RF INDUSTRIES
NASDAQ:RFIL

Interconnect Solutions for a Connected World™

Annual Report

Fiscal 2015

RF connectors | RF Cable Assembly | CUI Cables Unlimited | Comnet Telecom Supply | Rel-Tech Electronics Inc.

July 25, 2016

Fellow Shareholders:

The connectivity of people, devices, places and the internet is rapidly changing our world. At a business level, the growing insatiable demand for mobile information is driving changes in networks, technologies and how they are funded. These changes present challenges and opportunities for companies like RF Industries. Wireless networks are transforming from macro-cell towers to small cells and in building Distributed Antenna Systems (DAS). Funding is transforming from carriers to enterprise and third party operators. The dramatic reduction in spending by the carriers has not been offset by a slow rise in spending by enterprise and third party operators. To facilitate connectivity of first responders in buildings, public safety DAS is being mandated by many communities. RF Industries is transforming to adapt to these changes and take advantage of the opportunities to grow revenue and profits.

The Company's focus on business and product development, combined with targeted specific acquisitions to strengthen our product offerings, led to a 42% increase in fiscal 2015 net sales over the prior fiscal year. While certain of the Company's business segments continue to underperform and non-core operations have been sold or closed, recent acquisitions and a focus on new product markets led to improved operating results by the second quarter of fiscal 2016.

Turning our attention to our results for the fiscal year ended October 31, 2015 (fiscal 2015), net sales increased $9.7 million, or 42%, to $32.8 million, compared to net sales of $23.1 million in fiscal 2014. The acquisitions of Comnet Telecom and Rel-Tech Electronics during fiscal 2015 added $13.4 million to sales, more than offsetting a $2.3 million sales decline in the Company's other business divisions. These two acquisitions, combined with Cables Unlimited, comprise Custom Cabling Manufacturing and Assembly, the Company's largest business segment and accounted for 59% of fiscal 2015 sales, compared to only 31% of sales in fiscal 2014. As indicated above, sales for fiscal 2015 were impacted by lower sales at some of the Company's other businesses and at the RF Connector and Cable Assembly division, which was affected by continuing weakness in wireless infrastructure investment by the telecom carriers. Consequently, net income for fiscal 2015 was $1.0 million, or $0.11 per diluted share, compared to net income of $1.4 million, or $0.16 per diluted share in fiscal 2014.

To improve operating profitability, we reduced our annual operating payroll expenses by approximately $800,000 during the fourth quarter of fiscal 2015. Combined with other actions to reduce expenses and improve operating results at our core business segments, these expense reductions resulted in improved operating profitability by the second quarter of fiscal 2016, when the pre-tax operating loss decreased to $50,000 from a pre-tax operating loss of $610,000 in the first quarter of fiscal 2016.

One aspect of our strategy to improve profitability was to close or sell non-core business operations. Consequently, the Company sold the Aviel Electronics division for a net gain of $35,000 on December 22, 2015. This business was not materially contributing to net sales or operating profitability and did not fit with our plans for sales growth at the RF Connector and Cable Assembly segment. To further our business plan and concentrate on our core competencies, on March 3, 2016 the Board of Directors decided to close the Medical Cabling and Interconnector segment (Bioconnect), which had not been able to replace significant sales declines from its major customers.

The Company's focus is to increase sales growth at the Custom Cabling Manufacturing and Assembly segment, our largest business operation, and enhance the distribution and OEM customer base at the RF Connector and Cable Assembly segment. As previously mentioned, we are actively exploring sales opportunities for all Company divisions through direct demand creation efforts and partnerships with other companies in the DAS market, specifically in the public safety sector. We also see opportunities for targeted OEM expansion into international markets, including Europe and Mexico, with newly designed solutions which we plan to introduce for fiber optics, specialized cable assemblies and products for the DAS market.

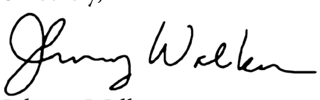
The DAS market addresses intra-facility, or "in-building" wireless requirements for cellular, public safety, and other RF signals throughout the facility. Public safety requirements for first responder coverage, combined with new building codes, are driving the rapid growth of the DAS market. These in-building antenna systems utilize a large quantity of products currently marketed by RF Industries. Installations include office buildings, hotels, hospitals, sports centers and gaming centers throughout the United States. Because DAS installations often include custom fiber solutions, coaxial cabling assemblies, plenum cables and a multitude of products currently designed and manufactured by multiple segments within the company, we believe this market offers significant sales opportunities for future growth and is a strategic initiative for 2016 and beyond.

The Company began fiscal 2015 with over $14.7 million in cash and cash equivalents. In the first eight months of the fiscal year we used $6.2 million of our cash to make acquisitions and to pay dividends. Future opportunities for acquisitions, combined with planned expenses for new product development and marketing, led the Board of Directors, in March, 2016, to reduce the quarterly cash dividend in favor of using cash resources to support the expansion of product development and marketing, expand the Company's sales staff to accelerate sales to the rapidly growing Public Safety DAS market as well as our other core markets.

By the middle of fiscal 2016, our dedication to supporting the Company's strongest and most profitable business segments, reducing overhead expenses and expanding sales to new markets had resulted in improved operating profitability for our continuing businesses. A slow but steady improvement in spending for wireless infrastructure may serve as an indication for improved sales results for the remainder of fiscal 2016.

It is your support and the support of our employees that has strengthened our Company and prospects for the future. We look forward to reporting our future results.

Sincerely,



Johnny Walker

President and Chief Executive Officer

RF INDUSTRIES, LTD.

