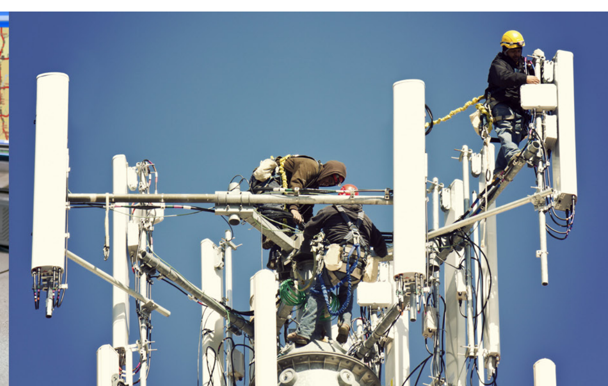
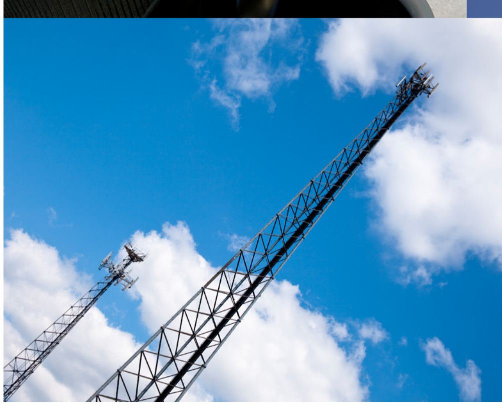
RF INDUSTRIES

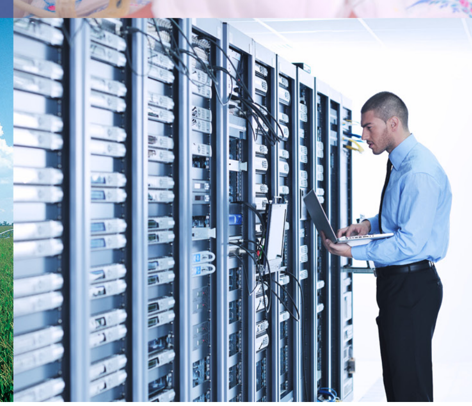
NASDAQ: RFIL

Connecting a Wireless World

Fiscal 2012 Annual Report







June 12, 2013

Fellow Shareholders,

Fiscal 2012 was a record breaking year for our Company. Our ability to execute on our long term strategy to design and manufacture complex cable assembly products that fulfill the needs of a wide range of customers in diverse, high growth industries, enabled us to achieve record revenues and our 19th consecutive year of profitability.

Among the highlights from Fiscal 2012:

- Revenues grew 56% to $30.2 million with net income of $0.34 per diluted share
- Introduced OptiFlex Hybrid Custom Cabling Solution; Cables Unlimited sales grew to $10.9 million
- RF Connector and Cable Assembly sales increased to $14.2 million with gross margin of 52%
- RF Wireless sales more than tripled to $2.5 million and the business reported its first profitable year
- Bioconnect reported record sales of $2.6 million
- Paid four regular quarterly dividend payments of $0.05 per share, and a $0.10 per share accelerated portion of the 2013 dividend in 2012 to alleviate tax uncertainties

During the past year we have been particularly focused on growing our position as a leading provider of full service, custom interconnect solutions to the wireless industry. Perhaps our most significant development in fiscal 2012 was the development and launch of Cable Unlimited's OptiFlex Hybrid Custom Fiber Optic and DC Power Cabling solution for wireless towers. This product, a fiber optic cable designed for buildings and towers 275 feet and taller, is specifically designed to meet the needs of wireless service providers as they update their 4G Networks. The ever increasing demand for wireless connectivity is driving improvements to wireless infrastructure and our design and customization capabilities leave us well positioned to capitalize on the many opportunities in the rapidly growing wireless space. In fact, the Company's products are currently used throughout the wireless infrastructure supply chain, and we continue to seek out new partnerships. As a result of the success of OptiFlex, Cables Unlimited reported revenues of $10.9 million

RF Wireless also reported significantly improved results for 2012, driven primarily by a $2.6 million order from the Los Angeles County Fire Department. However, the last installment of that order was delivered in the second quarter of 2013, so we expect the revenue contribution from RF Wireless will decline in the second half of fiscal 2013.

The momentum we built in fiscal 2012 continued into the first half of fiscal 2013 with a 61% increase in revenues to $19.7 million, coupled with net income of $2.7 million or $0.32 per diluted share. We continue to invest in research and development for our ongoing development of specialty solutions for new and existing customers. Our balance sheet remained strong at the close of the second quarter, with $8.5 million in cash and cash equivalents, working capital of $19.2 million and no debt. At 18.73%, our return on equity is among the highest in our peer group.

Based on our confidence in the strength of the Company, following the close of the first quarter, we announced that our quarterly dividend payments would increase to $0.07 per share.

From a corporate governance standpoint, we were pleased to welcome Joseph Benoit as a new member of our Board of Directors. Joe has an extensive background in banking and finance and we believe his expertise will be of great value.

As we move forward, our goal is to increase our position as a leading provider of integrated connectivity solutions. We will continue to leverage our design and manufacturing capabilities to address the needs of customers in diverse industries, with particular focus on the opportunities to grow our business within the dynamic, rapidly growing wireless infrastructure arena. Customers are looking for uninterrupted connectivity, and our goal is to continue to provide our high quality standard and custom interconnect products across our targeted markets.

We remain committed to creating shareholder value through the growth of our business, and to returning capital to our investors with our quarterly and special periodic dividends.

Thank you for your continued support.

Sincerely,

Howard F. Hill

Chief Executive Officer

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, 2012

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 $25,724,291.

As of January 14, 2013, the Registrant had 7,215,020 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, 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., together with its wholly-owned subsidiary (collectively, hereinafter the "Company"), primarily engages in the design, manufacture, and marketing of interconnect products and systems, including coaxial and specialty cables, fiber optic cables and connectors, and electrical and electronic specialty cables. The Company's wireless operations also design, manufacture and sell radio-frequency (RF) wireless modems and provide mobile management solutions for wireless networks. For internal operational purposes, and for marketing purposes, the Company currently classifies its operations into the following seven divisions. The five interconnect product divisions consist of the following: (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 Oddcables.com Division primarily sells coaxial, fiberoptic, and other connectors and cable assemblies 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; and (v) the Cables Unlimited Division manufactures custom and standard cable assemblies, complex hybrid fiber optic power solution cables, adapters, and electromechanical wiring harnesses for communication, computer, LAN, automotive and medical equipment. The Cables Unlimited Division is a Corning Cables Systems CAH Connections SM Gold Program member, authorized to manufacture fiber optic cable assemblies that are backed by Corning Cables Systems' extended warranty. The two wireless products and systems divisions consist of the following: (i) The Neulink Division is engaged in the design, manufacture and sale 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 (ii) 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., Cables Unlimited, Inc., a New York company and a wholly-owned subsidiary, and the divisions of RF Industries, Ltd.

On March 10, 2011, RF Industries, Ltd. effected a two-for-one stock split. All common stock and per share information (other than par value) contained in this Annual Report has been adjusted to reflect the foregoing stock split.

The Company's principal Internet website is located 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 that 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, 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, however, dependent upon the overall economy, infrastructure build out by large telecommunications firms and on the Company's ability to market its products.

The Company designs its connectors at its headquarters in San Diego, California. However, most of the RF connectors are manufactured by third party foreign manufacturers located in Asia.

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 historically generated, and continues to generate the majority of the Company's net sales and net income. However, as a result of the acquisition of Cables Unlimited, and growth of that division, plus the continued growth of a number of the other divisions, the Connector and Cable Division no longer represents a majority of the Company's revenues and no longer generates a majority of the Company's net income. During the current fiscal year, the Connectors and Cable Assembly segment represented approximately $14,176,000, or approximately 47% of the Company's net sales.

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 manufactured for the Cable and Connector Division 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 product combinations. The Company launched its cable assembly operations in 2000, and cable assembly products constituted the third largest source of revenues for the Company during the fiscal year ended October 31, 2012.

Aviel Electronics Division The Aviel Electronics Division is primarily engaged in the design, manufacture and sale of custom, specialty or precision connectors and cable systems for specialized purposes, such as commercial aerospace and military systems. 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, including its manufacturing facilities, are based in Las Vegas, Nevada.

Oddcables.com Division Oddcables.com (formerly known as Worswick) 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. Oddcables.com primarily sells its products on a retail basis at its retail outlet in San Diego, California. Oddcables.com, however, also sells its products on-line under the e-commerce brand Oddcables.com. This division recently also commenced designing, manufacturing and selling precision-grade, high frequency connectors and adapters for OEM, military and metrology lab applications as well as 10GHz high frequency fiber optic patch cable assemblies. Oddcables.com was a privately held, 20-year old California company based in San Diego before its acquisition by the Company in September 2005.

Cables Unlimited Division On June 15, 2011, RF Industries, Ltd. acquired all of the issued and outstanding capital stock of Cables Unlimited, Inc., a New York corporation. The Cables Unlimited division is an established custom cable manufacturer based in Yaphank, New York. Cables Unlimited, Inc. is a Corning Cable Systems CAH Connections SM Gold Program member, authorized to manufacture fiber optic products that are backed by Corning Cable Systems' extended warranty. The products manufactured by Cables Unlimited, Inc. include custom and standard fiber optic cable assemblies, adapters and electromechanical wiring harnesses for communications, computer, LAN, automotive fiber optic and medical equipment. During 2012, Cables Unlimited introduced a new cabling product known as OptiFlex. The OptiFlex cable is a hybrid power and communications cable designed and built for wireless service providers who are updating their networks to 4G technologies such as WiMAX, LTE and other technologies.

