement agreement received court approval during the Transition Period. While Allied Motion believes that the suit against the company was without

merit, it agreed to the settlement to eliminate future costs of defending itself and the uncertain risks associated with litigation. Additional information required by this item is set forth in Note 10 of the Notes to Consolidated Financial Statements contained herein.

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

Comparative Per Share Market Price Information and Dividend Policy

The following table sets forth for the calendar quarters indicated the range of the high and low bid information for Allied Motion Common Stock and Owosso Common Stock as quoted on the NASDAQ SmallCap Market. The Owosso Common Stock was de-listed from the NASDAQ SmallCap Market on July 8, 2003 and information presented below for such subsequent periods represent the high and the low over-the-counter market bid quotations for Owosso Common Stock. Such over-the-counter market quotations reflect inter-dealer prices, without retail mark-up, mark-down or commission and may not necessarily represent actual transactions.

	Allied Motion Common Stock		Owosso Common Stock	
	High	**Low**	**High**	**Low**
2004				
Through March , 2004	$ 5.46	$ 3.80	$ 0.35	$ 0.06
2003				
Fourth Quarter	4.47	3.05	0.12	0.05
Third Quarter	3.06	1.50	0.21	0.04
Second Quarter	2.14	1.50	0.58	0.15
First Quarter	2.11	1.58	0.43	0.22
2002				
Fourth Quarter	2.79	1.70	0.66	0.35
Third Quarter	2.85	2.05	0.80	0.46
Second Quarter	3.15	2.25	0.80	0.38
First Quarter	3.00	2.60	0.52	0.23
2001				
Fourth Quarter	3.25	1.75	0.83	0.18
Third Quarter	3.90	2.04	1.09	0.52
Second Quarter	4.84	3.10	1.37	0.75
First Quarter	6.94	2.94	1.50	0.94

On February 9, 2004, the last trading day before we announced the merger, Allied Motion Common Stock closed at $4.40 per share and Owosso Common Stock closed at $0.06 per share. On March , 2004, the last practicable trading day before the printing of this proxy statement/prospectus, Allied Motion Common Stock closed at $ per share and Owosso Common Stock closed at $ per share. You may obtain more recent stock price quotes from most newspapers or other financial sources, and we encourage you to do so.

As of , there were holders of record of Allied Motion Common Stock and holders of record of Owosso Common Stock.

As a result of the merger, there will be no change in the number of shares of Allied Motion Common Stock held by the officers and directors of Allied Motion or any person who is known to be the beneficial owner of more than five percent of Allied Motion's Common Stock. The percentage of present holdings by such officers, directors and more than five percent shareholders will be reduced as

a result of the issuance of Allied Motion Common Stock pursuant to the merger and such percentage reduction will be proportional to all other holders of Allied Motion Common Stock.

Allied Motion has not declared or paid cash dividends on shares of Allied Motion Common Stock, and Owosso has not declared or paid cash dividends on shares of Owosso Common Stock. Allied Motion currently intend to retain any future earnings to fund operations and the continued development of its business, and, thus, does not expect to pay any cash dividends on the Allied Motion Common Stock in the foreseeable future. Future cash dividends, if any, will be determined by Allied Motion's Board of Directors and will be based upon Allied Motion's earnings, capital requirements, financial condition and other factors deemed relevant by the Board of Directors.

Equity Compensation Plan. The following table shows the equity compensation plan information of Allied Motion at December 31, 2002.

Plan category	**Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)**	**Weighted-average exercise price of outstanding options, warrants and rights (b)**	**Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)**
Equity compensation plans approved by security holders	1,192,330	$ 3.21	270,640

Allied Motion Selected Historical Consolidated Financial Data

Allied Motion's Board of Directors approved the change of the fiscal year end from June 30 to December 31 beginning in 2002. The audited results from July 1, 2002 through December 31, 2002 are referred to as the Transition Period.

The following tables summarize data from Allied Motion's financial statements for the interim nine month period ended September 30, 2003 and comparable nine month period ended September 30, 2002 and the fiscal periods 1998 through the Transition Period and notes thereto; Allied Motion's complete financial statements and notes thereto are set forth below.

	For the Nine Month Interim Period ended September 30, 2003	**For the Nine Month Comparative Period ended September 30, 2002**
	In thousands (except per share data)	
Statements of Operations Data:		
Net revenues from continuing operations	$ 28,750	$ 15,875
Income (loss) from continuing operations	$ 556	$ (156)
Operating loss from discontinued operations		(763)
Gain on sale of power and process business, net of income taxes		1,007
Net income	$ 556	$ 88

	For the Nine Month Interim Period ended September 30, 2003	For the Nine Month Comparative Period ended September 30, 2002
Diluted income (loss) per share from continuing operations	$ 0.11	$ (0.03)

	At September 30, 2003	At September 30, 2002
Balance Sheet Data:		
Total assets	$ 27,081	$ 29,448
Total current and long-term debt	$ 2,958	$ 3,958

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	For the Transition Period ended December 31, 2002	For the fiscal years ended June 30, 2002	2001	2000	1999	1998
	In thousands (except per share data)					
Statements of Operations Data:						
Net revenues from continuing operations	$ 17,191	$ 15,723	$ 21,188	$ 18,591	$ 12,980	$ 13,841
Income (loss) from continuing operations	$ 45	$ (45)	$ 2,024	$ 1,918	$ (641)	$ 1,729
Operating income (loss) from discontinued operations	(736)	(221)	(28)	(443)	(884)	(3,706)
Gain on sale of power and process business, net of income taxes	1,019					
Net income (loss)	$ 328	$ (266)	$ 1,996	$ 1,475	$ (1,525)	$ (1,977)
Diluted income (loss) per share from continuing operations	$ 0.01	$ (0.01)	$ 0.42	$ 0.40	$ (0.15)	$ (0.40)

	At December 31, 2002	At June 30, 2002	2001	2000	1999	1998
Balance Sheet Data:						
Total assets	$ 28,348	$ 22,629	$ 20,203	$ 19,937	$ 16,398	$ 17,820
Total current and long-term debt	$ 4,133	$	$ 553	$ 1,546	$ 1,308	$ 1,245

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Allied Motion Unaudited Interim Condensed Consolidated Balance Sheets
(In thousands, except per share data)

	September 30, 2003	December 31, 2002

	September 30, 2003	December 31, 2002
Assets		
Current Assets:		
Cash and cash equivalents	$ 1,490	$ 1,955
Current assets of segment held for sale		684
Trade receivables, net of allowance for doubtful accounts of $98 and $148 at September 30, 2003 and December 31, 2002, respectively	6,398	5,481
Inventories, net	3,319	3,953
Deferred income taxes	1,249	1,257
Prepaid expenses and other	864	846
Total Current Assets	13,320	14,176
Property, plant and equipment, net	6,245	6,431
Goodwill and intangible assets	7,516	7,741
Total Assets	$ 27,081	$ 28,348
Liabilities and Stockholders' Investment		
Current Liabilities:		
Accounts payable	$ 1,907	$ 2,375
Accrued liabilities and other	3,432	3,275
Debt obligations	2,958	4,133
Current liabilities of segment held for sale		535
Total Current Liabilities	8,297	10,318
Pension, post-retirement and other liabilities	3,183	3,053
Total Liabilities	11,480	13,371
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; 5,000 and 4,837 shares issued and outstanding at September 30, 2003 and December 31, 2002, respectively	8,355	8,100
Loan receivable from Employee Stock Ownership Plan	(200)	
Retained earnings	7,405	6,849
Cumulative translation adjustments	41	28
Total Stockholders' Investment	15,601	14,977
Total Liabilities and Stockholders' Investment	$ 27,081	$ 28,348

See accompanying notes to financial statements.

Allied Motion Unaudited Interim Condensed Consolidated Statements of Operations
(In thousands, except per share data)

	For the three months ended September 30,		For the nine months ended September 30,	
	2003	2002	2003	2002
Revenues	$ 9,838	$ 8,020	$ 28,750	$ 15,875
Cost of products sold	7,546	6,054	21,702	11,194
Gross margin	2,292	1,966	7,048	4,681
Operating costs and expenses:				
Selling	514	397	1,512	854
General and administrative	996	1,148	3,232	3,266
Engineering and development	485	346	1,374	770
Amortization of intangible assets	79	100	236	101
Restructuring charges			140	
Total operating costs and expenses	2,074	1,991	6,494	4,991
Operating income (loss)	218	(25)	554	(310)
Other (expense) income, net:				
Interest expense	(57)	(54)	(182)	(54)
Other (expense) income, net	(8)	13	2	137
Total other (expense) income, net	(65)	(41)	(180)	83
Income (loss) before income taxes from continuing operations	153	(66)	374	(227)
Benefit from income taxes	250	14	182	71
Income (loss) from continuing operations	403	(52)	556	(156)
Income from discontinued operations, net of taxes		243		244
Net income	$ 403	$ 191	$ 556	$ 88
Basic and diluted net income per share:				
Income (loss) from continuing operations	$ 0.08	$ (0.01)	$ 0.11	$ (0.03)
Income from discontinued operations		0.05		0.05
Net income per share	$ 0.08	$ 0.04	$ 0.11	$ 0.02
Basic weighted average common shares	5,001	4,788	4,901	4,759
Diluted weighted average common shares	5,122	4,788	4,963	4,759
Comprehensive income				
Net income	$ 403	$ 191	$ 556	$ 88
Foreign currency translation adjustments	6	(169)	13	62
Comprehensive income	$ 409	$ 22	$ 569	$ 150

See accompanying notes to financial statements.

Allied Motion Unaudited Interim Condensed Consolidated Statements of Cashflows
(In thousands)

	For the nine months ended September 30,	
	2003	2002
Cash Flows From Operating Activities:		
Net income	$ 556	$ 88
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	977	674
Provision for doubtful accounts	15	31
Provision for obsolete inventory	287	642
Deferred income taxes	8	(756)
Accrued litigation settlement and legal fees		1,300
Gain on sale of Power and Process Business		(1,679)
Other	8	95
Changes in assets and liabilities, net of effects from disposition:		
(Increase) decrease in		
Trade receivables	(796)	(44)
Inventories, net	321	(495)
Prepaid expenses and other	(354)	821
(Decrease) increase in		
Accounts payable	(523)	1,137
Accrued liabilities and other	47	(1,131)
Net cash provided by operating activities	546	683
Cash Flows From Investing Activities:		
Purchase of property and equipment	(547)	(625)
Payment for purchase of Motor Products		(12,348)
Proceeds from sale of Power and Process Business	500	6,444
Net proceeds from sale of Calibrator Business	149	
Net cash provided by (used in) investing activities	102	(6,529)
Cash Flows From Financing Activities:		
Changes in restricted cash		272
Borrowings from line-of-credit and term loan (debt obligations)		4,300
Repayments on debt obligations	(1,175)	(11)
Proceeds from exercise of stock options		281
Purchase of treasury stock		(36)
Common stock issued under employee benefit stock plans	49	35
Net cash (used in) provided by financing activities	(1,126)	4,841
Effect of foreign exchange rate changes on cash	13	121

	For the nine months ended September 30,	
Net decrease in cash and cash equivalents	(465)	(884)
Cash and cash equivalents at beginning of period	1,955	3,412
Cash and cash equivalents at September 30	$ 1,490	$ 2,528
Supplemental disclosure of cash flow information:		
Net cash paid during the period for:		
Interest	$ 182	$ 54
Income taxes	140	35

See accompanying notes to financial statements.

Allied Motion Notes to Interim Consolidated Financial Statements

1. Corporate Changes

Allied Motion Technologies, Inc. is engaged in the business of designing, manufacturing and selling motion control products to a broad spectrum of customers throughout the world. Prior to October 2002, the Company was known as Hathaway Corporation. In connection with the sale of its Power and Process Business (see Note 7), the Hathaway name became the property of the buyers. At the October 2002 Annual Meeting of Stockholders, the stockholders approved an amendment to the Articles of Incorporation changing the Company's name to Allied Motion Technologies, Inc.

On July 30, 2002, the Company purchased 100% of the stock of Motor Products Owosso Corporation and Motor Products Ohio Corporation (collectively "Motor Products") from Owosso Corporation, a publicly held corporation, for $11,800,000. Motor Products, located in Owosso, Michigan has been a motor producer for more than fifty years and is a vertically integrated manufacturer of customized, highly engineered sub-fractional horsepower permanent magnet DC motors serving a wide range of original equipment applications. The motors are used in HVAC and actuation systems in a variety of markets including trucks, buses, RV's, off-road vehicles, health, fitness, medical and industrial equipment. The Company acquired Motor Products to further its Motion Strategy. See Note 8 for further information about the acquisition of Motor Products.

On August 15, 2002, the Board of Directors approved the change of the Company's fiscal year end from June 30 to December 31. The change was effective December 31, 2002. The Company reported the six-month transition period on its Form 10-K for the period ended December 31, 2002. The amounts shown for the nine months ended September 30, 2002 have not been previously disclosed

2. Basis of Preparation and Presentation

The accompanying unaudited condensed consolidated financial statements include the accounts of Allied Motion Technologies, Inc. and its wholly-owned subsidiaries (the Company or Allied Motion). All significant inter-company accounts and transactions have been eliminated in consolidation.

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, 2002 Form 10-K previously filed by the Company.

3. Inventories

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

	September 30, 2003	December 31, 2002
Parts and raw materials, net	$ 2,001	$ 2,332
Work-in process, net	663	940
Finished goods, net	655	681
	$ 3,319	$ 3,953

4. Stock-Based Compensation

The Company accounts for employee stock-based compensation 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 under these plans 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 is reflected in net income. Had compensation cost for these plans 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,	
	2003	2002	2003	2002
Actual net income	$ 403	$ 191	$ 556	$ 88
Pro forma net income (loss)	$ 256	$ 35	$ 121	$ (406)
Actual basic and diluted net income per share	$ 0.08	$ 0.04	$ 0.11	$ 0.02
Pro forma basic and diluted net income (loss) per share	$ 0.05	$ 0.01	$ 0.02	$ (0.09)

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 September 30,		For the nine months ended September 30,	
	2003	2002	2003	2002
Risk-free interest rate	3.9%	3.9%	3.9%	3.9%
Expected dividend yield	0%	0%	0%	0%
Expected life	6 years	6 years	6 years	6 years
Expected volatility	108.6%	120.7%	108.6%	120.7%

The weighted average fair value of options granted, assuming the Black-Scholes option-pricing model, during the quarter ended September 30, 2003 and 2002 was $1.84 and $2.01, respectively. The weighted average fair value of options granted, assuming the Black-Scholes option-pricing model, during the nine months ended September 30, 2003 and 2002 was $1.49 and $2.01, respectively. The total fair value of options granted was $9,200 and $402,000 in the quarters ended September 30, 2003 and 2002, respectively. The total fair value of options granted was $254,880 and $716,880 in the nine

months ended September 30, 2003 and 2002, respectively. These amounts are being amortized ratably over the vesting periods of the options for purposes of this disclosure.

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 subjective assumptions including the expected stock price volatility. Because the Company's employee stock options have characteristics significantly different than those of traded options, and because changes in the subjective input assumptions can materially affect the fair value estimate, in management's opinion, the existing models do not necessarily provide a reliable single measure of the fair value of its stock options.

5. Earnings per Share

Basic income (loss) per share from continuing operations is computed by dividing net income or loss by the weighted average number of shares of common stock outstanding. Diluted income or loss per share from continuing operations is determined by dividing the net income or loss by the sum of (1) the weighted average number of common shares outstanding and (2) if not anti-dilutive, the effect of stock options determined utilizing the treasury stock method. Outstanding options totaling 121,000 and 62,000 had a dilutive effect for the three months and nine months ended September 30, 2003 and 2002, respectively. Stock options to purchase 738,000, 974,000, 775,000, and 625,000 shares of common stock (without regard to the treasury stock method), were excluded from the calculation of diluted loss per share for the quarters and nine months ended September 30, 2003 and 2002, respectively, since the results would have been anti-dilutive.

6. Segment Information

SFAS No. 131, "Disclosures about Segments of an Enterprise and Related Information" requires disclosure of operating segments, which as defined, are components of an enterprise about which separate financial information is available that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance. SFAS No. 131 allows aggregation of operating segments if they have similar economic characteristics and if they are similar in relation to the nature of the products and services provided, the nature of the production process used, the types of customers for the products and services and the methods used to distribute the products and services.

The Company historically operated in two different segments: Power and Process Business (Power and Process) and Motion Business. On July 29, 2002, the Company completed the sale of substantially all the Power and Process Business and on March 6, 2003 the Company sold the final portion of Power and Process transforming the Company into a Motion Control Business and therefore eliminated the need for segment reporting. The discontinued operations of Power and Process are discussed in Note 7.

7. Discontinued Operations

On July 29, 2002, the Company sold substantially all the assets of its Power and Process Business to Qualitrol Power Products, LLC (Qualitrol Power) and its affiliate Danaher UK Industries, Limited (DUKI). Both Qualitrol Power and DUKI are direct or indirect subsidiaries of Danaher Corporation. The Power and Process Business was comprised of power instrumentation products, systems and automation products, and process instrumentation products. It also included investments in two China joint ventures which were also sold.

Proceeds from the sale of substantially all of the Power and Process Business were $8,182,000 plus the assumption of certain related liabilities. Selling costs incurred were $1,277,000. The after tax gain on the sale was $1,007,000.

The remaining assets of the Power and Process Segment related to the Company's Calibrator Business. On March 6, 2003, the Company completed the sale of its Calibrator Business to a subsidiary of Martel Electronics Corp. The proceeds consisted of $200,000 received on March 6, 2003 plus $50,000 due on March 6, 2004. The amount due is included in prepaid expenses and other current assets in the accompanying September 30, 2003 balance sheet. After consideration of selling costs of $51,000 incurred in the first quarter of 2003, the net proceeds on the sale were $199,000. Due to a writedown of the carrying value of the Calibrator Business to its estimated fair value at

September 30, 2002, there was no gain or loss recorded on the finalization of the sale.

In accordance with SFAS No. 144, the consolidated financial statements of the Company have been recast to present these businesses as discontinued operations. Accordingly, the revenues, costs and expenses and assets and liabilities of these discontinued operations have been excluded from the respective captions in the accompanying Condensed Consolidated Statements of Operations and Balance Sheets and have been reported in the various statements under the captions, "Income from discontinued operations", "Current assets of segment held for sale" and "Current liabilities of segment held for sale" for all periods presented. In addition, certain of these Notes have been recast for all periods to reflect the discontinuance of these operations.

Summary results for the discontinued operations are as follows (in thousands):

	For the three months ended September 30,		For the nine months ended September 30,	
	2003	**2002**	**2003**	**2002**
Revenues	$	$ 1,040 (a)	$ 159(b)	$ 15,480 (c)
Gain on the sale of Power and Process, net of tax	$	$ 1,007 (d)	$	$ 1,007 (d)
Operating loss from discontinued operations, net of tax	$	$ (764)	$	$ (763)
Income from discontinued operations, net of taxes	$	$ 243	$	$ 244

(a) Includes one month of Power and Process segment revenues and three months of Calibrator Business revenues.

(b) Includes two months of Calibrator Business revenues.

(c) Includes seven months of Power and Process segment revenues and nine months of Calibrator Business revenues.

(d) An additional $12,000 net gain was recorded in the quarter ended December 31, 2002.

Amounts included in the Condensed Consolidated Balance Sheets for discontinued operations are as follows (in thousands):

	September 30, 2003	December 31, 2002
Current assets of segment held for sale		
Trade receivables, net	$	$ 165
Inventories, net		351
Property, plant and equipment		97
Prepaid expenses and other		71
Deferred income taxes		
Total	$	$ 684

	September 30, 2003		December 31, 2002
Current liabilities of segment held for sale			
Accounts payable	$	$	53
Accrued liabilities			482
Total	$	$	535

8. Motor Products Acquisition

On July 30, 2002, the Company purchased 100% of the stock of Motor Products from Owosso Corporation, a publicly held corporation, for $11,800,000. The Company incurred approximately $712,000 in acquisition costs, which resulted in a total purchase price of $12,512,000. The Company paid $11,500,000 in cash at closing and $300,000 was paid in January 2003 and was included in debt obligations in the accompanying December 31, 2002 balance sheet.

The acquisition was accounted for using the purchase method of accounting, and, accordingly, the purchase price was allocated to the assets purchased and the liabilities assumed based on their respective estimated fair values at the date of acquisition which in part was determined by a third-party appraisal. The net purchase price allocation was as follows (in thousands):

Trade receivables	$	2,927
Inventories		2,300
Other current assets		56
Property, plant and equipment		5,377
Amortizable intangible assets		2,670
Goodwill		4,873
Accrued liabilities and other current liabilities		(2,949)
Pension and post-retirement obligations		(2,742)
Net purchase price	$	12,512

The acquired goodwill and intangible assets are deductible for tax purposes. The amortizable intangible assets are amortized as discussed in Note 9.

The accompanying consolidated financial statements include the operating results of Motor Products subsequent to July 30, 2002.

The following presents the Company's unaudited pro forma financial information from continuing operations for the three and nine months ended September 30, 2002. The pro forma statements of operations give effect to the acquisition of Motor Products as if it had occurred at January 1, 2002. The pro forma financial information is for informational purposes only and does not purport to present what the Company's results would actually have been had the acquisition actually occurred at the

beginning of the fiscal period or to project the Company's results of operations for any future period (in thousands, except per share data).

	For the three months ended September 30, 2002	For the nine months ended September 30, 2002
Revenues	$ 10,132	$ 29,263
Gross margin	2,265	6,473
Operating loss	(108)	(427)
Loss from continuing operations	(118)	(337)

	For the three months ended September 30, 2002	For the nine months ended September 30, 2002
Diluted loss per share from continuing operations	(0.02)	(0.07)

9. Goodwill and Intangible Assets

In June 2001, the FASB issued SFAS No. 142. SFAS No. 142 changed the accounting for goodwill and intangible assets and requires that goodwill no longer be amortized but be tested for impairment at least annually at the reporting unit level in accordance with SFAS No. 142. Recognized intangible assets with determinable useful lives are amortized over their useful lives and reviewed for impairment in accordance with SFAS No. 144. The provisions of SFAS No. 142 are effective for fiscal years beginning after December 15, 2001, except for provisions related to the non-amortization and amortization of goodwill and intangible assets acquired after June 30, 2001, which were subject immediately to the provisions of SFAS No. 142. The Company adopted SFAS No. 142 on July 1, 2002. SFAS No. 142 requires a goodwill impairment test on an annual basis. The Company completed its analysis of the fair value of its goodwill existing at September 30, 2003 and determined there was no indicated impairment of its goodwill. There can be no assurance that future goodwill impairments will not occur.

The change in the carrying amount of goodwill for the nine months ended September 30, 2003 is as follows (in thousands):

Balance as of December 31, 2002	$	5,202
Goodwill resulting from adjustment to purchase price allocation		12
Balance as of September 30, 2003	$	5,214

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

		September 30, 2003		December 31, 2002	Estimated Life
Amortizable intangible assets					
Customer lists	$	1,930	$	1,930	8 years
Trade name		740		740	10 years
Accumulated amortization		(368)		(131)	
Total intangible assets	$	2,302	$	2,539	

Amortization expense for intangible assets for the quarter ended September 30, 2003 and 2002 was $79,000 and $100,000, respectively, and for the nine months ended September 30, 2003 and 2002 was $236,000 and $101,000, respectively.

10. Restructuring Charges

Restructuring charges include the costs associated with the Company's strategy of reducing its facility requirements and implementing lean manufacturing initiatives. These charges consist of costs that are incremental to the Company's ongoing operations and, for the nine months ended September 30, 2003, include employee termination related charges. In periods subsequent to September 30, 2003, the Company anticipates incurring additional restructuring charges related to employee termination charges.

The Company recorded restructuring charges of $140,000 in the first nine months of 2003, primarily associated with workforce reductions which were paid in the first half of the year.

At September 30, 2003, outstanding liabilities related to the 2003 restructuring charges were $35,000 and are included in accrued liabilities and other in the accompanying condensed consolidated balance sheet.

The following table summarizes the activity in restructuring charges through September 30, 2003 (in thousands):

		For the nine months ended September 30, 2003
Restructuring charges	$	140
Payments made		(105)
Accrued liability	$	35

11. Recently Issued Accounting Standards

In July 2002, the FASB issued SFAS No. 146, "Accounting for Costs Associated with Exit or Disposal Activities," (effective January 1, 2003) which replaces Emerging Issues Task Force (EITF) Issue No. 94-3 "Liability Recognition for Certain Employee Termination Benefits and Other Costs to Exit an Activity (including Certain Costs Incurred in a Restructuring)." SFAS No. 146 requires that a liability for a cost associated with an exit or disposal activity be recognized when the liability is incurred and states that an entity's commitment to an exit plan, by itself, does not create a present obligation that meets the definition of a liability. SFAS No. 146 also establishes that fair value is the objective for initial measurement of the liability. The Company accounted for its restructuring activities during the first nine months of 2003 in accordance with SFAS No. 146.

In December 2002, the FASB issued SFAS No. 148, "Accounting for Stock-Based Compensation, Transition and Disclosure". SFAS No. 148 provides alternative methods of transition for a voluntary change in the fair value based method of accounting for stock-based compensation. SFAS No. 148 also requires that disclosures of the pro forma effect of using the fair value method of accounting for stock-based employee compensation be displayed more prominently and in a tabular format. Additionally, SFAS No. 148 requires disclosure of the pro forma effect in interim financial statements. The adoption of SFAS No. 148 did not have a material impact on the Company's financial statements.

