Fiscal 2009 Annual Report

President's letter to Shareholders
April 16, 2009

Fellow Shareholders:

Fiscal Year 2009, which ended on October 31st, 2009, was a year in which RF Industries was challenged to meet our goals. RF Industries achieved its seventeenth consecutive year of profitability despite a sales decline in 2009 due to the recession and the industry-wide slow down in wireless infrastructure spending. Although sales and earnings did not match the record results we achieved in fiscal year 2008, our fourth quarter of fiscal year 2009 sales increased 16%, compared to our fiscal year 2009 third quarter. The fourth quarter of fiscal 2009 was our best quarter of fiscal 2009. Our 50% gross margin for the quarter, as a percent of sales, was equivalent to the same margin achieved in record fourth quarter last year. The strong margin enabled RF Industries to post fourth quarter operating income of $456,000, surpassing our previous nine months total operating income of only $450,000.

Fiscal 2009 Results
For the fiscal year ended October 31st, 2009, sales were $14,213,000, compared to record sales of $17,695,000 in fiscal 2008. Net income was $656,000, or $0.20 per diluted share, compared to net income of $1,559,000, or $0.42 per diluted share for fiscal 2008.
Sales at the RF Connector and Cable Assembly segment, our most profitable business segment, declined only 13% to $12,154,000 from $13,936,000 in fiscal 2008. The Bioconnect Medical Cabling & Interconnector Division was also profitable for the year, despite a sales decline of 19% to $1,324,000 from $1,638,000 in fiscal 2008. The RF Wireless segment experienced the brunt of the slowdown in wireless capital goods spending and public safety agency wireless infrastructure spending, with fiscal 2009 sales of $736,000, down 65% from sales of $2,120,000 in fiscal 2008.

Engineering / R & D
During the past two years we have invested heavily in developing advanced wireless products for our RF Wireless division. We believe that the bulk of our engineering expenses for the introduction of new wireless products are now behind us. These expenses were approximately $1,050,000 in both fiscal 2009 and fiscal 2008; nearly double fiscal 2007 expenses of only $571,000. In recent months, RF Industries' RF Wireless businesses have experienced an increased level of inquiries for these wireless systems, and we are hopeful that a recovery in wireless infrastructure spending, in association with the imminent introduction of our newly developed, state-of-the-market advanced wireless products by the RF Wireless division, will lead to improved performance for this segment in fiscal 2010.

Looking Ahead
Overall, despite the severe downturn in the economy in general, and in our industry in particular, we made solid progress during fiscal 2009; but we have more to do. RF Industries has overcome challenges and obstacles in fiscal 2009 during the world-wide recession, and we do not expect to come out of the recession overnight. Our climb back will not be easy, but RF Industries' dedicated employees are unsurpassed in the industry in terms of their expertise, experience and the pursuit of excellence. I strongly believe that the success of RF Industries for the last seventeen years of profitability is due, in large part, to our employees' participation in this company's employee stock option plan and knowing that they are stockholders – owners of the company themselves.

Our goal is to continue to strengthen the company through growth through the acquisition of complementary businesses. We will continue to position ourselves to meet our customers' needs, drive profitable growth and create long-term shareholder value. We believe that RF Industries' strong cash position and no debt will be a key factor for opportunity for growth in the years to come.

We strive to not only overcome the most difficult challenges, but also to seize the most promising opportunities that lie ahead. We thank you for the continuing trust that you have placed in us to steward your company. We invite you to track our progress by logging onto the RF Industries' webpage www.rfindustries.com.

Thank you for your trust you have placed in us.

Sincerely,
Howard F Hill
President/CEO

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

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

For the fiscal year ended October 31, 2009

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

The aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the price at which the common equity was last sold, or the average bid and asked price of such common equity, as of the last business day of the registrant's most recently completed second fiscal quarter was $9,722,364.

As of January 19, 2010, the issuer had 2,850,928 outstanding shares of common stock, $.01 par value

Forward-Looking Statements:

Certain statements in this abridged Annual Report on Form 10-K, 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 , the Company's dependence on the success of its largest division, and competition.

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-K 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. BUSINESS

General

RF Industries, Ltd. (hereinafter the "Company") is a provider of interconnect products and systems for radio frequency (RF) communications devices 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 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 specialty and custom RF connectors primarily for aerospace and military customers, (iii) the Worswick Division sells coaxial and other connectors and cable assemblies primarily on a retail basis to 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 original equipment manufacturer (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, quarterly reports, 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 (the "Exchange Act"), 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-K.

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 Connector and Cable Division typically carries over 1,200 connectors, adapters, tools, and assembly, test and measurements kits. 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. Sales of the Company's connectors and cable assemblies decreased in the fiscal year ended October 31, 2009 compared to the prior fiscal year as the economy and the overall market demand for our wireless products decreased. However, the Company believes that sales of its connector and cable products will again increase if, and when, the overall demand for new wireless products increases.

Third party foreign manufacturers located in Asia manufacture a significant portion of the Company's RF connectors for the Company. The Company also manufactures RF connectors (primarily specialty connectors) in its Las Vegas facility.

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 using state of the art automation equipment and are sold through distributors or directly to major OEM 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 source of revenues for the Company during the fiscal year ended October 31, 2009.

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 and manufacturing capabilities, thereby expanding the Company's products in the military and commercial aerospace markets, and expanding the Company's overall client base. Aviel's operations are based in Las Vegas, Nevada.

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. Worswick Industries primarily sells its products on a retail basis at its retail outlet in San Diego, California. Worswick, however, also sells its products on-line under the e-commerce brand OddCables.com.

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, EEG leads, infant apnea monitors in hospitals, patient leads, snap leads and connecting wires. The Company acquired the Bioconnect operations in 2000.

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 financial reporting purposes, the Company aggregates its operations into three segments. Connector and Cable Assembly, Aviel Electronics, and Worswick divisions are aggregated into one reporting segment (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. Bioconnect makes up the Company's newest segment, the Medical Cabling and Interconnector segment.

Product Description

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

Connector and Cable Products

The Company's Connector and Cable Division designs and distributes coaxial connectors and coaxial cable assemblies 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 over 1,200 types of connectors, adapters, tools, assembly, test and measurement kits, which range in price from under $1 to over $1,000 per unit. The kits satisfy a variety of applications including, but not limited to, lab operations, site requirements, and adapter needs.

The Connector Division 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 and custom designed RF coaxial connectors. Aviel's standard configuration and custom connectors include connectors ranging from standard, miniature, sub-miniature and unique interfaces. 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 coaxial 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, sells and provides product development services to OEMs for Standard and custom cable assemblies, adapters and electromechanical wiring harnesses for medical market and computer industries 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 frequently replaced in order to ensure maximum performance of medical diagnostic equipment.

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 transmit data, video or voice information from point to point. Additionally, standard 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
- NL5500 - The NL5500 Transceiver Series is a price/performance leader both the VHF and UHF frequency range & NL6000 compatible
- NL6000 - UHF and VHF feature, high performance wireless modem
- NL900 - 900 MHz Spread Spectrum point to point wireless modem
- Teledesign high-speed wireless modems in VHF, UHF and 900 MHz frequencies
- BlueWave, Maxrad, and Antenex antennas
- NL 900S – High-speed, high performance wireless 900 MHz data modem. Software Defined Radio employing FPGA technology.

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, and police usage for mobile warrant database access.

