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

FORM 10-K

(Mark One)

[X] **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended : **December 31, 2013**

[ ] **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from ____________________ **to** ____________________

Commission File Number: **333-125678**

PROBE MANUFACTURING, INC.

(Exact name of registrant as specified in its charter)

Nevada	**20-2675800**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

17475 Gillette Avenue, Irvine, California 92614
(Address of principal executive offices)
(949) 273-4990
(Registrant's telephone number)

Securities registered pursuant to Section 12(g) of the Act:

Title of each class
Common Stock, par value $0.001

Securities registered pursuant to Section 12(b) of the Act:

None
(Title of class)

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

[ ] Yes **[X]** No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.

[ ] Yes **[X]** No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Sections 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

[X] Yes [ ] No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

[X] Yes [ ] No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [ ]

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

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Large accelerated filer	[ ]	Accelerated filer	[ ]
Non-accelerated filer	[ ] (Do not check if a smaller reporting company)	Smaller reporting company	**[X]**

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

The aggregate market value of the voting and non-voting common equity held by non-affiliates of the registrant as of June 30, 2013 was $605,048 based upon the price ($0.075) at which the common stock was last sold as of the last business day of the most recently completed second fiscal quarter, multiplied by the approximate number of shares of common stock held by persons other than executive officers, directors and five percent stockholders of the registrant without conceding that any such person is an "affiliate" of the registrant for purposes of the federal securities laws. Our common stock is not traded in the over-the-counter market and quoted on the Over-The-Counter Bulletin Board.

State the number of shares outstanding of each of the issuer's classes of common equity, as of March 31, 2014: 24,251,945 shares of common stock, $.001 par value.

DOCUMENTS INCORPORATED BY REFERENCE

None.

PROBE MANUFACTURING, INC.
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FORWARD-LOOKING STATEMENTS

This Annual Report on Form 10-K contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act") and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). These forward-looking statements are not historical facts but rather are based on current expectations, estimates and projections. We may use words such as "anticipate," "expect," "intend," "plan," "believe," "foresee," "estimate" and variations of these words and similar expressions to identify forward-looking statements. These statements are not guarantees of future performance and are subject to certain risks, uncertainties and other factors, some of which are beyond our control, are difficult to predict and could cause actual results to differ materially from those expressed or forecasted. These risks and uncertainties include the following:

- *The availability and adequacy of our cash flow to meet our requirements;*
- *Economic, competitive, demographic, business and other conditions in our local and regional markets;*
- *Changes or developments in laws, regulations or taxes in our industry;*
- *Actions taken or omitted to be taken by third parties including our suppliers and competitors, as well as legislative, regulatory, judicial and other governmental authorities;*
- *Competition in our industry;*
- *The loss of or failure to obtain any license or permit necessary or desirable in the operation of our business;*
- *Changes in our business strategy, capital improvements or development plans;*
- *The availability of additional capital to support capital improvements and development; and*
- *Other risks identified in this report and in our other filings with the Securities and Exchange Commission or the SEC.*

This report should be read completely and with the understanding that actual future results may be materially different from what we expect. The forward looking statements included in this report are made as of the date of this report and should be evaluated with consideration of any changes occurring after the date of this Report. We will not update forward-looking statements even though our situation may change in the future and we assume no obligation to update any forward-looking statements, whether as a result of new information, future events or otherwise.

Use of Term

Except as otherwise indicated by the context, references in this report to "Company", **"PMFI"**, "Probe", "we", "us" and "our" are references to **Probe Manufacturing Inc.** All references to "USD" or United States Dollars refer to the legal currency of the United States of America.

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PART I

Item 1. Business.

Our Company

Probe Manufacturing Industries, Inc. was incorporated on July 7, 1995. On April 21, 2005, the Company was re-domiciled from California to Nevada, and changed its name to Probe Manufacturing, Inc. (the "Company," "Probe," or "PMI") We provide global design and manufacturing services to original electronic equipment manufacturers (OEM) from our 23000 sq-ft facility in Irvine, California and Trident Manufacturing's 16,000 sq-ft facility in Salt Lake City, Utah, which we subsequently acquired in the first quarter of 2013. Our revenue is generated from sales of our services primarily to customers in the medical device, aerospace/military, telecommunication, alternative fuel, industrial and instrumentation product manufacturers.

We provide our domestic customers with low cost, flexible and scalable manufacturing services. We utilize innovative manufacturing solutions, automated management systems and global sourcing strategies to provide our customers with onshore, scalable manufacturing solutions. The services that we provide are commonly referred to as Electronics Manufacturing Services (EMS). Our EMS offerings include new product introduction, collaborative design, procurement and materials management, product manufacturing, product warranty repair, and end-of-life support.

We offer our customers comprehensive and integrated design and manufacturing services, from initial product design to production and direct order fulfillment. Our engineering services include product design, printed circuit board layout, prototyping, and test development. Our supply chain management solutions include purchasing, management of materials, and order fulfillment. Our manufacturing services include printed circuit board assembly, cable assembly, mechanical assembly, and fully integrated box build systems for high complexity electronics.

The majority of our revenue is driven from manufacturing a mix of complex printed circuit board assemblies (PCB), and box build assemblies. Some examples of our customer's finished goods products includes Ultrasound Therapeutic medical devices, electronic control units that help vehicles run on natural gas or hydrogen, electronic control units for precision laser welding equipment, PCB's for landing gear systems and flap controllers, fluid control units for airliners, and devices for defense industry.

Our strategy is to build and pursue global opportunities leveraging core competencies and to expand our manufacturing foundry platform for innovative start-ups and technology companies in return for manufacturing rights and equity.

As innovation, cost, and time to market become hyper-competitive, domestic OEM's are now compelled to use EMS partners with easy onshore access, providing local program management during product conceptualization, development, and integration. Many of the mid-tier OEMs in industries such as military/aerospace, medical, industrial/instrumentation, and green-tech products tend to be too small for $1 billion-plus revenue EMS companies. Most of these OEMs value close proximity and the ability to provide complex manufacturing and personal customer service, which often favors regional providers that truly value and foster their relationships.

Furthermore, with the recent cost increases in labor, currency movements and freight concerns, the ability to also provide near-shore manufacturing is expected to generate increased interest. The low to medium EMS market compared to high volume has proved to be a higher margin with higher gross profits and sustained growth momentum. Our target accounts are mid-tier, U.S. based OEMs with annual sales from $15 million to $500 million.

We believe that with the combination of: (i) our management expertise; (ii) low overhead and cost structure; (iii) sophisticated management system developed internally to oversee operational systems; (iv) innovative manufacturing solutions and now multiple domestic facilities; and (v) global sourcing solutions and domestic customer centric program management team, PMI is well positioned to take advantage of the projected increase in outsourced onshore manufacturing.

On March 15, 2013, we entered into an Agreement and Plan of Acquisition with Trident Manufacturing, Inc., a Utah corporation, (“Trident”), and the shareholders of Trident, to acquire 100% of the issued and outstanding common stock shares of Trident. Trident is a full-service electronics manufacturing service company with a 16,000 sq. ft. manufacturing facility based in Salt Lake City, Utah and has been servicing the industrial, aerospace, military, instrumentation, and medical markets since 2005.

On March 20, 2013, we completed the acquisition of Trident whereby we acquired 100% of the issued and outstanding common stock shares of Trident and all its operational assets in exchange for 1,600,000 shares of our restricted shares of common stock. As a result of the acquisition, Trident has become a wholly-owned subsidiary of Probe Manufacturing, Inc. As a result we recognized $420,673 in goodwill.

Going Concern

The financial statements have been prepared on a going concern basis, which contemplates continuity of operations, realization of assets and liquidation of liabilities in the normal course of business. The Company had a total stockholder's equity of $728,892 and a working capital surplus of $123,717; however, we still had net loss of $(650,652) for the year ended December 31, 2013 and an accumulated deficit of $(1,286,907) as of December 31, 2013 and used $266,038 in net cash from operating activity for the year ended December 31, 2013. Therefore, the ability of the Company to operate as a going concern is still dependent upon its ability (1) to obtain sufficient debt and/or equity capital and/or (2) to generate positive cash flow from operations.

Plan of Operation

Management is taking the following steps to sustain profitability and growth: (i) organic growth, new sales and expansion of services along the supply chain line; (ii) Utilization of our manufacturing foundry platform to support innovators by making investment in their technologies in return for manufacturing rights and equity; and (iv) expansion of capabilities and competencies through mergers & acquisitions providing scale, cost synergies and revenue opportunities.

Our future success is likely dependent on our ability to sustain profitable growth and attain additional capital to support growth. There can be no assurance that we will be successful in obtaining any such financing, or that it will be able to generate sufficient positive cash flow from operations. The successful outcome of these or any future activities cannot be determined at this time and there is no assurance that if achieved, we will have sufficient funds to execute its business plans. The financial statements do not include any adjustments relating to the recoverability and classification of asset carrying amounts or the amount and classification of liabilities that might result should we be unable to continue as a going concern.

Our Products and Services

Engineering. Our global engineering team supports technology customers and innovative start-ups with a broad range of electrical, mechanical and software engineering services. PMI has assembled a team of experts from around the globe to assist customers at any point in the design cycle. These services include design processes from electrical, software, mechanical, Industrial and PCB design. Utilization of PMI's design services will enable rapid market entry for our customers. It provides flexibility by becoming the extension of their engineering and allowing customers to focus on their business strategy.

Supply Chain Management. PMI's supply chain solution provides maximum flexibility and responsiveness through a collaborative and strategic approach with our customers. PMI can assume supply chain responsibility from component sourcing through delivery of finished product. PMI's supply chain focus is on building internal and external systems and relationships, which allow us to capitalize on our expertise to align with our customer's objectives and integrate with their processes today and in the future.

Manufacturing. Flexibility, responsiveness, communication, global supply chain management and speed are key values in what we offer our customers. We establish clear communication about our customer needs and requirements enabling a seamless integration with their objectives and processes. PMI's manufacturing capability supports high and low-mix assemblies to low to medium-volume quantities.. Our manufacturing operations include printed circuit board assembly and testing; cable and harness assembly; mechanical assembly; and complex system integration.

Sales and Marketing

Our marketing approach is to position PMI as a domestic US based electronics manufacturing company providing low cost, flexible, and scalable manufacturing solutions to customers by providing product development and manufacturing services through our factories in U.S. as well as factories worldwide.

The Majority of our clients are in the Aerospace, Industrial, Instrumentation, Alternative Fuel, Medical and Telecommunication Industries. However our product development division works with clients in many other areas such as commercial, consumer, entertainment and energy products. We utilize both direct sales force and sales representatives with expertise in supply chain management and manufacturing services. We have also expanded our services along the supply chain line to cable and harness, sheet metal, PCB fabrication and plastics in order to support organic growth by cross selling and identifying new opportunities with prospect customers.

In order to support our manufacturing foundry vision we're targeting innovators and start ups through investment communities by offering investment opportunities in their products and in return obtaining manufacturing rights and exclusivity. This strategy can support scale as the products can have very high potential in telecomm, consumer, energy and commercial markets.

Once the relationships are established, programs are managed through our customer centric program management teams.
We support our clients through early supplier involvement, which results in improved return on investment.
Program Managers are responsible for managing the global supply chain, reducing material acquisition time and cost. They're also responsible for the profitability of the programs and ultimately the customer satisfaction index, including on-time delivery, quality, communication and technology.

We sustain and grow our relationships by a controllable and continuous delivery of high quality parts, a repeatable process and on time with flexibility at the lowest possible cost.

Competition

The EMS industry is large, competitive and diverse, and is serviced by many companies, including several that have achieved significant market share; we compete with numerous domestic and foreign EMS firms. We do not compete with first tier EMS companies such as Benchmark Electronics, Inc.; Celestica Inc; Flextronics International Ltd.; Foxconn; Jabil Circuit, Inc.; Plexus Corp.; Sanmina-SCI Corporation. CTS Electronics. We mostly compete with second and third tier EMS companies, whereby we compete with different companies depending on the type of service and/or geographic area.

Competitive Positioning

Probe's internally developed management systems provide for an efficient and robust operation and a much lower cost compared to its competitors. Probe's horizontal growth of supply chain services and utilization of global suppliers has also created a turn-key, cost competitive solution for its customers. In addition, Probe's new product introduction services that provide scalability and cost reductions are creating the foundation for the company's manufacturing foundry for innovative start-ups.
Our margins grow as our revenue grows.

Strategy

Our strategy is to pursue and build global opportunities by leveraging core competency and to create a manufacturing foundry for innovative start-ups in return for manufacturing rights and equity. We are also planning the expansion of our capabilities and competencies through mergers & acquisitions. The rationale behind this strategy is to provide scale, cost synergies, revenue opportunities and a larger domestic footprint.

On March 20, 2013, we completed the acquisition of Trident Manufacturing, Inc., a full-service electronics manufacturing service Company based in Salt Lake City, Utah. This acquisition and future acquisitions like this will provide us with an expanded presence in lower cost regions of the US; strengthen our supply chain performance while increasing service levels and profitability; provides additional manufacturing capacity and value-added cable and harness offerings through Trident's facility and ultimately enhance our capacity to deliver seamless end-to-end solutions for diversified markets from manufacturing to distribution.

Personnel

We presently have approximately 32 employees, including production, program management, materials management, engineering, sales, quality, and administrative and management personnel. We have never experienced work stoppages, and are not a party to any collective bargaining agreement.

Regulatory Restrictions on Our Business

Our operations, and the operations of businesses that we may acquire, are subject to certain foreign, federal, state and local regulatory requirements relating to environmental, waste management, and health and safety matters. We believe we operate in substantial compliance with all applicable requirements. However, material costs and liabilities may arise from these requirements or from new, modified or more stringent requirements. Material cost may rise due to additional manufacturing cost of raw or made parts with the application of new regulations. Our liabilities may also increase due to additional regulations imposed by foreign, federal, state and local regulatory requirements relating to environmental, waste management, and health and safety matters. In addition, our past, current and future operations and those of businesses we acquire, may give rise to claims of exposure by employees or the public or to other claims or liabilities relating to environmental, waste management or health and safety concerns.

Item 1a. Risk Factors.

We are a smaller reporting company as defined by Rule 12b-2 of the Securities Exchange Act of 1934 and are not required to provide the information under this item. We reserve the right not to provide risk factors in our future filings. Our primary risk factors and other considerations include:

RISKS ABOUT OUR BUSINESS

OUR INDEPENDENT ACCOUNTANTS HAVE ISSUED A GOING CONCERN OPINION AND IF WE CANNOT OBTAIN ADDITIONAL FINANCING AND/OR REDUCE OUR OPERATING COSTS SUFFICIENTLY, WE MAY HAVE TO CURTAIL OPERATIONS AND MAY ULTIMATELY CEASE TO EXIST.

The financial statements have been prepared on a going concern basis, which contemplates continuity of operations, realization of assets and liquidation of liabilities in the normal course of business. The Company had a total stockholder's equity of $728,892 and a working capital surplus of $123,717; however, we still had net loss of $(650,652) for the year ended December 31, 2013 and an accumulated deficit of $(1,286,907) as of December 31, 2013 and used $266,038 in net cash from operating activity for the year ended December 31, 2013. Therefore, the ability of the Company to operate as a going concern is still dependent upon its ability (1) to obtain sufficient debt and/or equity capital and/or (2) to generate positive cash flow from operations.

On February 18, 2011 we entered into an Accounts Receivable Purchasing Agreement (the "ARPA") with DSCH Capital Partners, LLC d/b/a Far West Capital ("FWC"), an unaffiliated third party. Pursuant to the ARPA, FWC may purchase, in its sole discretion, eligible accounts receivable of our company on a revolving basis up to a maximum of $750,000. Under the terms of the ARPA, FWC may purchase eligible receivables from us with full recourse for the face amount of such eligible receivables less a discount of 1.0%. In addition, we are required to pay FWC a monthly cost of funds fee equal to the net funds employed by FWC at a rate equal to the Wall Street Journal Prime Lending Rate plus 4.75%, with a floor of 7.00%. FWC will retain 20% of the purchase price of the receivables as a reserve amount.

The ARPA also provides that FWC has the right to require us to repurchase any purchased accounts receivable: (a) if there is a dispute as to the validity of such receivable by the account debtor, (b) if certain covenants, warranties or representations made by us with respect to such receivables are breached, (c) upon and during the continuance of an event of default under the ARPA or upon the termination of the ARPA, or (d) if such receivable remains unpaid 90 days after the invoice date. The ARPA has an initial term of one year with automatic renewals for successive one-year periods. Notwithstanding that, FWC may terminate the ARPA at any time upon 90 days prior written notice or without notice upon and during the continuance of an event of default.

Additionally, provided there does not exist an event of default under the ARPA or the rider thereto (the "Rider"), FWC may make advances to or for the benefit of the company in an aggregate amount up to and not to exceed $250,000.00 from time to time during the term of the Rider and upon our request therefore, which advances shall be subject to all of the terms and conditions of the ARPA and shall be revolving consisting of advances against our eligible inventory as defined in the Rider as follows: (i) the advances against eligible inventory, at FWC's discretion, will be in amounts up to the sum 50% of all eligible inventory; provided, however, the advances against eligible inventory shall at no time exceed 33% of the net outstanding purchased accounts under the ARPA plus the outstanding amount due, or net funds employed, from advances made on eligible inventory within conditions contained within the rider. The balance cap percentage shall be 25% after 120 days from date of the Rider. Eligible inventory will be valued at the lower of cost or market value.

There can be no assurances that this financing will be sufficient to sustain profitable growth and attain additional capital to support growth. There can be no assurance that we will be successful in obtaining any such additional financing, or that we will be able to generate sufficient positive cash flow from operations. The successful outcome of these or any future activities cannot be determined at this time and there is no assurance that if achieved, we will have sufficient funds to execute its business plans. The financial statements do not include any adjustments relating to the recoverability and classification of asset carrying amounts or the amount and classification of liabilities that might result should we be unable to continue as a going concern.

On November 4th 2013 this financing line was paid off in full.

WE HAVE AN ACCUMULATED DEFICIT AND MAY INCUR ADDITIONAL LOSSES; THEREFORE, WE MAY NOT BE ABLE TO OBTAIN THE ADDITIONAL FINANCING NEEDED FOR WORKING CAPITAL, CAPITAL EXPENDITURES AND TO MEET OUR DEBT SERVICE OBLIGATIONS.

As of December 31, 2013, we had current liabilities of $1,000,731 Our debt could limit our ability to obtain additional financing for working capital, capital expenditures, debt service requirements, or other purposes in the future, as needed; to plan for, or react to, changes in technology and in our business and competition; and to react in the event of an economic downturn.

We may not be able to meet our debt service obligations. If we are unable to generate sufficient cash flow or obtain funds for required payments, or if we fail to comply with covenants in our revolving lines of credit, we will be in default.

IF DEMAND FOR THE PRODUCTS AND SERVICES THAT THE COMPANY OFFERS SLOWS OUR BUSINESS WOULD BE MATERIALLY AFFECTED.

Demand for products which it intends to sell depends on many factors, including:

- the economy, and in periods of rapidly declining economic conditions, customers may defer luxury purchases or may choose alternate products.
- the competitive environment in the EMS sectors may force it to reduce prices below its desired pricing level or increase promotional spending;
- our ability to anticipate changes in consumer preferences and to meet customers' needs for our EMS products in a timely cost-effective manner;
- our ability to maintain efficient, timely and cost-effective production and delivery of the products and services; and,
- our ability to identify and respond successfully to emerging trends in the EMS industry.

For the long term, demand for the products and services that we offer may be affected by:

- the ability to establish, maintain and eventually grow market share in a competitive environment;

- our ability to deliver of our products and services globally, geopolitical changes, changes in government regulations, currency fluctuations, natural disasters, pandemics and other factors beyond the Company's control may increase the cost of items it purchases, create communication issues or render product delivery difficult which could have a material adverse effect on its sales and profitability; and,

- restrictions on access to North American markets and supplies.

All of these factors could result in immediate and longer term declines in the demand for the products and services that we offer, which could adversely affect our sales, cash flows and overall financial condition.

WE FACE INTENSE COMPETITION, WHICH MAY REDUCE OUR SALES, OPERATING PROFITS, OR BOTH.