In January 2003, the Financial Accounting Standards Board issued FASB Interpretation No. 46, "Consolidation of Variable Interest Entities" (FIN No. 46). This interpretation clarifies existing accounting principles related to the preparation of consolidated financial statements when the equity investors in an entity do not have the characteristics of a controlling financial interest or when the equity at risk is not sufficient for the entity to finance its activities without additional subordinated financial support from others parties. FIN No. 46 requires a company to evaluate all existing arrangements to identify situations where a company has a "variable interest" (commonly evidenced by a guarantee arrangement or other commitment to provide financial support) in a "variable interest entity" (commonly a thinly capitalized entity) and further determine when such variable interests

require a company to consolidate the variable interest entities' financial statement with its own. The Company is required to perform this assessment by December 31, 2003 and consolidate any variable interest entities for which it will absorb a majority of the entities' expected losses or receive a majority of the expected residual gains. The Company has no variable interests in other entities.

In May 2003 the FASB issued issued Statement of Financial Accounting Standards ("SFAS") No. 149, "Amendment of Statement 133 on Derivative Instruments and Hedging Activities." SFAS No. 149 amends and clarifies financial accounting and reporting for derivative instruments, including certain derivative instruments embedded in other contracts, and for hedging activities under SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities." SFAS No. 149 is effective in relation to certain issues for fiscal quarters that began prior to June 15, 2003 and for certain contracts entered into after June 30, 2003. The adoption of SFAS No. 149 had no initial impact on the Company's financial position, results of operations or cash flows.

In May 2003, the FASB issued SFAS No. 150, "Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity." SFAS No. 150 establishes standards for classifying and measuring certain financial instruments with characteristics of both liabilities and equity. SFAS No. 150 is effective for financial instruments entered into or modified after May 31, 2003, and to all other instruments that exist as of the beginning of the first interim financial reporting period beginning after June 15, 2003. The adoption of SFAS No. 150 had no initial impact on its results on the Company's financial position, results of operations or cash flows.

Management's Discussion and Analysis of Financial Condition and Results of Operations

Operating Results

Effective July 29, 2002, Allied Motion sold its Power and Process Business. In addition, on March 6, 2003, the company sold its Calibrator Business. Together, these two businesses comprised the Allied Motion's Power and Process segment as historically reported. See Note 7 to the accompanying condensed consolidated financial statements for more information regarding these events. In accordance with SFAS No. 144, these businesses have been presented as discontinued operations in the accompanying condensed consolidated financial statements. As such, the operating results from continuing operations of Allied Motion now only include results from the its Motion Business. All activities related to the Power and Process segment are excluded from continuing operating results and are included in the results from discontinued operations.

On July 30, 2002, Allied Motion purchased 100% of the stock of Motor Products-Owosso Corporation and Motor Products-Ohio Corporation (collectively "Motor Products") from Owosso for $11,800,000. Motor Products, located in Owosso, Michigan has been a motor producer for more than fifty years and is a vertically integrated manufacturer of customized, highly engineered sub-fractional horsepower permanent magnet DC motors serving a wide range of original equipment applications. The motors are used in HVAC and actuation systems in a variety of markets including trucks, buses, RV's, off-road vehicles, health, fitness, medical and industrial equipment. Allied Motion acquired Motor Products to further its Motion Strategy. See Note 8 for further information about the acquisition of Motor Products.

Quarter Ended September 30, 2003 compared to Quarter Ended September 30, 2002

Net Income. Allied Motion had net income of $403,000 or $.08 per diluted share for the third quarter 2003 compared to net income of $191,000 or $.04 per diluted share for the comparable quarter last year. The improvement is due to the addition of Motor Products, the successful implementation of lean manufacturing initiatives, including modifying manufacturing processes to reduce costs, and a $298,000 tax benefit related to the realization of a prior year state income tax refund. In addition, the third quarter results from last year include a gain on the sale of Power and Process, partially offset by the segment's operating loss.

Income from Continuing Operations. Allied Motion had income from continuing operations of $403,000 or $.08 per diluted share for the quarter ended September 30, 2003 compared to a loss of $52,000 or $.01 per diluted share for the comparable quarter last year. The improvement is due to the addition of Motor Products, the successful implementation of lean manufacturing initiatives, including modifying manufacturing processes to reduce costs, and a $298,000 tax benefit related to the realization of a prior year state income tax refund.

Revenues. Revenues were $9,838,000 for the quarter ended September 30, 2003 compared to $8,020,000 for the quarter ended September 30, 2002. Included in revenues for the quarter ended September 30, 2003 are revenues related to Motor Products, which was acquired on July 30, 2002, compared to only two months for the quarter ended September 30, 2002. On a pro forma basis, including Motor Products, revenues for the full quarter ended September 30, 2002, revenues were 3% lower for the third quarter of this year compared to the comparable period last year.

Gross Margins. Gross margin as a percentage of revenues decreased to 23% for the quarter ended September 30, 2003 from 25% for the comparable quarter last year. This decrease is primarily due to the impact of acquiring Motor Products. Motor Products has not historically achieved as high a gross margin percentage from the industry sectors to which it sells as is achieved from other industry sectors to which the Company sells its products. In the quarter ended September 30, 2002 on a pro forma basis, including Motor Products for the full quarter, gross margin was 22%. This improvement

from the pro forma basis is primarily due to cost reductions and improved efficiency resulting from the implementation of lean manufacturing initiatives, savings in material costs from purchasing material from off-shore sources and from the restructuring of the operations.

Selling Expenses. Selling expenses in the quarter ended September 30, 2003 were $514,000 compared to $397,000 in the comparable quarter last year. This increase is primarily due to the impact of acquiring Motor Products.

General and Administrative Expenses. General and administrative expenses were $996,000 in the quarter ended September 30, 2003 compared to $1,148,000 in the quarter ended September 30, 2002. This decrease was primarily due to a reduction in consulting expenses related to strategic development and a decrease in general insurance expenses partially offset by the increased salary costs associated with Allied Motion's new chief operating officer and marketing executive and by the impact of acquiring Motor Products.

Engineering and Development Expenses. Engineering and development expenses were $485,000 in the quarter ended September 30, 2003 and $346,000 in the comparable quarter last year. This increase was primarily due to the impact of acquiring Motor Products and additional expenditures associated with engineering product development.

Amortization. Amortization expense was $79,000 in the quarter ended September 30, 2003 and $100,000 in the comparable quarter last year. Last year's amortization expense was based on the estimated fair value of amortizable intangibles at the date of acquisition of Motor Products which was subsequently updated pursuant to finalization of a third party appraisal.

Interest Expense. Interest expense for the quarter ended September 30, 2003 was $57,000 compared to $54,000 in the quarter ended September 30, 2002. This increase is due to the borrowings on July 30, 2002 related to the financing of the acquisition of Motor Products partially offset by lower interest rates.

Income Taxes. Benefit from income taxes was $250,000 in the third quarter ended September 30, 2003 compared to a benefit of $14,000 in the third quarter ended September 30, 2002. This year's amount includes a $298,000 benefit related to the realization of a prior year state income tax refund. 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 not deductible for income tax purposes and the impact of differences in state and foreign tax rates.

Discontinued Operations. Income from discontinued operations was zero in the quarter ended September 30, 2003 compared to income of $243,000 in the quarter ended September 30, 2002. Included in the results from discontinued operations for the quarter ended September 30, 2002 is a gain on the sale of Power and Process of $1,007,000 and an operating loss from discontinued operations of $764,000 which includes a pretax charge for litigation settlement and legal fees of $1,429,000 to settle an environmental contamination lawsuit filed in 2001 pursuant to which Allied Motion was named as a defendant. The lawsuit related to property that was occupied by the company's Power Business over 37 years ago. While Allied Motion believed the suit against the company was without merit, it agreed to the settlement to eliminate future costs of defending itself and the risks associated with litigation.

Nine Months Ended September 30, 2003 compared to Nine Months Ended September 30, 2002

Net Income. Allied Motion had net income of $556,000 or $.11 per diluted share for the first nine months of 2003 compared to net income of $88,000 or $.02 per diluted share for the comparable nine months last year. This improvement is primarily due to the addition of Motor Products, the successful implementation of lean manufacturing initiatives, including modifying manufacturing processes to

reduce costs, and a $298,000 tax benefit related to the realization of a prior year state income tax refund. In addition, the third quarter results from last year include a gain on the sale of Power and Process, partially offset by the segment's operating loss.

Income from Continuing Operations. Allied Motion had income from continuing operations of $556,000 or $.11 per diluted share for the nine months ended September 30, 2003 compared to a loss of $156,000 or $.03 per diluted share for the comparable nine months last year. The improvement is due to the addition of Motor Products, the successful implementation of lean manufacturing initiatives, including modifying manufacturing processes to reduce costs, and a $298,000 tax benefit related to the realization of a prior year state income tax refund.

Revenues. Revenues were $28,750,000 in the nine months ended September 30, 2003 compared to $15,875,000 for the nine months ended September 30, 2002. Included in revenues for the nine months ended September 30, 2003 are revenues related to Motor Products, which was acquired on July 30, 2002, compared to only two months for the nine months ended September 30, 2002. On a pro forma basis, including Motor Products revenues for the full nine months ended September 30, 2002, revenues were 2% lower for the first nine months of this year compared to the comparable period last year.

Gross Margins. Gross margin as a percentage of revenues decreased to 25% for the nine months ended September 30, 2003 from 29% for the comparable period last year. This decrease is primarily due to the impact of acquiring Motor Products. Motor Products has not historically achieved as high a gross margin percentage from the industry sectors to which it sells as is achieved from other industry sectors to which Allied Motion sells its products. For the nine month period ended September 30, 2002 on a pro forma basis, including Motor Products for the full nine months, gross margin was 21%. This improvement from the pro forma basis is primarily due to cost reductions and improved efficiency resulting from the implementation of lean manufacturing initiatives, savings in material costs from purchasing material from off-shore sources and from the restructuring of the operations.

Selling Expenses. Selling expenses in the nine months ended September 30, 2003 were $1,512,000 compared to $854,000 for the nine months last year. This increase is primarily due to the impact of acquiring Motor Products.

General and Administrative Expenses. General and administrative expenses were $3,232,000 in the nine months ended September 30, 2003 compared to $3,266,000 in the nine months ended September 30, 2002. This decrease was due to a decrease in incentive bonus charges from the comparable nine months last year, partially offset by the impact of acquiring Motor Products and increased salary costs associated with the Company's new chief operating officer and marketing executive.

Engineering And Development Expenses. Engineering and development expenses were $1,374,000 in the nine months ended September 30, 2003 and $770,000 in the comparable nine months last year. This increase was primarily due to the impact of acquiring Motor Products and additional expenditures associated with engineering product development.

Amortization. Amortization expense was $236,000 in the nine months ended September 30, 2003 and $101,000 in the comparable nine months last year. This increase is due to the amortization of costs related to the amortizable intangible assets acquired in the Motor Products acquisition on July 30, 2002.

Restructuring Charge. Restructuring charges were $140,000 and zero for the nine months ended September 30, 2003 and 2002, respectively. The restructuring expense relates to severance costs arising from workforce reductions from consolidation of Allied Motion's manufacturing facilities.

Interest Expense. Interest expense for the nine months ended September 30, 2003 was $182,000 compared to $54,000 in the nine months ended September 30, 2002. This increase is due to the borrowings related to the financing of the acquisition of Motor Products on July 30, 2002.

Income Taxes. Benefit from income taxes was $182,000 in the nine months ended September 30, 2003 compared to $71,000 in the nine months ended September 30, 2002. This year's amount includes a $298,000 benefit related to the realization of a prior year state income tax refund. 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 not deductible for income tax purposes and the impact of differences in state and foreign tax rates.

Discontinued Operations. Income from discontinued operations was zero in the first nine months of 2003 compared to income of $244,000 for the first nine months of 2002. Included in the results from discontinued operations for the nine months ended September 30, 2002 is a gain on the sale of Power and Process of $1,007,000 and an operating loss from discontinued operations of $763,000 which includes a pretax charge for litigation settlement and legal fees of $1,429,000 to settle an environmental contamination lawsuit filed in 2001 pursuant to which Allied Motion was named as a defendant. The lawsuit related to property that was occupied by the company's Power Business over 37 years ago. While Allied Motion believed the suit against the company was without merit, it agreed to the settlement to eliminate future costs of defending itself and the risks associated with litigation.

Liquidity and Capital Resources

Allied Motion's liquidity position as measured by cash and cash equivalents decreased $465,000 during the nine months to $1,490,000 at September 30, 2003. The decrease compares to $884,000 used in the comparable period last year.

Net cash provided by operating activities was $546,000 for the nine months ended September 30, 2003 compared to $683,000 for the nine months ended September 30, 2002. The decrease reflects an improvement in net income and increases in adjustments for non cash items during the period offset by larger uses of working capital, primarily to finance receivables and pay accounts payable. Included in the amounts for the nine months last year is the operating activities of Power and Process which was sold on July 29, 2002 and only two months of operating activities of Motor Products which was acquired on July 30, 2002.

Net cash provided by investing activities was $102,000 for the nine months ended September 30, 2003 compared to $6,529,000 used during the nine months ended September 30, 2002. In the nine months ended September 30, 2003, Allied Motion received net proceeds from the sale of the Power and Process Business of $500,000 and from the sale of the Calibrator Business of $149,000. In the nine months ended September 30, 2002, Allied Motion made payments of $12,348,000 related to the acquisition of Motor Products and received $6,444,000 in payments, net of expenses paid, related to the sale of the Power and Process Business. Purchases of property and equipment were $547,000 and $625,000 in the nine months ended September 30, 2003 and 2002, respectively.

Net cash used in financing activities was $1,126,000 compared to cash generated of $4,841,000 for the nine months ended September 30, 2003 and 2002, respectively. In the nine months ended September 30, 2003, Allied Motion made payments of $300,000 related to a note payable issued in the acquisition of Motor Products, $375,000 on its term loan and $500,000 on the line of credit, compared to payments of $11,000 on its debt obligations for the comparable period last year and borrowing of $4,300,000 in relation to the acquisition of Motor Products. Also included in the amounts for the prior year are proceeds of $281,000 from the exercise of stock options and a decrease in restricted cash balances of $272,000.

A component of Allied Motion's liquidity relates to the availability of amounts under the line of credit agreement with Silicon Valley Bank (Silicon). Any lack of availability of this facility could have a material adverse impact on the company's liquidity position. The Agreement matures on February 28, 2004 and the Company believes it will be able to extend the Agreement beyond the maturity date. The Agreement requires that Allied Motion maintain compliance with certain covenants related to tangible net worth and debt service coverage. As of September 30, 2003 Allied Motion was in compliance with all covenants. At September 30, 2003, the company had $1,423,000 available on the line of credit.

Allied Motion'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 facility. Allied Motion believes the cash resources currently available is sufficient for its anticipated needs for the next twelve months, but if additional financing is needed in the future, the company would pursue additional capital via debt or equity financing.

Critical Accounting Policies

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

Allied Motion maintains allowances for doubtful accounts for estimated losses resulting from the inability of its customers to make required payments. The allowance is based on historical experience and judgments based on current economic and customer specific factors. Significant judgments are made by management in connection with establishing the company's customers' ability to pay at the time of shipment. Despite this assessment, from time to time, the company's customers are unable to meet their payment obligations. Allied Motion 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. Allied Motion monitors and forecasts expected inventory needs based on changing sales forecasts. Inventory is written down or written off when it becomes obsolete, generally because of engineering changes to a product or discontinuance of a product line, or when it is deemed excess. These determinations involve the exercise of significant judgment by management, and as demonstrated in recent periods demand for Allied Motion's products is volatile and changes in expectations regarding the level of future sales can result in substantial charges against earnings for obsolete and excess inventory.

Allied Motion 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 Allied Motion 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.

Allied Motion reviews the carrying values of its long-lived assets whenever events or changes in circumstances indicate that such carrying values may not be fully recoverable. Under current standards, the assets must be carried at historical cost if the projected cash flows from their use will recover their carrying amounts on an undiscounted basis and without considering interest. However, if projected cash flows are less than their carrying value, the long-lived assets must be reduced to their estimated fair value. Considerable judgment is required to project such cash flows and, if required, estimate the fair value of the impaired long-lived asset. The estimated future cash flows are based upon, among other things, assumptions about expected future operating performance and may differ from actual cash flows. There can be no assurance that future long-lived asset impairments will not occur.

Goodwill represents the excess of the purchase price over the fair value of identifiable net tangible and intangible assets acquired in a business combination. Effective July 1, 2002, Allied Motion adopted Statement of Financial Accounting Standard No. 142, "Goodwill and Other Intangibles" (SFAS No. 142) and ceased amortization of its goodwill. Goodwill is required to be tested for impairment annually, or more frequently if events or changes in circumstances indicate that goodwill may be impaired. This assessment requires estimates of future revenues, operating results and cash flows, as well as estimates of critical valuation inputs such as discount rates, terminal values and similar data. The company will continue to perform periodic and annual impairment analyses of goodwill resulting from its acquisitions. As a result of future periodic impairment analyses, impairment charges may be recorded and may have a material adverse impact on the financial position and operating results of the company. Additionally, Allied Motion may make strategic business decisions in future periods which impact the fair value of goodwill, which could result in significant impairment charges. There can be no assurance that future goodwill impairments will not occur.

Outlook

Allied Motion's total sales order backlog at September 30, 2003 increased 19% to $14,078,000 from $11,762,000 as of September 30, 2002. Backlog was up nearly 3% from December 31, 2002.

Allied Motion is proceeding with activities to restructure its operating facilities and reduce the number of facilities to three. The restructuring activities are expected to be complete by the end of the year. In addition, the vigorous implementation of lean manufacturing initiatives, ongoing cost reduction efforts, and savings in material costs from purchasing material from off-shore sources are expected to result in continuous improvement in productivity and operating profits well into the future.

As a supplement to internal growth, Allied Motion continues to be in active discussions with other companies in pursuing strategic acquisitions to both provide external growth and to strengthen its technology base.

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 Allied Motion 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 United States 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. Historically, and as of September 30, 2003, the company has not used derivative instruments or engaged in hedging activities.

Interest Rate Risk

The interest payable on Allied Motion's line-of-credit is variable based on the prime rate, and, therefore, affected by changes in market interest rates. The line-of-credit matures in February 2004. The company manages interest rate risk by investing excess funds in cash equivalents bearing variable interest rates that are tied to various market indices. As a result, Allied Motion 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% on Allied Motion's variable rate debt would have the impact of changing interest expense by approximately $18,000 annually based on the principal balance outstanding at September 30, 2003.

Foreign Currency Risk

After July 29, 2002, upon the sale of the Power and Process Business, Allied Motion had one foreign wholly-owned subsidiary which was located in England. Sales from this operation were typically denominated in British Pounds, thereby creating exposures to changes in exchange rates. The changes in the British/U.S.exchange rate could positively or negatively affect Allied Motion's sales, gross margins, net income and retained earnings. Allied Motion 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, and therefore, has chosen not to enter into foreign currency hedging instruments.

There can be no assurance that such an approach will be successful, especially in the event of a significant and sudden decline in the value of the British Pound.

Independent Auditors' Report

The Board of Directors and Stockholders of Allied Motion Technologies Inc.:

We have audited the accompanying consolidated balance sheets of ALLIED MOTION TECHNOLOGIES INC. (a Colorado corporation and formerly known as Hathaway Corporation) AND SUBSIDIARIES as of December 31, 2002 and June 30, 2002 and the related consolidated statements of operations, stockholders' investment and cash flows for the six-month period ended December 31, 2002 and for each of the years in the three-year period ended June 30, 2002. In connection with our audits of the consolidated financial statements, we also have audited the consolidated financial statement schedule for the six month period ended December 31, 2002 and for each of the years in the three-year period ended June 30, 2002 of Schedule II-Valuation and Qualifying Accounts. These consolidated financial statements and financial statement schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements and financial statement schedule based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Allied Motion Technologies Inc. and subsidiaries as of December 31, 2002 and June 30, 2002 and the results of their operations and their cash flows for the six-month period ended December 31, 2002 and for each of the years in the three-year period ended June 30, 2002, in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the related financial statement schedule, when considered in relation to the basic financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein.

As discussed in Note 1 to the consolidated financial statements, Allied Motion Technologies, Inc. and subsidiaries adopted the provisions of Statements of Financial Accounting Standards No. 141, "Business Combinations" and No. 142, "Goodwill and Other Intangible Assets," effective July 1, 2002.

KPMG LLP

Denver, Colorado
February 24, 2003

Allied Motion Consolidated Balance Sheets
(In thousands, except per share data)

	December 31, 2002	June 30, 2002
Assets		
Current Assets:		
Cash and cash equivalents	$ 1,955	$ 4,278
Restricted cash		501

	December 31, 2002	June 30, 2002
Current assets of segment held for sale	684	10,702
Trade receivables, net of allowance for doubtful accounts of $148 and $64 at December 31 and June 30, 2002, respectively	5,481	2,713
Inventories, net	3,953	1,713
Deferred income taxes	1,257	706
Prepaid expenses and other	846	656
Total Current Assets	14,176	21,269
Property, plant and equipment, net	6,431	1,019
Goodwill and intangible assets	7,741	341
Total Assets	$ 28,348	$ 22,629
Liabilities and Stockholders' Investment		
Current Liabilities:		
Current liabilities of segment held for sale	$ 535	$ 4,221
Debt obligations	4,133	
Accounts payable	2,375	423
Accrued liabilities and other	2,562	2,179
Income taxes payable	713	702
Total Current Liabilities	10,318	7,525
Litigation settlement, net of current portion	250	600
Pension and post-retirement obligations	2,803	
Total Liabilities	13,371	8,125
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; 4,837 and 4,690 shares issued at December 31 and June 30, 2002, respectively	8,100	7,811
Retained earnings	6,849	6,521
Cumulative translation adjustment	28	172
Total Stockholders' Investment	14,977	14,504
Total Liabilities and Stockholders' Investment	$ 28,348	$ 22,629

The accompanying notes to consolidated financial statements are an integral part of these consolidated statements.

Allied Motion Consolidated Statements of Operations
(In thousands, except per share data)

	For the six month period	For the fiscal years ended June 30,		
		2002	2001	2000

	ended December 31, 2002	For the fiscal years ended June 30,		
Revenues	$ 17,191	15,723	$ 21,188	$ 18,591
Cost of products sold	13,169	$ 10,620	13,118	11,304
Gross margin	4,022	5,103	8,070	7,287
Operating costs and expenses:				
Selling	726	901	1,162	1,037
General and administrative	2,217	3,497	3,200	2,826
Engineering and development	754	846	962	861
Amortization and other	131	5	57	83
Total operating costs and expenses	3,828	5,249	5,381	4,807
Operating income (loss)	194	(146)	2,689	2,480
Other income (expense), net:				
Interest expense	(130)		(82)	(153)
Other (expense) income, net	21	70	15	(79)
Total other (expense) income, net	(109)	70	(67)	(232)
Income (loss) before income taxes from continuing operations	85	(76)	2,622	2,248
(Provision) benefit for income taxes	(40)	31	(598)	(330)
Income (loss) from continuing operations	45	(45)	2,024	1,918
Discontinued Operations				
Gain on the sale of Power and Process Business, net of tax	1,019			
Operating (loss) income from discontinued operations, net of tax	(736)	(221)	(28)	(443)
Income (loss) from discontinued operations	283	(221)	(28)	(443)
Net income (loss)	$ 328	$ (266)	$ 1,996	$ 1,475
Basic net income (loss) per share:				
Income (loss) from continuing operations	$ 0.01	$ (0.01)	$ 0.45	$ 0.44
Income (loss) from discontinued operations	0.06	(0.05)	(0.01)	(0.10)
Net income (loss) per share	$ 0.07	$ (0.06)	$ 0.44	$ 0.34
Basic weighted average common shares	4,817	4,644	4,493	4,341
Diluted net income (loss) per share:				
Income (loss) from continuing operations	$ 0.01	$ (0.01)	$ 0.42	$ 0.40
Income (loss) from discontinued operations	0.06	(0.05)	(0.01)	(0.09)

	For the fiscal years ended June 30,			
Net income (loss) per share	$ 0.07	$ (0.06)	$ 0.41	$ 0.31
Diluted weighted average common shares	4,970	4,644	4,834	4,785

The accompanying notes to consolidated financial statements
are an integral part of these consolidated statements.

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Allied Motion Consolidated Statements of Stockholders' Investment
(In thousands)

	Common Stock					
	Shares	Amount	Loans Receivable For Stock	Retained Earnings	Cumulative Translation Adjustments	Comprehensive Income
Balances, June 30, 1999	4,283	$ 6,081	$ (235)	3,316	$ 154	
Common stock issued under employee benefit stock plans	177	571				
Tax benefit from disqualifying stock dispositions		65				
Foreign currency translation adjustment					(120)	$ (120)
Net income				1,475		1,475
Comprehensive income						$ 1,355
Balances, June 30, 2000	4,460	6,717	(235)	4,791	34	
Common stock issued under employee benefit stock plans	61	149	75			
Tax benefit from disqualifying stock dispositions		178				
Shares issued to repurchase subsidiary stock	76	309				
Foreign currency translation adjustment					(186)	$ (186)
Net income				1,996		1,996
Comprehensive income						$ 1,810
Balances, June 30, 2001	4,597	7,353	(160)	6,787	(152)	
Common stock issued under employee benefit stock plans	93	235	27			
Tax benefit from disqualifying stock dispositions		223				
Reclassification of loan to officer			133			
Foreign currency translation adjustment					324	$ 324
Net loss				(266)		(266)
Comprehensive income						$ 58
Balances, June 30, 2002	4,690	7,811		6,521	172	
Common stock issued under employee benefit stock plans	131	225				

	Common Stock						
Issuance of restricted stock		42					
Stock compensation expense	16	22					
Foreign currency translation adjustment						134	$ 134
Net income					328		328
Reclassification adjustment for amounts included in net income						(278)	(278)
Comprehensive income							$ 184
Balances, December 31, 2002	4,837	$ 8,100	$	$ 6,849	$	28	

The accompanying notes to consolidated financial statements
are an integral part of these consolidated statements.

