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

FORM 10-Q

(Mark One)
R **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended **March 31, 2013**

or

£ **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 (1933 Act)**

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 CA	**92614**
(Address of principal executive offices)	(Zip Code)

(949) 273-4990
(Registrant's telephone number, including area code)

N/A
(Former name, former address and former fiscal year, if changed since last report)

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. R 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). R Yes £ No

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)

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

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

As of May 15, 2013 there were 20,451,945 shares of common stock of Probe Manufacturing, Inc. outstanding.

PROBE MAUFACTURING, INC.
(A Nevada Corporation)

TABLE OF CONTENTS

PART I — FINANCIAL INFORMATION

Item 1. Financial Statements	3
Report of Independent Registered Public Accounting Firm	3
Condensed Consolidated Balance Sheet as of March 31, 2013 (Unaudited) and December 31, 2012)	4
Condensed Consolidated Statement of Operations for the Three Months Ended March 31, 2013 (Unaudited) and 2012 (Unaudited)	5
Condensed Consolidated Statement of Cash Flows for the Three Months Ended March 31, 201 (Unaudited) and 2012 (Unaudited)	6
Notes to Condensed Consolidated Financial Statements (Unaudited)	7
Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations	20
Item 3. Quantitative and Qualitative Disclosures About Market Risk	31
Item 4. Controls and Procedures	31

PART II — OTHER INFORMATION

Item 1. Legal Proceedings	31
Item 1A. Risk Factors	32
Item 2. Unregistered Sales of Equity Securities and Use of Proceeds	32
Item 3. Defaults Upon Senior Securities	32
Item 4. [Removed and Reserved.]	32
Item 5. Other Information	32
Item 6. Exhibits	32
Signatures	33

Exhibit 31.1
Exhibit 31.2
Exhibit 32.1
Exhibit 32.2
EX-101 INSTANCE DOCUMENT
EX-101 SCHEMA DOCUMENT
EX-101 CALCULATION LINKBASE DOCUMENT
EX-101 LABELS LINKBASE DOCUMENT

EX-101 PRESENTATION LINKBASE DOCUMENT
EX-101 DEFINITION LINKBASE DOCUMENT

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors:

Probe Manufacturing, Inc.
17475 Gillette Avenue
Irvine, CA 92614

We have reviewed the accompanying balance sheet of Probe Manufacturing, Inc. as of March 31, 2013 and the related statements of operations and cash flows for the three month period ended March 31, 2013. These financial statements are the responsibility of the Company's management.

We conducted our review in accordance with the standards of the Public Company Accounting Oversight Board (United States). A review of interim financial information consists principally of applying analytical procedures and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with standards of the Public Company Accounting Oversight Board (United States), the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.
Based on our review, we are not aware of any material modifications that should be made to the accompanying interim financial statements referred to above for them to be in conformity with accounting principles generally accepted in the United States of America.

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 1, conditions exist which raise substantial doubt about the Company's ability to continue as a going concern. The financial statements do not include any adjustments that might result from the outcome of the uncertainty.

*/S/*W.T. Uniack
W.T. UNIACK & CO, CPA's, P.C.

May 20, 2013
Woodstock, Georgia

Table of Contents

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

PROBE MANUFACTURING, INC.
Condensed Consolidated Balance Sheet

	Un-Audited March 31, 2013	Audited December 31, 2012
Assets		
Current Assets:		
Cash	$ 1,724	$ 19,260
Accounts receivable - net	672,428	908,697
Inventory	631,191	629,841
Total Current Assets	1,305,343	1,557,798
Property And Equipment - Net	157,367	131,587
Goodwill	420,673	-
Other Assets	79,262	22,376
Total Assets	$ 1,962,645	$ 1,711,761
Liabilities And Stockholders' (Deficit)		
Current Liabilities:		
Accounts payable - trade	634,527	453,913
Accrued Expenses	149,994	105,668
Notes Payable - Line of Credit	723,041	858,543
Notes Payable - Current	36,708	8,664
Total Current Liabilities	1,544,270	1,426,788
Long-Term Debt:		
Notes Payable	120,000	-
Less Current portion of Long Term Debt	-	-
Net Long-Term Debt	120,000	-
Total Liabilities	1,664,270	1,426,788
Stockholders' (Deficit)		
Common stock, $.001 par value; 400,000,000 shares authorized; 20,451,945 and 20,331,906 shares issued and outstanding respectively	38,873	20,332
Additional paid-in capital	1,042,806	620,130
Treasury Stock	(1,113)	(633)
Accumulated deficit	(782,191)	(354,856)
Total Stockholders' Equity	298,375	284,973
Total Liabilities And Stockholders' Equity	$ 1,962,645	$ 1,711,761