The EMS industry is large, competitive and diverse, and is serviced by many companies, including several that have achieved significant market share, whereby we compete with numerous domestic and foreign EMS firms. We do not compete with first tier EMS companies such as Benchmark Electronics, Inc.; Celestica Inc; Flextronics International Ltd.; Foxconn; Jabil Circuit, Inc.; Plexus Corp.; Sanmina-SCI Corporation; and CTS Electronics. We mostly compete with second and third tier EMS companies. We compete with different companies depending on the type of service and/or geographic area.

WE MAY BE ADVERSELY AFFECTED BY SHORTAGES OF REQUIRED ELECTRONIC COMPONENTS. IN ADDITION, WE DEPEND ON A LIMITED NUMBER OF SUPPLIERS TO PROCURE OUR PARTS FOR PRODUCTION WHICH IF AVAILABILITY OF PRODUCTS BECOMES COMPROMISED IT COULD ADD TO OUR COST OF GOODS SOLD AND AFFECT OUR REVENUE GROWTH.

At various times, there have been shortages of some of the electronic components that we use, as a result of strong demand for those components or problems experienced by suppliers. These unanticipated component shortages have resulted in curtailed production or delays in production, which prevented us from making scheduled shipments to customers in the past and may do so in the future. Our inability to make scheduled shipments could cause us to experience a reduction in our sales and an increase in our costs and could adversely affect our relationship with existing customers as well as prospective customers. Component shortages may also increase our cost of goods sold because we may be required to pay higher prices for components in short supply and redesign or reconfigure products to accommodate substitute components. As a result, component shortages could adversely affect our operating results for a particular period due to the resulting revenue shortfall and increased manufacturing or component costs. In addition, we depend upon a number of major suppliers for our products.

We do not have long-term agreements with our major suppliers, except for our purchase orders. There is an inherent risk that certain products will be unavailable for prompt delivery or, in some cases, discontinued. We will have only limited control over any third-party manufacturer as to quality controls, timeliness of production and deliveries and various other factors. Lack of long-term agreement with our major suppliers could also impact material availability and could delay shipments. Should the availability of products be compromised, it could also force us to develop alternative products, which could add to the cost of goods sold and compromise delivery commitments.

OUR PRINCIPAL SHAREHOLDERS, DIRECTORS AND EXECUTIVE OFFICERS , IN THE AGGREGATE, BENEFICIALLY OWN MORE THAN 50% OF OUR OUTSTANDING COMMON STOCK AND THESE SHAREHOLDERS, IF ACTING TOGETHER, WILL BE ABLE TO EXERT SUBSTANTIAL INFLUENCE OVER ALL MATTERS REQUIRING APPROVAL OF OUR SHAREHOLDERS .

Our principal shareholders, directors and executive officers in the aggregate, beneficially own more than 50% our outstanding common stock on a fully diluted basis. These shareholders, if acting together, will be able to exert substantial influence over all matters requiring approval of our shareholders, including amendments to our Articles of Incorporation, fundamental corporate transactions such as mergers, acquisitions, the sale of the company, and other matters involving the direction of our business and affairs and specifically the ability to determine the members of our board of directors. (See "Principal Shareholders").

WE CURRENTLY SERVICE AND ATTEMPT TO OBTAIN THE MAJORITY OF OUR CUSTOMERS IN THE LIMITED GEOGRAPHIC OF SOUTHERN CALIFORNIA WHICH IS A SMALL ADDRESSABLE MARKET AND COULD BE SUBJECT TO ECONOMIC HARDSHIP OR SLOWDOWN, AS A RESULT OUR GROWTH COULD BE LIMITED AND ADVERSELY AFFECT OUR PROJECTED SALES AND OPERATING INCOME.

We currently service, attempt to solicit new, and direct the majority of our marketing efforts to customers in the Southern California region. This is a very small addressable market which ultimately limits the amount of growth we could experience. In addition, this region could experience an economic recession or other market contraction which would cause our current customers and any potential customers to also contract their businesses as well and cease outsourcing any current products that we currently service and would attempt to obtain. Both the size of the market and any potential economic hardship affecting this small regional market could adversely affect our project sales and operating income. If we are forced to expand our marketing efforts outside this region we could also incur significant costs in an attempt to penetrate other regional or national markets.

WE DEPEND ON LOW TO MEDIUM VOLUME HIGH MIX TECHNOLOGY PRODUCTS THAT ARE BUILT DOMESTICALLY. THESE APPLICATIONS INCLUDE INDUSTRIAL INSTRUMENTATION, MEDICAL DEVICES, AEROSPACE-DEFENSE, ALTERNATIVE FUEL TECHNOLOGIES, SCIENTIFIC COMMUNICATION, SEMICONDUCTOR AND AUTOMOTIVE PRODUCTS, WHICH CONTINUALLY PRODUCE TECHNOLOGICALLY ADVANCED PRODUCTS WITH SHORT LIFE CYCLES; OUR INABILITY TO CONTINUALLY MANUFACTURE SUCH PRODUCTS ON A COST-EFFECTIVE BASIS COULD HARM OUR BUSINESS.

During the twelve months ended December 31, 2013, we derived approximately 16% of our revenue from customers in the medical device manufacturing, 30% industrial products, 1% from customers in the semiconductor industry, 7% from customers in the instrumentation industry, 9% from customers in the military industry, 4% from customers in the telecommunications industry, and 32% from customers in aerospace/defense industries.

Factors affecting these industries in general could seriously harm our customers and, as a result, us. These factors include:

- Rapid changes in technology, which result in short product life cycles, often reduce the volume and market share for our customers and ultimately us. It will lead to the loss of previous design wins and frequent new product introductions and substantial development costs. This could result in loss of revenue and it could adversely affect our operating income.

- Seasonality of demand for our customers' products would force our customers to manage their inventories for seasonal variations and inventory management and excess build ups. Customers could dramatically increase their request for production quantities, which could cause lead time problems with getting the components or we may not be able to build enough products which could have loss of revenue for our customers. As a result we could lose these customers and it would adversely affect our projected sales. If the projected sales will not materialize, we will have loss of revenue and reduced margins. Any cancellation or delay in production would also have the same adverse effect on our sales projections and profitability.

- The inability of our customers to successfully market their products, and the failure of these products to gain widespread commercial acceptance; could affect their long term business plans and sales. Our success depends upon the ability of our customers to successfully market their products and if they fail, it could result in cancellations or rescheduling orders lower sales volume and operating income.

- Recessionary periods in our customers' markets will affect both our customers and our overall business output. It would require dramatic changes to the overall business model, layoffs and major adjustments to the business overhead. If we fail to adjust to new recessionary environment, our business would be adversely affected and we may not be able to compete successfully against other companies in our industry and achieve profitability.

THE MAJORITY OF OUR SALES COME FROM A SMALL NUMBER OF CUSTOMERS WITH WHOM WE DO NOT HAVE LONG TERM CONTRACTS; IF WE LOSE ANY OF THESE CUSTOMERS, OUR SALES COULD DECLINE SIGNIFICANTLY.

Sales to our five largest customers have represented a significant percentage of our net sales in recent periods. Our five largest customers accounted for approximately 60% of net sales during the twelve months ended December 31, 2013.

Our principal customers have varied from year to year, and our principal customers may not continue to purchase services from us at current levels, if at all. Significant reductions in sales to any of these customers, or the loss of major customers, would seriously harm our business. If we are not able to timely replace expired, canceled or reduced contracts with new business, our revenues could be harmed.

The part number, quantity, price, workmanship standards, and scheduled delivery dates of the products to be manufactured are determined by written purchase orders given by our customers and accepted or confirmed by us in writing or via email. We agree to deliver the products manufactured pursuant to each purchase order in accordance with the terms and conditions set forth in the purchase order. Probe manufactures hundreds of different types of assemblies on an ongoing basis and each product has a purchase order associated with it.

We do not have any long term agreements with our customers, and our principal customers may not continue to purchase services from us. The duration of a purchase order is usually from 30 to 360 days. These purchase orders could be cancelled or rescheduled at any time. Significant reductions in sales to any of these customers would reduce our projected sales, adversely affect our profits, and seriously harm our business.

IF WE LOSE KEY SENIOR MANAGEMENT PERSONNEL OUR BUSINESS COULD BE NEGATIVELY AFFECTED. FURTHER, WE WILL NEED TO RECRUIT AND RETAIN ADDITIONAL SKILLED MANAGEMENT PERSONNEL AND IF WE ARE NOT ABLE TO DO SO, OUR BUSINESS AND OUR ABILITY TO CONTINUE TO GROW COULD BE HARMED.

Our success depends to a large extent upon the continued services of our executive officers. We could be seriously harmed by the loss of any of our executive officers. In order to manage our growth, we will need to recruit and retain additional skilled management personnel and if we are not able to do so, our business and our ability to continue to grow could be harmed. Although a number of companies in our industry have implemented workforce reductions, there remains substantial competition for highly skilled employees.

WE ARE SUBJECT TO ENVIRONMENTAL COMPLIANCE RISKS AND UNEXPECTED COSTS THAT WE MAY INCUR WITH RESPECT TO ENVIRONMENTAL MATTERS MAY RESULT IN ADDITIONAL LOSS CONTINGENCIES, THE QUANTIFICATION OF WHICH CANNOT BE DETERMINED AT THIS TIME.

We are subject to various federal, state, local and foreign environmental laws and regulations, including those governing the use, storage, discharge and disposal of hazardous substances in the ordinary course of our manufacturing process. If more stringent compliance or cleanup standards under environmental laws or regulations are imposed, or the results of future testing and analyses at our current or former operating facilities indicate that we are responsible for the release of hazardous substances, we may be subject to additional remediation liability. Further, additional environmental matters may arise in the future at sites where no problem is currently known or at sites that we may acquire in the future. Currently unexpected costs that we may incur with respect to environmental matters may result in additional loss contingencies, the quantification of which cannot be determined at this time.

WE RECENTLY ACQUIRED ANOTHER ELECTRONICS MANUFACTURING COMPANY, TRIDENT MANUFACTURING, INC. WHICH COULD HAVE A NEGATIVE IMPACT ON OUR FINANCIAL PERFORMANCE IF WE ARE UNABLE TO INTERGRATE THE TWO COMPANIES EFFECTIVELY, ACHIEVE ECOMONY OF

SCALE AND/OR DIVERTS OUR EXECUTIVE TEAM'S TIME AND FOCUS.

Mergers and acquisitions often fail for numerous economic reasons such as economies of scale not achieved to the magnitude expected, poor strategic fit or unexpected changes in market conditions. Furthermore, mergers and acquisitions can fail or be impeded for additional causes such as (i) underestimating the difficulties of merging two cultures (ii) demotivation of employees of acquired company (iii) departure of key people in acquired company; (iv) too much energy devoted to 'doing the deal', not enough to post-acquisition planning and integration; (v) decision making delayed by unclear responsibilities and post-acquisition conflicts; (vi) neglecting existing business due to the amount of attention going into the acquired company; and/or (vii) insufficient research about or due diligence performed on the acquired company. Therefore, if we are unable to properly integrate, Trident Manufacturing, Inc. for the reasons outlined above into our company or if we cannot achieve our desired business strategy with the acquisition, our financial performance will be significantly impacted in an adverse manner.

AS THE COMPANY INTENDS TO BE CONDUCTING INTERNATIONAL BUSINESS TRANSACTIONS, IT WILL BE EXPOSED TO LOCAL BUSINESS RISKS IN DIFFERENT COUNTRIES, WHICH COULD HAVE A MATERIAL ADVERSE EFFECT ON ITS FINANCIAL CONDITION OR RESULTS OF OPERATIONS.

The Company intends to promote and sell its products internationally by virtue of the global access to its EMS products line and it expects to have customers located in several countries. The Company's international operations will be subject to risks inherent in doing business in foreign countries, including, but not necessarily limited to:

- new and different legal and regulatory requirements in local jurisdictions;
- potentially adverse tax consequences, including imposition or increase of taxes on transactions or withholding and other taxes on remittances and other payments by subsidiaries;
- risk of nationalization of private enterprises by foreign governments;
- legal restrictions on doing business in or with certain nations, certain parties and/or certain products; and,
- local economic, political and social conditions, including the possibility of hyperinflationary conditions and political instability.

The Company may not be successful in developing and implementing policies and strategies to address the foregoing factors in a timely and effective manner in the locations where it will do business. Consequently, the occurrence of one or more of the foregoing factors could have a material adverse effect on its base operations and upon its financial condition and results of operations.

Since our EMS products will be available over the Internet in foreign countries and the Company will have customers residing in foreign countries, foreign jurisdictions may require it to qualify to do business in their country. It will be required to comply with certain laws and regulations of each country in which it conducts business, including laws and regulations currently in place or which may be enacted related to Internet services available to the residents of each country from online sites located elsewhere.

AS AN "EMERGING GROWTH COMPANY" UNDER THE JUMPSTART OUR BUSINESS STARTUPS ACT (THE "JOBS ACT"), THE COMPANY IS PERMITTED TO RELY ON EXEMPTIONS FROM CERTAIN DISCLOSURE REQUIREMENTS.

PMFI qualifies as an "emerging growth company" under the JOBS Act. As a result, it is permitted to, and intends to, rely on exemptions from certain disclosure requirements. For so long as the Company is an emerging growth company, it will not be required to:

- have an auditor report on its internal controls over financial reporting pursuant to Section 404(b) of the Sarbanes-Oxley Act;

- comply with any requirement that may be adopted by the Public Company Accounting Oversight Board regarding mandatory audit firm rotation or a supplement to the auditor's report providing additional information about the audit and the financial statements (i.e., an auditor discussion and analysis);

- submit certain executive compensation matters to shareholder advisory votes, such as "say-on-pay" and "say-on-frequency;" and

- disclose certain executive compensation related items such as the correlation between executive compensation and performance and comparisons of the CEO’s compensation to median employee compensation.

In addition, Section 107 of the JOBS Act also provides that an emerging growth company can take advantage of the extended transition period provided in Section 7(a)(2)(B) of the Securities Act for complying with new or revised accounting standards. In other words, an emerging growth company can delay the adoption of certain accounting standards until those standards would otherwise apply to private companies. The Company will remain an emerging growth company for up to five full fiscal years, although if the market value of its common stock that is held by non-affiliates exceeds $700 million as of any June 30 before that time, it would cease to be an emerging growth company as of the following December 31, or if its annual revenues exceed $1 billion, it would cease to be an emerging growth company the following fiscal year, or if it issues more than $1 billion in non-convertible debt in a three-year period, the Company would cease to be an emerging growth company immediately.

THE COMPANY WILL ELECT TO TAKE ADVANTAGE OF THE EXTENDED TRANSITION PERIOD FOR COMPLYING WITH NEW OR REVISED ACCOUNTING STANDARDS UNDER SECTION 102(B)(1).

This election allows the Company to delay the adoption of new or revised accounting standards that have different effective dates for public and private companies until those standards apply to private companies. As a result of this election the financial statements may not be comparable to companies that comply with public company effective dates.

RISKS ABOUT OUR STOCK

SHARES OF OUR COMMON STOCK ARE SUBJECT TO THE PENNY STOCK RESTRICTIONS WHICH CREATES A LACK OF LIQUIDITY AND MAKE TRADING DIFFICULT OR IMPOSSIBLE.

Our shares of common stock are traded in the over-the-counter markets which are commonly referred to as the OTCQB. As a result, an investor may find it difficult to dispose of, or to obtain accurate quotations as to the price of our securities.

The United States Securities and Exchange Commission, or the SEC, has adopted rules that regulate broker-dealer practices in connection with transactions in "penny stocks." Penny stocks (generally) are equity securities with a price of less than $5.00, other than securities registered on certain national securities exchanges or quoted on NASDAQ, provided that current price and volume information with respect to transactions in such securities is provided by the exchange or system. Prior to a transaction in a penny stock, a broker-dealer is required to:

- Deliver a standardized risk disclosure document prepared by the SEC;
- Provide the customer with current bid and offer quotations for the penny stock;
- Explain the compensation of the broker-dealer and its salesperson in the transaction;
- Provide monthly account statements showing the market value of each penny stock held in the customer's account;
- Make a special written determination that the penny stock is a suitable investment for the purchaser; and
- Provide a written agreement to the transaction.

These requirements may have the effect of reducing the level of trading activity in the secondary market for our stock. Because our shares are subject to the penny stock rules, you may find it more difficult to sell your shares. The additional burdens imposed upon broker-dealers by such requirements may discourage broker-dealers from recommending transactions in our securities, which could severely limit the liquidity of our securities and consequently adversely affect the market price for our securities.

OUR SECURITIES ARE THINLY TRADED WHICH DOES NOT PROVIDE LIQUIDITY FOR OUR INVESTORS.

Our securities are quoted on the Over-the-Counter QB level. The OTCQB is an inter-dealer, over-the-counter market that provides significantly less liquidity than the NASDAQ Stock Market or national or regional exchanges. Securities traded on the OTCQB are usually thinly traded, highly volatile, have fewer market makers and are not followed by analysts. The

Securities and Exchange Commission's order handling rules, which apply to NASDAQ-listed securities, do not apply to securities quoted on the OTCQB. Quotes for stocks included on the OTCQB are not listed in newspapers. Therefore, prices for securities traded solely on the OTCQB may be difficult to obtain and holders of our securities may be unable to resell their securities at or near their original acquisition price, or at any price.

Investors must contact a broker-dealer to trade over-the-counter bulletin board securities. As a result, you may not be able to buy or sell our securities at the times that you may wish. Furthermore, when investors place market orders to buy or sell a specific number of shares at the current market price it is possible for the price of a stock to go up or down significantly during the lapse of time between placing a market order and its execution.

THE MARKET PRICE AND TRADING VOLUME OF SHARES OF OUR COMMON STOCK MAY BE VOLATILE.

The market price of our common stock could fluctuate significantly for many reasons, including for reasons unrelated to our specific performance, such as reports by industry analysts, investor perceptions, or negative announcements by customers, or competitors regarding their own performance, as well as general economic and industry conditions. In addition, when the market price of a company’s shares drops significantly, stockholders could institute securities class action lawsuits against the company. A lawsuit against us could cause us to incur substantial costs and could divert the time and attention of our management and other resources.

IF WE FAIL TO MAINTAIN EFFECTIVE INTERNAL CONTROLS OVER FINANCIAL REPORTING, THE PRICE OF OUR COMMON STOCK MAY BE ADVERSELY AFFECTED.

As a public reporting company, we are required to establish and maintain appropriate internal controls over financial reporting. Failure to establish those controls, or any failure of those controls once established, could adversely impact our public disclosures regarding our business, financial condition or results of operations. Any failure of these controls could also prevent us from maintaining accurate accounting records and discovering accounting errors and financial frauds. Rules adopted by the SEC pursuant to Section 404 of the Sarbanes-Oxley Act of 2002 require annual assessment of our internal control over financial reporting, and may require attestation of this assessment by our independent registered public accountants. The standards that must be met for management to assess the internal control over financial reporting as effective are complex, and require significant documentation, testing and possible remediation to meet the detailed standards. We may encounter problems or delays in completing activities necessary to make an assessment of our internal control over financial reporting. In addition, the attestation process by our independent registered public accountants is new and we may encounter problems or delays in completing the implementation of any requested improvements and receiving an attestation of our assessment by our independent registered public accountants. If we cannot assess our internal control over financial reporting as effective, or our independent registered public accountants are unable to provide an unqualified attestation report on such assessment, investor confidence and share value may be negatively impacted. In addition, management’s assessment of internal controls over financial reporting may identify weaknesses and conditions that need to be addressed in our internal controls over financial reporting or other matters that may raise concerns for investors. Any actual or perceived weaknesses and conditions that need to be addressed in our internal control over financial reporting, disclosure of management’s assessment of our internal controls over financial reporting, or disclosure of our public accounting firm’s attestation to or report on management’s assessment of our internal controls over financial reporting may have an adverse impact on the price of our common stock.

COMPLIANCE WITH CHANGING REGULATION OF CORPORATE GOVERNANCE AND PUBLIC DISCLOSURE WILL RESULT IN ADDITIONAL EXPENSES.

Changing laws, regulations and standards relating to corporate governance and public disclosure, including the Sarbanes-Oxley Act of 2002 and related SEC regulations, have significantly increased the costs and risks associated with accessing the public markets and public reporting. Our management team will need to invest significant management time and financial resources to comply with both existing and evolving standards for public companies, which will lead to increased general and administrative expenses and a diversion of management time and attention from revenue generating activities to compliance activities.

WE DO NOT INTEND TO PAY DIVIDENDS IN THE FORESEEABLE FUTURE; THEREFORE, YOU MAY NEVER SEE A RETURN ON YOUR INVESTMENT.

