Fiscal 2004
Annual Report

President's Letter to Shareholders
– 05/9/2005 –

Fellow Shareholders -

I want to start by saying THANK YOU to our shareholders, customers and dedicated employees for another record year in fiscal 2004. The record sales and record income for 2004 marked our 46th consecutive profitable quarter.

This strong performance underscores our objective to continue growing the Company by helping our customers succeed, investing in our employees, holding ourselves to the highest ethical standards and demonstrating our commitment to you, RFI's shareholders.

First Quarter, Fiscal 2005 Results:

RF Industries' five division sales for the first quarter ending January 31st, 2005, typically our seasonally weakest quarter for the fiscal year, increased 17% to $2,868,000 compared to $2,449,000 for the first three months of fiscal 2004. The growth in sales reflects a general increase in demand for wireless connectors, cable assemblies, custom connectors, wireless modems and medical interconnect products.

Net income for the three months ending January 31st, 2005 was $206,000 or $0.05 per diluted share, compared to $233,000 or $0.07 per diluted share in the first quarter of fiscal 2004. Net income was impacted by higher selling, general and administrative expenses, which increased 31% to $991,000, compared to $759,000 for the same quarter ended January 31st, 2004. This increase is primarily attributable to approximately $80,000 in expenses for compliance with the provisions of Section 404 of the Sarbanes-Oxley Act, combined with higher insurance and selling expenses. We anticipate that compliance expenses for the Sarbanes-Oxley Act, which are expected to peak this year at approximately $300,000, will begin to decline in the third quarter of fiscal 2005 and to be somewhat lower in future years. The increased sales and marketing expenses will support RFI's future growth and we believe that these efforts not only contributed to the first quarter's 17% sales gain, but will help support sales growth for the balance of the year.

Fiscal 2004 Results:

For the fiscal year ended October 31st, 2004 net income increased 72% to $1,224,000 or $0.33 per diluted share, compared to $711,000 or $0.19 per diluted share for the fiscal year ending October 31st, 2003. Sales increased 14% to a record $11,227,000, compared to record sales of $9,875,000 in fiscal 2003.

The fourth quarter acquisition of Aviel Electronics added approximately $190,000 in sales and $36,000 in operating profits to the fiscal year 2004.

Operating income improved to 18% of sales, compared to 12% of sales in fiscal 2003, and profitability benefited from a strong product mix at RF Connectors, higher Military RF cable assembly sales and improved sales performance at Bioconnect.

At October 31st, 2004 RF Industries reported cash and cash equivalents of $4,497,000, working capital of $9,696,000, an 18 to 1 current ratio, no long-term debt and stockholders equity of $10,445,000, or $3.49 per share.

Productivity Focus

In 2004, we made considerable progress toward improving productivity across all company divisions. This is reflected in higher operating income, which improved to 18% of sales from 12% of sales last year and a higher gross margin, which reached 51% of sales compared to 49% of sales in 2003. Our management team is focused on continuing to improve the Company's operating performance in the current year, with the aim of strengthening our financial position and delivering increased value to our shareholders.

Employee's Culture of Accountability in Fiscal 2005 and years to come:

At RF Industries we're committed to doing the right thing the first time. The Company has undertaken a number of actions to improve our financial information and internal control procedures.

We currently anticipate that the financial costs for these new controls, combined with expenses related to Sarbanes-Oxley Act compliance, will primarily impact the Company's financial performance for the first six months ending April 30th, 2005. These expenses are anticipated to range from $200,000 to $300,000 for the full fiscal year ending October 31st, 2005. Although these costs will affect the Company's profitability, based on cash and cash equivalents, the Company's strong financial position, the absence of outstanding bank debt and continuing profitable operating results, RFI has more than sufficient capital resources to fund these new financial controls and meet any expenses associated with Sarbanes-Oxley Act compliance costs.

Product Update:

The RF Connectors Division is currently designing new connector and connector tools for digital applications, cellular and PCS telephones, Wi-Fi, broadband wireless, GPS, mobile radio, aircraft, video surveillance, audio and satellite applications. RF Connectors now markets approximately 1,500 different types of connectors and connector tools.

RF Connectors' Cable Assembly group also designs, produces and markets cable assemblies in a variety of sizes and combinations of RF coaxial connectors and cabling. The majority of these cable assemblies are manufactured to customer specifications. Applications include data and voice communication systems for local and wide-area networks, Internet, PCS/Cellular systems, TV dish/cable networks, test equipment, military/aerospace (including military standard and commercial off the shelf "COTS") applications and entertainment systems. Cable Assembly is one of the fastest growing areas in RF Industries.

The Bioconnect Division designs, manufactures and sells specialized electronic cabling and interconnect products used in the medical monitoring market. These products consist primarily of patient monitoring cables, ECG cables, snap leads and molded safety leads for neonatal monitoring electrodes. These products are used in hospitals, clinics, doctor offices, ambulances, homes and private facilities where cabling is frequently replaced to ensure maximum performance and cleanliness.

The RF Neulink Division developed a new radio modem in fiscal 2004. The upscale radio modem meets the FCC's new mandatory requirement to provide narrow-band channels that became effective January 1st, 2005. The NL6000 is a high-speed narrow-band compliant radio modem that operates on 12.5 KHz channel at a 12 kbps data transfer rate. Some of the other products offered by the RF Neulink Division are:

- RF9600 UHF and VHF wireless modems
- DAC9600's Incorporating RF9600's Digital, Analog and Relay I/O modules.
- NL6000 UHF and VHF wireless modems
- NL900 and NL2400 Spread Spectrum point-to-point wireless modems
- Ornnex Control Systems 900mhz Spread-Spectrum wireless modems and I/O modules
- Teledesign high-speed wireless modems in VHF, UHF and 900 MHz frequencies
- BlueWave Maxrad and Antennex antennas
- Custom Design and Engineering services

The various worldwide applications for Neulink products include seismic and volcanic monitoring, industrial remote censoring/control, oil field and pipelines data monitoring, warehousing, lottery remote data terminals, various military applications, remote camera control and tracking, perimeter and security system control/monitoring, water and waste management, inventory control, HVAC remote control and monitoring, biomedical hazardous material monitoring, fish farming, automation of food dispensing, water aeration and monitoring, remote emergency generator startup and monitoring and police usage for mobile warrant database access.

In August 2004, RF Industries completed the acquisition of the Aviel Electronics Division which designs, manufactures and sells standard and specialized connectors, including custom connectors which range from subminiature to type "L" to Nan-Hex, SMA, SMB, SMC, TNC, BNC, SC and NL. Aviel also specializes in the design and manufacture of non-standard connector configurations for specific applications, hard to locate and discontinued connectors for aerospace and other unique applications.

We believe that the product lines and capabilities of these five businesses can generate, for many years to come, cash to fuel new growth opportunities, potential acquisitions and enhance bottom-line results. We are continuously exploring new product lines and business opportunities and are confident that, with the help of our dedicated employees, RF Industries will achieve even more rapid growth in the coming years.

We are focused and committed to the task at hand and are absolutely convinced that RF Industries' best days are ahead of us.

All of us at RF Industries are thankful for your continuing support.

Sincerely,

Howard F. Hill
President/CEO

Abridged and Edited Copy of Annual Report

(Form 10-KSB)

For the fiscal year ended October 31, 2004

Commission File Number 0-13301

RF INDUSTRIES, LTD.

7610 Miramar Road, Bldg. 6000, San Diego, California 92126-4202

(858) 549-6340   FAX (858) 549-6345

Revenues for the year ended October 31, 2004 were $11,227,000.

The approximate aggregate market value of the voting stock held by non-affiliates of the registrant as of October 31, 2004, based on the average of the closing price of one share of the Common Stock of the Company, as reported on October 31, 2004 was $14,876,246. As of October 31, 2004, the registrant had 2,996,937 outstanding shares of common stock, $.01 par value.

Forward-Looking Statements:

Certain statements in this Annual Report on Form 10-KSB, and other oral and written statements made by the Company from time to time are “forward looking statements” within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended, including those that discuss strategies, goals, outlook or other non-historical matters, or projected revenues, income, returns or other financial measures. In some cases forward-looking statements can be identified by terminology such as “may,” “will,” “should,” “except,” “plan,” “anticipate,” “believe,” “estimate,” “predict,” “potential” or “continue,” the negative of such terms or other comparable terminology. These forward-looking statements are subject to numerous risks and uncertainties that may cause actual results to differ materially from those contained in such statements. Among the most important of these risks and uncertainties are the ability of the Company to continue to source its raw materials and products from its suppliers and manufacturers, and the market demand for its products, which market demand is dependent to a large part on the state of the telecommunications industry.

Important factors which may cause actual results to differ materially from the forward looking statements are described in the Section entitled “Risk Factors” in the Form 10-KSB, and other risks identified from time to time in the Company’s filings with the Securities and Exchange Commission, press releases and other communications. The Company assumes no obligation to update these forward-looking statements to reflect actual results or changes in factors or assumptions affecting such forward-looking statements.