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

Table of Contents

Probe Manufacturing, Inc.
Condensed Consolidated Statement of Operations
for the three months ended March 31,

	Un-Audited 2013	Un-Audited 2012
Sales	$ 712,657	$ 1,285,868
Cost of Goods Sold	536,617	835,912
Gross Profit	176,040	449,956
General And Administrative	289,431	389,603
Share Based Expense	2,124	3,300
Net Profit / (Loss) From Operations	(115,515)	57,053
Other Income / (Expenses)	-	-
Interest Expense	(30,421)	(44,336)
Net Profit / (Loss) Before Income Taxes	(145,936)	12,717
Income Tax Expense	-	-
Net Profit / (Loss)	$ (145,936)	$ 12,717
Per Share Information:		
Basic weighted average number of common shares outstanding	20,415,906	19,831,180
Net Profit / (Loss) per common share	$ (0.01)	$ 0.00
Per Share Information:		
Diluted, weighted average number of common shares outstanding	20,415,906	20,996,011
Diluted, Net Profit / (Loss) per common share	$ (0.01)	$ 0.00

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

PROBE MANUFACTURING, INC.
Consolidated Statements of Cash Flows
for the three months ended March 31, 2013

		Un-Audited 2013		Un-Audited 2012
Cash Flows from Operating Activities:				
Net Income / (Loss)	$	(145,936)	$	12,717
Adjustments to reconcile net loss to net cash used in operating activities:				
Depreciation and amortization		7,885		10,439
Share based compensation		2,124		3,300
Net Assets Acquired		(262,979)		-
Changes in assets and liabilities:				
(Increase) decrease in accounts receivable		236,269		(279,457)
(Increase) decrease in inventory		(1,350)		(136,248)
(Increase) decrease in other assets		(56,886)		7,492
(Decrease) increase in accounts payable		180,614		130,541
Other (Decrease) increase in accrued expenses		44,326		(27,423)
Net Cash provided / (Used) In Operating Activities		4,067		(278,639)
Cash Flows from Investing Activities				
Purchase of Property and equipment		(33,665)		(1,852)
Net Assets acquired in Acquisition		-		
Cash Flows Used In Investing Activities		(33,665)		(1,852)
Cash Flows from Financing Activities				
Bank Overdraft / (Repayment)		-		33,905
Proceeds / (Payments) on Line of Credit		(135,502)		228,237
Repurchase of Treasury shares		(480)		
Proceeds / (Payments) on notes payable		148,044		-
Cash Flows Provided / (used) By Financing Activities		12,062		262,142
Net (Decrease) Increase in Cash and Cash Equivalents		(17,536)		(18,349)
Cash and Cash Equivalents at Beginning of Period		19,260		18,349
Cash and Cash Equivalents at End of Period	$	1,724	$	-
Supplemental Information:				
Interest Paid	$	44,174	$	44,174
Excess of purchase price over net assets-acquisition	$	420,673		
Shares issued for Acquisiton	$	233,751	$	-

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

PROBE MANUFACTURING, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

The use of the words "we," "us," "our" or "the Company" refers to Probe Manufacturing, Inc. and its subsidiaries, except where the context otherwise requires.

1. Organization and Description of the Business.

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 from our 23,000 sq./ft. facility in Irvine, California and strategic locations worldwide. Our revenue is generated from sales of our services primarily to customers in the medical device, aerospace, automotive, industrial and instrumentation product manufacturers. We provide our domestic customers with low cost, low risk, flexible and high quality manufacturing services. We utilize global partnerships to secure the best cost and materials available by providing 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 surface mount and through-hole 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 (PCBA), and box build assemblies. Some examples of our customer's finished goods products includes medical devices such as portable ultrasound and electro-stimulation therapy equipment, electronic control units that help vehicles run on natural gas, electronic control units for precision laser welding equipment, PCB's for landing gear systems and flap controllers, RFID products, Industrial sensors and devices for defense industry.