Allied Motion Consolidated Statements of Cash Flows
(In thousands)

	For the six month period ended December 31, 2002	For the fiscal years ended June 30, 2002	2001	2000
Cash Flows From Operating Activities:				
Net income (loss)	$ 328	$ (266)	$ 1,996	$ 1,475
Adjustments to reconcile net income (loss) to net cash (used in) provided by operating activities:				
Depreciation and amortization	555	754	831	890
Provision for doubtful accounts	64	84	150	150
Provision for obsolete inventory	128	674	79	
Accrued litigation settlement and legal fees		1,300		
Gain on sale of Power and Process Business	(1,699)			
Equity income from investments in joint ventures, net of dividends		(159)	(977)	(559)
Gain on sale of investment in joint venture		(674)		(126)
Deferred income tax (benefit) provision	107	(1,135)	372	31
Other	23	247	176	(18)
Changes in assets and liabilities, net of effects from acquisition and disposition:				
(Increase) decrease in				
Trade receivables	1,036	(76)	12	(1,661)
Inventories, net	(215)	(747)	(530)	(1,234)
Prepaid expenses and other	(49)	(290)	(130)	182
Increase (decrease) in				
Accounts payable	(23)	134	(340)	309
Accrued liabilities and other	(1,683)	706	(824)	1,001
Net cash (used in) provided by operating activities	(1,428)	552	815	440
Cash Flows From Investing Activities:				
Purchase of property and equipment	(423)	(903)	(908)	(827)

		For the fiscal years ended June 30,		
Payment for the purchase of Motor Products	(12,184)			
Proceeds from sale of Power and Process Business	7,020			
Activities related to joint venture investments, net		3,020		(282)
Net cash (used in) provided by investing activities	(5,587)	2,117	(908)	(1,109)
Cash Flows From Financing Activities:				
Changes in restricted cash	510	(120)	(95)	377
Borrowings on line-of-credit and term loan	4,000		124	303
Repayments on line-of-credit and term loan	(167)	(553)	(1,117)	(65)
Common stock issued under employee benefit stock plans	271	262	224	571
Net cash provided by (used in) financing activities	4,614	(411)	(864)	1,186
Effect of foreign exchange rate changes on cash	78	109	(60)	(5)
Net (decrease) increase in cash and cash equivalents	(2,323)	2,367	(1,017)	512
Cash and cash equivalents at beginning of period	4,278	1,911	2,928	2,416
Cash and cash equivalents at end of period	$ 1,955	$ 4,278	$ 1,911	$ 2,928
Supplemental disclosure of cash flow information:				
Net cash paid during the period for:				
Interest	$ 128	$ 6	$ 94	$ 152
Income taxes		90	179	53

The accompanying notes to consolidated financial statements
are an integral part of these consolidated statements.

Allied Motion Notes to Consolidated Financial Statements

1. BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Business. Allied Motion Technologies, Inc. (the Company) was organized under the laws of Colorado in 1962. The Company is engaged in the business of designing, manufacturing and selling motion products to a broad spectrum of customers throughout the world. Prior to July 29, 2002, the Company was also engaged in designing, manufacturing and selling advanced systems and instrumentation to the worldwide power and process industries. As discussed more fully in Note 2, on July 29, 2002, the Company sold substantially all of its Power and Process Business, and expects to finalize the sale of the Calibrator Business in the first quarter of 2003, which will complete the divestiture of all its Power and Process Segment, therefore transforming the Company and focusing all of its resources in the motor and motion products markets (Motion Strategy). The Company operates primarily in the United States and the United Kingdom. Prior to the sale of its Power and Process Business, the Company also had joint venture investments in China.

On July 30, 2002, the Company purchased 100% of the stock of Motor Products Owosso Corporation and Motor Products Ohio Corporation ("Motor Products") from Owosso Corporation, a publicly held corporation, for $11,800,000. Motor Products, located in Owosso, Michigan has been a motor producer for more than fifty years and is a vertically integrated manufacturer of customized, highly engineered sub-fractional horsepower permanent magnet DC motors serving a wide range of original equipment applications. The motors are used in HVAC and actuation systems in a variety of markets including trucks, buses, RV's, off-road vehicles, health, fitness, medical and industrial equipment. The Company acquired Motor Products to further its Motion Strategy. See Note 3 for further information about the acquisition of Motor Products.

The Company was known as Hathaway Corporation prior to October 2002. In connection with the sale of its Power and Process Business, the Hathaway name became the property of the buyers. At the October 2002 Annual Meeting of Stockholders, the stockholders approved an amendment to the Articles of Incorporation changing the Company's name to Allied Motion Technologies, Inc.

Fiscal Year End Change. The Board of Directors approved a change in the fiscal year end from June 30 to December 31. The change is effective with this reporting period and therefore the Company is reporting a short six month Transition Period ending December 31, 2002. The following table describes the periods presented in the Consolidated Financial Statements and related notes thereto:

Period:	**Referred to as:**
Audited results from July 1, 2002 through December 31, 2002	Transition Period
Unaudited results from July 1, 2001 through December 31, 2001	Comparative Period
Audited results from July 1, 2001 through June 30, 2002	Fiscal Year 2002
Audited results from July 1, 2000 through June 30, 2001	Fiscal Year 2001
Audited results from July 1, 1999 through June 30, 2000	Fiscal Year 2000

The results of operations for the Comparative Period are as follows (in thousands, except per share data):

	For the Comparative Period Ended December 31, 2001 (Unaudited)
Revenues	$ 7,868
Gross margin	2,388
Operating income	115
Income from continuing operations	60
Loss from discontinued operations	(223)
Net loss	(163)
Basic and diluted income per share from continuing operations	.01
Basic and diluted net loss per share	(.04)

Principles of Consolidation. The accompanying consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries. All significant inter-company accounts and transactions are eliminated in consolidation.

Cash and Cash Equivalents. Cash and cash equivalents include instruments which are readily convertible into cash (original maturities of three months or less) and which are not subject to significant risk of changes in interest rates. Cash flows in foreign currencies are translated using an average rate.

Restricted Cash. Restricted cash consists of certificates of deposit that serve as collateral for letters of credit issued on behalf of the Company.

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

	December 31, 2002	**June 30, 2002**
Parts and raw materials, net	$ 2,332	$ 1,143
Work-in-process, net	940	570
Finished goods, net	681	
	$ 3,953	$ 1,713

Reserves established for anticipated losses on excess or obsolete inventories were approximately $1,024,000 and $697,000 at December 31 and June 30, 2002, respectively.

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

	Useful lives	December 31, 2002	June 30, 2002
Land		$ 227	$
Building and building improvements	39 years	1,402	
Machinery, equipment, tools and dies	2-8 years	6,932	3,110
Furniture, fixtures and other	3-10 years	1,643	1,323
		10,204	4,433
Less accumulated depreciation and amortization		(3,773)	(3,414)
		$ 6,431	$ 1,019

Depreciation and amortization expense is provided using the straight-line method over the estimated useful lives of the assets. Amortization of building improvements and leased equipment is provided, using the straight-line method over the life of the lease term or the life of the assets, whichever is shorter. Maintenance and repair costs are charged to operations as incurred. Major additions and improvements are capitalized. The cost and related accumulated depreciation of retired or sold property are removed from the accounts and any resulting gain or loss, if any, is reflected in earnings.

Depreciation expense was approximately $354,000, $371,000, $310,000 and $280,000 in the Transition Period and fiscal years 2002, 2001 and 2000, respectively.

Goodwill. Goodwill represents the excess of the purchase price over the fair value of identifiable net tangible and intangible assets acquired in a business combination. On July 1, 2002, the Company adopted Statement of Financial Accounting Standards No. 142, "Goodwill and Other Intangibles" (SFAS No. 142) and ceased amortization of its goodwill. Goodwill is required to be tested for impairment annually, or more frequently if events or changes in circumstances indicate that goodwill may be impaired. In accordance with SFAS No. 142, the Company performed its transitional goodwill impairment testing as of July 1, 2002 and determined that no impairments existed at that date. For more information on goodwill and the adoption of SFAS No.142, see Note 4.

Intangible Assets. Intangible assets, other than goodwill, are recorded at cost and are amortized over their estimated useful lives using the straight-line method.

Impairment of Long-Lived Assets. On July 1, 2002, the Company adopted SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets." SFAS No. 144 supersedes SFAS No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of." SFAS No. 121 did not address the accounting for a segment of a business accounted for as a discontinued operation, which resulted in two accounting models for long-lived assets to be disposed of. SFAS No. 144 establishes a single accounting model for long-lived assets to be disposed of by sale, and requires that those long-lived assets be measured at the lower of carrying amount or fair value less cost to sell, whether reported in continuing operations or in discontinued operations.

The Company reviews the carrying values of its long-lived assets whenever events or changes in circumstances indicate that such carrying values may not be recoverable. Under SFAS No. 144, long-lived assets must be carried at historical cost if the projected cash flows from their use will recover their carrying amounts on an undiscounted basis and without considering interest. However, if projected cash flows are less than their carrying value, even by one dollar, the long-lived assets must be reduced to their estimated fair value. Considerable judgment is required to project such cash flows and,

if required, estimate the fair value of the impaired long-lived asset. No impairments of long-lived assets were recorded in the Transition Period or in the fiscal years ended June 30, 2002, 2001 or 2000.

Warranty. The Company offers warranty coverage for its products for periods ranging from 12 to 18 months after shipment, with the majority of its products for 12 months. The Company estimates the costs of repairing products under warranty based on the historical average cost of the repairs. The assumptions used to estimate warranty accruals are reevaluated periodically in light of actual experience and, when appropriate, the accruals are adjusted. Estimated warranty costs are recorded at the time of sale of the related product, and are considered a cost of sale.

Accrued Liabilities. Accrued liabilities consist of the following (in thousands):

	December 31, 2002	June 30, 2002
Compensation and fringe benefits	$ 1,309	$ 731
Litigation and legal fees (Note 10)	425	829
Other accrued expenses	828	619
	$ 2,562	$ 2,179

Foreign Currency Translation. In accordance with SFAS No. 52, "Foreign Currency Translation," the assets and liabilities of the Company's foreign subsidiaries are translated into U.S. dollars using current exchange rates. Revenues and expenses are translated at average rates prevailing during the period. The resulting translation adjustments are recorded in the other comprehensive income 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.

Research and Development Expenses. Research and development expenses are expensed as incurred.

Revenue Recognition. The Company recognizes revenue when products are shipped or delivered (shipping terms may be either FOB shipping point or destination) and title has passed to the customer, persuasive evidence of an arrangement exists, the selling price is fixed or determinable, and collectibility is reasonably assured.

Basic and Diluted Income per Share from Continuing Operations. Basic income (loss) per share from continuing operations is computed by dividing net income or loss by the weighted average number of shares of common stock outstanding. Diluted income or loss per share from continuing operations is determined by dividing the net income or loss by the sum of (1) the weighted average number of common shares outstanding and (2) if not anti-dilutive, the effect of stock options determined utilizing the treasury stock method. Outstanding options totaling 153,000, 342,000 and 444,000 had a dilutive effect for the Transition Period, fiscal years 2001 and 2000, respectively. Stock options to purchase 971,000, 890,000, 240,000 and 14,000 shares of common stock (without regard to the treasury stock method), were excluded from the calculation of diluted loss per share for the Transition Period and fiscal years 2002, 2001 and 2000, respectively, since the results would have been anti-dilutive.

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 shareholders. Adjustments for comprehensive income for all years presented are limited to cumulative translation adjustments from the translation of the financial statements of the Company's foreign subsidiaries.

Stock-Based Compensation. The Company accounts for employee stock-based compensation 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 under these plans 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 is reflected in net income (loss), except as discussed in Note 8. Had compensation cost for these plans 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 (loss) would have been adjusted to the following amounts (in thousands, except per share data):

	For the Transition Period Ended December 31, 2002	For the Fiscal Years Ended June 30, 2002	2001	2000

		For the Fiscal Years Ended June 30,		
Actual net income (loss)	$ 328	$ (266)	$ 1,996	$ 1,475
Pro forma net (loss) income	$ 71	$ (1,005)	$ 1,364	$ 1,444
Actual basic net income (loss) per share	$ 0.07	$ (0.06)	$ 0.44	$ 0.34
Pro forma basic net income (loss) per share	$ 0.01	$ (0.21)	$ 0.30	$ 0.33
Actual diluted net income (loss) per share	$ 0.07	$ (0.06)	$ 0.41	$ 0.31
Pro forma diluted net income (loss) per share	$ 0.01	$ (0.21)	$ 0.28	$ 0.30

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 Transition Period Ended December 31, 2002	For the Fiscal Years Ended June 30, 2002	2001	2000
Risk-free interest rate	3.9%	3.9%	5.9%	6.7%
Expected dividend yield	0.0%	0.0%	0.0%	0.0%
Expected life	6 years	6 years	6 years	6 years
Expected volatility	108.6%	120.7%	89.5%	81.9%

The weighted average fair value of options granted, assuming the Black-Scholes option-pricing model, during the Transition Period ended December 31, 2002 and fiscal years ended June 30, 2002, 2001 and 2000 was $2.00, $2.57, $4.19 and $0.79, respectively. The total fair value of options granted was $461,000, $1,069,000, $1,897,000 and $130,000 in the Transition Period ended December 31, 2002 and fiscal years ended June 30, 2002, 2001 and 2000, respectively. These amounts are being amortized ratably over the vesting periods of the options for purposes of this disclosure.

The Black-Scholes option valuation model was developed for use in estimating the fair value of traded options that have no vesting restrictions and are fully transferable. In addition, option valuation models require the input of highly subjective assumptions including the expected stock price volatility. Because the Company's employee stock options have characteristics significantly different than those of traded options, and because changes in the subjective input assumptions can materially affect the fair value estimate, in management's opinion, the existing models do not necessarily provide a reliable single measure of the fair value of its stock options.

Fair Values of Financial Instruments. The carrying amounts reported in the consolidated balance sheets for cash and cash equivalents, restricted cash, trade receivables, accounts payable and accrued

liabilities approximate fair value because of the immediate or short-term maturities of these financial instruments. The carrying amount of the line-of-credit approximates its fair value because the underlying instrument is a variable rate note that reprices frequently.

Income Taxes. The current provision for income taxes represents actual or estimated amounts payable or refundable on tax return filings each year. Deferred tax assets and liabilities are recorded for the estimated future tax effects of temporary differences between the tax basis of assets and liabilities and amounts reported in the accompanying consolidated balance sheets, and for operating loss and tax credit carryforwards. A valuation allowance may be provided to the extent management deems it is more likely than not that deferred tax assets will not be realized. The change in deferred tax assets and liabilities for the period measures the deferred tax provision or benefit for the period. Effects of changes in enacted tax laws on deferred tax assets and liabilities are reflected as adjustments to the tax provision or benefit in the period of enactment. The ultimate realization of net deferred tax assets is dependent upon the generation of future taxable income, in the appropriate taxing jurisdictions, during the periods in which temporary differences become deductible. Management believes that it is more likely than not that the Company will realize the benefits of these temporary differences and operating loss and tax credit carryforwards, net of valuation allowances.

Concentration of Credit Risk. Trade receivables subject the Company to the potential for credit risk. To reduce this risk, the Company performs evaluations of its customers' financial condition and creditworthiness at the time of sale, and updates those evaluations when necessary.

Use of Estimates. The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

Recently Issued Accounting Standards. In June 2001, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards (SFAS) No. 141, "Business Combinations." SFAS No. 141 requires that all business combinations be accounted for using the purchase method of accounting. The use of the pooling-of-interest method of accounting for business combinations is prohibited. The provisions of SFAS No. 141 apply to all business combinations initiated after June 30, 2001. The Company accounted for the acquisition of Motor Products in accordance with SFAS No. 141.

In July 2002, the FASB issued SFAS No. 146, "Accounting for Costs Associated with Exit or Disposal Activities," (effective January 1, 2003) which replaces Emerging Issues Task Force (EITF) Issue No. 94-3 "Liability Recognition for Certain Employee Termination Benefits and Other Costs to Exit an Activity (including Certain Costs Incurred in a Restructuring)." SFAS No. 146 requires that a liability for a cost associated with an exit or disposal activity be recognized when the liability is incurred and states that an entity's commitment to an exit plan, by itself, does not create a present obligation that meets the definition of a liability. SFAS No. 146 also establishes that fair value is the objective for initial measurement of the liability. The Company does not expect the adoption of SFAS No. 146 to have a material impact upon the Company's financial position or results of operations.

In November 2002, the FASB issued FASB Interpretation No. 45, "Guarantor's Accounting and Disclosure for Guarantees, Including Indirect Guarantees of Indebtedness of Others" (FIN 45). FIN 45 requires a liability to be recognized at the time a company issues a guarantee for the fair value of the obligations assumed under certain guarantee agreements. Additional disclosures about guarantee agreements are also required in the interim and annual financial statements, including a roll forward of the entity's product warranty liabilities to the extent they are material. The provisions for initial recognition and measurement of guarantee agreements are effective on a prospective basis for

guarantees that are issued or modified after December 31, 2002. The Company is in the process of assessing the impact of the recognition provisions of FIN 45 on its consolidated financial statements.

In December 2002, the FASB issued SFAS No. 148, "Accounting for Stock-Based Compensation, Transition and Disclosure". SFAS No. 148 provides alternative methods of transition for a voluntary change in the fair value based method of accounting for stock-based compensation. SFAS No. 148 also requires that disclosures of the pro forma effect of using the fair value method of accounting for stock-based employee compensation be displayed more prominently and in a tabular format. Additionally, SFAS No. 148 requires disclosure of the pro forma effect in interim financial statements. The transition and annual disclosure of SFAS No. 148 are effective for the Company's fiscal year ended December 31, 2002. The adoption of SFAS No. 148 did not have a material effect on the Company's financial statements.

In January 2003, the Financial Accounting Standards Board issued FASB Interpretation No. 46, "Consolidation of Variable Interest Entities" (FIN No. 46). This interpretation clarifies existing accounting principles related to the preparation of consolidated financial statements when the equity investors in an entity do not have the characteristics of a controlling financial interest or when the equity at risk is not sufficient for the entity to finance its activities without additional subordinated financial support from others parties. FIN No. 46 requires a company to evaluate all existing arrangements to identify situations where a company has a "variable interest" (commonly evidenced by a guarantee arrangement or other commitment to provide financial support) in a "variable interest entity" (commonly a thinly capitalized entity) and further determine when such variable interests require a company to consolidate the variable interest entities' financial statement with its own. The Company is required to perform this assessment by September 30, 2003 and consolidate any variable interest entities for which it will absorb a majority of the entities' expected losses or receive a majority of the expected residual gains. Management is not aware of any variable interest entities that it may be required to consolidate.

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

2. DISCONTINUED OPERATIONS

On July 29, 2002, the Company sold substantially all the assets of its Power and Process Business to Qualitrol Power Products, LLC (Qualitrol Power) and its affiliate Danaher UK Industries, Limited (DUKI). Both Qualitrol Power and DUKI are direct or indirect subsidiaries of Danaher Corporation, a publicly traded corporation under the symbol DHR. The Power and Process Business was comprised of power instrumentation products, systems and automation products, and process instrumentation products. It also included investments in two Chinese joint ventures; a 25% interest in Kehui and a 40% interest in HPMS, which were also sold (See Note 5).

Proceeds from the sale of substantially all of the Power and Process Business were $8,182,000 plus the assumption of certain related liabilities. The proceeds consist of $7,682,000 received as of December 31, 2002 plus $500,000 due on July 29, 2003. The amount due is included in prepaid expenses and other current assets in the accompanying December 31, 2002 balance sheet. After consideration of selling costs, the net proceeds on this sale were $6,904,000.

The remaining assets of the Power and Process Segment relate to the Company's Calibrator Business. In August 2002, the Company's Board of Directors committed to a plan to dispose of the Calibrator Business. During the quarter ended September 30, 2002, the Company recorded a charge of $259,000 to write-down the carrying value of the Calibrator Business to its estimated fair value, less cost to sell. This charge is included in loss from operating results from discontinued operations. The Company expects to finalize the sale of the Calibrator Business during the first quarter of 2003.

Collectively, the Power and Process Business and the Calibrator Business made up the Company's Power and Process segment as previously reported.

In accordance with SFAS No. 144, the consolidated financial statements of the Company have been recast to present these businesses as discontinued operations. Accordingly, the revenues, costs and expenses and assets and liabilities of these discontinued operations have been excluded from the respective captions in the accompanying Consolidated Statements of Operations and Balance Sheets and have been reported in the various statements under the captions, "Income (loss) from discontinued operations", "Current assets of segment held for sale" and "Current liabilities of segment held for sale" for all periods. In addition, certain of these Notes have been recast for all periods to reflect the discontinuance of these operations.

Summary results for the discontinued operations are as follows (in thousands):

	For the Transition Period ended December 31, 2002	For the fiscal years ended June 30, 2002	2001	2000
Revenues	$ 1,342(a)	$ 26,336	$ 27,198	$ 26,542
Income (loss) from discontinued operations:				
Gain on the sale of Power and Process, net of tax provision of $680	$ 1,019	$	$	$
Operating results:				
Loss from operations	(1,224)	(510)	(50)	(644)
Tax benefit	488	289	22	201
Operating loss from discontinued operations	(736)	(221)	(28)	(443)
Income (loss) from discontinued operations	$ 283	$ (221)	$ (28)	$ (443)

(a) Includes one month Power and Process Business revenues and six months Calibrator Business revenues.

Amounts included in the Consolidated Balance Sheets for discontinued operations are as follows (in thousands):

	December 31, 2002	June 30, 2002
Current assets of segment held for sale		
Trade receivables, net	$ 165	$ 5,188
Inventories, net	351	3,406
Property, plant and equipment	97	915
Prepaid expenses and other	71	535
Deferred income taxes		658
Total	$ 684	$ 10,702
Current liabilities of segment held for sale		
Accounts payable	$ 53	$ 1,344
Accrued liabilities	450	2,504
Product warranty reserve	32	373
Total	$ 535	$ 4,221

3.

MOTOR PRODUCTS ACQUISITION

On July 30, 2002, the Company purchased 100% of the stock of Motor Products from Owosso Corporation, a publicly held corporation, for $11,800,000. The Company incurred approximately $712,000 in acquisition costs, which resulted in a total purchase price of $12,512,000. The Company paid $11,500,000 in cash at closing and $300,000 was paid in January 2003 and is included in debt obligations in the accompanying December 31, 2002 balance sheet.

The acquisition was accounted for using the purchase method of accounting, and, accordingly, the purchase price was allocated to the assets purchased and the liabilities assumed based on their respective estimated fair values at the date of acquisition which in part was determined by a third-party appraisal. The net purchase price allocation was as follows (in thousands):

Trade receivables	$ 2,927
Inventories	2,300
Other current assets	56
Property, plant and equipment	5,377
Amortizable intangible assets	2,670
Goodwill	4,861
Accrued liabilities and other current liabilities	(2,937)
Pension and post-retirement obligations	(2,742)
Net purchase price	$ 12,512

The acquired goodwill and intangible assets will be deductible for tax purposes. The amortizable intangible assets will be amortized as discussed in Note 4.

The accompanying consolidated financial statements include the operating results of Motor Products subsequent to July 30, 2002.

The following presents the Company's unaudited pro forma financial information from continuing operations for the six months ended December 31, 2002 and the fiscal year ended June 30, 2002. The pro forma statements of operations give effect to the acquisition of Motor Products as if it had occurred at July 1, 2001. 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 each fiscal period or to project the Company's results of operations for any future period (in thousands, except per share data).

		For the Transition Period ended December 31, 2002		For the Fiscal Year ended June 30, 2002
Revenues	$	19,303	$	37,746
Gross margin		4,230		7,973
Operating income (loss)		108		(163)
Loss from continuing operations	$	(23)	$	(243)
Diluted loss per share from continuing operations	$	.00	$	(.05)

4.
GOODWILL AND INTANGIBLE ASSETS

In June 2001, the FASB issued SFAS No. 142. SFAS No. 142 changes the accounting for goodwill and intangible assets and requires that goodwill no longer be amortized but be tested for impairment at least annually at the reporting unit level in accordance with SFAS No. 142. Recognized intangible assets with determinable useful lives should be amortized over their useful life and reviewed for impairment in accordance with SFAS No. 144. The provisions of SFAS No. 142 are effective for fiscal years

beginning after December 15, 2001, except for provisions related to the non-amortization and amortization of goodwill and intangible assets acquired after June 30, 2001, which were subject immediately to the provisions of SFAS No. 142. The Company adopted SFAS No. 142 on July 1, 2002. SFAS No. 142 requires a transitional goodwill impairment test at each reporting unit within six months of the date of adoption. However, the amounts used in the transitional goodwill impairment testing are measured as of July 1, 2002. The Company completed its analysis of the fair value of its goodwill and determined there is no indicated impairment of its goodwill. There can be no assurance that future goodwill impairments will not occur. In addition, the Company has determined that the classifications of its intangible assets previously acquired and the related useful lives established were not impacted by the provisions of SFAS No. 142.

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

Balance as of June 30, 2002	$	341
Goodwill acquired during period		4,861
Balance as of December 31, 2002	$	5,202

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

		December 31, 2002	Estimated Life
Amortizable intangible assets			
Customer lists	$	1,930	8 years
Trade name		740	10 years
Accumulated amortization		(131)	
Total intangible assets	$	2,539	

Amortization expense for intangible assets for the Transition Period was $131,000. Estimated amortization expense for intangible assets is $315,000 for each of the years ended December 31, 2003 through 2007.

The impact of not amortizing goodwill, net of taxes, for Fiscal Years 2002, 2001, and 2000 would not have a material impact on previously reported results.