PART I

ITEM 1. BUSINESS

General:

RF Industries, Ltd. (hereinafter the “Company”) is a provider of interconnect products and systems for radio frequency (RF) communications products and wireless digital transmission systems. For internal operational purposes, and for marketing purposes, the Company currently classifies its operations into the following five related divisions: (i) The RF Connector Division designs, manufactures and distributes coaxial connectors; (ii) the Cable Assembly Division assembles and sells cable assemblies that are integrated with coaxial connectors; (iii) the Bioconnect Division manufactures and distributes cabling and interconnect products to the medical monitoring market; (iv) the Aviel Electronics Division designs, manufactures and distributes RF connectors primarily for aerospace and military customers, and (v) the Neulink Division distributes complete wireless data products such as radio frequency data links and wireless modems.

The Company’s principal executive office is located at 7610 Miramar Road, Building #6000, San Diego, California. The Company was incorporated in the State of Nevada on November 1, 1979, completed its initial public offering in March 1984 under the name Celltronics, Inc. and changed its name to RF Industries, Ltd. in November 1990. Unless the context requires otherwise, references to the “Company” in this report include RF Industries, Ltd. and its divisions.

Operating Divisions

Connector Division The Connector Division is engaged in the design, manufacture and distribution of coaxial connector solutions for companies that design, build, operate, maintain and use wireless voice, data, messaging, and location tracking systems. Coaxial connector products consist primarily of connectors which, when attached to a coaxial cable, facilitate the transmission of analog and digital signals in various frequencies. Although most of the connectors are designed to fit standard products, the Company also sells custom connectors specifically designed and manufactured to suit its customers' requirements such as the Wi-Fi and broadband wireless markets. The Company's RF connectors are used in thousands of different devices, products and types of equipment. While the models and types of devices, products and equipment may change from year to year, the demand for the types of connectors used in such products and offered by the Company does not fluctuate with the changes in the end product incorporating the connectors. In addition, since the Company's standard connectors can be used in a number of different products and devices, the discontinuation of one product does not make the Company's connectors obsolete. Accordingly, most connectors carried by the Company can be marketed for a number of years and are only gradually phased out. Furthermore, because the Company's connector products are not dependent on any line of products or any market segment, the Company's overall sales of connectors do not fluctuate materially when there are changes to any product line or market segment. Sales of the Company's connector products are more dependent upon the overall economy and on the Company's ability to market its products. The Company's sales of connectors and cable assemblies have increased in the past two years as the overall market demand for wireless products that use the Company's connectors has increased. The Company believes that the continuing growth in new wireless products as well as its increased sales in the military/aerospace markets will result in an overall increase in the demand for the radio frequency connectors and cable assemblies that the Company distributes.

Third party foreign manufacturers located in Asia manufacture the Company's RF connectors for the Company. The Company has been designing, producing and selling coaxial connectors since 1987, and the Connector Division therefore represents the Company's oldest and most established division. The Connector Division has, during all of the recent fiscal years, generated the majority of the Company's revenues.

The Cable Assembly Group is engaged in the manufacture and distribution of RF cable assemblies. These cable assemblies consist of various types of coaxial cables that are attached to connectors (usually the Company's connectors) for use in a variety of communications applications. Cable assemblies are manufactured at the Company's California facilities and are sold through distributors or directly to major OEM (Original Equipment Manufacturer) accounts. Cable assemblies consist of both standard cable assemblies and assemblies that are custom manufactured for the Company's clients The Company offers a line of cable assemblies with over 100,000 cable products. The Company launched its cable assembly operations in 2000, and the operations of this division constituted the second largest generator of revenues for the Company during the fiscal year ended October 31, 2004.

Bioconnect Division The Bioconnect Division is engaged in the design, manufacture and sale of cables and interconnects for medical monitoring applications, such as disposable ECG cables, infant apnea monitors in hospitals, patient leads, snap leads and connecting wires. The Company acquired the Bioconnect Division in December 2000.

Aviel Electronics Division In August 2004, the Company acquired the business and all of the assets of Aviel Electronics, a privately held Las Vegas, Nevada based manufacturer and marketer of microwave and radio frequency (RF) connectors. Aviel Electronics has a 47 year history serving the microwave transmission industries, and is an approved vendor to leading aerospace, electronics, OEM's and government agencies in the United States and abroad. The acquisition of Aviel Electronics complemented the Company's Connector Division's capabilities by providing additional custom design capabilities, expanding the Company's products in the military and commercial aerospace markets, and by expanding the Company's client base.

RF Neulink Division The RF Neulink Division designs and manufactures, through outside contractors, wireless data products commonly known as RF data links and wireless modems. These radio modems and receivers provide high-speed wireless connections over longer distances where wire connections may not be desirable or feasible. In addition to selling its own radio modem, RF Neulink also distributes antennas, transceivers and related products of other manufacturers. The RF Neulink Division also offers complete turnkey packages for numerous remote data transmission applications. The Company established the RF Neulink Division in 1984.

Product Description:

The Company produces a broad range of interconnect products and assemblies. The products that are offered and sold by the Company's various divisions consist of the following:

Connector Division:

The Company's Connector Division designs and distributes coaxial connectors for the numerous products, devices and instruments. Coaxial connectors have applications in commercial, industrial, automotive, scientific and military markets. The types of connectors offered by the RF Connectors Division include 2.4mm and 3.5mm, 7-16 DIN, BNC, MCX, MHV, Mini-UHF, MMCX, N, SMA, SMB, TNC, QMA and UHF. These connectors are offered in several configurations for both plugs and jacks. There are hundreds of applications for these connectors, some of which include digital applications, cellular and PCS telephones, Wi-Fi and broadband wireless applications, cellular and PCS infrastructure, GPS (Global Positioning Systems), mobile radio products, aircraft, video surveillance systems, cable assemblies and test equipment. Users of the Company's connectors include telecommunications companies, circuit board manufacturers, OEM, consumer electronics manufacturers, audio and video product manufacturers and installers, and satellite companies. The Connector Division markets approximately 1,500 types of connectors, which range in price from $0.40 to $125.00 per unit.

The Connector Division also designs and sells a variety of connector tools and hand tools that are assembled into kits used by lab and field technicians, R&D technicians and engineers. The Company also designs and now offers some of its own tools, which differ from those offered elsewhere in the market. These tools are manufactured for the Company by outside contractor. Tool products are carried as an accommodation to the Company's customers and have not materially contributed to the Company's revenues.

The Cable Assembly Group produces and markets cable assemblies in a variety of sizes and combinations of RF coaxial connectors and coax cabling. Cabling is purchased from a variety of major unaffiliated suppliers and is assembled with the Company's connectors as complete cable assemblies. Coaxial cable assemblies have thousands of applications including local area networks, wide area networks, Internet systems, PCS/cellular systems, TV/dish network systems, test equipment, military/aerospace (mil-standard and COTS (Commercial Off The Shelf)) and entertainment systems. Most cable assemblies are manufactured to the purchaser's specifications.

Bioconnect Division

The Bioconnect group designs, manufactures and sells specialized electrical cabling and interconnect products used in the medical monitoring market. These products consist primarily of patient monitoring cables, ECG cables, snap leads, and molded safety leads for neonatal monitoring electrodes. The products, which are used in hospitals, clinics, doctor offices, ambulances and at home are replaced frequently in order to ensure maximum performance.

Aviel Electronics Division

The Aviel Electronics Division designs, manufactures and sells specialized connectors. Standard configuration and custom connectors include connectors ranging from subminiature to type "L" to Nan-Hex, SMA, SMB, SMC, TNC, BNC, SC and NL. Aviel also specializes in the design and manufacture of non-standard configurations required for specific applications, hard to locate and discontinued connectors for aerospace and other unique applications.

RF Neulink Division:

The wireless data products available from the RF Neulink Division come in a variety of configurations to satisfy the requirements of the various vertical markets. Transmitter and receiver modules come in a wide range of power output and frequency ranges and are used to convey data or voice from point to point. Additionally, dumb or smart programmable modems are available in a wide range of speeds and frequency/price ranges. Accessory modules have been developed for remotely controlling and monitoring electrical devices.

The products sold by the RF Neulink Division include both its own products and products of other manufacturers that are distributed by the Neulink Division. The products offered by the Neulink Division include:

- RF9600 UHF and VHF wireless modems.
- DAC9600'S incorporating RF9600's with Digital, Analogue, and Relay I/O modules
- NL6000 UHF and VHF wireless moderns
- NL900 and NL2400 Spread Spectrum point to point wireless modems
- Ornnex Control Systems 900mhz Spread-Spectrum wireless modems and I/O modules
- Teledesign high-speed wireless modems in VHF, UHF and 900 MHz frequencies
- BlueWave, Maxrad. and Antenex antennas
- Custom Design and Engineering services

Current applications in use worldwide for Neulink products are various and include seismic and volcanic monitoring, industrial remote censoring/control in oil fields, pipelines and warehousing, lottery remote terminals, various military applications, remote camera control and tracking, perimeter and security system control/monitoring, water and waste management, inventory control, HVAC remote control and monitoring, biomedical hazardous material monitoring, fish farming automation of food dispensing, water aeration and monitoring, remote emergency generator startup and monitoring, police usage for mobile warrant database access

During the 2004 fiscal year, the Neulink Division introduced a new radio modem that it developed. The new NL6000 radio modem was repositioned within the marketplace to compete against a more upscale market segment and was designed to meet the FCC's new mandatory requirement to provide narrow-band channels that became effective in January 2005. This product is a high-speed narrow band compliant radio modem, that operates on a 12.5 KHz channel at a 12 Kbps data transfer rate.