RadioMobile Products

RadioMobile provides complete hardware and software solutions for wireless mobile data management application. Most of RadioMobile systems are custom engineered and designed for specific markets. Accordingly, RadioMobile sales consist of hardware, software and networking products as well as design and installation services. 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 (Computer Aided Dispatch, CAD) and mobile environments are developed by in house engineers and contractors. Current and new products that RadioMobile offers include:

- IQ CAD911 – a host based call-taking, dispatch and resource management application suite utilizing the IQ Locator mapping module for integrated control and management functions. RadioMobile is initially focusing this product on Fire, Police and EMS markets.

- IQ Mobile V6 - is the latest mobile or client application that supports computing needs for receiving priority messages, sending timely status, text messages, file transfers and location data. Version 6 can utilize a combination of any wireless network facility via IP or private protocols.

- IQ Mobile V4, V5 - a mobile or client application that supports computing needs for receiving priority messages, sending timely status, text messages, file transfers and location data. IQ Mobile can utilize any wireless network facility via IP or private protocols.

- IQ Map is an option that works with IQ Mobile to provide the mobile operator map functions to show current location, destination or a combination of both as well as groups of predefined vehicles.

- IQ Locator – a host based mapping application allowing agencies to track and oversee fleet location and status.

- IQ Gateway and Link - a host based networking concentrator and manager for all wireless network interfaces including the customer's private conventional data channels.

- MCT8000- a rugged mobile computing platform that utilizes all off the shelf components for CPU, display, keyboard and network modules maintaining full upgradeability for all elements.

- CMX6000- a status and short message terminal capable of standalone interface to the network facilities.

- IQ Liberator – a software defined modem capable of emulating legacy protocols as well as generic IP packets operating at data rates from 2400 to 22,000bps.

Foreign Sales

Direct export sales by the Company to customers in South America, Canada, Mexico, Europe, Australia, the Middle East, and Asia accounted for $2,397,000 or approximately 17% of Company's sales for the fiscal year ended October 31, 2009. Foreign sales accounted for $2,724,000 or approximately 15% of Company's sales for the fiscal year ended October 31, 2008. The majority of the export sales during these periods were to Israel, Canada and Mexico. Foreign sales orders from individual customers tend to be larger than U.S. product orders and therefore have a larger impact on the Company's foreign sales.

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 Division 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 and Connector divisions sell to similar customer market segments and combine marketing efforts where economically advantageous.

The Worswick Division operates from a single store-front location in San Diego and sells primarily to walk-in or local multi-media (video, voice, gaming, etc.) and communications systems customers. This division also operates an e-commerce website called OddCables.com that it launched in 2007 for the distribution of its products.

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 a significant portion of its coaxial connectors and for all the components of its Neulink products. However, virtually all of RF cable assemblies sold by the Connector and Cable Assembly Division during the fiscal year ended October 31, 2009 were assembled by that division at the Company's facilities in California, and the Neulink products are assembled at the Company's California facilities. The Connector and Cable Division has its cables manufactured 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, the Company does have long-term purchasing relationships with these manufacturers. The Company has in-house design engineers who create the engineering drawings for fabrication and assembly of connectors and cable assemblies and certain of the components of its Neulink products. 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 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 21 years (including as an unaffiliated company before being acquired by the Company in 2000). Bioconnect products are manufactured by the Company at its own California facilities. 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 51 years (including as an unaffiliated company before being acquired by the Company in August 2004). The manufacturing process for the Aviel connectors includes all aspects of the product from design, tooling, fabrication, assembly and testing. The Aviel Electronics product line produces its connector products for low volume custom manufacturing uses, for the military, aerospace, 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. These services are conducted in San Diego, California.

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's specifications. The Company designs much of the software used in its RadioMobile systems.

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" below.

Raw Materials

Connector materials are typically made of commodity metals such as copper, brass and zinc and include small applications of precious materials, including silver and gold. The 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.

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 October 31, 2009, the Company employed 87 full-time employees, of whom 29 were in accounting, administration, sales and management, 54 were in manufacturing, distribution and assembly, and four 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's research and development activities are intended to produce new proprietary products that it can market to the wireless connectivity industry. The Company engaged in approximately $243,000 of research and development activities in fiscal year ended October 31, 2009, primarily related to the RF Wireless segment. Research and development expense during the fiscal year ended October 31, 2008 were approximately $256,000.

In addition to research and development activities, the Company also invested approximately $1,602,000 during the past two fiscal years on engineering. Engineering activities consist of the design and development of new products for specific customers, as well as the design and engineering of new or redesigned products for in the industry in general. Engineering work often is carried out in collaboration with the Company's customers.

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 RF connector market. The RF connector market is estimated at \$1.5 - \$2.0 billion worldwide, with North America sales estimated at \$400 - \$450 million. Management believes no one competitor has over 15% of the total market. Many of the competitors of the Connector and Cable Division have significantly greater financial resources and broader product lines. The Connector and Cable division 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 division 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.

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 received formal certification or approval.

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 product support services before, during, and after the sale.

RadioMobile competitors include Motorola, Intergraph, Northrup Gumman, Panasonic, and cellular providers including Verizon Wireless and AT&T. Radiomobile's strategy is focusing on 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 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 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 13,000 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 March 31, 2014. In addition, the Company also leases the following facilities:

(i) The cable assembly manufacturing portion of the Connector and Cable Assembly 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 March 31, 2014.

(ii) The Neulink and Radiomobile Divisions operate from a separate building that is located near the Company's corporate headquarters at 7606 Miramar Road, Building 7200. 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 March 31, 2014.

(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 lease for this space expires March 31, 2010. During fiscal 2009, Aviel entered into an additional facility lease agreement for space at 3060 Post Road, Suite 100 Las Vegas Nevada. The lease term commenced September 1, 2009 and will expire March 31, 2015.

(iv) The Worswick Division entered into a new facility lease agreement during fiscal 2009, which commenced March 1, 2009. The new facility is approximately 4,000 square foot facility located at 7642 Clairmont Mesa Boulevard Suite 211, San Diego, California. The lease for this space expires December 31, 2013.

The aggregate monthly rental for all the Company's facilities currently was approximately $30,100 per month, plus utilities, maintenance and insurance as of October 31, 2009.

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:

We did not submit any matters to the vote of our shareholders in the fourth quarter of fiscal 2009.

PART II

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

The Company's Common Stock is listed and trades on the NASDAQ Global 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 2009		
November 1, 2008 - January 31, 2009	$ 6.11	$ 3.50
February 1, 2009 - April 30, 2009	4.21	2.85
May 1, 2009 - July 31, 2009	4.50	3.40
August 1, 2009 - October 31, 2009	4.89	3.87
Fiscal 2008		
November 1, 2007 - January 31, 2008	$ 7.53	$ 5.20
February 1, 2008 - April 30, 2008	6.26	5.20
May 1, 2008 - July 31, 2008	8.50	5.69
August 1, 2008 - October 31, 2008	8.98	2.66

Stockholders: As of October 31, 2009 there were 447 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 $0.03 per share, for a total of $94,780, during fiscal 2009. The Board of Directors may resume dividends in the future depending on the Company's financial condition and its financial needs.

Recent Sales of Unregistered Securities: There were no previously unreported sales of equity securities by the Company that were not registered under the Securities Act during fiscal 2009.

Repurchase of Securities: In March 2009, Company announced that our Board of Directors had authorized a stock repurchase program to repurchase up to 300,000 shares of the Company's common stock. Repurchases under this program were made in open market transactions in compliance with the Securities Exchange Act of 1934 (the "Exchange Act") Rule 10b-18. The following table sets forth repurchases made on a monthly basis during the fourth quarter of the fiscal year ending October 31, 2009.