Our vision is to be the preeminent manufacturing foundry for startups and technological innovators, while expanding our low cost and scalable domestic operations leveraging global opportunities.

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.

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. 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.

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

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. Although for the three months ended March 31, 2013, we had shareholder surplus of $298,375; however, we had a net loss of $(145,936), a working capital deficit of $(238,927) and an accumulated deficit of $(782,191) our ability to operate as a going concern is still dependent upon our ability (1) to obtain sufficient debt and/or equity capital and/or (2) generate positive cash flow from operations and regain profitability.

Plan of Operations

Management is taking the following steps to sustain profitability and growth: (i) To build and pursue global opportunities leveraging core competencies; (ii) organic growth, new sales and expansion of services along the supply chain line; (iii) manufacturing rights and equity through our manufacturing foundry platform; (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.

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.

2. Basis of Presentation and Summary of Significant Accounting Policies.

Our accompanying condensed consolidated financial statements have been prepared by us in accordance with generally accepted accounting principles in the United States of America, or GAAP, in conjunction with the rules and regulations of the U. S. Securities and Exchange Commission, or the SEC. Certain information and footnote disclosures required for annual financial statements have been condensed consolidated or excluded pursuant to SEC rules and regulations. Accordingly, our accompanying condensed consolidated financial statements do not include all of the information and footnotes required by GAAP for complete financial statements. Our accompanying condensed consolidated financial statements reflect all adjustments which are, in our view, of a normal recurring nature and necessary for a fair presentation of our financial position, results of operations and cash flows for the interim period. Interim results of operations are not necessarily indicative of the results to be expected for the full year; such full year results may be less favorable.

In preparing our accompanying financial statements, management has evaluated subsequent events through the financial statement issuance date. We believe that although the disclosures contained herein are adequate to prevent the information presented from being misleading, our accompanying condensed consolidated financial statements should be read in conjunction with our audited consolidated financial statements and the notes thereto included in our 2012 Annual Report on Form 10-K, as filed with the SEC on April 1, 2013.

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.

Cash and cash equivalents consisted of the following as of:

	March 31,2013	December 31, 2011
Cash and bank balances	$ 1,724	$ 19,260

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 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 March 31, 2013, we had a reserve for potentially un-collectable accounts of $80,350. Five customers accounted for approximately 55% of accounts receivable at March 31, 2013 and no one customer accounted for more than 18% 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 March 31, 2013, we had a reserve for potentially obsolete inventory of $200,000.

Inventories by major classification were comprised of the following as of:

	March 31, 2013	December 31, 2012
Raw Material	$ 662,925	$ 658,241
Work in Process	158,180	156,175
Finished Goods	10,086	5,426
Total	831,191	816,561
Less Reserve for excess or obsolete inventory	(200,000)	(190,000)
Total Inventory	$ 631,191	$ 629,841

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)

Property and equipment were comprised of the following at:

	March 31, 2013	December 31, 2012
Capital Equipment	$ 2,446,942	$ 2,019,092
Leasehold improvements	119,536	36,686
Total	2,566,478	2,055,778
Accumulated Depreciation	(2,409,112)	(1,924,193)
Net Fixed Assets	$ 157,367	$ 131,585

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.

Research and Development

For the three months ended March 31, 2013 and 2012, respectively, we expensed zero for research and development.

Segment Information

We operate in one segment; our primary business of electronics contract manufacturing.

Acquisition of Trident 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.

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
Net Asset Adjustment to equity	$	262,978

3. 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,* or Topic 718), 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 Topic 718; 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 three ended, March 31, 2013 and 2012 we recognized $2,124 and $3,300 respectively

The following table summarizes the Company's stock-based compensation expense:

	Un-audited Three month period ended March 31, 2013	2012
Stock based compensation expense	$ 2,124	$ 3,300

4. Net Profit / (Loss) per Common Share

Basic profit / (loss) per share is computed on the basis of the weighted average number of shares of our common Stock outstanding. As of March 31, 2013, we had outstanding common stock shares of 20,451,945 used in the calculation of basic earnings per share. Basic Weighted average common stock shares and equivalents for the three months ended March 31, 2013, were 20,415,906. As of March 31, 2013, we had outstanding warrants to purchase 300,000 additional common stock shares, options to purchase 110,386, which may dilute future earnings per share. Fully diluted weighted average common stock shares and equivalents for the three months ended March 31, 2013, was 20,862,331, however these were excluded from the calculation of fully diluted earnings per share, as they were anti dilutive in effect.