Foreign Sales:

Direct export sales by the Company to customers in South America, Canada, Mexico, Europe, Australia, the Middle East, and Asia accounted for approximately 8.9% of Company sales for the fiscal year ended October 31, 2004. The majority of the export sales during these periods were to Canada and Mexico. The Company is attempting to expand its foreign distribution efforts under its "RFI" logo, and is attempting to obtain additional foreign private label customers.

The Company does not own, or directly operate any manufacturing operations or sales offices in foreign countries.

Distribution, Marketing and Customers:

Sales methods vary greatly between its divisions.

The Connector and Cable Assembly Divisions currently sell their products primarily through warehousing distributors and OEM customers who utilize coaxial connectors and cable assemblies in the manufacture of their products. Since there are many OEMs who are not served by any of the Company's distributors, the Company's goal is to increase the number of OEMs that purchase connectors directly from the Company. The Aviel Division will continue to sell products to its customer base with the addition of customers referred through the Connector Division. The Aviel and Connector Divisions sell to similar customer market segments and will combine marketing efforts where economically advantageous. The Bioconnect group markets its products to the medical market through hospital dealers and distributors. The Bioconnect Division also sells its products to OEMs who incorporate the leads and cables into their product offerings.

The Neulink Division sells its products directly or through manufacturers representatives, system integrators and OEM's. System integrators and OEMs integrate and/or mate Company's products with their hardware and software to produce turnkey wireless systems. These systems are then either sold or leased to other companies, including utility companies, financial institutions, petrochemical companies, government agencies, and irrigation/water management companies.

Manufacturing:

The Company contracts with outside third parties for the manufacture of all its coaxial connectors, and Neulink products. However, virtually all of RF cable assemblies sold by the Company during the fiscal year ended October 31, 2004 were manufactured by the Company at its facilities in California. The Connector Division has its manufacturing performed at numerous manufacturing plants in Japan, Korea, the United States and International Standards Organization (ISO) approved factories in Taiwan. The Company is not dependent on any one or only a few manufacturers for its coaxial connectors and cable assemblies. The Company does not have any agreements with manufacturers for its connectors, cable assemblies or Neulink products. RF Industries has in-house design engineers who create the engineering drawings for fabrication and assembly of connectors and cable assemblies. Accordingly, the manufacturers are not primarily responsible for design work related to the manufacture of the connectors and cable assemblies. However, the third party manufacturers of the Neulink products are solely responsible for design work related to the manufacture of the Neulink Division's products. Neulink's products are manufactured by numerous manufacturers in the United States, and the Company is not dependent on one or a few manufacturers for its Neulink products.

The Bioconnect Division has designed and manufactured its own products for over 20 years (including as an unaffiliated company before being acquired by the Company in 2000). The manufacturing process for the Bioconnect medical cables includes all aspects of the product, from the design to mold design, mold fabrication, assembly and testing. The Bioconnect product line produces its medical interconnect products in both high volume manufacturing and for custom or low volume uses.

The Aviel Electronics Division manufactures all its connectors at its Las Vegas, Nevada manufacturing facility. The Aviel Electronics Division has designed and manufactured its own products for 47 years (including as an unaffiliated company before being acquired by the Company in 2004). The manufacturing process for the Aviel connectors includes all aspects of the product from design, tooling, fabrication, assembly and testing. The Aviel Electronics product line produces its connector products for low volume custom manufacturing uses, for the military, aerospace and other unique applications.

There are certain risks associated with the Company's dependence on third party manufacturers for some of its products, including reduced control over delivery schedules, quality assurance, manufacturing costs, the potential lack of adequate capacity during periods of excess demand and increases in prices. See "Risk Factors."

Raw Materials:

Connector materials are typically made of commodity metals and include small applications of precious materials, including silver and gold. The RF Connector Division purchases most of its connector products from contract manufacturers located in Asia and the United States. The Company believes that the raw materials used in its products are readily available and that the Company is not currently dependent on any supplier for its raw materials. The Company does not currently have any long-term purchase or supply agreements with its connector or Neulink product suppliers. The RF Connector cable assembly division obtains coaxial connectors from RF Connector. The Company believes there are numerous domestic and international suppliers of coaxial connectors. Nevertheless, should the Company experience a material delay in obtaining raw materials and component parts from its existing suppliers, until alternate arrangements are made, the Company's ability to meet its customer's needs may be adversely affected.

Neulink purchases its electronic products from various U.S. suppliers, and all Neulink wireless modem transceivers are built in the United States. The Company believes electronic components used in these products are readily available from a number of domestic suppliers and from other foreign suppliers.

Aviel Electronics Division connector materials are typically made of commodity metals and include some application of precious materials, including silver and gold. The Aviel Electronic Division purchases almost all of its connector products from vendors in Asia and the United States. The Company believes the connector materials used in the manufacturing of its connector products are readily available from a number of foreign and domestic suppliers.

Personnel:

As of December 31, 2004, the Company employed 72 full-time employees, of whom 16 were in management, 43 were in manufacturing and assembly, 2 were engineers engaged in design, research and development, and the rest were in various administrative positions. The Company also occasionally hires part-time employees. The Company believes that it has a good relationship with its employees and, at this time, no employees are represented by a union.

Research and Development:

The Company has spent approximately $40,000 and $234,000 on research and development in the fiscal years ended October 31, 2004 and 2003, respectively. A significant portion of research and development expenses during the past two years were spent on the development of the Neulink Division's NL6000 radio modem. Since the development of the NL6000 has now been completed, research and development expenses decreased significantly. Research and development activities of the Company consist of activities intended to produce new products not marketed by others that can be marketed to the industry in general.

In addition to research and development activities, the Company also spent approximately $1,000,000 during the past two fiscal years on engineering. Engineering activities consist of the design and development of new products for specific customers, the design and engineering of new products and the redesign of existing products to keep up with changes in the industry and products offered by the Company's competitors. Engineering work often is carried out in collaboration with the Company's customers.

The increase in business in the military/aerospace sector has encouraged the Company to pursue the development of an ISO 9000 system thereby improving its' competitive edge.

Patents, Trademarks and Licenses:

The Company does not own any patents on any of its products, nor has it registered any product trademarks. Because of the Company carries thousands of separate types of connectors and other products, most of which are available to the Company's customers from other sources, the Company does not believe that its business or competitive position is dependent on patent protection.

Warranties and Terms:

The Company warrants its products to be free from defects in material and workmanship for varying warranty periods, depending upon the product. Products are generally warranted to the dealer for one year, with the dealer responsible for any additional warranty it may make. Certain Neulink products are sold directly to end-users and are warranted to those purchasers. The RF Connector products are warranted for the useful life of the connectors. Although the Company has not experienced any significant warranty claims to date, there can be no assurance that it will not be subjected to such claims in the future.

The Company usually sells to customers on 30-day terms pursuant to invoices and does not generally grant extended payment terms. Sales to most foreign customers are made on cash terms at time of shipment. Customers may delay, cancel, reduce, or return products after shipment subject to a restocking charge.

Competition:

Management estimates that the Connector Division has over 50 competitors in the approximately $900,000,000 annual coaxial connector market. Management believes no one competitor has over 15% of the total market, while the three leaders hold no more than 30% of the total market. Many of the competitors of the RF Connector Division have significantly greater financial resources and broader product lines. RF Connector competes on the basis of product quality, product availability, price, service, delivery time and value-added support to its distributors and OEM customers. Since the Company's strategy is to provide a broad selection of products in the areas in which it competes and to have a ready supply of those products available at all times, the Company normally has a significant amount of inventory of its connector products. The Bioconnect group competes with numerous other companies in all areas of its operations, including the manufacture of OEM custom products and medical cable products. Most of the competitors of Bioconnect are larger and have significantly greater financial resources than Bioconnect.

There are numerous small privately held manufacturers and marketers of connectors, but Aviel Electronics has specialized in microwave and radio frequency (RF) custom connectors which lowers the number of its direct competitors. Because Aviel Electronics is an approved vendor of leading aerospace, electronics, OEM and government agencies in the United States and abroad, competition is limited to those manufacturers who have been approved.

