

Edgar Filing: AMR CORP - Form SC 13G/A

AMR CORP
Form SC 13G/A
February 11, 2011

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

SCHEDULE 13G

Under the Securities Exchange Act of 1934

(Amendment No. 1)*

AMR Corporation
(Name of Issuer)

Common Stock
(Title of Class of Securities)

001765106
(CUSIP Number)

December 31, 2010
(Date of Event Which Requires Filing of this Statement)

Check the appropriate box to designate the rule pursuant to which this Schedule is filed:

- Rule 13d-1(b)
- Rule 13d-1(c)
- Rule 13d-1(d)

*The remainder of this cover page shall be filled out for a reporting person's initial filing on this form with respect to the subject class of securities, and for any subsequent amendment containing information which would alter the disclosures provided in a prior cover page.

The information required in the remainder of this cover page shall not be deemed to be "filed" for the purpose of Section 18 of the Securities Exchange Act of 1934 ("Act") or otherwise subject to the liabilities of that section of the Act but shall be subject to all other provisions of the Act (however, see the Notes).

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CUSIP: 001765106

Page 1 of 4

1 NAMES OF REPORTING PERSONS
I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS (ENTITIES ONLY)
Capital Research Global Investors **

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (SEE INSTRUCTIONS) (a)

3 SEC USE ONLY (b)

4 CITIZENSHIP OR PLACE OF ORGANIZATION

Delaware

5 SOLE VOTING POWER

31,319,699

6 SHARED VOTING POWER

NUMBER OF
SHARES
BENEFICIAALLY
OWNED BY

NONE

7 SOLE DISPOSITIVE POWER

EACH
REPORTING
PERSON
WITH:

31,319,699

8 SHARED DISPOSITIVE POWER

NONE

9 AGGREGATE AMOUNT BENEFICIAALLY OWNED BY EACH REPORTING PERSON

31,319,699
13d-4

Beneficial ownership disclaimed pursuant to Rule

10 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES CERTAIN SHARES (SEE INSTRUCTIONS)

11 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW 9

9.4%

12 TYPE OF REPORTING PERSON (SEE INSTRUCTIONS)

IA

** A division of Capital Research and Management Company (CRMC)

CUSIP: 001765106

Page 2 of 4

SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

Schedule 13G
Under the Securities Exchange Act of 1934

Amendment No. 1

Item 1(a) Name of Issuer:
AMR Corporation

Item 1(b) Address of Issuer's Principal Executive Offices:
4333 Amon Carter Blvd.
Fort Worth, TX 76155

Item 2(a) Name of Person(s) Filing:
Capital Research Global Investors

Item 2(b) Address of Principal Business Office or, if none,
Residence:
333 South Hope Street
Los Angeles, CA 90071

Item 2(c) Citizenship: N/A

Item 2(d) Title of Class of Securities:
Common Stock

Item 2(e) CUSIP Number:
001765106

Item 3 If this statement is filed pursuant to sections 240.13d-1(b)
or 240.13d-2(b) or (c), check whether the person filing is a:
(e) An investment adviser in accordance with
section 240.13d-1(b) (1) (ii) (E).

Item 4 Ownership

Provide the following information regarding the aggregate
number and percentage of the class of securities of the issuer
identified in Item 1.

- (a) Amount beneficially owned:
- (b) Percent of class:
- (c) Number of shares as to which the person has:
 - (i) Sole power to vote or to direct the vote:
 - (ii) Shared power to vote or to direct the vote:
 - (iii) Sole power to dispose or to direct the disposition of:
 - (iv) Shared power to dispose or to direct the disposition of:

See page 2

Capital Research Global Investors is deemed to be the

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beneficial owner of 31,319,699 shares or 9.4% of the 333,286,221 shares of Common Stock believed to be outstanding as a result of CRMC acting as investment adviser to various investment companies registered under Section 8 of the Investment Company Act of 1940.

CUSIP: 001765106

Page 3 of 4

Shares reported by Capital Research Global Investors include 6,969,699 shares resulting from the assumed conversion of \$69,000,000.00 Principal Amount of the 6.25% Convertible Senior Notes due 2014.

