

PROFIRE ENERGY INC
Form 10-Q/A
November 22, 2013

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 10-Q/A
Amendment No. 1

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

For the Quarterly Period Ended September 30, 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 000-52376

PROFIRE ENERGY, INC.
(Exact name of registrant as specified in its charter)

Nevada
(State or other jurisdiction of
incorporation or organization)

20-0019425
(I.R.S. Employer
Identification No.)

321 South 1250 West, Suite 1
Lindon, Utah
(Address of principal executive offices)

84042
(Zip Code)

(801) 796-5127
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days. 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.) 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 Accelerated filer
Non-accelerated filer Smaller reporting company
[X]
(Do not check if a smaller
reporting company)

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

As of November 8, 2013 the registrant had 45,490,000 shares of common stock, par value \$0.001, issued and outstanding.

EXPLANATORY NOTE

This Amendment No. 1 to the Quarterly Report on Form 10-Q of Profire Energy, Inc. for the quarter ended September 30, 2013, as filed with the Securities and Exchange Commission (the "Commission") on November 14, 2013 (the "Prior Filing"), is being filed to amend Part I, Item 1 "Financial Statements," to correct an error in the Prior Filing in connection with Note 4 – Segment Information and the accompanying table of sales by geographic area for the six months ended September 30, 2013 and 2012. Specifically, there was an error in the revenues allocated between Canada and the United States for the six months ended September 30, 2013, with total revenue being reported correctly. Other than correcting the revenue allocation in the table for the six months ended September 30, 2013, this Amendment No. 1 does not affect any other portion of the Prior Filing. Additionally, this Amendment No.1 does not reflect any event occurring after November 14, 2013, the original filing date of the Prior Filing.

PART I. FINANCIAL INFORMATION

Item 1 Financial Info

PROFIRE ENERGY, INC. AND SUBSIDIARY
Condensed Consolidated Balance Sheets

ASSETS

	September 30, 2013 (Unaudited)	March 31, 2013
CURRENT ASSETS		
Cash and cash equivalents	\$ 602,255	\$ 808,772
Accounts receivable, net	8,618,943	5,879,165
Inventories	6,169,080	3,463,614
Prepaid expenses	62,343	1,967
Total Current Assets	15,452,621	10,153,518
PROPERTY AND EQUIPMENT, net	2,404,442	2,232,355
TOTAL ASSETS	\$ 17,857,063	\$ 12,385,873

LIABILITIES AND STOCKHOLDERS' EQUITY

CURRENT LIABILITIES		
Accounts payable	\$ 2,405,817	\$ 1,499,330
Accrued liabilities	164,837	189,489
Deferred income tax liability	134,107	72,857
Income taxes payable	969,053	161,550
Total Current Liabilities	3,673,814	1,923,226
TOTAL LIABILITIES	3,673,814	1,923,226

STOCKHOLDERS' EQUITY

Preferred shares: \$0.001 par value, 10,000,000 shares authorized: no shares issued and outstanding	-	-
Common shares: \$0.001 par value, 100,000,000 shares authorized: 45,390,000 and 45,250,000 shares issued and outstanding, respectively	45,390	45,250
Additional paid-in capital	842,888	585,735
Accumulated other comprehensive income	171,242	371,466
Retained earnings	13,123,729	9,460,196

Total Stockholders' Equity	14,183,249	10,462,647
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 17,857,063	\$ 12,385,873

The accompanying notes are a integral part of these condensed consolidated financials statements.

PROFIRE ENERGY, INC. AND SUBSIDIARY
Condensed Consolidated Statements of Operations and Other Comprehensive Income (Loss)
(Unaudited)