Major competitors for Neulink include Microwave Data Systems and Data Radio. Although a number of larger firms could enter Neulink's markets with similar products, Neulink's strategy is focused on serving and providing specific hardware and software combinations with the goal of maintaining a strong position in selected "niche" wireless applications. While the Neulink Division's competitors offer products that are substantially similar to Neulink's radio modems, the Neulink Division tries to enhance its competitive position by offering additional service before, during, and after the sale.

Government Regulations:

The Company's products are designed to meet all known existing or proposed governmental regulations. Management believes that the Company currently meets existing standards for approvals by government regulatory agencies for its principal products. Because the products designed and sold by the Aviel Electronics Division are used in commercial and military aerospace products, its products are regulated by various government agencies in the United States and abroad.

Neulink products are subject to the regulations of the Federal Communications Commission (FCC) in the United States, the Department of Communications (D.O.C.) in Canada, and the future E.C.C. Radio Regulation Division in Europe. The Company's present equipment is "type-accepted" for use in the United States and Canada. Neulink offers products that comply with current FCC, Industry Canada, and some European union regulations. The system integrator, or end user, is responsible for compliance with applicable government regulations.

Bioconnect's products are subject to the regulations of the U.S. Food and Drug Administration.

ITEM 2. PROPERTIES:

The Company leases its corporate headquarters building at 7610 Miramar Road, Building 6000, San Diego, California. The building consists of approximately 11,000 square feet which houses administrative, sales and marketing, engineering, production and warehousing for the Company's Connector Division. In addition, the Company also leases the following facilities:

(i) The Bioconnect Division operates in a 3,180 square foot facility that is located adjacent to the Company's corporate headquarters. The lease for this space expires on May 31, 2005.

(ii) The Neulink Division operates from a separate building that is located near the Company's corporate headquarters at 7606 Miramar Road, Building 7200. RF Neulink's building consists of approximately 2,400 square feet of administrative and manufacturing space and houses the production and sales staff of the Neulink Division. The lease for this space expires on May 31, 2005.

(iii) In August 2004, the Company established its Aviel Electronics Divisions through its acquisition of the assets and the lease of Aviel Electronics in Las Vegas, Nevada. Accordingly, the Aviel Electronics division currently leases an approximately 3,000 square feet facility located at 5530 S. Valley View Blvd., Suite 103, Las Vegas, Nevada. The lease for the Las Vegas offices will expire on March 31, 2005.

The aggregate monthly rental for all the Company's facilities currently is approximately $13,500 per month, plus utilities, maintenance and insurance.

The Company currently believes that its facilities are sufficient to meet its foreseeable needs. However, should the Company require additional space, the Company believes that suitable additional space is available near the Company's current facilities. In addition, the Company believes that it will be able to renew its existing leases upon the expiration of the current leases or, if desirable or necessary, locate alternate facilities on substantially similar terms.

ITEM 3. LEGAL PROCEEDINGS:

The Company is not currently a party to any pending legal proceedings.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS:

None.

PART II

ITEM 5. MARKET FOR COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND SMALL BUSINESS ISSUER PURCHASES OF EQUITY SECURITIES.

The Company's Common Stock is listed and trades on the NASDAQ Small Cap Market under the symbol "RFIL."

For the periods indicated, the following tables sets forth the high and low sales prices per share of Common Stock. These prices represent inter-dealer quotations without retail mark-up, markdown or commission and may not necessarily represent actual transactions.

Quarter	High	Low
Fiscal 2004		
November 1, 2003 - January 31, 2004	$9.04	$3.85
February 1, 2004 - April 30, 2004	8.48	5.95
May 1, 2004 - July 31, 2004	10.49	7.35
August 1, 2004 - October 31, 2004	8.44	6.20
Fiscal 2003		
November 1, 2002 - January 31, 2003	$3.85	$2.69
February 1, 2003 - April 30, 2003	5.95	2.87
May 1, 2003 - July 31, 2003	7.35	3.78
August 1, 2003 - October 31, 2003	6.20	4.50

On January 24, 2005, the closing sales price of the Company's Common Stock was $8.52.

As of January 9, 2005, there were 556 holders of the Company's Common Stock according to the records of the Company's transfer agent, Continental Stock Transfer & Trust Company, New York, New York, not including holders who hold their stock in "street name".

The Company has not paid any dividends to date and does not presently intend to pay cash dividends on its Common Stock in the foreseeable future.

There were no sales of equity securities by the Company that were not registered under the Securities Act during fiscal 2004.

The Company did not repurchase any of its shares during the fourth quarter of the fiscal year covered by this report.

ITEM 6. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Our financial statements have been prepared in accordance with accounting principles generally accepted in the United States. The preparation of these financial statements requires us to make significant estimates and judgments that affect the reported amounts of assets, liabilities, revenues, expenses and related disclosure of contingent assets and liabilities. We evaluate our estimates, including those related to bad debts, inventories and contingencies on an ongoing basis. We base our estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions. One of the accounting policies that involve significant judgments and estimates concerns our inventory valuation. Inventories are valued at the weighted average cost value. Certain items in the inventory may be considered obsolete or excess and, as such, we may establish an allowance to reduce the carrying value of these items to their net realizable value. Based on estimates, assumptions and judgments made from the information available at the time, we determine the amounts of these allowances. Because inventories have, during the past few years, represented over one-third of our total assets, any reduction in the value of our inventories would require us to take write-offs that would affect our net worth and future earnings. Another accounting policy that involves significant judgments and estimates is our accounts receivable allowance valuation. The Company routinely assesses the financial strength of its customers and maintains an allowance for doubtful accounts that management believes will adequately provide for credit losses.

RECENTLY ISSUED ACCOUNTING STANDARDS

In December 2004, the FASB issued SFAS No. 123 (R), "Accounting for Stock-Based Compensation." SFAS 123 (R) establishes standards for the accounting for transactions in which an entity exchanges its equity instruments for goods or services. SFAS No. 123 (R) focuses primarily on accounting for transactions in which an entity obtains employee services in share-based payment transactions. SFAS 123 (R) requires that the fair value of such equity instruments be recognized as expense in the historical financial statements as services are performed. Prior to SFAS 123 (R), only certain pro forma disclosures of fair value were required. SFAS 123 (R) shall be effective for small business issuers such as this Company as of the beginning of the first interim or annual reporting period that begins after December 15, 2005. The adoption of this new accounting pronouncement is expected to have a material impact on the financial statements of this Company during the fiscal year 2006.

In May 2003, the FASB issued SFAS No. 150, "Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity." SFAS No. 150 changes the accounting for certain financial instruments with characteristics of both liabilities and equity that, under previous pronouncements, issuers could account for as equity. The new accounting guidance contained in SFAS No. 150 requires that those instruments be classified as liabilities in the balance sheet.

SFAS No. 150 affects the issuer's accounting for three types of freestanding financial instruments. One type is mandatory redeemable shares, which the issuing company is obligated to buy back in exchange for cash or other assets. A second type included put options and forward purchase contracts, which involves instruments that do or may require the issuer to buy back some of its shares in exchange for cash or other assets. The third type of instruments that are liabilities under SFAS No. 150 are obligations that can be settled with shares, the monetary value of which is fixed, tied solely or predominantly to a variable such as market index, or varies inversely with the value of the issuers' shares. SFAS No. 150 does not apply to features embedded in a financial instrument that is not a derivative in its entirety.

Most of the provisions of SFAS No. 150 are consistent with the existing definition of liabilities in FASB Concepts Statement No. 6, "Elements of Financial Statements." The remaining provisions of SFAS No. 150 are consistent with the FASB's proposal to revise that definition to encompass certain obligations that a reporting entity can or must settle by issuing its own shares. SFAS No. 150 shall be effective for financial instruments entered into or modified after May 31, 2003 and otherwise shall be effective at the beginning of the first interim period beginning after June 15, 2003. The adoption of this new accounting pronouncement is not expected to have a material impact on the Company's financial statements.

In November 2004, the FASB issued SFAS No. 151, Inventory Costs, an amendment of ARB No. 43, Chapter 4. This statement amends the guidance in ARB No. 43, Chapter 4, Inventory Pricing, to clarify the accounting for abnormal amounts idle facility expense, freight, handling costs, and wasted material (spoilage). Paragraph 5 of ARB No. 43, Chapter 4, previously stated that "...under some circumstances, items such as idle facility expense, excessive spoilage, double freight, and rehandling costs may be so abnormal as to require treatment as current period charges..." SFAS No. 151 requires that those items be recognized as current-period charges regardless of whether they meet the criterion of "so abnormal". In addition, this statement requires that allocation of fixed production overheads to the costs of conversion be based on the normal capacity of the production facilities. The provisions of SFAS 151 shall be applied prospectively and are effective for inventory costs incurred during fiscal years beginning after the date this Statement was issued. The adoption of SFAS No. 151 is not expected to have a material impact on our financial position and results of operations.