Period:	**Total Number of Shares Purchased**	**Average Price Paid per Share**	**Total Number of Shares Purchased as Part of Publicly Announced Plans of Programs**	**Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs**
September 1, 2009 through September 31, 2009	940	$4.10	940	0

EQUITY COMPENSATION PLAN INFORMATION

The following table provides information as of October 31, 2009 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)	742,435	$	5.23	364,604
Equity Compensation Plans Not Approved by Stockholders (2)	500,871	$	1.53	0
Total	1,243,306	$	3.74	364,604

(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 364,604 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 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Our financial statements have been prepared in accordance with accounting principles generally accepted in the United States. The preparation of these financial statements requires us to make significant estimates and judgments that affect the reported amounts of assets, liabilities, revenues, expenses and related disclosure of contingent assets and liabilities. We evaluate our estimates, including those related to bad debts, inventory reserves and contingencies on an ongoing basis. We base our estimates on historical experience and on various other assumptions that are believed to be appropriate 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 involves 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 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 approximately 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.

Another critical accounting policy that involves significant judgments and estimates is management's assessment of goodwill for impairments. We review our goodwill for impairment annually in the fourth quarter at the reporting unit level. We also analyze each quarter whether any indicators of impairment exist.

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

RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

For recently issued accounting pronouncements that may affect us, see Note 1 of Notes to Financial Statements.

OVERVIEW

The Company markets connectors and cables to numerous industries for use in thousands of products, primarily for the wireless market. The Company aggregates operating divisions into operating segments which have similar economic characteristics and divisions are similar in the majority of the following areas: (1) the nature of the product and services; (2) the nature of the production process; (3) the type or class of customer for their products and services; (4) the methods used to distribute their products or services; (5) if applicable, the nature of the regulatory environment. The Company has three segments - RF Connector and Cable Assembly segment, Medical Cabling and Interconnector segment, and RF Wireless segment- based upon this evaluation.

The RF Connector and Cable Assembly segment is comprised of three divisions; the Medical Cabling and Interconnector segment is comprised of one division, while the RF Wireless segment is comprised of two divisions. The three divisions that meet the quantitative thresholds for segment reporting are Connector / Cable Assembly, Bioconnect and RF Neulink. Each of the other divisions aggregated into these segments that have similar products that are marketed to their respective customer base; production and product development processes are similar in nature. The specific customers are different for each division; however, there is some overlapping of product sales to them. The methods used to distribute products are similar within each division aggregated.

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 and Worswick divisions into the RF Connector Cable Assembly segment while RF Neulink and RadioMobile are part of the RF Wireless segment. The Bioconnect division makes up the Company's Medical Cabling and Interconnector segment. Prior to 2008, the Company aggregated BioConnect within the RF Connector and Cable Assembly segment as it represented only a small portion and had similar economic characteristics of the overall segment. However, during the fiscal year ended October 31, 2008, the BioConnect division met one of the quantitative threshold required for separate segment reporting.

Historically, over 79% of the Company's revenues are generated from the sale of RF connector products and connector cable assemblies (the Connector and Cable Assembly division accounted for approximately 86% of the Company's total sales for the fiscal year ended October 31, 2009). Sales of connectors are expected to continue to be the largest portion of revenues in the future. Accordingly, Company revenues are heavily dependent upon sales of RF connectors and cable assemblies. However, the Company sells thousands of connector products for uses in thousands of end products and sales are not dependent upon any one industry sector or any single product. The Company's sales do, however, track sales in the wireless industry as a whole. Accordingly, the Company's sales in 2009 decreased as a result of industry wide sales decreases.

Notwithstanding the decrease in sales in the fiscal year ended October 31, 2009 compared to sales in the prior year, the Company generated net income for the fiscal year ended October 31, 2009. The net income in fiscal 2009 represented the 16th consecutive year that the Company has been profitable.

The Company generated cash from operations of $1,703,000, but used $1,707,000 to pay dividends and repurchase shares of its common stock. Overall, the amount of cash and cash equivalents, and short-term investments held by the Company as of October 31, 2009 decreased approximately $222,000 from $7,925,000 at October 31, 2008 to $7,703,000 at October 31, 2009. 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, 2009 and 2008:

	2009		2008	
	Amount	% Total Assets	Amount	% Total Assets
Cash and cash equivalents and CDs and short-term investments	$ 7,702,908	46.4%	$ 7,924,549	44.6%
Current assets	15,769,656	95.0%	16,705,149	94.0%
Current liabilities	973,188	5.9%	1,323,198	7.4%
Working capital	14,796,468	89.1%	15,381,951	86.6%
Property and equipment - net	565,804	3.4%	565,860	3.2%
Total assets	16,598,200	100.0%	17,767,773	100.0%
Stockholders' equity	15,253,482	91.9%	16,121,690	90.7%

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, 2010. 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, 2009, the amount of cash and cash equivalents and short-term investments was equal to $7,702,908 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, 2009, the Company had $15,769,656 in current assets and only $973,188 in current liabilities.

Management believes that based on the Company's financial condition at October 31, 2009, 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 significant 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. Due to sales decreasing by 20% during fiscal 2009 compared to sales of prior year, the Company's year end inventory balance decreased by 16% compared to prior year's year end inventory balance. The Company continuously monitors its inventory levels and product costs. For pricing purposes, the Company may, however, increase its inventory levels from time to time to protect against future increases in raw material costs or to obtain volume discounts.

Net cash provided by operating activities for the year ended October 31, 2009 was $1,703,000. The Company's net cash from operations was more than its net income of $656,000 due primarily to a $965,000 decrease in inventory. In fiscal year ended October 31, 2008, net cash provided by operating activities was $1,144,000.

During fiscal 2009, net cash provided by investing activities was $169,000, which represents the difference between the proceeds the Company received from the sale of its treasury bills and the re-investment of its funds in certificates of deposit, less $217,000 that the Company invested in additional capital equipment (primarily for the Connector and Cable division). During fiscal 2008, net cash used in investing activities was $2,793,000, of which $2,332,000 was for the purchase of treasury bills and other available-for-sale securities. The balance represents $461,000 invested in additional capital equipment (primarily for the Aviel division).

In fiscal 2009, financing activities decreased the Company's net cash by $1,707,000 due to dividends paid of $95,000 and $1,613,000 used to repurchase 385,358 shares of its own common stock. In fiscal 2008, financing activities decreased the Company's net cash by $691,000 due to dividends paid of $394,000 and $533,000 used to repurchase 100,000 shares of its own common stock of which expenditures were partially offset by the receipt of $190,000 from the exercise of stock options.

Results of Operations:

The following summarizes the key components of the results of operations for the fiscal years ended October 31, 2009 and 2008:

	2009		2008	
	Amount	% of Net Sales	Amount	% of Net Sales
Net sales	$14,213,045	100%	$17,695,146	100%
Cost of sales	7,308,479	51%	8,789,604	50%
Gross profit	6,904,566	49%	8,905,542	50%
Engineering expenses	1,050,398	7%	1,050,574	6%
Selling and general expenses	4,738,265	33%	5,341,576	30%
Goodwill impairment	209,763	1%		
Operating income	906,140	6%	2,513,392	14%
Other income	193,429	1%	258,381	1%
Income before income taxes	1,099,569	8%	2,771,773	16%
Income taxes	443,602	3%	1,212,540	7%
Net income	655,967	5%	1,559,233	9%

Net sales of the Company decreased by approximately $3,482,000 or 20%, for the fiscal year ended October 31, 2009 ("fiscal 2009") compared to the fiscal year ended October 31, 2008 ("fiscal 2008"). Net sales decreased in fiscal 2009 due to decreases in net sales at all three of the Company's financial reporting segments. Net sales at the Connector and Cable Assembly segment decreased from fiscal 2008 by approximately $1,783,000. The Company believes that the decrease was primarily due to the negative effects of the current global recession in general, and in a decrease in sales in the wireless industry in particular. The largest sales decreases were in the Connector and Cable Assembly segment, which experienced a $1,783,000 decrease in sales, and in the RF Wireless segment, which decreased by $1,385,000. Net sales in the Medical Cabling and Interconnect division also decreased by approximately $314,000. The substantial decrease in net sales at the RF Wireless segment was attributable to a decrease of $621,000 in sales generated by the Radiomobile Division and a decrease of $764,000 in sales generated by the Neulink division. Unlike the Connector and Cable Assembly segment that has many smaller customers and a wide variety of products, the RF Wireless segment has few products and few customers. Accordingly, the failure by the RF Wireless segment to make a few larger sales to its customers resulted in a substantial decrease in sales. The Company is evaluating the operations of the RF Wireless segment and may reorganize the operations of one or more of the RF Wireless divisions.

