Fiscal 2007
Annual Report

President's Letter to Shareholders
May 12, 2008

Fellow Shareholders:

RF Industries Ltd. (RFI) overcame challenges and obstacles in the fiscal year ended October 31, 2007 to achieve a year of considerable progress, reporting record second half sales and income, improving margins, incorporating a wireless acquisition and establishing a regular quarterly dividend.

Although we finished the previous year, fiscal 2006, with record quarterly sales and profits, fiscal 2007 got off to a slow start. We remained profitable and although business improved significantly in the second quarter, inventory adjustments at our major distributors slowed our growth.

With the arrival of spring, the inventory adjustments of our major distributors had clearly run their course resulting in increased orders, and the upswing in orders brought record third quarter sales of $4,313,000, eclipsing fiscal 2006 record third quarter sales by 10%. These strong sales continued throughout the fourth quarter, enabling RFI to post record sales and record net income for the second half of fiscal 2007. The record sales pace continued into fiscal 2008, as sales for our seasonally weakest first quarter jumped 21% to a first quarter record of $3,827,000.

The sales acceleration throughout the second half of fiscal 2007 also increased our gross margin. RF Neulink's strong growth, combined with increasing sales and improved product mix at RF Connectors, raised overall fourth quarter gross margin to 51%, the best of the fiscal year, compared to 48% for the fourth quarter in fiscal 2006. The strong second half also served to further strengthen our already formidable balance sheet.

For the full fiscal year ended October 31, 2007, sales were $14,853,000, compared to $15,188,000 in fiscal 2006. Net income was $1,135,000, or $0.30 per diluted share, compared to $1,541,000, or $0.42 per diluted share, for fiscal 2006. However, fiscal 2007 net income was penalized by non-cash option-related expenses of approximately $508,000, or $0.14 per share, due to the adoption of SFAS-123R, "Accounting for Stock Based Compensation". Without this charge to earnings, it is clear just how strong and profitable, on a comparable basis, the second half of fiscal 2007 really was.

Although net earnings were affected by a half-million in non-cash charges for the options expense, our balance sheet benefitted from the full cash amount of these charges. During fiscal 2007, RF Industries utilized $1,212,000 in cash resources, including $600,000 for repurchase of common stock, $196,000 for shareholder dividends and $167,000 for the acquisition of a new division, RadioMobile. Even after these applications of cash resources, RFI reported higher liquidity, with cash and cash equivalents of $3,400,000 and investments in available-for-sale securities of $4,532,000, for a total of $7,932,000 in liquid and short-term, near-liquid resources. This was $1,000,000 more than the $6,866,000 in liquid and short-term, near-liquid resources with which we started the year. Our balance sheet also ended fiscal 2007 stronger than it began, with working capital of $14,281,000, a 14 to 1 current ratio, no long-term debt and stockholders equity of $14,941,000, or $4.55 per share.

Fiscal 2007 was our fifteenth consecutive year of profitability in an industry which has undergone tremendous changes in the past two decades. We believe that, above all, fiscal 2007 was a year in which we demonstrated RFI's ability to meet our commitments to you, our shareholders. And let me not forget, that RF Industries was selected as one of the "200 Best Small Companies" by Forbes LLC in 2007. What an award - and the second time for RF Industries!

I want to give you some brief examples to demonstrate how each of RFI's businesses are contributing to the company's success. Your company operates in two discernable business segments, the “RF Connector and Cable Assembly” segment, which is composed of four divisions, and the “RF Wireless” segment, which is comprised of two divisions.

RF Connector and Cable Assembly Segment

Connector and Cable Assembly Division

This is our biggest division, consisting of two operations, the largest of which is RF Connectors, a distributor of coaxial radio frequency grade connectors. The smaller Cable Assembly business, a significant contributor to the profitability of this division, manufactures and sells a wide variety of RF connectors and cable assemblies.

RF Connectors now offers a wide variety of RoHS (Restriction of Hazardous Substances), or lead free compliant, competitively priced coaxial connectors and adapters. These products have helped RF Connectors to expand its North American and European businesses into markets where RoHS compliant products are required. The Connector Group has recently expanded its highly popular selection of pre-packaged RF Connector "Kits", which contain specially selected and matched connectors and adapters necessary for field repair, test engineers and lab technicians working in radio frequency (RF) applications. These kits and adapters are sold worldwide through RFI's extensive distribution network and directly to OEM, government and military customers. The wide variety of target markets include WiFi, WLAN (Wide Local Area Networks), and microwave data applications.

The Cable Assembly operation provides value-added services, strengthening the product offering and broadening the target markets for RF Connectors. Incorporating flexible, conformable or semi-rigid coaxial cable in various configurations, the Cable Assembly group provides over 100,000 different product offerings in RoHS compliant and standard cable assemblies. This business uses coaxial connectors supplied by the RF Connectors division and utilizes state-of-the-art manufacturing equipment to minimize labor expenses, enabling it to offer a very competitively priced cable assembly end product. We believe this combination of company-source connectors, coupled with low manufacturing expenses, has enabled Cable Assembly to out-bid other competitors, expand market share and enter new lines of business.

Aviel Electronics Division

Aviel engineers and manufactures innovative interconnect solutions employing various RF frequency connectors and adapters for customized or unique applications in military or industrial environments. Aviel's in-house manufacturing capabilities supply USA-made production quantities, from one single prototype to large volumes, for any size customer. All of Aviel's products conform to DFARS 252.225-7014 (Preference to Domestic Specialty Metals) regulations and the EU directive 2002/95/EC (RoHS). Aviel's ability to provide personalized support, respond with short lead times and supply custom engineered connectors, adapters, cable assemblies and other components enables our customers to maintain their project deadlines on schedule.

Bioconnect Division

Bioconnect continues to produce ECG, EEG and EMG leads, shielded and non-shielded trunk cables. Bioconnect is now emphasizing its OEM capabilities in manufacturing prototyping, part and mold design and finished assembly of customized cable assemblies for medical device manufacturers. These new products are leading this division towards the development of ECG event recording interface cables (Holter monitoring) and cables for interventional cardiac catheterization devices. After production interruptions in fiscal 2007 due to the acquisition of Bioconnect's largest customer, these new products and former cable designs are again shipping in growing quantities.

Worswick Industries

Worswick is a leading supplier of communications products, including connector, cabling and custom cabling systems, for installer and retail customers. This business's strength is the provision of customized cables and cabling with quick turnarounds, backed by the extensive resources of the RF Connector and Cable Assembly production facilities. Worswick launched its OddCables.com website in March of 2007 and this site is now beginning to produce strong on-line sales. Product lines continue to expand, with the addition of more than 450 new items in the past year, including fast selling high-margin items like long-length digital HDMI and DVI Cables, analog and digital converter boxes, long-length audio/video cables and conduit-ready cables. Worswick has established strong contacts with military contractors in the San Diego area and is focusing on expanding these relationships with other US government agencies and contractors.

RF Wireless Segment

RF Neulink Division

RF Neulink (Neulink), which has achieved profitability and improving margins, is now the fastest growing division within RF Industries. This division’s complete product line of telemetry and radio data modems has generated significant increases in sales over the past two years with customers in the water management, SCADA telemetry, utility and government markets. Neulink is further expanding its product line this year to introduce, later in fiscal 2008, the NL900S, a 900Mhz wireless broadband transceiver for point-to-point and mobile applications. The NL900S's powerful forward error correction software is being designed to enable throughput exceeding 500Kbit, making this device capable of supporting wireless VoIP, data and streaming video transmission over ranges exceeding five miles. Operating in the unlicensed 900Mhz frequency range, this product will enable wireless Ethernet and Internet access without additional FCC regulatory requirements. The NL900S's superior capabilities and low manufacturing cost will enable Neulink to enter and compete in a wireless market currently estimated at approximately $25 million per year.

RadioMobile Division

The newest member of the RF Industries family provides OEM and integrated mobile data networking solutions to a wide range of customers. With an initial focus on providing public safety solutions, RadioMobile has developed new customers in the ready mix, transportation and emergency medical markets. These offerings can be divided into hardware and software-based solutions.