Item 5 Ownership of Five Percent or Less of a Class. If this statement is being filed to report the fact that as of the date hereof the reporting person has ceased to be the beneficial owner of more than five percent of the class of securities, check the following: []

Item 6 Ownership of More than Five Percent on Behalf of Another Person: N/A

Item 7 Identification and Classification of the Subsidiary Which Acquired the Security Being Reported on By the Parent Holding Company or Control Person: N/A

Item 8 Identification and Classification of Members of the Group: N/A

Item 9 Notice of Dissolution of Group: N/A

Item 10 Certification

By signing below, I certify that, to the best of my knowledge and belief, the securities referred to above were acquired and are held in the ordinary course of business and were not acquired and are not held for the purpose of or with the effect of changing or influencing the control of the issuer of the securities and were not acquired and are not held in connection with or as a participant in any transaction having that purpose or effect.

Signature

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

Date: February 9, 2011

Signature: Timothy D. Armour***
Name/Title: Timothy D. Armour - Senior Vice President
Capital Research Global Investors

***By /s/ Herbert Y. Poon
Herbert Y. Poon
Attorney-in-fact

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Signed pursuant to a Power of Attorney dated December 29, 2010 included as an Exhibit to Schedule 13G filed with the Securities and Exchange Commission by Capital Research Global Investors on January 10, 2011 with respect to Portfolio Recovery Associates, Inc.

CUSIP: 001765106

Page 4 of 4

June 30, 2005 ----- Assets Current assets: Cash \$ 2,770 Accounts receivable 3,588 Inventories 6,435 Prepaid income taxes 14 Deferred income taxes 471 Other assets 1,267 ----- Total current assets 14,545 ----- Property, plant and equipment, net 6,407 Other non-current assets 554 ----- \$ 21,506 ===== Liabilities and Shareholders' Equity Current liabilities: Current portion of long-term debt \$ 381 Accounts payable 707 Accrued employee compensation and benefit costs 855 Other accrued liabilities 115 Accrued income taxes 65 ----- Total current liabilities 2,123 ----- Long-term debt 5,294 Deferred income taxes 434 Other non-current liability 304 Shareholders' equity: Common stock, par value \$.20; authorized 4,000,000 shares; Issued 2,614,506 shares 523 Capital in excess of par value 13,033 Retained earnings 2,575 Accumulated other comprehensive loss (125) ----- 16,006 Employee stock ownership trust commitment (2,135) Treasury stock, at cost 121,605 shares (520) ----- Total shareholders' equity 13,351 ----- \$ 21,506 ===== See notes to consolidated financial statements and independent accountant's report -4- SERVOTRONICS, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF OPERATIONS (\$000's omitted except per share data) (Unaudited) Three Months Ended Six Months Ended June 30, June 30, 2005 2004 2005 2004 ----- Net revenues \$ 6,136 \$ 5,640 \$ 11,819 \$ 10,968 Costs and expenses: Cost of goods sold, exclusive of depreciation 4,617 4,145 8,867 8,142 Selling, general and administrative 990 951 1,996 1,832 Interest 48 36 96 72 Depreciation and amortization 170 165 337 327 ----- 5,825 5,297 11,296 10,373 ----- Income before income taxes 311 343 523 595 Income tax provision 116 128 194 222 ----- Net income \$ 195 \$ 215 \$ 329 \$ 373 ===== Income Per Share: Basic ----- Net income per share \$ 0.09 \$ 0.11 \$ 0.16 \$ 0.18 ===== Diluted ----- Net income per share \$ 0.09 \$ 0.10 \$ 0.15 \$ 0.18 ===== See notes to consolidated financial statements and independent accountant's report -5-