	Un-audited Three month period ended March 31, 2013	2012
Per Share Information:		
Basic weighted average number of common shares outstanding	20,415,906	19,831,180
Net Profit / (Loss) per common share	$ (0.01)	$ 0.00
Per Share Information:		
Diluted, weighted average number of common shares outstanding	20,415,906	20,996,011
Diluted, Net Profit / (Loss) per common share	$ (0.01)	$ 0.00

5. 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, 2012, we had a net operating loss carry forward of $(500,791) and a deferred tax asset of $170,269 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 $170,269.

	March 31, 2013
Deferred Tax Asset	$ 170,269
Valuation Allowance	(170,269)
Deferred Tax Asset (Net)	$ -

6. Accrued Expenses

Accrued expenses were comprised of the following at:

	March 31, 2013		December 31, 2012	
Accrued Wages	$	71,436	$	28,362
Accrued Interest		5,801		4,549
Accrued Rent		48,190		48,190
Accrued Vacation		24,567		24,567
Total Accrued Expenses	$	149,994	$	105,668

7. Notes Payable

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

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.

Related Party – Notes payable

We entered into an unsecured term note, dated November 03, 2009, payable to Linwood Goddard, our Vice President of Quality Control at a 12.00% interest rate, with a 36 month amortization and monthly payments of $334.14. As of March 31, 2013 the outstanding balance was $4,332.

We entered into an unsecured term note, dated December 24, 2009, payable to Linwood Goddard our Vice President of Quality Control at a 12.00% interest rate, with a 36 month amortization and monthly payments of $334.14. As of March 31, 2012 the outstanding balance was $4,332.

8. Commitments and Contingencies

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 23,000 square feet and is located at 17475 Gillette Avenue, Irvine CA, 92614. Subsequently 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 21, 2012 we entered into a 5 year lease with First Industrial, L.P. with a commencement date of March 1, 2012. The facility is approximately 15,000 square feet and is located at 440 West Lawndale Drive, Salt Lake City UT 84115. The Lease has the following Payments:

Lease Period	Monthly Base Rent	
3/1/2012 to 8/31/2012	$	3,008.00
9/1/2012 to 2/28/2013	$	6,016.00
3/1/2013 to 2/28/2014	$	6,191.00
3/1/2014 to 2/28/2015	$	6,379.00
3/1/2015 to 2/28/2016	$	6,580.00
3/1/2016 to 2/28/2017	$	6,768.00

Litigation

We are not presently subject to any material litigation nor, to our knowledge, is any material litigation threatened against us, which if determined unfavorably to us, would have a material adverse effect on our financial position, results of operations or cash flows.

9. Capital Stock Transactions

On January 21, 2013 we issued 100,000 shares of common stock as for legal services.

On January 21, 2013 we issued 10,000 shares of common stock for consulting services.

On January 21, 2013 we issued 10,000 shares of common stock to employees as additional compensation.

Common Stock

Our Articles of Incorporation authorizes us to issue 400,000,000 shares of common stock, par value $0.001 per share. As of March 31, 2013 there were 20,451,945 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 shares of common stock 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.

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. All Shares referenced in this report have been retroactively adjusted to reflect the post split shares.

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 shares preferred stock has been converted into common stock and there were no outstanding preferred shares as of March 31, 2013.

Stock Repurchase Program

On November 1, 2011, the Company adopted a plan to repurchase up to 5,000,000 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 March 31, 2013, we had repurchased 16,300 shares of our common stock.

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 will expire on April 8, 2016.

Warrants Activity for the Period and Summary of Outstanding Warrants

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

	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	-	-		-	-
Expired	-	-		-	-
Exercised	-	-		-	-
Outstanding March 31, 2013	300,000	0.50		300,000	0.50

Note: The weighted average exercise price has been adjusted retroactively due to price decreases in the warrant strike prices.