Recent hardware product introductions include an updated data transceiver capable of covering a very wide range of conventional data networking speeds. This platform is targeted at supporting legacy applications in the public safety market and to compete for customers requiring state-of-the-art capabilities. RadioMobile is also showcasing a new Mobile Data Terminal, which will feature the NL900S, coupled with a with a CPU and enclosed in a tough, solid-state cube with a metal-framed touch screen. This low-cost, compact unit, combined with a rugged keyboard, will be a very competitive and attractive package for mobile data transmission and public safety market applications.

New software under development includes a specialized graphic user interface designed to exactly mirror a highly reliable 1980's terminal still in wide use by the public safety market. This platform is currently under evaluation by a large prospective customer. Also under development is a Modem TCP/IP interface, a necessary adjunct in today's mobile and host environments, capable of supporting new and existing wireless hardware platforms. This software interface enables direct wireless connection with Ethernet routers, switches and Internet applications, providing RadioMobile with a terrific sales advantage and distinguishing their mobile and public safety products from the competition.

RadioMobile entered into the development of these exciting new products and features at the request of its existing customer base. This eager and captive market for these products, combined with the potential to expand sales to prospective customers who can significantly benefit from these new features, will minimize development expenses and help RadioMobile expand its position in the mobile data communications market.

Focusing on Growth

RFI plans to increase sales through the development of new products, expansion of international sales efforts and provision of new services to customers in our existing markets. We are increasing our research and development investments to provide superior and lower-cost products for all of RFI's divisions. Recent capital investments in new equipment have already raised production and productivity for the Bioconnect and Cable Assembly Divisions, permitting them to expand sales, more rapidly meet customer requirements and effectively compete for new business. This increased efficiency has enabled us to hire and train new sales personnel to promote our growing businesses.

Our use of capital has long followed a strategy to focus on cash generation, providing flexibility and reserves for expansion and potential acquisitions. This disciplined approach, which has served RFI for fifteen years, will continue to be a high priority for years to come.

RFI's businesses provide vital products and communications services to the world. I believe that I can say for the Board of Directors and every employee that we are *honored* to have served the interests of our shareholders during unprecedented periods of opportunity and growth. We are proud of our progress and remain energized to accomplish more for our customers and for you, our shareholders.

RF Industries' best days are very much ahead of us. Thank you for the trust which you have placed in us.

Sincerely,

Howard F. Hill
President/CEO

Abridged and Edited Copy of Annual Report
(Form 10-KSB)

Annual Report Under Section 13 or 15(d) of
The Securities Exchange Act of 1934

For the fiscal year ended October 31, 2007

Commission File Number 0-13301

RF INDUSTRIES, LTD.

7610 Miramar Road, Bldg. 6000, San Diego, California 92126-4202
(Address of principal executive offices) (Zip Code)

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

The Company's revenues for the year ended October 31, 2007 were $14,853,039.

The approximate aggregate market value of the voting stock held by non-affiliates of the issuer as of January 4, 2008 based on the closing price of $6.60 for the Common Stock of the Company was $21,687,395. As of January 4, 2008, the issuer had 3,285,969 outstanding shares of common stock, $.01 par value.

Forward-Looking Statements:

Certain statements in this abridged 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" contained in the Form 10-KSB on file with the Securities and Exchange Commission, 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. DESCRIPTION OF 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 six related divisions: (i) The RF Connector and Cable Assembly Division designs, manufactures and distributes coaxial connectors and cable assemblies that are integrated with coaxial connectors; (ii) the Aviel Electronics Division designs, manufactures and distributes custom RF connectors primarily for aerospace and military customers, (iii) Worswick Division distributes and sells coaxial and other connectors and cable assemblies primarily for local multi-media and communications customers; (iv) the Bioconnect Division manufactures and distributes cabling and interconnect products to the medical monitoring market; (v) the Neulink Division is engaged in the design, manufacture and sales of RF data links and wireless modems for receiving and transmitting control signals for remote operation and monitoring of equipment, personnel and monitoring services; and (vi) the RadioMobile Division is an OEM provider of end-to-end mobile management solutions implemented over wireless networks that supplement the operations of the Company's Neulink division.

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.

The Company maintains an Internet website at http://www.rfindustries.com. The Company's annual reports on Form 10-KSB, quarterly reports on Form 10-QSB, current reports on Form 8-K and amendments to such reports filed or furnished pursuant to section 13(a) or 15(d) of the Securities and Exchange Act of 1934, as amended, and other information related to the Company, are available, free of charge, on our website as soon as we electronically file those documents with, or otherwise furnish them to, the Securities and Exchange Commission. The Company's Internet website and the information contained therein, or connected thereto, are not and are not intended to be incorporated into this Annual Report on Form 10-KSB.

Operating Divisions

Connector and Cable Division The Connector and Cable 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, infrastructure build out by large telecommunications firms and on the Company's ability to market its products. However, the Company's sales of connectors and cable assemblies have increased in the past four out of five years as the overall market demand for wireless products that use the Company's connectors has increased. Sales of connectors and cable assemblies decreased in fiscal year 2007 compared to 2006 sales as the build out of infrastructure projects were put on hold due to consolidation with the telecommunications industry. 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 and Cable Division therefore represents the Company's oldest and most established division. The Connector and Cable Division has during all of the recent fiscal years, generated the majority of the Company's revenues.

Cable assembly products 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 cable assembly products constituted the second largest generator of revenues for the Company during the fiscal year ended October 31, 2007.

Aviel Electronics Division The Company acquired the business and all of the assets of Aviel Electronics in August 2004. Aviel has a 50 year history of 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. Aviel complements the Company's Connector and Cable Division's capabilities by providing additional custom design capabilities, expanding the Company's products in the military and commercial aerospace markets, and expanding the Company's client base.

Worswick Division The Company acquired the assets of Worswick Industries, Inc., a privately held 20 year old California company based in San Diego, in September 2005 as another complementary operation to the Connector and Cable Division. Worswick Industries sells coaxial connector solutions and manufactures RF cable assemblies for both individual customers and companies that design, build, operate, and maintain personal and private multi-media, wireless voice, data and messaging systems.

Bioconnect Division The Bioconnect Division is engaged in product development, 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.

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 since 1984. 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 turn-key packages for numerous remote data transmission applications.

RadioMobile Division The Company acquired substantially all of the assets and assumed certain liabilities of RadioMobile Inc., a privately held San Diego, California on September 1, 2007. The RadioMobile Division is an OEM provider of end-to-end mobile management solutions implemented over wireless networks. Although the RadioMobile Division operates as a separate division, its operations supplement the operations of the Company's Neulink division.

For segment reporting purposes, the Company aggregates Connector and Cable Assembly, Aviel Electronics, Bioconnect and Worswick divisions into the RF Connector and Cables Assembly segment because they have similar economic characteristics, while RF Neulink and RadioMobile are aggregated in the RF Wireless segment.

<u>Product Description</u>:

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 and Cable Products:

The Company's Connector and Cable 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 Connector 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 and Cable 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 contractors. 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 component of the Connector and Cable Division markets and manufactures 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.

Aviel Electronics Products:

The Aviel Electronics Division designs, manufactures and sells specialized connectors. Aviel's 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 custom and non-standard configurations required for specific applications as well as hard to locate and discontinued connectors for commercial, aerospace, military and other unique applications.

Worswick Products:

Worswick sells coaxial connectors and cable assemblies for numerous multi-media products, devices and instruments in the local San Diego area. Worswick also 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 or third party 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 Products:

Bioconnect designs, manufactures and sells and provides product development services to OEM's for 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.

RF Neulink Products:

The wireless data products available from the RF Neulink Division come in a variety of configurations to satisfy the requirements of certain high-speed wireless connection 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:

- NL5000 - (replaced the RF 9600) as a cost effective, high performance telemetry modem
- NL6000 UHF and VHF feature, high performance 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 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

In 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 2004 mandatory requirement to provide narrow-band channels. 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. In 2005, Neulink was chosen to develop a different version of the NL6000 for the Stanford Research Institute and the U.S. Marine Corps.