We do not anticipate the payment of cash dividends on our common stock in the foreseeable future. We anticipate that any profits from our operations will be devoted to our future operations. Any decision to pay dividends will depend upon our profitability at the time, cash available and other factors.

Item 1B. Unresolved Staff Comments.

None.

Item 2. Properties.

On October 14, 2009 we entered into a 5 year lease with Bernard family trust, with a commencement date of December 31, 2009. The facility is approximately 21,300 square feet and located at 17475 Gillette, Irvine CA, 92614.

On March 28, 2011 we signed an amendment to our facility lease with an increase of 1,600 square feet. The increase in the lease commenced on April 1, 2011 and continues through year five. The amended lease has the following payments:

	Original Lease	Amended lease
Year	Monthly Rent	Monthly Rent
1	7,880	7,880
2	9,850	10,650
3	10,835	11,715
4	11,820	12,780
5	12,805	13,845

On February 21st, 2012 Trident Manufacturing, Inc. entered into a 5 year lease with First Industrial Realty Trust, Inc. with a commencement date of December 31, 2009. The facility is approximately 15,040 square feet and located at 440 West Lawndale Drive, Salt Lake City UT 84115

Year	**Monthly Rent**
1	6,016
2	6,191
3	6,379
4	6,580
5	6,768

Item 3. Legal Proceedings.

None.

Item 4. Mine Safety Disclosures

Not Applicable.

PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.

Bid and ask quotations for our common shares are routinely submitted by registered broker dealers who are members of the National Association of Securities Dealers on the NASD Over-the-Counter Electronic Bulletin Board. These quotations reflect inner-dealer prices, without retail mark-up, mark-down or commission and may not represent actual transactions. The high and low bid information for our shares for each quarter for the last two years, so far as information is reported, through the quarter ended December 31, 2013, as reported by the Bloomberg Financial Network, are as follows:

2013 FISCAL YEAR	High	Low
First Quarter	$0.15	$0.010
Second Quarter	$0.10	$0.05
Third Quarter	$0.13	$0.08
Fourth Quarter	$0.135	$0.08

2012 FISCAL YEAR	High	Low
First Quarter	$0.15	$0.089
Second Quarter	$0.10	$0.005
Third Quarter	$0.13	$0.05
Fourth Quarter	$0.145	$0.08

* The low and high bid prices have been adjusted to reflect the 10:1 reverse stock split that was declared effective on January 22, 2013.

Record Holders

As of March 31, 2014, there were 24,251,945 shares of the registrant's $0.001 par value common stock issued and outstanding and were owned by approximately 240 holders of record, based on information provided by our transfer agent.

Dividend Policy

We have never declared a cash dividend on our common stock and our Board of Directors does not anticipate that we will pay cash dividends in the foreseeable future. Any future determination to pay cash dividends will be at the discretion of our board of directors and will depend upon our financial condition, operating results, capital requirements, restrictions contained in our agreements and other factors which our Board of Directors deems relevant.

Re-Purchase of Equity Securities

On November 1, 2011, the Company adopted a plan to repurchase up to 500,000 shares of its issued and outstanding common stock in accordance with the guidelines specified in Rule 10b-18 and Rule 10b5-1 of the Securities Exchange Act of 1934, as amended.

The plan allows the Company to purchase its issued and outstanding common shares in the open market or in negotiated transactions, from time to time, depending on market conditions and other factors as well as being subject to relevant rules under Untied States securities regulations. The plan does not obligate the Company to make any purchases, at any specific time or in any particular situation. The plan may be suspended or discontinued at any time at the sole discretion of the Company. Share repurchases will be funded with the Company's available cash, after determining the working capital requirements of the Company. Accordingly, there is no guarantee as to the exact number of shares that will be repurchased under the plan.

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The company's Board of Directors authorized the repurchase plan because it believes recent market conditions may have caused the Company's common stock to be undervalued. The timing and number of any shares repurchased will depend on the terms and conditions of the plan and no assurance can be given that any specific amount of common stock will be repurchased.

As of December 31, 2013, we had repurchased 11,500 shares of our common stock.

Securities Authorized For Issuance Under Equity Compensation Plans

The following table summarizes securities authorized for issuance under equity compensation plans:

	Equity Compensation Plan Information		
Plan Category	Number of shares of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)
	(a)	(b)	(c)
Qualified Equity compensation plans approved by security holders	17,789	$1.70	467,250
Non-Qualified Equity compensation plans approved by security holders	90,000	$1.3	-
Total	107,789	$1.40	467,250

Recent Sales of Unregistered Securities

For the years ended December 31, 2013 and 2012, we issued the following securities without registration under the Securities Act of 1933, as amended. These securities were issued on the reliance of an exemption provided by Section 4(2) of the Securities Act.

On December 24, 2012 we issued 500,000 Shares of common stock to an accredited investor at $.10 per share.

On March 20, 2013, we completed the acquisition of Trident Manufacturing, Inc and as a result we issued 1,600,000 shares of our common stock at $.07

On January 25, 2013 we issued 110,000 of common stock for services at $.10

On January 25, 2013 we issued 10,000 of common stock to employees at $.10

Convertible Promissory Note

On February 15, 2013 we entered into a convertible promissory note with a related party for $120,000. The note bears interest at the rate of 10% simple interest and is convertible at $.10 per share and is due on February 15, 2015.

On May 10, 2013 Luxus Micro Cap S.A. presented notice of conversion for the entire note. The shares were converted at $.010. As a result, the company issued 1,200,000 shares of common stock. The balance due on the note on December 31, 2013 is $0.

On August 7, 2013, we held our initial closing of our Series D Preferred Stock private financing offering with two related parties, whereby we received $750,000 in financing. Our Series D Preferred Stock offering terms allow us to raise up to $1,000,000 US with an over-allotment of $500,000 in multiple closings over the course of 6 months.

The following are primary terms of the Series D Preferred Stock Offering. The Series D Preferred holders will be paid a special monthly divided at the rate of 17.5% per annum or at the option of the Investor such special may accrue such special dividends. If the Company does not pay the special dividend within five (5) business days from the end of the calendar month for which the payment of such dividend to owed, the Company will pay the investor a penalty of 3.5%. Any unpaid or accrued special dividends will be paid upon a liquidation or redemption. For any other dividends or distributions, participation with common stock on an as-converted basis. The Series D Preferred holders may elect to convert the Series D Preferred Stock, in his sole discretion, at any time after a one year (1) year holding period, by sending the Company a notice to convert. The conversion rate shall equal to the greater of $0.08 or a 20% discount to the average of the three (3) lowest closing market prices of the common stock during the ten (10) trading day period prior to conversion. The Series D Preferred shall be redeemable from funds legally available for distribution at the option of the individual holders of the Series D Preferred commencing any time after the one (1) year period from the Closing (the "Redemption Period") at a price equal to the Purchase Price plus all accrued but unpaid dividends. If Company is not in financial position to pay it back it need to notify the Investors thirty (30) days prior the Redemption Period commencing and both parties will negotiate in good faith for an extension of the Redemption Period. Notwithstanding, the Company may elect to redeem the Series D Preferred shares any time after the Closing at a price equal to Purchase Price plus all accrued but unpaid dividends subject to the Investors right to convert by providing the Investors written notice about its intent to redeem whereby the Investor shall have the right to convert per the terms of the conversion terms at least ten (10) days prior to such redemption by the Company.

The capital received from the Series D Preferred Stock offering shall be used as working capital and is intended to replace the accounts receivable financing and credit line we have with Far West Capital, which upon the final closing Series D Preferred Stock offering.

On June 25th, 2013 we received $500,000 from a related party and issued 5,000 shares of Preferred Series D Preferred stock.

On September 19th 2013 we received $250,000 from a related party and issued 2,500 shares of Preferred Series D Preferred stock.

On December 4, 2013 we issued 1,000,000 Shares of common stock to an accredited investor at $.10 per share.

Item 6. Selected Financial Data.

We are a smaller reporting company as defined by Rule 12b-2 of the Securities Exchange Act of 1934 and are not required to provide the information under this item. We reserve the right not to provide the Selected Financial Data in our future filings.

The following selected historical financial information of Probe Manufacturing, Inc. has been derived from the historical results are not necessarily indicative of the results to be expected in the future. The following table is qualified by reference to and should be read in conjunction with Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations" and Item 8, "Financial Statements and Supplementary Data" and the notes thereto.

Probe Manufacturing, Inc.
Statement of Operations
for the years ended December 31,

	2013	2012
Sales	$ 3,547,961	$ 4,961,612
Cost of Goods Sold	2,580,857	3,491,639
Gross Profit	967,104	1,469,973
General And Administrative	1,356,927	1,385,163
Share Based Expense	9,051	13,300
Net Profit / (Loss) From Operations	(398,874)	71,510
Other Income / (Expenses)	41,694	-
Interest Expense	(293,472)	(187,883)
Net Profit / (Loss) Before Income Taxes	(650,652)	(116,373)
Income Tax Expense	-	-
Net Profit / (Loss)	$ (650,652)	$ (116,373)
Per Share Information:		
Basic weighted average number of common shares outstanding	22,243,577	19,848,119
Net Profit / (Loss) per common share	$ (0.03)	$ (0.01)
Per Share Information:		
Diluted, weighted average number of common shares outstanding	22,243,577	19,848,119
Diluted, Net Profit / (Loss) per common share	$ (0.03)	$ (0.01)

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PROBE MANUFACTURING, INC.
Condensed consolidated Balance sheet
as of

	December 31, 2013	December 31, 2012
Working Capital	$ 123,717	$ 131,010
Total Assets	1,729,623	1,711,761
Long term Debt	-	-
Stockholder Equity	$ 728,892	$ 284,973

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

You should read this section together with our consolidated financial statements and related notes thereto included elsewhere in this report.

We intend that our forward-looking statements be subject to the safe harbors created by the Securities and Exchange Act of 1934, as amended. The forward-looking statements are generally accompanied by words such as "intend," "anticipate," "believe," "estimate," "expect" and other similar words and statements and variations or negatives of these words. Our forward-looking statements are based on current expectations, forecasts and assumptions and are subject to risks, uncertainties and changes in condition, significance, value and effect, including those discussed under the heading "Risk Factors" in this report filed with the United States Securities and Exchange Commission or the SEC. Such risks, uncertainties and changes in condition, significance, value and effect could cause our actual results to differ materially from our anticipated outcomes. Although we believe that the assumptions underlying the forward-looking statements are reasonable, any of the assumptions could prove inaccurate. Therefore, we can give no assurance that the results implied by these forward-looking statements will be realized. The inclusion of forward-looking information should not be regarded as a representation by our company or any other person that the future events, plans or expectations contemplated by Probe Manufacturing, Inc. will be achieved. We disclaim any intention or obligation to update or revise any forward-looking statements contained in the documents incorporated by reference herein, whether as a result of new information, future events or otherwise.

Overview

Probe Manufacturing Industries, Inc. was incorporated on July 7, 1995. On April 21, 2005, the Company was re-domiciled from California to Nevada, and changed its name to Probe Manufacturing, Inc. (the "Company," "Probe," or "PMI") We provide global design and manufacturing services to original electronic equipment manufacturers (OEM) from our 23000 sq-ft facility in Irvine, California and Trident Manufacturing's 16000 sq-ft facility in Salt Lake City, Utah, which we subsequently acquired in the first quarter of 2013. Our revenue is generated from sales of our services primarily to customers in the medical device, aerospace/military, telecommunication, alternative fuel, industrial and instrumentation product manufacturers. We provide our domestic customers with low cost, flexible and scalable manufacturing services. We utilize innovative manufacturing solutions, automated management systems and global sourcing strategies to provide our customers with onshore, scalable manufacturing solutions. The services that we provide are commonly referred to as Electronics Manufacturing Services (EMS). Our EMS offerings include new product introduction, collaborative design, procurement and materials management, product manufacturing, product warranty repair, and end-of-life support. We offer our customers comprehensive and integrated design and manufacturing services, from initial product design to production and direct order fulfillment. Our engineering services include product design, printed circuit board layout, prototyping, and test development. Our supply chain management solutions include purchasing, management of materials, and order fulfillment. Our manufacturing services include printed circuit board assembly, cable assembly, mechanical assembly, and fully integrated box build systems for high complexity electronics.

The majority of our revenue is driven from manufacturing a mix of complex printed circuit board assemblies (PCB), and box build assemblies. Some examples of our customer's finished goods products includes Ultrasound Therapeutic medical devices, electronic control units that help vehicles run on natural gas or hydrogen, electronic control units for precision laser welding equipment, PCB's for landing gear systems and flap controllers, fluid control units for airliners, and devices for defense industry.

Our strategy is to build and pursue global opportunities leveraging core competencies and to expand our manufacturing foundry platform for innovative start-ups in return for manufacturing rights and equity.

As innovation, cost, and time to market become hyper competitive, domestic OEM's are now compelled to use EMS partners with easy onshore access, providing local program management during product conceptualization, development, and integration. Many of the mid-tier OEMs in industries such as military/aerospace, medical, industrial/instrumentation, and green-tech products tend to be too small for $1 billion-plus revenue EMS companies. Most of these OEMs value close proximity and the ability to provide complex manufacturing and personal customer service, which often favors regional providers that truly value and foster their relationships.

Furthermore, with the recent cost increases in labor, currency movements and freight concerns, the ability to also provide near-shore manufacturing is expected to generate increased interest. The low to medium EMS market compared to high volume has proved to be a higher margin with higher gross profits and sustained growth momentum. Our target accounts are mid-tier, U.S. based OEMs with annual sales from $15 million to $500 million.

We believe that with the combination of: (i) our management expertise; (ii) low overhead and cost structure; (iii) sophisticated management system developed internally to oversee operational systems; (iv) innovative manufacturing solutions and now multiple domestic facilities; and (v) global sourcing solutions and domestic customer centric program management team, PMI is well positioned to take advantage of the projected increase in outsourced onshore manufacturing.

On March 20, 2013, we completed the acquisition of Trident Manufacturing, Inc., a full-service electronics manufacturing services company based in Salt Lake City, Utah. This acquisition and future acquisitions like this will provide us with an expanded presence in lower cost regions of the US; strengthen our supply chain performance while increasing service levels and profitability; provides additional manufacturing capacity and value-added cable and harness offerings through Trident’s facility and ultimately enhance our capacity to deliver seamless end-to-end solutions for diversified markets from manufacturing to distribution.

Going Concern

The financial statements have been prepared on a going concern basis, which contemplates continuity of operations, realization of assets and liquidation of liabilities in the normal course of business. The Company had a total stockholder’s equity of $728,892 and a working capital surplus of $123,717; however, we still had net loss of $(650,652) for the year ended December 31, 2013 and an accumulated deficit of $(1,286,907) as of December 31, 2013 and used $266,038 in net cash from operating activity for the year ended December 31, 2013. Therefore, the ability of the Company to operate as a going concern is still dependent upon its ability (1) to obtain sufficient debt and/or equity capital and/or (2) to generate positive cash flow from operations.

Our Products and Services

Engineering. Our global engineering team supports technology customers and innovative start-ups with a broad range of electrical, mechanical and software engineering services. PMI has assembled a team of experts from around the globe to assist customers at any point in the design cycle. These services include design processes from electrical, software, mechanical, Industrial and PCB design. Utilization of PMI’s design services will enable rapid market entry for our customers. It provides flexibility by becoming the extension of their engineering and allowing customers to focus on their business strategy.

Supply Chain Management. PMI’s supply chain solution provides maximum flexibility and responsiveness through a collaborative and strategic approach with our customers. PMI can assume supply chain responsibility from component sourcing through delivery of finished product. PMI’s supply chain focus is on building internal and external systems and relationships, which allow us to capitalize on our expertise to align with our customer’s objectives and integrate with their processes today and in the future.

Manufacturing. Flexibility, responsiveness, communication, global supply chain management and speed are key values in what we offer our customers. We establish clear communication about our customer needs and requirements enabling a seamless integration with their objectives and processes. PMI’s manufacturing capability supports high and low-mix assemblies for prototypes, to medium-volume quantities in California and high-volume production in Asia. Our manufacturing operations include printed circuit board assembly and testing; cable and harness assembly; mechanical assembly; and complex system integration.

Plan of Operation

Management is taking the following steps to sustain profitability and growth: (i) organic growth, new sales and expansion of services along the supply chain line; (ii) Utilization of our manufacturing foundry platform to support innovators by making investment in their technologies in return for manufacturing rights and equity; and (iv) expansion of capabilities and competencies through mergers & acquisitions providing scale, cost synergies and revenue opportunities.

Our future success is likely dependent on our ability to sustain profitable growth and attain additional capital to support growth. There can be no assurance that we will be successful in obtaining any such financing, or that it will be able to generate sufficient positive cash flow from operations. The successful outcome of these or any future activities cannot be determined at this time and there is no assurance that if achieved, we will have sufficient funds to execute its business plans. The financial statements do not include any adjustments relating to the recoverability and classification of asset carrying amounts or the amount and classification of liabilities that might result should we be unable to continue as a going concern.

On February 18, 2011 we entered into an Accounts Receivable Purchasing Agreement (the "ARPA") with DSCH Capital Partners, LLC d/b/a Far West Capital ("FWC"), an unaffiliated third party. Pursuant to the ARPA, FWC may purchase, in its sole discretion, eligible accounts receivable of our company on a revolving basis up to a maximum of $750,000. Under the terms of the ARPA, FWC may purchase eligible receivables from us with full recourse for the face amount of such eligible receivables less a discount of 1.0%. In addition, we are required to pay FWC a monthly cost of funds fee equal to the net funds employed by FWC at a rate equal to the Wall Street Journal Prime Lending Rate plus 4.75%, with a floor of 7.00%. FWC will retain 20% of the purchase price of the receivables as a reserve amount.

The ARPA also provides that FWC has the right to require us to repurchase any purchased accounts receivable: (a) if there is a dispute as to the validity of such receivable by the account debtor, (b) if certain covenants, warranties or representations made by us with respect to such receivables are breached, (c) upon and during the continuance of an event of default under the ARPA or upon the termination of the ARPA, or (d) if such receivable remains unpaid 90 days after the invoice date. The ARPA has an initial term of one year with automatic renewals for successive one-year periods. Notwithstanding that, FWC may terminate the ARPA at any time upon 90 days prior written notice or without notice upon and during the continuance of an event of default.

Additionally, provided there does not exist an event of default under the ARPA or the rider thereto (the "Rider"), FWC may make advances to or for the benefit of the company in an aggregate amount up to and not to exceed $250,000.00 from time to time during the term of the Rider and upon our request therefore, which advances shall be subject to all of the terms and conditions of the ARPA and shall be revolving consisting of advances against our eligible inventory as defined in the Rider as follows: (i) the advances against eligible inventory, at FWC's discretion, will be in amounts up to the sum 50% of all eligible inventory; provided, however, the advances against eligible inventory shall at no time exceed 33% of the net outstanding purchased accounts under the ARPA plus the outstanding amount due, or net funds employed, from advances made on eligible inventory within conditions contained within the Rider. The balance cap percentage shall be 25% after 120 days from date of the Rider. Eligible inventory will be valued at the lower of cost or market value.

There can be no assurances that this financing will be sufficient to sustain profitable growth and attain additional capital to support growth. There can be no assurance that we will be successful in obtaining any such additional financing, or that we will be able to generate sufficient positive cash flow from operations. The successful outcome of these or any future activities cannot be determined at this time and there is no assurance that if achieved, we will have sufficient funds to execute its business plans. The financial statements do not include any adjustments relating to the recoverability and classification of asset carrying amounts or the amount and classification of liabilities that might result should we be unable to continue as a going concern.

On November 4th 2013 this financing line was paid off in full.

Summary of Results

For the year ended December 31, 2013, we had a net loss of $(650,652) compared to a net loss of $(116,373) for the same period in 2012. The increase in the net loss in 2013was mainly due to the decrease in sales of 1,413,651, although we did not lose customers, we saw a general slowdown in the economy and a decrease in sales across the board. Also we saw an increase in interest expense of $105,589, due to increased fees as well as early termination fees due to the pay off of the line of credit. In addition we saw an increase in administrative expenses due to the investment in additional certifications and personnel and purchases of additional manufacturing equipment. For the year ended December 31, 2013, our revenue was $3,547,961 compared to $4,961,612 for the same period in 2012, For the year ended December 31, 2013, our cost of goods sold was 73% compared to 70% for the same period in 2012, mainly due to the increase in direct labor as a percent of sales. For the twelve months ended December 31, 2013, our gross margin was 27% compared to 30% for the same period in 2012. For the twelve months ended December 31, 2013, our SG&A cost was 38% compared to 28% for the same period in 2012. For the year ended December 31, 2013, we had a net loss from operations of (398,874), net loss of $(650,652) and a working capital surplus of $123,718. Our total stockholder's equity increased by $443,919, resulting in shareholder surplus of $728,891 as of December 31, 2013. As of December 31, 2013, we had a working capital surplus of $123,718, compared to working capital surplus of $131,010 as of December 31, 2012, a decrease of $7,292.