	For the Three Months Ended September 30		For the Six Months Ended September 30	
	2013	2012	2013	2012
REVENUES				
Sales of goods, net	\$ 8,940,062	\$ 4,096,452	\$ 15,779,023	\$ 7,547,959
Sales of services, net	402,394	283,141	745,013	508,907
Total Revenues	9,342,456	4,379,593	16,524,036	8,056,866
COST OF SALES				
Cost of goods sold-product	3,550,640	1,950,355	6,275,120	3,278,071
Cost of goods sold-services	232,250	211,312	500,447	384,032
Total Cost of Goods Sold	3,782,890	2,161,667	6,775,567	3,662,103
GROSS PROFIT	5,559,566	2,217,926	9,748,469	4,394,763
OPERATING EXPENSES				
General and administrative expenses	1,259,192	863,271	2,098,315	1,857,151
Research and development	155,089	70,454	251,019	110,234
Payroll expenses	930,993	298,802	1,766,069	640,655
Depreciation expense	65,597	64,468	126,925	110,926
Total Operating Expenses	2,410,871	1,296,995	4,242,328	2,718,966
INCOME FROM OPERATIONS	3,148,695	920,931	5,506,141	1,675,797
OTHER INCOME (EXPENSE)				
Interest expense	(100)	(7,426)	(10,567)	(8,678)
Gain on disposal of fixed assets	1,617	-	1,617	-
Rental income	1,575	-	2,190	-
Interest income	7,565	8,246	8,366	8,315
Total Other Income (Expense)	10,657	820	1,606	(363)
NET INCOME BEFORE INCOME TAXES	3,159,352	921,751	5,507,747	1,675,434
INCOME TAX EXPENSE	1,109,803	276,621	1,844,214	464,569
NET INCOME	\$ 2,049,549	\$ 645,130	\$ 3,663,533	\$ 1,210,865
FOREIGN CURRENCY TRANSLATION GAIN (LOSS)	\$ (90,191)	\$ 382,438	(200,224)	219,618

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TOTAL COMPREHENSIVE INCOME	\$ 1,959,358	\$ 1,027,568	\$ 3,463,309	\$ 1,430,483
BASIC EARNINGS PER SHARE	\$ 0.05	\$ 0.01	\$ 0.08	\$ 0.03
FULLY DILUTED EARNINGS PER SHARE	\$ 0.04	\$ 0.01	\$ 0.08	\$ 0.03
BASIC WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING	45,289,301	45,078,587	45,274,863	45,054,918
FULLY DILUTED WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING	45,905,364	45,460,439	45,905,364	45,436,770

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

PROFIRE ENERGY, INC. AND SUBSIDIARY
Condensed Consolidated Statements of Cash Flows
(unaudited)

	For the Six Months Ended September 30	
	2013	2012
OPERATING ACTIVITIES		
Net Income	\$ 3,663,533	\$ 1,210,865
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation expense	168,020	110,245
Gain on the disposal of fixed assets	(1,617)	-
Common stock issued for services	28,350	208,750
Bad debt expense	-	9,958
Stock options issued for services	180,944	86,904
Changes in operating assets and liabilities:		
Changes in accounts receivable	(2,776,585)	449,996
Changes in inventories	(2,723,568)	(1,451,619)
Changes in prepaid expenses	(60,376)	(13,143)
Changes in accounts payable and accrued liabilities	897,043	(204,025)
Changes in income taxes payable	870,119	(179,045)
Net Cash Provided by Operating Activities	245,863	228,886
INVESTING ACTIVITIES		
Proceeds from disposal of equipment	33,910	-
Purchase of fixed assets	(389,365)	(258,233)
Net Cash Used in Investing Activities	(355,455)	(258,233)
FINANCING ACTIVITIES		
Stock issued in exercise of stock options	48,000	-
Net Cash Used in Financing Activities	48,000	-
Effect of exchange rate changes on cash	(144,925)	762,078
NET INCREASE IN CASH	(206,517)	732,731
CASH AT BEGINNING OF PERIOD	808,772	1,914,877
CASH AT END OF PERIOD	\$ 602,255	\$ 2,647,608

SUPPLEMENTAL DISCLOSURES OF
CASH FLOW INFORMATION

CASH PAID FOR:

Interest	\$	100	\$	8,678
Income taxes	\$	302,300	\$	685,915

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

PROFIRE ENERGY, INC. AND SUBSIDIARY
Notes to the Condensed Consolidated Financial Statements
September 30, 2013 and March 31, 2013

NOTE 1 – CONDENSED FINANCIAL STATEMENTS

The accompanying financial statements have been prepared by the Company without audit. In the opinion of management, all adjustments (which include only normal recurring adjustments) necessary to present fairly the financial position, results of operations and cash flows at September 30, 2013 and for all periods presented have been made.

Certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America have been condensed or omitted. It is suggested that these condensed consolidated financial statements be read in conjunction with the financial statements and notes thereto included in the Company's March 31, 2013 audited financial statements. The results of operations for the periods ended September 30, 2013 and 2012 are not necessarily indicative of the operating results for the full years.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES

Reclassification

Certain balances in previously issued financial statements have been reclassified to be consistent with the current period presentation.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of the statement of cash flows, cash and cash equivalents include cash and all debt securities with an original maturity of 90 days or less. As of September 30, 2013 and March 31, 2013, bank balances included \$602,255 and \$808,772, respectively, held by the Company's banks guaranteed by the Province of Alberta, Canada and the FDIC.