RadioMobile Products:

RadioMobile provides hardware and software solutions for wireless mobile data management application. The primary markets include public safety (police, fire, and emergency medical services) and utilities and transportation (rail, bus, taxi and courier services). Software applications for both host and mobile environments are developed by in house engineers and contractors. RadioMobile products include:

- IQ Mobile VB mobile messaging software provides the fundamental engine for interfacing with computer aided displace functions.
- IQ Mobile IE browser mobile messaging application provides host and data base access.
- IQ Locator, a server resident map engine permitting one or many clients to access the map data.
- IQ Gateway software controls data to and from mobile units.
- MDT 7000 mobile computer terminal.
- MCT 1000 ruggedized mobile/portable computer terminal.
- CMX 6000 mobile short messaging status head.
- IQ AVL vehicle location software and hardware.

Foreign Sales:

Direct export sales by the Company to customers in South America, Canada, Mexico, Europe, Australia, the Middle East, and Asia accounted for $2,273,000 or approximately 15% of Company's sales for the fiscal year ended October 31, 2007. The majority of the export sales during these periods were to Israel, 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 sells its products to its current customer base with the addition of customers referred through the Connector and Cable Division. The Aviel and Connector divisions sell to similar customer market segments and combine marketing efforts where economically advantageous.

The Worswick Division operates from a single location in San Diego and sells primarily to walk-in or local multi-media (video, voice, gaming, etc.) and communications systems customers. A proactive marketing plan was created to enhance and expand the current customer base which includes the launch of the e-Commerce web-site in 2007, www.oddcables.com.

The Bioconnect group markets its products to the medical market through major hospital suppliers, 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.

The RadioMobile division sells its products direct and through value added resellers and dealers. Customers include police, fire, emergency medical services, rail, bus, taxi and courier services.

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, 2007 were manufactured by the Company at its facilities in California. The Connector and Cable Division has its manufacturing performed at numerous International Standards Organization (ISO) approved factories with plants in Japan, Korea, the United States and Taiwan. The Company is dependent on a few manufacturers for its coaxial connectors and cable assemblies. Although the Company does not have manufacturing agreements with these manufacturers for its connectors, cable and Neulink products, it does have long-term purchasing relationships with these manufacturers. 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 50 years (including as an unaffiliated company before being acquired by the Company in August 2005). 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, communications and other unique applications.

The Worswick Division designs and produces low to medium volume connector and cable assemblies for local and niche customers, as well as a few medium and large market customers.

The RadioMobile division products are purchased from various U.S. and overseas suppliers. Some products are designed and manufactured by third party manufactures to RadioMobile specifications.

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, and 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 such as copper and zinc and include small applications of precious materials, including silver and gold. The RF Connector and Cable 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 and 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 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 material 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.

Worswick connectors and cable are typically acquired from the Connector and Cable Division or purchased from other high quality manufacturers and distributors.

Bioconnect cable assembly materials are typically made of commodity materials such as plastics, rubber, resins and wire. The Company believes materials and components used in these products are readily available from a number of domestic suppliers and from other foreign suppliers.

RadioMobile purchases its electronic products from various U.S. and overseas suppliers.

Employees:

As of December 31, 2007, the Company employed 83 full-time employees, of whom 35 were in accounting, administration, sales and management, 46 were in manufacturing, distribution and assembly, and 2 were engineers engaged in design, engineering and research and development. 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 incurs research and development expenses from time to time when developing new products. The Company engaged in approximately $50,000 of research and development activities in fiscal year ended October 31, 2007. During the fiscal year ended October 31, 2006, the Company did not engage in any new research and development activities. Since the completion of the development of the Neulink Division's NL6000 radio modem in fiscal 2004, the Company has only engaged in a minimal amount of research and development activities intended to produce new products not marketed by others and can be marketed to the wire-less connectivity industry in general.

In addition to research and development activities, the Company also invested approximately $1,100,000 during the past two fiscal years on engineering. Engineering activities consisted of 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 develop an ISO 9000-like tracking system to improve its competitive edge, and is exploring future ISO certification.

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 and Cable Divisions has over 50 competitors in the approximately $1.9 billion annual RF connector market. Management believes no one competitor has over 15% of the total market, while the three leaders hold no more than 35% of the total market. Many of the competitors of the RF Connector and Cable 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.

RadioMobile competitors include Motorola, M/A Com (Tyco), and public wireless carriers (AT&T Mobility, Verizon). RadioMobile's strategy is to focus of providing cost effective mobile data solutions to small to medium size customers.

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. DESCRIPTION OF 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 its corporate administration, sales and marketing, and engineering plus production and warehousing for the Company's Connector and Cable Assembly and Bioconnect Divisions. The lease for this facility expires on May 31, 2010. In addition, the Company also leases the following facilities:

(i) The cable assembly facilities of the Connector and Cable Division operates in a separate 3,180 square foot facility that is located adjacent to the Company's corporate headquarters. The lease for this space expires on May 31, 2010.

(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 2,500 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, 2010.

(iii) The Aviel Electronics Division currently leases approximately 3,000 square feet of a facility located at 5530 S. Valley View Blvd., Suite 103, Las Vegas, Nevada. The Company renewed the lease for the Las Vegas offices will expire March 31, 2010.

(iv) The Worswick Division currently leases an approximately 6,000 square foot facility located at 7352 Convoy Court, San Diego, California. The Company renewed the lease which will expire May 31, 2009.

The aggregate monthly rental for all the Company's facilities currently is approximately $32,000 per month, plus utilities, maintenance and insurance as of October 31, 2007.

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, relocate to alternate facilities on substantially similar terms.

ITEM 3. LEGAL PROCEEDINGS

From time to time, the Company is involved in legal proceedings that are related to its business operations. The Company is not currently a party to any legal proceedings that could have a material adverse effect upon its financial position or results of operations.

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

None.

PART II

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

The Company's Common Stock is listed and trades on the NASDAQ Capital 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 2007		
November 1, 2006 - January 31, 2007	$ 9.57	$ 6.15
February 1, 2007 - April 30, 2007	8.38	5.33
May 1, 2007 - July 31, 2007	6.25	5.20
August 1, 2007 - October 31, 2007	7.67	5.40
Fiscal 2006		
November 1, 2005 - January 31, 2006	$ 5.67	$ 4.55
February 1, 2006 - April 30, 2006	6.81	4.72
May 1, 2006 - July 31, 2006	6.45	5.49
August 1, 2006 - October 31, 2006	8.64	5.12

Stockholders: As of October 31, 2007 there were 497 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".

Dividends: The Company paid dividends of $.06 per share for total dividends of $196,375 during fiscal 2007. The Board of Directors may declare dividends in the future depending on the Company's financial condition and its financial needs.

Recent Sales of Unregistered Securities: Effective September 1, 2007, the Company issued a total of 30,919 shares of its common stock, valued at $5.66 per share, to two persons in connection with the purchase of the assets of RadioMobile, Inc. The foregoing issuance of shares was effected as a private placement under Section 4(2) of the Securities Act of 1933, as amended. Other than the foregoing stock issuance, there were no previously unreported sales of equity securities by the Company that were not registered under the Securities Act during fiscal 2007.

Repurchase of Securities: The Company repurchased 24,516 shares of its common stock during the fourth quarter of fiscal year 2007. The Company repurchased and retired a total of 103,308 shares of its common stock during fiscal year 2007.

EQUITY COMPENSATION PLAN INFORMATION

The following table provides information as of October 31, 2007 with respect to the shares of Company common stock that may be issued under the Company's existing equity compensation plans.

	A	B		C
Plan Category	Number of Securities to be Issued Upon Exercise of Outstanding Options	Weighted Average Exercise Price of Outstanding Options ($)		Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column A)
Equity Compensation Plans Approved by Stockholders (1)	510,571	$	6.04	10,185
Equity Compensation Plans Not Approved by Stockholders (2)	500,871	$	1.53	0
Total	1,011,442	$	3.81	10,185

(1) Consists of options granted under the R.F. Industries, Ltd. (i) 2000 Stock Option Plan, (ii) the 1990 Incentive Stock Option Plan, and (iii) the 1990 Non-qualified Stock Option Plan. The 1990 Incentive Stock Option Plan and Non-qualified Stock Option Plan have expired, and no additional options can be granted under these plans. Accordingly, all 10,185 shares remaining available for issuance represent shares under the 2000 Stock Option Plan.

(2) Consists of options granted to six officers and/or key employees of the Company under employment agreements entered into by the Company with each of these officers and employees.