Key performance indicators for the year ended December 31, 2013 and 2012:

Key performance indicators:

	2013	**2012**
Inventory Turnover	3.92	5.41
Days Sales in Backlog	145	67
Days Sales Outstanding	67	68
Days Payables Outstanding	76	46

Inventory turnover are calculated as the ratio of cost of material compared to the average inventory for that period. For the year ended December 31, 2013, our inventory turnover was 3.92 compared to 5.41 for the same period in 2012.

Days sales in backlog are calculated based on our back log divided by average daily sales during that period. For the year ended December 31, 2013, Days Sales in Backlog was 145 days compared to 67 days for the same period in 2012.
Our backlog as of December 31, 2013 was $1,429,555 compared to $913,427 as of December 31, 2012. Subsequently our backlog has grown to $2,895,588 as if April 7, 2014

Days sales outstanding is calculated as the ratio of average accounts receivable during that period compared to average daily sales for the same period, this has deteriorated as a result of our customers stretching out payments and adverse economic conditions in general. For the year ended December 31, 2013, days receivables outstanding was 67 days compared to 68 days for the same period in 2012.

Days payable outstanding is calculated as the ratio of average accounts payable during that period compared to average daily sales for the same period. For the year ended December 31, 2013, day's payable outstanding was 76 compared to 46 for the same period in 2011.

Critical Accounting Policies and basis of presentation

The accompanying financial statements of the Company have been prepared in accordance with the instructions to Form 10-K for the fiscal year ending December 31, 2013.

We follow United States Generally Accepted Accounting Principles, or GAAP. Certain of the principles involve selection among alternatives and choices of methods, which are described in the footnotes to our financial statements.

Cash and Cash Equivalents

We maintain the majority of its cash accounts at a commercial bank. The total cash balance is insured by the Federal Deposit Insurance Corporation ("FDIC") up to $250,000 per commercial bank. For purposes of the statement of cash flows we consider all cash and highly liquid investments with initial maturities of one year or less to be cash equivalents.

Estimates

The preparation of financial statements in conformity with GAAP 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 revenue and expenses during the reporting period. Such estimates may be materially different from actual financial results. Significant estimates include the recoverability of long-lived assets, the collection of accounts receivable and valuation of inventory and reserves.

Accounts Receivable

We grant credit to our customers located within the United States of America; and do not require collateral. Our ability to collect receivables is affected by economic fluctuations in the geographic areas and industries served by us.

Reserves for un-collectable amounts are provided, based on past experience and a specific analysis of the accounts. Although we expect to collect amounts due, actual collections may differ from the estimated amounts. As of December 31, 2013, we had a reserve for potentially un-collectable accounts of $28,441. Five (5) customers accounted for approximately 80% of accounts receivable at December 31, 2013 and one customer accounted for 26% and no other customer accounted for more than 22% of the accounts receivable balance. Our trade accounts primarily represent unsecured receivables. Historically, our bad debt write-offs related to these trade accounts have been insignificant.

Inventory

Inventories are valued at the lower of weighted average cost or market value. Our industry experiences changes in technology, changes in market value and availability of raw materials, as well as changing customer demand. We make provisions for estimated excess and obsolete inventories based on regular audits and cycle counts of our on-hand inventory levels and forecasted customer demands and at times additional provisions are made. Any inventory write offs are charged to the reserve account. As of December 31, 2013, we had a reserve for potentially obsolete inventory of $205,000.

Property and Equipment

Property and equipment are stated at cost. Assets held under capital leases are recorded at lease inception at the lower of the present value of the minimum lease payments or the fair market value of the related assets. We follow the practice of capitalizing property and equipment purchased over $5,000. The cost of ordinary maintenance and repairs is charged to operations. Depreciation and amortization are computed on the straight-line method over the following estimated useful lives of the related assets:

Furniture and fixtures	3 to 7 years
Equipment	7 to 10 years
Leasehold improvements	2 years (life of the lease)

Long –Lived Assets

Our management assesses the recoverability of its long-lived assets by determining whether the depreciation and amortization of long lived assets over their remaining lives can be recovered through projected undiscounted future cash flows. The amount of long-lived asset impairment if any, is measured based on fair value and is charged to operations in the period in which long-lived assets impairment is determined by management. There can be no assurance however, that market conditions will not change or demand for our services will continue, which could result in impairment of long-lived assets in the future.

Revenue Recognition

Revenue from product and services are recognized at the time goods are shipped or services are provided to the customer, with an appropriate provision for returns and allowances. Terms are generally FOB origination with the right of inspection and acceptance. We have not experienced a material amount of rejected or damaged product.

Fair Value of Financial Instruments

The carrying amount of accounts payable and accrued expenses are considered to be representative of their respective fair values because of the short-term nature of these financial instruments.

Other Comprehensive Income

We have no material components of other comprehensive income (loss) and accordingly, net loss is equal to comprehensive loss in all periods.

Net Profit/(Loss) per Common Share

Basic profit / (loss) per share is computed on the basis of the weighted average number of common shares outstanding. At December 31, 2013, we had outstanding common shares of 24,251,945 used in the calculation of basic earnings per share. Basic Weighted average common shares and equivalents at December 31, 2013 and 2012 were 22,243,577 and 19,848,119, respectively. As of December 31, 2013, we had outstanding warrants to purchase 1,050,000 additional common shares and options to purchase 107,789 additional common shares. Fully diluted weighted average common shares and equivalents for the years ended 2013 and 2012 were withheld from the calculation in 2013, as they were anti-dilutive due to the net loss.

Research and Development

We have curtailed all research and development and focusing our business on its core business of electronics contract manufacturing.

Research and Development Costs incurred in association with the alternative fuels technology development (which include salaries and equipment) were expensed as incurred. We expensed $0.00 in Research and Development Costs during the years ended December 31, 2013 and 2012.

Segment Information

Except as identified above in the research and development section, we operate our primary business of electronics contract manufacturing.

Share Based Compensation

For a discussion on share based compensation and recently issued accounting pronouncements relating to share based compensation, see Note 2, Basis of Presentation and Summary of Significant Accounting Policies, to our accompanying audited financial statements.

Income Taxes

For a discussion income taxes and recently issued accounting pronouncements relating to share based compensation, see Note 2, Basis of Presentation and Summary of Significant Accounting Policies, to our accompanying financial statements.

Result of operations

The following table summarizes certain items in the statements of operations as a percentage of net sales. The financial information and discussion below should be read in conjunction with the accompanying financial statements and notes thereto.

Probe Manufacturing, Inc.
Statement of Operations
for the years ended December 31,

	2013	2012
Sales	100%	100%
Cost Of Goods Sold	73%	70%
Gross Profit	27%	30%
General And Administrative	38%	28%
Share Based Compensation	0%	0%
Net Profit / (Loss) From Operations	-11%	1%
	0%	0%
Other Income / (Expenses)	1%	0%
Interest Expense	-8%	-4%
Net Profit / (Loss) Before Income Taxes	-18%	-2%
Income Tax Expense	0%	0%
Net Profit / (Loss)	-18%	-2%

Net Sales

For the year ended December 31, 2013, our revenue was $3,547,961 compared to $4,961,612 for the same period in 2012. Our revenue decreased by $1,413,651 for the year ended December 31, 2013, compared to the same period in 2012. The decreased in revenue was due decreased orders across the board, although we did not lose any customers, we saw a general slowdown in the economy and a decrease in sales across the board.

Major Customers

Our top 5 customers accounted for approximately 60% of our net sales for the year ended December 31, 2013, compared to 69%, for the same period in 2012. We believe that our ability to grow our core business depends on increasing sales to existing customers, and on successfully attracting new customers. Customer contracts can be canceled and volume levels can be changed or delayed based on our customer's performance and the end users' markets they serve which we have no control

over. The timely replacement of delayed, canceled or reduced orders with new business cannot be ensured. In addition, we cannot assume that any of our current customers will continue to utilize our services. Consequently, our results of operations may be materially adversely affected.

Gross Profit

For the year ended December 31, 2013, our gross profits decreased to 27% from 30% for the same period in 2012. Our gross profits could vary from period to period and is affected by a number of factors, including product mix, production efficiencies, component availability and costs, pricing, competition, customer requirements and unanticipated restructuring or inventory charges and potential scrap of materials.

Selling, General and Administrative (SG&A) Expenses

For the year ended December 31, 2013, our SG&A expense was 39% compared to 28% for the same period in 2012. This Increase was primarily due to our increase in expenses associated with investments in our infrastructure Medical device and Aerospace manufacturing approvals and certifications.

Net (Loss) from operations

For the year ended December 31, 2013, our net loss from operations was (11)% compared to net income from operations of 1% for the same period in 2012. This decrease was primarily due to the decrease in revenue of $1,413,651 and our increase in investment in our medical and aerospace certifications.

Net Income / Loss

For the year ended December 31, 2013, our net loss was (18%) compared to net income from operations of (2)% for the same period in 2012. This decrease was primarily due to the decrease in revenue of $1,413,651 and our increase in investment in our medical and aerospace certifications.

Interest Expense

For the year ended December 31, 2013 interest expense was $293,472 compared to $187,833 for the same period in 2012, due to increased fees as well as early termination fees due to the pay off of the line of credit.

Liquidity and Capital Resources

PROBE MANUFACTURING, INC.
Condensed Statements of Cash Flows
for the years ended December 31,

	Un-audited **2013**	Un-audited **2012**
Net Cash provided / (Used) In Operating Activities	$ (270,060)	$ (314,334)
Cash Flows Used In Investing Activities	(48,451)	(47,719)
Cash Flows Provided / (used) By Financing Activities	306,978	362,964
Net (Decrease) Increase in Cash and Cash Equivalents	$ (11,533)	$ 911

Capital Requirements for long-term Obligations

None.

Off-balance Sheet Arrangement

We currently have no off-balance sheet arrangements.

Contractual Obligations

We are a smaller reporting company as defined by Rule 12b-2 of the Securities Exchange Act of 1934 and are not required to provide the information under this item.

Item 7a. Quantitative and Qualitative Disclosures about Market Risk.

We are a smaller reporting company as defined by Rule 12b-2 of the Securities Exchange Act of 1934 and are not required to provide the information under this item.

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Item 8. Financial Statements and Supplemental Data.

PROBE MANUFACTURING, INC.
(A DEVELOPMENT STAGE COMPANY)
10-K
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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

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PROBE MANUFACTURING, INC.
Condensed Balance Sheet
Preliminary

	December 31, 2013	December 31, 2012
Assets		
Current Assets:		
Cash	$ 6,749	$ 19,260
Accounts receivable - net	429,413	908,697
Inventory	688,286	629,841
Total Current Assets	1,124,448	1,557,798
Property And Equipment - Net	142,058	131,587
Goodwill	420,673	-
Other Assets	42,444	22,376
Total Assets	$ 1,729,623	$ 1,711,761
Liabilities And Stockholders' (Deficit)		
Current Liabilities:		
Bank Overdraft	16,098	-
Accounts payable - trade	654,127	453,913
Accrued Expenses	146,939	105,668
Notes Payable - Line of Credit	-	858,543
Notes Payable - Current	183,567	8,664
Total Current Liabilities	1,000,731	1,426,788
Long-Term Debt:		
Notes Payable	-	-
Less Current portion of Long Term Debt	-	-
Net Long-Term Debt	-	-
Total Liabilities	1,000,731	1,426,788
Stockholders' (Deficit)		
Preferred D stock, stated value $100 per share; 20,000 shares authorized; 5000 shares and 0 shares issued and outstanding respectively	750,000	-
Common stock, $.001 par value; 400,000,000 shares authorized; 23,251,945 and 20,331,906 shares issued and outstanding respectively	24,253	20,332
Additional paid-in capital	1,242,659	620,130
Treasury Stock	(1,113)	(633)
Accumulated deficit	(1,286,907)	(354,856)
Total Stockholders' (Deficit)	728,892	284,973
Total Liabilities And Stockholders' Deficit	$ 1,729,623	$ 1,711,761

The accompanying footnotes are an integral part of these financial statements

Table of Contents Financial Statements

Probe Manufacturing, Inc.
Statement of Operations
for the years ended December 31,

	2013	2012
Sales	$ 3,547,961	$ 4,961,612
Cost of Goods Sold	2,580,857	3,491,639
Gross Profit	967,104	1,469,973
General And Administrative	1,356,927	1,385,163
Share Based Expense	9,051	13,300
Net Profit / (Loss) From Operations	(398,874)	71,510
Other Income / (Expenses)	41,694	-
Interest Expense	(293,472)	(187,883)
Net Profit / (Loss) Before Income Taxes	(650,652)	(116,373)
Income Tax Expense	-	-
Net Profit / (Loss)	$ (650,652)	$ (116,373)
Per Share Information:		
Basic weighted average number of common shares outstanding	22,243,577	19,848,119
Net Profit / (Loss) per common share	$ (0.03)	$ (0.01)
Per Share Information:		
Diluted, weighted average number of common shares outstanding	22,243,577	19,848,119
Diluted, Net Profit / (Loss) per common share	$ (0.03)	$ (0.01)

The accompanying footnotes are an integral part of these financial statements

Table of Contents Financial Statements

Probe Manufacturing, Inc.
Consolidated Statement of Stockholders Equity
December 31, 2013

	Common Stock .001 Par		Preferred Stock .001 Par		Treasury Stock				
Description	**Shares**	**Amount**	**Shares**	**Amount**	**Shares**	**Amount**	**Additional Paid in Capital**	**Accumulated Deficit**	**Stock holders' Deficit Totals**
Balance 12/31/2011	19,765,906	$ 19,767	-	$ -	11,500	$ (633)	$ 557,395	$ (238,483)	$ 338,046
									-
Shares issued to Employees	66,000	66					3,234		3,300
Shares to be issued - key employees							10,000		10,000
Stock issued for cash	500,000	500					49,500		50,000
Net Profit								(116,373)	(116,373)
12/31/2012	20,331,906	$ 20,333	-	$ -	11,500	$ (633)	$ 620,129	$ (354,856)	$ 284,973
Shares issued For Services	110,000	110					10,890		11,000
Shares issued For Services							(10,000)		(10,000)
Shares issued to employees	10,000	10					990		1,000
Shares due to rounding	39	0					-		0
Repurchased Employee shares					9,600	(480)			(480)
Push down allocation							262,980		262,980
Trident equity							18,419	$ (281,399)	(262,980)
Conversion of Promisory Note	1,200,000	1,200					118,800		120,000
Issued Preferred Shares			5,000	500,000					500,000
Shares issued for Trident	1,600,000	1,600					114,400		116,000
Issued Preferred Shares			2,500	250,000					250,000
Issued common Shares	1,000,000	1,000					99,000		100,000
									-
Share Based compensation							7,051		7,051
									-
Net Profit								(650,652)	(650,652)
12/30/2013	24,251,945	24,253	7,500	750,000	21,100	(1,113)	1,242,659	(1,286,907)	728,892

The accompanying footnotes are an integral part of these financial statements

Table of Contents Financial Statements

PROBE MANUFACTURING, INC.
Consolidated Statements of Cash Flows
for the years ended December 31,

	2013	2012
Cash Flows from Operating Activities:		
Net Income / (Loss)	$ (650,652)	$ (116,373)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	37,980	43,224
Share based compensation	9,051	13,300
Gain on Shares issued	(41,694)	-
Stock issued for Services	-	-
Net Assets Acquired	(262,979)	-
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	479,284	(189,377)
(Increase) decrease in inventory	(58,445)	63,687
(Increase) decrease in other assets	(20,068)	18,333
(Decrease) increase in accounts payable	200,214	(64,713)
Other (Decrease) increase in accrued expenses	41,271	(82,415)
Net Cash provided / (Used) In Operating Activities	(266,038)	(314,334)
Cash Flows from Investing Activities		
Purchase property plant and equipment	(48,451)	(47,719)
Cash Flows Used In Investing Activities	(48,451)	(47,719)
Cash Flows from Financing Activities		
Bank Overdraft / (Repayment)	16,098	-
(Decrease) increase in advances line of credit	(738,156)	312,964
Repurchase Treasury Stock	(480)	
Preferred Stock issued for cash	750,000	
Common Stock issued for cash	220,000	50,000
Proceeds / (Payments) on notes payable	54,516	-
Cash Flows Provided / (used) By Financing Activities	301,978	362,964
Net (Decrease) Increase in Cash and Cash Equivalents	(12,511)	911
Cash and Cash Equivalents at Beginning of Period	19,260	18,349
Cash and Cash Equivalents at End of Period	$ 6,749	$ 19,260
Supplemental Information:		
Interest Paid	293,471	186,886
Shares isssued for Acquisition	116,000	
Shares Issued for Services	$ 2,124	$ 13,300

The accompanying footnotes are an integral part of these financial statements

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Probe Manufacturing, Inc.
Notes to Financial Statements
For The Years Ended December 31, 2013 And 2012

Notes 1- GENERAL

The Company

Probe Manufacturing, Inc. was founded in 1993. Probe is a high quality global electronics manufacturing service (EMS) company. We provide a full range of engineering, manufacturing and integrated supply chain services to original equipment manufacturers (OEM) companies, who design and market electronic products. Currently, our revenue is generated from sales of our services primarily to customers in the medical device, aerospace, alternative fuel, industrial and instrumentation products manufacturers. Probe's EMS offerings include new product introduction, collaborative design, materials management, product manufacturing, product testing and product warranty repair, and end-of-life support. Because our core business is a service company, we're impacted by our customer's ability to appropriately predict market demand for their products. While we work with our customers to understand their demand needs, we are removed from the actual end-market served by our customers. Consequently determining future trends and estimates of activity can be very difficult.

Going Concern

The financial statements have been prepared on a going concern basis, which contemplates continuity of operations, realization of assets and liquidation of liabilities in the normal course of business. The Company had a total stockholder's equity of $728,892 and a working capital surplus of $123,717; however, we still had net loss of $(650,652) for the year ended December 31, 2013 and an accumulated deficit of $(1,286,907) as of December 31, 2013 and used $266,038 in net cash from operating activity for the year ended December 31, 2013. Therefore, the ability of the Company to operate as a going concern is still dependent upon its ability (1) to obtain sufficient debt and/or equity capital and/or (2) to generate positive cash flow from operations.

Plan of Operations

Management is taking the following steps to sustain profitability and growth: (i) organic growth, new sales and expansion of services along the supply chain line; (ii) Utilization of our manufacturing foundry platform to support innovators by making investment in their technologies in return for manufacturing rights and equity; (iv) expansion of capabilities and competencies through mergers & acquisitions providing scale, cost synergies and revenue opportunities.

Our future success is likely dependent on our ability to sustain profitable growth and attain additional capital to support our future success is likely dependent on our ability to attain growth capital in order to sustain growth and profitability. There can be no assurance that we will be successful in obtaining any such financing, or that it will be able to generate sufficient positive cash flow from operations. The successful outcome of these or any future activities cannot be determined at this time and there is no assurance that if achieved, we will have sufficient funds to execute its business plans. The financial statements do not include any adjustments relating to the recoverability and classification of asset carrying amounts or the amount and classification of liabilities that might result should we be unable to continue as a going concern.

There can be no assurances that this financing will be sufficient to sustain profitable growth and attain additional capital to support growth. There can be no assurance that we will be successful in obtaining any such additional financing, or that we will be able to generate sufficient positive cash flow from operations. The successful outcome of these or any future activities cannot be determined at this time and there is no assurance that if achieved, we will have sufficient funds to execute its business plans. The financial statements do not include any adjustments relating to the recoverability and classification of asset carrying amounts or the amount and classification of liabilities that might result should we be unable to continue as a going concern.

NOTE 2 – BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The accompanying financial statements of the Company have been prepared in accordance with the instructions to Form 10-K for the fiscal year ending December 31, 2013.

We follow the Generally Accepted Accounting Principles of the United States, or GAAP. Certain of the principles involve selection among alternatives and choices of methods, which are described in the footnotes to our audited financial statements.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States 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 revenue and expenses during the reporting period. Such estimates may be materially different from actual financial results. Significant estimates include the recoverability of long-lived assets, the collection of accounts receivable and valuation of inventory and reserves.