The Company's gross profit decreased by $2,001,000 or by 22% to $6,905,000 in 2009 from $8,906,000 in 2008 due to the decrease in net sales. As a percentage of net sales, gross profit decreased to 49% in fiscal 2009, down slightly from 50% in fiscal 2008 because the Company was not able to reduce its fixed labor costs in line with the decrease in sales.

Engineering expenses, which include research and development expenses, incurred at the Company's three segments and relating to the design, re-design or development of products for specific customers remained consistent with that of prior year at $1,050,000 in fiscal 2009 compared to $1,051,000 in fiscal 2008. As a percentage of net sales, engineering expenses increased slightly to 7% in fiscal 2009 from 6% in fiscal 2008. Engineering expense (including research and development) during fiscal 2009 related primarily to the continued development of new wireless products. RadioMobile and Neulink, which constitute the RF Wireless segment, collectively incurred approximately $243,000 of research and development expenses in fiscal 2009 in the development of new products compared to $256,000 of research and development expenses at the RF Wireless segment in fiscal 2008.

Selling and general expenses decreased by $604,000 or 11%, to $4,738,000 during fiscal 2009 from $5,342,000 in fiscal 2008. This decrease is directly related to the decrease in revenues and cost cutting measures implemented by the Company. Stock based compensation expense decreased significantly by $347,000 to $153,000 in fiscal 2009 from $500,000 in fiscal 2008 primarily due to fewer options being granted and also an increase in the vesting period of options granted in fiscal 2009 compared to fiscal 2008. Sales commission expense decreased by $60,000 or 42% to $81,000 in fiscal 2009 from $141,000 in fiscal 2008 due to the significant decrease in sales from fiscal 2008. Accounting and legal fees decreased by $114,000 to $436,000 in fiscal 2009 from $550,000 in fiscal 2008 primarily due to reductions in expenses related to Management's assessment and testing of internal controls over financial reporting and external audit and review work. Advertising costs increased by $56,000 to $254,000 in fiscal 2009 from $198,000 in fiscal 2008 due to an increase in marketing efforts in fiscal 2009 compared to prior year.

Due to current negative effects of the global recession and related triggers, during the third quarter of 2009, the Company experienced a significant decrease in sales in general, and at the Radiomobile and Worswick divisions in particular. The sales generated by these divisions were significantly lower than expected and the expected third quarter improvements did not occur. As such, triggers were evident at these two divisions in the third quarter of 2009 and management performed a goodwill impairment review. Prior to management's review, the Company had a total of $347,091 of goodwill of which $137,328 was allocated to the acquisition of the Aviel division and the balance was allocated to the more recent acquisitions of the Radiomobile and Worswick businesses. As a result of its review, management recorded a goodwill impairment charge of $209,763 for the third quarter of fiscal 2009, which is included in operating expenses in the statement of income. There were no such triggering events at the Aviel division and its goodwill was not affected.

Due to the significant decrease in sales and the decrease of $2,001,000 in gross profit compared to prior year, operating income decreased by $1,607,000 or 64% to $906,000 in fiscal 2009. Total operating expenses decreased by $394,000 or 6% as a result of decreases in selling and general administrative expenses.

Interest income decreased by approximately $65,000 from prior year due to a decrease in interest rates on the funds held by the Company in its interest bearing accounts compared to the rates received during fiscal 2008. During fiscal 2009, the Company continued to invest primarily in CDs and money market funds.

Income before taxes in fiscal 2009 decreased by 60% or by $1,672,000 to $1,100,000 compared to income before taxes of $2,772,000 in fiscal 2008. Net income for fiscal year ended October 31, 2009 decreased by $903,000 or 58% to $656,000 compared to $1,559,000 in fiscal year ended October 31, 2008.

Index

To Financial Statements

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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, 2009 and 2008, 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, 2009 and 2008, 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, 2007, the Company adopted standards on accounting for uncertainty in income taxes.

/s/ J.H. COHN LLP

San Diego, California
January 29, 2010

RF INDUSTRIES, LTD.
BALANCE SHEETS
OCTOBER 31, 2009 AND 2008

ASSETS

	2009	2008
Current assets:		
Cash and cash equivalents	$ 1,225,927	$ 1,060,838
Certificates of deposit	6,476,981	6,315,864
Short-term investments		547,847
Trade accounts receivable, net of allowance for doubtful accounts of $52,892 and $46,775	2,263,265	2,071,349
Inventories	4,984,921	5,949,708
Other current assets	340,362	217,443
Deferred tax assets	478,200	542,100
Total current assets	15,769,656	16,705,149
Equipment and furnishings:		
Equipment and tooling	2,365,160	2,205,525
Furniture and office equipment	425,389	377,286
	2,790,549	2,582,811
Less accumulated depreciation	2,224,745	2,016,951
Totals	565,804	565,860
Goodwill	137,328	347,091
Amortizable intangible assets, net	27,156	54,311
Note receivable from stockholder	66,980	66,980
Other assets	31,276	28,382
Totals	$ 16,598,200	$ 17,767,773

LIABILITIES AND STOCKHOLDERS' EQUITY

	2009	2008
Current liabilities:		
Accounts payable	$ 224,974	$ 329,509
Accrued expenses	673,080	760,762
Income taxes payable	75,134	232,927
Total current liabilities	973,188	1,323,198
Deferred tax liabilities	50,500	105,700
Other long-term liabilities	321,030	217,185
Total liabilities	1,344,718	1,646,083
Commitments and contingencies		
Stockholders' equity:		
Common stock - authorized 10,000,000 shares at $.01 par value; 2,848,313 and 3,226,264 shares issued and outstanding	28,483	32,263
Additional paid-in capital	6,502,447	6,411,810
Retained earnings	8,722,552	9,677,617
Total stockholders' equity	15,253,482	16,121,690
Totals	$ 16,598,200	$ 17,767,773

See Notes to Financial Statements.

RF INDUSTRIES, LTD.

STATEMENTS OF INCOME
YEARS ENDED OCTOBER 31, 2009 AND 2008

	2009	2008
Net sales	$ 14,213,045	$ 17,695,146
Cost of sales	7,308,479	8,789,604
Gross profit	6,904,566	8,905,542
Operating expenses:		
Engineering	1,050,398	1,050,574
Selling and general	4,738,265	5,341,576
Goodwill impairment	209,763	
Totals	5,998,426	6,392,150
Operating income	906,140	2,513,392
Other income – interest	193,429	258,381
Income before income taxes	1,099,569	2,771,773
Provision for income taxes	443,602	1,212,540
Net income	$ 655,967	$ 1,559,233
Earnings per share:		
Basic	$ .22	$ .47
Diluted	$ .20	$ .42

See Notes to Financial Statements.

RF INDUSTRIES, LTD.