ITEM 6. MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION

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. The Company uses the Black-Scholes model to value the stock option grants which involves significant judgments and estimates.

RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

In July 2006, the FASB issued Interpretation No. 48, *Accounting for Uncertainty in Income Taxes* (FIN 48). FIN 48 applies to all tax positions related to income taxes subject to SFAS No. 109, *Accounting for Income Taxes* (SFAS 109). Under FIN 48, a company would recognize the benefit from a tax position only if it is more-likely-than-not that the position would be sustained upon audit based solely on the technical merits of the tax position. FIN 48 clarifies how a company would measure the income tax benefits from the tax position that are recognized, provides guidance as to the timing of the derecognition of previously recognized tax benefits and describes the methods for classifying and disclosing the liabilities within the financial statements for any unrecognized tax benefits. FIN 48 also addresses when a company should record interest and penalties related to tax positions and how the interest and penalties may be classified within the income statement and presented in the balance sheet. FIN 48 is effective for fiscal years beginning after December 15, 2006. For the Company, FIN 48 will be effective for the October 31, 2008 fiscal year. Differences between the amounts recognized in the statement of operations prior to and after the adoption of FIN 48 would be accounted for as a cumulative effect adjustment to the beginning balance of retained earnings. The Company is currently evaluating FIN 48 and its possible impacts on the Company's financial statements. Upon adoption, there is a possibility that the cumulative effect would result in a charge or benefit to the beginning balance of retained earnings, increases or decreases in future effective tax rates, and/or increases in future effective tax rate volatility.

In September 2006, the Financial Accounting Standards Board (FASB) issued SFAS No. 157, *Fair Value Measurements* (SFAS 157). SFAS 157 defines fair value, establishes a framework for measuring fair value in accounting principles generally accepted in the United States of America, and expands disclosures about fair value measurements. SFAS 157 is effective for financial statements issued for fiscal years beginning after November 15, 2007. For the Company, SFAS 157 will be effective for the 2009 fiscal year. The Company is currently evaluating the impact SFAS 157 will have on its financial statements.

OVERVIEW

The Company markets connectors and cables to numerous industries for use in thousands of products, primarily for the wireless market. The largest business unit consists of the Connector and Cable Assembly Division which, together with the Aviel Electronics Division and the Worswick Industries Division, markets and sells RF cables and connectors. The Bioconnect Division operates in the medical connector product market, while the Neulink and RadioMobile Divisions operate in the high-speed wireless data connection market. During fiscal year 2007 ended October 31, 2007 the RF cable and connector products represented 86% of the Company's sales, while the medical connectors and wire-less data connection represented 6% and 8%, respectively, of the Company's total sales.

Historically, over 90% of the Company's revenues are generated from the sale of RF connector products and connector cable assemblies. Sales of connectors are expected to continue to be the largest portion of revenues in the future, despite the purchase of the RadioMobile wireless division in September 2007. Accordingly, Company revenues are heavily dependent upon sales of RF connectors and cable assemblies. However, 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 any single product. As a result, the Company's revenues and expenses are typically not subject to major fluctuations. During the fiscal year ended October 31, 2007, net sales did, however, decrease by 2% over the net sales in the prior year due to the slow down in infrastructure build-out during the first two quarters, which resulted in decreased sales to companies within the telecommunication industry. Net sales in the third and fourth quarters increased by approximately $2,000,000 compared the first and second quarters as infrastructure projects put on hold during the telecom mergers were reinstituted.

The net income generated by the Company for the fiscal year ended October 31, 2007 represented the 14th consecutive year that the Company generated net income.

The Company generated cash from operations of $1,733,000, used $401,000 in financing activities, and used $260,000 for capital expenditures and acquisitions. As a result, the amount of cash and cash equivalents, and investments in available-for-sale securities held by the Company as of October 31, 2007 increased to $7,932,000 from $6,866,000 in the prior year. Since the Company has no debt other than normal accounts payable, accrued expenses, and other long-term liabilities, the Company 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 certain key measures of financial condition as of October 31, 2007 and 2006:

	2007		2006	
	Amount	% Total Assets	Amount	% Total Assets
Cash and cash equivalents and Investments available for sale	$ 7,932,246	49.2%	$ 6,865,524	44.8%
Current assets	15,351,272	95.2%	14,573,641	95.1%
Current liabilities	1,069,700	6.6%	1,726,007	11.3%
Working capital	14,207,572	88.0%	12,847,634	83.9%
Property and equipment - net	255,693	1.6%	376,146	2.5%
Total assets	16,128,158	100.0%	15,319,035	100.0%
Stockholders' equity	14,940,793	92.6%	13,463,999	87.9%

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, 2008. 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 based on the following:

- As of October 31, 2007, the amount of cash and cash equivalents and short-term investments available-for-sale was equal to $7,932,246 in the aggregate. Accordingly, the Company believes that it has sufficient cash available to operate its current business and fund its currently anticipated capital expenditure for the upcoming year.

- As of October 31, 2007, the Company had approximately $15,351,000 in current assets, and only $1,069,700 in current liabilities.

Management believes that based on the Company's financial condition at October 31, 2007, the absence of outstanding bank debt, and its recent operating results there are sufficient capital resources to fund its operations and future acquisitions 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.

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 increases or decreases to reflect the Company's sales and lead times for products. Because sales decreased by 2% during fiscal 2007, the Company decreased its inventory levels, yet will still be able to meet anticipated demand. The Company continuously monitors its inventory levels and product costs, and because of continued increases in sales or raw material costs, may continue increasing its inventory levels.

Net cash provided by operating activities for the year ended October 31, 2007 was $1,733,000 primarily due to net income of $1,135,000, non-cash stock based compensation expense of $572,000, and non-cash depreciation and amortization of $269,000. In fiscal year ended October 31 2006, net cash provided by operating activities was $2,182,000 primarily due to net income of $1,541,000 plus increases in income taxes payable of $1,026,000, less increases in inventories of $1,070,000, plus $288,000 in income tax benefit from non-qualified stock options exercised, and of non-cash depreciation and amortization expenses of $271,000.

During fiscal 2007, net cash used in investing activities was $2,545,000 of which $2,284,000 was for the purchase of treasury bills and other available-for-sale securities. The balance represents $94,000 invested in additional capital equipment and $167,000 used for acquisitions. During fiscal 2006, net cash used in investing activities was $2,357,000 of which $2,247,000 was used for the purchase of treasury bills and other available-for-sale securities. The balance represents amounts invested in the acquisition of $142,000 in additional capital equipment for the Bioconnect and the Connector and Cable Assembly divisions and for upgrading the Company's IT systems.

In fiscal 2007, financing activities decreased the Company's net cash by $401,000 due to dividends paid of $196,000 and $600,000 used to repurchase 103,308 shares of its own common stock, which expenditures were partially offset by the receipt of $198,000 from the exercise of stock options. In fiscal 2006, financing activities increased the Company's net cash by $280,000 due to the receipt of funds from the exercise of stock options by the Company's employees.

Results of Operations :

The following summarizes the key components of the results of operations for the fiscal years ended October 31, 2007 and October 31, 2006:

	2007		2006	
	Amount	% of Net Sales	Amount	% of Net Sales
Net sales	$ 14,853,039	100%	$ 15,187,893	100%
Cost of sales	7,965,850	54%	7,932,097	52%
Gross profit	6,887,189	46%	7,255,796	48%
Engineering expenses	571,237	4%	516,498	3%
Selling and general expenses	4,625,065	31%	4,311,515	28%
Operating income	1,690,887	11%	2,427,783	16%
Other income	387,712	3%	335,604	2%
Income before income taxes	2,078,599	14%	2,763,387	18%
Income taxes	943,376	6%	1,222,715	8%
Net income	1,135,223	8%	1,540,672	10%

Net sales of the Company decreased by $335,000 or 2%, for the fiscal year ended October 31, 2007 ("fiscal 2007") compared to the fiscal year ended October 31, 2006 ("fiscal 2006") due to decreased net sales in two of the Company's divisions. The decrease in fiscal 2007 is primarily attributable to a decrease in sales of $498,000 for connector and cable assembly division. During the first two quarters of fiscal 2007, the market demand for connectors and cables assembly products decreased, particularly for wireless applications, as the telecommunication industry was going through a consolidation of larger firms, including the four largest wireless service providers. Net sales in the third and fourth quarters increased by approximately $2,000,000 compared the first and second quarters as infrastructure projects put on hold during the telecom mergers were reinstituted. Bioconnect net sales also decreased by approximately $183,000. The decrease in sales was due to the internal restructuring of Bioconnect's primary customer, which caused major purchases to be delayed by an average of five months. The decreases in net sale in the Company's connector and cable division and in the Bioconnect division were partially offset by increased revenues from the Neulink Division of $279,000 as a result of the release of its new wireless modem in 2006 and by minor increases in the other divisions (net sales for the Aviel Division increased by approximately $15,000 and net sales for the Worswick Industries Division increased by $3,000). Neulink's net sales increased due to increased demand for its new wireless products by government agencies. The RadioMobile acquisition in September 2007 added $48,000 in additional revenues during the fiscal year ended October 31, 2007.