	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	3.02		300,000	$0.50
Total	300,000	$0.50			300,000	$0.50

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 652,766 shares of our common stock. These options were granted at $.173 cents, the fair market value of the Company at the time of the grant. These options expire on February 8, 2017. As of March 31, 2013, there were 194,780 outstanding options under this plan.

On February 8, 2008, we granted stock options to its key employees, to purchase up to 75,000 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, 2010 and $0 for the year ended December 31, 2011. As of March 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 $.33 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, 2010; and $0 for the year ended December 31, 2011.

On April 7, 2011 our board of directors approved the Probe Manufacturing, Inc. 2011 Omnibus Incentive Plan to assist in attracting and retaining highly competent employees, directors and consultants to act as an incentive in motivating selected employees, directors and consultants of the Company to achieve long-term corporate objectives and to enable stock-based and cash-based incentive awards to qualify as performance-based compensation for purposes of the tax deduction limitations under Section 162(m) of the Code.

As of March 31, 2013 we have issued 500,000 shares pursuant to our 2011 Omnibus Incentive Plan.

Stock to be issued under option and warrant plans

Any shares issued under the existing option or warrant plans will come from the company's authorized but un-issued, un-registered shares.

10. Related Party Transactions

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. Pursuant to our Code of Ethics, our board of directors approved such related party transaction.

We entered into an unsecured term note, dated November 03, 2009, payable to Linwood Goddard, our Vice President of Quality Control at a 12.00% interest rate, with a 36 month amortization and monthly payments of $334.14. As of March 31, 2013 the outstanding balance was $4,332.

We entered into an unsecured term note, dated December 24, 2009, payable to Linwood Goddard our Vice President of Quality Control at a 12.00% interest rate, with a 36 month amortization and monthly payments of $334.14. As of March 31, 2012 the outstanding balance was $4,332.

11. Subsequent Events

As of May 20, 2013, we have exceeded our borrowing capacity under our financing arrangement with Far West Capital and are paying increased interest rates. As a result our liquidity and operations are currently

and will continue to be adversely impacted, until we find an alternative financing source or decrease our borrowings under our financing arrangement with Far West Capital.

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

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 from our 23,000 sq./ft. facility in Irvine, California and strategic locations worldwide. Our revenue is generated from sales of our services primarily to customers in the medical device, aerospace, automotive, industrial and instrumentation product manufacturers. We provide our domestic customers with low cost, low risk, flexible and high quality manufacturing services. We utilize global partnerships to secure the best cost and materials available by providing 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 surface mount and through-hole 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 (PCBA), and box build assemblies. Some examples of our customer's finished goods products includes medical devices such as portable ultrasound and electro-stimulation therapy equipment, electronic control units that help vehicles run on natural gas, electronic control units for precision laser welding equipment, PCB's for landing gear systems and flap controllers, RFID products, Industrial sensors and devices for defense industry.

Our vision is to be the preeminent manufacturing foundry for startups and technological innovators, while expanding our low cost and scalable domestic operations leveraging global opportunities.

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.

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. 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.

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

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. Although for the three months ended March 31, 2013, we had shareholder surplus of $298,375; however, we had a net loss of $(145,936), a working capital deficit of $(238,927) and an accumulated deficit of $(782,191) our ability to operate as a going concern is still dependent upon our ability (1) to obtain sufficient debt and/or equity capital and/or (2) generate positive cash flow from operations and regain profitability.

Plan of Operations

Management is taking the following steps to sustain profitability and growth: (i) To build and pursue global opportunities leveraging core competencies; (ii) organic growth, new sales and expansion of services along the supply chain line; (iii) manufacturing rights and equity through our manufacturing foundry platform; (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.

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.

Selected Financial Data

The following selected historical financial information of Probe Manufacturing, Inc. has been derived from the historical results and are not necessarily indicative of future results. 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."