5.
INVESTMENTS IN JOINT VENTURES

The Company had three joint venture investments in China a 20% interest in Hathaway Si Fang Protection and Control Company, Ltd. (Si Fang), a 25% interest in Zibo Kehui Electric Company Ltd. (Kehui) and a 40% interest in Hathaway Power Monitoring Systems Company, Ltd. (HPMS). The Company accounted for these investments using the equity method of accounting. On July 29, 2002, the Company sold its investments in Kehui and HPMS as part of the sale of its Power and Process Business.

On July 5, 2001, the Company sold its investment in Si Fang for $3,020,000 in cash. The Company recorded a pretax gain on this sale, net of selling costs, of $674,000.

The Company recorded the following in its consolidated statements of operations, all of which are now included in the results of discontinued operations (in thousands):

	For the fiscal years ended June 30,		
	2002	2001	2000
Share of income under equity method of accounting	$ 159	$ 1,170	$ 698
Gain on sale of investment in Si Fang	674		126

6.
DEBT OBLIGATIONS

Debt obligations consisted of the following (in thousands):

	December 31, 2002	June 30, 2002
Line of credit	$ 2,250	$
Term loan	1,583	
Note payable related to acquisition of Motor Products, interest at prime plus 2%, due in January 2003	300	
Total	$ 4,133	$
Less current maturities	(4,133)	
Long-term debt obligations	$	$

On May 7, 1998, the Company entered into a long-term financing agreement (Agreement) with Silicon Valley Bank (Silicon) which was to mature on May 7, 2003. On July 30, 2002, the Company and Silicon amended the Agreement increasing the credit limit on the line-of-credit to $4,000,000. An additional $1,750,000 term loan was also added to the Agreement.

Under the amended Agreement, borrowing on the line-of-credit is restricted to the Maximum Credit Limit which is calculated as the lesser of $4,000,000 or 80% of the Company's eligible receivables plus the lesser of 1) 25% of the Company's eligible inventory, or 2) 30% of the Company's eligible receivables, or 3) $750,000. The Agreement matures on September 10, 2003 but can be extended upon agreement by Silicon. The Company believes it will be able to renew its line-of-credit prior to maturity. The interest rate on the line-of-credit is equal to Silicon's prime borrowing rate (4.75% at December 31, 2002) plus 1.5%. The interest rate may be adjusted on a quarterly basis, but not above prime rate plus 1.5%, if the Company achieves certain defined financial ratios. In addition to interest, the line bears a monthly unused line fee at 0.375% on the difference between the amount of the credit limit and the average daily principal balance of the line-of-credit outstanding during the month. The

Company borrowed $2,250,000 on July 30, 2002 under this line-of-credit in connection with the purchase of Motor Products. As of December 31, 2002, the amount available under the line-of-credit was $982,000.

Also under the amended Agreement, the Company obtained a term loan of $1,750,000. The term loan requires forty-two monthly principal payments of $41,667 plus interest through February 1, 2006. The term loan matures the earlier of February 1, 2006 or the date the line-of-credit terminates which is September 10, 2003. Accordingly, all amounts outstanding under the term loan have been classified as a current liability. The loan bears interest at 8.38%, but may be adjusted on a quarterly basis, but not above 8.38%, if the Company achieves certain defined financial ratios. The Company borrowed $1,750,000 under this term loan on July 30, 2002 in connection with the purchase of Motor Products.

The loans are secured by all of the assets of the Company. The Agreement prohibits the Company from paying dividends and requires that the Company maintain compliance with certain covenants related to tangible net worth and profitability. At December 31, 2002, the Company was in compliance with all covenants.

7.

INCOME TAXES

The benefit (provision) for income taxes is based on income (loss) before income taxes from continuing operations as follows (in thousands):

	For the Transition Period ended December 31, 2002	For the fiscal years ended June 30, 2002	2001	2000
Domestic	$ (287)	$ (601)	$ 2,693	$ 2,186
Foreign	372	525	(71)	62
(Loss) income before income taxes from continuing operations	$ 85	$ (76)	$ 2,622	$ 2,248

Components of the total benefit (provision) for income taxes are as follows (in thousands):

	For the Transition Period ended December 31, 2002	For the fiscal years ended June 30, 2002	2001	2000
Current benefit (provision):				
Domestic	$ (103)	$ (310)	$ (204)	$ (117)
Foreign	(22)	(505)		19
Total current benefit (provision)	(125)	(815)	(204)	(98)
Deferred benefit (provision) domestic	(107)	1,135	(372)	(31)
Benefit (provision) for income taxes	$ (232)	$ 320	$ (576)	$ (129)

The benefit (provision) for income taxes differs from the amount determined by applying the federal statutory rate as follows (in thousands):

	For the Transition Period ended December 31, 2002	For the fiscal years ended June 30, 2002	2001	2000

	For the Transition Period ended December 31, 2002	For the fiscal years ended June 30,		
Tax benefit (provision) on income from continuing operations, computed at statutory rate	$ (29)	$ 26	$ (891)	$ (764)
State tax, net of federal benefit	(27)	20	(87)	(99)
Nondeductible expenses and goodwill amortization	(8)	(31)	(10)	(3)
Impact of foreign tax rates and credits	22			
Adjustments to prior year accruals*			207	
Change in valuation allowance			186	561
Other	2	16	(3)	(25)
Benefit (provision) for income taxes from continuing operations	(40)	31	(598)	(330)
Benefit (provision) for income taxes from discontinued operations	(192)	289	22	201
Benefit (provision) for income taxes	$ (232)	$ 320	$ (576)	$ (129)

* Adjustments relate to the successful resolution of certain income tax related issues.

The tax effects of significant temporary differences and credit and operating loss carryforwards that give rise to the net deferred tax assets are as follows (in thousands):

	December 31, 2002	June 30, 2002
Allowances and other accrued liabilities	$ 444	$ 705
Tax credit carryforwards	572	338
Net operating loss carryforwards	665	
Other		87
Valuation allowance	(424)	(424)
Net deferred tax asset	$ 1,257	$ 706

The Company has domestic tax credit carryforwards of $572,000 expiring in 2004 through 2008 and a domestic net operating loss carryforward of $1,848,000 expiring in 2022.

Realization of the Company's net deferred tax asset is dependent upon the Company generating sufficient taxable income in the appropriate tax jurisdictions in future years to obtain benefit from the reversal of net deductible temporary differences and from tax credit carryforwards. The Company has recorded a valuation allowance due to the uncertainty related to the realization of certain deferred tax assets existing at December 31, 2002. The amount of deferred tax assets considered realizable is subject to adjustment in future periods if estimates of future taxable income are changed. Management believes that it is more likely than not that the Company will realize the benefits of the net deferred tax asset, net of valuation allowances as of December 31, 2002.

8. STOCK COMPENSATION

Allied Motion Stock Option Plan. At December 31, 2002, there were options outstanding to purchase 1,192,330 shares of common stock and options available for grant to purchase 270,640 shares under the Company's stock option plans. As of June 30, 2002, 112,360 options were granted in excess of the shares authorized under the stock option plans. The Company accounts for the over-issued stock options using variable plan accounting. Variable plan accounting requires the Company to recognize the difference between the fair market value of the stock and the exercise price of the excess options issued as compensation expense, to the extent that the fair market value exceeds the exercise price. A portion of the excess option grants were considered "fixed" on July 28, 2002 due to the forfeiture of 112,360 options related to the sale of the company's Power and Process Business. The remainder were considered "fixed" on October 24, 2002 when the Company's stockholders approved an additional 400,000 available for grant. On those dates, compensation cost of $39,000 was calculated based upon the then-current fair market values of the underlying common stock and will be recognized over the three-year vesting period of the options. Total compensation expense related to these stock options was $11,000 for the Transition Period ended December 31, 2002.

Under the terms of the plans, options may not be granted at less than 85% of fair market value. Generally, all options granted to date have been granted at fair market value as of the date of grant. Options generally become exercisable evenly over three years starting one year from the date of grant and expire seven years from the date of grant.

In conjunction with the sale of the Power and Process Business, all options held by employees of the business sold became immediately exercisable and expired on the closing date of the sale or thirty days later. All unexercised options on the expiration dates were forfeited and became eligible for future grants by the Company. The Company recorded compensation expense of $11,000 related to the accelerated vesting of these options

Option activity during the Transition Period ended December 31, 2002 and fiscal years ended June 30, 2000, 2001 and 2002 was as follows:

	Number of Shares	Weighted Average Exercise Price	Number of Shares Exercisable	Weighted Average Exercise Price
Outstanding at June 30, 1999	819,004	$ 2.87	371,866	$ 3.36
Granted	164,000	1.81		
Forfeited	(144,400)	3.48		
Exercised	(177,101)	3.25		
Outstanding at June 30, 2000	661,503	2.37	410,800	2.49
Granted	452,700	5.43		
Forfeited	(32,936)	3.75		
Exercised	(28,630)	1.93		
Outstanding at June 30, 2001	1,052,637	3.66	460,857	2.36
Granted	415,960	2.93		
Forfeited	(18,600)	4.25		
Exercised	(15,000)	1.62		
Outstanding at June 30, 2002	1,434,997	3.46	680,814	3.07
Granted	230,000	2.39		
Forfeited	(346,674)	4.24		
Exercised	(125,993)	1.72		
Outstanding at December 31, 2002	1,192,330	3.21	685,535	3.41

Exercise prices for options outstanding and exercisable at December 31, 2002 are as follows:

	Range of Exercise Prices			
	$1.13-$2.40	$2.62-$3.88	$4.31-$6.72	Total $1.13-$6.72

	Range of Exercise Prices			
Options Outstanding:				
Number of options	421,500	489,730	281,100	1,192,330
Weighted average exercise price	$ 2.11	$ 2.85	$ 5.50	$ 3.21
Weighted average remaining contractual life	5.4 years	6.2 years	6.4 years	6.0 years
Options Exercisable:				
Number of options	191,500	272,135	221,900	685,535
Weighted average exercise price	$ 1.77	$ 2.96	$ 5.39	$ 3.41

Emoteq Corporation Stock Option Plan. Prior to fiscal year 2001, the Company had granted options for shares of common stock of Emoteq Corporation (Emoteq, a wholly-owned subsidiary) to officers and key employees of Emoteq. The options were granted with exercise prices equal to the fair value of the underlying common stock on the date of grant, and consisted of time vesting options and performance vesting options. During fiscal year 2001 all of the outstanding (and also fully vested) stock options were exercised and 223,636 shares of Emoteq common stock, representing 12% ownership of Emoteq, were issued. Proceeds to the Company from the exercises totaled $498,000. Under the terms of the Emoteq stock option plan and the related stockholders' agreements, the stockholders had a liquidity put option that they could exercise only after owning the stock for at least six months. If the holder of the shares elected this put option, the Company would be required to purchase the shares of Emoteq at their then current fair market value. After holding the shares for at least six months, all such holders of Emoteq common stock exercised their put options and consequently, the Company purchased the shares for $1,006,000, the fair value of the shares, for consideration consisting of

Hathaway common stock, notes payable and cash. The Company recorded $352,000 of cost in excess of net assets acquired (goodwill) related to the purchase of these Emoteq shares. The Emoteq stock option plan and stockholders' agreements were terminated in August 2001.

Option activity for the Emoteq plan during fiscal years ended June 30, 2001 and 2000 was as follows:

	Number of Shares		Weighted Average Exercise Price	
	Time Vested	Performance Vested	Time Vested	Performance Vested
Outstanding at June 30, 1999	91,000	187,917	$ 1.51	$ 1.54
Granted	83,118		3.43	
Forfeited	(6,000)	(132,399)	1.37	1.55
Outstanding at June 30, 2000	168,118	55,518	2.46	1.51
Exercised	(168,118)	(55,518)	2.46	1.51
Outstanding at June 30, 2001				

Prior to the exercise of the Emoteq stock options, the Company accounted for the performance vested options under variable plan accounting. The Company recognized $21,000 in compensation expense for the fiscal year ended June 30, 2000 related to the 55,518 performance options.

9. LOANS RECEIVABLE FOR STOCK

At June 30, 2002, $133,000 was due to the Company from an Officer of the Company. The loan relates to the purchase of Company common stock and is included in Prepaid Expenses and Other on the accompanying consolidated balance sheet at June 30, 2002 as the note was repaid in full on September 16, 2002, with cash. The loan represented the principal balance of a loan made in fiscal year 1994 to the Chief Executive Officer of the Company in connection with his purchase of the Company's common stock, pursuant to the Officer and Director Loan

Plan approved by stockholders on October 26, 1989. The loan was full-recourse with interest due at a current interest rate.

The Company's loans receivable balance of $160,000 at June 30, 2001 is comprised of a loan receivable for $27,000 from the Leveraged Employee Stock Ownership Plan and Trust (the Plan) and the $133,000 from an Officer of the Company discussed above. The loans relate to the purchase of Company common stock and are reflected in the accompanying consolidated balance sheet at June 30, 2001 as an offset to stockholders' investment.

The Plan allows eligible Company employees to participate in ownership of the Company. The June 30, 2001 $27,000 receivable represented the unpaid balance of the original $500,000 that the Company loaned to the Plan in fiscal year 1989 so that the Plan could acquire from the Company 114,285 newly issued shares of the Company's common stock. The note had an annual interest rate of 9.23% and was scheduled to mature May 31, 2004. The terms of the Plan require the Company to make an annual contribution equal to the greater of i) the Board established percentage of pretax income before the contribution (5% in the Transition Period and fiscal years 2002, 2001, and 2000) or ii) the annual interest payable on the note. Company contributions to the Plan were $29,000, $37,000 $133,000 and $84,000 in the Transition Period and fiscal years 2002, 2001 and 2000, respectively. The Company's contribution for 2001 was made on August 16, 2001 and was used to pay off the entire principal and interest due on the loan and purchase 33,095 newly issued shares of common stock of the Company.

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10.
COMMITMENTS AND CONTINGENCIES

Leases. At December 31, 2002, the Company maintains leases for certain facilities and equipment. Minimum future rental commitments under all non-cancelable operating leases are as follows (in thousands):

Fiscal Period	**Total**
Year ended Dec 31, 2003	452
Year ended Dec 31, 2004	407
Year ended Dec 31, 2005	281
Thereafter	7
	1,147

Rental expense was $243,000, $531,427, $557,427 and $459,680 in the Transition Period and fiscal years 2002, 2001 and 2000, respectively.

Severance Benefit Agreements. The Company has entered into annually renewable severance benefit agreements with certain key employees which, among other things, provide inducement to the employees to continue to work for the Company during and after any period of threatened takeover. The agreements provide the employees with specified benefits upon the subsequent severance of employment in the event of change in control of the Company and are effective for 24 months thereafter. The maximum amount of salary that could be required to be paid under these contracts, if such events occur, totaled approximately $1,892,000 as of December 31, 2002. In addition to salary, severance benefits include the cost of life, disability, accident and health insurance for 24 months and a pro-rata calculation of bonus for the current year.

Consulting Agreement. Effective September 1, 1998, the Company entered into a consulting agreement (Consulting Agreement) with the Chairman of the Board of Directors who is a major stockholder. Under the Consulting Agreement, he will be compensated for providing consulting services to the Company as requested by the Chief Executive Officer. During the Transition Period and fiscal years 2002 and 2001 there was no compensation paid to the Chairman of the Board under the Consulting Agreement and the amount paid for fiscal year 2000 was $66,000.

Stock Repurchase Program. Under an employee stock repurchase program approved by the Board of Directors, the Company may repurchase its common stock from its employees at the current market value. The Company's Agreement with Silicon limits employee stock repurchases to $125,000 per fiscal year. The number of shares repurchased under the program was zero for the Transition Period and fiscal years 2002 and 2001 and 263 shares for fiscal year 2000.

Litigation. In 2001, the Company was named, with other parties, as a defendant in an environmental contamination lawsuit. In the Transition Period, the Company agreed to settle this lawsuit. Accordingly, as of June 30, 2002, an estimated charge for the settlement and related legal fees of $1,429,000 ($961,000, net of tax) was recorded. This charge is included in the results of discontinued operations. The lawsuit relates to property that was occupied by the Company's Power business over thirty-seven years ago. While the Company believes the suit was without merit, it agreed to the settlement to eliminate the future costs of defending itself and the uncertainty and risks associated with litigation. As of December 31, 2002, the amount of settlement, exclusive of legal costs, remaining to be paid was $600,000, including $350,000 included in Accrued Liabilities and Other and $250,000 included in Litigation Settlement, net of current portion, in the accompanying consolidated balance sheet.

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

11.

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 historically operated in two difference segments: Power and Process Business and Motion Business. On July 29, 2002, the Company completed the sale of substantially all the Power and Process Business transforming the Company into a focused Motion Business and therefore eliminated the need for segment reporting. The discontinued operations of Power and Process are discussed in Note 2.

The Company's wholly-owned foreign subsidiary in the United Kingdom is included in the accompanying consolidated financial statements. Financial information related to continuing operations for the foreign subsidiary is summarized below (in thousands):

	For the Transition Period ended and as of December 31, 2002	For the fiscal years ended and as of June 30,		
		2002	2001	2000
Revenues derived from foreign subsidiary	$ 735	$ 1,399	$ 289	$ 551
Identifiable assets	1,296	1,179	209	374

Sales to international customers were $3,572,000, $4,880,000, $6,451,000 and $4,383,000 in the Transition Period and fiscal years 2002, 2001 and 2000, respectively.

During fiscal years 2001 and 2000, one customer accounted for 20% and 11%, respectively, of the Company's consolidated revenue from continuing operations.

12.

PENSION AND POSTRETIREMENT WELFARE PLANS

Pension Plan. Motor Products 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.

In accordance with SFAS No. 132, Employers Disclosure About Pensions and Other Post-Retirement Benefits, the following tables provide a reconciliation of the change in benefit

obligation, the change in plan assets and the net amount recognized in the Consolidated Balance Sheet at December 31, 2002 (in thousands):

Change in pension benefit obligation:	
Pension benefit obligation at July 30, 2002	$ 3,370
Service cost	41
Employee contributions	6
Interest cost	89
Actuarial gain	(359)
Benefits paid	(74)
Pension benefit obligation at December 31, 2002	$ 3,073
Change in plan assets:	
Fair value of plan assets at July 30, 2002	$ 2,858
Actual return (loss) on plan assets	(20)
Employee contributions	6
Benefits and expenses paid	(74)
Fair value of plan assets at December 31, 2002	$ 2,770
Excess of benefit obligation over fair value of plan assets	$ 303
Unrecognized gain	223
Accrued pension cost	$ 526

Components of net periodic pension expense included in the consolidated statement of operations for the Transition Period is as follows:

Service cost	$ 41
Interest cost on projected benefit obligation	89
Expected return on assets	(115)
Net periodic pension expense	$ 15

Additional disclosures and assumptions:

Discount rate	6.25%
Expected long-term rate of return	10.00%
Rate of compensation increases	3.00%

Postretirement Welfare Plan. Motor Products provides postretirement medical benefits and life insurance benefits to current and former employees hired before January 1, 1994 who retire from Motor Products. No contributions from retirees are required and 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.

The following tables provide a reconciliation of the change in the accumulated postretirement benefit obligation and the net amount recognized in the Consolidated Balance Sheet at December 31, 2002 (in thousands):

Change in accumulated postretirement benefit obligation:	
Accumulated postretirement benefit obligation at July 30, 2002	$ 2,230
Service cost	21
Interest cost	59
Actuarial loss	50
Benefits paid	(33)

Accumulated postretirement benefit obligation at December 31, 2002	$	2,327

Accumulated postretirement benefit obligation	$	2,327
Unrecognized net loss attributable to assumption changes during current year		50
Accrued postretirement benefit cost	$	2,277

Net periodic postretirement benefit costs included in the Consolidated Statement of Operations for the Transition Period is as follows (in thousands):

Service cost	$	21
Interest cost		59
Total	$	80

For measurement purposes, a 9.50% annual rate of increase in the per capita cost of covered health care benefits was assumed. The rate was assumed to decrease gradually to 4.25% for 2013, and remain at that level thereafter. The healthcare cost trend rate assumption has a significant effect on the amounts reported. To illustrate, increasing the assumed healthcare cost trend rates by one percentage point in each year would increase the accumulated postretirement benefit obligation as of December 31, 2002 by $438,000 and the aggregate of the service cost and interest cost components of the net periodic postretirement benefit cost for the Transition Period by $17,700. Decreasing the assumed healthcare postretirement benefit obligation as of December 31, 2002 by 1% decreases the accumulated postretirement benefit obligation by $336,700 and the aggregate of the service cost and interest cost components of the net periodic postretirement benefit cost for the Transition Period by $13,400. The weighted average discount rate used in determining the accumulated postretirement benefit obligation was 6.25% as of December 31, 2002 and 6.5% as of July 30, 2002.

13.

SELECTED QUARTERLY FINANCIAL DATA (UNAUDITED)

Selected quarterly financial data for each of the two quarters in the Transition Period and the four quarters in fiscal years 2002 and 2001 is as follows (in thousands, except per share data):

Transition Period	**First Quarter**	**Second Quarter**
Revenues	$ 8,020	$ 9,171
Gross margin	1,896	2,126
Income (loss) from continuing operations	(52)	97
Income from discontinued operations	243	40
Diluted (loss) income per share from continuing operations	(0.01)	0.02

Fiscal year 2002	**First Quarter**	**Second Quarter**	**Third Quarter**	**Fourth Quarter**
Revenues	$ 3,646	$ 4,222	$ 4,051	$ 3,804
Gross margin	996	1,392	1,290	1,425
Income (loss) from continuing operations	(73)	133	(57)	(48)
Income (loss) from discontinued operations	(165)	(57)	364	(363)(1)
Diluted (loss) income per share from continuing operations	(0.01)	0.02	(0.01)	(0.01)

Fiscal year 2001	**First Quarter**	**Second Quarter**	**Third Quarter**	**Fourth Quarter(2)**

Fiscal year 2001	First Quarter	Second Quarter	Third Quarter	Fourth Quarter(2)
Revenues	$ 5,669	$ 5,635	$ 5,832	$ 4,052
Gross margin	2,246	2,229	2,265	1,330
Income (loss) from continuing operations	685	750	916	(327)
Income (loss) from discontinued operations	(676)(3)	21	(656)	1,283
Basic and diluted income (loss) per share from continuing operations	0.14	0.16	0.19	(0.07)

(1) Included in the results of discontinued operations for the fourth quarter of fiscal year 2002 is a pretax charge for litigation settlement and related legal fees of $1,429,000.

(2) During the fourth quarter of fiscal year 2001, the Company began to be affected by the economic slowdown, particularly in the semiconductor and telecommunications markets

(3) Included in the results of discontinued operations for the first quarter of fiscal year 2001 is a charge related to the restructuring of the Process Business.

ALLIED MOTION TECHNOLOGIES, INC.

FINANCIAL STATEMENT SCHEDULE

VALUATION AND QUALIFYING ACCOUNTS

(In thousands)

	Balance at Beginning of Period	Charged to Costs and Expenses	Deductions from Reserves	Additions due to Acquistion	Balance at End of Period
Transition Period Ended December 31, 2002:					
Reserve for bad debts	$ 64	$ 52	$ (9)	$ 41	$ 148
Reserve for excess or obsolete inventories	$ 697	$ 92	$ (224)	$ 459	$ 1,024
Year Ended June 30, 2002:					
Reserve for bad debts	$ 60	$ 34	$ (30)	$	$ 64
Reserve for excess or obsolete inventories	$ 690	$ 247	$ (240)	$	$ 697
Year Ended June 30, 2001:					
Reserve for bad debts	$ 54	$ 9	$ (3)	$	$ 60
Reserve for excess or obsolete inventories	$ 579	$ 111	$	$	$ 690
Year Ended June 30, 2000:					
Reserve for bad debts	$ 27	$ 27	$	$	$ 54
	$ 546	$ 33	$	$	$ 579

	Balance at Beginning of Period	Charged to Costs and Expenses	Deductions from Reserves	Additions due to Acquistion	Balance at End of Period
Reserve for excess or obsolete inventories					

Directors of Allied Motion

Name	Age	Position with Allied Motion
Eugene E. Prince	71	Chairman of the Board of Directors
Richard D. Smith	56	Chief Executive Officer, Chief Financial Officer and Director
Delwin D. Hock	68	Director
Graydon D. Hubbard	69	Director
George J. Pilmanis	65	Director

Mr. Prince has served as a director of Allied Motion since October 1975 and as Chairman of the Board of Directors since January 1981. He served as President of the company from October 1975 and as Chief Executive Officer from September 1976 until his resignation from those offices on August 13, 1998. He retired from his employment with the company effective August 13, 1998 but served as a paid consultant through November 1999. Pursuant to his consulting agreement, as long as Mr. Prince owns at least 10% of the issued shares of Allied Motion, the Board of Directors shall nominate him for election to the Board of Directors. If he is elected, the Board of Directors will request that he be nominated for Chairman of the Board of Directors.

Mr. Smith has served as a director of Allied Motion since August 1996. He has served as Chief Executive Officer since August 13, 1998. He served as President from August 13, 1998 until May 2002. He was Executive Vice President from August 1993 until August 1998. Mr. Smith served as Vice-President of Finance from June 1983 to August 1993. He has served as Chief Financial Officer since June 1983. Pursuant to Mr. Smith's employment agreement, as long as he is the Chief Executive Officer of the company and is willing to serve, the Board of Directors will nominate him for election to the Board.

Mr. Hock has served as a director of Allied Motion since February 1997. He retired from his position as Chief Executive Officer of Public Service Company of Colorado, a gas and electric utility, in January 1996 and as Chairman of the Board of Directors in July 1997. From September 1962 to January 1996, Mr. Hock held various management positions at Public Service Company. He serves as a director on six separate entities overseeing the operation of funds in the American Century Investors fund complex.