In December 2004, the FASB issued SFAS No. 153, Exchanges of Nonmonetary Assets, an amendment of APB Opinion No. 29. The guidance in APB Opinion No 29, Accounting for Nonmonetary Transactions, is based on the principle that exchanges of nonmonetary assets should be measured based on the fair value of assets exchanged. The guidance in that Opinion, however, included certain exceptions to that principle. This Statement amends Opinion 29 to eliminate the exception for nonmonetary exchanges of similar productive assets that do not have commercial substance. A nonmonetary exchange has commercial substance if the future cash flows of the entity are expected to change significantly as a result of the exchange. SFAS No. 153 is effective for nonmonetary exchanges occurring in fiscal periods beginning after June 15, 2005. The adoption of SFAS No. 153 is not expected to have a material impact on our financial position and results of operations.

OVERVIEW

Historically, over 87% of the Company's revenues are generated by the Connector Divisions from the sale of connector products and connector cable assemblies. Sales of connectors are expected to constitute an even larger portion of revenues in the future since the Company acquired the Aviel Electronics Division in August 2004. Because the Company sells thousands of connector products for uses in thousands of end products, sales are relatively stable and not dependent upon any one industry sector or product line. As a result, the Company's revenues and expenses are typically not subject to major fluctuations. During the fiscal year ended October 31, 2004, sales did, however, increase by 14% over the sales in the prior year due to an overall increase in the economy and, in particular, a rebound in the telecommunications and wireless industries, which resulted in increased sales to those industries. In addition, revenues increased due to the acquisition of the Aviel Division during the fourth quarter.

The Company also continued to manage its operating costs by reducing its selling and general expenses as a percentage of net sales during fiscal 2004.

As a result of our increased sales and control of our operating expenses, the Company generated net income for the 11th consecutive year.

During the 2004 fiscal year. the Company generated $1,464,000 of cash from our operations. As a result, the amount of cash and cash equivalents held by the Company as of October 31, 2004 increased to $4,497,000 from $2,684,000 in the prior year. Since the Company has no debt, other than normal accounts payable and accrued expenses, it will continue to have sufficient cash to fund all of its anticipated financing and liquidity needs for the foreseeable future.

Financial Condition:

The following table presents the key measures of financial condition as of October 31, 2004 and 2003:

	2004		2003	
	Amount	% Total Assets	Amount	% Total Assets
Cash and cash equivalents……….	$4,497,322	40.6%	$2,683,896	31.2%
Current assets…………………….	10,259,453	92.7%	8,146,211	94.6%
Current liabilities………………...	563,056	5.1%	509,992	5.9%
Working capital………………….	9,696,397	87.6%	7,636,219	88.7%
Property and equipment – net……	563,040	5.1%	328,124	3.8%
Total assets………………………	11,070,722	100.0%	8,608,090	100.0%
Stockholders' equity……………..	10,454,666	94.4%	8,058,098	93.6%

Liquidity and Capital Resources:

Management believes that its existing current assets and the amount of cash it anticipates it will generate from current operations will be sufficient to fund the anticipated liquidity and capital resource needs of the Company for the fiscal year ending October 31, 2005. The Company does not, however, currently have any commercial banking arrangements providing for loans, credit facilities or similar matters should the Company need to obtain additional capital. Management believes that its existing assets and the cash it expects to generate from operations will be sufficient during the current fiscal year are based on the following:

- As of October 31, 2004, the amount of cash and cash equivalents was equal to $4,497,000 in the aggregate. This amount exceeds the amount of the selling and general expenses of the Company for the entire fiscal year ended October 31, 2004. Accordingly, the Company believes that it has sufficient cash available to operate for an entire year even if it did not generate any profits.

- As of October 31, 2004, the Company had approximately $10,259,000 in current assets, and only $563,000 of current liabilities.

The principal expenditures that the Company currently anticipates for fiscal 2005 that will negatively affect the Company's liquidity and financial results will be the additional costs it expects to incur in order to comply with the new Sarbanes-Oxley Act of 2002 requirements that go into effect this year, particularly those related to implementing and verifying new internal financial control systems. The Company estimates that these additional compliance costs could be approximately $800,000 during the fiscal year ended October 31, 2005. These additional expenditures will reduce the amount of cash and cash equivalents that the Company has in reserves. Nevertheless, management believes that based on the Company's financial condition at October 31, 2004, the absence of outstanding bank debt, and its recent operating results, it has sufficient capital resources to fund its operations (including the new Sarbanes-Oxley Act of 2002 compliance costs) for at least the next twelve months. Should the Company need to obtain additional funds for its unexpected acquisitions of assets or other expansion activities, based on its balance sheet and its history of profitability, the Company believes that it would be able to obtain bank loans to finance these expenditures. However, there can be no assurance any bank loan would be obtainable, or if obtained, would be on favorable terms or conditions.

The Company is not a party to off-balance sheet arrangements and does not engage in trading activities involving non-exchange traded contracts. In addition, the Company has no financial guarantees, debt or lease agreements or other arrangements that could trigger a requirement for an early payment or that could change the value of the Company's assets.

Inventories as of October 31, 2004 were $3,790,000, a $335,000 increase from October 31, 2003. As part of its business strategy, and because of its offshore manufacturing arrangements, the Company normally maintains a high level of inventory. As described elsewhere in this Annual Report, one of the Company's competitive advantages and strategies is to maintain customer satisfaction by having sufficient inventory on hand to fulfill most customer orders on short notice. Accordingly, the Company maintains a significant amount of inventory, which amount it increases or decreases to reflect its sales. The Company continuously monitors its inventory levels and, because of recent increases in sales, may commence increasing its inventory levels. Because sales have been increasing, the Company has increased its inventory levels to be able to meet anticipated demand.

The net income for the current year was $1,224,000, and net cash provided by operating activities for the year ended October 31, 2004 was $1,464,000. For the prior year ended October 31, 2003, net income was $711,000, and cash provided by operating activities was $1,129,000. Net cash provided by operating activities exceeded net income as a result of non-cash depreciation and amortization expenses, and a reduction in trade accounts receivable, the collection of which increased cash without affecting net income. In fiscal 2003, net cash provided from operations exceeded net income due to the reduction in inventories (which enabled the Company to generate sales and increase accounts receivable without having to expend cash to purchase or replenish those inventories), non-cash depreciation and amortization expenses, and certain other factors.

Net cash used in investing activities was $650,000 as a result of the acquisition of the Aviel Electronics Division in August 2004 and the purchase of additional equipment. In August 2004, the Company purchased all of the assets of Aviel Electronics, an established connector manufacturer and marketer located in Las Vegas, Nevada. The purchase price paid for the acquisition was $510,000, of which $410,000 was paid in cash to the seller at the closing and $100,000 is being held in escrow for one year as security for certain representations made by the seller. In fiscal 2003, net cash used in investing activities was only $44,000, consisting primarily of capital expenditures made during that year.

Financing activities increased the Company's net cash by $999,000 in the current year due to the receipt of funds from the exercise of stock options by the Company's employees. In fiscal 2003, financing activities reduced the Company's net cash by $2,340,000 primarily as a result of the repurchase of 752,167 of its outstanding shares of common stock.

Results of Operations:

The following summarizes the key components of the results of operations for the years ended October 31, 2004 and 2003:

	2004		2003	
	Amount	% of Sales	Amount	% of Total Sales
Net sales	$11,227,242	100.0%	$9,875,499	100.0%
Cost of sales	5,539,945	49.3%	5,079,307	51.4%
Gross profit	5,687,297	50.7%	4,796,192	48.6%
Engineering expenses	486,202	4.3%	753,562	7.6%
Selling and general expenses	3,154,074	28.1%	2,849,506	28.9%
Operating income	2,047,021	18.2%	1,193,124	12.1%
Other income	17,110	.2%	22,321	.2%
Income before income taxes	2,064,131	18.4%	1,215,445	12.3%
Income taxes	840,000	7.5%	504,700	5.1%
Net income	1,224,131	10.9%	710,745	7.2%

Net sales of the Company increased by $1,352,000, or 14%, for the fiscal year ended October 31, 2004 compared to the fiscal year ended October 31, 2003. The increase in fiscal 2004 is attributable to an increase in sales as the overall market demand for connector products increased, particularly for wireless applications during the fiscal year. In addition to an increase in demand in the Company's connector and cable assembly products as a result of an increase in the wireless market, sales of the Bioconnect Division's medical products also increased during the October 31, 2004 fiscal year. Finally, the acquisition of the Aviel Division in August 2004 contributed revenues during the last fiscal quarter of the October 31, 2004 fiscal year. Since the Company did not own or operate the Aviel Division in fiscal 2003, the addition of Aviel Division improved revenues in 2004 and will continue to supplement the Company's connector sales in the future. The increase in revenues at the Company's four other divisions were partly offset by a decrease in revenues in the Neulink Division. Revenues in the Neulink Division decreased due to the loss of a primary customer.

The Company's gross profit increased by $891,000 to $5,687,000 in 2004 from $4,796,000 in 2003 due to the increase in net sales and a reduction in cost of sales as a percentage of sales. As a percent of sales, gross profit increased to 50.7% in fiscal 2004 from 48.6% of sales in fiscal 2003. The increase in the gross profit percentage is primarily due to product mix, and increased sales volume, which increased volume enabling the Company to obtain better pricing on its product purchases and reduce its per unit labor costs.