Probe Manufacturing, Inc.
Condensed Consolidated Statement of Operations
for the three months ended March 31,

	Un-Audited 2013	Un-Audited 2012
Sales	$ 712,657	$ 1,285,868
Cost of Goods Sold	536,617	835,912
Gross Profit	176,040	449,956
General And Administrative	289,431	389,603
Share Based Expense	2,124	3,300
Net Profit / (Loss) From Operations	(115,515)	57,053
Other Income / (Expenses)	-	-
Interest Expense	(30,421)	(44,336)
Net Profit / (Loss) Before Income Taxes	(145,936)	12,717
Income Tax Expense	-	-
Net Profit / (Loss)	$ (145,936)	$ 12,717
Per Share Information: Basic weighted average number of common shares outstanding	20,415,906	19,831,180
Net Profit / (Loss) per common share	$ (0.01)	$ 0.00
Per Share Information: Diluted, weighted average number of common shares outstanding	20,415,906	20,996,011
Diluted, Net Profit / (Loss) per common share	$ (0.01)	$ 0.00

PROBE MANUFACTURING, INC.
Condensed consolidated Balance sheet
as of

	Unaudited March 31, 2013	December 31, 2012
Working Capital	$ (238,927)	$ 131,010
Total Assets	1,962,645	1,711,761
Long term Debt	120,000	-
Stockholder Equity	$ 298,375	$ 284,973

Summary of Results:

For the three month period ended March 31, 2013, we had a net loss of $(145,936) compared to net profit of $12,717 for the same periods in 2012.

For the three months ended March 31, 2013, our revenue was $712,657 compared to $1,285,868 for the same period in 2012, due to decrease in the economy and lower defense spending, during this period we did not lose and customers, however their orders simply slowed down. We are however seeing an increase in our backlog and increased orders within existing accounts and we added 5 new customers in the first quarter of 2013.

For the three months ended March 31, 2013, our administrative expense was $289,431 compared to $389,603 for the same period in 2012. This was mainly due to a decrease in administrative payroll in response to the decrease in shipments.

Key performance indicators:

	March 31, 2013	2012
Inventory Turns	3.41	4.87
Days Sales in Backlog	126	153
Days Receivables Outstanding	84	59
Days Payables Outstanding	106	69

Inventory turns: are calculated as the ratio of cost of material compared to the average inventory for the three months ended March 31, 2013. For the three months ended March 31, 2013, our inventory turns were 3.4 compared to 4.87 for the same period in 2012.

Days Sales in Backlog is calculated based on our back log divided by average daily sales during that period. For the three months ended March 31, 2013, days sales in backlog was 126 days compared to 153 days for the same period in 2012.

Days receivables outstanding is calculated as the ratio of average accounts receivable during that period compared to average daily sales for the same period. For the three months period ended March 31, 2013, days receivables outstanding was 84 days compared to 59 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 three months period ended March 31, 2013, days payable outstanding was 106 days compared to 69 days for the same period in 2012.

Critical Accounting Policies and Estimates

Our accompanying condensed consolidated financial statements have been prepared by us in accordance with generally accepted accounting principles in the United States of America, or GAAP, in conjunction with the rules and regulations of the U. S. Securities and Exchange Commission, or the SEC. Certain information and footnote disclosures required for annual financial statements have been condensed or excluded pursuant to SEC rules and regulations. Accordingly, our accompanying condensed consolidated financial statements do not include all of the information and footnotes required by GAAP for complete financial statements. Our accompanying condensed consolidated financial statements reflect all adjustments which are, in our view, of a normal recurring nature and necessary for a fair presentation of our financial position, results of operations and cash flows for the interim period. Interim results of operations are not necessarily indicative of the results to be expected for the full year; such full year results may be less favorable.

In preparing our accompanying financial statements, management has evaluated subsequent events through the financial statement issuance date. We believe that although the disclosures contained herein are adequate to prevent the information presented from being misleading, our accompanying condensed consolidated financial statements should be read in conjunction with our audited consolidated financial statements and the notes thereto included in our 2012 Annual Report on Form 10-K, as filed with the SEC on April 1, 2013.

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.

Cash and cash equivalents consisted of the following as of:

	March 31, 2013	December 31, 2012
Cash and bank balances	$ 1,724	$ 19,260

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 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 March 31, 2013, we had a reserve for potentially un-collectable accounts of $80,350. Five customers accounted for approximately 55% of accounts receivable at March 31, 2013 and no one customer accounted for more than 18% 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 March 31, 2013, we had a reserve for potentially obsolete inventory of $200,000.