Bioconnect Division The Bioconnect Division is engaged in product development, design, manufacture and sale of high-end or specialty 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. Bioconnect's products typically do not directly compete against the mass-produced, lower priced standard medical cables used by medical facilities. The Company acquired the Bioconnect operations in 2000.

RF Neulink Division The RF Neulink Division has, since 1984, designed and manufactured, through outside contractors, wireless data products commonly known as RF data links and wireless modems. These radio modems and receivers provide high-speed wireless connections over longer distances where wire connections may not be desirable or feasible. In addition to selling its own radio modem, RF Neulink also distributes antennas, transceivers and related products of other manufacturers. RF Neulink's small point-to-point systems and large systems of wireless data networks are used by banks, gas and oil, casinos, military units, government agencies, and manufacturing plants. The RF Neulink Division also offers complete turn-key packages for numerous remote data transmission applications.

RadioMobile Division 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. In November 2011, RadioMobile Division was awarded a $2.6 million contract from the Los Angeles County Fire Department for the implementation of a wireless system upgrade to the County Fire Department's existing remote communications equipment. The Company acquired substantially all of the assets and assumed certain liabilities of RadioMobile Inc., a privately held company in San Diego, California on September 1, 2007.

For financial reporting purposes, the Company aggregates its operations into four segments. (1) Connector and Cable Assembly, Aviel Electronics, and Oddcables.com divisions are aggregated into one reporting segment (the RF Connector and Cables Assembly segment) because they have similar economic characteristics, while (2) RF Neulink and RadioMobile are aggregated in the RF Wireless segment. (3) Bioconnect makes up the Company's Medical Cabling and Interconnector segment. (4) The Cables Unlimited division constitutes the Company's newest fiber optic and power/electronic cabling segment, which we refer to as the Cables Unlimited 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, manufactures and markets a broad range of coaxial connectors and coaxial cable assemblies for the numerous products with applications in commercial, industrial, automotive, transportation, scientific, aerospace and military markets. Various types of connectors are offered by the RF Connector Division including 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 and cable attachment methods for customer applications. There are numerous applications for these connectors, some of which include digital applications, 2.5G, 3G, 4G, Wi-MAX, LTE and other broadband wireless 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 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 predominately with the Company's connectors or other brands of connectors as complete cable assemblies. Coaxial cable assemblies have numerous applications including wireless and wireless local area networks, wide area networks, Internet systems, PCS/cellular systems including 2.5G, 3G, 4G, Wi-MAX, LTE wireless infrastructure, TV/dish network systems, test equipment, military/aerospace (mil-standard and COTS (Commercial Off The Shelf)) and entertainment systems. Cable assemblies are manufactured to customer requirements.

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. The Aviel division also manufactures precision-grade, high frequency connectors and adapters that are sold by the Oddcables.com division.

Oddcables.com Products

Oddcables.com sells coaxial connectors and cable assemblies for numerous multi-media products, devices and instruments in the local San Diego, California, area. Oddcables.com also produces and markets cable assemblies in a variety of sizes and combinations of RF coaxial connectors and coaxial cabling including 10 GHz high frequency fiber optic patch cable assemblies. 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.

Cables Unlimited Products

Cables Unlimited is an International Standards Organization (ISO) approved factory that manufactures custom cable assemblies. Cables Unlimited is also a Corning Cable Systems CAH Connections SM Gold Program member, authorized to manufacture fiber optic products that are backed by Corning Cable Systems' extended warranty. Products manufactured by Cables Unlimited include custom fiber optic cable assemblies, adapters and electromechanical wiring harnesses for telecommunications, computer, LAN, automotive and medical equipment companies. Cables Unlimited also provides fiber optic and cable installation services in the New York regional area. Service revenues represented approximately 7% of Cables Unlimited's total revenues for the fiscal year ended October 31, 2012. During the fiscal year ended October 31, 2012, Cables Unlimited developed and commercially released a cabling solution for wireless service providers engaged in upgrading their cell towers for 4G technologies. The custom hybrid cable, called OptiFlex, is significantly lighter and possesses greater flexibility than cables previously used for wireless service.

The acquisition of Cables Unlimited in 2011 gives the Company the ability to offer a broad range of interconnect products and systems that the Company's largest customers had sought, but that the Company previously was unable to provide. These interconnect systems have the ability to combine radio frequency and fiber optic interconnect components, with various connectors and power cables through customized solutions for these customers. The Company intends to actively market its ability to provide these fiber optic interconnect solutions to its larger customers.

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. Current applications in use 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. The Federal Communications Commission (FCC) has mandated that, as of January 1, 2013, all public safety and business industrial land mobile radio systems operating in the 150-174 MHz (VHF) and 421-512 MHz (UHF) radio bands must cease operating using 25 kHz radio systems technology, and must begin operating using at least 12.5 kHz. Systems using the 25kHz systems were to be replaced by the end of 2012. RF Neulink designs and manufactures wireless radio modems that comply with the FCC's narrowband mandate as systems are still being replaced to comply with the FCC mandate.

RadioMobile Products

RadioMobile provides complete hardware and software solutions for wireless mobile data management applications. Most of RadioMobile systems are custom engineered and designed for specific markets. RadioMobile's sales consist of a package of hardware, software and networking products as well as design and installation services related to those applications. The primary markets for RadioMobile's systems 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) and mobile environments are developed by in-house engineers and contractors.

In November 2011, the RadioMobile Division was awarded a $2.6 million contract from the Los Angeles County Fire Department for the implementation of a wireless system upgrade to the County Fire Department's existing remote communications equipment. Under this contract, RadioMobile is required to replicate the County's existing technology and simultaneously implement a high speed data solution satisfying FCC Narrowband requirements. RadioMobile is required to perform this wireless upgrade without downtime, without interrupting emergency services and without the provision of additional frequencies or wireless sites during the transition period. RadioMobile's mobile applications are required to exactly mimic the Fire Department's current Cathode Ray Tube-based 1985 functions, thereby eliminating retraining expenses for thousands of fire personnel. The L.A. County Fire Department agreement is expected to be completed during the first calendar quarter of 2013. As of October 31, 2012, RadioMobile has generated approximately $1.6 million of revenues associated with the Los Angeles County contract.

Foreign Sales

Direct export sales by the Company to foreign customers accounted for $1,611,000 or approximately 5% of Company's sales for the fiscal year ended October 31, 2012. Foreign sales accounted for $2,103,000 or approximately 11% of Company's sales for the fiscal year ended October 31, 2011. The majority of the export sales during these periods were to Canada, Israel 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 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 the Company's divisions. The Connector and Cable Assembly division and the Cables Unlimited 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.

The Aviel Division sells its products to its own customers and to 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 Oddcables.com division operates from a single retail, 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 or organizations, including utility companies, financial institutions, petrochemical companies, the U.S. military, government agencies, and irrigation/water management companies.

The RadioMobile division sells its products directly and through value added resellers and dealers. Customers include municipalities for their police, fire, and emergency medical services, departments, as well as private 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 the RF cable assemblies sold by the Connector and Cable Assembly Division during the fiscal year ended October 31, 2012 were assembled by that division at the Company's facilities in California. 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 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 24 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 connectors at its Las Vegas, Nevada manufacturing facility. The Aviel Electronics Division has designed and manufactured its own products for over 50 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 Oddcables.com 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 performed 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 manufacturers to RadioMobile's specifications. The Company's in-house software designers designs much of the software used in its RadioMobile systems.

Cables Unlimited manufactures its custom cable assemblies, adapters and electromechanical wiring harnesses and other products in its Yaphank, New York manufacturing facility. Cables Unlimited is an International Standards Organization (ISO) approved factory, as well as a Corning Cable Systems CAH Connections SM Gold Program member, authorized to manufacture fiber optic products and assemblies that are backed by Corning Cable Systems' extended warranty. Cables Unlimited outsources the assembly of a portion of its new OptiFlex cable to a third party manufacturer. The final assembly and termination of the OptiFlex cable is completed by Cables Unlimited at its Yaphank, New York facilities.

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 materials and products from vendors in Asia and the United States. The Company believes the connector materials used in the manufacturing of its connector products are readily available from a number of foreign and domestic suppliers.

Oddcables.com connectors and cable are typically acquired from the Aviel and Connector and Cable divisions 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.

The Cables Unlimited Division purchases all of its products from manufacturers located in the United States. Fiber optic cables are available from various manufacturers located throughout the United States; however, Cables Unlimited purchases most of its fiber optic cables from Corning Cables Systems LLC. The Company believes that the raw materials used by Cables Unlimited in its products are readily available and that Cables Unlimited is not currently dependent on any supplier for its raw materials. Cables Unlimited does not currently have any long-term purchase or supply agreements with its connector and cable suppliers.

Employees

As of October 31, 2012, the Company employed 178 full-time employees, of whom 57 were in accounting, administration, sales and management, 116 were in manufacturing, distribution and assembly, and five were engineers engaged in design, engineering and research and development. The employees are based at the Company's offices in San Diego, California (113 employees), Las Vegas, Nevada (8 employees), and Yaphank, New York (57 employees). The Company also occasionally hires part-time employees. The Company believes that it has a good relationship with its employees. The newly acquired Cables Unlimited Division employs three cable installers who are currently represented by a union. Other than the foregoing installers that belong to a union, none of the Company's other employees are unionized.

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 expended approximately $470,000 for research and development activities in fiscal year ended October 31, 2012. Research and development expense during the fiscal year ended October 31, 2011 were approximately $622,000.

In addition to research and development activities, the Company also invested approximately $1,288,000 during the past two fiscal years in 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 the industry in general. Engineering work is often 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 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. Under its agreement with Corning Cables Systems LLC, Cables Unlimited is permitted to advertise that it is a Corning Cables System CAH Connections Gold Program member.

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.