Engineering expenses, which include research and development expenses, decreased by $268,000 from $754,000 in fiscal 2003 to $486,000 in fiscal 2004. As a percent of sales, engineering expenses decreased from 7.6% in fiscal 2003 to 4.3% in fiscal 2004. The decrease in engineering expenses is attributable to termination of the design and development activities related the development of the new Neulink modem.

Selling and general expenses increased by $304,000, or by 10.7%, from $2,850,000 in fiscal 2003 to $3,154,000 in fiscal 2004. The increase is primarily due to additional costs related to increased sales and increased marketing activities, as well as the addition of the Aviel Division and the costs related to operating a new office in a different state. However, as a percentage of net sales, selling and general expenses decreased in fiscal 2004 to 28% from 29% in fiscal 2003. The decrease in selling and general expenses reflects the Company's continuing emphasis on cost controls. General and administrative expenses are, however, expected to significantly increase during the next fiscal year due to the additional costs the Company expects to incur in order to comply with the new Sarbanes-Oxley Act of 2002 requirements that go into effect this year, particularly those related to implementing and verifying new internal financial control systems. The Company estimates that these additional compliance costs could be approximately $800,000 during the fiscal year ending October 31, 2005.

Operating income increased by $854,000 from $1,193,000 in fiscal 2003 to $2,047,000 in fiscal 2004. The increase in operating income is primarily attributable to increased sales, the higher gross margins.

Net income increased by $513,000 to $1,224,000, compared to net income of $711,000 in fiscal 2003. The increase in net income is due to the overall increase in net sales.

ITEM 7. FINANCIAL STATEMENTS

The following Financial Statements of the Company with related Notes and Report of Independent Registered Public Accounting Firm are attached hereto as pages F-1 to F-17 and filed as part of this Annual Report:

- Report of J.H. Cohn LLP, Independent Registered Accounting Firm
- Balance Sheets as of October 31, 2004 and 2003
- Statements of Income for the years ended October 31, 2004 and 2003
- Statements of Stockholders' Equity for the years ended October 31, 2004 and 2003
- Statements of Cash Flows for the years ended October 31, 2004 and 2003
- Notes to Financial Statements

Index
[Attachment to Item 7]

* * *

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Report of Independent Registered Public Accounting Firm

To the Stockholders
RF Industries, Ltd.

We have audited the accompanying balance sheets of RF Industries, Ltd. as of October 31, 2004 and 2003, and the related statements of income, stockholders' equity and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of RF Industries, Ltd. as of October 31, 2004 and 2003, and its results of operations and cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

J. H. Cohn LLP

San Diego, California
December 9, 2004

RF INDUSTRIES, LTD.

BALANCE SHEETS
OCTOBER 31, 2004 AND 2003

ASSETS

	2004	2003
Current assets:		
Cash and cash equivalents	**$ 4,497,322**	$2,683,896
Trade accounts receivable, net of allowance for doubtful accounts of $38,513 and $55,322	**1,516,035**	1,701,618
Notes receivable	**12,000**	12,000
Inventories	**3,789,958**	3,455,018
Other current assets	**303,138**	158,079
Deferred tax assets	**141,000**	135,600
Total current assets	**10,259,453**	8,146,211
Equipment and furnishings:		
Equipment and tooling	**1,489,297**	1,125,485
Furniture and office equipment	**299,423**	260,183
	1,788,720	1,385,668
Less accumulated depreciation	**1,225,680**	1,057,544
Totals	**563,040**	328,124
Goodwill	**137,328**	
Notes receivable from related parties	**26,730**	49,584
Note receivable from stockholder	**70,000**	70,000
Other assets	**14,171**	14,171
Totals	**$11,070,722**	$8,608,090

LIABILITIES AND STOCKHOLDERS' EQUITY

	2004	2003
Current liabilities:		
Accounts payable	**$ 209,956**	$ 181,637
Accrued expenses	**353,100**	328,355
Total current liabilities	**563,056**	509,992
Deferred tax liabilities	**53,000**	40,000
Total liabilities	**616,056**	549,992
Commitments and contingencies		
Stockholders' equity:		
Common stock - authorized 10,000,000 shares at $.01 par value; 2,996,937 and 2,692,683 shares issued	**29,970**	26,927
Additional paid-in capital	**3,566,760**	2,418,033
Retained earnings	**6,857,936**	5,633,805
Treasury stock, at cost, 7,300 shares in 2003		(20,667)
Total stockholders' equity	**10,454,666**	8,058,098
Totals	**$11,070,722**	$8,608,090

See Notes to Financial Statements.

RF INDUSTRIES, LTD.

STATEMENTS OF INCOME
YEARS ENDED OCTOBER 31, 2004 AND 2003

	2004	2003
Net sales	$11,227,242	$ 9,875,499
Cost of sales	5,539,945	5,079,307
Gross profit	5,687,297	4,796,192
Operating expenses:		
Engineering	486,202	753,562
Selling and general	3,154,074	2,849,506
Totals	3,640,276	3,603,068
Operating income	2,047,021	1,193,124
Other income - interest	17,110	22,321
Income before income taxes	2,064,131	1,215,445
Provision for income taxes	840,000	504,700
Net income	$ 1,224,131	$ 710,745
Earnings per share:		
Basic	$ .42	$ .23
Diluted	$ .33	$ .19

See Notes to Financial Statements.

RF INDUSTRIES, LTD.

STATEMENTS OF STOCKHOLDERS' EQUITY
YEARS ENDED OCTOBER 31, 2004 AND 2003

	Common Stock		Additional Paid-In Capital	Retained Earnings	Receivables from Sale of Stock	Treasury Stock	Total Stockholders' Equity
	Shares	Amount					
Balance, November 1, 2002	3,441,054	$ 34,410	$ 4,695,147	$ 4,923,060	$ (1,715)	$ (55,211)	$ 9,595,691
Net income				710,745			710,745
Tax benefit on non-qualified stock options			47,500				47,500
Repayments of receivables from sale of stock					1,715		1,715
Exercise of stock options	73,296	733	89,962				90,695
Purchase of treasury stock						(2,388,248)	(2,388,248)
Retirement of common stock	(821,667)	(8,216)	(2,414,576)			2,422,792	
Balance, October 31, 2003	2,692,683	26,927	2,418,033	5,633,805	-	(20,667)	8,058,098
Net income				**1,224,131**			**1,224,131**
Tax benefit on non-qualified stock options			**173,000**				**173,000**
Exercise of stock options	**311,554**	**3,116**	**996,321**				**999,437**
Retirement of common stock	**(7,300)**	**(73)**	**(20,594)**			**20,667**	
Balance, October 31, 2004	**2,996,937**	**$ 29,970**	**$ 3,566,760**	**$ 6,857,936**	**$ -**	**$ -**	**$ 10,454,666**

See Notes to Financial Statements.

RF INDUSTRIES, LTD.

STATEMENTS OF CASH FLOWS
YEARS ENDED OCTOBER 31, 2004 AND 2003

	2004	2003
Operating activities:		
Net income	**$ 1,224,131**	$ 710,745
Adjustments to reconcile net income to net cash provided by operating activities:		
Provision for bad debts	**2,000**	54,000
Depreciation	**168,136**	158,040
Deferred income taxes	**7,600**	(40,800)
Income tax benefit on non-qualified stock options	**173,000**	47,500
Changes in operating assets and liabilities:		
Trade accounts receivable	**183,583**	(609,179)
Inventories	**(202,928)**	688,599
Other assets	**(145,059)**	8,617
Accounts payable	**28,319**	110,831
Accrued expenses	**24,745**	1,084
Net cash provided by operating activities	**1,463,527**	1,129,437
Investing activities:		
Payment for acquisition	**(510,000)**	
Capital expenditures	**(162,392)**	(51,341)
Payments of note receivable from related party	**22,854**	6,921
Net cash used in investing activities	**(649,538)**	(44,420)
Financing activities:		
Exercise of stock options	**999,437**	90,695
Purchase of treasury stock		(2,388,248)
Payments on notes payable		(44,582)
Repayments of receivables from sale of stock		1,715
Net cash provided by (used in) financing activities	**999,437**	(2,340,420)
Net increase (decrease) in cash and cash equivalents	**1,813,426**	(1,255,403)
Cash and cash equivalents at beginning of year	**2,683,896**	3,939,299
Cash and cash equivalents at end of year	**$ 4,497,322**	$2,683,896
Supplemental cash flow information - income taxes paid	**$ 900,000**	$ 514,700
Noncash financing activities - retirement of common stock	**$ 20,667**	$2,422,792

See Notes to Financial Statements.