STATEMENTS OF STOCKHOLDERS' EQUITY
YEARS ENDED OCTOBER 31, 2009 AND 2008

	Common Stock		Additional Paid-In	Retained	Total Stockholders'
	Shares	Amount	Capital	Earnings	Equity
Balance, November 1, 2007	3,285,969	$32,860	$5,700,362	$9,207,571	$14,940,793
Effect of adoption of accounting for uncertainty in income taxes November 1, 2007				(187,075)	(187,075)
Net income				1,559,233	1,559,233
Stock based compensation expense			499,564		499,564
Excess tax benefits from stock-based compensation			46,041		46,041
Exercise of stock options	40,295	403	189,843		190,246
Dividends				(394,343)	(394,343)
Treasury stock purchased and retired	(100,000)	(1,000)	(24,000)	(507,769)	(532,769)
Balance, October 31, 2008	3,226,264	32,263	6,411,810	9,677,617	16,121,690
Net income				655,967	655,967
Stock based compensation expense			153,197		153,197
Stock issuance related to contingent liability	7,407	74	29,926		30,000
Dividends				(94,780)	(94,780)
Treasury stock purchased and retired	(385,358)	(3,854)	(92,486)	(1,516,252)	(1,612,592)
Balance, October 31, 2009	2,848,313	$ 28,483	$ 6,502,447	$ 8,722,552	$ 15,253,482

See Notes to Financial Statements

RF INDUSTRIES, LTD.

STATEMENTS OF CASH FLOWS
YEARS ENDED OCTOBER 31, 2009 AND 2008

	2009	2008
Operating activities:		
Net income	$ 655,967	$ 1,559,233
Adjustments to reconcile net income to net cash provided by operating activities:		
Bad debt expense	8,110	6,781
Depreciation and amortization	239,777	211,389
Goodwill impairment	209,763	
Deferred income taxes	8,700	(184,700)
Loss on disposal of equipment	4,826	
Stock based compensation expense	153,197	499,564
Excess tax benefits from stock based compensation		(46,041)
Changes in operating assets and liabilities:		
Trade accounts receivable	(200,026)	(178,101)
Inventories	964,787	(994,406)
Income taxes payable	(157,793)	111,340
Other current assets	(122,919)	24,552
Other long-term assets	(2,894)	2,552
Accounts payable	(104,535)	124,373
Accrued expenses	(57,682)	63,824
Other long-term liabilities	103,845	(56,166)
Net cash provided by operating activities	1,703,123	1,144,194
Investing activities:		
Purchases of short term investments and certificates of deposit	(7,015,184)	(11,779,828)
Sales of short term investments and certificates of deposit	7,401,914	9,447,797
Capital expenditures	(217,392)	(461,066)
Net cash provided by (used in) investing activities	169,338	(2,793,097)
Financing activities:		
Proceeds from exercise of stock options		190,246
Purchases of treasury stock	(1,612,592)	(532,769)
Dividends paid	(94,780)	(394,343)
Excess tax benefits from stock based compensation		46,041
Net cash used in financing activities	(1,707,372)	(690,825)
Net increase (decrease) in cash and cash equivalents	165,089	(2,339,728)
Cash and cash equivalents at beginning of year	1,060,838	3,400,566
Cash and cash equivalents at end of year	$ 1,225,927	$ 1,060,838
Supplemental cash flow information - income taxes paid	$ 550,000	$ 1,283,000
Noncash investing and financing activities:		
Retirement of treasury stock	$ 1,612,592	$ 532,769
Additional goodwill related to acquisition		$ 38,612
Stock issuance related to contingent liability	$ 30,000	

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

Four basic criteria must be met before revenue can be recognized: (1) persuasive evidence of an arrangement exists; (2) delivery has occurred or services rendered; (3) the fee is fixed and determinable; and (4) collectability is reasonably assured. The Company recognizes revenue from product sales after purchase orders are received which contain a fixed price and the products are shipped. Most of the Company's products are sold to continuing customers with established credit histories.

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.

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

Short Term Investments

The Company's short-term investments were in U.S. Treasury Bills and, accordingly, were valued at fair value at the end of each period. If there is other than temporary decline in fair value, the cost basis of the individual security would have been written down to fair value through a charge to earnings. Unrealized holding gains or losses were immaterial for the periods presented.

Goodwill

We review our goodwill for impairment annually in the fourth quarter at the reporting unit level. We also analyze whether any indicators of impairment exist each quarter. A significant amount of judgment is involved in determining if an indicator of impairment has occurred. Such indicators may include a sustained, significant decline in our share price and market capitalization, a decline in our expected future cash flows, a significant adverse change in legal factors or in the business climate, unanticipated competition, the testing for recoverability of our long-lived assets, and/or slower growth rates, among others.

We performed valuation analyses, utilizing an income approach in our goodwill assessment process. If the fair value of the reporting unit exceeds its net book value, goodwill is not impaired, and no further testing is necessary. If the net book value of our reporting units exceeds their fair value, we perform a second test to measure the amount of impairment loss, if any.
The following describes the valuation methodologies used to derive the fair value of our reporting units.

- *Income Approach:* To determine its estimated fair value, we discount the expected cash flows of our reporting units. We estimate our future cash flows after considering current economic conditions and trends; estimated future operating results, our views of growth rates, anticipated future economic and regulatory conditions; and the availability of necessary technology. The discount rate used represents the estimated weighted average cost of capital, which reflects the overall level of inherent risk involved in our operations and the rate of return an outside investor would expect to earn. To estimate cash flows beyond the final year of our model, we use a terminal value approach. Under this approach, we use estimated operating income before depreciation and amortization in the final year of our model, adjust it to estimate a normalized cash flow, apply a perpetuity growth assumption and discount by a perpetuity discount factor to determine the terminal value. We incorporate the present value of the resulting terminal value into our estimate of fair value.

Due to negative effects of the global recession and related triggers, during the third quarter of fiscal 2009, the Company experienced a significant decrease in sales in general, and at the RadioMobile and Worswick reporting units in particular. The sales generated by these reporting units were significantly lower than expected and the expected third quarter improvements did not occur. As such, triggers were evident at these two divisions in the third quarter of fiscal 2009 and management performed a goodwill impairment review. Prior to management's review, the Company had a total of $347,091 of goodwill of which $137,328 was allocated to the acquisition of the Aviel division and the balance was allocated to the more recent acquisitions of the RadioMobile and Worswick businesses. As a result of its review, management recorded a goodwill impairment charge of $209,763 in the third quarter of fiscal 2009, which is included in operating expenses in the statement of income. There were no such triggering events in the third quarter at the Aviel reporting unit and its goodwill was not affected. No impairment was recorded as part of our annual impairment test conducted in the fourth quarter for the Aviel reporting unit.

As of October 31, 2009, the goodwill balance related solely to the Aviel division. Management believes this goodwill balance is not currently impaired. However, at October 31, 2009 the estimated fair value of the

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

goodwill balance exceeded the carrying value of the Aviel reporting unit by only 2%. This indicates that the fair value could be less than the associated carrying value at some point in the future. The key assumptions that drive the fair value estimate are sales. For the year ended October 31, 2009, primarily due to the current effects of the global recession, the Aviel reporting unit experienced a net loss of approximately $70,000. Management believes that future years for this division will be profitable; however, there is no assurance that this will in fact be the case. Future recurring losses at the Aviel reporting unit could cause an impairment charge to goodwill in the future.

The changes in the carrying amounts of segment goodwill for fiscal 2009 and 2008 are as follows:

	RF Connectors and Cable Assembly	RF Wireless	Total
Balance at November 1, 2007	$ 200,848	$ 107,631	$ 308,479
Addition due to contingency earn out	-	38,612	38,612
Balance at October 31, 2008	200,848	146,243	347,091
Impairment charge	(63,520)	(146,243)	(209,763)
Balance at October 31, 2009	$137,328	$ -	$137,328

No goodwill is allocated to the Medical Cabling and Interconnector segment.