Under its agreement with Corning Cables Systems LLC, Cables Unlimited is authorized to manufacture optic cable assemblies that are backed by Corning Cables Systems' extended warranty (referred to as the "Gold Certified Warranty").

Because RadioMobile's customers include municipalities and other governmental agencies, RadioMobile's warranties and related agreements depend on the governmental agencies' requirements. For example, under its agreement with Los Angeles County, RadioMobile is required to correct all defects for all service/products it provided and is required to make spare parts available to Los Angeles County for two years after the equipment is first delivered and installed.

Competition

The Company and industry analysts estimate that the worldwide sales of interconnect products were approximately $46-$47 billion in 2012. The Company believes that the worldwide industry for interconnect products and systems is highly fragmented, with no one competitor having over a 15% share 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 carries 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.

Neulink competes with various manufacturers of wireless communications equipment for the industrial market, include large companies such as Microwave Data Systems (a subsidiary of General Electric) 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 exploiting selected "niche" wireless markets and 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, Northrop Grumman, Panasonic, and cellular providers including Verizon Wireless and AT&T. RadioMobile's strategy is focusing on providing cost effective mobile data network solutions for small to medium size customers.

Cables Unlimited competes on the basis of product quality, custom design, service, delivery time and value-added support to its customers. Since Cables Unlimited is a Corning Cables System CAH Connections Gold Program member, it is one of 14 other companies permitted to manufacture fiber optic cable assemblies that are backed by Corning Cables Systems' extended warranty. At present, there are no other companies that manufacture a product that is similar to the Optiflex hybrid fiber optic cable assemblies for use by wireless service providers.

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 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.

The Company's products are Restriction on Hazardous Substances ("RoHS") compliant.

ITEM 1B. UNRESOLVED STAFF COMMENTS

Not applicable**.**

ITEM 2. DESCRIPTION OF PROPERTY

The Company leases its corporate headquarters building at 7610 Miramar Road, Building 6000, San Diego, California. The building consists of approximately 22,000 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 to the foregoing building, 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. The building consists of approximately 2,500 square feet of administrative and manufacturing space and houses the production and sales staff of the Neulink and RadioMobile divisions. The lease for this space expires on March 31, 2014.

(iii) During fiscal 2009, Aviel entered into a facility lease agreement for approximately 4,500 square feet at 3060 Post Road, Suite 100 Las Vegas Nevada. The lease term commenced September 1, 2009 and will expire March 31, 2015.

(iv) The Oddcables.com Division leases an approximately 4,000 square foot facility located at 7642 Clairemont Mesa Boulevard Suite 211, San Diego, California. The lease for this space expires December 31, 2013.

(v) The Cables Unlimited Division leases an approximately 12,000 square foot facility located at 3 Old Dock Road, Yaphank, New York. The lease for this space expires June 30, 2016. However, Cables Unlimited has a one time option to extend the term of the lease for an additional five (5) year term. Cables Unlimited's monthly rent expense under the lease is $13,000 per month, plus payments of all utilities, janitorial expenses, routine maintenance costs, and costs of insurance for Cables Unlimited's business operations and equipment. The landlord is a company controlled by Darren Clark, the former owner of Cables Unlimited and a current director of the Company. In addition to the foregoing facilities, in October 2012 Cables Unlimited leased an additional approximately 2,000 square foot facility in Yaphank from a third party under a one-year lease. This additional space is used by Cables Unlimited as additional warehouse space and for pre-manufacturing activities. The month rent payable for this additional space is $1,250.

The aggregate monthly rental for all of the Company's facilities was approximately $45,306 per month, plus utilities, maintenance and insurance as of October 31, 2012.

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 and operations. The Company is not currently a party to any legal proceedings. However, on January 18, 2013, the Company received a letter from an attorney who represents a former employee. The former employee was terminated in November 2012. The letter states that, based upon a preliminary investigation, the former employee's attorney has concluded that the terminated employee can bring claims against the Company for wrongful termination. The attorney has demanded that the Company pay the terminated employee $725,000 for a general release of liability. The Company disputes the wrongful termination claim and has notified its employment practices liability insurance carrier of the demand.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, 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 set forth the high and low closing 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 2012		
November 1, 2011 - January 31, 2012	$ 3.82	$ 3.05
February 1, 2012 - April 30, 2012	3.92	3.27
May 1, 2012 - July 31, 2012	4.15	3.31
August 1, 2012 - October 31, 2012	4.49	3.91
Fiscal 2011		
November 1, 2010 - January 31, 2011	$ 3.65	$ 3.00
February 1, 2011 - April 30, 2011	4.39	3.63
May 1, 2011 - July 31, 2011	4.48	3.50
August 1, 2011 - October 31, 2011	4.46	2.99

Stockholders . As of October 31, 2012 there were 372 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 a total of $1,386,751 of dividends during the fiscal year ended October 31, 2012. The dividends consisted of four quarterly dividend payments of $0.05 per share. The Board of Directors may continue to declare and pay dividends in the future depending on the Company's financial condition and its financial needs.

Repurchase of Securities. The Company did not repurchase any shares of its common stock during the fourth quarter of the fiscal year ended October 31, 2012.

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 2012.

EQUITY COMPENSATION PLAN INFORMATION

The following table provides information as of October 31, 2012 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)	1,157,057	$ 3.22	525,768
Equity Compensation Plans Not Approved by Stockholders (2)	847,724	$ 0.93	0
Total	2,004,781	$ 2.25	525,768

(1) Consists of options granted under the R.F. Industries, Ltd. (i) 2010 Stock Option Plan and (ii) 2000 Stock Option. The 2000 Stock Option Plan has expired, and no additional options can be granted under this plan. Accordingly, all 525,768 shares remaining available for issuance represent shares under the 2010 Stock Option Plan.

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

ITEM 6. SELECTED FINANCIAL DATA

Not applicable to a "smaller reporting company" as defined in Item 10(f)(1) of SEC Regulation S-K.

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 up to 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 non-amortizable intangible assets for impairments. We review our non-amortizable intangible asset for impairment annually in the fourth quarter at the reporting unit level. We also analyze each quarter whether any indicators of impairment exist.

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 Consolidated 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 four segments - the "RF Connector and Cable Assembly" segment; the "Medical Cabling and Interconnector" segment; the "Cables Unlimited" segment; and the "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, the Cables Unlimited segment is comprised of one division, while the RF Wireless segment is comprised of two divisions. The four divisions that meet the quantitative thresholds for segment reporting are Connector and Cable Assembly, Bioconnect, Cables Unlimited, 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 the Connector and Cable Assembly, Aviel Electronics and Oddcables.com divisions into the RF Connector Cable Assembly segment, and the RF Neulink and RadioMobile divisions into the RF Wireless segment. The Bioconnect division makes up the Company's Medical Cabling and Interconnector segment, while the Cables Unlimited division is the Cables Unlimited segment.

Historically, most of the Company's revenues were generated from the sale of RF connector products and connector cable assemblies (the Connector and Cable Assembly division accounted for approximately 47% of the

Company's total sales for the fiscal year ended October 31, 2012, and 71% of net sales for the prior fiscal year). While the Company expects that the RF Connector and Cable Assembly segment will continue to generate most of the Company's revenues for the near future, the Cables Unlimited segment has grown significantly as a result of the introduction of the new OptiFlex cabling product by that division (sales at Cables Unlimited represented 36% of total sales for the year ended October 31, 2012). Because the gross margins at the RF Connector and Cable Assembly segment are higher than those at the Cables Unlimited segment, the proportionate increase in sales by Cables Unlimited is expected to reduce the Company's overall gross margins in the future.

The net income in fiscal 2012 represented the 19th consecutive year that the Company has been profitable.

On June 15, 2011 the Company acquired 100% of the outstanding capital stock of Cables Unlimited, Inc., through the merger of CUI Acquisitions, Inc., a newly formed New York corporation and wholly-owned subsidiary of the Company, and Cables Unlimited. The Company paid $5,600,000 for Cables Unlimited. The purchase price was paid one-half in cash and one-half in shares of unregistered common stock of the Company. At the closing on June 15, 2011, the Company issued to the owner of Cables Unlimited 762,738 shares of the Company's common stock (the number of shares is equal to $2,800,000 divided by the volume weighted average price of the Company's common stock for the five trading days prior to the date on which the transaction was first publicly disclosed), and $2,800,000 in cash ($2,550,000 of which was paid to seller at the closing, and $250,000 was paid in June 2012). The results of Cables Unlimited operations after June 15, 2011 have been included in the Company's consolidated results of operations.

Financial Condition

The following table presents certain key measures of financial condition as of October 31, 2012 and 2011:

	2012		2011	
	Amount	% Total Assets	Amount	
Cash and cash equivalents and certificates of deposit	$ 5,491,768	21.6 %	$ 5,855,540	24.0%
Current assets	19,044,246	74.8 %	16,413,206	67.3%
Current liabilities	4,140,476	16.3 %	3,494,849	14.3%
Working capital	14,903,770	58.5 %	12,918,357	53.0%
Property and equipment – net	1,204,298	4.7 %	2,442,738	10.0%
Total assets	25,463,418	100.0 %	24,377,946	100.0%
Stockholders' equity	20,230,305	79.4 %	19,678,028	80.7%

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, 2013 ("fiscal 2013"). The Company does not, however, currently have any commercial banking arrangements providing for loans or credit facilities 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, 2012, the amount of cash and cash equivalents and short-term certificates of deposit was equal to $5,491,768 in the aggregate. Accordingly, the Company believes that it has sufficient cash available to operate its current business and fund its anticipated capital expenditures for the upcoming year.

- As of October 31, 2012, the Company had $19,044,246 in current assets and $4,140,476 in current liabilities.