Cash and Cash Equivalents

We maintain the majority of its cash accounts at a commercial bank. The total cash balance is insured by the Federal Deposit Insurance Corporation ("FDIC") up to $250,000 per commercial bank. For purposes of the statement of cash flows we consider all cash and highly liquid investments with initial maturities of one year or less to be cash equivalents.

Accounts Receivable

We grant credit to its customers located within the United States of America; and do not require collateral. Our ability to collect receivables is affected by economic fluctuations in the geographic areas and industries served by us.

Reserves for un-collectable amounts are provided, based on past experience and a specific analysis of the accounts. Although we expect to collect amounts due, actual collections may differ from the estimated amounts. As of December 31, 2013, we had a reserve for potentially un-collectable accounts of $38,441. Five (5) customers accounted for approximately 80% of accounts receivable at December 31, 2013 and one customer accounted for 26% and no other customer accounted for more than 22% of the accounts receivable balance. Our trade accounts primarily represent unsecured receivables. Historically, our bad debt write-offs related to these trade accounts have been insignificant.

Inventory

Inventories are valued at the lower of weighted average cost or market value. Our industry experiences changes in technology, changes in market value and availability of raw materials, as well as changing customer demand. We make provisions for estimated excess and obsolete inventories based on regular audits and cycle counts of our on-hand inventory levels and forecasted customer demands and at times additional provisions are made. Any inventory write offs are charged to the reserve account. As of December 31, 2013, we had a reserve for potentially obsolete inventory of $205,000.

Property and Equipment

Property and equipment are stated at cost. Assets held under capital leases are recorded at lease inception at the lower of the present value of the minimum lease payments or the fair market value of the related assets. The cost of ordinary maintenance and repairs is charged to operations. Depreciation and amortization are computed on the straight-line method over the following estimated useful lives of the related assets:

Furniture and fixtures	3 to 7 years

Equipment	7 to 10 years
Leasehold improvements	2 years (life of the lease)

Long –Lived Assets

Our management assesses the recoverability of its long-lived assets by determining whether the depreciation and amortization of long lived assets over their remaining lives can be recovered through projected undiscounted future cash flows. The amount of long-lived asset impairment if any, is measured based on fair value and is charged to operations in the period in which long-lived assets impairment is determined by management. There can be no assurance however, that market conditions will not change or demand for our services will continue, which could result in impairment of long-lived assets in the future.

Revenue Recognition

Revenue from product and services are recognized at the time goods are shipped or services are provided to the customer, with an appropriate provision for returns and allowances. Terms are generally FOB origination with the right of inspection and acceptance. We have not experienced a material amount of rejected or damaged product.

The Company provides services for its customers that range from contract design to original product design to repair services. The Company recognizes service revenue when the services have been performed, and the related costs are expensed as incurred.

Fair Value of Financial Instruments

The carrying amount of accounts payable and accrued expenses are considered to be representative of their respective fair values because of the short-term nature of these financial instruments.

Other Comprehensive Income

We have no material components of other comprehensive income (loss) and accordingly, net loss is equal to comprehensive loss in all periods.

Net Profit / (Loss) per Common Share

Basic profit / (loss) per share is computed on the basis of the weighted average number of common shares outstanding. At December 31, 2013, we had outstanding common shares of 24,251,945 used in the calculation of basic earnings per share. Basic Weighted average common shares and equivalents at December 31, 2013 and 2012 were 22,243,577 and 19,848,119, respectively. As of December 31, 2013, we had outstanding warrants to purchase 1,050,000 additional common shares and options to purchase 107,789 additional common shares. Fully diluted weighted average common shares and equivalents for the years ended 2013 and 2012 were withheld from the calculation in 2013, as they were anti-dilutive due to the net loss.

Research and Development

Research and Development Costs incurred in association with the alternative fuels technology development (which include salaries and equipment) were expensed as incurred. We expensed $0 in R&D during the years ended December 31, 2013 and 2012.

Segment Disclosure

FASB Codification Topic 280, *Segment Reporting*, establishes standards for reporting financial and descriptive information about an enterprise's reportable segments. We have determined that we have one reportable segment, with contract electronics manufacturing. As such, our operations have been aggregated into one reportable segment for all periods presented.

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Share Based Compensation

The company has adopted the use of Statement of Financial Accounting Standards No. 123R, "Share-Based Payment" (SFAS No. 123R) (now contained in FASB Codification Topic 718, *Compensation-Stock Compensation*), which supersedes APB Opinion No. 25, "Accounting for Stock Issued to Employees", and its related implementation guidance and eliminates the alternative to use Opinion 25's intrinsic value method of accounting that was provided in Statement 123 as originally issued. This Statement requires an entity to measure the cost of employee services received in exchange for an award of an equity instruments, which includes grants of stock options and stock warrants, based on the fair value of the award, measured at the grant date, (with limited exceptions). Under this standard, the fair value of each award is estimated on the grant date, using an option-pricing model that meets certain requirements. We use the Black- Scholes option-pricing model to estimate the fair value of our equity awards, including stock options and warrants. The Black-Scholes model meets the requirements of SFAS No. 123R; however, the fair values generated may not reflect their actual fair values, as it does not consider certain factors, such as vesting requirements, employee attrition and transferability limitations. The Black-Scholes model valuation is affected by our stock price and a number of assumptions, including expected volatility, expected life, risk-free interest rate and expected dividends. We estimate the expected volatility and estimated life of our stock options at grant date based on historical volatility; however, due to the thinly traded nature of our stock, we have chosen to use an average of the annual volatility of like companies in our industry. For the "risk-free interest rate", we use the Constant Maturity Treasury rate on 90 day government securities. The term is equal to the time until the option expires. The dividend yield is not applicable, as the company has not paid any dividends, nor do we anticipate paying them in the foreseeable future. The fair value of our restricted stock is based on the market value of our free trading common stock, on the grant date calculated using a 20 trading day average. At the time of grant, the share based-compensation expense is recognized in our financial statements based on awards that are ultimately expected to vest using historical employee attrition rates and the expense is reduced accordingly. It is also adjusted to account for the restricted and thinly traded nature of the shares. The expense is reviewed and adjusted in subsequent periods if actual attrition differs from those estimates.

We re-evaluate the assumptions used to value our share-based awards on a quarterly basis and if changes warrant different assumptions, the share-based compensation expense could vary significantly from the amount expensed in the past. We may be required to adjust any remaining share-based compensation expense, based on any additions, cancellations or adjustments to the share based awards. The expense is recognized over the period during which an employee is required to provide service in exchange for the award—the requisite service period (usually the vesting period). No compensation cost is recognized for equity instruments for which employees do not render the requisite service. For the years ended December 31, 2013 and 2012 we had $2,124 and $13,300, respectively, in share based expense, due to the issuance of common stock shares to employees of the company. As of December 31, 2013 we had $0 in non-vested expense to be recognized. In addition we recognized $6,927 in 2013 for the issuance of common stock warrants

Income Taxes

The Company accounts for income taxes under SFAS No. 109 (now contained in FASB Codification Topic 740-10-25, Accounting for Uncertainty in Income Taxes), which requires the asset and liability approach to accounting for income taxes. Under this method, deferred tax assets and liabilities are measured based on differences between financial reporting and tax bases of assets and liabilities measured using enacted tax rates and laws that are expected to be in effect when differences are expected to reverse. As of December 31, 2013, we had a net operating loss carry forward of $(1,005,507) and a deferred tax asset of $341,872 using the statutory rate of 34%. The deferred tax asset may be recognized in future periods, not to exceed 20 years. However, due to the uncertainty of future events we have booked valuation allowance of $339,809.

		December 31, 2013
Deferred Tax Asset	$	341,872
Valuation Allowance		(341,872)
Deferred Tax Asset (Net)	$	-

Acquisition of Trident Manufacturing

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On March 15, 2013, we entered into an Agreement and Plan of Acquisition with Trident Manufacturing, Inc., a Utah corporation, ("Trident"), and the shareholders of Trident, to acquire 100% of the issued and outstanding common stock shares of Trident. Trident is a full-service electronics manufacturing service company with a 16,000 sq. ft. manufacturing facility based in Salt Lake City, Utah and has been servicing the industrial, aerospace, military, instrumentation, and medical markets since 2005.

On March 20, 2013, we completed the acquisition of Trident whereby we acquired 100% of the issued and outstanding common stock shares of Trident and all its operational assets in exchange for 1,600,000 shares of our restricted shares of common stock. As a result of the acquisition, Trident has become a wholly-owned subsidiary of Probe Manufacturing, Inc. As a result we recognized $420,673 in goodwill.

The allocation of the purchase price and adjustment to stockholders' equity is summarized in the tables below:

Net book value of the company's net assets acquired	
Cash	$ 4,472
Inventory-net	19,254
Accounts Receivable-net	195,146
Other Assets	46,620
Accounts payable and accrued expenses	(361,055)
Notes payable	(167,416)
Net Assets Acquired	$ (262,978)

Adjustments to Stockholders equity	
Reduction Opening balance Equity	$ (18,419)
Adjustment to accumulated deficit	281,397
Equity adjustment from acquisition	$ 262,978

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NOTE 3 – ACCOUNTS AND NOTES RECEIVABLE

	December 31, 2013	December 31, 2012
Accounts Receivable Trade	$ 467,854	$ 952,697
Less Reserve for uncollectable accounts	(38,441)	(44,000)
Accounts and notes receivable (net)	$ 429,413	$ 908,697

NOTE 4 – INVENTORY

Inventories by major classification were comprised of the following at:

	December 31, 2013	December 31, 2012
Raw Material	$ 670,310	$ 658,241
Work in Process	205,812	156,175
Finished Goods	17,162	5,426
Total	893,285	819,842
Less Reserve for excess or obsolete inventory	(205,000)	(190,000)
Total Inventory	$ 688,285	$ 629,842

NOTE 5 – PROPERTY AND EQUIPMENT

Property and equipment were comprised of the following at:

	December 31, 2013	December 31, 2012
Capital Equipment	$ 2,461,728	$ 2,019,092
Leasehold improvements	119,536	36,686
Total	2,581,263	2,055,778
Accumulated Depreciation	(2,439,207)	(1,924,193)
Net Fixed Assets	$ 142,056	$ 131,585

NOTE 6 – ACCRUED EXPENSES

	December 31, 2013	December 31, 2012
Accrued Wages	$ 32,154	$ 28,362
Accrued Interest	52,029	4,549
Accrued Rent	48,190	48,190
Accrued Vacation	14,517	24,567
Total Accrued Expenses	$ 146,890	$ 105,668

NOTE 7 - CAPITAL LEASE SETTLEMENT OBLIGATIONS

None.

NOTE 8 – NOTES PAYABLE

Related Party – Notes payable

Notes payable

Note Payable. This is a term note payable, unsecured, dated November 03, 2009 payable to Linwood Goddard at a 12.00% interest rate, with a 36 month amortization and monthly payments of $334.14. As of December 31, 2013 the balance was $4,332.

Note Payable. This is a term note payable, unsecured, dated December 24, 2009 payable to Linwood Goddard at a 12.00% interest rate, with a 36 month amortization and monthly payments of $334.14. As of December 31, 2013 the balance was $4,332.

Note Payable. This is a short term note payable to an individual, unsecured, dated Sept 6, 2013 in the amount of $50,000 and fixed fee amount of $3,500. As of December 31, 2013 the balance was $38,500.

Convertible Promissory Note
On February 15, 2013 we entered into a convertible promissory note with Luxus Micro Cap S.A. for $120,000. The note bears interest at the rate of 10% simple interest and is convertible at $.10 per share and is due on February 15, 2015.
On May 10, 2013 Luxus Micro Cap S.A. presented notice of conversion for the entire note. The shares were converted at $.010. As a result, the company issued 1,200,000 shares of common stock.

NOTE 9 – COMMITMENTS AND CONTIGENCIES

Operating Rental Leases

On October 14, 2009 we entered into a 5 year lease with Bernard family trust, with a commencement date of December 31, 2009. The facility is approximately 19,701 square feet and located at 17475 Gillette, Irvine CA, 92614.

On March 28, 2011 we signed an amendment to our facility lease with an increase of 1,600 square feet. The increase in the lease commences on April 1, 2011 and continues through year five. The amended lease has the following payments:

	Original Lease	Amended lease
Year	Monthly Rent	Monthly Rent
1	7,880	7,880
2	9,850	10,650
3	10,835	11,715
4	11,820	12,780
5	12,805	13,845

On February 21st, 2012 Trident Manufacturing, Inc. entered into a 5 year lease with First Industrial Realty Trust, Inc. with a commencement date of December 31, 2009. The facility is approximately 15,040 square feet and located at 440 West Lawndale Drive, Salt Lake City UT 84115

Year	**Monthly Rent**
1	6,016
2	6,191
3	6,379
4	6,580
5	6,768

NOTE 10 – CAPITAL STOCK TRANSACTIONS

On April 21, 2005, our Board of Directors and shareholders approved the following capital stock transactions:

We re-domiciled in the state of Nevada, whereby increasing the number of authorized common shares to 200,000,000 and designating a par value of $.001 per share.

On May 25, 2006, our Board of Directors and shareholders approved the following capital stock transactions:

An amendment to the Articles of Incorporation of the Company authorizing a new series of preferred stock, which shall be designated as Series C, and consists of 15,000 shares.

Stock Repurchase Program

On November 1, 2011, the Company adopted a plan to repurchase up to 500,000 shares of its issued and outstanding common stock in accordance with the guidelines specified in Rule 10b-18 and Rule 10b5-1 of the Securities Exchange Act of 1934, as amended.

The plan allows the Company to purchase its issued and outstanding common shares in the open market or in negotiated transactions, from time to time, depending on market conditions and other factors as well as being subject to relevant rules under Untied States securities regulations. The plan does not obligate the Company to make any purchases, at any specific time or in any particular situation. The plan may be suspended or discontinued at any time at the sole discretion of the Company. Share repurchases will be funded with the Company's available cash, after determining the working capital requirements of the Company. Accordingly, there is no guarantee as to the exact number of shares that will be repurchased under the plan.

The company's Board of Directors authorized the repurchase plan because it believes recent market conditions may have caused the Company's common stock to be undervalued. The timing and number of any shares repurchased will depend on the terms and conditions of the plan and no assurance can be given that any specific amount of common stock will be repurchased.

As of December 31, 2013, we had repurchased 11,500 shares of our common stock.

Common Stock Transactions

For the years ended December 31, 2013 and 2012, we issued the following securities without registration under the Securities Act of 1933, as amended. These securities were issued on the reliance of an exemption provided by Section 4(2) of the Securities Act.

On December 24, 2012 we issued 500,000 Shares of common stock to an accredited investor at $.10 per share.

On March 20, 2013, we completed the acquisition of Trident Manufacturing, Inc and as a result we issued 1,600,000 shares of our common stock at $.07

On January 25, 2013 we issued 110,000 of common stock for services at $.10

On January 25, 2013 we issued 10,000 of common stock to employees at $.10

Convertible Promissory Note
On February 15, 2013 we entered into a convertible promissory note with a related party for $120,000. The note bears interest at the rate of 10% simple interest and is convertible at $.10 per share and is due on February 15, 2015.

On May 10, 2013 the related party presented notice of conversion for the entire note. The shares were converted at $.010. As a result, the company issued 1,200,000 shares of common stock. The balance due on the note on December 31, 2012 is $0

On December 4, 2012 we issued 1,000,000 Shares of common stock to an accredited investor at $.10 per share.

Common Stock

Our Articles of Incorporation authorize us to issue 200,000,000 shares of common stock, par value $0.001 per share. As of December 31, 2013 and 2011, there were 20,331,906 and 19,765,906 shares of common stock issued and outstanding, respectively. All outstanding shares of common stock are, and the common stock to be issued will be, fully paid and non-assessable. Each share of our common stock has identical rights and privileges in every respect. The holders of our common stock are entitled to vote upon all matters submitted to a vote of our shareholders and are entitled to one vote for each share of common stock held. There are no cumulative voting rights.

The holders of our common stock are entitled to share equally in dividends and other distributions that our Board of Directors may declare from time to time out of funds legally available for that purpose, if any, after the satisfaction of any prior rights and preferences of any outstanding preferred stock. If we liquidate, dissolve or wind up, the holders of common stock shares will be entitled to share ratably in the distribution of all of our assets remaining available for distribution after satisfaction of all our liabilities and our obligations to holders of our outstanding preferred stock.

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Reverse Stock Split

Effective January 22, 2013, we completed a one-for-ten reverse stock split of the Company's issued and outstanding shares of common stock. The reverse stock split was previously approved by the our board of directors and by shareholders at the 2012 Annual General Meeting of Shareholders held on November 28, 2012. Upon effectiveness of the reverse stock split, each ten (10) shares of the company's issued and outstanding common stock was automatically combined and converted into one (1) issued and outstanding share of common stock. This reduced the number of issued and outstanding shares of the company's common stock from approximately 200 million to approximately 20 million. The reverse stock split affected only the issued and outstanding shares of the company's common stock, as well as common stock underlying stock options outstanding immediately prior to the effectiveness of the reverse stock split. The number of authorized shares of the company's common stock was not affected by the reverse split.

Preferred Stock

Our Articles of Incorporation authorize us to issue 10,000,000 shares of preferred stock. We authorized 440 shares of Series A Convertible Preferred Stock and 20,000 shares of Series B Convertible Preferred Stock. On May 25, 2006 the Articles of Incorporation were amended authorizing 15,000 shares Series C Convertible Preferred Stock.

As of August 20, 2006 all series A, B, and C preferred been converted into Common stock.

Our Board of Directors has the authority to issue additional shares of preferred stock in one or more series, and fix for each series, the designation of and number of shares to be included in each such series. Our Board of Directors is also authorized to set the powers, privileges, preferences, and relative participating, optional or other rights, if any, of the shares of each such series and the qualifications, limitations or restrictions of the shares of each such series.

Unless our Board of Directors provides otherwise, the shares of all series of preferred stock will rank on parity with respect to the payment of dividends and to the distribution of assets upon liquidation. Any issuance by us of shares of our preferred stock may have the effect of delaying, deferring or preventing a change of our control or an unsolicited acquisition proposal. The issuance of preferred stock also could decrease the amount of earnings and assets available for distribution to the holders of common stock or could adversely affect the rights and powers, including voting rights, of the holders of common stock.

On August 7, 2013, we held our initial closing of our Series D Preferred Stock private financing offering with two related parties, whereby we received $750,000 in financing. Our Series D Preferred Stock offering terms allow us to raise up to $1,000,000 US with an over-allotment of $500,000 in multiple closings over the course of 6 months.

The following are primary terms of the Series D Preferred Stock Offering. The Series D Preferred holders will be paid a special monthly divided at the rate of 17.5% per annum or at the option of the Investor such special may accrue such special dividends. If the Company does not pay the special dividend within five (5) business days from the end of the calendar month for which the payment of such dividend to owed, the Company will pay the investor a penalty of 3.5%. Any unpaid or accrued special dividends will be paid upon a liquidation or redemption. For any other dividends or distributions, participation with common stock on an as-converted basis. The Series D Preferred holders may elect to convert the Series D Preferred Stock, in his sole discretion, at any time after a one year (1) year holding period, by sending the Company a notice to convert. The conversion rate shall equal to the greater of $0.08 or a 20% discount to the average of the three (3) lowest closing market prices of the common stock during the ten (10) trading day period prior to conversion. The Series D Preferred shall be redeemable from funds legally available for distribution at the option of the individual holders of the Series D Preferred commencing any time after the one (1) year period from the Closing (the “Redemption Period”) at a price equal to the Purchase Price plus all accrued but unpaid dividends. If Company is not in financial position to pay it back it need to notify the Investors thirty (30) days prior the Redemption Period commencing and both parties will negotiate in good faith for an extension of the Redemption Period. Notwithstanding, the Company may elect to redeem the Series D Preferred shares any time after the Closing at a price equal to Purchase Price plus all accrued but unpaid dividends subject to the Investors right to convert by providing the Investors written notice about its intent to redeem whereby the Investor shall have the right to convert per the terms of the conversion terms at least ten (10) days prior to such redemption by the Company.

The capital received from the Series D Preferred Stock offering shall be used as working capital and is intended to replace the accounts receivable financing and credit line we have with Far West Capital, which upon the final closing Series D Preferred Stock offering.