Mr. Hubbard has served as a director of Allied Motion since 1991. He is a retired certified public accountant and was a partner of Arthur Andersen LLP, the company's former independent public accountants, in its Denver office for more than five years prior to his retirement in November 1989. Mr. Hubbard is also an author.

Mr. Pilmanis has served as a director of Allied Motion since 1993. For more than five years prior to his retirement in April 2003 he was chairman and president of Balriga International Corp., a privately held company concerned with business development in the Far East and Eastern Europe. In 2001 and 2003 he also served as Executive Director of the Foreign Investors Council in Latvia.

Executive Officers of Allied Motion

Name	Age	Position with Allied Motion
Richard D. Smith	56	Chief Executive Officer, Chief Financial Officer and Director
Richard S. Warzala	50	President and Chief Operating Officer

Information with respect to Mr. Smith's employment experience is provided above.

Mr. Warzala was appointed President of Allied Motion in May 2002 and has been employed by the company since October 2001. From March 2000 through March 2001, Mr. Warzala served as President of the Motion Components Group for Danaher Corporation. In 1993, he was named President of API

Motion, a subsidiary of American Precision Industries, Inc., and continued as President until 2000, when it was acquired by Danaher. From 1976 to 1993, he held various management positions at American Precision Industries, Inc.

Summary of Compensation of Executive Officers

The following table shows the compensation earned by the Chief Executive Officer and the President of Allied Motion. The transition period reflects the change in Allied Motion's fiscal year effective December 31, 2002.

		Annual Compensation		Long-Term Compensation Awards	
Name & Principal position	**Period**	**Salary**	**Bonus**	**Securities underlying options**	**All other compensation**
Richard D. Smith,	2003	$ 235,000	$ 112,614	40,000	$ 16,323(1)
CEO	Transition	$ 117,500	$ 0	0	$ 3,704
	2002	$ 233,333	$ 0	90,000	$ 20,540
	2001	$ 223,125	$ 180,000	90,000	$ 17,245
Richard S. Warzala,	2003	$ 225,000	$ 107,821	40,000	$ 17,553(2)
President and COO	Transition	$ 112,500	$ 0	200,000	$ 2,919
	2002	$ 117,500	$ 0	200,000	$ 2,014

(1) All other compensation for Mr. Smith during year 2003 consists of Allied Motion contributions to defined contribution plans of $5,478, and Allied Motion paid life insurance premiums of $10,845.

(2) All other compensation for Mr. Warzala during year 2003 consists of Allied Motion contributions to defined contribution plans of $5,478, and Allied Motion paid life insurance premiums of $12,075.

Option Grants in Last Fiscal Year

The following table provides a summary of all stock options granted to the Chief Executive Officer and the President of Allied Motion in 2003. It also shows a calculation of the potential realizable value if the fair market value of shares of Allied Motion's common stock were to appreciate at either a 5% or 10% annual rate over the period of the option term.

	Individual Grants				Potential realizable value at assumed annual rates of stock price appreciation for option term(3)	
Name	**Number of securities underlying options granted(1)**	**Percent of total options granted to employees in fiscal year**	**Exercise or base price ($/Sh)(2)**	**Expiration date**	**5%($)**	**10%($)**
Richard Smith	40,000	20.0	$ 1.77	02/13/2010	$ 28,823	$ 28,823
Richard Warzala	40,000	20.0	$ 1.77	02/13/2010	$ 28,823	$ 28,823

(1) The grants permit the exercise of options in exchange for shares of Allied Motion Common Stock as well as for cash. In connection with a merger, sale of assets, share exchange, or change of control of the company, the options become immediately vested and the Committee may allow surrender for cash, substitution or cancellation.

(2) Exercise price was established at quoted market price for Allied Motion Common Stock on the date of grant.

(3) The potential realizable value is calculated assuming the fair market value of common stock on the date of grant appreciates at the indicated annual rate compounded annually for the entire term of the option and that the option is exercised at the exercise price and the common stock received is sold on the last day of the term of the option for the appreciated price. The 5% and 10% rates of appreciation are mandated by the rules of the Securities and Exchange Commission and do not represent Allied Motion's estimate or projection of future increases in the price of common stock.

Aggregated Option Exercises in Last Fiscal Year and Fiscal Year-End Option Values

The following table sets forth information regarding option exercises and unexercised stock options held as of December 31, 2003 by the Chief Executive Officer and the President of Allied Motion:

Name	Shares Acquired on Exercise (#)	Value Realized ($)	Number of Unexercised Options at period end (#)		Value of Unexercised In-the-Money Options at period end ($)(1)	
			Exercisable	Unexercisable	Exercisable	Unexercisable
Richard D. Smith		$	440,000		$ 651,188	$
Richard S. Warzala		$	188,500	251,500	$ 264,765	$ 303,135

(1) Fair market value of unexercised in-the-money options at period end is based on the closing price of $3.93 for Allied Motion Common Stock on December 31, 2003.

Employment Agreements With Executive Officers

During the transition period ended December 31, 2002, Allied Motion had an employment agreement with Richard D. Smith, Chief Executive Officer, which became effective August 13, 1998 for a term of five years. A revised Agreement with Mr. Smith became effective August 1, 2003. Effective March 1, 2003, Allied Motion entered into an employment agreement with Mr. Richard S. Warzala. The agreements have an initial term of five years and continue subsequently on a year-to-year basis unless Allied Motion or the officer gives termination notice at least 60 days prior to expiration of the initial or subsequent terms. The agreements contain the provisions outlined below.

Base Salary. The agreements provide an annual base salary of not less than $235,000 for Mr. Smith (effective September 2001) and $225,000 for Mr. Warzala, and may be reviewed annually for increase on a merit basis.

Annual Bonus. Annual incentive bonuses are paid based on achieving performance criteria established annually by the Board of Directors. The performance criteria will recognize the overall financial performance of Allied Motion and the improvements made in financial results.

Long-Term Incentive Payment Plan. Allied Motion utilizes stock options for long-term incentives. In making its recommendations for grants of stock options, the Compensation Committee of Allied Motion's Board of Directors considers, among other things, officer's responsibilities and their efforts and performance in relation to the business plan and forecast. It also considers development of the company's business and products, performance of the company's products in the marketplace, impact of the company's products and product development on future prospects for the company, market performance of the company's common stock, the relationship between the benefits of stock options and improving shareholder value, the current level of stock options held, the shares available for option and the total shares under option grants. The Compensation Committee also considers customary business practices and long-term incentive plan benefits granted in comparison to such benefits provided to other executives in similar positions.

Other Provisions. Mssrs. Smith and Warzala participate in other benefits and perquisites as are generally provided by Allied Motion to its employees. In addition, Allied Motion provides each

executive officer with $500,000 of life insurance for which the executive may designate the beneficiaries and an automobile.

In the event of death, disability or termination by Allied Motion prior to a change in control, other than for cause, the agreements provide for limited continuation of salary and insurance benefits and for bonus prorations or settlements.

Change in Control Arrangements

Allied Motion has entered into agreements with Mr. Smith and Mr. Warzala pursuant to which, upon termination by Allied Motion (other than for cause as defined in the agreement) or by the executive for good reason (as defined in the agreement) within 90 days prior to or 24 months following a change in control of the company, they are entitled to receive a severance payment equal to 2.5 times the sum of current annual base salary plus the amount paid under the Annual Bonus Plan for the preceding fiscal year, and an allocation for incentive compensation for the current year up to the date of termination and a monthly payment for a two year period to acquire insurance benefits. The agreements expire on December 31 of each year, however, they are extended automatically on January 1 of each year for a term of two years, unless notice of non-renewal is given by Allied Motion not later than the September 30 immediately preceding renewal. Allied Motion has similar agreements (providing lower severance multiples) with other key executives. The change in control agreements are applicable to a change in control of the company or of the subsidiary or division for which the executive is employed and require the key executives to remain in the employ of the company for a specified period in the event of a potential change in control of the company and provide employment security to them in the face of current pressures to sell the company or in the event of take-over threats, so that they can devote full time and attention to the company's efforts free of concern about discharge in the event of a change in control of the company. These agreements are common at other public companies. They are not excessive and are within industry standards. The Board of Directors has considered termination of these agreements and determined that the reasons for executing change in control agreements continue to be valid and concluded that notices of non-renewal would not be in the best interests of shareholders.

Compensation Committee Interlocks and Insider Participation

The Compensation Committee of Allied Motion's Board of Directors is comprised of Messrs. Pilmanis, Hock and Hubbard who are all non-employees. There are no relationships that would result in a compensation committee interlock.

Compensation of Directors

The Allied Motion Board of Directors holds four regular full day meetings each year. Non-employee directors are compensated at the rate of $3,600 per full day meeting of the board, $1,100 for each additional one-half day meeting, $500 per hour for a telephone meeting, $1,100 per committee meeting, and $1,100 per half day for official travel to locations outside the Denver area.

Non-employee board members are compensated at the rate of $275 per hour for the time spent consulting with the company at the request of the Board of Directors or the Executive Officers, preparing minutes of the Audit or Compensation Committees and on special assignment of such committees.

The Company entered into a Consulting Agreement with Mr. Prince effective after his retirement from employment on August 31, 1998. Under the Agreement, Mr. Prince will provide consulting services to the Company on matters as requested by the Executive Officers. He will be compensated at the rate of $250 per hour. During the transition period ended December 31, 2002, Mr. Prince was not paid for providing any consulting services.

INFORMATION ABOUT OWOSSO CORPORATION

Business

Owosso was incorporated in Pennsylvania and organized as a holding company in 1994. The holding company structure separated the administrative and financing activities of Owosso from the activities of its operating subsidiaries. As of July 30, 2002, Owosso had one operating subsidiary, Stature, representing Owosso's historical "Motors segment." Stature is a custom designer and manufacturer of motors and gear motors, including AC, DC, and Universal. Established in 1974 in Watertown, New York, Stature is a progressive company, which emphasizes a partnership approach in all aspects of its business.

In 1998, Owosso formulated a long-term plan to concentrate on value-added components for industry. In connection with its implementation of that plan, Owosso began a series of divestitures beginning with the sale of the four businesses comprising its historical Agricultural Equipment segment. The sale of the last of those businesses was completed in January 2001 with the divestiture of Sooner Trailer Manufacturing Company ("Sooner Trailer"). During that time, however, Owosso experienced a significant downturn in its operating results and at the end of fiscal 2000 was out of compliance with covenants under its bank credit facility.

Throughout fiscal 2001, Owosso remained out of compliance with financial covenants, including maintenance of minimum operating profit, under its bank credit facility. As a result, Owosso and its lenders entered into a series of amendments to the facility during fiscal 2001, 2002 and 2003, and in each case Owosso's lenders agreed to forebear from exercising their rights and remedies under the facility. In order to meet the lenders' requirements for reduced outstanding balances and to secure the lenders' agreement to forebear, Owosso engaged in a series of divestitures of its operating subsidiaries, concluding with the sale of its Motor Products subsidiaries, Motor Products Owosso Corporation and Motor Products Ohio Corporation in July of 2002. As disclosed under Note 11 "Long-term Debt," the amendments to the bank credit facility modified the interest rates charged, called for reductions in the outstanding balance during calendar 2001, 2002 and 2003, added additional reporting requirements, suspended payments of principal and interest on subordinated debt, prohibited the payment of preferred or common dividends, prohibited the purchase of Owosso's stock and added a covenant requiring the maintenance of minimum operating profit. In December 2003, Owosso entered into a further amendment to the facility which extended the maturity date to March 31, 2004.

Owosso intends to dispose of during fiscal 2004, the real estate at Owosso's former Snowmax Corporation subsidiary to a newly formed L.L.C., of which one of the three partners will be George B. Lemmon, Jr., Owosso's present CEO. Proceeds from this sale is expected to be around $312,000.

Management believes that, along with the sale of asset, available cash and cash equivalents, cash flows from operations and available borrowings under Owosso's bank credit facility will be sufficient to fund Owosso's operating activities, investing activities and debt maturities through March 2004. It is management's intent to refinance Owosso's bank credit facility prior to its maturity in March 2004. However, there can be no assurance that management's plans will be successfully executed.

On July 30, 2002, Owosso completed the sale of all of the outstanding stock of its Motor Products subsidiaries, manufacturers of fractional and integral horsepower motors. The purchase price paid by Allied Motion for the outstanding stock of Motor Products consisted of $11.5 million in cash and a promissory note in the principal amount of $300,000, paid six months after closing. Net cash proceeds of $10.7 million from the sale, after payment of certain transaction costs, were utilized to reduce outstanding bank debt. As a result of this transaction, Owosso presently has only one operating subsidiary, Stature.

Owosso's historical Other segment included Dura-Bond Bearing Company ("Dura-Bond") and Cramer Company ("Cramer"). Dura-Bond manufactured replacement camshaft bearings, valve seats and shims for the automotive after-market. On November 2, 2000, Owosso completed the sale of the stock of Dura-Bond to a joint venture formed by Melling Tool Company of Jackson, Michigan and Engine Power Components, Inc. of Grand Haven, Michigan (the "Joint Venture"). The Joint Venture acquired the stock of Dura-Bond for approximately $4.6 million, the net assets of which included debt of approximately $5.0 million. Based upon the terms of the sale, Owosso recorded, in the fourth quarter of fiscal 2000, a pretax charge of $1.2 million to adjust the carrying value of Dura-Bond's assets to their estimated fair value.

Cramer manufactured timers and subfractional horsepower motors for use in commercial applications. On December 4, 2000, Owosso completed the sale of the assets associated with the timer and switch line of Cramer to Capewell Components, LLC of South Windsor, Connecticut for cash of approximately $2.0 million, plus the assumption of approximately $400,000 in liabilities. As a result of the sale, the name of Owosso was changed from M.H. Rhodes, Inc. to Cramer Company. In connection with the sale of the timer and switch line and the anticipated sale of the remainder of the operating assets (excluding the real estate) of Cramer, Owosso recorded, in the fourth quarter of fiscal 2000, a pretax charge of $1.6 million to adjust the carrying value for the Cramer assets to their estimated fair value, based upon an estimated sales price of the assets. Such charge represented the write-down of goodwill of $400,000 and the write-down of other non-current assets of $1.2 million and was included in "Write-down of net assets held for sale" in the consolidated statements of operations for fiscal 2000. On September 23, 2001, Owosso sold substantially all of the remaining operating assets (excluding the real estate) of Cramer to the Chestnut Group of Wayne, Pennsylvania for cash proceeds of $565,000, plus the assumption of $317,000 in liabilities. In connection with that sale, Owosso recorded a further adjustment to the carrying value of the Cramer assets resulting in a pre-tax charge of $1.1 million, recorded in the third fiscal quarter of 2001. Owosso recorded a pretax charge of $270,000 in the fourth quarter of 2002 to adjust the carrying value for the Cramer real estate to the estimated fair value, based upon an estimated sales price of the assets and was included in "Write-down of net assets held for sale" in the consolidated statements of operations for fiscal 2002.

Owosso's historical Coils segment manufactured heat exchange coils and included Astro Air Coils, Inc. ("Astro Air"), Snowmax, Inc. ("Snowmax"), and Astro Air UK, Limited ("Astro UK"). Astro UK was a joint venture with Owosso's largest customer, Bergstrom, Inc. On May 9, 2001, the sale of substantially all of the assets of Astro UK to ACR Heat Transfer Limited of Norfolk, England for cash of £450,000 (approximately $643,000) was completed. Based upon the terms of the sale, Owosso recorded, in the second quarter of 2001, a pretax charge of $700,000 to adjust the carrying value of Astro UK's assets to their estimated realizable value. No additional gain or loss was recorded upon completion of the sale. Proceeds from the sale were utilized to reduce Owosso's bank credit facility.

On October 26, 2001, Owosso completed the sale of the assets of the remaining businesses in its Coils segment, Astro Air and Snowmax (together, the "Coils Subsidiaries"). The sale of the Coils Subsidiaries was effectuated pursuant to an Asset Purchase Agreement, dated as of October 26, 2001, by and among the Coils Subsidiaries, Astro Air, Inc., and Rex Dacus, the manager of the Coils segment and the person from whom Owosso acquired the assets and operations of Astro Air Coils, Inc. in 1998. Proceeds from the sale of $5.6 million were utilized to reduce Owosso's bank credit facility. Astro Air, Inc. also assumed approximately $3.7 million of liabilities. Owosso recorded a pretax charge of $9.3 million related to this sale in the fourth quarter of 2001. Owosso recorded a charge of $520,000 net of taxes in the fourth quarter of 2002 to adjust the carrying value for the real estate assets to the estimated fair value, based upon an estimated sales price of the assets. Owosso has reported the results of the Coils segment as discontinued operations for all periods presented in the consolidated statements of operations.

On January 24, 2001, Owosso completed the sale of stock of Sooner Trailer to the McCasland Investment Group and certain members of Sooner Trailer's management for cash of $11.5 million, subject to certain post-closing adjustments based on changes in working capital, plus the assumption of

debt of approximately $670,000. In May 2001, Owosso received approximately $2.0 million related to such post-closing adjustments. In connection with the anticipated sale, Owosso recognized a loss of $8.6 million in the fourth quarter of 2000 to adjust the carrying value of Sooner Trailer's assets to their estimated fair value based on an expected sales price. No additional gain or loss was recorded upon completion of the sale. Sooner Trailer had been included in Owosso's historical Agricultural Equipment segment (formerly known as the Trailers and Agricultural Equipment segment). Accordingly, Owosso has reported the results of Sooner Trailer as discontinued operations for all periods presented in the consolidated statements of operations.

Products Liability Insurance. Owosso currently maintains product liability insurance coverage of $1.0 million per occurrence and $2.0 million in aggregate annual coverage, and an umbrella policy for an additional $20.0 million of blanket liability protection per occurrence. There can be no assurance that such insurance will be sufficient to cover potential product liability claims or that Owosso will be able to maintain such insurance or obtain product liability insurance in the future at a reasonable cost.

Competition. Owosso's business is highly competitive. Competition is based primarily on design and application engineering capabilities and product reliability and quality, as well as price.

Availability of Raw Materials. Owosso obtains raw materials, component parts and supplies from a variety of sources, generally from more than one supplier. In certain cases, where it has an impact on improving quality control or cost control, Owosso obtains raw materials and component parts from sole source suppliers. Owosso anticipates it will have no significant problems with respect to sources or availability of the raw materials or component parts essential to the conduct of its business.

Seasonality of the Business. No material portion of Owosso's business is seasonal, nor was any historical segment's seasonal.

Sales to Large Customers. A significant portion of Owosso's sales are concentrated among a small number of customers. Sales to the two largest customers represented approximately 26%, 14% and 15% of total sales from continuing operations for 2003, 2002 and 2001, respectively. Owosso is no longer selling to the second largest customer in 2003 that accounted for 9% of it's sales.

Sales Backlog. Owosso's backlog of unfilled orders for the historical Motors segment was $6.4 million as of December 12, 2003, as compared to $5.5 million as of December 12, 2002.

Environmental Issues. Owosso is subject to federal, state and local environmental regulations with respect to its operations. Owosso believes that it is operating in substantial compliance with applicable environmental regulations. Manufacturing and other operations at Owosso's facilities may result, and may have resulted, in the discharge and release of hazardous substances and waste from time to time. Owosso routinely responds to such incidents as deemed appropriate pursuant to applicable federal, state and local environmental regulations. Under applicable federal, state and local environmental laws, ordinances and regulations, a current or previous owner of real property may be liable for the costs of removal or remediation of certain hazardous or toxic substances on, in, under or discharged from such property.

In connection with Owosso's divestitures of its operating businesses over the past four years, it has agreed to indemnify buyers from and against certain known and unknown environmental liabilities. In addition, Owosso may be liable for the costs of removal or remediation of hazardous or toxic substances on, in, under or discharged from it's current or previously owned real property under applicable federal, state and local environmental laws, ordinances and regulations.

A subsidiary of Owosso is a party to a consent decree with the State of Connecticut pursuant to which it has agreed to complete its environmental investigation of the site on which its Old Saybrook facility was previously located and conduct any remedial measures which may be required. Based upon

the amounts recorded as liabilities, Owosso believes that the ultimate resolution of this matter will not have a material adverse effect on the financial results of Owosso.

Employees. Owosso has approximately 170 employees and believes that its relationship with its employees is good.

Properties

Owosso's principal executive offices and manufacturing, warehousing and distribution facility are located at 22543 Fisher Road, Watertown, New York. This facility consists of approximately 112,000 square feet, of which 107,800 square feet are dedicated to manufacturing, warehousing and distribution, with the remaining portion dedicated to office space. This facility is utilized by Stature, Owosso's sole remaining business, and is subject to a mortgage securing a $4.6 million industrial revenue bond financing.

Owosso's former principal executive offices, located at 2200 Renaissance Boulevard, King of Prussia, Pennsylvania, were under lease to expire in September 2006 with a base rent of approximately $305,000 per year. Owosso successfully negotiated a lease surrender agreement in December 2003 at a cost of $280,000 and vacated the office space in January 2004. Owosso paid $89,000 covering rent through March 2004. The landlord also has the right to negotiate an existing letter of credit held by the landlord as security under the lease and retain the proceeds therefrom in the amount of $191,000 on the termination date.

Owosso continues to own a 90,000 square foot manufacturing facility located in Kilgore, Texas, which housed Owosso's former Snowmax subsidiary. During fiscal 2004, Owosso intends to dispose of this facility. An entity controlled by Mr. Lemmon, Owosso's President, CEO and

Chairman, has expressed interest in purchasing such real estate, however no binding agreement has been entered into and any such sale will be subject to the approval of Owosso's audit committee. Based on current negotiations, Owosso estimates proceeds of approximately $312,000 if successful in completing the sale.

Owosso believes that its machinery, plants and offices are in satisfactory operating condition and are adequate for Owosso's current needs.

Legal Proceedings

As discussed above, Owosso is a party to various legal proceedings concerning environmental regulations. In addition, Owosso is a party to various lawsuits arising in the ordinary course of business, none of which are expected to be material with respect to the business assets or continuing operations of Owosso.

Owosso Selected Historical Consolidated Financial Data

The information set forth below, which has been derived from Owosso's audited consolidated financial statements, has been restated to reflect the Coils segment and Agricultural Equipment as discontinued operations and should be read in conjunction with Owosso's consolidated financial statements and notes thereto and the information under the heading "Management's Discussion and Analysis of Financial Condition and Results of Operations" below.

	Fiscal Year Ended				
	Oct. 26, 2003	**Oct. 27, 2002(2)**	**Oct. 28, 2001**	**Oct. 29, 2000**	**Oct. 31, 1999(1)**
	(in thousands, except share amounts)				
STATEMENT OF OPERATIONS DATA:					
Net sales	**$ 17,715**	$ 36,901	$ 54,326	$ 75,204	$ 84,214
Cost of products sold	**14,374**	31,242	43,897	59,429	65,009
Gross profit	**3,341**	5,659	10,429	15,775	19,205
Selling, general and administrative expenses	**3,881**	8,224	11,183	13,240	16,305
Goodwill impairment expense	**5,331**				
Write-down of net assets held for sale		381	1,100	2,800	
Income (loss) from operations	**(5,871)**	(2,946)	(1,854)	(265)	2,900
Interest expense	**708**	1,588	4,335	5,069	4,947
Gain on sale of business		(6,055)			
Other (income) expense	**(122)**		(110)	530	(444)
Income (loss) from continuing operations before income taxes	**(6,457)**	1,521	(6,079)	(5,864)	(1,603)
Income tax benefit	**(604)**	(4,197)	(1,968)	(1,082)	(658)
Income (loss) from continuing operations	**(5,853)**	5,718	(4,111)	(4,782)	(945)
Discontinued operations:					
Income (loss) from discontinued operations		(520)	(2,073)	(290)	2,722
Loss on disposal of discontinued operations			(10,040)	(8,600)	
Cumulative effect of accounting change			(67)		
Net income (loss)	**(5,853)**	5,198	(16,291)	(13,672)	1,777
Dividends and accretion on preferred stock	**(1,370)**	(1,349)	(1,316)	(1,121)	(1,095)

	Fiscal Year Ended				
Net income (loss) available to common Shareholders	**$ (7,223)**	$ 3,849	$ (17,607)	$ (14,793)	$ 682
Basic and diluted income (loss) available for common shareholders from continuing operations per share	**(1.24)**	$ 0.75	$ (0.93)	$ (1.01)	$ (0.35)
Weighted average number of common shares outstanding (basic)	**5,824**	5,824	5,866	5,844	5,826

	Fiscal Year Ended				
	Oct. 26, 2003	**Oct. 27, 2002(2)**	**Oct. 28, 2001**	**Oct. 29, 2000**	**Oct. 31, 1999(1)**
	(in thousands)				
OTHER DATA:					
Capital expenditures	**$ 171**	$ 132	$ 757	$ 1,195	$ 3,789
Depreciation and amortization	**1,432**	3,840	3,867	5,025	4,984

	Fiscal Year Ended				
	Oct. 26, 2003	**Oct. 27, 2002(2)**	**Oct. 28, 2001**	**Oct. 29, 2000**	**Oct. 31, 1999(1)**
BALANCE SHEET DATA:					
Total assets	**$ 18,380**	$ 27,970	$ 46,394	$ 81,163	$ 105,345
Total short-term and long-term obligations	**11,096**	13,545	29,604	49,968	54,222
Stockholders' (deficit) equity	**(2,971)**	4,252	403	18,432	33,984

(1) Includes the results of operations of the Owosso's former Parker Industries subsidiary through its disposition on March 5, 1999. Fiscal 1999 included 53 weeks, while the other years presented included 52 weeks.

(2) The results include Motor Products which was sold July, 30, 2002. See "Information about Owosso Corporation Business" above for further information on the sale of Motor Products.