Management believes that based on the Company's financial condition at October 31, 2012, and its recent operating results, there are sufficient capital resources to fund its operations and future acquisitions for at least the next 12 months. Should the Company need to obtain additional funds for unexpected capital improvements 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 or lease agreements or other arrangements that could trigger a requirement for an early payment or that could impact the value of the Company's assets. Cables Unlimited, the subsidiary that the Company purchased in June 2011, was the guarantor of a second mortgage on the Cables Unlimited property in New York. Cables Unlimited was released as guarantor on the second mortgage, which was refinanced in January 2012. As a result, the Company deconsolidated the operations of its variable interest entity as of January 2012.

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 a 56% increase in sales, attributable primarily to the acquisition of Cables Unlimited, in fiscal 2012 compared to sales of the prior year, the Company's year-end inventory balance increased by 13% compared to prior year's year-end inventory balance. The Company continuously monitors its inventory levels and product costs. For inventory purchase pricing purposes, the Company may, however, increase its inventory levels from time to time to protect against anticipated future increases in raw material costs or to obtain volume discounts.

Net cash provided by operating activities for the year ended October 31, 2012 was $2,334,943. The Company's net cash from operations was less than its net income of $2,612,422 due primarily to $794,945 of cash that was used by the Company to purchase additional inventory. The large outlay of cash to purchase inventory was primarily offset by $863,759 of non-cash expenses ($599,824 of depreciation and amortization, and $263,935 of stock compensation expense). Accounts receivable increased by $2,584,752 due to a significant increase in sales, as did the Company's income tax payable and its accounts payable (which increased primarily due to inventory purchased in the fourth quarter). In fiscal year ended October 31, 2011, net cash provided by operating activities was $122,844.

During fiscal 2012, net cash provided by investing activities was $3,504,624, which represents the difference between the proceeds the Company received from the maturity of certain of its certificates of deposit ($4,094,724) and $590,100 that the Company invested in additional capital equipment (primarily for the Connector and Cable, Cables Unlimited, Aviel, and Bioconnect divisions). During fiscal 2011, net cash used in investing activities was $1,738,868.

Net cash used in financing activities in fiscal 2012 was $2,108,615 due primarily to (i) dividends paid of $1,386,751, and (ii) $1,143,243 used to repurchase 324,871 shares of Company common stock. These cash outlays were partially offset by the receipt of $353,791 from the exercise of stock options and $87,088 of excess tax benefits. In fiscal 2011, financing activities decreased the Company's net cash by $1,352,044.

The Company does not believe that inflation has had a material impact on its business or operations.

Results of Operations

The following summarizes the key components of the results of operations for the fiscal years ended October 31, 2012 and 2011:

	2012		2011	
	Amount	% of Net Sales	Amount	% of Net Sales
Net sales	$ 30,232,653	100%	$ 19,433,503	100%
Cost of sales	16,998,833	56%	10,097,130	52%
Gross profit	13,233,820	44%	9,336,373	48%
Engineering expenses	1,134,095	4%	1,246,758	6%
Selling and general expenses	8,024,485	27%	6,953,510	36%
Operating income	4,075,240	14%	1,136,105	6%
Other income/expense, net	37,669	0%	15,738	0%
Income before income taxes	4,112,909	14%	1,151,843	6%
Income taxes	1,500,487	5%	378,832	2%
Net income	2,612,422	9%	773,011	4%

Net sales of the Company increased by $10,799,150, or 56%, for the fiscal year ended October 31, 2012 (“fiscal 2012”) compared to the fiscal year ended October 31, 2011 (“fiscal 2011”). Net sales increased in fiscal 2012 due primarily to the acquisition of Cables Unlimited in June 2011. During fiscal 2012, Cables Unlimited contributed net sales of $10,912,717 to the Company’s total net sales, compared to $2,643,552 that Cables Unlimited contributed during the four and a half month period between the date of its acquisition (June 15, 2011) and the end of the fiscal year 2011 (October 31, 2011). The increase in net sales in fiscal 2012 also is attributable to net sales increases in all of the Company’s other three business segments. Net sales increased at the Medical Cabling and Interconnector increased by $444,744 while net sales at the RF Wireless segment increased by $1,776,937. Net sales at the Connector and Cable Assembly segment increased in fiscal 2012 from fiscal 2011 by $308,304. The increase in net sales at the Connector and Cable Assembly segment was primarily due to an increase in sales to the Company’s primary distributors, which reflected an increase in the wireless industry in general. Net sales at the Medical Cabling and Interconnector segment was primarily due to an increase in sales to its main customers, which increase is partially due to the introduction of new medical cabling products by the Medical Cabling segment. The RF Wireless segment experienced an increase in sales of $1,776,937 compared to sales in fiscal 2011. The increase in the RF Wireless segment was due entirely to increased sales by the RadioMobile. Net sales in the RF Wireless division increased significantly in fiscal 2012 as a result of shipments made under the $2.6 million contract that RadioMobile received from the Los Angeles County Fire Department in November 2011 for the implementation of a wireless system upgrade to the County Fire Department's existing remote communications equipment. The Company recognized approximately $1.6 million of the $2.6 million contract in fiscal 2012; the remaining balance of the Los Angeles County contract is expected to be realized during the first quarter of calendar 2013.

The Company’s gross profit increased by $3,897,447 or by 42% to $13,233,820 in 2012 from $9,336,373 in 2011 due to the increase in net sales. However, as a percentage of net sales, gross profit decreased slightly to 44% in fiscal 2012, from 48% in fiscal 2011, due to the lower margins of the Cables Unlimited segment.

Engineering expenses, which include research and development expenses, incurred at the Company’s four segments and relating to the design, re-design or development of products for specific customers decreased from the prior year by $112,663 to $1,134,095 compared to $1,246,758 in fiscal 2011. As a percentage of net sales, engineering expenses decreased to 4% in fiscal 2012 from 6% in fiscal 2011. Engineering expense (including research and development) during fiscal 2012 related to development of new products at the Connector and Cable, RF Wireless, Medical Cabling and Interconnector, and Cables Unlimited segments. The Company collectively incurred approximately $470,000 of research and development expenses in fiscal 2012 in the development of new products compared to $622,000 of research and development expenses in fiscal 2011. Research and development expenses decreased 24%, or $152,000 compared with prior year’s expense due primarily to certain projects completions at the RF Wireless division such as the LA County Fire agreement.

Selling and general expenses increased by $1,070,975 or 15%, to $8,024,485 during fiscal 2012 from $6,953,510 in fiscal 2011. This increase is primarily related to the increase in the Company's overall operations and expenses incurred by the Cables Unlimited division for the full fiscal year compared to the four and a half month period between the date of its acquisition (June 15, 2011) and the end of the fiscal year 2011. Since sales increased by a higher percentage than the increase in selling and general expenses, as a percentage of sales, selling and general expenses decreased to 27% from 36% in fiscal 2011. In addition, stock based compensation expense decreased by $48,376 to $263,935 in fiscal 2012 from $312,311 in fiscal 2011. Sales commission expense increased by $13,000 to $137,000 in fiscal 2012 from $124,000 in fiscal 2011 due to the increases in direct sales at certain of the Company's divisions. Accounting and legal fees decreased significantly to $494,000 in fiscal 2012 from $976,000 in fiscal 2011. Accounting and legal fees were unusually high in fiscal 2011 due primarily to expenses related to the acquisition of Cables Unlimited and to shareholder and proxy issues.

The increase in net sales and the resulting increase in gross profits were partially offset by the increase in selling and general expenses. Nevertheless, operating income for fiscal 2012 increased by $2,939,135, or 259%, to $4,075,240 from $1,136,105 in fiscal 2011. As a result of net interest income received in both fiscal 2012 and 2011, income before taxes in fiscal 2012 increased by 257% or by $2,961,066 to $4,112,909 compared to income before taxes of $1,151,843 in fiscal 2011. Net income for fiscal 2012 increased by $1,839,411, or 238%, to $2,612,422 compared to $773,011 in fiscal year ended October 31, 2011. The effective tax rate in fiscal 2012 increased to 36.5% compared to 32.9% in fiscal 2011 due primarily to the expiration of the research and development tax credit on December 31, 2011 and an update to the state tax rate based upon the tax returns filed for the year ended October 31, 2011. The Company recognized approximately $79,000 of tax benefit for uncertain tax positions where the statute of limitations expired during the quarter ended July 31, 2012.

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To Financial Statements

Report of Independent Registered Public Accounting Firm

To the Stockholders
RF Industries, Ltd.