Inventories by major classification were comprised of the following as of:

	March 31, 2013	December 31, 2012
Raw Material	$ 662,925	$ 654,960
Work in Process	158,180	156,175

Finished Goods	10,086	5,426
Total	831,191	816,561
Less Reserve for excess or obsolete inventory	(200,000)	(190,000)
Total Inventory	$ 631,191	$ 626,561

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)

Property and equipment were comprised of the following at:

	March 31, 2013	December 31, 2012
Capital Equipment	$ 2,446,942	$ 2,019,092
Leasehold improvements	119,536	36,686
Total	2,566,478	2,055,778
Accumulated Depreciation	(2,409,112)	(1,924,193)
Net Fixed Assets	$ 157,367	$ 131,585

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.

Research and Development

For the three months ended March 31, 2013 and 2012, respectively, we expensed zero for research and development.

Segment Information

We operate in one segment; our primary business of electronics contract manufacturing.

Acquisition of Trident 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.

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
Net Asset Adjustment to equity	$ 262,978

3. 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,* or Topic 718), 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 Topic 718; 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 three ended, March 31, 2013 and 2012 we recognized $2,124 and $3,300, respectively.

The following table summarizes the Company's stock-based compensation expense:

	Un-audited Three month period ended March 31, 2013	2012
Stock based compensation expense	$ 2,124	$ 3,300

Table of Contents

4. Net Profit / (Loss) per Common Share

Basic profit / (loss) per share is computed on the basis of the weighted average number of shares of our common Stock outstanding. As of March 31, 2013, we had outstanding common stock shares of 20,451,945 used in the calculation of basic earnings per share. Basic Weighted average common stock shares and equivalents for the three months ended March 31, 2013, were 20,415,906. As of March 31, 2013, we had outstanding warrants to purchase 300,000 additional common stock shares, options to purchase 110,386, which may dilute future earnings per share. Fully diluted weighted average common stock shares and equivalents for the three months ended March 31, 2013, was 20,862, 331, however these were excluded from the calculation of fully diluted earnings per share, as they were anti dilutive in effect.

	Un-audited Three month period ended March 31, 2013	2012
Per Share Information:		
Basic weighted average number of common shares outstanding	20,415,906	19,831,180
Net Profit / (Loss) per common share	$ (0.01)	$ 0.00
Per Share Information:		
Diluted, weighted average number of common shares outstanding	20,415,906	20,996,011
Diluted, Net Profit / (Loss) per common share	$ (0.01)	$ 0.00

5. 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, 2012, we had a net operating loss carry forward of $(500,791) and a deferred tax asset of $170,269 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 $170,269.

	March 31, 2013
Deferred Tax Asset	$ 170,269
Valuation Allowance	(170,269)
Deferred Tax Asset (Net)	$ -

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
Condensed Consolidated Statement of Operations

	Un-Audited 2013	Un-Audited 2012
Sales	100%	100%
Cost Of Goods Sold	75%	65%
Gross Profit	25%	35%
General And Administrative	41%	30%
Share Based Compensation	0%	0%
Net Profit / (Loss) From Operations	-16%	4%
	0%	0%
Other Income / (Expenses)	0%	0%
Interest Expense	-4%	-3%
Net Profit / (Loss) Before Income Taxes	-20%	1%
Income Tax Expense	0%	0%
Net Profit / (Loss)	-20%	1%

Net Sales

For the three month period ended March 31, 2013, our revenue was $712,657 compared to $1,285,868 for the same period in 2012.

Major Customers

Our top five customers accounted for approximately 63% of our net sales for the three month period ended March 31, 2013, compared to 73% 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 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 three month period ended March 31, 2013, our gross profits were 25% and 35% in the same period in 2012.

For the three month period ended March 31, 2013, our cost of goods sold was 75% compared to 65% for the same period in 2012, mainly due to the increase in direct labor and overtime as a percent of the sales.

Selling, General and Administrative (SG&A) Expenses

For the three month period ended March 31, 2013, our SG&A expense was 41% compared to 30% for the same period in 2012. This increase is primarily due to the decrease in revenue.