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

Amortizable intangible assets are amortized over their estimated useful lives of three years. Amortization expense is expected to be $27,156 for the year ending October 31, 2010.

	2009	2008
Software	$ 47,522	$ 47,522
Accumulated amortization	(31,681)	(15,841)
	15,841	31,681
Customer list	33,945	33,945
Accumulated amortization	(22,630)	(11,315)
	11,315	22,630
Totals	$ 27,156	$ 54,311

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

Advertising

The Company expenses the cost of advertising and promotions as incurred. Advertising costs charged to operations were approximately $254,000 and $198,000 in 2009 and 2008, 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 $243,000 and $256,000 in 2009 and 2008, respectively.

Income taxes

The Company accounts for income taxes under the asset and liability method, based on the income tax laws and rates in the jurisdictions in which operations are conducted and income is earned. This approach requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and the tax bases of assets and liabilities. Developing the provision for income taxes requires significant judgment and expertise in federal, international and state income tax laws, regulations and strategies, including the determination of deferred tax assets and liabilities and, if necessary, any valuation allowances that may be required for deferred tax assets. Valuation allowances are established when necessary to reduce deferred tax assets to the amount expected to be realized. Management's judgments and tax strategies are subject to audit by various taxing authorities.

The Company adopted new accounting guidance on the accounting for uncertainty in income taxes on November 1, 2007. In accordance with its accounting policy, the Company recognizes accrued interest and penalties related to unrecognized tax benefits as a component of income tax expense. (See Note 6.)

Stock options

For stock option grants to employees, the Company recognizes compensation expense based on the estimated fair values of the options at date of grant. Stock based employee compensation expense is recognized on the straight-line basis over the requisite service period. The Company issues previously unissued common shares upon exercise of stock options.

For the fiscal years ended October 31, 2009 and 2008, charges related to stock based compensation amounted to approximately $153,000 and $500,000, respectively. For the fiscal years ended October 31, 2009 and 2008, stock based compensation classified in cost of sales amounted to $13,000 and $100,000 and stock based compensation classified in selling and general expense amounted to $140,000 and $400,000 respectively.

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 years ended October 31, 2009 and 2008, that were not included in the computation because they were anti-dilutive, totaled 476,710 and 237,183, respectively.

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

	2009	2008
Numerators:		
Net income (A)	$ 655,967	$ 1,559,233
Denominators:		
Weighted average shares outstanding for basic earnings per share (B)	2,951,002	3,293,820
Add effects of potentially dilutive securities - assumed exercise of stock options	297,902	421,670
Weighted average shares for diluted earnings per share (C)	3,248,904	3,715,490
Basic net earnings per share (A)÷(B)	$ 0.22	$ 0.47
Diluted net earnings per share (A)÷(C)	$ 0.20	$ 0.42

New accounting pronouncements

The Financial Accounting Standards Board (“FASB”) has codified a single source of authoritative nongovernmental U.S. GAAP, the “Accounting Standards Codification” (“Codification”). While the Codification does not change U.S. GAAP, it introduces a new structure that is organized in an easily accessible, user-friendly on-line research system. The Codification supersedes all existing accounting standards documents. All other accounting literature not included in the Codification will be considered nonauthoritative. Unless needed to clarify a point to readers, we will refrain from citing specific section references when discussing application of accounting principles or addressing new or pending accounting rule changes.

RF INDUSTRIES, LTD.

NOTES TO FINANCIAL STATEMENTS

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

In December 2007, the FASB issued new accounting guidance on business combinations. The new guidance establishes principles and requirements for how an acquirer recognizes and measures in its financial statements the identifiable assets acquired, the liabilities assumed, any noncontrolling interest in the acquiree and the goodwill acquired. The new accounting guidance also establishes disclosure requirements to enable the evaluation of the nature and financial effects of the business combination. The new guidance is effective as of the beginning of an entity's fiscal year that begins after December 15, 2008, and will be adopted by us in the first quarter of Fiscal 2010.

In April 2008, the FASB issued new accounting guidance regarding the determination of useful lives of intangible assets that amends the factors that should be considered in developing renewal or extension assumptions used for purposes of determining the useful life of a recognized intangible asset. This guidance is intended to improve the consistency between the useful life of a recognized intangible asset under accounting guidance related to goodwill and other intangible assets and the period of expected cash flows used to measure the fair value of the asset under accounting guidance related to business combinations and other U.S. GAAP. This guidance is effective for fiscal years beginning after December 15, 2008, and will be adopted by us in the first quarter of Fiscal 2010. Earlier application is not permitted. We do not expect adoption of this guidance to have a material effect on our results of operations and financial condition.

In June 2008, the FASB issued new accounting guidance regarding share-based payment transactions that addresses whether instruments granted in share-based payment transactions are participating securities prior to vesting and therefore need to be included in the earnings allocation in calculating earnings per share under the two-class method. This new accounting guidance requires companies to treat unvested share-based payment awards that have non-forfeitable rights to dividends or dividend equivalents as a separate class of securities in calculating earnings per share. This guidance is effective for fiscal years beginning after December 15, 2008, and will be adopted by us in the first quarter of Fiscal 2010. Earlier application is not permitted. We do not expect the adoption of this guidance to have an effect on our earnings per share.

In April 2009, the FASB issued new accounting guidance addressing the interim disclosures about the fair value of financial instruments, which amended the previous disclosures regarding the fair value of financial instruments, and interim financial reporting. This new guidance requires disclosures about the fair value of financial instruments in interim financial statements, in addition to the annual financial statements as already required. This new accounting guidance became effective for interim periods ending after June 15, 2009, and was adopted by us in the third quarter of Fiscal 2009. The adoption of this new guidance had no material impact on our consolidated financial statements.

In April 2009, the FASB issued new accounting guidance regarding the accounting for assets acquired and liabilities assumed in a business combination due to contingencies. This new guidance clarifies the initial and subsequent recognition, subsequent accounting and disclosure of assets and liabilities arising from contingencies in a business combination. This new guidance requires that assets acquired and liabilities assumed in a business combination that arise from contingencies be recognized at fair value, if the acquisition date fair value can be reasonably estimated. If the acquisition-date fair value of an asset or liability cannot be reasonably estimated, the asset or liability would be measured at the amount that would be recognized using the accounting guidance related to accounting for contingencies or the guidance for reasonably estimating losses. This new accounting guidance becomes effective for us on November 1, 2010; however, as the provision of the guidance will be applied prospectively to business combinations with an acquisition date on or after the guidance becomes effective, the impact to us cannot be determined until a transaction occurs.

In April 2009, the FASB issued new accounting guidance regarding the determination of fair value when the volume and level of activity for assets or liabilities have significantly decreased, and identifying transactions that

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

are not orderly. This guidance requires an evaluation of whether there has been a significant decrease in the volume and level of activity for the asset or liability in relation to normal market activity for the asset or liability. If there has, transactions or quoted prices may not be indicative of fair value and a significant adjustment may need to be made to those prices to estimate fair value. Additionally, an entity must consider whether the observed transaction was orderly (that is, not distressed or forced). If the transaction was orderly, the obtained price can be considered a relevant observable input for determining fair value. If the transaction is not orderly, other valuation techniques must be used when estimating fair value. This new accounting guidance must be applied prospectively for interim periods ending after June 15, 2009, and was adopted by us effective June 30, 2009, but currently has no impact on our financial statements.