We have audited the accompanying consolidated balance sheets of RF Industries, Ltd. and Subsidiary as of October 31, 2012 and 2011, and the related consolidated statements of income, equity and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of RF Industries, Ltd. and Subsidiary as of October 31, 2012 and 2011, and their results of operations and cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

/s/ CohnReznick LLP

San Diego, California
January 22, 2013

RF INDUSTRIES, LTD. AND SUBSIDIARY

CONSOLIDATED BALANCE SHEETS
OCTOBER 31, 2012 AND 2011

	2012	2011
ASSETS		
Current assets:		
Cash and cash equivalents ($420,663 for settlement of VIE obligations at October 31, 2011)	$ 5,491,768	$ 1,760,816
Restricted cash (all related to VIE)	-	66,926
Certificates of deposit	-	4,094,724
Trade accounts receivable, net of allowance for doubtful accounts of $95,500 and $102,736, respectively ($809,120 for settlement of VIE obligations at October 31, 2011)	5,167,012	2,605,965
Inventories ($487,687 for settlement of VIE obligations at October 31, 2011)	6,984,546	6,189,601
Other current assets ($33,263 for settlement of VIE obligations at October 31, 2011)	639,954	511,832
Prepaid income taxes	-	572,642
Deferred tax assets ($42,100 for settlement of VIE obligations at October 31, 2011)	760,966	610,700
Total current assets	19,044,246	16,413,206
Property and equipment:		
Land and building ($1,548,100 of collateral for VIE obligations at October 31, 2011)	-	1,548,100
Equipment and tooling ($305,399 for settlement of VIE obligations at October 31, 2011)	2,348,955	2,938,388
Furniture and office equipment ($16,150 for settlement of VIE obligations at October 31, 2011)	655,714	575,586
	3,004,669	5,062,074
Less accumulated depreciation	1,800,371	2,619,336
Total property and equipment	1,204,298	2,442,738
Goodwill	3,076,023	3,076,023
Amortizable intangible assets, net	1,627,213	1,866,171
Non-amortizable intangible assets	410,000	410,000
Note receivable from stockholder	66,980	66,980
Other assets ($70,668 for settlement of VIE obligations at October 31, 2011)	34,658	102,828
Total assets	$ 25,463,418	$ 24,377,946

RF INDUSTRIES, LTD. AND SUBSIDIARY

CONSOLIDATED BALANCE SHEETS
OCTOBER 31, 2012 AND 2011

	2012	2011
LIABILITIES AND EQUITY	`	
Current liabilities:		
Accounts payable	$ 1,429,076	$ 521,174
Accrued expenses	2,101,691	1,579,445
Mortgages payable ($1,394,230 recourse limited to VIE creditors at October 31, 2011)	-	1,394,230
Income taxes payable	609,709	-
Total current liabilities	4,140,476	3,494,849
Deferred tax liabilities	1,077,157	1,072,202
Other long-term liabilities	15,480	132,867
Total liabilities	5,233,113	4,699,918
Commitments and contingencies		
Equity:		
Common stock - authorized 20,000,000 shares at $.01 par value; 6,978,374 and 7,110,507 shares issued and outstanding, respectively	69,783	71,105
Additional paid-in capital	12,007,523	11,382,605
Retained earnings	8,152,999	8,010,701
Total RF Industries, Ltd. and Subsidiary	20,230,305	19,464,411
Noncontrolling interest	-	213,617
Total equity	20,230,305	19,678,028
Total liabilities and equity	$ 25,463,418	$ 24,377,946

See Notes to Consolidated Financial Statements.

RF INDUSTRIES, LTD. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF INCOME
YEARS ENDED OCTOBER 31, 2012 AND 2011

	2012	2011
Net sales	$ 30,232,653	$ 19,433,503
Cost of sales	16,998,833	10,097,130
Gross profit	13,233,820	9,336,373
Operating expenses:		
Engineering	1,134,095	1,246,758
Selling and general	8,024,485	6,953,510
Totals	9,158,580	8,200,268
Operating income	4,075,240	1,136,105
Other income (expense)		
Interest income	37,669	44,542
Interest expense	-	(28,804)
Other income, net	37,669	15,738
Income before provision for income taxes	4,112,909	1,151,843
Provision for income taxes	1,500,487	378,832
Consolidated net income	2,612,422	773,011
Net income (loss) attributable to noncontrolling interest	1,848	(2,727)
Net income attributable to RF Industries, Ltd. and Subsidiary	$ 2,610,574	$ 775,738
Earnings per share:		
Basic	$ .38	$ .12
Diluted	$ .34	$ .11

See Notes to Consolidated Financial Statements.

RF INDUSTRIES, LTD. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF EQUITY
YEARS ENDED OCTOBER 31, 2012 AND 2011

	Common Stock		Additional	Retained	Total RF	Noncontrolling	
	Shares	Amount	Paid-In Capital	Earnings	Industries, Ltd & Subsidiary	Interest	Total Equity
Balance, November 1, 2010	5,861,764	$ 58,618	$ 6,996,656	$ 9,858,686	$ 16,913,960	$ -	$ 16,913,960
Net income	-	-	-	775,738	775,738	(2,727)	773,011
Stock based compensation expense	-	-	312,311	-	312,311	-	312,311
Stock issuance for acquisition of business	762,738	7,627	2,792,373	-	2,800,000	-	2,800,000
Exercise of stock options	517,817	5,178	976,575	-	981,753		981,753
Excess tax benefit from exercise of stock options	-	-	312,325	-	312,325	-	312,325
Consolidation of VIE	-	-	-	-	-	216,344	216,344
Treasury stock purchased and retired	(31,812)	(318)	(7,635)	(94,752)	(102,705)	-	(102,705)
Dividends	-	-	-	(2,528,971)	(2,528,971)	-	(2,528,971)
Balance, October 31, 2011	7,110,507	71,105	11,382,605	8,010,701	19,464,411	213,617	19,678,028
Net income	-	-	-	2,610,574	2,610,574	1,848	2,612,422
Stock based compensation expense	-	-	263,935	-	263,935	-	263,935
Exercise of stock options	192,738	1,927	351,864	-	353,791		353,791
Excess tax benefit from exercise of stock options	-	-	87,088	-	87,088	-	87,088
Deconsolidation of VIE	-	-	-	(19,500)	(19,500)	(215,465)	(234,965)
Treasury stock purchased and retired	(324,871)	(3,249)	(77,969)	(1,062,025)	(1,143,243)	-	(1,143,243)
Dividends	-	-	-	(1,386,751)	(1,386,751)	-	(1,386,751)
Balance, October 31, 2012	6,978,374	$ 69,783	$ 12,007,523	$ 8,152,999	$ 20,230,305	$ -	$ 20,230,305

See Notes to Consolidated Financial Statements.

RF INDUSTRIES, LTD. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED OCTOBER 31, 2012 AND 2011

	2012	2011
Operating activities:		
Consolidated net income	$ 2,612,422	$ 773,011
Adjustments to reconcile consolidated net income to net cash provided by operating activities:		
Bad debt expense	23,705	15,626
Depreciation and amortization	599,824	391,633
Inventory write-downs	-	92,675
Deferred income taxes	(145,311)	16,940
Stock based compensation expense	263,935	312,311
Excess tax benefit from stock based compensation	(87,088)	(312,325)
Changes in operating assets and liabilities:		
Restricted cash	4,471	(4,451)
Trade accounts receivable	(2,584,752)	750,531
Inventories	(794,945)	(1,228,728)
Income taxes prepaid (payable)	1,269,439	(384,226)
Other current assets	(151,923)	(43,432)
Other long-term assets	(1,614)	-
Accounts payable	907,902	(302,843)
Accrued expenses	536,265	210,645
Other long-term liabilities	(117,387)	(164,523)
Net cash provided by operating activities	2,334,943	122,844
Investing activities:		
Acquisition of business (Cables Unlimited)	-	(2,800,000)
Purchase of certificates of deposit	-	(4,647,540)
Maturity of certificates of deposit	4,094,724	6,076,877
Capital expenditures	(590,100)	(368,205)
Net cash provided by (used in) investing activities	3,504,624	(1,738,868)
Financing activities:		
Proceeds from exercise of stock options	353,791	981,753
Purchases of treasury stock	(1,143,243)	(102,705)
Excess tax benefit from stock based compensation	87,088	312,325
Principal payments on mortgages payable	(19,500)	(14,446)
Dividends paid	(1,386,751)	(2,528,971)
Net cash used in financing activities	(2,108,615)	(1,352,044)
Net increase (decrease) in cash and cash equivalents	3,730,952	(2,968,068)
Cash and cash equivalents at beginning of year	1,760,816	4,728,884
Cash and cash equivalents at end of year	$ 5,491,768	$ 1,760,816
Supplemental cash flow information		
Income taxes paid	$ 955,000	$ 925,000
Interest paid	$ -	$ 28,804
Noncash investing and financing activities:		

Retirement of treasury stock	$ 1,143,243	$ 102,705
Stock issuance for acquisition of business (Cables Unlimited)	$ -	$ 2,800,000
Write off of fully depreciated fixed assets	$ 1,108,655	$ -
Assets and liabilities of VIE as of January 25, 2012:		
Restricted cash	$ 62,455	
Other current assets	23,801	
Property and equipment, net	1,467,674	
Other assets, net	69,784	
Mortgages payable	(1,408,249)	
Net equity	$ 215,465	

See Notes to Consolidated Financial Statements.

RF INDUSTRIES, LTD. AND SUBSIDIARY

NOTES TO CONSOLIDATED 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 seven 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) Oddcables.com 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; (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; and (vii) the Cables Unlimited Division manufactures custom and standard cable assemblies, adapters, and electromechanical wiring harnesses for communication, computer, LAN, automotive and medical equipment and is a Corning Cables Systems CAH Connections SM Gold Program member, authorized to manufacture fiber optic cable assemblies that are backed by Corning Cables Systems' extended warranty (see Note 11).

Use of estimates

The preparation of consolidated 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.

Principles of consolidation

The accompanying consolidated financial statements include the accounts of RF Industries, Ltd., Cables Unlimited, Inc. ("Cables Unlimited"), the Company's wholly-owned subsidiary and K&K Unlimited ("K&K") until this variable investment entity ("VIE") was deconsolidated in the first quarter of 2012. All intercompany balances and transactions have been eliminated in consolidation.

Cash equivalents

The Company considers all highly-liquid investments with a maturity of twelve 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.

Property and equipment

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. The VIE's building is recorded at cost and depreciated over its estimated useful life (39 years) using the straight-line method. Expenditures for repairs and maintenance are charged to operations in the period incurred.

Deferred financing costs

The VIE was deconsolidated in the first quarter ended January 31, 2012 and there are no deferred financing costs at October 31, 2012.

Variable interest entity

Management analyzes if the Company has any variable interests in VIE's. This analysis includes a qualitative review based on an evaluation of the design of the entity, its organizational structure, including decision making ability and financial agreements, as well as a quantitative review. Accounting principles generally accepted in the United States of America require a reporting entity to consolidate a VIE when the reporting entity has a variable interest that provides it with a controlling financial interest in the VIE. The entity that consolidates a VIE is referred to as the primary beneficiary of the VIE. See Note 12 for further discussion.