The Company's gross profit decreased $369,000 or by 5% to $6,887,000 in 2007 from $7,256,000 in 2006 due to the decrease in net sales and lower gross margins. As a percent of net sales, gross profit decreased to 46% in fiscal 2007 from 48% in fiscal 2006. The decrease in the gross profit percentage is primarily due to changes in the product mix that make up the Connector and Cable Assembly divisions. Fiscal 2007 had a decrease in sales of higher margin connector products and increased sales of lower margin cable assembly products compared to fiscal 2006, resulting in gross profit decreasing to 46% from 48% in 2006 for the RF Connector and Cable assembly segment. The Company's aggregate gross profit decreased to 46% during fiscal 2007 from 48% in fiscal 2006. Additionally, the Connector and Cable Assembly division incurred a $164,000 increase in stock compensation expense for production labor. Total cost of goods sold increased by $30,000 during fiscal 2007 for the Connector and Cable Assembly divisions. The Bioconnect division's gross profit decreased to 15% during 2007 from 19% in 2006 as a result of the decrease in sales as the division was unable to reduce its fixed labor costs. Gross profits at the Aviel division and at the Worswick division remained substantially unchanged. The decrease in the RF Connector and Cable Assembly divisions were offset in part as Neulink division's gross margins increased to 45% in 2007 from 37% in 2006. The increase at Neulink is directly attributed to keeping overall labor cost substantially unchanged, while revenues increased by 34%, thereby lowering it's per unit costs and its cost of sales.

Engineering expenses, which include research and development expenses, increased by $55,000 to $571,000 in fiscal 2007 from $516,000 in fiscal 2006. As a percent of net sales, engineering expenses increased to 4% in fiscal 2007 from 3% in fiscal 2006. Engineering expenses, which consist of expenses incurred in the design, re-design or development of products for specific customers, remained substantially unchanged in fiscal 2007 from fiscal 2006. However, the Company incurred approximately $50,000 of research and development expenses incurred in fiscal 2007 compared to no research and development expenses in fiscal 2006.

Selling and general expenses increased by $313,000 or by 7%, to $4,625,000 during fiscal 2007 from $4,312,000 in fiscal 2006 despite the 2% decrease in revenues. Stock based compensations increased to $356,000 in fiscal 2007 from $91,000 in fiscal 2006 as the Company adopted SFAS 123 (R) in fiscal 2007. The Company increased its use of independent sale representatives in fiscal 2007, resulting in an increase in commission expenses to $97,000 in fiscal 2007 from $52,000 in fiscal 2006. Accounting and legal fees increased to $335,000 in fiscal 2007 from $284,000 in fiscal 2006. Cost reduction efforts by the Company helped offset the increase as advertising costs decreased to $172,000 in fiscal 2007 from $196,000 in fiscal 2006. Bad debt expense decreased by $45,000 as collections of receivables improved.

As a result of the $369,000 increase of engineering, selling and general administrative expenses and the decrease of $369,000 in gross profit, operating income decreased 30% or by $737,000 to $1,691,000 in fiscal 2007 from $2,428,000 in fiscal 2006.

Income before taxes in fiscal 2007 decreased 25% or by $685,000 to $2,079,000 compared to income before taxes of $2,763,000 in fiscal 2006. The decrease in income before taxes is due to lower operating income and by an increase in interest income of 16%.

Net income for fiscal year ended October 31, 2007 decreased 26% or by $406,000 to $1,135,000 compared to $1,541,000 in fiscal year ended October 31, 2006.

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-19 and filed as part of this Annual Report:

- Report of J.H. Cohn LLP, Independent Registered Public Accounting Firm
- Balance Sheets as of October 31, 2007 and 2006
- Statements of Income for the years ended October 31, 2007 and 2006
- Statements of Stockholders' Equity for the years ended October 31, 2007 and 2006
- Statements of Cash Flows for the years ended October 31, 2007 and 2006
- Notes to Financial Statements

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[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, 2007 and 2006, 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, 2007 and 2006, 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.

As discussed in Note 1 to the financial statements, effective November 1, 2006, the Company adopted Statement of Financial Accounting Standards No. 123 (Revised 2004), "Share-Based Payment."

/s/ J.H. Cohn LLP
San Diego, California
January 29, 2008

RF INDUSTRIES, LTD.
BALANCE SHEETS
OCTOBER 31, 2007 AND 2006

ASSETS

		2007		2006
Current assets:				
Cash and cash equivalents	$	3,400,566	$	4,612,935
Investments in available-for-sale securities		4,531,680		2,252,589
Trade accounts receivable, net of allowance for doubtful accounts of $43,459 and $45,653		1,900,029		2,053,402
Inventories		4,955,302		5,250,484
Other current assets		241,995		208,156
Deferred tax assets		321,700		196,075
Total current assets		15,351,272		14,573,641
Equipment and furnishings:				
Equipment and tooling		1,780,154		1,662,822
Furniture and office equipment		341,590		386,137
		2,121,744		2,048,959
Less accumulated depreciation		1,866,051		1,672,813
Total		255,693		376,146
Goodwill		308,479		200,848
Amortizable intangible assets, net		114,800		73,333
Note receivable from stockholder		66,980		66,980
Other assets		30,934		28,087
Totals	$	16,128,158	$	15,319,035

LIABILITIES AND STOCKHOLDERS' EQUITY

		2007		2006
Current liabilities:				
Accounts payable	$	205,136	$	441,203
Accrued expenses		696,939		564,940
Income taxes payable		167,625		719,864
Total current liabilities		1,069,700		1,726,007
Deferred tax liabilities		70,000		90,618
Other long-term liabilities		47,665		38,411
Total liabilities		1,187,365		1,855,036
Commitments and contingencies				
Stockholders' equity:				
Common stock - authorized 10,000,000 shares at $.01 par value; 3,285,969 and 3,252,613 shares issued and outstanding		32,860		32,526
Additional paid-in capital		5,700,362		4,582,897
Retained earnings		9,207,571		8,843,268
Accumulated other comprehensive income - net unrealized gain on available-for-sale securities				5,308
Total stockholders' equity		14,940,793		13,463,999
Totals	$	16,128,158	$	15,319,035

See Notes to Financial Statements.

RF INDUSTRIES, LTD.
STATEMENTS OF INCOME
YEARS ENDED OCTOBER 31, 2007 AND 2006

	2007	2006
Net sales	$ 14,853,039	$ 15,187,893
Cost of sales	7,965,850	7,932,097
Gross profit	6,887,189	7,255,796
Operating expenses:		
Engineering	571,237	516,498
Selling and general	4,625,065	4,311,515
Totals	5,196,302	4,828,013
Operating income	1,690,887	2,427,783
Other income - interest	387,712	335,604
Income before income taxes	2,078,599	2,763,387
Provision for income taxes	943,376	1,222,715
Net income	$ 1,135,223	$ 1,540,672
Earnings per share:		
Basic	$ .35	$ .48
Diluted	$ .30	$ .42

See Notes to Financial Statements.

RF INDUSTRIES, LTD.