On June 25th, 2013 we received $500,000 from a related party and issued 5,000 shares of Preferred Series D Preferred stock. In addition We issued series F warrants to purchase 250,000 shares of our common stock at $.10 and series G warrants to purchase 250,000 shares of our common stock at $.20. Each warrant gives the holder the right to purchase 1 share of common stock.

On September 19th 2013 we received $250,000 from a related party and issued 2,500 shares of Preferred Series D Preferred stock. In addition We issued series F warrants to purchase 125,000 shares of our common stock at $.10 and series G warrants to purchase 125,000 shares of our common stock at $.20. Each warrant gives the holder the right to purchase 1 share of common stock.

Warrants

Series A - Common Stock Warrants

We currently have 119,288 Series A Warrants issued and outstanding. Each warrant gives the holder the right to purchase 5 shares of common stock (596,438 total shares) at $3.30 per share. The Series A Warrants expired on November 15, 2011.

Series B - Common Stock Warrants

We currently have 119,288 Series B Warrants issued and outstanding. Each warrant gives the holder the right to purchase 5 shares of common stock (596,438 total shares) at $5.00 per share. The Series B Warrants expired on May 15, 2012.

Series C – Common Stock Warrants

We currently have 60,000 Series C Warrants issued and outstanding. Each warrant gives the holder the right to purchase 1 shares of common stock (60,000 total shares) at $2.67 per share. The Series C Warrants expired on November 5, 2011.

Series D – Common Stock warrants

We currently have 171,858 Series D Warrants issued and outstanding. Each warrant gives the holder the right to purchase 1 share of common stock (171,858 total shares) at $1.33 per share. The Series D Warrants expired on November 5, 2012.

For the year ended December 31, 2008 and 2009, we recognized share based compensation expense of $14,403 and $8,232, respectively from the issuance of options and Warrants.

Series E – Common Stock warrants

On April 8, 2011, we issued 300,000 series E Warrants. Each warrant gives the holder the right to purchase 1 share of common stock (300,000 total shares) at $0.50 per share. The Series E Warrants expire on April 8, 2016, as a result we recognized $6,600 in share based expense.

Series F – Common Stock warrants

On June 25th, we issued 250,000 series F warrants . Each warrant gives the holder the right to purchase 1 share of common stock at $.10.

On September 19th, we issued 125,000 series F warrants . Each warrant gives the holder the right to purchase 1 share of common stock at $.10.

Series G – Common Stock warrants

On June 25th, we issued 250,000 series G warrants . Each warrant gives the holder the right to purchase 1 share of common stock at $.20.

On September 19th, we issued 125,000 series G warrants . Each warrant gives the holder the right to purchase 1 share of common stock at $.20.

A summary of warrant activity for the periods is as follows:

Probe Manufacturing
Outstanding Warrants
December 31, 2013

	Warrants - Common Share Equivalents	Weighted Average Exercise price		Warrants exercisable - Common Share Equivalents	Weighted Average Exercise price
Outstanding December 31, 2012	300,000	0.50		300,000	0.50
Granted	750,000	0.15		500,000	0.15
Expired	-	-		-	-
Exercised	-	-		-	-
Outstanding December 31, 2013	1,050,000	0.50		800,000	0.50

	Warrants Outstanding				Warrants Exercisable	
Range of Warrant Exercise Price	Warrants - Common Share Equivalents	Weighted Average Exercise price	Weighted Average Remaining Contractual life in years		Warrants - Common Share Equivalents	Weighted Average Exercise price
$ 0.50	300,000	$0.50	2.52		300,000	$0.50
$ 0.10	375,000	$0.10	4.50		250,000	$0.10
$ 0.20	375,000	$0.20	4.50		25,000	$0.20
Total	1,050,000	$0.25			300,000	$0.25

Stock Options

On February 8, 2007 pursuant to our 2006 Qualified Incentive Option Plan which was adopted by our Board of Directors granted Company employees an incentive stock option to purchase up to 406,638 shares of our common stock. These options were granted at $1.73 cents, the fair market value of the Company at the time of the grant. These options expire on February 8, 2017. As of December 31, 2013, there were 107,789 outstanding options under this plan.

On February 8, 2008, we granted stock options to its key employees, to purchase up to 750,000 shares of our common stock, which was approved by our Board of Directors. These options were granted at $1.73 cents, the fair market value of the Company at the time of the grant. These options expire on February 8, 2017. As a result, we recognized share-based compensation expense in the amount of $5,313 for the year ended December 31, 2007, $2,657 for the year ended December 31, 2008; $2,656 for the year ended December 31, 2009; $2,656 for the year ended December 31, 2012 and $0 for the year ended December 31, 2013. As of December 31, 2013 the balance of the outstanding options under this plan is 60,000.

On February 28, 2008 our granted stock options to a key employee, to purchase up to 30,000 shares of our common stock, which was approved by our Board of Directors. These options were granted at $.033 cents, the fair market value of the Company at the time of the grant. These options expire on February 8, 2017. As a result, we recognized share-based compensation expense in the amount of $5,574 for year ended December 31, 2008; $5,576 for the year ended December 31, 2009; $2,786 for the year ended December 31, 2012; and $0 for the year ended December 31, 2013.

NOTE 11 – RELATED PARTY TRANSACTIONS

Note Payable - On June 23, 2011 we entered short term $70,000 demand note to B&S Development Group, LLC. The term of this note is four month due on October 23, 2011 with an interest rate of 15.00% percent per annum. This note required the payment of a 12.00% due diligent fee to be amortized over the life of the note. Total payments for interest and due diligent fees are $3,000 per month. Bijan Israel is one of our largest shareholders; beneficially owning 69,959,347 shares of common stock. On February 17, 2011 the balance of this note was paid in full. As of December 31, 2013 the outstanding balance was zero.

Kambiz Mahdi, our Chief Executive Officer, owns Billet Electronics, which is an independent distributor of electronic components. From time to time we purchase parts from Billet Electronics. In addition, from time to time we provide assembly and value added services to Billet Electronics. In addition Billet was a supplier of parts and had dealings with current and former customers of our company. Our board of directors has approved such transactions of our chief executive officer.

On June 26, 2011 we issued 100,000 shares of common stock to John Bennett, our Chief Financial Officer, as additional compensation for 2011, these shares were previously accrued and to be issued.

On June 26, 2011 we issued 100,000 shares of common stock to Linwood Goddard, our Vice President of Quality, as additional compensation for 2011, these shares were previously accrued and to be issued.

On June 26, 2011 we issued 50,000 shares of common stock to Shervin Talich for Board of Director fees for April 2011 through March 2012.

Convertible Promissory Note
On February 15, 2013 we entered into a convertible promissory note with Luxus Micro Cap S.A. for $120,000. The note bears interest at the rate of 10% simple interest and is convertible at $.10 per share and is due on February 15, 2015.
On May 10, 2013 Luxus Micro Cap S.A. presented notice of conversion for the entire note. The shares were converted at $.010. As a result, the company issued 1,200,000 shares of common stock.

On August 7, 2013, we held our initial closing of our Series D Preferred Stock private financing offering with two related parties, whereby we received $750,000 in financing. Our Series D Preferred Stock offering terms allow us to raise up to

$1,000,000 US with an over-allotment of $500,000 in multiple closings over the course of 6 months.

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The following are primary terms of the Series D Preferred Stock Offering. The Series D Preferred holders will be paid a special monthly divided at the rate of 17.5% per annum or at the option of the Investor such special may accrue such special dividends. If the Company does not pay the special dividend within five (5) business days from the end of the calendar month for which the payment of such dividend to owed, the Company will pay the investor a penalty of 3.5%. Any unpaid or accrued special dividends will be paid upon a liquidation or redemption. For any other dividends or distributions, participation with common stock on an as-converted basis. The Series D Preferred holders may elect to convert the Series D Preferred Stock, in his sole discretion, at any time after a one year (1) year holding period, by sending the Company a notice to convert. The conversion rate shall equal to the greater of $0.08 or a 20% discount to the average of the three (3) lowest closing market prices of the common stock during the ten (10) trading day period prior to conversion. The Series D Preferred shall be redeemable from funds legally available for distribution at the option of the individual holders of the Series D Preferred commencing any time after the one (1) year period from the Closing (the "Redemption Period") at a price equal to the Purchase Price plus all accrued but unpaid dividends. If Company is not in financial position to pay it back it need to notify the Investors thirty (30) days prior the Redemption Period commencing and both parties will negotiate in good faith for an extension of the Redemption Period. Notwithstanding, the Company may elect to redeem the Series D Preferred shares any time after the Closing at a price equal to Purchase Price plus all accrued but unpaid dividends subject to the Investors right to convert by providing the Investors written notice about its intent to redeem whereby the Investor shall have the right to convert per the terms of the conversion terms at least ten (10) days prior to such redemption by the Company.

The capital received from the Series D Preferred Stock offering shall be used as working capital and is intended to replace the accounts receivable financing and credit line we have with Far West Capital, which upon the final closing Series D Preferred Stock offering.

On June 25th, 2013 we received $500,000 from a related party and issued 5,000 shares of Preferred Series D Preferred stock. In addition We issued series F warrants to purchase 250,000 shares of our common stock at $.10 and series G warrants to purchase 250,000 shares of our common stock at $.20. Each warrant gives the holder the right to purchase 1 share of common stock.

On September 19th 2013 we received $250,000 from a related party and issued 2,500 shares of Preferred Series D Preferred stock. In addition We issued series F warrants to purchase 125,000 shares of our common stock at $.10 and series G warrants to purchase 125,000 shares of our common stock at $.20. Each warrant gives the holder the right to purchase 1 share of common stock.

NOTE 12 – SUBSEQUENT EVENTS – (Un-audited)

None.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.

None.

Item 9a. Controls and Procedures.

(a) Evaluation of Disclosure Controls and Procedures

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in our reports pursuant to the Securities Exchange Act, of 1934, as amended, or the Exchange Act, is recorded, processed, summarized and reported within the time periods specified in the rules and forms, and that such information is accumulated and communicated to us, including our chief executive officer and chief financial officer, as appropriate, to allow timely decisions regarding required disclosure.

As required by Rules 13a-15(b) of the Exchange Act, an evaluation as of December 31, 2013 was conducted under the supervision and with the participation of our management, including our chief executive officer and chief financial officer, of the effectiveness of our disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act. Based upon that evaluation, our chief executive officer and chief financial officer concluded that our disclosure controls and procedures were effective as of December 31, 2013.

(b) Report of Management on Internal Control over Financial Reporting

We are responsible for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting is defined in Rule 13a-15(f) and 15d-15(f) of the Exchange Act. Under the supervision and with the participation of our management including our of our chief executive officer and principal financial officer, we conducted an evaluation of the effectiveness of our internal control over financial reporting based on the framework in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission, or COSO.

Based on our evaluation under the Internal Control-Integrated Framework, our chief executive officer and chief financial officer concluded that our internal control over financial reporting was effective as of December 31, 2013.

(c) Changes in Internal Control over Financial Reporting

There have been no other changes in our internal control over financial reporting that occurred during the period covered by this Annual Report on Form 10-K for the year ended 2013, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Item 9b. Other Information.

None.

PART III

Item 10. Directors, Executive Officers and Corporate Governance

Director Qualifications

We believe that our Board of Directors should encompass a diverse range of talent, skill and expertise sufficient to provide sound and prudent guidance with respect to our operations and interests. Each director also is expected to: exhibit high standards of integrity, commitment and independence of thought and judgment; use his or her skills and experiences to provide independent oversight to our business; participate in a constructive and collegial manner; be willing to devote sufficient time to carrying out their duties and responsibilities effectively; devote the time and effort necessary to learn our business; and represent the long-term interests of our Shareholders. Furthermore, we believe our Board of Directors should be comprised of persons with skills in areas such as: finance, electronic manufacturing, leadership of business organizations and legal matters.

In addition to the targeted skill areas as noted above, we endeavor to select members of our Board of Directors which have a strong record of achievement in key knowledge areas that are critical for directors to add value to our Board of Directors, including:

- Strategy — knowledge of our business model, the formulation of corporate strategies, knowledge of key competitors and markets;

- Relationships — understanding how to interact with investors, accountants, attorneys, management companies, and markets in which we operate; and

- Functional — understanding of finance matters, financial statements and auditing procedures, technical expertise, legal issues and marketing.

Our Directors

Kambiz Mahdi, age 48, Kambiz Mahdi is co-founder, and served as President and Chief Executive Officer of Probe Manufacturing from 1996 until December of 2005 and again from July 2009 until present. Prior to Probe Manufacturing, Mr. Mahdi was Technical Sales Manager at Future Electronics for six years. While at Future Electronics, Mr. Mahdi developed superior technical management leadership and skills servicing some of the top1000 fortune technology customers and their applications. Mr. Mahdi also started Billet Electronics a global supply chain provider of products, services and solutions in the technology sector in 2007. He has established the company as a leading independent distributor of electronic components and provider of value-added services to its market. Mr. Mahdi has a BS degree in Electrical Engineering from California State University of Northridge. Mr. Mahdi has not served on any other boards of public companies in the past five years.

Our Board of Directors selected Mr. Mahdi to serve as a director because he is our Chief Executive Officer and has served in various executive roles with our company for 14 years, with a focus on electrical manufacturing, sales and operations. Mr. Mahdi has profound insight into the development, marketing, finance, and operations aspects of our company. He has expansive knowledge of the electronic manufacturing industry and relationships with chief executives and other senior management at companies in the same or complimentary industries. Our Board of Directors believes that Mr. Mahdi brings a unique and valuable perspective to our Board of Directors.

John Bennett, age 53, John Bennett has been with Probe Manufacturing since February 2005, as the Chief Financial Officer. He has been in the Electronic manufacturing Industry for 22 years. He has held positions as the Controller, Vice President of Finance and Chief Financial Officer, with experience in Contract Manufacturing of Printed Circuit Board Assembly, Cable and Harness Assembly, Box Builds and Battery & Charger assembly. He holds a Bachelor of Science in Accounting from Mesa University and a Master of Science in Finance from the University of Colorado. Mr. Bennett has not served on any other boards of public companies in the past five years.

Our Board of Directors selected Mr. Bennett to serve as a director because he is our Chief Financial Officer and has been with our company for more than eight years, where his primary focus has been on the financial systems and operations and

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SEC reporting of the company. He has significant knowledge of, and relationships within, the electronic manufacturing industry, due in part to the 25 years he has spent working in the industry. Our Board of Directors believes that his executive experience in the electronic manufacturing coupled with his deep knowledge of our company's strategies and operations will bring strong financial and operational expertise to our Board of Directors.

Robert Young, age 61, prior to joining our board of directors in June of 2012, Mr. Young was Director of Mobile Services for Boeing Satellite Systems, Inc. ("BSS"), the world's largest manufacturer of commercial satellites, where he was responsible for developing communication and navigation services for governmental and commercial clients. Prior to joining BSS, Mr. Young was the CFO and Chief of Business Operations for a joint venture between Hughes Electronics, General Motors and Delco Electronics. Previously, Mr. Young was assigned to the Hughes Electronics Corporate Office where he was responsible for mergers and acquisitions, identifying and developing foreign offset programs and served as the Hughes Chief Economist. Mr. Young currently sits on the board of Kinecta Federal Credit Union, which is the 19th largest credit union in the United States (having previously served as Kinecta's Chairman of the board of directors from 2007-2009). Mr. Young received his B.S. degree from the San Diego State University and an M.BA. from Loyola Marymount University.

Our Board of Directors selected Mr. Young to serve as a director due to his knowledge of the electronics manufacturing industry and his previous relationships with companies such as BSS, Hughes Electronics, General Motors and Delco Electronics. Mr. Young's extensive knowledge of our company's business sector combined with his executive experience at numerous other companies focused on the manufacturing industry is a significant asset to our company. Our Board of Directors believes that Mr. Young's experience will assist us in developing our long- term strategy in the electronics manufacturing services industry.

Shervin Talieh, age 46, Shervin Talieh has over 17 years of hands-on experience building and growing organizations that provide solutions to clients in various sectors. This experience has been developed across many functions, including corporate strategy, business development, marketing, branding, alliances, and operations; in small and large firms, through startups, turnarounds, and stable environments alike. Mr. Talieh started his career by successfully building, growing and selling his consulting startup, Index Data. Most recently, Mr. Talieh is the founder and CEO of Drumbi; an Internet technology startup focused on data and voice synchronization. At Drumbi, he guides the company's strategy, fund-raising, and operations. Prior to Drumbi, Mr. Talieh served at Vice President, Business Development for Goldeneye Solutions; a SaaS technology company. This was preceded by his tenure at Accenture, where he was a Partner in the Los Angeles Office, and a member of the executive team responsible for over 700 professionals in the region. Mr. Talieh has not served on any other boards of public companies in the past five years.

Our Board of Directors selected Mr. Talieh to serve as a director due to his strong relationships and understanding of the operations of technology companies. Mr. Talieh's vast experience in business operations enhances his ability to contribute insight on achieving business success in a diverse range of economic conditions and competitive environments. Our Board of Directors believes that this experience will bring valuable knowledge and insight to our company.

Corporate Governance

Director Attendance at Meetings of the Board of Directors

Our Board of Directors held 3 meetings during the fiscal year ended December 31, 2013. Each of our incumbent directors attended at least 75.0% of the aggregate total number of meetings of our Board of Directors held during the period for which he served as a director.

Director Attendance at Annual Meetings of the Shareholders

Although we have no policy with regard to attendance by the members of our Board of Directors at our annual meetings, we invite and encourage the members of our Board of Directors to attend our annual meetings to foster communication between Shareholders and our Board of Directors.

Stockholder Communication with the Board of Directors

Any stockholder who desires to contact members of our Board of Directors, or a specified committee of our Board of Directors, may do so by writing to: Probe Manufacturing, Inc., Board of Directors, 17475 Gillette Ave., Irvine, California

92614, Attention: Secretary. Communications received will be distributed by our Secretary to such member or members of our Board of Directors as deemed appropriate by our Secretary, depending on the facts and circumstances outlined in the communication received.

Director Independence

We have a four-member Board of Directors. Due to the size of our company and the difficulty in finding directors that are competent or have experience in our industry, only one of our directors can be deemed an "independent director."

While our stock is not listed on the New York Stock Exchange, our independent director would qualify as independent under the rules of the New York Stock Exchange.

Board Leadership Structure; Independent Lead Director

Kambiz Mahdi serves as both our Chairman of the Board of Directors and Chief Executive Officer. Our Board of Directors has determined that the most effective leadership structure for our company at the present time is for our Chief Executive Officer to also serve as our Chairman of the Board of Directors. Our Board believes that because our Chief Executive Officer is ultimately responsible for our day-to-day operations and for executing our business strategy, and because our performance is an integral part of the deliberations of our Board of Directors, our Chief Executive Officer is the director best qualified to act as Chairman of the Board of Directors. Our Board of Directors retains the authority to modify this structure to best address our unique circumstances, and so advance the best interests of all shareholders, as and when appropriate. In addition, although we do not have a lead independent director, our Board of Directors believes that the current structure is appropriate, due to the current size of our operations.

Our Board of Directors also believes, for the reasons set forth below, that its existing corporate governance practices achieve independent oversight and management accountability, which is the goal that many companies seek to achieve by separating the roles of Chairman of the Board of Directors and Chief Executive Officer. Our governance practices provide for strong independent leadership, independent discussion among directors and for independent evaluation of, and communication with, members of senior management. These governance practices are reflected in our Code of Business Conduct and Ethics, or our Code of Ethics.

Committees of our Board of Directors

We have no standing committees of our Board of Directors at the current time, which is again due to the size of our operations. From time to time, our Board of Directors may establish committees it deems appropriate to address specific areas in more depth than may be possible at a full Board of Directors meeting. As our company grows, we plan to establish an audit committee, compensation committee and nominating and corporate governance committee. The functions that these committees will perform are currently being performed by our three-member Board.

Director Nomination Procedures and Diversity

As outlined above, in selecting a qualified nominee, our Board of Directors considers such factors as it deems appropriate, which may include: the current composition of our Board of Directors; the range of talents of a nominee that would best complement those already represented on our Board of Directors; the extent to which a nominee would diversify our Board of Directors; a nominee's standards of integrity, commitment and independence of thought and judgment; a nominee's ability to represent the long-term interests of our shareholders as a whole; a nominee's relevant expertise and experience upon which to be able to offer advice and guidance to management; a nominee who is accomplished in his or her respective field, with superior credentials and recognition; and the need for specialized expertise. While we do not have a formal diversity policy, we believe that the backgrounds and qualifications of our directors, considered as a group, should provide a significant composite mix of experience, knowledge and abilities that will allow our Board of Directors to fulfill its responsibilities. Applying these criteria, our Board of Directors considers candidates for membership on our Board of Directors suggested by its members, as well as by our Shareholders. Members of our Board of Directors annually review our Board of Directors' composition by evaluating whether our Board of Directors has the right mix of skills, experience and backgrounds.