In May 2009, the FASB issued new accounting guidance, "Subsequent Events", which established general standards of accounting for and disclosure of events that occur after the balance sheet date but before the financial statements are issued or available to be issued. The guidance requires new disclosure in financial statements of the date through which reporting entities have evaluated events or transactions that occur after the balance sheet date but before the financial statements are issued or available to be issued. The guidance requires public entities, including the Company, to evaluate subsequent events through the date that the financial statements are issued. Financial statements are considered issued when they are widely distributed to stockholders and other financial statement users for general use and reliance in a form and format that complies with U.S. GAAP. The guidance is effective for interim and annual financial periods ending after June 15, 2009 and shall be applied on a prospective basis. The Company has evaluated its financial statements as of October 31, 2009 for subsequent events through January 29, 2010, the date the financial statements were available to be issued. The Company is not aware of any subsequent events which would require recognition or disclosure in the financial statements.

Reclassifications

Certain amounts in the financial statements have been reclassified from amounts in the financial statements we originally filed to conform to the current presentation. The investments in available-for sale securities of $6,863,711 at October 31, 2008 have been reclassified as certificates of deposit of $6,315,864 and short-term investments of $547,847.

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

Financial instruments which potentially subject the Company to concentrations of credit risk consist primarily of cash and cash equivalents and accounts receivable. The Company considers all highly liquid debt instruments with an original maturity of three months or less when purchased to be cash equivalents. The Company maintains its cash and cash equivalents with high-credit quality financial institutions. At October 31, 2009, the Company had cash and cash equivalent balances in excess of Federally insured limits in the amount of approximately $2,471,000.

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 15% and 18% of total sales, and 26% and 10% of total accounts receivable in 2009 and 2008, 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:

	2009	2008
Raw materials and supplies	$ 1,355,504	$ 1,496,364
Work in process	8,105	31,131
Finished goods	3,685,950	4,502,890
Less inventory reserve	(64,638)	(80,677)
Totals	$ 4,984,921	$ 5,949,708

Purchases of connector products from three major vendors represented 23%, 10%, and 8% of total inventory purchases in 2009 and 23%, 5%, and 11% in 2008, respectively. 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 March 2009 extending the term of the lease and again in September 2009 adding additional square feet. The amended lease expires in March 2014 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 the straight-line basis over the lease term. Deferred rents were $80,000 as of October 31, 2009 and $40,000 at October 31, 2008. 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. The Aviel division leases two facilities in Las Vegas, the first of which is a three year lease expiring in March 2010 and the second was entered into and commenced in September 2009 and expires in March 2015. The Company also leases certain automobiles under operating leases which expire at various dates through October 2013.

Rent expense under all operating leases totaled approximately $459,000 and $440,000 in 2009 and 2008, which is net of sublease income of $16,000 in fiscal 2008.

Minimum lease payments under these non-cancelable operating leases in each of the years subsequent to October 31, 2009 and thereafter are as follows:

Year Ending October 31,	Amount
2010	$ 406,000
2011	398,000
2012	392,000
2013	400,000
2014	172,000
Thereafter	13,000
Total	$ 1,781,000

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, 2008, and ending on June 20, 2011, which expires at the end of each employment year on June 19 and may be extended by the Company for an additional employment

Note 4 – Commitments (continued)

year on the anniversary dates thereafter. The aggregate amount of compensation to be provided over the remaining term of the employment agreement amounted to approximately $349,000 at October 31, 2009.

Note 5 - Segment information

The Company aggregates operating divisions into operating segments which have similar economic characteristics and divisions are similar in the majority of the following areas: (1) the nature of the product and services; (2) the nature of the production process; (3) the type or class of customer for their products and services; (4) the methods used to distribute their products or services; (5) if applicable, the nature of the regulatory environment. The Company has three segments - RF Connector and Cable Assembly, Medical Cabling and Interconnector and RF Wireless based upon this evaluation.

The RF Connector and Cable Assembly segment is comprised of three divisions, the Medical Cabling and Interconnector is comprised of one division while the RF Wireless segment is comprised of two. The three divisions that meet the quantitative thresholds for segment reporting are Connector / Cable Assembly, Bioconnect and RF Neulink. Each of the other divisions aggregated into these segments have similar products that are marketed to their respective customer base; production and product development processes are similar in nature. The specific customers are different for each division; however, there is some overlapping of product sales to them. The methods used to distribute products are similar within each division aggregated.

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, and Worswick divisions into the RF Connector and Cable Assembly segment while RF Neulink and RadioMobile are part of the RF Wireless segment. The Bioconnect Division makes up the Company's Medical Cabling and Interconnector segment.

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 and 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, 2009 and 2008:

	2009	2008
United States	$ 11,816,306	$ 14,971,575
Foreign countries:		
Israel	1,175,744	911,031
All other	1,220,995	1,812,540
Totals	$ 14,213,045	$ 17,695,146

Note 5 - Segment information (continued)

Net sales, income before provision for income taxes and other related segment information as of October 31, 2009 and 2008, and for the years then ended follows:

2009	**RF Connector and Cable Assembly**	**Medical Cabling and Interconnector**	**RF Wireless**	**Corporate**	**Total**
Net sales	$ 12,153,597	$ 1,323,640	$ 735,808	$	$ 14,213,045
Income (loss) before provision for income taxes	1,604,193	114,333	(812,386)	193,429	1,099,569
Depreciation and amortization	193,512	13,613	32,652		239,777
Total assets	4,505,866	289,911	919,432	10,882,991	16,598,200
Additions to equipment and furnishings	187,417	16,820	13,155		217,392
2008					
Net sales	$ 13,936,241	$ 1,638,010	$ 2,120,895	$	$ 17,695,146
Income before provision for income taxes	2,123,740	287,922	101,280	258,831	2,771,773
Depreciation and amortization	155,878	24,669	30,842		211,389
Total assets	5,355,248	441,946	1,119,775	10,850,804	17,767,773
Additions to equipment and furnishings	438,010	21,968	1,088		461,066

Note 6 - Income taxes

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

	2009	2008
Current:		
Federal	$ 323,716	$ 1,092,864
State	111,186	304,376
	434,902	1,397,240
Deferred:		
Federal	21,200	(140,300)
State	(12,500)	(44,400)
	8,700	(184,700)
Totals	$ 443,602	$ 1,212,540

Note 6 - Income taxes (continued)

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

	2009		2008	
	Amount	% of Pretax Income	Amount	% of Pretax Income
Income tax at Federal statutory rate	$ 373,900	34.0%	$ 942,600	34.0%
State tax provision, net of Federal tax benefit	65,133	5.9	171,584	6.2
Nondeductible differences:				
ISO stock options	17,700	1.6	110,100	4.0
Other	52,700	4.8	(3,300)	(0.1)
Federal tax credits	(75,944)	(6.9)	(33,000)	(1.2)
Other	10,113	0.9	24,556	0.8
Provision for income taxes	$ 443,602	40.3%	$ 1,212,540	43.7%

The Company's total deferred tax assets and deferred tax liabilities at October 31, 2009 and 2008 are as follows:

	2009	2008
Current Assets:		
Allowance for doubtful accounts	$ 21,100	$ 18,600
Inventory obsolescence	25,700	32,100
Accrued vacation	79,500	77,400
State income taxes	41,000	100,300
Stock based compensation awards	171,900	131,600
Section 263A costs	103,300	160,500
Other	35,700	21,600
Total current assets	478,200	542,100
Long-Term Assets:		
Amortization / intangible assets	82,500	
Long-Term Liabilities:		
Depreciation / equipment and furnishings	(133,000)	(105,700)
Net deferred tax assets	$ 427,700	$ 436,400

The Company adopted new accounting guidance on the accounting for uncertainty in income taxes on November 1, 2007. A reconciliation of the beginning and ending amount of unrecognized tax benefits is as follow:

Balance at November 1, 2007	$ 187,075
Lapse of statute of limitations- tax positions in prior period	(43,471)
Gross increase – tax positions in current period	38,489
Balance at November 1, 2008	182,093
Lapse of statute of limitations - tax positions in prior period	(49,259)
Gross increase – tax positions in current period	108,511
Balance at October 31, 2009	$ 241,345

Note 6 - Income taxes (continued)

As a result of the implementation of new accounting guidance on the accounting for uncertainty in income taxes and assessment of prior tax positions, the Company's total gross liability for unrecognized tax benefits at October 31, 2009 was $241,345, including $59,765 of interest and penalties. At November 1, 2007 the Company's total gross liability for unrecognized tax benefits was $187,075, including $54,000 of interest and penalties. The Company recorded a change upon adoption to retained earnings on November 1, 2007. During the year ended October 31, 2008, a reduction of $4,982 of interest and penalties as a result of a revaluation of prior year balances was recorded as a component of income tax expense in the statement of income.