STATEMENTS OF STOCKHOLDERS' EQUITY
YEARS ENDED OCTOBER 31, 2007 AND 2006

	Common Stock		Additional Paid-In	Retained	Accumulated Other Comprehensive	Total Stockholders'
	Shares	Amount	Capital	Earnings	Income	Equity
Balance, November 1, 2005	3,082,521	$ 30,825	$ 3,872,983	$ 7,302,596		$ 11,206,404
Comprehensive income:						
Net income				1,540,672		1,540,672
Unrealized gain on short-term investments					$ 5,308	5,308
Total comprehensive income						1,545,980
Stock based compensation expense			143,188			143,188
Tax benefit on non-qualified stock options			288,000			288,000
Exercise of stock options	170,092	1,701	278,726			280,427
Balance, October 31, 2006	3,252,613	32,526	4,582,897	8,843,268	5,308	13,463,999
Net income				1,135,223		1,135,223
Reclassification adjustment for gain on short-term investment included in net income					(5,308)	(5,308)
Stock based compensation expense			572,471			572,471
Tax benefit on non-qualified stock options			198,000			198,000
Exercise of stock options	105,745	1,057	197,098			198,155
Dividends				(196,375)		(196,375)
Shares issued - acquisition	30,919	309	174,691			175,000
Treasury stock purchased and retired	(103,308)	(1,032)	(24,795)	(574,545)		(600,372)
Balance, October 31, 2007	3,285,969	$ 32,860	$ 5,700,362	$ 9,207,571	$	$ 14,940,793

See Notes to Financial Statements.

RF INDUSTRIES, LTD.
STATEMENTS OF CASH FLOWS
YEARS ENDED OCTOBER 31, 2007 AND 2006

	2007	2006
Operating activities:		
Net income	$ 1,135,223	$ 1,540,672
Adjustments to reconcile net income to net cash provided by operating activities:		
Provision for bad debts	(4,393)	40,224
Depreciation and amortization	268,707	271,209
Deferred income taxes	(146,243)	(75,457)
Stock based compensation expense	572,471	143,188
Income tax benefit on non-qualified stock options	(198,000)	288,000
Changes in operating assets and liabilities (net of acquisition):		
Trade accounts receivable	184,819	(202,926)
Inventories	429,145	(1,069,984)
Income tax payable	(354,239)	1,025,995
Other current assets	(23,899)	(110,800)
Accounts payable	(236,067)	106,454
Accrued expenses	105,588	225,365
Net cash provided by operating activities	1,733,112	2,181,940
Investing activities:		
Payment for acquisition	(166,667)	
Purchases of available-for-sale securities	(4,832,399)	(5,363,610)
Sales of available-for-sale securities	2,548,000	3,116,329
Capital expenditures	(93,823)	(141,620)
Payment of note receivable		2,500
Payments of note receivable from related party		29,750
Net cash used in investing activities	(2,544,889)	(2,356,651)
Financing activities:		
Proceeds from exercise of stock options	198,155	280,427
Purchase of treasury stock	(600,372)	
Dividends paid	(196,375)	
Income tax benefit on non-qualified stock options	198,000	
Net cash provided by (used in) investing activities	(400,592)	280,427
Cash and cash equivalents at end of year	$ 3,400,566	$ 4,612,935
Supplemental cash flow information - income taxes paid	$ 1,438,631	
Noncash investing and financing activities:		
Stock issued for acquisition	$ 175,000	
Present value of minimum guaranteed payments	$ 35,665	
Retirement of treasury stock	$ 600,372	

See Notes to Financial Statements.

RF INDUSTRIES, LTD.
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 six related business divisions: (i) RF Connector and Cable Division is engaged in the design, manufacture and distribution of coaxial connectors and cable assemblies used primarily in radio and other professional communications applications; (ii) Aviel Division is engaged in the design, manufacture and sales of radio frequency, microwave and specialized connectors and connector assemblies for aerospace, original electronics manufacturers and military electronics applications; (iii) Worswick Division is engaged in sales of microwave and radio frequency connectors and cable assemblies to end users in multi-media, radio and other communications applications; (iv) Bioconnect Division is engaged in the design, manufacture and sales of cable interconnects for medical monitoring applications; (v) Neulink Division is engaged in the design, manufacture and sales of radio links for receiving and transmitting control signals for remote operation and monitoring of equipment, personnel and monitoring services; and (vi) RadioMobile Division is engaged as an OEM provider of end-to-end mobile management solutions implemented over wireless networks. RadioMobile Division operates as a separate division and supplements the operations of the Company's Neulink division (see Note 11).

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 a 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 collectability is reasonably assured. At times, when the Company manufactures custom connectors and cable assemblies for aerospace or military customers, product acceptance is also a criterion for revenue recognition.

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.

RF INDUSTRIES, LTD.

NOTES TO FINANCIAL STATEMENTS

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

Investments:

The Company follows Statement of Financial Accounting Standards No. 115 ("SFAS 115"), "Accounting for Certain Investments in Debt and Equity Securities" which requires the Company's investments in U.S. Treasury Bills to be classified as "available-for-sale securities" and valued at fair market value at month end. If there is any other than temporary decline in fair value, the cost basis of the individual security will be written down to fair value via a charge to earnings.

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 as a result of impairment tests performed according to SFAS 142 in 2007 or 2006.

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.

Amortizable Intangible assets:

As of October 31, 2007, amortizable intangible assets are amortized over a period of three years. Amortization expense is expected to be $60,489 and $27,156 and $27,156 for the years ending October 31, 2008, 2009 and 2010, respectively.

	2007	2006
Intangible Assets		
Non-Compete	$ 120,000	$ 120,000
Software	47,522	
Customer List	33,945	
	201,467	120,000
Accumulated Amortization	(86,667)	(46,667)
Totals	$ 114,800	$ 73,333

Advertising:

The Company expenses the cost of advertising and promotions as incurred. Advertising costs charged to operations were $172,000 and $196,000 in 2007 and 2006, respectively.

Research and development:

The Company expenses research and development costs as incurred. Research and development costs charged to operations and included in engineering were approximately $50,000 and $0 in 2007 and 2006, 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:

Effective November 1, 2006, the Company adopted Statement of Financial Accounting Standards No. 123 (revised 2004), "Share-Based Payment" ("SFAS 123R"). The Company elected to use the modified prospective transition method. This method requires compensation cost to be recognized in the financial statements over the service period for the fair value of all awards (including awards to employees) granted after the date of adoption as well as for existing awards for which the requisite service had not been rendered as of the date of adoption and requires that prior periods not be restated. The stock incentive plans provide for the granting of qualified and nonqualified options to our officers, directors and employees. Outstanding options are generally exercisable one year after the date of the grant and expire no more than ten years after the grant. The Company satisfies the exercise of options by issuing previously unissued common shares. Prior to the adoption of SFAS 123R, the Company used the intrinsic value method to account for stock options granted to employees and generally made no charges against earnings with respect to those options at the date of grant since the employee options had exercise prices that were equal to the market price of the Company's stock on the grant date.

SFAS 123R requires that the Company elect an approved method to calculate the historical pool of windfall tax benefits upon adoption of SFAS 123R within one year of its adoption. As of October 31, 2007, the Company has not made that election.

For the fiscal year ended October 31, 2007, the adoption of SFAS 123R reduced income from operations by $572,000, reduced net income by approximately $508,000 and reduced basic earnings per share by $0.16 and diluted earnings per share by $0.14.

Also, in accordance with SFAS 123R, the Company presents the tax benefits from exercise of stock options in excess of recognized expense as a cash flow from financing activities in the statement of cash flows.

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

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. The greatest number of shares potentially issuable by the Company upon the exercise of stock options in any period for the year ended October 31, 2007 and October 31, 2006, that were not included in the computation because they were anti-dilutive, totaled 163,923 and 77,929, respectively.