SERVOTRONICS, INC. AND SUBSIDIARIES CONSOLIDATED STATEMENT OF CASH FLOWS (\$000's omitted) (Unaudited) Six Months Ended June 30, 2005 2004 ----- Cash flows related to operating activities: Net income \$ 329 \$ 373 Adjustments to reconcile net income to net cash provided by operating activities - Depreciation and amortization 337 327 Change in assets and liabilities - Accounts receivable (254) (748) Inventories 406 25 Prepaid income taxes (14) - Other assets 277 214 Other current assets (17) 3 Accounts payable (88) 277 Accrued employee compensation & benefit costs 50 162 Accrued income taxes (2) 63 Other accrued liabilities (37) 121 ----- Net cash provided by operating activities 987 817 ----- Cash flows related to investing activities: Capital expenditures - property, plant & equipment (217) (213) ----- Net cash used in investing activities (217) (213) ----- Cash flows related to financing activities: Principal payments on long-term debt (106) (202) ----- Net cash used in financing activities (106) (202) ----- Net increase in cash 664 402 Cash at beginning of period 2,106 1,506 ----- Cash at end of period \$ 2,770 \$ 1,908 ===== See notes to consolidated financial statements and independent accountant's report -6-

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (\$000 omitted in tables except for per share data) 1. Basis of presentation ----- The consolidated financial statements include the accounts of Servotronics, Inc. (the "Company") and its majority owned subsidiaries. The accompanying unaudited consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States for interim financial information and with the instructions to Form 10-QSB and Item 310 of Regulation S-B. Accordingly, they do not include all of the information and footnotes required by accounting principles generally accepted in the United States for complete financial statements. The accompanying financial statements reflect all adjustments which are, in the opinion of management, necessary for a fair statement of the results for the interim periods presented. All such adjustments are of a normal recurring nature. Operating results for the six months ended June 30, 2005 are not

necessarily indicative of the results that may be expected for the year ended December 31, 2005. The financial statements should be read in conjunction with the annual report and the notes thereto.

2. Summary of risk factors and significant accounting policies ----- Risk factors ----- The aviation and aerospace industries as well as markets for the Company's consumer products are facing new and evolving challenges on a global basis. The success of the Company depends upon the trends of the economy, including interest rates, income tax laws, governmental regulation, legislation, and other risk factors. In addition, uncertainties in today's global economy, global competition, the effect of terrorism, difficulty in predicting defense and other government appropriations, the vitality of the commercial aviation industry and its ability to purchase new aircraft, the willingness and ability of the Company's customers to fund long-term purchase programs, volatile market demand and the continued market acceptance of the Company's advanced technology and cutlery products make it difficult to predict the impact on future financial results.

Revenue recognition ----- The Company's revenues are recognized when the risks and rewards of ownership and title to the product are transferred to the customer as units are shipped and as terms and conditions of purchase orders are met.

3. Inventories ----- June 30, 2005 ----- Raw materials and common parts \$ 3,271 Work-in-process 2,457 Finished goods 955 ----- 6,683 Less common parts expected to be used after one year (248) ----- \$ 6,435 ===== Inventories are stated at the lower of standard cost or net realizable value. Cost includes all cost incurred to bring each product to its present location and condition, which approximates actual cost (first-in, first-out). Market provisions in respect of net realizable value and obsolescence are applied to the gross value of the inventory. Pre-production and start-up costs are expensed as incurred.

-7- 4. Property, plant and equipment ----- June 30, 2005 ----- Land \$ 25 Buildings 6,487 Machinery, equipment and tooling 10,563 ----- 17,075 Less accumulated depreciation (10,668) ----- \$ 6,407 ===== Property, plant and equipment includes land and building under a \$5,000,000 capital lease which can be purchased for a nominal amount at the end of the lease term. As of June 30, 2005, accumulated amortization on the building amounted to approximately \$1,450,000. The associated current and long-term liabilities are discussed in footnote 5 to the consolidated financial statements. The Company believes that it maintains property and casualty insurance in amounts adequate for the risk and nature of its assets and operations and which are generally customary in its industry.