Accounts Receivable

Receivables from the sale of goods and services are stated at net realizable value. This value includes an appropriate allowance for estimated uncollectible accounts. The allowance is calculated based on past collectability and customer relationships. The Company recorded an allowance for doubtful accounts of \$126,554 and \$133,974 as of September 30, 2013 and March 31, 2013, respectively.

PROFIRE ENERGY, INC. AND SUBSIDIARY
Notes to the Condensed Consolidated Financial Statements
September 30, 2013 and March 31, 2013

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

Inventory

In accordance with ASC 330, the Company's inventory is valued at the lower of cost (the purchase price, including additional fees) or market based on using the entire value of inventory. Inventories are determined based on the average cost basis. As of September 30, 2013 and March 31, 2013 inventory consisted of the following:

	September 30, 2013	March 31, 2013
Raw materials	\$ -	\$ -
Finished goods	6,256,988	3,553,140
Work in process	-	-
Subtotal	6,256,988	3,553,140
Reserve for obsolescence	(87,908)	(89,526)
Total	\$ 6,169,080	\$ 3,463,614

Revenue Recognition

The Company records sales when a firm sales agreement is in place, delivery has occurred or services have been rendered, and collectability of the fixed or determinable sales price is reasonably assured. If customer acceptance of products is not assured, the Company records sales only upon formal customer acceptance.

Income Taxes

The Company is subject to US and Canadian income taxes, respectively, on its US and Canadian income with a credit provided for foreign taxes paid. The combined effective rates of income tax expense (benefit) in the US and Canada are, respectively, 35% and 28% for the six months ended September 30, 2013 and 2012, respectively.

Basic and Diluted Earnings Per Share

The computation of basic earnings per share of common stock is based on the weighted average number of shares outstanding during the periods presented. The computation of fully diluted earnings per share includes common stock equivalents outstanding at the balance sheet date. The Company had 630,500 and 530,000 stock options included in the fully diluted earnings per share as of September 30, 2013 and 2012, respectively. The Company uses the treasury stock method to calculate the dilutive effects of stock options and warrants.

	For the Six Months Ended September 30,	
	2013	2012
Net income applicable to common shareholders	\$ 3,663,533	\$ 1,210,865
Weighted average shares outstanding	45,289,301	45,054,918
Weighted average fully diluted shares outstanding	45,905,364	45,436,770
Basic earnings per share	\$ 0.08	\$ 0.03
Fully diluted earnings per share	\$ 0.08	\$ 0.03

PROFIRE ENERGY, INC. AND SUBSIDIARY
Notes to the Condensed Consolidated Financial Statements
September 30, 2013 and March 31, 2013

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

Foreign Currency and Comprehensive Income

The Company's functional currencies are the United States dollar (USD) and the Canadian dollar (CAD), the reporting currency is USD. All transactions initiated in other currencies are translated into the reporting currency in accordance with ASC830-20, "Foreign Currency Matters – Foreign Currency Transactions". The period-end exchange rates of 0.97232 and 0.982898 were used to convert the Company's September 30, 2013 and March 31, 2012 balance sheets, respectively, and the statements of operations used weighted average rates of 0.970557 and 1.02760 for the six months ended September 30, 2013 and 2012, respectively. All amounts in the financial statements and footnotes are presumed to be stated in USD, unless otherwise identified. Foreign currency translation gains or losses as a result of fluctuations in the exchange rates are reflected in the Statement of Operations and Other Comprehensive Income.

Recent Accounting Pronouncements

The Company has evaluated recent accounting pronouncements and their adoption has not had or is not expected to have a material impact on the Company's financial position, or statements.

Stock-Based Compensation

The Company follows the provisions of ASC 718, "Share-Based Payment," which requires all share-based payments to employees, including grants of employee stock options, to be recognized in the income statement based on their fair values. The Company uses the Black-Scholes pricing model for determining the fair value of stock based compensation.