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

	2007	2006
Numerators:		
Net income (A)	$ 1,135,223	$ 1,540,672
Denominators:		
Weighted average shares outstanding for basic earnings per share (B)	3,263,695	3,185,920
Add effects of potentially dilutive securities - assumed exercise of stock options	491,754	525,615
Weighted average shares for diluted earnings per share (C)	3,755,449	3,711,535
Basic net earnings per share (A)÷(B)	$ .35	$ .48
Diluted net earnings per share (A)÷(C)	$ .30	$ .42

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

New accounting pronouncements:
In July 2006, the FASB issued Interpretation No. 48, *Accounting for Uncertainty in Income Taxes* (FIN 48). FIN 48 applies to all tax positions related to income taxes subject to SFAS No. 109, *Accounting for Income Taxes* (SFAS 109). Under FIN 48, a company would recognize the benefit from a tax position only if it is more-likely-than-not that the position would be sustained upon audit based solely on the technical merits of the tax position. FIN 48 clarifies how a company would measure the income tax benefits from the tax position that are recognized, provides guidance as to the timing of the derecognition of previously recognized tax benefits and describes the methods for classifying and disclosing the liabilities within the financial statements for any unrecognized tax benefits. FIN 48 also addresses when a company should record interest and penalties related to tax positions and how the interest and penalties may be classified within the income statement and presented in the balance sheet. FIN 48 is effective for fiscal years beginning after December 15, 2006. For the Company, FIN 48 will be effective for the October 31, 2008 fiscal year. Differences between the amounts recognized in the statement of operations prior to and after the adoption of FIN 48 would be accounted for as a cumulative effect adjustment to the beginning balance of retained earnings. The Company is currently evaluating FIN 48 and its possible impacts on the Company's financial statements. Upon adoption, there is a possibility that the cumulative effect would result in a charge or benefit to the beginning balance of retained earnings, increases or decreases in future effective tax rates, and/or increases in future effective tax rate volatility.

In September 2006, the Financial Accounting Standards Board (FASB) issued SFAS No. 157, *Fair Value Measurements* (SFAS 157). SFAS 157 defines fair value, establishes a framework for measuring fair value in accounting principles generally accepted in the United States of America, and expands disclosures about fair value measurements. SFAS 157 is effective for financial statements issued for fiscal years beginning after November 15, 2007. For the Company, SFAS 157 will be effective for the 2009 fiscal year. The Company is currently evaluating the impact SFAS 157 will have on its financial statements.

Reclassification:
Certain amounts in the 2006 financial statements have been reclassified from amounts in the financial statements we originally filed to conform to the current presentation.

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

The Company maintains its cash balances with several financial institutions. As of October 31, 2007, the balance exceeded the Federal Deposit Insurance Corporation limitation for coverage of $100,000 by approximately $1,747,000. 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 18% and 17% of total sales, and 13% and 12% of total accounts receivable in 2007 and 2006, respectively. The Company has a standard written distributor 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 and major vendors:

Inventories consist of the following as of October 31, 2007 and 2006:

	2007	2006
Raw materials and supplies	$ 1,092,965	$ 1,038,857
Work in process	19,716	20,024
Finished goods	3,966,681	4,259,125
Less inventory reserve	(124,060)	(67,522)
Totals	$ 4,955,302	$ 5,250,484

Purchases of connector products from two major vendors represented 17% and 20% of the total inventory purchases in 2007 and 46% and 12% in 2006, respectively. The decrease is due primarily to the Company choosing to utilize different suppliers as a means to offset proposed price increases from one of the Company's major suppliers in 2006. The Company has arrangements with these vendors to purchase product based on purchase orders periodically issued by the Company.

Note 4 - Commitments:

The Company leases its facilities in San Diego, California and Las Vegas, Nevada under non-cancelable operating leases. The Company amended its San Diego lease in June 2005, 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 rents were $54,000 as of October 31, 2007 and $59,000 at October 31, 2006. 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 Worswick division operations include a warehouse and retail space. Approximately 25% of the space is subleased to other tenants. The Las Vegas lease is a three year lease expiring in March 2010. The Company also leases certain automobiles under operating leases which expire at various dates through February 2011.

Rent expense under all operating leases totaled approximately $420,000 and $399,000 in 2007 and 2006, respectively.

Minimum lease payments under these operating leases in each of the years subsequent to October 31, 2007 are as follows:

Year Ending October 31,	Amount
2008	$ 387,000
2009	353,000
2010	178,000
2011	5,000
Total	$ 923,000

Note 4 - Commitments (concluded):

The Company has an employment agreement with the President and Chief Executive Officer for a term of up to three consecutive one year periods commencing on June 20, 2005 (the "Commencement Date"), and ending on June 20, 2008, which expires at the end of each Employment Year of June 19 and may be extended for an additional Employment Year on the anniversary dates thereafter. The aggregate amount of compensation to be provided over the remaining term of the agreement amounted to $95,764 at October 31, 2007.

Note 5 - Segment information:

The Company has adopted the provisions of SFAS No. 131, "Disclosures about Segments of an Enterprise and Related Information." Pursuant to the provisions of SFAS No. 131, the Company reports segment sales in the same format reviewed by the Company's management (the "management approach").

Management identifies the Company's segments based on strategic business units that are, in turn, based along market lines. These strategic business units offer products and services to different markets in accordance with their customer base and product usage. For segment reporting purposes, the Company aggregates Connector and Cable Assembly, Aviel Electronics, Bioconnect and Worswick divisions into the RF Connector Cables Assembly segment while RF Neulink and RadioMobile are part of the RF Wireless segment. The Company had not reported segment information in its previous filings for the operations associated with its Connector, Neulink and Bioconnect business units in the same format as reviewed by the Company's chief operating decision maker. The Company evaluates the performance of each segment based on income or loss before income taxes. The Company charges depreciation and amortization directly to each division within the segment. All stock based compensation is attributed to the RF Connector Cable Assembly segment. Inventory, fixed assets, goodwill and intangible assets are the only assets identified by segment. Except as discussed above, the accounting policies for segment reporting are the same as for the company as a whole.

Substantially all of the Company's operations are conducted in the United States; however, the Company derives a portion of its revenue from export sales. 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, 2007 and 2006:

	2007	2006
United States	$ 12,579,555	$ 13,740,623
Foreign countries	2,273,484	1,447,270
Totals	$ 14,853,039	$ 15,187,893

Note 5 - Segment information (concluded):

Net sales, income before provision for income taxes and other related segment information as of October 31, 2007 and 2006, and for the years then ended follows:

2007	RF Connectors Cable Assembly	RF Wireless	Corporate	Total
Net sales	$ 13,706,909	$ 1,146,130	$ 0	$ 14,853,039
Income before provision for income taxes	1,465,109	225,778	387,712	2,078,599
Depreciation and amortization	268,115	592	0	268,707
Total assets	4,797,987	836,287	10,493,884	16,128,158
Additions to property and equipment	93,823	0	0	93,823

2006				
Net sales	$ 14,369,570	$ 818,323	$ 0	$ 15,187,893
Income before provision for income taxes	2,392,653	35,130	335,604	2,763,387
Depreciation and amortization	271,209	0	0	271,209
Total assets	5,900,811	454,429	8,963,795	15,319,035
Additions to property and equipment	141,620	0	0	141,620

Note 6 - Income taxes:

The provision (benefit) for income taxes consists of the following:

	2007	2006
Current:		
Federal	$ 842,619	$ 1,032,000
State	247,000	266,172
	1,089,619	1,298,172
Deferred:		
Federal	(119,343)	(65,000)
State	(26,900)	(10,457)
	(146,243)	(75,457)
Totals	$ 943,376	$ 1,222,715

Note 6 - Income taxes (concluded):

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

	2007		2006	
	Amount	% of Pretax Income	Amount	% of Pretax Income
Income tax at Federal statutory rate	$ 706,700	34.0%	$ 940,000	34.0%
State tax provision, net of Federal tax benefit	145,200	7.0	169,000	6.1
Nondeductible differences: ISO stock options	142,000	6.8	43,000	1.6
Other	(50,524)	(2.4)	70,715	2.5
Provision for income taxes	$ 943,376	45.4%	$ 1,222,715	44.2%

The Company's total deferred tax assets and deferred tax liabilities at October 31, 2007 and 2006 are as follows:

	2007	2006
Assets:		
Allowance for doubtful accounts	$ 17,300	$ 18,000
Inventory obsolescence	49,400	27,000
Accrued vacation	62,100	61,000
State income taxes	85,600	66,000
Stock based compensation awards	61,600	
Capital loss carryforwards	-	3,000
Other	45,700	24,075
Totals	321,700	199,075
Liabilities:		
Depreciation	(70,000)	(90,618)
Less valuation allowance	-	(3,000)
Net deferred tax assets	$ 251,700	$ 105,457

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 or are forfeited or are exercised. As of October 31, 2007, a total of 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 expire, are forfeited or are exercised. As of October 31, 2007, a total of 4,000 options were still outstanding under the 1990 Non-Qualified Plan, all of which are currently exercisable.