Goodwill

Goodwill is recorded when the purchase price paid for an acquisition exceeds the estimated fair value of the net identified tangible and intangible assets acquired. Goodwill is not amortized, but is subject to impairment analysis at least once annually or more frequently upon the occurrence of an event or when circumstances indicate that a reporting unit's carrying amount is greater than its fair value. At October 31, 2012, the Company performed a qualitative assessment of factors to determine whether it was necessary to perform the impairment testing. Based on the results of the work performed, the Company concluded that no impairment loss was warranted at October 31, 2012. Qualitative factors considered in this assessment include industry and market considerations, overall financial performance and other relevant events, management expertise and stability at key positions. Additional impairment analyses at future dates may be performed to determine if indicators of impairment are present, and if so, such amount will be determined and the associated charge will be recorded to the Consolidated Statement of Income.

On June 15, 2011 the Company completed its acquisition of Cables Unlimited. Goodwill related to this acquisition is included within the Cables Unlimited reporting unit. As of October 31, 2012, the goodwill balance related solely to the Cables Unlimited acquisition. No goodwill impairment occurred in 2012 or 2011; all remaining goodwill at October 31, 2012 relates to the acquisition of Cables Unlimited in June 2011.

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.

Intangible assets

Intangible assets consist of the following as of October 31:

	2012	2011
Amortizable intangible assets:		
Non-compete agreements (estimated life 5 years)	$ 200,000	$ 200,000
Accumulated amortization	(55,000)	(15,000)
	145,000	185,000
Customer relationships (estimated life 9.6 years)	1,730,000	1,730,000
Accumulated amortization	(247,787)	(67,579)
	1,482,213	1,662,421
Backlog (estimated life 6 months)	75,000	75,000
Accumulated amortization	(75,000)	(56,250)
	-	18,750
Total	$ 1,627,213	$ 1,866,171
Non-amortizable intangible assets:		
Trademarks	$ 410,000	$ 410,000

Estimated amortization expense related to finite lived intangible assets are as follows:

Year ending October 31,	Amount
2013	$ 220,208
2014	220,208
2015	220,208
2016	205,208
2017	180,208
Thereafter	581,173
Total	$ 1,627,213

Amortization of amortizable intangible assets is provided over their estimated useful lives on a straight-line basis. There was no retirement of fully amortized intangible assets in 2012. In fiscal 2011, the Company retired $81,000 of fully amortized intangible assets, impacting both the gross carrying amount and accumulated amortization for this amount.

Advertising

The Company expenses the cost of advertising and promotions as incurred. Advertising costs charged to operations were approximately $242,000 and $244,000 in 2012 and 2011, 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 $470,000 and $622,000 in 2012 and 2011, 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 recognizes accrued interest and penalties related to unrecognized tax benefits as a component of income tax expense.

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, 2012 and 2011, charges related to stock based compensation amounted to approximately $264,000 and $312,000, respectively. For the fiscal years ended October 31, 2012 and 2011, stock based compensation classified in cost of sales amounted to $53,000 and $61,000 and stock based compensation classified in selling, general and engineering expense amounted to $211,000 and $251,000 respectively.

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, 2012 and 2011, that were not included in the computation because they were anti-dilutive, totaled 755,568 and 590,968, respectively.

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

	2012	2011
Numerators:		
Consolidated net income (A)	$ 2,612,422	$ 773,011
Denominators:		
Weighted average shares outstanding for basic earnings per share (B)	6,908,890	6,382,845
Add effects of potentially dilutive securities - assumed exercise of stock options	771,853	909,003
Weighted average shares for diluted earnings per share (C)	7,680,743	7,291,848
Basic net earnings per share (A)÷(B)	$ 0.38	$ 0.12
Diluted net earnings per share (A)÷(C)	$ 0.34	$ 0.11

Recent accounting standards

New accounting standards adopted in fiscal 2012-

In May 2011, the Financial Accounting Standards Board ("FASB") issued guidance that amends U.S. GAAP to conform it to fair value measurement and disclosure requirements in International Financial Reporting Standards ("IFRS"). The amendments changed the wording used to describe the requirements in U.S. GAAP for measuring fair value and for disclosing information about fair value measurements. The provisions of this guidance, which were adopted effective for the Company's quarter ended January 31, 2012, did not have a material impact on the Company's consolidated results of operations, financial condition or disclosure.

In September 2011, the FASB issued new accounting guidance intended to simplify how an entity tests goodwill for impairment. The guidance permits an entity to first assess qualitative factors to determine whether it is necessary to perform the two-step quantitative goodwill impairment test. An entity is no longer require to calculate the fair value of a reporting unit unless the entity determines, based on a qualitative assessment, that it is more likely than not that its fair value is less than its carrying amount. The new accounting guidance is effective for fiscal years and interim periods with those years, beginning after December 15, 2011, with early adoption permitted. The early adoption of this guidance during fiscal 2012 did not have a material impact on the Company's consolidated financial condition or results of operations.

In July 2012, the FASB issued new accounting guidance that allows entities to first assess qualitative factors to determine whether the existence of events and circumstances indicates that it is more likely than not that the indefinite-lived intangible asset is impaired. If, after assessing the totality of events and circumstances, an entity concludes that it is not more likely than not that the indefinite-lived intangible asset is impaired, then the entity is not required to take further action. However, if an entity concludes otherwise, then it is required to determine the fair value of the indefinite-lived intangible asset and perform the quantitative impairment test by comparing the fair value with the carrying amount. An entity also has the option to bypass the qualitative assessment for any indefinite-lived intangible asset in any period and proceed directly to performing the quantitative impairment test. An entity will be able to resume performing the qualitative assessment in any subsequent period. The guidance is effective for fiscal years beginning after September 15, 2012, with early adoption permitted. The early adoption of this guidance during fiscal 2012 did not have a material impact on the Company's consolidated financial condition or results of operations.

New accounting standards not yet adopted-

In June 2011, the FASB issued new accounting guidance on the presentation of other comprehensive income. The guidance eliminates the current option to present components of other comprehensive income as part of the statement of changes in equity. Instead, an entity has the option to present the total of comprehensive income, the components of net income and the components of other comprehensive income either in a single continuous statement of comprehensive income or in two separate but consecutive statements. The new accounting guidance is effective for fiscal years, and interim periods within those years, beginning after December 15, 2011, with early adoption permitted. Full retrospective application is required. As the new accounting guidance will only amend the presentation requirements of other comprehensive income, the Company does not expect the adoption to have a significant impact on its consolidated financial condition or results of operations.

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 maintains its cash and cash equivalents with high-credit quality financial institutions. At October 31, 2012, the Company had cash and cash equivalent balances in excess of Federally insured limits in the amount of approximately $750,000.

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 33% and 17% of total sales in 2012 and 2011, respectively, and 49% and 14% of total accounts receivable as of October 31, 2012 and 2011, 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.

Sales of one product line, Optiflex, represented $5,569,070 or 18% of total sales to one customer in 2012. The Company has a standard written purchase order with this customer and, therefore, this customer does not have any minimum purchase obligations and could stop buying the Optiflex products at any time. A reduction, delay or cancellation of orders from this product 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:

	2012	2011
Raw materials and supplies	$ 2,518,937	$ 2,023,108
Work in process	2,863	5,425
Finished goods	4,630,174	4,309,914
Less inventory reserve	(167,428)	(148,846)
Totals	$ 6,984,546	$ 6,189,601

Inventory purchases of products from two major vendors represented 20% and 14% of total inventory purchases in 2012, while purchases of connector products from two major vendors represented 22% and 13% of total inventory purchases in 2011. 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, Yaphank, New York 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, included in accrued expenses and other long-term liabilities, were $54,000 as of October 31, 2012 and $81,000 as of October 31, 2011. 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 Oddcables.com division operations include a warehouse and retail space. The Company also leases certain automobiles under operating leases which expire at various dates through June 2015.

Rent expense under all operating leases totaled approximately $624,000 and $508,000 in 2012 and 2011, respectively.

Minimum lease payments under these non-cancelable operating leases in each of the years subsequent to October 31, 2012 are as follows:

Year Ending October 31,		Amount
2013	$	638,000
2014		381,000
2015		196,000
2016		116,000
2017		2,000
Total	$	1,333,000

The Company entered into an employment agreement with its President and Chief Financial Officer on August 22, 2012, and with its Chief Executive Officer on August 1, 2011. The employment agreement with the President and Chief Financial Officer expired on July 31, 2012, and the employment agreement with the Chief Executive Officer will expire on July 31, 2013. The Company also has an employment agreement with the President of its Cables Unlimited Division, which commenced on June 15, 2011, and ends on June 15, 2013. The aggregate amount of compensation to be provided over the remaining term of the employment agreements amounted to approximately $300,000 and $608,000 at October 31, 2012 and 2011, respectively.

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 four segments - RF Connector and Cable Assembly, Medical Cabling and Interconnector, RF Wireless, and Cables Unlimited based upon this evaluation.