Our Board of Directors may also consider an assessment of its diversity, in its broadest sense, reflecting, but not limited to, age, geography, gender and ethnicity.

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Our Board of Directors identifies nominees by first evaluating the current members of our Board of Directors willing to continue in service. Current members of our Board of Directors with skills and experience relevant to our business and who are willing to continue in service are considered for re-nomination. If any member of our Board of Directors does not wish to continue in service or if our Board of Directors decides not to nominate a member for re-election, our Board of Directors will review the desired skills and experience of a new nominee in light of the criteria set forth above.

Our Board of Directors also considers nominees for our Board of Directors recommended by Shareholders. Notice of proposed stockholder nominations for our Board of Directors must be delivered in accordance with the requirements set forth in our bylaws and SEC Rule 14a-8 promulgated under the Securities Exchange Act of 1934, as amended, or the Exchange Act. Nominations must include the full name of the proposed nominee, a brief description of the proposed nominee’s business experience for at least the previous five years and a representation that the nominating stockholder is a beneficial or record owner of our common stock. Any such submission must be accompanied by the written consent of the proposed nominee to be named as a nominee and to serve as a director if elected. Nominations should be delivered to: Probe Manufacturing, Inc., Board of Directors, 17475 Gillette Ave., Irvine, California 92614, Attention: Chief Executive Officer.

Our Board of Directors will recommend the slate of directors to be nominated for election at the annual meeting of shareholders. We have not and do not currently employ or pay a fee to any third party to identify or evaluate, or assist in identifying or evaluating, potential director nominees.

Board of Directors Role in Risk Oversight

Our Board of Directors oversees our shareholders’ interest in the long-term success of our business strategy and our overall financial strength.

Our Board of Directors is actively involved in overseeing risks associated with our business strategies and decisions. It does so, in part, through its approval of all acquisitions and business-related investments and all assumptions of debt, as well as its oversight of our executive officers pursuant to annual reviews. Our Board of Directors is also responsible for overseeing risks related to corporate governance and the selection of nominees to our Board of Directors.

In addition, the Board reviews the potential risks related to our financial reporting. The Board meets with our Chief Financial Officer and with representatives of our independent registered public accounting firm on a quarterly basis to discuss and assess the risks related to our internal controls. Additionally, material violations of our Code of Ethics and related corporate policies are reported to our Board of Directors.

Code of Business Conduct and Ethics

We have adopted our Code of Ethics, which contains general guidelines for conducting our business and is designed to help our directors, employees and independent consultants resolve ethical issues in an increasingly complex business environment. Our Code of Ethics applies to our Principal Executive Officer, Principal Financial Officer, and persons performing similar functions and all members of our Board of Directors. Our Code of Ethics covers topics including, but not limited to, conflicts of interest, confidentiality of information, and compliance with laws and regulations. Shareholders may request a copy of our Code of Ethics, which will be provided without charge, by writing to: Probe Manufacturing, Inc., 17475 Gillette Ave., Irvine, California 92614; Attention: Chief Executive Officer. Our Code of Ethics is also available on our website, www.probeglobal.com. If, in the future, we amend, modify or waive a provision in our Code of Ethics, we may, rather than filing a Current Report on Form 8-K, satisfy the disclosure requirement by posting such information on our website, as necessary.

Compensation of Independent Directors

The key objective of our non-employee directors' compensation program is to attract and retain highly qualified directors with the necessary skills, experience and character to oversee our management. We currently use equity-based compensation to compensate our non-employee directors due to our restricted cash flow position; however, we may in the future provide cash compensation to our non-employee directors. The use of equity-based compensation is designed to recognize the time commitment, expertise and potential liability relating to active Board service, while aligning the interests of our Board of Directors with the long-term interests of our shareholders. In accordance with the policy of our Board of Directors, we do not pay management directors for Board service in addition to their regular employee compensation. For a discussion of the compensation paid to our only management directors, Mr. Mahdi and Mr. Bennett, for services provided as our CEO and CFO, respectively, see the sections of this proxy statement entitled "***Compensation Discussion and Analysis***" and "***Executive Compensation.***"

In addition to the compensation provided to our non-employee director, which is detailed below, each non-employee director is reimbursed for any reasonable out-of-pocket expenses incurred in connection with attending in-person meetings of the Board of Directors and Board committees, as well for any fees incurred in attending continuing education courses for directors.

Fiscal Years 2013 and 2012 Annual Cash Compensation

We currently do not provide cash compensation to our non-employee directors and as such did not provide any cash compensation during the years ended December 31, 2013 and 2012.

Fiscal Years 2013 and 2012 Equity Compensation

Yearly Restricted Share Awards

Under the terms of the discretionary restricted share unit grant provisions of our 2006 Incentive Stock Plan and our 2011 Omnibus Incentive Plan, which we refer to as the 2006 Plan and 2011 Plan, respectively, each non-employee director is eligible to receive grants of restricted common stock share awards at the discretion of our Board of Directors. These yearly restricted share unit awards vest in full on the grant date. During fiscal year 2011, our one non-employee director received a restricted common stock share award 50,000 shares of common stock under this program. For 2013 we will issue the 50,000 shares of common stock to our two independent directors.

Discretionary Grants

Under the terms of the discretionary option grant provisions of the 2006 Plan and the 2011 Plan, non-employee directors are eligible to receive stock options or other stock awards granted at the discretion of the Board of Directors. No director received stock options or other stock awards pursuant to the discretionary grant program during fiscal year 2013 or 2012.

Director Summary Compensation in Fiscal Years 2013 and 2012

The following table sets forth the fiscal years 2013 and 2012 compensation for our non-employee directors.

Name	Fees Earned or Paid in Cash ($) (1)	Stock Awards ($) (2)	Total ($)
Shervin Talieh 2013	$ -	$ 50,000	$ 50,000
Shervin Talieh 2012	$ -	$ 50,000 -	$ -

Name	Fees Earned or Paid in Cash ($) (1)	Stock Awards ($) (2)	Total ($)
Robert Young 2013	$ -	$ 50,000	$ 50,000
Robert Young 2012	$ -	$ 50,000 -	$ -

(1) This column represents the amount of cash compensation earned in fiscal years 2012 and 2013 for Board and committee service.

(2) This column represents the grant date fair value of restricted share awards granted in fiscal years 2012 and 2012 in accordance with FASB ASC Topic 718. The grant date fair value of restricted share unit awards is the closing price of our common stock shares on the date of grant.
(3) Mr. Young was appointed as an independent director and shall be granted 50,000 shares for his service as a board member for 2012. Mr. Talieh will also be receiving 50,000 shares for his service as a board member for 2013.

Change of Control and Termination Provisions

We currently do not having any stock options issued and outstanding to our non-employee directors. In the event of a dissolution or liquidation of the company or if we are acquired by merger or asset sale or in the event of other change of control events, no acceleration of the termination of any of the restrictions applicable to Restricted Shares, Restricted Stock Unit Awards, Options or Stock Appreciation Rights as defined in the 2011 Plan shall occur in the event of a change in control, unless otherwise provided by our Board of Directors or committee thereof, in such grant.

EXECUTIVE OFFICERS AND DIRECTORS

The names, ages and positions of our executive officers and Directors as of December 31, 2013 are as follows:

Name	Age	Position
Kambiz Mahdi	48	Chief Executive Officer and Chairman
John Bennett	53	Chief Financial Officer and Member of Board of Directors
Robert Young	61	Director
Shervin Talieh	46	Director

The biographies of Mr. Mahdi, John Bennett can be found on page 52 in this Annual Report under the heading entitled "***Our Director***"

Compensation Discussion and Analysis

Compensation Philosophy and Objectives

We believe that the quality, skills and dedication of our executive officers are critical factors affecting the company's performance and shareholder value. Accordingly, the key objective of our compensation programs is to attract, retain and motivate superior executive talent while maintaining an appropriate cost structure. In addition, our compensation programs are designed to link a substantial component of our executives' compensation to the achievement of performance goals that directly correlate to the enhancement of shareholder value. Finally, our compensation programs are designed to have the right balance of short and long-term compensation elements to ensure an appropriate focus on operational objectives and the creation of long-term value.

To accomplish these objectives, the Board of Directors has structured our compensation programs to include the following key features and compensation elements:

- base salaries, which generally are set below the median of our peer group companies and take into consideration the Company's cash flow and revenues;

- equity-based compensation, which aligns our executives' interests with those of our shareholders and promotes executive retention; and

- in most cases, both our performance-based and service-based restricted share units will provide for vesting over four years, thereby promoting the enhancement of long-term shareholder value and executive retention.

The Board also generally seeks to compensate its executives through determinable base cash salaries that are sensitive to the company's cash resources but that also provide for motivational incentive and maintain continuity of management. In addition, executives are given equity awards to reward performance based on the company's growth and economic achievements. The Board does not maintain fixed policies for allocating among current and long-term compensation or among cash and non-cash compensation. Instead, the Board maintains flexibility and adjusts different elements of compensation based upon its evaluation of the key compensation goals set forth above.

The Board seeks to maintain a balance among fixed and variable compensation, cash and equity, and annual and longer-term incentive compensation to mitigate the risk arising from any element of compensation. While compensation levels may differ among NEOs based on competitive factors, and the performance, job criticality, experience and skill set of each specific NEO, there are no material differences in the compensation philosophies, objectives or policies for our NEOs. We do not maintain a policy regarding internal pay equity.

Compensation Committee

We currently do not have a standing compensation committee of our Board of Directors at the current time, which is again due to the size of our operations. As our company grows, we plan to establish a compensation committee to address this specific area. The functions of a compensation committee are currently being performed by our three-member Board.

Independent Consultants and Advisors

The Board has the authority to retain and terminate any independent, third-party compensation consultants and to obtain advice and assistance from internal and external legal, accounting and other advisors. During our 2011 fiscal year, the Board engaged the EMCI/Hanover Group ("EMCI"), an independent third-party, as its independent adviser for certain executive compensation matters. EMCI was retained by the Board to provide an independent review of the company's executive compensation programs, including an analysis of both the competitive market and the design of the programs. More specifically, EMCI furnished the Board with letter reporting on the fairness of the employment contracts entered into with our chief executive officer and chief financial, which he reported as both fair and necessary to provide for continuity of management, motivational incentive and economic reward, given the progress of the company for the last two fiscal years. The company paid EMCI $1,000.00 for its consulting services related to the above mentioned advisory services.

Role of Executive Officers in Compensation Decisions

Since our Board is composed of our chief executive officer and our chief financial officer, our executives are directly involved in all facets of our compensation structure and in the implementation of the long-term executive agreements entered into with our chief executive officer and our chief financial officer. However, in determining the fairness, which took into account the company's revenue growth and the benefit to our shareholders in providing continuity of management at this critical stage in the company's growth makes, the considerations and recommendations of the third independent Board member and the EMCI were heavily weighted.

Fiscal Year 2013 and 2012 Executive Compensation

Summary of Fiscal Year 2013 and 2012 Compensation Decisions

The company achieved significant growth in revenue, as well as in adjusted and GAAP operating income, net income and earnings per share. We realized strong revenue growth across all of our market segments, maintaining a diversified and balanced business portfolio. As a result of the company's excellent performance in fiscal year 2011, we decided in 2011 to enter into long-term employment agreement with our CEO and CFO to ensure continuity of management. The agreements are discussed in this proxy statement under the heading entitled "***Executive Employment Agreements***."

Elements of Compensation

We may allocate compensation among the following components for our named executive officers:

- base salary;
- annual incentive bonus awards;
- performance-based and service-based stock incentive awards;

- performance based deferred compensation; and
- other benefits.

As discussed above, a key element of our compensation philosophy is that a significant portion of executive compensation is comprised of long-term elements that encourage our executives to stay with the company, which we believe provides for a stable working environment that ultimately benefits our shareholders

Other Benefits

Executive officers are eligible to participate in all of the company's employee benefit plans, such as medical, dental, vision, group life, disability, and accidental death and dismemberment insurance, in each case on the same basis as other employees, subject to applicable law.

Termination and Change of Control Arrangements

Our CEO and CFO are entitled to certain termination and change of control benefits under their employment agreements. These benefits are described and quantified under the section entitled "***Executive Compensation—Potential Payments Upon Termination or Change of Control.***"

Compensation Risk Assessment

With the assistance of EMCI, the Board reviewed our compensation policies and practices and determined that our compensation programs do not encourage excessive or inappropriate risk-taking. While, a majority of the Board is comprised of our executive officers, the Board believes that the design and mix of our compensation programs appropriately encourage our executive and senior officers to focus on the creation of long-term shareholder value. In its review, the Board noted the following features:

- base salaries, which generally are set below the median of our peer group companies and take into consideration the Company's cash flow and revenues;

- equity-based compensation, which aligns our executives' interests with those of our shareholders and promotes executive retention; and

- in most cases, both our performance-based and service-based restricted share units will provide for vesting over four years, thereby promoting the enhancement of long-term shareholder value and executive retention.

Family Relationship

We currently do not have any officers or directors of our Company who are related to each other.

Involvement in Certain Legal Proceedings

During the past ten years no director, executive officer, promoter or control person of the Company has been involved in the following:

(1) A petition under the Federal bankruptcy laws or any state insolvency law which was filed by or against, or a receiver, fiscal agent or similar officer was appointed by a court for the business or property of such person, or any partnership in which he was a general partner at or within two years before the time of such filing, or any corporation or business association of which he was an executive officer at or within two years before the time of such filing;

(2) Such person was convicted in a criminal proceeding or is a named subject of a pending criminal proceeding (excluding traffic violations and other minor offenses);

(3) Such person was the subject of any order, judgment, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, permanently or temporarily enjoining him from, or otherwise limiting, the following activities:

i. Acting as a futures commission merchant, introducing broker, commodity trading advisor, commodity pool operator, floor broker, leverage transaction merchant, any other person regulated by the Commodity Futures Trading Commission, or an associated person of any of the foregoing, or as an investment adviser, underwriter, broker or dealer in securities, or as an affiliated person, director or employee of any investment company, bank, savings and loan association or insurance company, or engaging in or continuing any conduct or practice in connection with such activity;
ii. Engaging in any type of business practice; or
iii. Engaging in any activity in connection with the purchase or sale of any security or commodity or in connection with any violation of Federal or State securities laws or Federal commodities laws;

(4) Such person was the subject of any order, judgment or decree, not subsequently reversed, suspended or vacated, of any Federal or State authority barring, suspending or otherwise limiting for more than 60 days the right of such person to engage in any activity described in paragraph (f)(3)(i) of this section, or to be associated with persons engaged in any such activity;
(5) Such person was found by a court of competent jurisdiction in a civil action or by the Commission to have violated any Federal or State securities law, and the judgment in such civil action or finding by the Commission has not been subsequently reversed, suspended, or vacated;
(6) Such person was found by a court of competent jurisdiction in a civil action or by the Commodity Futures Trading Commission to have violated any Federal commodities law, and the judgment in such civil action or finding by the Commodity Futures Trading Commission has not been subsequently reversed, suspended or vacated;
(7) Such person was the subject of, or a party to, any Federal or State judicial or administrative order, judgment, decree, or finding, not subsequently reversed, suspended or vacated, relating to an alleged violation of:
i. Any Federal or State securities or commodities law or regulation; or
ii. Any law or regulation respecting financial institutions or insurance companies including, but not limited to, a temporary or permanent injunction, order of disgorgement or restitution, civil money penalty or temporary or permanent cease-and-desist order, or removal or prohibition order; or
iii. Any law or regulation prohibiting mail or wire fraud or fraud in connection with any business entity; or
(8) Such person was the subject of, or a party to, any sanction or order, not subsequently reversed, suspended or vacated, of any self-regulatory organization (as defined in Section 3(a)(26) of the Exchange Act (15 U.S.C. 78c(a)(26))), any registered entity (as defined in Section 1(a)(29) of the Commodity Exchange Act (7 U.S.C. 1(a)(29))), or any equivalent exchange, association, entity or organization that has disciplinary authority over its members or persons associated with a member.

Compliance with Section 16(a) of the Exchange Act

Section 16(a) of the Securities Exchange Act of 1934 requires our directors and executive officers and persons who beneficially own more than ten percent of a registered class of our equity securities to file with the SEC initial reports of ownership and reports of change in ownership of common stock and other equity securities of the Company. Officers, directors and greater than ten percent stockholders are required by SEC regulations to furnish us with copies of all Section 16(a) forms they file. Based solely upon a review of Forms 3 and 4 and amendments thereto furnished to us under Rule 16a-3(e) during the year ended December 31, 2013, Forms 5 and any amendments thereto furnished to us with respect to the year ended December 31, 2013, and the representations made by the reporting persons to us, we believe that during the year ended December 31, 2013, our executive officers and directors and all persons who own more than ten percent of a registered class of our equity securities complied with all Section 16(a) filing requirements.

Item 11. Executive Compensation.

The following table sets forth the fiscal year 2010, 2011, 2012 and 2013 compensation for:

- Kambiz Mahdi, our Chief Executive Officer; and

- John Bennett, our Chief Financial Officer; and

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The executive officers included in the Summary Compensation Table are referred to in this proxy statement as our named executive officers. A detailed description of the plans and programs under which our named executive officers received the following compensation can be found in the section entitled "***Compensation Discussion and Analysis***."

Summary Compensation Table

Name and Principal Position	**Year**	Salary ($)(3)	Bonus ($)(4)	Stock Awards ($)(5)	Option Awards ($)(6)	Non-equity Incentive Plan Compensation ($)	Change in Pension Value and Nonqualified Deferred Compensation Earnings ($)	All Other Compensation ($)	Total ($)
Kambiz Mahdi (1)	2010	$ 45,000.00	$ -	$ -	$ -	$ -	$ -	$ -	$ 45,000
Chief Executive Officer	2011	$ 114,222.00	$ -	$ -	$ -	$ -	$ -	$ -	$ 114,222
	2012	$ 149,989.00	$ -	$ -	$ -	$ -	$ -	$ -	$ 149,989
	2013	$130,000.00	$ -	$ -	$ -	$ -	$ -	$ -	$130,000
									$ -
John Bennett (2)	2010	$ 112,000.00	$ -	$ 5,000.00	$ -	$ -	$ -	$ -	$ 117,000
Chief Financial Officer	2011	$ 112,000.00	$ -	$ -	$ -	$ -	$ -	$ -	$ 112,000
	2012	$ 124,385.00	$ -	$ -	$ -	$ -	$ -	$ -	$ 134,385
	2013	$114,000.00	$ -	$ -	$ -	$ -	$ -	$ -	$114,000

1) Information for fiscal year 2008 is not included for Mr. Mahdi, who was appointed as the chief executive officer during fiscal year. In 2009 Mr. Mahdi did not take or accrue any salary. In 2011, Mr. Mahdi accrued $45,000 in salary and as of December 31, 2013 the outstanding balance owed is $0. For 2013, Mr. Mahdi's salary was $150,000, pursuant to his employment agreement. For the year 2013 Mr. Mahdi took a voluntary pay cut of 13% from $150,000 to $130,000.

2) For the years 2009, 2010 and 2011, Mr. Bennett took a voluntary pay cut of 20% from $140,000 to $112,000.For the year 2012 Mr. Bennett took a voluntary pay cut of 11% from $140,000 to $124,385. For the year 2013 Mr. Bennett took a voluntary pay cut of 19% from $140,000 to $114,000. Mr. Bennett will receive 100,000 shares of common stock per quarter, pursuant to his employment agreement but has elected to postpone the share grants until the company regains profitability.

3) There were no bonuses paid or accrued for any executives for fiscal years 2009, 2010, 2011, 2012 and 2013.

4) Mr. Bennett was granted 100,000 shares of restricted common stock valued at .05 ($5,000) as additional compensation. These shares were issued in 2011. Stock awards consist of service-based and performance-based restricted share unit awards. The amounts in this column do not reflect compensation actually received by the named executive officers nor do they reflect the actual value that will be recognized by the named executive officers. Instead, the amounts reflect the grant date fair value for grants made by us in fiscal years 2011, calculated in accordance with FASB ASC Topic 718. There were no stock awards granted to the named executive officers in fiscal year 2009. For additional information regarding the assumptions made in calculating the amounts reflected in this column, see the section entitled "Stock-Based Compensation" under Note 2 to our audited consolidated financial statements provided herein.