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. In May 2003, the Board of Directors and Shareholders approved an increase to the 2000 Option Plan of 100,000 options. In June 2006, the Company's shareholders approved an increase to the 2000 Option Plan of 250,000 options. In May 2007, the shareholders approved an increase to the 2000 Option Plan of 100,000 options. Accordingly, as of October 31, 2007, the authorized number of shares of common stock that could be issued under the 2000 Option Plan was 810,000, of which 506,258 are still outstanding and 10,185 options 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 with a one year vesting provision. Incentive and non-qualified stock options are granted at an exercise price no less than the fair value of the common stock on the date of grant.

Note 7 - Incentive and Non-Qualified Stock Option Plans (concluded):

The Company's historical net income and earnings per common share and pro forma net income and earnings per common share assuming compensation cost had been determined for the year ended October 31, 2006 based on the fair value instead of the intrinsic value at the grant date for all awards to the Company's employees, using the Black-Scholes option pricing model consistent with the provisions of SFAS 123 and amortized ratably over the vesting period, are set forth below:

	2006
Net income:	
As reported	$ 1,540,672
Add back stock based compensation expense recognized under the intrinsic value method	143,188
Deduct total stock-based employee compensation expense determined under the fair value based method for all awards - net of income taxes	(528,000)
Pro forma	$ 1,155,860
Basic earnings per share:	
As reported	$ .48
Pro forma	$ .36
Diluted earnings per share:	
As reported	$ .42
Pro forma	$ .31

Additional required disclosures related to stock option plans:

The fair value of each option granted in 2007 and 2006 was estimated on the date of grant using the Black-Scholes option-pricing model with the following weighted average assumptions:

	2007	2006
Dividend yield	0% to 1.06%	0%
Expected volatility	54% to 58%	54% to 57%
Risk-free interest rate	4.16% to 5.00%	4.42% to 4.95%
Expected lives	4.75 to 6 years	5 years
Weighted average fair market value of options granted during the year	$ 3.74	$ 3.54

Expected volatilities are based on historical volatility of the Company's stock. The Company uses historical experience with exercise and post employment termination behavior to determine the options' expected life. The expected life represents the period of time that options granted are expected to be outstanding. The risk-free rate is based on the U.S. Treasury rate with a maturity date corresponding to the options' expected life. The dividend yield is based upon the historical dividend yield.

Additional information regarding all of the Company's outstanding stock options at October 31, 2007 and 2006 and changes in outstanding stock options in 2007 and 2006 follows:

	2007		2006	
	Shares or Price Per Share	Weighted Average Exercise Price	Shares or Price Per Share	Weighted Average Exercise Price
* Options outstanding at beginning of year	974,122	$ 3.05	906,097	$ 1.99
Options granted	148,985	7.50	272,508	6.02
Options exercised	(105,745)	1.87	(170,092)	1.65
Options forfeited	(5,920)	7.38	(34,391)	5.38
* Options outstanding at end of year	1,011,442	3.81	974,122	3.05
* Option price range at end of year	$ .10 - $7.56		$ .10 - $7.50	
Aggregate intrinsic value of options exercised during year:	$ 600,078		$ 953,981	

* Included in the options outstanding are 500,871 in 2007 and 564,871 in 2006 previously granted to six officers and/or key employees of the Company under employment agreements entered into by the Company with each of these officers and employees.

Weighted average remaining contractual life of options exercisable at October 31, 2007: 7.26 years

Aggregate intrinsic value of options outstanding at October 31, 2007: $3,786,868

Aggregate intrinsic value of options exercisable at October 31, 2007: $3,033,968

As of October 31, 2007, $631,408 of expense with respect to nonvested share-based arrangements has yet to be recognized and is expected to be recognized over a weighted average period of 1.9 years.

The following table summarizes information about stock options outstanding at October 31, 2007, 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
$.10	239,871	$ .10	1 year after termination	239,871	$ .10
$1.33 - $ 2.50	145,693	2.12	4 years	75,693	2.12
$2.66 - $3.95	169,035	3.02	6 years	89,035	3.13
$4.94 - $7.50	456,843	6.58	7 years	307,858	6.14
	1,011,442	3.81		712,457	3.30

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 2007 or 2006.

Note 9 - Related party transactions:

The note receivable from stockholder of $66,980 at October 31, 2007 and 2006 is due from the President of the Company, bears interest at 6%, payable annually, and has no specific due date. The note is collateralized by the properties owned by the President.

A director of the Company is an employee of the Company's public relations firm. For the fiscal years ended October 31, 2007 and 2006, the Company paid the firm $40,409 and $39,870, respectively, for services rendered.

Note 10- Legal proceedings:

From time to time, the Company is involved in legal proceedings that are related to its business operations. The Company is not currently a party to any legal proceedings that could have a material adverse effect upon its financial position or results of operations.

Note 11- Business acquisition:

The Company acquired substantially all of the assets and assumed certain liabilities of RadioMobile Inc. ("RadioMobile"), a privately held San Diego, California company on September 1, 2007. RadioMobile Inc. is an OEM provider of end-to-end mobile management solutions implemented over wireless networks. RadioMobile has developed software and hardware used by police departments and transportation vehicles to receive and transfer electronic data. The RadioMobile purchase agreement contains certain provisions containing contractual and/or legal rights that could potentially create intangible assets apart from goodwill. The asset purchase agreement has an earn out provision over three years based upon revenues earned by RadioMobile operating as a separate division. The maximum future consideration is $500,000. The purchase price for the RadioMobile asset purchase included $166,667 in cash payments and $175,000 in stock issuance, representing 30,919 shares at $5.66, and totaling $35,665 of guaranteed minimum future consideration. Upon the resolution of a contingency based on earnings, any additional consideration paid will be recorded by the acquiring enterprise as an additional cost of the acquired enterprise. Minimum contingent consideration amounts per the Asset Purchase Agreement were recorded upon closing at their net present value, using an 8% discount rate. Any future contingent consideration based on meeting certain earnings levels will be accounted for as additional consideration when the amounts are resolved.

The purpose of the acquisition was to combine Neulink's industry leading modem products, which enables the Company to enter and compete in the design and marketing of mobile wireless communications systems. Goodwill recorded upon the purchase acquisition is fully deductible for tax purposes.

Note 11- Business acquisition (concluded):

The acquisition of the RadioMobile assets 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 September 1, 2007 follows:

Accounts receivable	$ 27,053
Inventory	133,963
Other assets (prepaid, net fixed assets)	27,218
Intangible assets:	
Software	47,522
Customer list	33,945
Goodwill	107,631
Total assets acquired	377,332
Assumed liabilities	(164,000)
Net assets aquired at closing	$ 213,332

Assuming the acquisition had taken place on the first day of the year ended October 31, 2007 and 2006, unaudited net sales would have been approximately $15,600,000 and $15,900,000 while unaudited net income and earnings per share information would not have been materially different than the amounts shown on the accompanying statement of income for the years ended October 31, 2007 and 2006.

NOTES

Board of Directors

Marvin H. Fink
Chairman

John R. Ehret
Director

Linde Kester
Director

Howard F. Hill
Director, President and CEO

Robert Jacobs
Director

William L. Reynolds
Director

Corporate Officers

Howard F. Hill
President and CEO

James S. Doss
CFO and
Corporate Secretary

Executive Staff

Manny Gutsche
VP Sales and Marketing
RF Industries

Robert Macias
VP Product Assurance
RF Industries;
President/General Manager
Aviel Electronics division

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

Conrad Neri
President/General Manager
RF Cable Assemblies Division

George R. Marks
President/General Manager
Bioconnect/RF Neulink Divisions

Jesse Fuller
President/General Manager
Worswick Industries Division

James Moore
President/General Manager
Radio Mobile Division

Angela Sutton
Director, Human Resources
RF Industries

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Common Stock
Nasdaq Global Market Exchange
Symbol: RFIL

Annual Meeting
June 6, 2008
1:30 p.m., PST
Corporate Office
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Annual reports, 10Ks, 10Qs and news releases are available by contacting Howard Hill at (858) 549-6340 or (800) 233-1728 or e-mail: rfi@rfindustries.com. Website: www.rfindustries.com

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