5. Long-term debt ----- June 30, 2005 ----- Industrial Development Revenue Bonds; secured by a letter of credit from a bank with interest payable monthly at a floating rate (2.48% at June 30, 2005) \$ 4,150 Term loan payable to a financial institution interest at LIBOR plus 2% (5.10% at June 30, 2005); quarterly principal payments of \$17,500 commencing January 1, 2005; payable in full in the fourth quarter of 2009 465 Term loan payable to a financial institution interest at LIBOR plus 2% (5.39% at June 30, 2005) quarterly principal payments of \$26,786 through the fourth quarter of 2011 697 Secured term loan payable to a government agency, monthly payments of approximately \$1,455 with interest waived payable through second quarter of 2012 154 Secured term loan payable to a government agency monthly payments of \$1,950 including interest fixed at 3% payable through fourth quarter of 2015 209 ----- 5,675 Less current portion (381) ----- \$ 5,294 ===== Industrial Development Revenue Bonds were issued by a government agency to finance the construction of the Company's headquarters/Advanced Technology facility. Annual sinking fund payments of \$170,000 commenced December 1, 2000 and continue through 2013, with a final payment of \$2,620,000 due December 1, 2014. The Company has agreed to reimburse the issuer of the letter of credit if there are draws on that letter of credit. The Company pays the letter of credit bank an annual fee of 1% of the amount secured thereby and pays the remarketing agent for the bonds an annual fee of .25% of the principal amount outstanding. The Company's interest under the facility capital lease has been pledged to secure its obligations to the government agency, the bank and the bondholders.

-8- The Company also has a \$1,000,000 line of credit on which there was no balance outstanding at June 30, 2005.

6. Common shareholders' equity ----- Common stock ----- Accumulated Number Capital in other of shares excess of Retained Treasury Comprehensive comprehensive issued Amount par value earnings ESOP stock income loss ----- Balance December 31, 2004 2,614,506 \$523 \$13,033 \$2,246 (\$ 2,135) (\$ 520) (\$125) ===== ===== ===== ===== ===== ===== ===== ===== ===== ===== ===== Comprehensive income Net income - - - \$ 329 - - \$ 329 - ----- Comprehensive income - - - - - \$ 329 - ----- ----- ===== ----- Balance June 30, 2005 2,614,506 \$523 \$13,033 \$2,575 (\$ 2,135) (\$ 520) (\$125) ===== ===== ===== ===== ===== ===== ===== ===== ===== ===== ===== Earnings per share ----- Basic earnings per share are computed by dividing net earnings by the weighted average number of shares outstanding during the period. Diluted earnings per share are computed by dividing net earnings by the

weighted average number of shares outstanding during the period plus the number of shares of common stock that would be issued assuming all contingently issuable shares having a dilutive effect on earnings per share were outstanding for the period. Three Months Ended Six Months Ended June 30, June 30, 2005 2004 2005 2004 ---- ----

----- Net income \$ 195 215 \$ 329 \$ 373 ===== Weighted average common shares outstanding (basic) 2,071 2,048 2,071 2,048 Incremental shares from assumed conversions of stock options 65 52 69 32 Weighted average common shares outstanding (diluted) 2,136 2,100 2,140 2,080 Basic ----- Net income per share \$ 0.09 \$ 0.11 \$ 0.16 \$ 0.18 ===== Diluted ----- Net income per share \$ 0.09 \$ 0.10 \$ 0.15 \$ 0.18 =====

7. Business segments ----- The Company operates in two business segments, Advanced Technology Group (ATG) and Consumer Products Group (CPG). The Company's reportable segments are strategic business units that offer different products and services. The segments are composed of separate corporations and are managed separately. Operations in ATG involve the design, manufacture, and marketing of servo-control components (i.e., control valves, actuators, etc.) for government and commercial industrial applications. CPG's operations involve the design, manufacture and marketing of a variety of cutlery products for use by consumers and government agencies. The Company derives its primary sales revenue from domestic customers, although a significant portion of finished products are for foreign end use. -9- Six Month Advanced Consumer Period Ended Technology Products June 30, 2005 Group Group Consolidated ----- Revenues from unaffiliated customers \$ 6,364 \$ 5,455 \$ 11,819 ===== Profit \$ 973 \$ 351 \$ 1,324 =====