5) Mr. Bennett was issued an option to purchase 30,000 shares of our common stock on February 8, 2007 at $1.73 under our 2006 Plan and an option to purchase 30,000 shares of our common stock on February 28, 2008. Both option grants expire on February 08, 2017. As of December 31, 2013, Mr. Bennett has not exercised his option grants.

Outstanding Equity Awards at 2011 Fiscal Year-End

The following table presents information about outstanding options and stock awards held by our named executive officers as of December 31, 2013.

	Option Awards				Stock Awards			
Name	Number of Securities Underlying Unexercised Options Exercisable (#) (1)	Number of Securities Underlying Unexercised Options Unexercised (#)	Option Exercise Price ($)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested ($)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested ($)
Kambiz Mahdi	—	—	—	—	—	—	—	—
John Bennett	30,000	—	$1.73	February 8, 2017	—	—	—	—
	30,000	—	.333	February 8, 2017	—	—	—	—

(1) Mr. Bennett was issued an option to purchase 30,000 shares of our common stock on February 8, 2007 at $1.73 under our 2006 Plan and an option to purchase 300,000 shares of our common stock on February 28, 2008. Both option grants expire on February 08, 2017. As of December 31, 2013, Mr. Bennett has not exercised his option grants.

The company has adopted the use of Statement of Financial Accounting Standards No. 123R, "Share-Based Payment" (SFAS No. 123R) (now contained in FASB Codification Topic 718, *Compensation-Stock Compensation*), which supersedes APB Opinion No. 25, "Accounting for Stock Issued to Employees", and its related implementation guidance and eliminates the alternative to use Opinion 25's intrinsic value method of accounting that was provided in Statement 123 as originally issued. This Statement requires an entity to measure the cost of employee services received in exchange for an award of an equity instruments, which includes grants of stock options and stock warrants, based on the fair value of the award, measured at the grant date, (with limited exceptions). Under this standard, the fair value of each award is estimated on the grant date, using an option-pricing model that meets certain requirements. We use the Black- Scholes option-pricing model to estimate the fair value of our equity awards, including stock options and warrants. The Black-Scholes model meets the requirements of SFAS No. 123R; however, the fair values generated may not reflect their actual fair values, as it does not consider certain factors, such as vesting requirements, employee attrition and transferability limitations. The Black-Scholes model valuation is affected by our stock price and a number of assumptions, including expected volatility, expected life, risk-free interest rate and expected dividends. We estimate the expected volatility and estimated life of our stock options at grant date based on historical volatility; however, due to the thinly traded nature of our stock, we have chosen to use an average of the annual volatility of like companies in our industry. For the "risk-free interest rate", we use the Constant Maturity Treasury rate on 90 day government securities. The term is equal to the time until the option expires. The dividend yield is not applicable, as the company has not paid any dividends, nor do we anticipate paying them in the foreseeable future. The fair value of our restricted stock is based on the market value of our free trading common stock, on the grant date calculated using a 20 trading day average. At the time of grant, the share based-compensation expense is recognized in our financial statements based on awards that are ultimately expected to vest using historical employee attrition rates and the expense is reduced accordingly.

It is also adjusted to account for the restricted and thinly traded nature of the shares. The expense is reviewed and adjusted in subsequent periods if actual attrition differs from those estimates.

We re-evaluate the assumptions used to value our share-based awards on a quarterly basis and if changes warrant different assumptions, the share-based compensation expense could vary significantly from the amount expensed in the past. We may be required to adjust any remaining share-based compensation expense, based on any additions, cancellations or adjustments to the share based awards. The expense is recognized over the period during which an employee is required to provide service in exchange for the award, the requisite service period (usually the vesting period). No compensation cost is recognized for equity instruments for which employees do not render the requisite service. For the years ended December 31, 2012, 2009 and 2008 we had $5,000, $0 and $13,000, respectively, in share based expense to executives. For the year ended December 31, 2013, we had $0 in non-vested expense to be recognized.

Executive Employment Agreements

On September 1, 2011, the Board approved long-term executive employment agreements with our Chief Executive Officer, Kambiz Mahdi and Chief Financial Officer John Bennett, for a period of five years from execution, unless terminated earlier pursuant to the terms of their respective agreements.

Mr. Mahdi will receive an annual compensation of $150,000 per year, subject to annual increases based on the greater of the consumer price index or 5.0% to take into account annual cost of living increases and also subject to such increases as may from time to time be determined by the Board of the Directors of the Company. In addition, Mr. Mahdi will receive a severance benefit consisting of a single lump sum cash payment equal the salary that Mr. Mahdi would have been entitled to receive through the remainder or the Employment Period or two (2) years, whichever is greater.

Mr. Bennett will receive an annual compensation of $140,000 per year, subject to annual increases based on the greater of the consumer price index or 5.0% to take into account annual cost of living increases and also subject to such increases as may from time to time be determined by the Board of the Directors of the Company. Additionally, Mr. Bennett will receive $40,000, payable in 800,000 shares of the company’s common stock at $.05 per share, as a retention bonus. The shares will be issued at the rate of 100,000 shares per quarter, on the 15th day of each quarter, commencing on September 15, 2011 and continuing for the following seven quarters. Mr. Bennett will also receive a severance benefit consisting of a single lump sum cash payment equal the salary that Mr. Bennett would have been entitled to receive through the remainder or the Employment Period or two (2) years, whichever is greater.

Potential Payments upon Termination or Change of Control

Severance Benefits

Mr. Mahdi will receive a severance benefit consisting of a single lump sum cash payment equal the salary that Mr. Mahdi would have been entitled to receive through the remainder or the Employment Period or two (2) years, whichever is greater.

Mr. Bennett will receive a severance benefit consisting of a single lump sum cash payment equal the salary that Mr. Bennett would have been entitled to receive through the remainder or the Employment Period or two (2) years, whichever is greater.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.

The following table shows, as of March 30, 2014, the number of shares of our common stock beneficially owned by (1) any person who is known by us to be the beneficial owner of more than 5.0% of the outstanding shares of our common stock; (2) our directors; (3) our named executive officers; and (4) all of our directors and executive officers as a group. The percentage of common stock beneficially owned is based on 24,251,945 shares of our common stock outstanding as of March 31, 2014. Beneficial ownership is determined in accordance with the rules of the SEC and generally includes securities over which a person has voting or investment power and securities that a person has the right to acquire within 60 days.

Name of Beneficial Owners (1)	Number of Shares of Common Stock Beneficially Owned	Percentage
Kambiz Mahdi(2)	6,516,000	27.47%
John Bennett(3)	202,093	*
Shervin Talieh	50,000	*
Robert Young (4)	150,000	*
Bijan Israel(5)	3,425,935	14.44%
Luxus Micro Cap, SA. (6)	5,840,000	24.61%
All directors and officers as a group (4 persons)	16,184,644	68.21%

* Represents less than 1.0% of our outstanding common stock.

(1) The address of each beneficial owner listed is c/o Probe Manufacturing, Inc., 17475 Gillette Ave., Irvine, California 92614.

(2) The shares of common stock are held directly by the Kambiz and Bahareh Mahdi Living Trust and indirectly by Kambiz Mahdi and Bahareh Mahdi as Trustees.

(3) On March 18, 2011, Mr. Bennett purchased 102,092 shares of Probe Manufacturing, Inc. (the "Company") from Barrett Evans, the former CEO and chairman of the Company in a private transaction for $5,000, or $0.048 per share. In addition, on June 26, 2011, Mr. Bennett was granted 100,000 shares of the Company's common stock as additional compensation for his employment with the Company for the year ended December 31, 2012. In addition Mr. Bennett was issued an option to purchase 30,000 shares of our common stock on February 8, 2007 at $1.73 under our 2006 Plan and an option to purchase 300,000 shares of our common stock on February 28, 2008. Both option grants expire on February 08, 2017. As of December 31, 2013, Mr. Bennett has not exercised his option grants. Pursuant to Mr. Bennett's employment contract with the Company, he will be granted 100,000 shares of the Company's common stock per quarter over the next seven quarters but has elected to postpone the stock grants until the company regains profitability.

(4) Robert Young was appointed to serve as a member of the issuer's board of directors to fill a vacancy on the board on June 11, 2012. Mr. Young purchased the shares of the issuer in regular open market transaction. In addition, Mr. Young will be entitled to receive 50,000 shares of the issuer's common stock for the first year and 100,000 shares of common stock per year thereafter for each year Mr. Young serves as a director of the issuer pursuant to the issuer's director compensation plan. On XXX Mr. Young was issued 250,000 shares of common stock.

(5) The shares of common stock are held directly by the Bijan and Sima Israel Family Trust and indirectly by Bijan Israel and Sima Israel, Trustees. The Bijan and Sima Israel Family Trust disposed of 570,000 share of common stock of the issuer to The Kambiz and Bahareh Mahdi Living Trust pursuant to a settlement agreement dated June 19, 2012 in order to settle the additional paid in capital that Mr. Mahdi provided to KB Development Group, LLC which was the company jointly owned by Mr. Mahdi and Mr. Israel. The Bijan and Sima Israel Family Trust sold 30,000,000 shares of common stock to Finn-Partners, Inc. in a private sale transaction pursuant to a Stock Purchase Agreement date October 24, 2012, in compliance with Section 4(1) of the Securities Act of 1933, as amended.

(6) Finn-Partners, Inc. acquired 30,000,000 from the Bijan and Sima Israel Family Trust in a private sale transaction pursuant to a Stock Purchase Agreement dated October 24, 2012, in compliance with Section 4(1) of the Securities Act of 1933, as amended. Finn-

Partners, Inc. also acquired 600,000 through regular open-market transactions. FINN AKA LEXUS 120K shares on May 10, 2013.

None of the above shares have been pledged as security.

Item 13. Certain Relationships and Related Transactions, and Director Independence.

Director Independence

We have a four-member Board of Directors. Due to the size of our company and the difficulty in finding directors that are competent or have experience in our industry, only one of our directors can be deemed an “independent director.”

While our stock is not listed on the New York Stock Exchange, our independent director would qualify as independent under the rules of the New York Stock Exchange.

Review of Related Person Transactions

Our Code of Business Conduct and Ethics provides guidance for addressing actual or potential conflicts of interests, including those that may arise from transactions and relationships between us and our executive officers or directors, such as:

- Business transaction between the company and any executive are prohibited, unless otherwise approved by the Board;
- Activities that may interfere with an executive’s performance in carrying out company responsibilities;
- Activities that call for the use of the company’s influence, resources or facilities; and
- Activities that may discredit the name or reputation of the company.

We have various procedures in place to identify potential related person transactions, and the Board of Directors and a separate compliance committee work together in reviewing and considering whether any identified transactions or relationships are covered by the Code of Business Conduct and Ethics. A copy of the company's Code of Business Conduct and Ethics on the Corporate Governance is on our website at *www.probeglobal.com*.

Transactions with Related Persons

Note Payable - On June 23, 2010 we entered short term $70,000 demand note to B&S Development Group, LLC. The term of this note is four month due on October 23, 2010 with an interest rate of 15.00% percent per annum. This note required the payment of a 12.00% due diligent fee to be amortized over the life of the note. Total payments for interest and due diligent fees are $3,000 per month. Bijan Israel is one of our largest shareholders; beneficially owning 69,959,347 shares of common stock. On February 17, 2011 the balance of this note was paid in full. As of December 31, 2013 the outstanding balance was zero.

Kambiz Mahdi, our Chief Executive Officer, owns Billet Electronics, which is an independent distributor of electronic components. From time to time we purchase parts from Billet Electronics. In addition, from time to time we provide assembly and value added services to Billet Electronics. In addition Billet was a supplier of parts and had dealings with current and former customers of our company. Our board of directors has approved such transactions of our chief executive officer.
On December 24, 2012 we issued 500,000 Shares of common stock to an accredited investor at $.10 per share.

On March 20, 2013, we completed the acquisition of Trident Manufacturing, Inc and as a result we issued 1,600,000 shares of our common stock at $.07

On January 25, 2013 we issued 110,000 of common stock for services at $.10

On January 25, 2013 we issued 10,000 of common stock to employees at $.10

Convertible Promissory Note
On February 15, 2013 we entered into a convertible promissory note with a related party for $120,000. The note bears interest at the rate of 10% simple interest and is convertible at $.10 per share and is due on February 15, 2015.

On May 10, 2013 Luxus Micro Cap S.A. presented notice of conversion for the entire note. The shares were converted at $.010. As a result, the company issued 1,200,000 shares of common stock. The balance due on the note on December 31, 2012 is $0

On August 7, 2013, we held our initial closing of our Series D Preferred Stock private financing offering with two related parties, whereby we received $750,000 in financing. Our Series D Preferred Stock offering terms allow us to raise up to $1,000,000 US with an over-allotment of $500,000 in multiple closings over the course of 6 months.

The following are primary terms of the Series D Preferred Stock Offering. The Series D Preferred holders will be paid a special monthly divided at the rate of 17.5% per annum or at the option of the Investor such special may accrue such special dividends. If the Company does not pay the special dividend within five (5) business days from the end of the calendar month for which the payment of such dividend to owed, the Company will pay the investor a penalty of 3.5%. Any unpaid or accrued special dividends will be paid upon a liquidation or redemption. For any other dividends or distributions, participation with common stock on an as-converted basis. The Series D Preferred holders may elect to convert the Series D Preferred Stock, in his sole discretion, at any time after a one year (1) year holding period, by sending the Company a notice to convert. The conversion rate shall equal to the greater of $0.08 or a 20% discount to the average of the three (3) lowest closing market prices of the common stock during the ten (10) trading day period prior to conversion. The Series D Preferred shall be redeemable from funds legally available for distribution at the option of the individual holders of the Series D Preferred commencing any time after the one (1) year period from the Closing (the “Redemption Period”) at a price equal to the Purchase Price plus all accrued but unpaid dividends. If Company is not in financial position to pay it back it need to notify the Investors thirty (30) days prior the Redemption Period commencing and both parties will negotiate in good faith for an extension of the Redemption Period. Notwithstanding, the Company may elect to redeem the Series D Preferred shares any time after the Closing at a price equal to Purchase Price plus all accrued but unpaid dividends subject to the Investors right to convert by providing the Investors written notice about its intent to redeem whereby the Investor shall have the right to convert per the terms of the conversion terms at least ten (10) days prior to such redemption by the Company.

The capital received from the Series D Preferred Stock offering shall be used as working capital and is intended to replace the accounts receivable financing and credit line we have with Far West Capital, which upon the final closing Series D Preferred Stock offering.

On June 25th, 2013 we received $500,000 from a related party and issued 5,000 shares of Preferred Series D Preferred stock.

On September 19th 2013 we received $250,000 from a related party and issued 2,500 shares of Preferred Series D Preferred stock.

On December 4, 2012 we issued 1,000,000 Shares of common stock to an accredited investor at $.10 per share.

Item 14. Principal Accounting Fees and Services.

W.T. Uniack & Co, CPA’s, P.C. has served as our independent registered public accounting firm since November 10, 2008 and audited our financial statements for the period for the year ended December 31, 2012 and December 31, 2013.

The following table lists the fees for services billed by our independent registered public accounting firm in 2012 and 2012:

Services:		2013		2012
Audit Fees (1)	$	24,000	$	24,000
Audit Related Fees (2)		-		-
Tax Fees (3)		985		985
Total	$	24,985	$	24,985

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(1) Audit fees billed in 2013 and 2012 consisted of fees related to the audit of our annual financial statements, reviews of our quarterly financial statements, and statutory and regulatory audits, consents and other services related to filings with the SEC.

(2) Audit-related fees related to financial accounting and reporting consultations, assurance and related services.

(3) Tax services consist of tax compliance and tax planning and advice.

The Board of Directors pre-approves all auditing services and permitted non-audit services (including the fees and terms thereof) to be performed for us by our independent registered public accounting firm, subject to the de minimis exceptions for non-audit services described in Section 10A(i)(1)(b) of the Exchange Act and the rules and regulations of the SEC. All services rendered by W.T. Uniack & Co, CPA's, P.C. for the year ended December 31, 2013 and 2012 were pre-approved in accordance with the policies and procedures described above.

Auditor Independence

The Board of Directors has considered whether the provision of the above noted services is compatible with maintaining our independent registered public accounting firm's independence and has concluded that the provision of such services has not adversely affected the independent registered public accounting firm's independence.

The information required by this Item is incorporated by reference to our definitive proxy statement to be filed with respect to our 2013 annual meeting of stockholders.

Board of Directors Audit Report to Shareholders

Since we do not have a standing Audit Committee our full Board of Directors oversees our financial reporting process. Our management has the primary responsibility for our financial statements as well as our financial reporting process, principles and internal controls. The independent registered public accounting firm is responsible for performing an audit of our financial statements and expressing an opinion as to the conformity of such financial statements with accounting principles generally accepted in the United States of America.

In this context, the Board of Directors has reviewed and discussed our audited financial statements as of December 31, 2013 and December 31, 2012 with management and the independent registered public accounting firm. The Board of Directors has discussed with the independent registered public accounting firm the matters required to be discussed by the Statement on Auditing Standards No. 61, *Professional Standards*, as amended. In addition, the Board of Directors has received the written disclosures and the letter from the independent registered public accounting firm required by Independence Standards Board Standard No. 1, *Independence Discussions with Audit Committees*, as currently in effect, and it has discussed their independence with us.

Item 15. Exhibits, Financial Statement Schedules.

(a)(1) *Financial Statements:*

The consolidated financial statements and the related notes are included in Item 8 herein.

(a)(2) *Financial Statement Schedule:*

All schedules have been omitted as the required information is inapplicable or the information is presented in the consolidated financial statements or related notes.

(a)(3) *Exhibits:*

The exhibits listed on the Exhibit Index (following the signatures section of this report) are included, or incorporated by reference, in this annual report.

(b) *Exhibits:*

See Item 15(a)(3) above.

(c) *Financial Statement Schedule:*

All schedules have been omitted as the required information is inapplicable or the information is presented in the consolidated financial statements or related notes.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Irvine, State of California on the 15th day of April, 2014.

PROBE MANUFACTURING, INC.

____

REGISTRANT

/s/ Kambiz Mahdi

____

By: Kambiz Mahdi
Chief Executive Officer

Date: April 15, 2014

/s/ John Bennett

____

By: John Bennett
Chief Financial Officer

Date: April 15, 2014

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the date indicated.

Signature	Title
/s/ Kambiz Mahdi ______________________ By: Kambiz Mahdi Date: April 15, 2014	Chief Executive Officer and Director (principal executive officer)
/s/ John Bennett ______________________ By: John Bennett Date: April 15, 2014	Chief Financial Officer and Director (principal financial officer)
/s/ Shervin Talieh ______________________ By: Shervin Talieh Date: April 15, 2014	Director
/s/ Robert Young	Director

____

By: Robert Young

Date: April 15, 2014

EXHIBIT INDEX

Pursuant to Item 601(a)(2) of Regulation S-K, this Exhibit Index immediately precedes the exhibits.

The following exhibits are included, or incorporated by reference; in this Annual Report on Form 10-K for the fiscal year ended December 31, 2013 (and are numbered in accordance with Item 601 of Regulation S-K).

EXHIBIT NUMBER | **DESCRIPTION**

3.1 Articles of Incorporation (included as exhibit 3.1 to the Form SB-2/A filed on June 10, 2005 and incorporated herein by reference).

3.2 Bylaws (included as exhibit 3.2 to the Form SB-2/A filed on June 10, 2005 and incorporated herein by reference).

14.1 Code of Ethics (included as exhibit 14.1 to the Form 10-KSB on April 5, 2007 and incorporated herein by reference).

21.1* List of Subsidiaries

31.1* Certification of the Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

31.2* Certification of the Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

32.1** Certification of the Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

32.1** Certification of the Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

101.INS** XBRL Instance Document

101.SCH** XBRL Taxonomy Extension Schema Document

101.CAL** XBRL Taxonomy Extension Calculation Linkbase Document

101.LAB** XBRL Taxonomy Extension Label Linkbase Document

101.PRE** XBRL Taxonomy Extension Presentation Linkbase Document

101.DEF** XBRL Taxonomy Extension Definition Linkbase Document

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* Filed herewith
** Furnished herewith