NOTE 3 – FAIR VALUE MEASUREMENT

The Company measures its cash equivalents and marketable securities at fair value. Fair value is an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. As such, fair value is a market-based measurement that should be determined based on assumptions that market participants would use in pricing an asset or a liability. A three-tier fair value hierarchy is established as a basis for considering such assumptions and for inputs used in the valuation methodologies in measuring fair value:

- Level 1 - Observable inputs that reflect quoted prices (unadjusted) for identical assets or liabilities in active markets.
- Level 2 - Include inputs that are based upon quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant inputs are observable in the market or can be derived from observable market data. Where applicable, these models project future cash flows and discount the future amounts to a present value using market-based observable inputs including interest rate curves, foreign exchange rates, and credit ratings.
- Level 3 - Unobservable inputs that are supported by little or no market activities.

PROFIRE ENERGY, INC. AND SUBSIDIARY
Notes to the Condensed Consolidated Financial Statements
September 30, 2013 and March 31, 2013

NOTE 3 – FAIR VALUE MEASUREMENT (Continued)

The fair value hierarchy also requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value.

The Company classifies its cash equivalents and marketable securities within Level 1. This is because it values its cash equivalents and marketable securities using quoted market prices.

Assets and liabilities measured at fair value on a recurring basis are summarized below:

Description	Fair Value Measurement at Reporting Date Using			
	As of September 30, 2013	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets				
Cash Equivalents	\$ 602,255	\$ 602,255	\$ -	\$ -

NOTE 4 – SEGMENT INFORMATION

The Company operates in the United States and Canada. Segment information for these geographic areas is as follows:

Sales	For the Six Months Ended September 30,	
	2013	2012
Canada	\$ 7,204,313	\$ 6,140,601
United States	9,319,723	1,916,265
Total	\$ 16,524,036	\$ 8,056,866

Long-lived assets	September 30,	March 31,
	2013	2012
Canada	\$ 1,490,389	\$ 1,583,613
United States	914,053	648,742
Total	\$ 2,404,442	\$ 2,232,355

NOTE 5 – SUBSEQUENT EVENTS

On November 12, 2013, the Company entered into a Securities Purchase Agreement (the “Purchase Agreement”) with certain institutional investors and other accredited investors. Pursuant to the terms of the Purchase Agreement, the Company entered into an agreement to sell to the purchasers an aggregate of approximately \$4,700,000 worth of

common stock of the Company at a price per share of \$2.18. The closing of the purchase is expected to occur on or before November 15, 2013, and is subject to customary closing conditions. As part of the Purchase Agreement, the Company has agreed to use best efforts to list its common stock on an exchange other than the OTC Bulletin Board (e.g. NASDAQ or NYSE MKT), and to maintain said listing thereafter.

Pursuant to the Purchase Agreement, the Company agreed to file a registration statement with the Securities and Exchange Commission covering the resale of the shares. The proceeds are expected to be used for general working capital purposes and to otherwise finance the growth of the Company.

Subsequent to quarter-end, an employee exercised previously issued options for 100,000 shares.

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PART II - OTHER INFORMATION

Item 6. Exhibits

Exhibits. The following exhibits are included as part of this report:

- Exhibit 31.1 Certification of Principal Executive Officer Pursuant to Rule 13a-14(a)
- Exhibit 31.2 Certification of Principal Financial Officer Pursuant to Rule 13a-14(a)
- Exhibit 32.1 Certification of Principal Executive Officer Pursuant to 18 U.S.C. Section 1350
- Exhibit 32.2 Certification of Principal Financial Officer Pursuant to 18 U.S.C. Section 1350
- Exhibit 101.INS XBRL Instance Document
- Exhibit 101.SCH XBRL Taxonomy Extension Schema Document
- Exhibit 101.CAL XBRL Taxonomy Extension Calculation Linkbase Document
- Exhibit 101.DEF XBRL Taxonomy Definition Linkbase Document
- Exhibit 101.LAB XBRL Taxonomy Extension Label Linkbase Document
- Exhibit 101.PRE XBRL Taxonomy Extension Presentation Linkbase Document

SIGNATURES

In accordance with Section 12 of the Securities Exchange Act of 1934, the registrant caused this report to be signed on its behalf, thereunto duly authorized.

PROFIRE ENERGY, INC.

Date: November 22, 2013

By: /s/ Brenton W. Hatch
Brenton W. Hatch
Chief Executive Officer (Duly Authorized
Officer)

Date: November 22, 2013

By: /s/ Andrew Limpert
Andrew Limpert
Chief Financial Officer (Principal Financial
Officer and Duly Authorized Officer)