----- Depreciation and amortization (337) Interest expense (96) General corporate expense (368) ----- Income before income taxes \$ 523 ===== Six Month Advanced Consumer Period Ended Technology Products June 30, 2004 Group Group Consolidated ----- Revenues from unaffiliated customers \$ 5,329 \$ 5,639 \$ 10,968 ===== Profit \$ 782 \$ 476 \$ 1,258 =====

----- Depreciation and amortization (327) Interest expense (72) General corporate expense (264) ----- Income before income taxes \$ 595 ===== Three Month Advanced Consumer Period Ended Technology Products June 30, 2005 Group Group Consolidated ----- Revenues from unaffiliated customers \$ 3,494 \$ 2,642 \$ 6,136 ===== Profit \$ 560 \$ 153 \$ 713 =====

----- Depreciation and amortization (170) Interest expense (48) General corporate expense (184) ----- Income before income taxes \$ 311 ===== Three Month Advanced Consumer Period Ended Technology Products June 30, 2004 Group Group Consolidated ----- Revenues from unaffiliated customers \$ 2,658 \$ 2,982 \$ 5,640 ===== Profit \$ 384 \$ 292 \$ 676 =====

----- Depreciation and amortization (165) Interest expense (36) General corporate expense (132) ----- Income before income taxes \$ 343 ===== -10- Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION -----

----- The following table sets forth for the period indicated the percentage relationship of certain items in the consolidated statement of operations to net revenues, and the percentage increase or decrease of such items as compared to the indicated prior period.

Relationship to Period to Relationship to Period to net revenues period \$ three months ended increase six months ended increase June 30, (decrease) June 30, (decrease) 2005 2004 05-04 2005 2004 05-04 ---- ----

----- Net revenues Advanced Technology Group 56.9% 47.1% 31.5% 53.8% 48.6% 19.4% Consumer Products Group 43.1% 52.9% (11.4%) 46.2% 51.4% (3.3%) ---- 100.0% 100.0% 8.8% 100.0% 100.0% 7.8%

----- Cost of goods sold, exclusive of depreciation 75.2% 73.5% 11.4% 75.0% 74.2% 8.9% ----- Gross profit 24.8% 26.5% 1.6% 25.0% 25.8% 4.5% ----- Selling, general and administrative 16.1% 16.9% 4.1% 16.9% 16.7% 9.0%

----- Interest 0.8% 0.6% 33.3% 0.8% 0.7% 33.3% Depreciation and amortization 2.8% 2.9% 3.0% 2.9% 3.0% 3.1% ----- 19.7% 20.4% 4.9% 20.6% 20.4% 8.9% ----- Income before income taxes 5.1% 6.1% (9.3%) 4.4% 5.4% (12.1%) Income tax provision 1.9% 2.3% (9.4%) 1.6% 2.0% (12.6%) ----- Net income 3.2% 3.8% (9.3%) 2.8% 3.4% (11.8%) === Management Discussion -----

----- During the six month period ended June 30, 2005 and for the comparable period ended June 30, 2004, approximately 47% of the Company's revenues were derived from contracts with agencies of the U.S. Government or their prime contractors and their subcontractors. Total government sales are anticipated to decrease in 2005 as a result of the scheduled completion of a significant government order to the CPG as previously reported. The Company's business is performed under fixed price contracts. Allocations of defense expenditures and government involvement in overseas military operations have had an impact on the Company's financial results. Sales of products sold for government applications have increased approximately 9% for the six month period ended June 30, 2005 compared to the