The Company does not expect any material changes to the estimated amount of the liability associated with its uncertain tax positions within the next 12 months. During the year ended October 31, 2009, a net increase of $7,457 of interest and penalties as a result of a revaluation of prior year balances was recorded as a component of income tax expense in the statement of income. As of October 31, 2009, $59,765 of accrued interest and penalties are included in other long-term liabilities in the balance sheet. As of October 31, 2008, $50,100 of accrued interest and penalties were included in other long-term liabilities in the balance sheet.

The Company is currently not undergoing any tax examinations. Tax fiscal years ended October 31, 2006 through 2009 remain subject to examinations.

Note 7 - Stock options

Incentive and Non-Qualified Stock Option Plans

The Board of Directors approved an Incentive Stock Option Plan (the "1990 Incentive Plan") during fiscal 1990 that provides for grants of options to employees to purchase up to 500,000 shares of common stock of the Company. Under its terms, the 1990 Incentive Plan terminated in 2000, and no additional options can be granted under that option plan. However, options previously granted under the 1990 Incentive Plan remain outstanding and continue in effect until they either expire, are forfeited or are exercised. As of October 31, 2009, options for a total of 313 shares 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, 2009, options for a total of 4,000 shares 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. In May 2008, the shareholders approved an increase to the 2000 Option Plan of 500,000 options. Accordingly, as of October 31, 2009, the aggregate number of shares of common stock that were authorized to be issued under the 2000 Option Plan was 1,310,000, of which options for the purchase of 742,435 shares were still outstanding and 364,604 option shares were still available to be granted. Under the 2000 Option Plan, the Company is authorized to grant both incentive stock options and non-

Note 7 – Stock options (continued)

qualified stock options. 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.

Additional disclosures related to stock option plans

The fair value of each option granted in 2009 and 2008 was estimated on the date of grant using the Black-Scholes option-pricing model with the following assumptions:

	2009	2008
Expected volatility	53.7%-60.4%	49.0%
Weighted-average volatility	56.1%	49.0%
Expected dividends	0.6%	2.7%
Expected term (in years)	2.5-7.5	3.5-6.0
Risk-free interest rate	1.0%-3.0%	1.8%-4.3%
Weighted average fair market value of options granted during the year	$ 1.97	$ 1.42
Weighted average fair market value of options vested during the year	$ 1.70	$ 3.44

Expected volatilities are based on historical volatility of the Company's stock. During 2009, the Company granted options for the purchase of 90,000 shares with a vesting period of nine years and an option life of ten years, options for the purchase of 10,000 shares that vested immediately with an option life of ten years, options for the purchase of 16,000 that vested immediately with an option life of five years, and options for the purchase of 107,955 shares with a vesting period of three years and an option life of five years. Since the Company has little historical experience in determining the expected life of these new option terms the Company used the simplified method to calculate the expected life of these option grants. 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. The Company estimates forfeiture rates based upon historical exercise behavior.

Additional information regarding all of the Company's outstanding stock options at October 31, 2009 and 2008 and changes in outstanding stock options in 2009 and 2008 follows:

Note 7 – Stock options (continued)

	2009		2008	
	Shares or Price Per Share	Weighted Average Exercise Price	Shares or Price Per Share	Weighted Average Exercise Price
Options outstanding at beginning of year	1,067,041	$ 3.77	1,011,442	$ 3.81
Options granted	223,955	4.05	127,183	4.67
Options exercised			(40,295)	4.72
Options forfeited	(47,690)	5.79	(31,289)	7.22
Options outstanding at end of year	1,243,306	$ 3.74	1,067,041	$ 3.77
Options exercisable at end of year	877,909	$ 3.73		
Options vested and expected to vest at end of year	1,232,501	$ 3.71		
Option price range at end of year	$ 0.10 - $7.56		$ 0.10 - $7.56	
Aggregate intrinsic value of options exercised during year:	$ 0.00		$ 108,472	

Included in the options outstanding are 500,871 in both 2009 and 2008 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 outstanding at October 31, 2009: 5.16 years.

Weighted average remaining contractual life of options exercisable at October 31, 2009: 5.01 years.

Weighted average remaining contractual life of options vested and expected to vest at October 31, 2009: 5.12 years.

Aggregate intrinsic value of options outstanding at October 31, 2009: $1,390,994

Aggregate intrinsic value of options exercisable at October 31, 2009: $1,248,994

Aggregate intrinsic value of options vested and expected to vest at October 31, 2009: $1,378,905

As of October 31, 2009, $599,951 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 4.17 years.

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 2009 or 2008.

Note 9 - Related party transactions

The note receivable from stockholder of $66,980 at October 31, 2009 and 2008 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 personal property 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, 2009 and 2008, the Company paid the firm $52,668 and $52,781, respectively, for services rendered by that firm.

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. As of October 31, 2009, the maximum future consideration is $75,000. 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 determined.

The purpose of the acquisition was to combine Neulink's industry leading modem products, which enabled 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.

During the year ended October 31, 2008, an additional amount of $38,612 was recorded as goodwill due to the division reaching the next level of sales beyond the minimum contingent earn-out provision included in the Radiomobile Asset Sales agreement. Total Radiomobile goodwill at October 31, 2008 was $146,243. During the year ended October 31, 2009, all goodwill associated with this acquisition was written off due to a triggering event – see Note 1.

Note 12- Dividends declaration

The Company paid dividends of $0.03 and $0.12 per share for a total of $94,780 and $393,343 during the fiscal years ended October 31, 2009 and 2008, respectively.

Note 13- Accrued expenses and other long-term liabilities

Accrued expenses consist of the following as of October 31:

	2009	2008
Wages payable	$ 426,596	$ 430,851
Accrued receipts	183,212	198,701
Other current liabilities	63,272	131,210
Totals	$ 673,080	$ 760,762

Accrued receipts represent purchased inventory for which invoices have not been received.

Other long-term liabilities consist of the following as of October 31:

	2009	2008
Tax related liabilities	$ 241,344	$ 182,093
Deferred lease liabilities	79,686	15,815
Other long-term liabilities	-	19,277
Totals	$ 321,030	$ 217,185

See Note 6 for discussion of the tax-related liabilities. Deferred lease liabilities represent the excess of recognized rent expense over scheduled lease payments.

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 and
RF Cable Assemblies Division

Conrad Neri
President/General Manager
Bioconnect Division

Robert White
Director
RF Neulink Division

Jesse Fuller
President/General Manager
OddCables.com Division

James Moore
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Radio Mobile Division

Angela Sutton
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