Note 1 - Business activities and summary of significant accounting policies:

Business activities:

The Company's business is comprised of the design, manufacture and/or sale of communications equipment primarily to the radio and other professional communications related industries. The Company currently conducts its operations through four divisions (i) RF Connector Division is engaged in the design and distribution of coaxial connectors used primarily in radio and other professional communications applications; (ii) Neulink Division is engaged in the design, manufacture and sale of radio links for receiving and transmitting control signals for remote operation and monitoring of equipment; (iii) Bioconnect Division is engaged in the design, manufacture and sales of medical cable interconnects for medical monitoring applications; and (iv) Aviel Division is engaged in the design, manufacture and sales of radio frequency, microwave and specialized connectors for aerospace, original electronics manufacturers and military electronics applications (see Note 10).

Prior to fiscal 2004, the Company had reported separate segment information in its filings for the operations of its RF Connector, Neulink and Bioconnect Divisions in the same format as reviewed by the Company's management. The sales, operating income and assets of the Neulink and Bioconnect Divisions no longer meet the thresholds that require separate disclosures. Accordingly, commencing with fiscal 2004, the Company has discontinued reporting segment information on the Neulink and Bioconnect segments separately.

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 certain reported amounts and disclosures. Actual results may differ from those estimates.

Cash equivalents:

The Company considers all highly-liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

Revenue recognition:

Revenue from product sales is recognized when the product is shipped and collectibility is assured.

Note 1 - Business activities and summary of significant accounting policies (continued):

Inventories:

Inventories, consisting of materials, labor and manufacturing overhead, are stated at the lower of cost or market. Cost has been determined using the weighted average cost method.

Equipment and furnishings:

Equipment, tooling and furniture are recorded at cost and depreciated over their estimated useful lives (generally 3 to 7 years) using the straight-line method.

Goodwill:

The Company follows Statement of Financial Accounting Standards No. 142 (“SFAS 142”), “Goodwill and Other Intangible Assets”, which requires that goodwill and certain intangible assets, including those recorded in past business combinations, no longer be amortized against earnings, but instead be tested for impairment at least annually. There was no impairment of goodwill or other intangible assets as a result of impairment tests performed according to SFAS 142.

Long-lived assets:

The Company assesses potential impairments to its long-lived assets when there is evidence that events or changes in circumstances indicate that the carrying amount of an asset may not be recovered. An impairment loss is recognized when the undiscounted cash flows expected to be generated by an asset (or group of assets) is less than its carrying amount. Any required impairment loss is measured as the amount by which the assets carrying value exceeds its fair value, and is recorded as a reduction in the carrying value of the related asset and a charge to operations.

Advertising:

The Company expenses the cost of advertising and promotions as incurred. Advertising costs charged to operations were $114,558 and $66,890 in 2004 and 2003, respectively.

Research and development:

The Company expenses the cost of research and development costs as incurred. Research and development costs charged to operations and included in engineering were approximately $40,000 and $234,000 in 2004 and 2003, respectively.

Note 1 - Business activities and summary of significant accounting policies (continued):

Income taxes:

The Company accounts for income taxes pursuant to the asset and liability method which requires deferred income tax assets and liabilities to be computed for temporary differences between the financial statement and tax bases of assets and liabilities that will result in taxable or deductible amounts in future periods based on enacted laws and rates applicable to the periods in which the temporary differences are expected to affect taxable income. Valuation allowances are established when necessary to reduce deferred tax assets to the amount expected to be realized. The income tax provision is the tax payable or refundable for the period plus or minus the change during the period in deferred tax assets and liabilities.

Stock options:

The Company has adopted the disclosure-only provisions of Statement of Financial Accounting Standards No. 123 ("SFAS 123"), "Accounting for Stock-Based Compensation," as amended by Statement of Financial Accounting Standards No. 148 ("SFAS 148"), "Accounting for Stock-Based Compensation-Transition Disclosure." The Company follows Accounting Principles Board Opinion No. 25 ("APB 25"), "Accounting for Stock Issued to Employees" and related interpretations, in accounting for its employee stock options. Under APB 25, the Company accounts for stock options using the intrinsic value method and no compensation expense is recognized when the exercise price of stock options equals or exceeds the market price of the underlying stock on the date of grant. Options granted to non-employees are recorded at fair value in accordance with SFAS 123.

Had the Company elected to recognize compensation expense based upon the fair value at the grant dates for awards under these plans and amortized the cost over the vesting period, net income would have been decreased to the pro forma amounts listed in the table below. The fair value of each option granted was estimated on the date of grant using the Black-Scholes option pricing model. The Company's pro forma information is as follows:

	2004	2003
Net income:		
As reported	**$ 1,224,131**	$ 710,745
Deduct total stock-based employee compensation expense determined under the fair value based method for all awards	**(267,000)**	(297,665)
Pro forma	**$ 957,131**	$ 413,080

Note 1 - Business activities and summary of significant accounting policies (continued):

Stock options (concluded):

	2004	2003
Basic earnings per share:		
As reported	**$.42**	$.23
Pro forma	**$.33**	$.14
Diluted earnings per share:		
As reported	**$.33**	$.19
Pro forma	**$.26**	$.11

The fair value of each option granted in 2004 and 2003 was estimated on the date of grant using the Black-Scholes option-pricing model with the following weighted average assumptions:

	2004	2003
Dividend yield	**0%**	0%
Expected volatility	**76%**	60%
Risk-free interest rate	**4.24%**	4.33%
Expected lives	**4 years**	10 years

Earnings per share:

Basic earnings per share is calculated by dividing net income applicable to common stockholders by the weighted average number of common shares outstanding during the period. The calculation of diluted earnings per share is similar to that of basic earnings per share, except that the denominator is increased to include the number of additional common shares that would have been outstanding if all potentially dilutive common shares, principally those issuable upon the exercise of stock options, were issued and the treasury stock method had been applied during the period.

Note 1 - Business activities and summary of significant accounting policies (continued):

Earnings per share (concluded):

The following table summarizes the calculation of basic and diluted earnings per share:

	2004	2003
Numerators:		
Net income (A)	**$ 1,224,131**	$ 710,745
Denominators:		
Weighted average shares outstanding for basic earnings per share (B)	**2,906,806**	3,053,352
Add effects of potentially dilutive securities - assumed exercise of stock options	**844,475**	617,273
Weighted average shares for diluted earnings per share (C)	**3,751,281**	3,670,625
Basic net earnings per share (A)÷(B)	**$.42**	$.23
Diluted net earnings per share (A)÷(C)	**$.33**	$.19

Note 2 - Concentration of credit risk and sales to major customers:

The Company maintains its cash balances primarily in one financial institution. As of October 31, 2004, the balance exceeded the Federal Deposit Insurance Corporation limitation for coverage of $100,000 by $270,800. As of October 31, 2004, the Company had two uninsured money market accounts totaling $4,149,900. The Company reduces its exposure to credit risk by maintaining such balances with financial institutions that have high credit ratings.

Accounts receivable are financial instruments that also expose the Company to concentration of credit risk. Such exposure is limited by the large number of customers comprising the Company's customer base and their dispersion across different geographic areas. In addition, the Company routinely assesses the financial strength of its customers and maintains an allowance for doubtful accounts that management believes will adequately provide for credit losses.

Sales to one customer represented 14% and 16% of total sales in 2004 and 2003, respectively. The Company does not have a written agreement with this customer and, therefore, this customer does not have any minimum purchase obligations and could stop buying the Company’s products at any time. A reduction, delay or cancellation of orders from this customer or the loss of this customer could significantly reduce the Company’s revenues and profits.

Note 3 - Inventories:

Inventories consisted of the following as of October 31, 2004 and 2003:

	2004	2003
Raw materials and supplies	**$ 777,765**	$ 591,892
Finished goods	**3,120,909**	2,997,902
Less inventory reserve	**(108,716)**	(134,776)
Totals	**$ 3,789,958**	$ 3,455,018

Note 4 - Commitments:

The Company leases its facilities in San Diego, California and Las Vegas, Nevada under noncancelable operating leases. The Company amended its San Diego lease in November 2004, adding additional square feet. The amended lease expires in May 2010 and requires minimum annual rental payments that are subject to fixed annual increases. The minimum annual rentals under this lease are being charged to expense on a straight-line basis over the lease term. Deferred rentals were not material at October 31, 2004. The Las Vegas lease expires on March 31, 2005. The San Diego lease also requires the payment of the Company's pro rata share of the real estate taxes and insurance, maintenance and other operating expenses related to the facilities. The Company also leases certain automobiles under operating leases which expire at various dates through December 2005.

Rent expense under all operating leases totaled approximately $238,000 and $218,000 in 2004 and 2003, respectively.

Minimum lease payments under these operating leases in each of the five years subsequent to October 31, 2004 and thereafter are as follows:

Year Ending October 31,	Amount
2005	$ 197,000
2006	240,000
2007	240,000
2008	232,000
2009	235,000
Thereafter	139,000
Total	$ 1,283,000

The Company has an employment agreement with its President and Chief Executive Officer for a term which expires on February 24, 2005. The aggregate amount of compensation to be provided over the remaining term of the agreement amounted to $71,667 at October 31, 2004.