Independent Auditors' Report

Board of Directors and Stockholders of Owosso Corporation
Watertown, New York

We have audited the accompanying consolidated balance sheets of Owosso Corporation and subsidiaries as of October 26, 2003 and October 27, 2002, and the related consolidated statements of operations, changes in stockholders' (deficit) equity, and cash flows for each of the three fiscal years in the period ended October 26, 2003. Our audits also included the financial statement schedule on page 130. These financial statements and financial statement schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and financial statement schedule based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of Owosso Corporation and subsidiaries as of October 26, 2003 and October 27, 2002, and the results of their operations and their cash flows for each of the three fiscal years in the period ended October 26, 2003 in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, such financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein.

As described in Note 3 to the consolidated financial statements, in 2003 the Company changed its method of accounting for goodwill to conform with Statement of Financial Standards No. 142, Goodwill and Other Intangible Assets.

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 2 to the consolidated financial statements, the Company's recurring losses from operations, working capital and stockholders' equity deficiencies, and the Company's inability to comply with the covenants of its credit agreement raise substantial doubt about its ability to continue as a going concern. Management's plans concerning these matters are also described in Note 2. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

/s/ Deloitte & Touche LLP
Deloitte & Touche LLP
Rochester, New York
December 5, 2003 (February 10, 2004 as to Note 19)

Owosso Consolidated Statement of Operations

	Year Ended		
	October 26, 2003	**October 27, 2002**	**October 28, 2001**
Net sales	$ 17,715,000	$ 36,901,000	$ 54,326,000
Costs of products sold	14,374,000	31,242,000	43,897,000
Gross profit	3,341,000	5,659,000	10,429,000
Selling, general and administrative expenses	3,881,000	8,224,000	11,183,000
Goodwill impairment expense	5,331,000		
Write-down of net assets held for sale		381,000	1,100,000
Loss from operations	(5,871,000)	(2,946,000)	(1,854,000)
Interest expense	708,000	1,588,000	4,335,000
Gain on sale of business		(6,055,000)	
Other income	(122,000)		(110,000)
Income (loss) from continuing operations before income taxes	(6,457,000)	1,521,000	(6,079,000)
Income tax benefit	(604,000)	(4,197,000)	(1,968,000)
Income (loss) from continuing operations	(5,853,000)	5,718,000	(4,111,000)
Discontinued operations:			
Loss from discontinued operations, net of income tax benefit of $0, $268,000 and $514,000		(520,000)	(2,073,000)
Loss on disposal of discontinued operations			(10,040,000)
Income (loss) before cumulative effect of accounting change	(5,853,000)	5,198,000	(16,224,000)
Cumulative effect of accounting change (net of tax of $34,000)			(67,000)
Net income (loss)	(5,853,000)	5,198,000	(16,291,000)

	Year Ended		
Dividends and accretion on preferred stock	(1,370,000)	(1,349,000)	(1,316,000)
Net income (loss) available for common stockholders	$ (7,223,000)	$ 3,849,000	$ (17,607,000)
Basic and diluted income (loss) per common share:			
Income (loss) available for common stockholders from continuing operations	$ (1.24)	$ 0.75	$ (0.93)
Loss from discontinued operations		(0.09)	(2.06)
Cumulative effect of accounting change, net			(0.01)
Net income (loss) available for common stockholders per share	$ (1.24)	$ 0.66	$ (3.00)
Weighted average number of common shares outstanding:			
Basic	5,824,000	5,824,000	5,866,000
Diluted	5,824,000	5,824,000	5,866,000

See notes to consolidated financial statements.

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Owosso Consolidated Balance Sheets

	October 26, 2003	October 27, 2002
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 309,000	$ 524,000
Restricted cash	400,000	
Receivables, net	2,323,000	3,111,000
Inventories, net	1,745,000	1,906,000
Net assets held for sale	350,000	800,000
Prepaid expenses and other	251,000	690,000
Tax refund receivable		919,000
Deferred taxes	240,000	295,000
Total current assets	5,618,000	8,245,000
PROPERTY, PLANT AND EQUIPMENT, NET	4,755,000	5,616,000
GOODWILL	3,074,000	8,405,000
CUSTOMER LIST, NET	4,800,000	5,200,000
OTHER ASSETS	133,000	504,000
TOTAL ASSETS	$ 18,380,000	$ 27,970,000
LIABILITIES AND STOCKHOLDERS' (DEFICIT) EQUITY		
CURRENT LIABILITIES:		
Accounts payable trade	$ 1,918,000	$ 2,025,000
Accrued compensation and benefits	504,000	537,000
Accrued expenses	1,753,000	2,085,000

	October 26, 2003	October 27, 2002
Current portion of long-term debt	10,968,000	8,951,000
Total current liabilities	15,143,000	13,598,000
LONG-TERM DEBT, LESS CURRENT PORTION	128,000	4,594,000
COMMON STOCK PUT OPTION	600,000	600,000
POSTRETIREMENT BENEFITS AND OTHER LIABILITIES		362,000
DEFERRED TAXES	1,446,000	1,900,000
ACCRUED PREFERRED STOCK DIVIDENDS	4,034,000	2,664,000
COMMITMENTS AND CONTINGENCIES (Note 12)		
STOCKHOLDERS' (DEFICIT) EQUITY		
Convertible preferred stock Class A, 8% in 2003 and 7% in 2002 cumulative, $.01 par value: 10,000,000 shares authorized; 1,071,428 shares issued and outstanding (aggregate liquidation value 2003 $17,250,000 and 2002 $16,500,000)	15,000,000	15,000,000
Common stock, $.01 par value; authorized 15,000,000 shares; issued 5,874,345 shares in 2003 and 2002	59,000	59,000
Additional paid-in capital	21,179,000	21,179,000
Accumulated deficit	(38,810,000)	(31,587,000)
	(2,572,000)	4,651,000
Less treasury stock, at cost, 50,039 shares in 2003 and 2002	(399,000)	(399,000)
Total stockholders' (deficit) equity	(2,971,000)	4,252,000
TOTAL LIABILITIES AND STOCKHOLDERS' (DEFICIT) EQUITY	$ 18,380,000	$ 27,970,000

See notes to consolidated financial statements.

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Owosso Consolidated Statements of Changes in Stockholders' (Deficit) Equity

	Preferred Stock	Common Stock	Additional Paid-in Capital	Accumulated Other Comprehensive Income	Accumulated Deficit	Treasury Stock	Total
BALANCE, OCTOBER 29, 2000	$ 15,000,000	$ 59,000	$ 21,743,000	$ (142,000)	$ (17,829,000)	$ (399,000)	$ 18,432,000
Net loss					(16,291,000)		(16,291,000)
Other comprehensive income:							
Cumulative translation adjustment				142,000			142,000
Total comprehensive income (loss)							(16,149,000)
Dividends					(1,316,000)		(1,316,000)
Exercise common stock put option			(600,000)				(600,000)
Issuance of common stock			36,000				36,000

	Preferred Stock	Common Stock	Additional Paid-in Capital	Accumulated Other Comprehensive Income	Accumulated Deficit	Treasury Stock	Total
BALANCE, OCTOBER 28, 2001	15,000,000	59,000	21,179,000		(35,436,000)	(399,000)	403,000
Net income					5,198,000		5,198,000
Dividends					(1,349,000)		(1,349,000)
BALANCE, OCTOBER 27, 2002	15,000,000	59,000	21,179,000		(31,587,000)	(399,000)	4,252,000
Net loss					(5,853,000)		(5,853,000)
Dividends					(1,370,000)		(1,370,000)
BALANCE, OCTOBER 26, 2003	$ 15,000,000	$ 59,000	$ 21,179,000	$	$ (38,810,000)	$ (399,000)	$ (2,971,000)

See notes to consolidated financial statements.

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Owosso Consolidated Statement of Cash Flows

	Year Ended		
	October 26, 2003	October 27, 2002	October 28, 2001
OPERATING ACTIVITIES:			
Net income (loss)	$ (5,853,000)	$ 5,198,000	$ (16,291,000)
Loss from discontinued operations		520,000	12,113,000
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:			
Provision for deferred taxes	(399,000)	1,426,000	(238,000)
Write-down of net assets held for sale		381,000	1,100,000
Change in net assets held for sale			(543,000)
Interest rate swap contracts market value adjustment	(110,000)	(589,000)	699,000
Goodwill impairment expense	5,331,000		
Gain on the sale of business		(6,055,000)	
Loss on sale of assets			4,000
Depreciation	1,032,000	2,454,000	2,798,000
Amortization	400,000	1,386,000	1,069,000
Changes in assets and liabilities which provided (used) cash:			
Accounts receivable	788,000	2,000	1,851,000
Inventories	161,000	907,000	715,000
Prepaid expenses and other	439,000	1,382,000	116,000
Tax refund receivable	919,000		
Accounts payable	(107,000)	287,000	(1,212,000)
Accrued expenses	(617,000)	(1,566,000)	(672,000)
Net cash provided by continuing operations	1,984,000	5,733,000	1,509,000
Net cash used in discontinued operations			(5,678,000)

	Year Ended		
Net cash provided by (used in) operating activities	1,984,000	5,733,000	(4,169,000)
INVESTING ACTIVITIES:			
Purchases of property, plant and equipment	(171,000)	(132,000)	(757,000)
Proceeds from the sale of businesses and assets	450,000	10,782,000	6,575,000
Decrease in other assets	371,000		729,000
Net cash provided by continuing operations	650,000	10,650,000	6,547,000
Net cash provided by discontinued operations			18,038,000
Net cash provided by investing activities	650,000	10,650,000	24,585,000
FINANCING ACTIVITIES:			
Payments on line of credit	(2,400,000)	(15,100,000)	(19,100,000)
Restricted cash payment	(400,000)		
Payments on long-term debt	(49,000)	(559,000)	(664,000)
Payments on related party debt		(400,000)	(600,000)
Dividends paid			(142,000)
Other			38,000
Net cash used in continuing operations	(2,849,000)	(16,059,000)	(20,468,000)
Net cash used in discontinued operations			(239,000)
Net cash used in financing activities	(2,849,000)	(16,059,000)	(20,707,000)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(215,000)	324,000	(291,000)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	524,000	200,000	491,000
CASH AND CASH EQUIVALENTS, END OF PERIOD	$ 309,000	$ 524,000	$ 200,000

Notes to Owosso's Consolidated Financial Statements

FISCAL YEARS ENDED OCTOBER 26, 2003, OCTOBER 27, 2002, AND OCTOBER 28, 2001

1. NATURE OF BUSINESS

The Company The consolidated financial statements represent the consolidated financial position, results of operations and cash flows of Owosso Corporation and its subsidiaries (the "Company").

The Company has one operating subsidiary, Stature Electric, Inc. ("Stature"), representing the Company's historical Motors segment. Stature is a custom designer and manufacturer of motors and gear motors both AC and DC, established in 1974 in Watertown, New York. Significant markets for Stature, or the Motors segment, include commercial products and equipment, healthcare, recreation and non-automotive transportation. The products are sold throughout North America and in Europe, primarily to original equipment manufacturers who use them in their end products.

The Company completed the sale of all of the outstanding stock of Motor Products Owosso Corporation and Motor Products Ohio Corporation (together, "Motor Products"), manufacturers of fractional and integral horsepower motors, on July 30, 2002. Prior to that time, these entities were included in the results of the Motors segment.

The Company's Other segment included Cramer Company (formerly known as M.H. Rhodes, Inc., and hereinafter referred to as "Cramer"). Cramer manufactured timers and subfractional horsepower motors for use in commercial applications. The Company completed the sale of the assets associated with the timer and switch line of Cramer on December 4, 2000. The Company disposed of substantially all of the remaining Cramer assets (excluding real property) in a separate transaction completed on September 23, 2001.

2.

BASIS OF PRESENTATION

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. The Company has incurred losses from operations in each of the past four fiscal years and, as shown in the consolidated financial statements, the Company incurred a net loss of $5,853,000 for the year ended October 26, 2003. In addition, at October 26, 2003 and October 27, 2002, the Company had a working capital deficiency since current liabilities exceeded its current assets by $9,525,000 and $5,353,000, respectively, and the Company had a stockholders' deficit of $2,971,000 at October 26, 2003. The Company is also out of compliance with covenants under its bank credit facility. The amount outstanding under the bank credit facility totaled $4,500,000 at October 26, 2003 which becomes due on March 31, 2004 (see note 9). These factors, among others, may indicate that the Company will be unable to continue as a going concern for a reasonable period of time. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

As disclosed in note 19, the Company has entered into a definitive purchase agreement to sell the Company. If the sale does not occur, then the Company intends to refinance the Company's bank credit facility prior to its maturity in March 2004. However, there can be no assurance that the Company's plans will be successfully executed.

3.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Consolidation The consolidated financial statements of the Company include the accounts of Owosso Corporation and its majority owned subsidiaries. All intercompany balances and transactions have been eliminated in consolidation.

Reclassifications Certain reclassifications have been made to the 2002 financial statements to conform to the classifications used in 2003.

Fiscal Year The Company's fiscal year includes 52 or 53 weeks ending on the last Sunday in October. Fiscal years 2003, 2002 and 2001 consisted of 52-week years.

Use of Estimates The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates and assumptions.

Cash and Cash Equivalents Cash and cash equivalents consist of cash and highly liquid investments with an original maturity of three months or less.

Inventories Inventories of the Company are recorded at cost, which is not in excess of market, determined on a first-in, first-out (FIFO) basis.

Property, Plant and Equipment Items of property, plant and equipment are stated at cost and are depreciated principally on the straight-line method over their estimated useful lives as follows:

Land improvements	10-20 years
Buildings	30 years
Machinery and equipment	3-10 years

Customer list The customer list is amortized on a straight-line basis over 20 years, its estimated useful life. Accumulated amortization totaled $3,200,000 and $2,800,000 as of October 26, 2003 and October 27, 2002, respectively. Amortization expense totaled $400,000 in each of 2003, 2002 and 2001. The Company expects to record amortization expense of $400,000 in each of the next five fiscal years.

Asset Impairment for long-lived assets The Company evaluates the carrying value of long-lived assets and other intangible assets, excluding goodwill, based upon current and anticipated undiscounted cash flows, and recognizes an impairment when such estimated cash flows will be less than the carrying value of the asset. Measurement of the amount of impairment, if any, is based upon the difference between carrying value and fair value.

Revenue Recognition Revenue is recognized at the time the product is shipped and title of ownership has passed. An allowance for doubtful accounts of $35,000 and $49,000 has been recorded as of October 26, 2003 and October 27, 2002, respectively.

Income Taxes Deferred income taxes are determined based on the difference between the financial reporting and tax bases of assets and liabilities. Deferred income tax expense (benefit) represents the change during the reporting period in the deferred tax assets and deferred tax liabilities, net of the effect of acquisitions and dispositions. Deferred tax assets include tax loss and credit carry forwards and are reduced by a valuation allowance if, based on available evidence, it is more likely than not that some portion or all of the deferred tax asset will not be realized.

Stock-Based Compensation In December 2002, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards ("SFAS") No. 148, "Accounting for Stock-Based Compensation Transition and Disclosure, an amendment of SFAS No. 123 Accounting for Stock-Based Compensation*,* to provide alternative methods of transition for an entity that voluntarily changes to the fair value based method of accounting for stock-based employee compensation. It also amends the disclosure provisions of that Statement to require prominent disclosure about the effects on reported net income of an entity's accounting policy decisions with respect to stock-based employee compensation. As permitted in those standards, the Company has elected to continue to follow recognition provisions of Accounting Principles Board Opinion No. 25, Accounting for Stock Issued to

Employees, and related interpretations in accounting for employee stock-based compensation. No employee stock-based compensation expense was recorded for the years ended October 26, 2003, October 27, 2002 and October 28, 2001.

Proforma information regarding the Company's net income (loss) available for common stockholders and related per share amounts as required by SFAS No. 123 and SFAS No. 148 are as follows:

	2003	**2002**	**2001**
Net Income (loss) available for common stockholders:			
As reported	$ (7,223,000)	$ 3,849,000	$ (17,607,000)
Proforma	$ (7,263,000)	$ 3,790,000	$ (17,745,000)
Net Income (loss) per share available for common stockholders:			
As reported	$ (1.24)	$ 0.66	$ (3.00)
Proforma	$ (1.25)	$ 0.65	$ (3.02)

The weighted average fair value of options granted in 2003 and 2001 is estimated as $2,200 and $48,000, respectively. The Company did not grant options in 2002. The fair value of options granted were estimated on the date of grant using the Binomial option pricing model with the following assumptions:

	2003	**2001**
Expected Life	5 years	5 years
Volatility	45%	59%
Risk-free interest rate	4.0%	4.51%

	2003	2001
Dividend yield	0%	0%

Earnings (loss) per Share Basic earnings per common share is computed by dividing net earnings (the numerator) by the weighted average number of common shares outstanding during each period (the denominator). The computation of diluted earnings per common share is similar to that of basic earnings per common share, except that the denominator is increased by the dilutive effect of stock options outstanding, computed using the treasury stock method, the diluted effect of convertible preferred stock computed using the "if converted" method, and by the dilutive effect of the put option on common stock, computed using the reverse-treasury stock method.

The following table summarizes those securities that could potentially dilute income (loss) for common shareholders per common share in the future that were not included in determining net income (loss) available for common shareholders per common share as the effect was antidilutive:

	2003	2002	2001
Potential common shares resulting from:			
Stock options and put option on common stock	304,000	399,000	835,000
Convertible preferred stock	1,071,000	1,071,000	1,071,000
	1,375,000	1,470,000	1,906,000

Comprehensive Income The Company presents comprehensive income (loss) as a component of stockholders' equity. The components of comprehensive income are as follows:

	2003	2002	2001
Net income (loss)	$ (5,853,000)	$ 5,198,000	$ (16,291,000)
Foreign currency translation	0	0	142,000
Total comprehensive income (loss)	$ (5,853,000)	$ 5,198,000	$ (16,149,000)

Derivatives In June 1998, the Financial Accounting Standards Board ("FASB") issued SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities" ("SFAS No. 133"). SFAS No. 133 was amended in June 2000 by SFAS No. 138, "Accounting for Certain Derivative Instruments and Certain Hedging Activities", which addressed a limited number of issues causing implementation difficulties. SFAS No. 133, as amended, establishes accounting and reporting standards for derivative instruments and for hedging activities. It requires that an entity recognize all derivative instruments as either assets or liabilities and measure them at fair value. The accounting for changes in fair value depends upon the purpose of the derivative instrument and whether it is designated and qualifies for hedge accounting. To the extent derivative instruments qualify and are designated as hedges of the variability in cash flows associated with forecasted transactions, the effective portion of the gain or loss on such derivative instruments will generally be reported in other comprehensive income and the ineffective portion, if any, will be reported in net income. Such amounts recorded in accumulated other comprehensive income will be reclassified into net income when the forecasted transaction affects earnings. To the extent derivative instruments qualify and are designated as hedges of changes in the fair value of an existing asset, liability or firm commitment, the gain or loss on the hedging instrument will be recognized currently in earnings along with changes in the fair value of the hedged asset, liability or firm commitment attributable to the hedged risk.

The Company was required to adopt the provisions of SFAS No. 133 effective October 30, 2000. The Company's derivative instruments outstanding, variable-to-fixed interest rate swaps, do not qualify for hedge accounting under SFAS No. 133. The adoption of SFAS No. 133 required the Company to mark its interest rate swaps to market. The result was to record a net liability of $101,000 with an offsetting charge to cumulative effect of accounting change. This amount, net of tax of $34,000, is reflected in the 2001 accompanying consolidated statement of operations as a "Cumulative effect of accounting change."

Goodwill In July 2001, the Financial Accounting Standards Board issued SFAS No. 142 "Goodwill and Other Intangible Assets" ("SFAS No. 142"). SFAS No. 142 requires the use of a nonamortization approach to account for purchased goodwill and certain intangibles. Under a nonamortization approach, goodwill and certain intangibles will not be amortized into results of operations but, instead, would be reviewed for impairment and written down and charged to results of operations only in the periods in which the recorded value of goodwill and certain intangibles is more than its fair value. The Company adopted SFAS No. 142 on October 28, 2002 and, based on its transitional goodwill impairment test, the Company was not required to record a goodwill impairment charge as of October 28, 2002.

Actual net income (loss) available for common stockholders and the related per share amounts for the years ended October 26, 2003, October 27, 2002 and October 28, 2001 and as adjusted net income

(loss) and the related per share amounts for 2002 and 2001 had the nonamortization provisions of SFAS No. 142 been applied in those periods are as follows:

	2003	2002	2001
Net Income (loss) available for common stockholders:			
As reported	$ (7,223,000)	$ 3,849,000	$ (17,607,000)
Goodwill amortization		990,000	665,000
As adjusted	$ (7,223,000)	$ 4,839,000	$ (16,942,000)
Net income (loss) per share available for common stockholders:			
As Reported	$ (1.24)	$ 0.66	$ (3.00)
As Adjusted	$ (1.24)	$ 0.83	$ (2.89)

The Company's annual assessment of goodwill impairment is conducted in the first quarter of its fiscal year. The Company completed its annual goodwill impairment test in the first quarter of fiscal 2004 and concluded that its goodwill was partially impaired. Accordingly, in the fourth quarter of fiscal 2003, the Company recorded an expense for goodwill impairment totaling $5,331,000 in the accompanying 2003 consolidated statement of operations. As disclosed in note 19, the Company has entered into a definitive purchase agreement to sell the Company. The fair value of the Company was estimated based on the terms of the definitive purchase agreement.

New Accounting Pronouncements In April 2002, the FASB issued SFAS No. 145, "Rescission of FASB Statements No. 4, 44, and 64, Amendment of FASB Statement No. 13, and Technical Corrections." There was no effect on the Company's financial statements from the adoption of SFAS No. 145 in fiscal 2003.

In November 2002, the FASB issued Interpretation No. 45, "Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Others" ("FIN 45"). FIN 45 requires that a liability be recorded on the guarantor's balance sheet upon issuance of a guarantee. In addition, FIN 45 requires disclosures about the guarantees that an entity has issued. The Company's adoption of FIN 45 did not have an effect on its consolidated financial statements in fiscal 2003.

In January 2003, the FASB issued Interpretation No. 46, "Consolidation of Variable Interest Entities, an Interpretation of ARB No. 51" ("FIN 46"). FIN 46 requires certain variable interest entities to be consolidated by the primary beneficiary of the entity if the equity investors in the entity do not have the characteristics of a controlling financial interest or do not have sufficient equity at risk for the entity to finance its activities without additional subordinated financial support from other parties. FIN 46 is effective for the Company for the interim period ended April 30, 2004, or earlier in certain instances. Such instances did not have a material effect on the Company's consolidated financial statements in fiscal 2003.

In April 2003, the FASB issued SFAS No. 149, "Amendment of Statement No. 133 on Derivative Instruments and Hedging Activities." SFAS No. 149 amends and clarifies financial accounting and reporting for derivative instruments and for hedging activities under SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities." This Statement clarifies under what circumstances a contract with an initial net investment meets the characteristic of a derivative discussed in SFAS No. 133, clarifies when a derivative contains a financing component, amends the definition of an underlying to conform it to language used in FIN 45 and amends certain other existing pronouncements. These changes are intended to result in more consistent reporting of contracts as either derivatives or hybrid instruments. The Statement is generally effective for contracts entered into or modified after, and for hedging relationships designated after, June 30, 2003. The Company's adoption of SFAS No. 149 did not have a material effect on its consolidated financial statements in fiscal 2003.

In May 2003, the FASB issued SFAS No. 150, "Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity." SFAS No. 150 improves the accounting for certain financial instruments that, under previous guidance, issuers could account for as equity. The new Statement requires that those instruments be classified as liabilities in the balance sheet. This Statement is effective for mandatory redeemable instruments entered into or modified after May 31, 2003 and for all other instruments for interim periods beginning after June 15, 2003. The Company's adoption of SFAS No. 150 did not have a material effect on its consolidated financial statements in fiscal.

4. SUPPLEMENTAL CASH FLOW INFORMATION

Cash payments for interest in 2003, 2002 and 2001 were $674,000, $2,530,000 and $3,594,000, respectively. Cash paid (or received) for income taxes was $(1,215,000), $(4,481,000) and $226,000 for 2003, 2002 and 2001, respectively. Dividends recorded and not paid in 2003, 2002 and 2001 totaled $1,370,000, $1,349,000 and $1,316,000, respectively.

5. DISPOSITIONS OF BUSINESSES

Cramer On December 4, 2000, the Company completed the sale of the assets associated with the timer and switch line of Cramer to Capewell Components, LLC of South Windsor, Connecticut for cash of approximately $2,000,000, plus the assumption of approximately $400,000 in liabilities. In connection with the sale, the name of the Company was changed from M.H. Rhodes, Inc. to Cramer Company. On September 23, 2001, the Company sold substantially all of the remaining assets of Cramer to the Chestnut Group of Wayne, Pennsylvania for cash proceeds of $565,000, plus the assumption of $317,000 in liabilities. In connection with such sale, the Company recorded an adjustment to the carrying value of the Cramer assets resulting in a pre-tax charge of $1,100,000, recorded in the third fiscal quarter of 2001.

Motor Products On July 30, 2002, Owosso Corporation, (the "Company") completed the sale of all of the outstanding stock of Motor Products Owosso Corporation, and Motor Products Ohio Corporation, (together, "Motor Products"), manufacturers of fractional and integral horsepower motors. The purchase price paid by Allied (F.K.A. Hathaway Motion Control Corporation) (the "Buyer") for the outstanding stock of Motor Products consisted of $11.5 million in cash and a promissory note in the principal amount of $300,000, paid six months after closing. Net cash proceeds of $10.7 million from the sale, after payment of certain transaction costs, were utilized to reduce outstanding bank debt. The Company has reported a gain of $6,055,000 on the sale of this business in the accompanying consolidated statement of operations for the year ended October 27, 2002.