corresponding period of 2004. While the Company remains optimistic in relation to these opportunities, it recognizes that sales to the government are affected by defense budgets, the foreign policies of the U.S. and other nations, the level of military operations and other factors and, as such, it is difficult to predict the impact on future financial results. The Company's commercial business is affected by such factors as uncertainties in today's global economy, global competition, the vitality and ability of the commercial aviation industry to purchase new aircraft, market demand and acceptance both for the Company's products and its customers' products which incorporate Company-made components. Results of Operations ----- The Company's consolidated results of operations for the six month period ended June 30, 2005 showed an approximate \$851,000 or 7.8% increase in net revenues to \$11,819,000 with a decrease in net income of approximately \$44,000 or 11.8% when compared to the same six month period of 2004. The Company's consolidated results of operations for the three month period ended June 30, 2005 showed an approximate \$496,000 or 8.8% increase in net revenues to \$6,136,000 with a decrease in net income of approximately \$20,000 or 9.3% when compared to the same three month period of 2004. The increase in revenues is primarily attributed to both increased government shipments and commercial shipments at the Advanced Technology Group. -11- Gross profit for the six and three month periods ended June 30, 2005 remained consistent as a percentage of sales when compared to the same period in 2004. The Company continues to incur costs associated with prototype and preproduction activities that are expensed in the period incurred. These costs as well as product mix can contribute to fluctuations in gross profit from period to period. Selling, general and administrative (SG&A) costs increased approximately 9.0% when compared to the same six month period in 2004 and increased 4.1% for the three month period ended June 30, 2005 when compared to the same three month period in 2004. The increase is primarily attributable to costs incurred for professional services and corporate governance necessitated by the Sarbanes-Oxley Act as well as increased marketing of the expanded sales effort of the Company. The Company expects these costs to continue to be significant components of SG&A in the future. Interest expense increased for the six months and quarter ended June 30, 2005 when compared to the same period in 2004 primarily due to an increase in institutional debt and market driven interest rates. The Company continues to take advantage of the tax benefit for extraterritorial sales as well as the new manufacturing deductions allowable under the American Jobs Creation Act of 2004, which is reflected in the effective tax rate of approximately 37%. Liquidity and Capital Resources ----- The Company's primary liquidity and capital requirements relate to the Company's working capital needs; primarily inventory, accounts receivable, capital investments in facilities, machinery, tools/dies and equipment and principal/interest payments on indebtedness. The Company's primary sources of liquidity in 2005 have been from positive cash flows from operations. These cash flows have been positively affected by efforts in inventory control and satisfactory payment terms with suppliers and customers. As of June 30, 2005 there are no material commitments for capital expenditures. The Company also has a \$1,000,000 line of credit on which there was no balance outstanding at June 30, 2005. Item 3. CONTROLS AND PROCEDURES ----- (a) EVALUATION OF DISCLOSURE CONTROLS AND PROCEDURES. As of June 30, 2005, we carried out an evaluation under the supervision and with the participation of our management, including our Chief Executive Officer ("CEO") and Interim Chief Financial Officer ("ICFO"), of the effectiveness of our disclosure controls and procedures. Based upon that evaluation, the CEO and ICFO concluded that as more fully described below, as of June 30, 2005, our disclosure controls and procedures were not effective in timely alerting them to the material information relating to the Company (or the Company's consolidated subsidiaries) required to be included in our periodic filings with the SEC, such that the information relating to the Company, required to be disclosed in SEC reports (i) is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms, and (ii) is accumulated and communicated to the Company's management, including our CEO and ICFO, as appropriate to allow timely decisions regarding required disclosure. (b) CHANGES IN INTERNAL CONTROL OVER FINANCIAL REPORTING. Other than as described below, there has been no change in our internal control over financial reporting that occurred during the fiscal quarter ended June 30, 2005 that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting. -12- (c) IDENTIFIED CONTROLS AND PROCEDURE WEAKNESSES FOR PAYROLL DISBURSEMENTS. As previously reported the Company discovered certain unauthorized disbursements by a senior finance officer and reported this discovery to all appropriate parties including the Company's Attorney, the Audit Committee, the Company's Independent Auditors, the SEC, the AMEX and the District Attorney of Erie County, New York. An investigation was immediately initiated and is continuing. Although the Company has not yet received a definitive investigation report it appears that such unauthorized disbursements by