Note 5 - Geographical information:

The Company attributes sales to geographic areas based on the location of the customers. The following table presents the sales of the Company by geographic area for the years ended October 31, 2004 and 2003:

	2004	2003
United States	**$10,226,766**	$ 8,675,099
Foreign countries	**1,000,476**	1,200,400
Totals	**$11,227,242**	$ 9,875,499

Note 6 - Income taxes:

The provision for income taxes consists of the following:

	2004	2003
Current:		
Federal	**$ 651,400**	$ 426,500
State	**181,000**	119,000
	832,400	545,500
Deferred:		
Federal	**2,600**	(30,800)
State	**5,000**	(10,000)
	7,600	(40,800)
Totals	**$ 840,000**	$ 504,700

Income tax at the Federal statutory rate is reconciled to the Company's actual net provision for income taxes as follows:

	2004		2003	
	Amount	**% of Pretax Income**	Amount	% of Pretax Income
Income tax at Federal statutory rate	**$702,000**	**34.0%**	$413,200	34.0%
State tax provision, net of Federal tax benefit	**123,000**	**6.0**	72,000	5.9
Nondeductible differences	**7,000**	**0.3**	6,600	0.5
Other	**8,000**	**0.4**	12,900	1.1
Provision for income taxes	**$840,000**	**40.7%**	$504,700	41.5%

Note 6 - Income taxes (concluded):

The Company's total deferred tax assets and deferred tax liabilities at October 31, 2004 and 2003 are as follows:

	2004	2003
Assets:		
Allowance for doubtful accounts	$ 16,000	$ 23,700
Inventory obsolescence	47,000	57,700
Accrued vacation	48,000	34,600
State income taxes	62,000	36,900
Capital loss carryforwards	34,000	33,900
Other	5,000	39,100
Totals	212,000	225,900
Liabilities:		
Depreciation	(90,000)	(96,400)
Less valuation allowance	(34,000)	(33,900)
Net deferred tax assets	$ 88,000	$ 95,600

A valuation allowance has been established for the capital loss carryforward, due to the Company no longer investing in assets to offset these losses in the foreseeable future.

Note 7 - Stock options:

Incentive and Non-Qualified Stock Option Plans:

The Board of Directors approved an Incentive Stock Option Plan (the "1990 Incentive Plan") during fiscal 1990 that provides for grants of options to employees to purchase up to 500,000 shares of common stock of the Company. Under its terms, the 1990 Incentive Plan terminated in 2000, and no additional options can be granted under that option plan. However, options previously granted under the 1990 Incentive Plan remain outstanding and continue in effect until they either expire, are forfeited or are exercised. As of October 31, 2004, a total of 8,313 options were still outstanding under the 1990 Incentive Plan, all of which are currently exercisable.

The Board of Directors also approved a Non-Qualified Stock Option Plan (the "1990 Non-Qualified Plan") during fiscal 1990 that provides for grants of options to purchase up to 200,000 shares of common stock to officers, directors and other recipients selected by the Board of Directors. Under its terms, the 1990 Non-Qualified Plan terminated in 2000, and no additional options can be granted under that option plan. However, options previously granted under the 1990 Non-Qualified Plan remain outstanding and continue in effect until they either expire, are forfeited or are exercised. As of October 31, 2004, a total of 12,000 options were still outstanding under the 1990 Non-Qualified Plan, all of which are currently exercisable.

Note 7 - Stock options (continued):

Incentive and Non-Qualified Stock Option Plans (concluded):

In May 2000, the Board of Directors adopted the Company's 2000 Stock Option Plan (the "2000 Option Plan"). Under the 2000 Option Plan, the Company may grant options to purchase shares of common stock to officers, directors, key employees and others providing services to the Company. The number of shares of common stock that the Company is authorized to issue under options granted under the 2000 Option Plan initially was 300,000, which number automatically increases on January 1 of each year by the lesser of (i) 4% of the total number of shares of common stock then outstanding or (ii) 10,000 shares. Accordingly, as of October 31, 2004, the authorized number of shares of common stock that could be issued under the 2000 Option Plan was 440,000, of which 108,851 shares were still available to be granted. Under the 2000 Option Plan, the Company is authorized to grant both incentive stock options and non-qualified stock options. Incentive stock options are granted at an exercise price no less than the fair value of the common stock on the date of grant, while non-qualified options are granted at no less than 85% of the fair value of the common stock on the date of grant.

Additional required disclosures related to stock option plans:

Additional information regarding all of the Company's outstanding stock options at October 31, 2004 and 2003 and changes in outstanding stock options in 2004 and 2003 follows:

	2004		2003	
	Shares or Price Per Share	**Weighted Average Exercise Price**	Shares or Price Per Share	Weighted Average Exercise Price
Options outstanding at beginning of year	**1,287,867**	**$1.67**	1,245,764	$1.71
Options granted	**67,651**	**5.75**	170,365	2.83
Options exercised	**(311,554)**	**3.21**	(73,296)	1.23
Options forfeited	**(8,250)**	**2.30**	(54,966)	3.39
Options outstanding at end of year	**1,035,714**	**1.63**	1,287,867	1.67
Option price range at end of year	**$.10 -$6.38**		$.10-$5.75	
Weighted average fair value of options granted during the year	**$3.83**		$2.05	

Note 7 - Stock options (concluded):

Additional required disclosures related to stock option plans (concluded):

The following table summarizes information about stock options outstanding at October 31, 2004, all of which are at fixed-prices:

Range of Exercise Price	Number Outstanding	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life of Options Outstanding *	Number of Options Exercisable	Weighted Average Exercise Price of Options Exercisable
$0.10	460,000	$ 0.10	1 yr. after termination	460,000	$ 0.10
$1.33 - $2.50	273,943	1.87	6 yrs.	186,943	1.75
$2.66 - $3.95	235,870	3.12	9 yrs.	115,870	3.34
$5.12 - $6.38	65,901	6.03	10 yrs.	4,700	5.12
	1,035,714	1.63	8 yrs.	767,513	0.96

* Some of the options, in addition to the 460,000, expire 1-year after employee's termination.

Note 8 - Retirement plan:

The Company sponsors a deferred savings and profit sharing plan under Section 401(k) of the Internal Revenue Code. Substantially all of its employees may participate in and make voluntary contributions to this defined contribution plan after they meet certain eligibility requirements. The Board of Directors of the Company can authorize additional discretionary contributions by the Company. The Company did not make contributions to the plan in 2004 or 2003.

Note 9 - Related party transactions:

The note receivable from stockholder of $70,000 at October 31, 2004 and 2003 is due from the President of the Company, bears interest at 6%, payable annually, and has no specific due date.

The notes receivable from related parties of $26,730 and $49,584 at October 31, 2004 and 2003, respectively, are due from employees of the Company, bear interest at 6% and are due when shares of the Company's common stock are sold by the employees. The notes are collateralized by properties owned by the employees.

A director of the Company is an employee of Neil Berkman Associates, the Company's public relations firm. For the fiscal years ended October 31, 2004 and October 31, 2003, the Company paid to Neil Berkman Associates $43,050 and $39,360, respectively, for services rendered.

Note 10- Business acquisition:

On August 16, 2004, the Company purchased the business and substantially all of the assets of Jacelaine, Inc., a Nevada based designer, manufacturer and seller of microwave and radio frequency connectors. Jacelaine, Inc. has been conducting business under the name “Aviel Electronics.” The purchase price of the assets was $510,000, of which $410,000 was paid in cash at the closing and $100,000 was deposited into an escrow account for one year as security for the seller’s representations, warranties and covenants. The purpose of the acquisition was to complement the Company’s coaxial connector business with military, governmental and aerospace customers.

The acquisition has been accounted for as a purchase and, accordingly, the net assets acquired were recorded at estimated fair values on the date of acquisition. A summary of the allocation of the cost of the acquisition to the net assets acquired as of August 16, 2004 follows:

Inventory	$ 132,012
Property and equipment	240,660
Goodwill	137,328
Total assets acquired	$ 510,000
Purchase price	$ 510,000

Assuming the acquisition had taken place on the first day of the years ended October 31, 2004 and 2003, unaudited net sales would have been approximately $11,748,000 and $10,836,000, respectively, while unaudited net income and earnings per share information would not have been materially different than the amounts shown on the accompanying statements of income for the years then ended.

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John R. Ehret
Director

Marvin H. Fink
Director

Howard F. Hill
Director, President and C.E.O.

Henry E. Hooper
Director

Robert Jacobs
Director

William L. Reynolds
Director

Terrie A. Gross
Corporate Secretary

William T. Gochnauer
Acting C.F.O.

Manny Gutsche
VP Sales and Marketing
RF Industries

Robert Macias
VP Product Assurance
RF Industries

Richard "Joe" LaFay
President/General Manager
RF Connectors Division

Conrad Neri
VP Operations
RF Connectors and
RF Cable Assemblies Division

David Lamb
Director of Operations
RF Neulink Division

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Nasdaq Small Cap Market
Symbol: RFIL

Annual Meeting
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