The RF Connector and Cable Assembly segment is comprised of three divisions, the Cables Unlimited segment and the Medical Cabling and Interconnector segment are each comprised of one division, while the RF Wireless segment is comprised of two divisions. The four divisions that meet the quantitative thresholds for segment reporting are Connector & Cable Assembly, Cables Unlimited, 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 the Connector & Cable Assembly, Aviel, and Oddcables.com divisions into the RF Connector and Cable Assembly segment, while the Cables Unlimited division constitutes the Cables Unlimited segment. The Bioconnect Division makes up the Medical Cabling and Interconnector segment, and the RF Neulink and RadioMobile divisions make up the RF Wireless 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, 2012 and 2011:

	2012	2011
United States	$ 28,621,502	$ 17,330,928
Foreign countries:		
Canada	830,262	1,117,660
Israel	256,967	386,426
Mexico	396,954	388,191
All other	126,968	210,298
Totals	$ 30,232,653	$ 19,433,503

Net sales, income (loss) before provision for income taxes and other related segment information as of October 31, 2012 and 2011, and for the years then ended follows:

2012	RF Connectors and Cable Assembly	Cables Unlimited	Medical Cabling and Interconnector	RF Wireless	Corporate	Total
Net sales	$ 14,176,074	$ 10,912,717	$ 2,598,383	$ 2,545,479	$ -	$ 30,232,653
Income before provision for income taxes	1,599,461	1,719,522	652,533	126,595	14,798	4,112,909
Depreciation and amortization	215,704	340,058	40,409	3,653	-	599,824
Total assets	5,364,284	6,902,164	575,209	475,151	12,146,610	25,463,418
Additions to equipment and furnishings	304,586	276,025	-	9,489	-	590,100
2011						
Net sales	$ 13,867,770	$ 2,643,552	$ 2,153,639	$ 768,542	$ -	$ 19,433,503
Income (loss) before provision for income taxes	1,317,319	21,757	438,839	(669,383)	43,311	1,151,843
Depreciation, amortization and impairment	177,329	179,607	32,811	1,886	-	391,633
Total assets	5,280,427	7,614,660	585,557	503,890	10,393,412	24,377,946
Additions to equipment and furnishings	272,606	18,549	77,050	-	-	368,205

Note 6 - Income taxes

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

	2012	2011
Current:		
Federal	$ 1,330,935	$ 318,148
State	314,863	43,744
	1,645,798	361,892
Deferred:		
Federal	(141,892)	24,540
State	(3,419)	(7,600)
	(145,311)	16,940
Totals	$ 1,500,487	$ 378,832

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

	2012		2011	
	Amount	% of Pretax Income	Amount	% of Pretax Income
Income tax at Federal statutory rate	$ 1,397,891	34.0 %	$ 392,500	34.1 %
State tax provision, net of Federal tax benefit	229,928	5.6	23,855	2.1
Nondeductible differences:				
ISO stock options, net	7,182	0.2	16,297	1.4
Business acquisition costs	-	-	131,504	11.4
Qualified domestic production deduction	(46,121)	(1.1)	-	-
Other	36,252	0.9	-	-
Uncertain tax positions	(79,223)	(1.9)	(116,284)	(10.1)
R&D credit	-	-	(86,166)	(7.5)
Other	(45,422)	(1.2)	17,126	1.5
Provision for income taxes	$ 1,500,487	36.5 %	$ 378,832	32.9 %

The Company's total deferred tax assets and deferred tax liabilities at October 31, 2012 and 2011 are as follows:

	2012	2011
Current Assets:		
Allowance for doubtful accounts	$ 37,500	$ 40,000
Inventory obsolescence	65,700	58,600
Accrued vacation	154,000	114,100
State income taxes	118,400	19,700
Stock based compensation awards	235,600	209,600
Section 263A costs	128,800	132,800
Other	20,966	35,900
Total current assets	760,966	610,700
Long-Term Assets:		
Amortization / intangible assets	103,400	116,900
Long-Term Liabilities:		
Amortization / intangible assets	(799,400)	(880,600)
Depreciation / equipment and furnishings	(381,157)	(308,500)
Net long-term deferred tax liabilities	(1,077,157)	(1,072,200)
Total deferred tax liabilities	$ (316,191)	$ (461,500)

A reconciliation of the beginning and ending amount of unrecognized tax benefits is as follow:

Balance at November 1, 2010	$ 216,171
Lapse of statute of limitations- tax positions in prior period	(136,948)
Balance at October 31, 2011	79,223
Lapse of statute of limitations - tax positions in prior period	(79,223)
Balance at October 31, 2012	$ -

The Company had no gross liability for unrecognized tax benefits at October 31, 2012. At October 31, 2011 the Company's total gross liability for unrecognized tax benefits was $79,223, including $18,947 of interest and penalties.

During the year ended October 31, 2012, a reduction of $18,947 of interest was a result of the expiration of the statute of limitations. As of October 31, 2012, $0 of accrued interest and penalties were included in other long-term liabilities in the balance sheet. As of October 31, 2011, $18,947 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, 2008 through October 31, 2012 remain subject to examinations.

Note 7 - Stock options

Incentive and non-qualified stock option plans

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 was authorized to 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 was authorized to issue under options granted under the 2000 Option Plan initially was 300,000, which number automatically increased 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. Subsequently, the Board of Directors and Stockholders approved several increases in the authorized number of options to the 2000 Option Plan. The 2000 Option Plan expired in May 2010. At the time of expiration, the 2000 Plan had authorized the Company to grant options to purchase a total of 1,320,000 shares. Upon the expiration of the 2000 Plan, the Company was no longer able to grant any stock options to its employees, officers and directors. Accordingly, as of October 31, 2011, there were no shares of common stock authorized by the Company to be issued under the 2000 Option Plan. However, there were options for 955,396 shares that had been granted under the 2000 Plan, of which 732,969 were still outstanding and available for exercise.

On March 9, 2010, our Board of Directors adopted the RF Industries, Ltd. 2010 Stock Incentive Plan (the "2010 Plan"). In June 2010, our stockholders approved the 2010 Plan by vote as required by the NASDAQ Capital Market listing standards. Accordingly, the Company may now make awards under the 2010 Plan as described below. The Board adopted the 2010 Plan because the Company's prior stock option plan, the 2000 Option Plan that was adopted in May 2000, expired on May 5, 2010. An aggregate of 1,000,000 shares of common stock was set aside and reserved for issuance under the 2010 Plan. As of October 31, 2012, 525,768 shares of common stock were remaining for future grants of stock options under the 2010 Plan.

Additional disclosures related to stock option plans

The fair value of each option granted in 2012 and 2011 was estimated on the date of grant using the Black-Scholes option-pricing model with the following assumptions:

	2012	2011
Expected volatility	46.6% - 66.2%	35.9% - 55.8 %
Weighted-average volatility	57.7%	52.7 %
Expected dividends	3.0% - 5.0%	1.9% - 6.3 %
Expected term (in years)	3.5 - 4.2	2.5 - 3.5
Risk-free interest rate	0.3% - 0.4%	0.7% - 1.2 %
Weighted average fair market value of options granted during the year	$ 1.19	$ 0.89
Weighted average fair market value of options vested during the year	$ 1.02	$ 0.94

Expected volatilities are based on historical volatility of the Company's stock. During fiscal 2012, the Company granted options to Board of Directors for the purchase of 63,315 shares that vested immediately with an option life of five years, and options for a new employee the purchase of 50,000 shares with a vesting period of five years and an option life of six 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, 2011 and 2010 and changes in outstanding stock options in 2011 and 2010 follows:

	2012		2011	
	Shares or Price Per Share	Weighted Average Exercise Price	Shares or Price Per Share	Weighted Average Exercise Price
Options outstanding at beginning of year	2,099,672	$ 2.13	2,454,952	$ 2.00
Options granted	114,815	3.86	178,009	3.24
Options exercised	(192,738)	1.82	(517,817)	1.90
Options forfeited	(16,968)	3.05	(15,472)	2.70
Options outstanding at end of year	2,004,781	$ 2.25	2,099,672	$ 2.13
Options exercisable at end of year	1,650,289	$ 2.16	1,599,095	$ 2.00
Options vested and expected to vest at end of year	1,987,333	$ 2.25	2,070,866	$ 2.02
Option price range at end of year	$ 0.05 - $4.12		$ 0.05 - $3.78	
Aggregate intrinsic value of options exercised during year	$ 396,976		$ 693,490	

Included in the options outstanding are 847,724 in 2012 and 907,724 in 2011 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, 2012: 3.63 years.

Weighted average remaining contractual life of options exercisable at October 31, 2012: 3.38 years.

Weighted average remaining contractual life of options vested and expected to vest at October 31, 2012: 3.38 years.

Aggregate intrinsic value of options outstanding at October 31, 2012: $4,331,603

Aggregate intrinsic value of options exercisable at October 31, 2012: $3,721,383

Aggregate intrinsic value of options vested and expected to vest at October 31, 2012: $4,255,276

As of October 31, 2012, $384,950 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 3.61 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 discretionary contributions by the Company. The Company did not make contributions to the plan in 2012 or 2011.

Note 9 - Related party transactions

The note receivable from stockholder of $66,980 at October 31, 2012 and 2011 is due from the Chief Executive Officer 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 Chief Executive Officer.

A former director of the Company is an employee of the Company's public relations firm. For the fiscal years ended October 31, 2012 and 2011, the Company paid the firm $43,093 and $52,684, 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 consolidated financial position or results of operations.

Note 11- Business acquisition

On June 15, 2011, RF Industries, Ltd. completed its acquisition of Cables Unlimited. Cables Unlimited is an established fiber optic custom cable manufacturer based in Yaphank, New York. Cables Unlimited is a Corning Cable Systems CAH Connections SM Gold Program member, authorized to manufacture fiber optic products that are backed by Corning Cable Systems' extended warranty. The products manufactured by Cables Unlimited include custom fiber optic cable assemblies, adapters and electromechanical wiring harnesses for communications, computer, LAN, automotive and medical equipment.

All of Cables Unlimited's assets are located in the United States. There were no earnouts or contingent considerations included in the acquisition agreement.