6. DISCONTINUED OPERATIONS

Coils Segment On May 9, 2001, the Company completed the sale of substantially all of the assets of Astro Air UK to ACR Heat Transfer, Ltd., of Norfolk, England for cash of £450,000 (approximately $643,000). Based upon the terms of the sale, the Company recorded, in the second quarter of 2001, a pretax charge of $700,000 to adjust the carrying value of Astro UK's assets to their estimated realizable value. No additional gain or loss was recorded upon completion of the sale.

On October 26, 2001, the Company completed the sale of the assets of its Coils segment, which included Astro Air and Snowmax (together, the "Coils Subsidiaries"). The sale of the Coils Subsidiaries was effectuated pursuant to an Asset Purchase Agreement, dated as of October 26, 2001, by and among the Coils Subsidiaries, Astro Air, Inc. (the "Buyer"), and Rex Dacus, the manager of the Coils segment and the person from whom the Company acquired the assets and operations of Astro Air Coils, Inc. in 1998. Proceeds from the sale were $5,600,000 of cash and the assumption of

approximately $3,700,000 of liabilities. The Company recorded a pretax charge of $9,340,000 related to this sale in the fourth quarter of 2001.

Revenues from discontinued operations were $35,608,000 for 2001.

7. INVENTORIES

	2003	2002
Raw materials and purchased parts	$ 744,000	$ 810,000
Work in process	844,000	909,000
Finished goods	157,000	187,000
Total	$ 1,745,000	$ 1,906,000

8. PROPERTY, PLANT AND EQUIPMENT

	2003	2002
Land and improvements	$ 112,000	$ 112,000
Buildings and improvements	3,350,000	3,350,000
Machinery and equipment	12,202,000	12,115,000
Construction in progress	120,000	53,000
Total	15,784,000	15,630,000
Accumulated depreciation	11,029,000	10,014,000
Property, plant and equipment, net	$ 4,755,000	$ 5,616,000

9. LONG-TERM DEBT

	2003	2002
Revolving credit agreement	$ 4,500,000	$ 6,900,000
Term loans, payable in monthly installments through 2007 at 5%, collateralized by certain real property	550,000	599,000
Industrial revenue bonds, payable in varying installments through 2018 at a variable rate (1.1% at October 26, 2003), collateralized by certain real property, building and equipment	4,550,000	4,550,000
Subordinated promissory notes, payable in varying installments through 2005 at rates from 7.6% to 11%	1,496,000	1,496,000
Total long-term debt	11,096,000	13,545,000
Less current portion	10,968,000	8,951,000
Long-term debt, net of current portion	$ 128,000	$ 4,594,000

	2003	2002

The aggregate amount of required payments on long-term debt is as follows:

Year ending October:		
2004	$	10,968,000
2005		128,000
Total	$	11,096,000

On January 22, 1999, the Company entered into a new bank credit facility with the Company's two primary banks, originally expiring in December 2002. The agreement included financial and other

covenants, including fixed charge, cash flow and net worth ratios and restrictions on certain asset sales, mergers and other significant transactions. The Company was not in compliance with such covenants at October 29, 2000. In February 2001, the Company entered into an amendment to its bank credit facility agreement, wherein the lenders agreed to forbear from exercising their rights and remedies under the facility in connection with such non-compliance until February 15, 2002, at which time the facility was to mature. This amendment to the bank credit facility called for reductions in the outstanding balance during calendar 2001 and modified the interest rates charged. The amendment required additional collateral, effectively all of the assets of the Company, and reporting requirements, as well as the addition of a covenant requiring minimum operating profits. The amendment also required the suspension of principal and interest payments on subordinated debt, with an aggregate outstanding balance of $2.1 million as of October 28, 2001. Furthermore, the amendment to the facility prohibits the payment of preferred or common stock dividends and prohibits the Company from purchasing its stock. Beginning in August 2001, the Company was out of compliance with its minimum operating profit covenant. In February 2002, the Company entered into a further amendment to the facility, which extended the maturity date to December 31, 2002. That amendment calls for further reductions in the outstanding balance based on expected future asset sales, increased the interest rate charged and requires minimum EBITDA. In December 2002, the Company entered into a further amendment to the facility, which extends the maturity date to December 31, 2003. This amendment calls for further reductions in outstanding balance based on expected future asset sales and cash flow generated from operations and requires minimum EBITDA. In April 2003, the Company entered into a further amendment to the facility which amended the financial covenant. In September 2003, the Company entered into a further amendment to the facility which waived a mandatory paydown. In December 2003, the Company entered into a further amendment to the facility which extended the maturity date to March 31, 2004. Borrowings under the facility are charged interest at the Prime Rate plus 2.75% (6.75% at October 26, 2003). The Company's lender required the Company to place $400,000 in a restricted cash account to be used to service the debt.

At October 26, 2003, $4,500,000 was outstanding under the Company's bank credit facility and $611,000 was available for additional borrowing. The average amount outstanding in 2003 was $5,528,000 and the weighted average interest rate was 7.0%.

Repayment of the Industrial Revenue Bonds of Stature Electric has been guaranteed by the Company and its subsidiaries.

The Company has classified primarily all of its long-term debt as a current liability in the accompanying consolidated balance sheet at October 26, 2003 as a result of not complying with the covenants in the revolving credit agreement.

Derivative Interest Rate Contracts The Company had previously had an interest rate swap agreement with one of its banks with a notional amount of $4,850,000 which expired in fiscal 2003. The agreement required the Company to make quarterly fixed payments on the notional amount at 4.22% through October 2003 in exchange for receiving payments at the BMA Municipal Swap Index. The Company entered into the interest rate swap agreement to change the fixed/variable interest rate mix of its debt portfolio to reduce the Company's aggregate risk to movements in interest rates. Such swap agreements do not meet the stringent requirements for hedge accounting under SFAS No. 133. Accordingly, changes in the fair value of such agreements are recorded in the accompanying consolidated statements of operations as a component of interest expense. The fair market value of the swap agreement liability was $0 and $110,000 at October 26, 2003, and October 27, 2002 respectively. The credit to interest expense related to this agreement in 2003 and 2002 totaled $110,000 and $589,000 respectively.

10.
FAIR VALUE OF FINANCIAL INSTRUMENTS

The following disclosures of the estimated fair value of financial instruments were made in accordance with the requirements of SFAS No. 107, *Disclosures about Fair Value of Financial Instruments.* The estimated fair value amounts have been determined by the Company using available market information and appropriate valuation methodologies.

Cash and Cash Equivalents, Accounts Receivable, and Accounts Payable The carrying amount of these items are a reasonable estimate of their fair value.

Short-term Debt and Long-term Debt Rates currently available to the Company for debt with similar terms and remaining maturities are used to estimate the fair value for debt issues. Accordingly, the carrying amount of debt is a reasonable estimate of its fair value.

11.
BENEFIT PLAN

Benefit Plan The Company sponsors a defined contribution 401(k) plan covering substantially all of its employees. Eligible employees may contribute up to 15% of their compensation to this plan and their contributions are matched by the Company at a rate of 50% on the first 4% of the employees' contribution. The plan also provides for a fixed contribution of 3% of eligible employees' compensation. Pension expense related to this plan was $213,000, $333,000 and $895,000 for 2003, 2002 and 2001 respectively.

12.
COMMITMENTS AND CONTINGENCIES

The Company leased office space production facilities and equipment under operating leases. Operating lease expense was approximately $285,000, $285,000 and $623,000 for 2003, 2002 and 2001, respectively, net of sublease rentals and reimbursements of utilities of $119,000, $119,000 and $119,000 for 2003, 2002 and 2001, respectively. The lease on the former corporate headquarters office space was to expire in September 2006 with a base rent of approximately $305,000. The Company successfully negotiated a lease surrender agreement in December 2003 at a cost of $280,000 and vacated the office space in January 2004. The Company paid $89,000 covering rent through March 2004. The landlord also has the right to negotiate an existing letter of credit held by the landlord as security under the lease and retain the proceeds therefrom in the amount of $191,000 on the termination date.

At October 26, 2003, outstanding letters of credit totaled approximately $5,184,000 which primarily guarantees industrial revenue bonds.

The Company is subject to federal, state and local environmental regulations with respect to its operations. The Company believes that it is operating in substantial compliance with applicable environmental regulations. Manufacturing and other operations at the Company's facilities may result, and may have resulted, in the discharge and release of hazardous substances and waste from time to time. The Company routinely responds to such incidents as deemed appropriate pursuant to applicable federal, state and local environmental regulations.

In connection with the Company's divestitures of its operating businesses over the past four years, it has agreed to indemnify buyers from and against certain known and unknown environmental liabilities. In addition, the Company may be liable for the costs of removal or remuneration of hazardous or toxic substances on, in, under or discharged from it's current or previously owned real property under applicable federal, state and local environmental laws, ordinances and regulations.

A subsidiary of the Company is a party to a consent decree with the State of Connecticut pursuant to which it has agreed to complete its environmental investigation of the site on which its Old Saybrook facility was previously located and conduct any remedial measures which may be required. Based upon the amounts recorded as liabilities, the Company believes that the ultimate resolution of this matter will not have a material adverse effect on the consolidated financial results of the Company.

In addition to the matters reported herein, the Company is involved in litigation dealing with certain aspects of its business operations. The Company believes that settlement of such litigation will not have a material adverse effect on its consolidated financial position or results of operations.

13. MAJOR CUSTOMERS

A significant portion of the Company's sales are concentrated among a small number of customers. Sales to the two largest customers represented approximately 26%, 14%, and 15%, of total sales from continuing operations for 2003, 2002 and 2001, respectively. Subsequent to October 26, 2003, the Company is no longer selling to the second largest customer that accounted for 9% of its sales in 2003.

14. INCOME TAX EXPENSE

The income tax provision for continuing operations consists of the following:

	2003	2002	2001
Current:			
Federal	$ (237,000)	$ (5,767,000)	$ (1,861,000)
State	32,000	44,000	131,000
Deferred Federal	(372,000)	1,598,000	(257,000)
Deferred State	(27,000)	(72,000)	19,000
Income tax benefit	$ (604,000)	$ (4,197,000)	$ (1,968,000)

A reconciliation of the income tax provision as presented in the consolidated statements of operations is as follows:

	2003	2002	2001
Income tax benefit from continuing operations	$ (604,000)	$ (4,197,000)	$ (1,968,000)
Income tax expense (benefit) from discontinued operations	0	(268,000)	(514,000)
Income tax benefit associated with cumulative effect of accounting change	0	0	(34,000)
Total income tax benefit	$ (604,000)	$ (4,465,000)	$ (2,516,000)

The reconciliation of the statutory federal income tax rate and the effective rate, for continuing operations, is as follows:

	2003	2002	2001
Federal income tax provision at statutory rate	34.0%	34.0%	34.0%
State income taxes, net of federal income tax benefit	(0.3)	(1.2)	(1.7)
Goodwill impairment charge	(28.1)	0.0	0.0
Amortization of goodwill	0.0	22.1	(6.1)
Effect of disposition of businesses	0.0	0.0	0.6
Meal and Entertainment Expense	(0.1)	0.0	0.0
Change in valuation allowance	0.3	(331.6)	0.0
Other	3.6	0.5	5.6
Effective tax rate, continuing operations	9.4%	(276.2)%	32.4%

The difference between the statutory federal rate and the reported amount of income tax expense attributable to continuing operations is primarily due to non-deductible goodwill and change in the valuation allowance resulting from the utilization of the capital loss carryforward and the five year carryback of net operating losses related to the changes in tax laws.

The components of the Company's net deferred tax assets and liabilities are as follows:

	2003	2002
Deferred tax asset:		
Accruals and reserves	$ 683,000	$ 1,633,000
Tax credits and loss carryforwards	7,031,000	6,690,000
Other	9,000	11,000
Total gross deferred tax assets	7,723,000	8,334,000
Valuation allowance	(6,866,000)	(6,645,000)
Net deferred tax assets	$ 857,000	$ 1,689,000
Deferred tax liability:		
Intangibles	$ 1,759,000	$ 1,976,000
Property, plant and equipment	304,000	1,318,000
Total gross deferred tax liabilities	$ 2,063,000	$ 3,294,000
Net deferred tax liability	$ (1,206,000)	$ (1,605,000)

These amounts are included in the accompanying consolidated financial statements as follows:

	2003	2002
Current deferred tax assets	$ 240,000	$ 295,000
Non-current deferred tax liabilities	(1,446,000)	(1,900,000)
Net deferred tax liability	$ (1,206,000)	$ (1,605,000)

The Company has recorded valuation allowances which management has determined are sufficient to reduce its deferred tax assets to an amount which is more likely than not to be realized. The Company's valuation allowances relate primarily to intangible assets, federal and state net operating loss carry-forwards, and other state deferred tax assets.

The Company has approximately $3,081,000 of net operating loss carry forwards as of October 26, 2003 for federal income tax reporting purposes and which expire between 2006 and 2023. Approximately $2,498,000 of these net operating losses are subject to annual utilization limitations under Section 382 of the Internal Revenue Code. The Company also has approximately $11,051,000 of capital loss carry forwards as of October 26, 2003 for federal income tax reporting purposes and which expire in 2006.

15. COMMON STOCK PUT OPTION

During 2001 the Company received notice from a former employee and shareholder requesting payment of $8.00 per share for 75,000 shares of common stock of the Company owned by him under a conditional put right that a subsidiary of the Company had granted to such shareholder. The shareholder in question renewed his request in late 2002. Neither the Company nor the subsidiary of the Company that had granted the conditional put right believes that the shareholder has a contractual right to require the purchase of his shares at this time, principally due to a negative covenant in the Company's bank credit facility precluding the Company and its subsidiaries from making any payments or other distributions with respect to the Company's common stock. While the Company believes that it has complied with all terms associated with the put right, including those excusing performance when payment is precluded by financing documents, it has recorded a liability totaling $600,000 as of October 26, 2003 and October 27, 2002 related to this matter.

16.

CONVERTIBLE PREFERRED STOCK

In connection with the acquisition of Stature in October 1995, the Company issued 1,071,428 of its 10,000,000 authorized preferred shares of Class A convertible preferred stock with a stated value of $14.00 per share. Such preferred stock was convertible into the Company's common stock on a one-for-one basis, at the holders' option, through October 2000, at which time, the Company had the right, but was not obligated, to redeem the preferred stock for cash at its stated value of $14.00 per share. Neither the option to convert the preferred stock into the Company's common stock, nor the Company's right to redeem the preferred stock, has been exercised. The Company's option to redeem the preferred stock continues after October 2000, with the redemption price increasing annually until it reaches $21.00 in 2009 for a maximum liquidation amount of $22,500,000.

The preferred stock earns quarterly cash dividends as a percentage of the stated value of $15,000,000 at a rate of 5% per annum through October 2000. Thereafter, the dividend percentage rate increases 1% each year to its maximum rate of 10% in November 2004 and thereafter. Since the preferred stock was not converted by October 2000, the increasing rate dividend is accounted for by the accrual of amounts in excess of the cash dividend through the consolidated statements of operations using the effective interest method, at a rate of 8.7%. Dividends accrued but not paid on the preferred stock were $4,034,000 and $2,664,000 for October 26, 2003 and October 27, 2002, respectively.

The Company may not pay any common stock dividends unless all preferred dividend requirements have been met. The convertible preferred shareholders are entitled to vote as a class to elect one member of the Board of Directors of the Company, provided at least 40% of the originally issued Class A preferred stock is outstanding. The convertible preferred stock has liquidation priority over common stock. In certain circumstances, the issuance of other classes of securities require the approval of the Class A preferred shareholders. In connection with the amendment to the Company's bank credit facility in February 2001, the Company is prohibited from making future preferred stock dividend payments.

17.

STOCK OPTION PLANS

In 1998, the Company adopted a long-term incentive plan (the "Incentive Plan") which permits the granting of Stock Options, Stock Appreciation Rights, Restricted Stock, Long-Term Performance Awards, Performance Shares and Performance Units. Officers, other employees and directors of the Company are eligible to receive awards under the Incentive Plan. The maximum number of shares of Common Stock of the Company that may be made the subject of awards granted under the Incentive Plan is 500,000. Stock options granted under the Incentive Plan generally vest over five years and are exercisable for periods up to ten years from the date of grant at a price which equals fair value at the date of grant.

The Company also maintains a stock option plan (the "1994 Plan"), designed to serve as an incentive for retaining valuable employees and directors. All employees and directors of the Company are eligible to participate in the 1994 Plan. The 1994 Plan provides for the granting of options to purchase an aggregate of up to 500,000 shares of common stock of the Company. Options granted generally vest over five years and are exercisable for periods up to ten years from the date of grant at a price which equals fair market value at the date of grant.

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The 1994 Plan provides for the automatic acceleration of the exercisability of all outstanding options upon the occurrence of a change in control (as defined) and for the cancellation of options and cash payment to the holders of such canceled options upon the occurrence of certain events constituting a change in control. The 1994 Plan may be amended, altered or discontinued at any time, but no amendment, alteration or discontinuation will be made which would impair the rights of an optionee with respect to an outstanding stock option without the consent of the optionee.

The following schedule summarizes stock option activity and status:

	Year Ended					
	October 26, 2003		October 27, 2002		October 28, 2001	
	Options	Weighted Average Exercise Price	Options	Weighted Average Exercise Price	Options	Weighted Average Exercise Price
Outstanding, beginning of year	324,000	$ 6.33	760,000	$ 5.16	880,000	$ 5.84
Granted	10,000	0.22	0		75,000	1.03
Cancelled	(105,000)	8.81	(436,000)	4.30	(195,000)	6.64
Outstanding, end of year	229,000	$ 5.38	324,000	$ 6.33	760,000	$ 5.16
Exercisable, end of year	162,400	$ 6.94	229,000	$ 7.74	398,000	$ 7.13

The following table summarizes information about stock options outstanding at October 26 2003:

	Options Outstanding			Options Exercisable	
Range of Exercise Prices	Options	Weighted Average Remaining Contractual Life in Years	Weighted Average Exercise Price	Options	Weighted Average Exercise Price
$ 0.22	10,000	9.44	$ 0.22		$
$ 1.00 - $ 1.13	25,000	7.54	$ 1.05		$
$ 1.44	30,000	6.98	$ 1.44	12,000	$ 1.44
$ 3.16	14,000	6.14	$ 3.16	8,400	$ 3.16
$ 4.16 - $ 5.75	40,000	5.15	$ 4.16	32,000	$ 4.16
$ 5.88 - $ 8.00	67,000	4.14	$ 7.78	67,000	$ 7.78
$ 8.88 - $11.38	31,000	2.09	$ 9.20	31,000	$ 9.20
$12.00	12,000	0.99	$ 12.00	12,000	$ 12.00
	229,000	5.00	$ 5.38	162,400	$ 6.94

18.

SEGMENT INFORMATION

The Company is organized based upon the products and services it offers. Under this organizational structure, the Company has two business segments: Motors and Other.

The Motors segment, the Company's only remaining business segment, is comprised of Stature Electric, Inc., established in 1974 in Watertown, New York. Stature is a custom designer and manufacturer of motors and gear motors, including AC, DC and Universal. Significant markets for Stature, or the Motors segment, include commercial products and equipment, healthcare, recreation and non-automotive transportation. Stature's component products are sold throughout North America and in Europe, primarily to original equipment manufacturers who use them in their end products. Prior to July 30, 2002, the Motors segment also included the operations of Motor Products Owosso Corporation and Motor Products Ohio Corporation.

The Company's Other segment includes Cramer, a business that manufactured timers and subfractional horsepower motors for use in commercial applications. The Company completed the sale of the assets associated with the timer and switch line of Cramer on December 4, 2000 and, in connection with the sale, changed the name of the company from M.H. Rhodes, Inc. to Cramer Company. The Company disposed of substantially all of the remaining Cramer assets (excluding real property) in a separate transaction completed on September 23, 2001.

The Company derives substantially all of its revenues from within the United States. Information about interest expense, other income and income taxes is not provided on a segment level. The accounting policies of the segments are the same as those described in the summary of significant accounting policies.

The following table reflects, from continuing operations, net sales, income (loss) from operations, capital additions, and depreciation and amortization expense for the fiscal years ended October 2003, 2002 and 2001 and identifiable assets as of October 2003, 2002 and 2001 for each segment:

	2003	2002	2001
Identifiable assets:			
Motors	$ 17,912,000	$ 25,376,000	$ 38,506,000
Other	12,000	845,000	1,181,000
Net assets held for sale	350,000	350,000	1,078,000
Corporate	106,000	1,399,000	5,629,000
Total identifiable assets	$ 18,380,000	$ 27,970,000	$ 46,394,000
Net sales:			
Motors	$ 17,715,000	$ 36,901,000	$ 51,356,000
Other			2,970,000
Total net sales	$ 17,715,000	$ 36,901,000	$ 54,326,000
Income (loss) from operations:			
Motors(1)	$ (4,315,000)	$ 716,000	$ 4,669,000
Other(2)	122,000	(381,000)	(1,417,000)
Corporate(3)	(1,678,000)	(3,281,000)	(5,106,000)
Total income (loss) from operations	$ (5,871,000)	$ (2,946,000)	$ (1,854,000)
Capital Additions:			
Motors	$ 171,000	$ 132,000	$ 695,000
Corporate			62,000
Total capital additions	$ 171,000	$ 132,000	$ 757,000
Depreciation and amortization expense:			
Motors	$ 1,421,000	$ 3,694,000	$ 3,711,000
Corporate	11,000	146,000	156,000
Total depreciation and amortization expense	$ 1,432,000	$ 3,840,000	$ 3,867,000

	2003	2002	2001

(1) Includes an expense of $5,331,000 for goodwill impairment in 2003.

(2) Includes write-down of net assets held for sale of $0 in 2003, $381,000 in 2002 and $1,100,000 in 2001.

(3) Includes unallocated corporate expenses, primarily salaries and benefits, information technology, and other administrative expenses.

19. SUBSEQUENT EVENT

On February 10, 2004, the Company reached a definitive agreement with Allied Motion Control Technologies, Inc. ("Allied") for the acquisition by Allied of all the shares of the Company on the following terms: 0.068 shares of common stock of Allied for each share of common stock of the Company, and a combination of .127 shares of Allied common stock, a warrant to purchase 0.28 shares of Allied common stock and cash of $0.9333 for each share outstanding of the Company's Class A convertible preferred stock. Based on the Company's 5,824,306 common shares and 1,071,428 preferred shares issued, the aggregate amount to common shareholders will be approximately $1.75 million, and the aggregate amount to preferred shareholders will be approximately $1.6 million. In addition, Allied has agreed to repay up and assume to $10.6 million of the Company's outstanding debt, and the Company's preferred shareholders may be entitled to Allied subordinated promissory notes with an aggregate principal amount of up to $500,000 based on the 2004 gross revenue of Stature. Accordingly, the transaction has an aggregate value of approximately $14.0 million, exclusive of any value attributable to the warrants and Allied notes. The board of directors of each Company has approved the transaction. The consummation of the transaction is subject to the approval of the Company's shareholders and other customary conditions. The transaction is expected to be completed prior to July 1, 2004.

20. QUARTERLY INFORMATION (UNAUDITED)

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Year Ended October 26, 2003				
Net sales	$ 4,601,000	$ 4,423,000	$ 4,399,000	$ 4,292,000
Gross profit	846,000	855,000	814,000	826,000
Net loss	(234,000)	(165,000)	(115,000)	(5,339,000)
Net loss available for common shareholders	(575,000)	(507,000)	(458,000)	(5,683,000)
Basic and diluted loss per common share	(0.10)	(0.09)	(0.08)	(0.96)
Year Ended October 27, 2002				
Net sales	$ 8,993,000	$ 11,107,000	$ 11,415,000	$ 5,386,000
Gross profit	1,055,000	1,875,000	1,672,000	1,057,000
Income (loss) from continuing operations	(1,555,000)	4,451,000	(1,119,000)	3,941,000
Loss from discontinued operations				(520,000)
Net income (loss)	(1,555,000)	4,451,000	(1,119,000)	3,421,000
Net income (loss) available for common shareholders	(1,890,000)	4,115,000	(1,457,000)	3,081,000
Basic and diluted earnings (loss) per common share:				
Continuing operations	(0.32)	0.70	(0.25)	0.62

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Discontinued operations				(0.09)

Loss from continuing operations for the fourth quarter of 2003 included an expense of $5,331,000 for goodwill impairment.

Loss from continuing operations for the fourth quarter of 2002 included $381,000 for the writedown of assets held for sale.

Income (loss) from discontinued operations for the fourth quarter of 2002 included $520,000 for the write-down of assets held for sale.

Owosso Corporation

Financial Statement Schedule

Valuation and Qualifying Accounts and Reserves

For the three years ended October 26, 2003

	Balance at Beginning of Period	Charged to Costs and Expenses	Charged to Other Accounts(a)	Deductions(b)	Balance at End of Period
For the year ended October 26, 2003					
Allowances on:					
Accounts receivable	$ 49,000	$ (14,000)			$ 35,000
Inventory	235,000			(31,000)	204,000
For the year ended October 27, 2002					
Allowances on:					
Accounts receivable	$ 388,000	$ (56,000)	$ (21,000)	$ (262,000)	$ 49,000
Inventory	926,000		(384,000)	(307,000)	235,000
For the year ended October 28, 2001					
Allowances on:					
Accounts receivable	$ 233,000	$ 155,000	$	$	$ 388,000
Inventory	1,162,000	62,000		(298,000)	926,000

(a) Reflects reclassification to Net Assets Held for Sale

(b) As to accounts receivable and inventory, primarily represents amounts written off against related assets.