this individual have occurred over a period of 22 1/2 years and amounts to, on average, approximately \$107,000 per year after tax, for a total of approximately \$2,400,000 after tax or \$4,000,000 before tax. The above amounts were expensed as incurred and the associated tax benefits were received. Therefore, all future restitution, net of recovery costs, will be reflected as additional income in the time periods they are received. The subject individual, through his attorney, has offered to make restitution to the extent possible. The Company has a \$1,000,000 crime policy with a \$10,000 deductible. The individual is no longer an employee of the Company and, to date, has cooperated with the investigation. At this stage, the Company cannot reliably forecast its total net recovery. We are currently not aware of any other weaknesses in our internal controls and procedures, other than the weakness relative to payroll disbursements as described above. In connection with this investigation, we will perform further evaluation and implement the appropriate remedial action. Notwithstanding the weakness in our controls and procedures relative to payroll disbursements, management believes that the information contained in this Form 10-QSB/A, including the financial statements contained herein, present, in all material respects, our financial condition and results of operations as of the dates so indicated. We are only in the initial phases of establishing compliance under Section 404 of the Sarbanes-Oxley Act, which now will not be effective for our Company until our fiscal year ending December 31, 2007. We anticipate expending significant additional resources to evaluate and maintain appropriate controls and procedures and to prepare the required financial and other information during the process of establishing our Section 404 Sarbanes-Oxley controls and procedures. (d) LIMITATIONS ON THE EFFECTIVENESS OF INTERNAL CONTROLS. Our management, including the CEO and ICFO, does not expect that our disclosure controls and procedures or our internal control over financial reporting will necessarily prevent all fraud and material error. An internal control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of the control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the internal control. The design of any system of controls also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Over time, control may become inadequate because of changes in conditions, and/or the degree of compliance with the policies or procedures may change.

-13- PART II OTHER INFORMATION Item 6. EXHIBITS 10(A)(1) Employment contract for Dr. Nicholas D. Trbovich, Chief Executive Officer (Incorporated by reference to Exhibit 10(A)(1) to the Company's current report on Form 8-K filed on August 18, 2005). 10(A)(4) Employment contract for Nicholas D. Trbovich, Jr., Vice President (Incorporated by reference to Exhibit 10(A)(4) to the Company's current report on Form 8-K filed on August 18, 2005). 31.1 Certification of Interim Chief Financial Officer pursuant to Rule 13a-14 or 15d-14 of the Securities Exchange act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. 31.2 Certification of Chief Executive Officer pursuant to Rule 13a-14 or 15d-14 of the Securities Exchange act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. 32.1 Certification of Interim Chief Financial Officer pursuant to 18 U.S.C. 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. 32.2 Certification of Chief Executive Officer pursuant to 18 U.S.C. 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. FORWARD-LOOKING STATEMENTS In addition to historical information, certain sections of this Form 10-QSB/A contain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934, such as those pertaining to the Company's capital resources and profitability. Forward-looking statements involve numerous risks and uncertainties. The Company derives a material portion of its revenues from contracts with agencies of the U.S. Government or their prime contractors. The Company's business is performed under fixed price contracts and the following factors, among others discussed herein, could cause actual results and future events to differ materially from those set forth or contemplated in the forward-looking statements: uncertainties in today's global economy and global competition, and difficulty in predicting defense appropriations, the vitality of the commercial aviation industry and its ability to purchase new aircraft, the willingness and ability of the Company's customers to fund long-term purchase programs, and market demand and acceptance both for the Company's products and its customers' products which incorporate

Company-made components. The success of the Company also depends upon the trends of the economy, including interest rates, income tax laws, governmental regulation, legislation, population changes and those risk factors discussed elsewhere in this Form 10-QSB/A. Readers are cautioned not to place undue reliance on forward-looking statements, which reflect management's analysis only as of the date hereof. The Company assumes no obligation to update forward-looking statements.

-14- SIGNATURES In accordance with the requirements of the Securities Exchange Act of 1934, the Registrant has caused this report to be signed on its behalf by the undersigned, thereunto duly authorized. Date: September 29, 2005 SERVOTRONICS, INC. By: /s/ Dr. Nicholas D. Trbovich, Chief Executive Officer ----- Dr. Nicholas D. Trbovich Chief Executive Officer By: /s/ Cari L. Jaroslowsky, Interim Chief Financial Officer ----- Cari L. Jaroslowsky Interim Chief Financial Officer (effective 8/9/2005) By: /s/ Raymond C. Zielinski, Vice President ----- Raymond C. Zielinski Vice President -15-