Net Income/ (Loss) from operations

For the three month period ended March 31, 2013, our net income from operations was (20%) compared to 1% for the same period in 2012.

Liquidity and Capital Resources:

PROBE MANUFACTURING, INC.
Condensed consolidated Balance sheet
as of

	March 31, 2013	December 31, 2012
Working Capital	$ (238,927)	$ 131,010
Total Assets	1,962,645	1,711,761
Long term Debt	120,000	-
Stockholder Equity	$ 298,375	$ 284,973

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 90days 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.

Capital Requirements for long-term Obligations

	2013	2014	2015
Notes - Payable	$ 8,664	$ -	$ 120,000
Total	$ 8,664	$ -	$ 120,000

Off-balance Sheet Arrangement

We currently have no off-balance sheet arrangements.

Item 3. Quantitative and Qualitative Disclosure about Market Risk.

Not applicable to smaller reporting companies.

Item 4. 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 under 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 our chief financial officer, as appropriate, to allow timely decisions regarding required disclosure.

As required by Rules 13a-15(b) and 15d-15(b) of the Exchange Act, an evaluation as of March 31, 2013 was conducted under the supervision and with the participation of our chief executive officer and our 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 on this evaluation, our chief executive officer and chief financial officer concluded that our disclosure controls and procedures, as of March 31, 2013, were effective.

(b) *Changes in internal control over financial reporting.* There were no changes in our internal control over financial reporting that occurred during the quarter ended March 31, 2013 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II--OTHER INFORMATION

Item 1. Legal Proceedings

None.

Item 1A. Risk Factors.

There are no material changes from the risk factors previously disclosed in our 2012 Annual Report on Form 10-K, as filed with the United States Securities and Exchange Commission on April 1, 2013, except as disclosed below.

RISKS ABOUT OUR BUSINESS

If we cannot obtain additional financing and/or reduce our operating costs sufficiently, and the effect of other unknown adverse factors could threaten our existence as a going concern. Therefore, 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. Although for the three months ended March 31, 2013, we had shareholder surplus of $398,375; however, we had a net loss of $(145,936), a working capital deficit of $(238,927) and an accumulated deficit of $(782,191) our ability to operate as a going concern is still dependent upon our ability (1) to obtain sufficient debt and/or equity capital and/or (2) generate positive cash flow from operations and regain profitability.

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 March 31, 2013, we had current liabilities of $1,544,270. 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.

We have incurred indebtedness to support the cash flow of our operations and enable us to acquire parts and deliver finished products to our customers; however, such revolving lines of credits and accounts receivable purchasing arrangements have high interest rates, and penalties associated with some restrictive covenants that negatively impact our operating results.

Interest we will pay on our debt obligations will reduce cash available for operations. During periods where we experience slow-downs in customer orders will not be able to access the funds available under such lines of credits which will negatively impact our cash flow, disrupt our supply chain and ultimately severely limit our ability to support our customers and/or generate new business. In addition, if fail to meet the restrictive covenants of our financing arrangements it could trigger additional penalty charges and/or default whereby we would be required to pay the entire amount outstanding under the financing agreements which if we are unable to pay will allow the financial lender to take the company's property securing the credit line or force us into bankruptcy. As of May 20, 2013, we have exceeded our borrowing capacity under our financing arrangement with Far West Capital and are paying increased interest rates. As a result our liquidity and operations are currently and will continue to be adversely impacted, until we find an alternative financing source or decrease our borrowings under our financing arrangement with Far West Capital.

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

None.

Item 3. Defaults upon Senior Securities

None.

Item 4. [Removed and Reserved.]

Item 5. Other Information

None.

Item 6. Exhibits

The exhibit listed on the Exhibit Index (following the signatures section of this Quarterly Report on Form 10-Q are included, or incorporated by reference, in this Quarterly Report on Form 10-Q.

SIGNATURES

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	Date
/s/ Kambiz Mahdi Kambiz Mahdi	Chief Executive Officer	May 20, 2013
/s/ John Bennett John Bennett	Chief Financial Officer	May 20, 2013

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 Quarterly Report on Form 10-Q for the period ended March 31, 2013 (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)

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

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

101.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.