The acquisition was accounted for in accordance with the acquisition method of accounting. The acquired assets and assumed liabilities were recorded by the Company at their estimated fair values. The Company determined the estimated fair values with the assistance of appraisals or valuations performed by an independent third party specialist. Cables Unlimited is an established fiber optic custom cable manufacturer based in Yaphank, New York. Cables Unlimited is a Corning Cable Systems CAH Connections SM Gold Program member, authorized to manufacture optic products that are backed by Corning Cable Systems' extended warranty. The products manufactured by Cables Unlimited include custom fiber optic cable assemblies, adapters and electromechanical wiring harnesses for communications, computer, LAN, automotive and medical equipment. These products supplement and enhance the existing markets of RF Industries as well as tap into new fiber optic cable markets that the Company would not have been able to enter without incurring substantially more costs than incurred in the purchase of Cables Unlimited. The capital and other resources required to enter the fiber optic market would have greatly exceeded the purchase price of $5.6 million. These factors, among others, contributed to a purchase price in excess of the estimated fair value of Cables Unlimited's net identifiable assets acquired, and as a result, we have recorded goodwill in connection with this transaction.

Goodwill acquired was allocated to our operating segment and reporting unit Cables Unlimited as part of the purchase price allocation. We do not expect the goodwill recorded to be deductible for income tax purposes. Acquired amortizable intangible assets are being amortized on a straight-line basis over their estimated useful lives ranging from 6 months to 9.6 years. The purchase price allocation was finalized in the fourth quarter of fiscal 2011.

The following table summarizes the components of the purchase price at fair value:

Cash consideration paid	$	2,800,000
RF Industries, Ltd. common shares issued (762,738 shares)		2,800,000
Total consideration	$	5,600,000

The following table summarizes the allocation of the purchase price at fair value:

Other assets	$	6,000
Accounts receivable		814,000
Inventories		442,000
Property, plant and equipment		313,000
Intangible assets		2,415,000
Goodwill (all non-deductible for tax purposes)		3,076,000
Interest bearing liabilities		(7,000)
Non-interest bearing liabilities		(423,000)
Deferred tax liabilities		(1,036,000)
Net assets	$	5,600,000

The results of Cables Unlimited operations subsequent to June 15, 2011 have been included in the Company's consolidated results of operations. For the years ended October 31, 2012 and 2011, Cables Unlimited contributed approximately $10,913,000 and $2,644,000 to net sales.

The following unaudited pro forma financial information presents the combined operating results of RFI Industries, Ltd. and Cables Unlimited as if the acquisition had occurred as of the beginning of the periods presented. Pro forma data is subject to various assumptions and estimates, and is presented for informational purposes only. This pro forma data does not purport to represent or be indicative of the consolidated operating results that would have been reported had the transaction been completed as described herein, and the data should not be taken as indicative of future consolidated operating results.

Pro forma financial information is presented in the following table:

	(Unaudited) Year ended October 31, 2011	
Revenue	$	23,007,486
Net income	$	775,618
Earnings per share:		
Basic	$	.12
Diluted	$	.11

Note 12- Variable interest entity

The Company's consolidated financial statements as of October 31, 2011 reflect consolidation of its variable interest entity, K&K Unlimited, LLC (K&K), in accordance with U. S. GAAP. K&K was formed on August 14, 2009 for the purpose of establishing a separation of legal ownership of the building where Cables Unlimited conducts its operations. Cables Unlimited's former sole stockholder is the sole member of K&K. Cables Unlimited was deemed the primary beneficiary of K&K even though it had no direct ownership in K&K as it had the power to direct the activities of K&K that most significantly impacted its economic performance and provided significant financial support through a lease agreement between Cables Unlimited and K&K. Cables Unlimited was also guarantor of K&K's mortgage notes payable to Teacher's Federal Credit Union ("TFCU") and Small Business Administration ("SBA") establishing a direct obligation to absorb any losses of K&K.

In November 2011, the mortgage note to the SBA was paid in full, thereby releasing Cables Unlimited from any guarantee on said note. In addition, Cables Unlimited was released as a guarantor on the mortgage note payable to TFCU, which was repaid through a refinancing by the member of K&K on January 25, 2012. Based on these factors, it was determined that Cables Unlimited is no longer the primary beneficiary and deconsolidated the operations of K&K as of January 25, 2012. As a result, the Company's consolidated balance sheet at October 31, 2012 reflects a reduction in total assets of approximately $1.6 million with a reduction in liabilities of approximately $1.4 million. The effect of the deconsolidation did not have a material impact on the Company's condensed consolidated results of operations for the fiscal year ended October 31, 2012.

As of October 31, 2011, K&K had assets of $1,627,346 ($66,926 in cash, $12,827 in other current assets, $1,476,925 in land and building, net and $70,668 in other assets) and liabilities of $1,413,730.

Note 13- Dividends declaration

The Company paid four quarterly dividends of $0.05 per share for a total of $1,386,751 during the fiscal year ended October 31, 2012. The Company paid dividends of $0.015, $0.02, $0.025, $0.05, and $0.25 per share for a total of $2,528,971 during the fiscal year ended October 31, 2011.

Note 14- Accrued expenses and other long-term liabilities

Accrued expenses consist of the following as of October 31:

	2012	2011
Wages payable	$ 1,031,537	$ 932,398
Accrued receipts	864,270	556,678
Other current liabilities	205,884	90,369
Totals	$ 2,101,691	$ 1,579,445

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

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

	2012	2011
Tax related liabilities	$ -	$ 79,222
Deferred lease liabilities	15,480	53,645
Totals	$ 15,480	$ 132,867

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

Note 15- Mortgages payable

In January 2010, K&K acquired land and a building for $1,525,000. The purchase was financed through mortgage notes payable as follows:

- Mortgage payable with TFCU in the amount of $800,000, with interest at a rate per annum of 6.625%. Minimum monthly payments due of principal and interest of $5,490 commencing March 1, 2010 through February 2020. The agreement included a financial covenant which required K&K to maintain a minimum debt service coverage ratio. The note was guaranteed by Cables Unlimited and collateralized by K&K's real property. In November 2011, TFCU released Cables Unlimited as a guarantor on the mortgage. In addition, the mortgage was paid in full through a refinancing in January 2012. The outstanding balance of $777,155 was classified as current in the consolidated balance sheet at October 31, 2011 .

- In September 2010, K&K entered into a mortgage payable with the Small Business Administration ("SBA") in the amount of $643,000, with interest at a rate per annum of 4.605%. Minimum monthly payments of principal and interest of $4,236 commencing October 1, 2010 through September 2030. The note was guaranteed by Cables Unlimited and the former owner of Cables Unlimited and was collateralized by K&K's real property. The note included two provisions that required the prior written consent of the SBA for significant changes in ownership structure and/or the sale of property or assets not in the ordinary course of business. The former shareholder of Cables Unlimited did not obtain prior written consent prior to selling 100% of his interest. As a result, the loan was in default and was paid in full on November 7, 2011. The outstanding balance of $617,075 was classified as current in the consolidated balance sheet at October 31, 2011.

The following summarizes the information relative to the outstanding VIE debt at October 31, 2011:

Note payable - TFCU	$ 777,155
Note payable - SBA	617,075
Total	$ 1,394,230

Note 16- Authorized Number of Shares of Common Stock

In 1987, the Company had 100,000,000 shares of $.001 par value common stock authorized, and 29,999,998 shares of common stock outstanding. On April 17, 1987, the Company filed a Certificate of Secretary with the Nevada Secretary of State's office pursuant to which the Company effected a 1-for-10 reverse stock split (that reduced the number of outstanding shares to 3,000,000). The Certificate of Secretary did not, however, specifically address, or reduce the number of authorized shares of common stock.

Based on its belief that the April 17, 1987 filing with the Nevada Secretary of State also reduced the number of authorized shares, the Company has since 1987 reported in its financial statements that the number of authorized shares of common stock consisted of 10,000,000 shares of $.01 par value common stock. On February 23, 2011, the Nevada Secretary of State's office notified the Company that based on the April 17, 1987 filing, the authorized number of common shares of the Company consisted of 100,000,000 shares. As a result of the two-for-one stock split that took place in the second quarter of 2011, the authorized number of common shares of the Company as of October 31, 2011 consists of 200,000,000 shares of $.01 par value common stock.

At the Annual Meeting of stockholders of the Company that was held on November 4, 2011, the stockholders approved an amendment to our Articles of Incorporation to decrease the number of the Company's authorized shares of common stock from 200,000,000 shares to 20,000,000 shares. The amendment to the Company's Articles of Incorporation was filed with the Nevada Secretary of State on November 4, 2011. Accordingly, the authorized number of shares of the Company's Common Stock currently is 20,000,000 shares.

Note 17- Stock Split

On February 11, 2011, the Company announced that the Board of Directors had declared a two-for-one stock split on the Company's Common Stock. The stock split was effected on March 10, 2011. All references to common stock and per share information, except par value, in these consolidated financial statements and notes have been adjusted to reflect the effects of the stock split.

Note 18- Subsequent Events

At its December 6, 2012 meeting, the Board of Directors approved a $0.10 dividend to be paid on December 28, 2012 to stockholders of record on December 17, 2012.

Board of Directors

Marvin H. Fink
Chairman

Howard F. Hill
Director, CEO

Darren Clark
Director
President of Cables Unlimited Division

William L. Reynolds
Director

Joseph Benoit
Director

Corporate Officers

Howard F. Hill
CEO

James S. Doss
President

Mark Turfler
Acting CFO

Executive Staff

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

Conrad Neri
COO
Bioconnect Division
RF Cable Assembly Division

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

Jesse Fuller
President/General Manager
OddCables Division

James Moore
President/General Manager
RadioMobile Division

Robert White
Director/General Manager
RF Neulink Division

Manny Gutsche
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Exchange Symbol: RFIL

Annual Meeting
August 2, 2013
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Annual reports, 10Ks, 10Qs and news releases are available at www.rfindustries.com, rfi@rfindustries.com or by contacting Howard Hill at (858) 549-6340 or (800) 233-1728.

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