Management's Discussion and Analysis of Financial Condition and Results of Operations

As of July 30, 2002, Owosso had one operating subsidiary, Stature, representing Owosso's historical "Motors segment." Stature is a custom designer and manufacturer of motors and gear motors, including AC, DC and Universal. Established in 1974 in Watertown, New York, Stature is a progressive company, which emphasizes a partnership approach in all aspects of its business. Significant markets for Stature include commercial products and equipment, healthcare, recreation and non-automotive transportation. Stature's component products are sold throughout

North America and in Europe, primarily to original equipment manufacturers who use them in their end products.

In 1998, Owosso formulated a long-term plan to concentrate on value-added components for industry. In connection with its implementation of that plan, Owosso began a series of divestitures beginning with the sale of the four businesses comprising its former Agricultural Equipment segment. The sale of the last of those businesses was completed in January 2001 with the divestiture of Sooner Trailer Manufacturing Company ("Sooner Trailer"). During that time, however, Owosso experienced a significant downturn in its operating results and at the end of fiscal 2000 was out of compliance with covenants under its bank credit facility.

Throughout fiscal 2001, Owosso remained out of compliance with financial covenants, including maintenance of minimum operating profit, under its bank credit facility. As a result, Owosso and its lenders entered into a series of amendments to the facility during fiscal 2001, 2002 and 2003, and in each case Owosso's lenders agreed to forebear from exercising their rights and remedies under the facility. In order to meet the lenders' requirements for reduced outstanding balances and to secure the lenders' agreement to forebear, Owosso engaged in a series of divestitures of its operating subsidiaries, concluding with the sale of its Motor Products subsidiaries, Motor Products Owosso Corporation and Motor Products Ohio Corporation in July of 2002. As disclosed under Note 11 "Long-term Debt," the amendments to the bank credit facility modified the interest rates charged, called for reductions in the outstanding balance during calendar 2001, 2002, and 2003, added additional reporting requirements, suspended payments of principal and interest on subordinated debt, prohibited the payment of preferred or common dividends, prohibited the purchase of Owosso's stock and added a covenant requiring the maintenance of minimum operating profit. In December 2003, Owosso entered into a further amendment to the facility, which extended the maturity date to March 31, 2004.

Owosso intends to dispose of during fiscal 2004, the real estate at Owosso's former Snowmax Corporation subsidiary to a newly formed L.L.C., of which one of the three partners will be George B. Lemmon, Jr., Owosso's present CEO. Proceeds from this sale is expected to be around $312,000.

Management believes that, along with the sale of asset, available cash and cash equivalents, cash flows from operations and available borrowings under Owosso's bank credit facility will be sufficient to fund Owosso's operating activities, investing activities and debt maturities through March 2004. It is management's intent to refinance Owosso's bank credit facility prior to its maturity in March 2004. However, there can be no assurance that management's plans will be successfully executed.

On July 30, 2002, Owosso completed the sale of all of the outstanding stock of its Motor Products subsidiaries, manufacturers of fractional and integral horsepower motors. The purchase price paid by Allied Motion for the outstanding stock of Motor Products consisted of $11.5 million in cash and a promissory note in the principal amount of $300,000, payable six months after closing. Net cash proceeds of $10.7 million from the sale, after payment of certain transaction costs, were utilized to reduce outstanding bank debt. As a result of this transaction, Owosso presently has only one operating subsidiary, Stature.

Owosso's historical Other segment included Dura-Bond Bearing Company ("Dura-Bond") and Cramer Company ("Cramer"). Dura-Bond manufactured replacement camshaft bearings, valve seats and shims for the automotive after-market. On November 2, 2000, Owosso completed the sale of the

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stock of Dura-Bond to a joint venture formed by Melling Tool Company of Jackson, Michigan and Engine Power Components, Inc. of Grand Haven, Michigan (the "Joint Venture"). The Joint Venture acquired the stock of Dura-Bond for approximately $4.6 million, the net assets of which included debt of approximately $5.0 million. Based upon the terms of the sale, Owosso recorded, in the fourth quarter of fiscal 2000, a pretax charge of $1.2 million to adjust the carrying value of Dura-Bond's assets to their estimated fair value. Such charge represented a reduction in goodwill and was included in "Write-down of net assets held for sale" in the consolidated statements of operations for fiscal 2001.

Cramer manufactured timers and subfractional horsepower motors for use in commercial applications. On December 4, 2000, Owosso completed the sale of the assets associated with the timer and switch line of Cramer to Capewell Components, LLC of South Windsor, Connecticut for cash of approximately $2.0 million, plus the assumption of approximately $400,000 in liabilities. As a result of the sale, the name of Owosso was changed from M.H. Rhodes, Inc. to Cramer Company. In connection with the sale of the timer and switch line and the anticipated sale of the remainder of the operating assets (excluding the real estate) of Cramer, Owosso recorded, in the fourth quarter of fiscal 2000, a pretax charge of $1.6 million to adjust the carrying value for the Cramer assets to their estimated fair value, based upon an estimated sales price of the assets. Such charge represented the write-down of goodwill of $400,000 and the write-down of other non-current assets of $1.2 million and was included in "Write-down of net assets held for sale" in the consolidated statements of operations for fiscal 2000. On September 23, 2001, Owosso sold substantially all of the remaining operating assets (excluding the real estate) of Cramer to the Chestnut Group of Wayne, Pennsylvania for cash proceeds of $565,000, plus the assumption of $317,000 in liabilities. In connection with that sale, Owosso recorded a further adjustment to the carrying value of the Cramer assets resulting in a pre-tax charge of $1.1 million, recorded in the third fiscal quarter of 2001. Owosso recorded a pretax charge of $270,000 in the fourth quarter of 2002 to adjust the carrying value for the Cramer real estate to the estimated fair value, based upon an estimated sales price of the assets and was included in "Write-down of net assets held for sale" in the consolidated statements of operations for fiscal 2002.

Owosso's historical Coils segment manufactured heat exchange coils and included Astro Air Coils, Inc. ("Astro Air"), Snowmax, Inc. ("Snowmax"), and Astro Air UK, Limited ("Astro UK"). Astro UK was a joint venture with Owosso's largest customer, Bergstrom, Inc. On May 9, 2001, the sale of substantially all of the assets of Astro UK to ACR Heat Transfer Limited of Norfolk, England for cash of £450,000 (approximately $643,000) was completed. Based upon the terms of the sale, Owosso recorded, in the second quarter of 2001, a pretax charge of $700,000 to adjust the carrying value of Astro UK's assets to their estimated realizable value. No additional gain or loss was recorded upon completion of the sale. Proceeds from the sale were utilized to reduce Owosso's bank credit facility.

On October 26, 2001, Owosso completed the sale of the assets of the remaining businesses in its Coils segment, Astro Air and Snowmax (together, the "Coils Subsidiaries"). The sale of the Coils Subsidiaries was effectuated pursuant to an Asset Purchase Agreement, dated as of October 26, 2001, by and among the Coils Subsidiaries, Astro Air, Inc., and Rex Dacus, the manager of the Coils segment and the person from whom Owosso acquired the assets and operations of Astro Air Coils, Inc. in 1998. Proceeds from the sale of $5.6 million were utilized to reduce Owosso's bank credit facility. Astro Air, Inc. also assumed approximately $3.7 million of liabilities. Owosso recorded a pretax charge of $9.3 million related to this sale in the fourth quarter of 2001. Owosso recorded a charge of $520,000 net of taxes in the fourth quarter of 2002 to adjust the carrying value for the real estate assets to the estimated fair value, based upon an estimated sales price of the assets. Owosso has reported the results of the Coils segment as discontinued operations for all periods presented in the consolidated statements of operations.

On January 24, 2001, Owosso completed the sale of stock of Sooner Trailer to the McCasland Investment Group and certain members of Sooner Trailer's management for cash of $11.5 million, subject to certain post-closing adjustments based on changes in working capital, plus the assumption of

debt of approximately $670,000. In May 2001, Owosso received approximately $2.0 million related to such post-closing adjustments. In connection with the anticipated sale, Owosso recognized a loss of $8.6 million in the fourth quarter of 2000 to adjust the carrying value of Sooner Trailer's assets to their estimated fair value based on an expected sales price. No additional gain or loss was recorded upon completion of the sale. Sooner Trailer had been included in Owosso's historical Agricultural Equipment segment (formerly known as the Trailers and Agricultural Equipment segment). Accordingly, Owosso has reported the results of Sooner Trailer as discontinued operations for all periods presented in the consolidated statements of operations.

Critical Accounting Policies

The SEC recently issued disclosure guidance for critical accounting policies. The SEC defines critical accounting policies as those that require application of management's most difficult, subjective or complex judgments, often as a result of the need to make estimates about the effect of matters that are inherently uncertain and may change in subsequent periods.

Our significant accounting policies are described in Note 3 to the Consolidated Financial Statements. Not all of these significant accounting policies require management to make difficult, subjective or complex judgments or estimates. However, the following accounting policies could be deemed to be critical by SEC.

Use of estimates. In preparing the Consolidated Financial Statements we use estimates in determining the economic useful lives of our assets, obligations under our employee benefit plans, provisions for doubtful accounts, provisions for restructuring charges, tax valuation allowances and various other recorded or disclosed amounts. Estimates require us to use our judgment. While we believe that our estimates for these matters are reasonable, if the actual amount is significantly different than the estimated amount, our assets, liabilities or results of operations may be overstated or understated.

Contingencies. We account for contingencies in accordance with SFAS No. 5, "Accounting for Contingencies." SFAS No. 5 requires that we record estimated loss from a loss contingency when information available prior to issuance of the Consolidated Financial Statement indicates that it is probable that an asset has been impaired or liability has been incurred at the date of the Consolidated Financial Statements and the amount of the loss can be reasonable estimated. Accounting for contingencies such as environmental, legal and income tax matters requires us to use our judgment. While we believe that our accruals for these matters are adequate, if the actual loss from a loss contingency is significantly different from the estimated loss, our results of operations may be overstated or understated.

Impairments of Long-Lived Assets. We record impairments losses on long-lived assets used in operations when events and circumstances indicate that the assets might be impaired and the undiscounted future cash flows estimated to be generated by those assets are less than the carrying amount of those assets. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of the asset to future net cash flows expected to be generated by the asset. If the asset is considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the asset exceeds the fair value of the asset. Assets to be disposed are reported at the lower of the carrying amount or fair value, less cost to sell. If the actual value is significantly less than the estimated value, our assets may be overstated.

Inventories. We record the value of inventory at the lower of cost or market, and periodically review the book value of products and product lines to determine if they are properly valued. We also periodically review the composition of our inventories and seek to identify slow-moving inventories. In connection with those reviews, we seek to identify products that may not be properly valued and assess

the ability to dispose of them at a price greater than cost. If it is determined that the cost is less than market value, then cost is used for inventory valuation. If a write down to current market value is necessary, the market value cannot be greater than the net realizable value, sometimes called the ceiling (defined as selling price less cost to complete and dispose), and cannot be lower than net realizable value less a normal profit margin, sometimes called the floor. If the actual value is significantly less than the recorded value, our assets may be overstated.

Results of Operations

Owosso's fiscal year includes 52 or 53 weeks, ending on the last Sunday in October. Fiscal years 2003, 2002 and 2001 consisted of 52 weeks.

Year ended October 26, 2003 compared to year ended October 27, 2002

Net sales. Net sales for 2003 were $17.7 million, as compared to net sales of $36.9 million in 2001, a decrease of 52.0%. These results include the effects of the disposition of Motor Products in July 2002, the loss of Owosso's second biggest customer, the effects of the general economic slowdown on Owosso's primary markets, particularly the recreational vehicle markets, as well as the effects of increased Pacific Rim competition in the healthcare market.

Loss from operations. For 2003, Owosso recorded a loss from operations of $5.9 million, as compared to a loss from operations of $2.9 million in 2002. These results include a $5.3 million goodwill impairment expense for 2003.

Interest expense. Interest expense decreased to $708,000 for 2003 from $1.6 million in the prior year, primarily as a result of lower debt levels. The current period includes a credit of $110,000 resulting from a decrease in the fair market value of Owosso's interest rate swap agreement that expired October 1, 2003.

Other (income) expense. For 2003, Owosso recorded other income of $122,000. This was primarily the result of Owosso negotiating a settlement with all of the Cramer retirees covered by a post retirement benefit. As a result of the settlement, Owosso paid out $76,000 and recognized a gain of $165,000.

Income tax expense (benefit). Owosso recorded an income tax benefit of $604,000 for 2003. Owosso recorded an income tax benefit at an effective rate of 9.4% for 2003.

Income (loss) from discontinued operations. For 2002, Owosso recorded a loss from discontinued operations, representing the remaining real estate asset of the Coils segment, of $520,000 (net of income tax expense of $268,000). There were no discontinued operations in 2003.

Net income (loss) available for common shareholders. Net loss available for common shareholders was $7.2 million, or $1.24 per share, in 2003, as compared to net income of $3.8 million, or $0.66 per share, in 2002. Income (loss) available for common shareholders is calculated by subtracting dividends of preferred stock of $1.4 million for 2003 and 1.3 million for 2002.

Year ended October 27, 2002 compared to year ended October 28, 2001

Net sales. Net sales for 2002 were $36.9 million, as compared to net sales of $54.3 million in 2001, a decrease of 32.0%. Net sales from Motors, Owosso's only remaining segment decreased to $36.9 million in 2002, as compared to $51.4 million in 2001, a decrease of 28.2%.

These results include the effects of the disposition of Motor Products in July 2002, the effects of the general economic slowdown on Owosso's primary markets, particularly the heavy truck and recreational vehicle markets, as well as the effects of increased Pacific Rim competition in the healthcare market. These results also

include the effect of disposing of Cramer's operating assets (excluding the real estate) in 2001. Sales attributed to Cramer were $2.9 million in 2001.

Loss from operations. For 2002, Owosso recorded a loss from operations of $2.9 million, as compared to a loss from operations of $1.9 million in 2001. These results reflect decreased sales volumes and decreased margins caused by price pressures and changes in product mix, as well as the under absorption of overhead costs, partially offset by a reduction in selling, general and administrative expenses. The 2002 fiscal year loss includes a charge of $381,000, as compared to $1.1 million in 2001 for the write-down of net assets held for sale, related to the Cramer real estate asset.

Interest expense. Interest expense decreased to $1.6 million for 2002 from $4.3 million in the prior year, primarily as a result of lower debt levels. The 2002 fiscal year includes a credit of $589,000 resulting from a decrease in the fair market value of Owosso's interest rate swap agreements as a result of decreases in interest rates.

Other (income) expense. For 2001, other (income) expense primarily represents the partial recovery of a note received in connection with the sale of certain Cramer assets in 1999 (the "Cramer Note Receivable").

Income tax expense (benefit). Owosso recorded an income tax benefit of $4.5 million for 2002 of which $4.3 million was as a result of recent changes in federal tax laws, which allow the carryback of net operating losses for five years. Owosso recorded an income tax expense at an effective rate of 6.4% for 2002, excluding the $4.3 million tax benefit, as compared to an effective tax rate of 32.4% in the prior year.

Income (loss) from discontinued operations. For 2002, Owosso recorded a loss from discontinued operations, representing the remaining real estate asset of the Coils segment, of $520,000 (net of income tax expense of $268,000). For 2001, Owosso recorded a loss from discontinued operations, representing the operations of the Coils segment, of $12.1 million (net of income tax expense of $514,000) on revenues of $35.6 million. The fiscal 2001 year results reflect a pre-tax loss on the sale of the Coils segment of $10.0 million.

Net income (loss) available for common shareholders. Net income available for common shareholders was $3.8 million, or $.66 per share, in 2002, as compared to a net loss of $17.6 million, or $3.00 per share, in 2001. Net income (loss) available for common shareholders is calculated by subtracting dividends of preferred stock of $1.3 million for both 2002 and 2001.

Liquidity and Capital Resources

The following discussion does not consider the merger agreement. Refer to Note 19 of the consolidated financial statements.

At October 26, 2003, cash and cash equivalents were $309,000. Owosso had negative working capital at October 26, 2003 of $9.5 million, as compared to negative working capital of $5.4 million at October 27, 2002. Net cash provided by operating activities was $2.0 million for 2003, as compared to $5.7 million in the prior year. Cash from operations in the prior year includes operations of the Motor Products subsidiaries, some of which were sold in the prior year.

Owosso currently plans to invest approximately $280,000 in capital expenditures during fiscal 2004. Management anticipates funding such capital expenditures with cash from operations and proceeds from Owosso's bank credit facility.

Net cash used in financing activities included net repayments of $2.4 million under Owosso's revolving credit agreement, and debt repayments of $253,000.

At October 26, 2003, $4.5 million was outstanding under Owosso's bank credit facility. On January 22, 1999, Owosso entered into a new bank credit facility with Owosso's two primary banks, originally expiring in December 2002. The agreement included financial and other covenants, including fixed charge, cash flow and net worth ratios and restrictions on certain asset sales, mergers and other significant transactions. Owosso was not in compliance with such covenants at October 29, 2000. In February 2001, Owosso entered into an amendment to its bank credit facility agreement, wherein the lenders agreed to forbear from exercising their rights and remedies under the facility in connection with such non-compliance until February 15, 2002, at which time the facility was to mature. The amendment to the bank credit facility, which was further amended in February 2001, called for reductions in the outstanding balance during calendar 2001 and modified the interest rates charged. The amendment required additional collateral, effectively all the assets of Owosso, and reporting requirements, as well as the addition of a covenant requiring minimum operating profits. The amendment also required the suspension of principal and interest payments on subordinated debt, with an aggregate outstanding balance of $2.1 million as of October 28, 2001. Furthermore, the amendment to the facility prohibits the payment of preferred or common stock dividends and prohibited the purchase of Owosso's stock. Beginning in August 2001, Owosso was out of compliance with its minimum operating profit covenant. In February 2002, Owosso entered into a further amendment to the facility, which extended the maturity date to December 31, 2002. That amendment called for further reductions in the outstanding balance based on expected future asset sales, increases the interest rate charged and requires minimum EBITDA. In December 2002, Owosso entered into a further amendment to the facility, which extends the maturity date to December 31, 2003. This amendment calls for further reductions in outstanding balance based on expected future asset sales and cash flow generated from operations and requires minimum EBITDA. In April 2003, Owosso entered into a further amendment to the facility, which amended the financial covenant. In September 2003, Owosso entered into a further amendment to the facility, which waived a mandatory paydown. In December 2003, Owosso entered into a further amendment to the facility, which extended the maturity date to March 31, 2004. Borrowings under the facility are charged interest at the Prime Rate plus 2.75% (6.75% at October 26, 2003).

Contractual Obligations

The following table summarizes the Company's future obligations, based on original maturities, under contracts as of October 26, 2003:

Contractual Obligations	2004	2005	2006	2007	2008	Thereafter	Total
Revolving Credit Agreement	$ 4,500,000	$	$	$	$	$	$ 4,500,00
Term Loans	288,000	88,000	93,000	81,000			550,000
Industrial Revenue Bonds	600,000	600,000	600,000	81,000			4,500,000
Subordinated Promissory Notes	1,368,000	128,000					1,496,000
Total	6,756,000	816,000	693,000	981,000	900,000	950,000	11,096,000

Environmental Matters

Owosso is subject to federal, state and local environmental regulations with respect to its operations. Owosso believes that it is operating in substantial compliance with applicable environmental regulations. Manufacturing and other operations at Owosso's facilities may result, and may have resulted, in the discharge and release of hazardous substances and waste from time to time. Owosso routinely responds to such incidents as deemed appropriate pursuant to applicable federal, state and local environmental regulations.

In connection with Owosso's divestitures of its operating businesses over the past four years, it has agreed to indemnify buyers from and against certain known and unknown environmental liabilities. In addition, Owosso may be liable for the costs of removal or remediation of hazardous or toxic substances on, in, under or discharged from it's current or previously owned real property under applicable federal, state and local environmental laws, ordinances and regulations.

A subsidiary of Owosso is a party to a consent decree with the State of Connecticut pursuant to which it has agreed to complete its environmental investigation of the site on which its Old Saybrook facility was previously located and conduct any remedial measures which may be required. Based upon the amounts recorded as liabilities, Owosso believes that the ultimate resolution of this matter will not have a material adverse effect on the financial results of Owosso.

Off-Balance Sheet Arrangements

We have no off-balance sheet arrangements within the meaning of Item 303(a)(4) of Regulation S-K.

Recently Issued Financial Accounting Standards

In April 2002, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards ("SFAS") No.145, "Rescission of FASB Statements No. 4, 44, and 64, Amendment of FASB Statement No. 13, and Technical Corrections". There was no effect on Owosso's financial statements from the adaptation of SFAS No. 145 in fiscal 2003.

In November 2002, the FASB issued Interpretation No. 45, "Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Others" ("FIN 45"). FIN 45 requires that a liability be recorded on the guarantor's balance sheet upon issuance of a guarantee. In addition, FIN 45 requires disclosures about the guarantees that an entity has issued. Owosso's adoption of FIN 45 did not have an effect on its consolidated financial statements in fiscal 2003.

In January 2003, the FASB issued Interpretation No. 46, "Consolidation of Variable Interest Entities, an Interpretation of ARB No. 51" ("FIN 46"). FIN 46 requires certain variable interest entities to be consolidated by the primary beneficiary of the entity if the equity investors in the entity do not have the characteristics of a controlling financial interest or do not have sufficient equity at risk for the entity to finance its activities without additional subordinated financial support from other parties. FIN 46 is effective for Owosso for the interim period ended April 30, 2004, or earlier in certain instances. Such instances did not have a material effect on Owosso's consolidated financial statements in fiscal 2003.

In April 2003, the FASB issued SFAS No. 149, "Amendment of Statement No. 133 on Derivative Instruments and Hedging Activities." SFAS No. 149 amends and clarifies financial accounting and reporting for derivative instruments and for hedging activities under SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities." This Statement clarifies under what circumstances a contract with an initial net investment meets the characteristic of a derivative discussed in SFAS No. 133, clarifies when a derivative contains a financing component, amends the definition of an underlying to conform it to language used in FIN 45 and amends certain other existing pronouncements. These changes are intended to result in more consistent reporting of contracts as either derivatives or hybrid instruments. The Statement is generally effective for contracts entered into or modified after, and for hedging relationships designated after, June 30, 2003. Owosso's adoption of SFAS No. 149 did not have a material effect on its consolidated financial statements in fiscal 2003.

In May 2003, the FASB issued SFAS No. 150, "Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity." SFAS No. 150 improves the accounting for certain financial instruments that, under previous guidance, issuers could account for as equity. The new

Statement requires that those instruments be classified as liabilities in the balance sheet. This Statement is effective for mandatory redeemable instruments entered into or modified after May 31, 2003 and for all other instruments for interim periods beginning after June 15, 2003. Owosso's adoption of SFAS No. 150 did not have a material effect on its consolidated financial statements in fiscal 2003.

Quantitative and Qualitative Disclosures About Market Risk

Owosso uses a bank credit facility, industrial revenue bonds and term loans to finance a significant portion of its operations. These on-balance sheet financial instruments, to the extent they provide for variable rates of interest, expose Owosso to interest rate risk resulting from changes in the prime rate.

To the extent that Owosso's financial instruments expose Owosso to interest rate risk and market risk, they are presented in the table below. The table presents principal cash flows and related interest rates by year of original maturity for Owosso's bank credit facility, industrial revenue bonds and term loans in effect at October 26, 2003. Fair values included herein have been determined based upon rates currently available to Owosso for debt with similar terms and the original maturities. Note 9 to the consolidated financial statements should be read in conjunction with the table below (dollar amounts in thousands).

	Year of Maturity							
	2004	**2005**	**2006**	**2007**	**2008**	**Thereafter**	**Total Due at Maturity**	**Fair Value at 10/26/03**
Debt:								
Fixed Rate	$ 1,656	$ 216	$ 93	$ 81	$	$	$ 2,046	$ 2,046
Average Interest Rate	8.9%	6.4%	5.0%	5.0%				

	Year of Maturity							
Variable Rate	$ 5,100	$ 600	$ 600	$ 900	$ 900	$ 950	$ 9,050	$ 9,050
Average Interest Rate	6.1%	1.1%	1.1%	1.1%	1.1%	1.1%		

COMPOSITION OF THE BOARD OF DIRECTORS AND EXECUTIVE MANAGEMENT OF THE SURVIVING CORPORATION

The merger agreement provides that the directors and executive officers of AMOT immediately before the effective time will be the directors of the surviving corporation upon the merger. Mr. Richard Smith is the president and current director of AMOT and Mr. Richard Warzala is the current vice president and director of AMOT. Allied Motion expects that they will be the initial directors and executive officers of the surviving corporation upon the merger. For a detailed discussion of the employment experience of Messrs. Smith and Warzala, see the section of this proxy statement/prospectus entitled "Information About Allied Motion Executive Officers of Allied Motion" beginning on page .

DESCRIPTION OF ALLIED MOTION CAPITAL STOCK

We set forth below a description of Allied Motion's capital stock. The following statements are brief summaries of, and are subject to the provisions of, Allied Motion's articles of incorporation and bylaws and the relevant provisions of the Colorado Business Corporation Act.

Authorized Capitalization

Allied Motion's capital structure consists of 50,000,000 authorized shares of common stock, no par value per share, and 5,000,000 shares of preferred stock, $1 par value per share. As of , 2004, an aggregate of shares of Allied Motion Common Stock were issued and outstanding and no shares of preferred stock were issued and outstanding. The Allied Motion Common Stock is currently listed on the NASDAQ Small Cap Market under the symbol "AMOT."

Voting Rights

Except as otherwise provided for any series of Allied Motion preferred stock, all voting rights are vested in the holders of Allied Motion Common Stock. Each holder of Allied Motion Common Stock has one vote for each share held on each matter to be voted on by the shareholders of Allied Motion. There is no cumulative voting in the election of directors.