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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 approximately $29.1 million.

On January 22, 2016, the Registrant had 8,718,914 outstanding shares of Common Stock, $.01 par value.

Forward-Looking Statements:

Certain statements in this 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" in the Form 10-K, 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

RF Industries, Ltd., through its divisions and its three wholly-owned subsidiaries (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 conducts its operations through the following five divisions/subsidiaries: (i) The Connector and Cable Assembly Division designs, manufactures and distributes coaxial connectors and cable assemblies that are integrated with coaxial connectors; (ii) the Bioconnect Division manufactures and distributes cabling and interconnect products to the medical monitoring market; (iii) Cables Unlimited, Inc., the subsidiary that 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; (iv) Comnet Telecom Supply, Inc., a subsidiary that manufactures and sells fiber optics cable, distinctive cabling technologies and custom patch cord assemblies, as well as other data center products; and (v) the recently acquired Rel-Tech Electronics, Inc. subsidiary that designs and manufactures cable assemblies and wiring harnesses for blue chip industrial, oilfield, instrumentation and military customers. Both the Cables Unlimited division and the Comnet Telecom division are Corning Cables Systems CAH Connections SM Gold Program members that are authorized to manufacture fiber optic cable assemblies that are backed by Corning Cables Systems' extended warranty. Until December 22, 2015, the Company also operated the Aviel Electronics Division, which designed, manufactured and distributed specialty and custom RF connectors primarily for aerospace and military customers. On November 17, 2015, the Company decided to sell its Aviel Electronics Division and on December 22, 2015 the Company sold this division.

The Company's principal executive office is currently located at 7610 Miramar Road, Building #6000, San Diego, California. The Company was incorporated in the State of Nevada on November 1, 1979, completed its initial public offering in March 1984 under the name Celltronics, Inc., and changed its name to RF Industries, Ltd. in November 1990. Unless the context requires otherwise, references to the "Company" in this report include RF Industries, Ltd. and Cables Unlimited, Inc., a New York company. In addition, all references to this Company for periods after November 1, 2014 also include Comnet Telecom Supply, Inc., a wholly owned subsidiary that RF Industries, Ltd. acquired on that date. Also, all references to this Company for periods after June 1, 2015 also include Rel-Tech Electronics, Inc., a wholly owned subsidiary that RF Industries, Ltd. acquired on that date.

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 ("SEC"). 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.

Recent Events

On December 22, 2015, the Company sold the assets of its Aviel Electronics Division to an unaffiliated third party for $400,000. The purchase price for the Aviel assets was paid as follows: $150,000 was paid at the closing, and a $250,000 was paid by the delivery of a secured promissory note. The promissory note bears interest at a rate of 5% per annum and is payable over a three-year period. Sales from the Aviel Electronics Division of $884,000 and $1,176,000, respectively, were included in the Company's RF Connector and Cable Assembly segment for fiscal years ended October 31, 2015 and 2014. Aviel Electronics Division was based in Las Vegas, Nevada, and was 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.

Acquisitions in 2015

Rel-Tech Electronics, Inc.

On June 5, 2015, the Company purchased 100% of the issued and outstanding shares of Rel-Tech Electronics, Inc. ("Rel-Tech") from Wilfred D. LeBlanc Jr., Ralph Palumbo and their respective wives. Rel-Tech is a Milford, Connecticut-based manufacturer and supplier of custom cable assemblies and wiring harnesses. At the closing, RF Industries, Ltd. paid the sellers $3,100,000, which consisted of $2,100,000 in cash, 50,467 shares of the Company's unregistered common stock valued at $200,000 based on a per share price of $3.96 (the volume weighted average price of the Company's common stock during the five trading days before the closing date) and, if certain financial targets are met by Rel-Tech over a three-year period, additional cash earn-out payments of up to $800,000. Rel-Tech will be operated as a stand-alone subsidiary for at least the next two years, and Mr. Palumbo will serve as President of Rel-Tech at a base salary of $150,000 per year. Mr. Palumbo will also be entitled to earn an annual bonus of up to 50% of his base salary. Rel-Tech has also entered into employment agreements to retain five key managers. Financial results for Rel-Tech have been included in the results of the Custom Cabling Manufacturing and Assembly segment subsequent to June 1, 2015.

CompPro Product Line

On May 19, 2015, the Company purchased the CompPro braided product line ("CompPro"), including the intellectual property rights to that product line, for a total purchase price of $700,000 cash. CompPro utilizes a patented compression technology that offers revolutionary advantages for a water-tight connection, easier installation, and improved system reliability on braided cables. CompPro is used by wireless network operators, installers and distributors in North America and other parts of the world. Included in the purchase is inventory, designs, intellectual property rights and rights to manufacture and sell CompPro products. Financial results for the CompPro products have been included in the results of the RF Connector and Cable Assembly segment subsequent to May 19, 2015.

Comnet Telecom Supply, Inc.

On January 20, 2015, the Company purchased 100% of the issued and outstanding shares of Comnet Telecom Supply, Inc. ("Comnet Telecom") from Robert Portera, the sole shareholder of Comnet Telecom. Comnet Telecom is a New Jersey-based manufacturer and supplier of telecommunications and data products, including fiber optic cables, cabling technologies, custom patch cord assemblies, data center consoles, and other data center equipment. Comnet Telecom is a New York corporation that was formed in 1993. At the closing, the Company paid Mr. Portera $4,150,000 in cash and stock, and agreed to pay him up to an additional $1,360,000 in cash as an earn-out over the next two years if Comnet Telecom meets certain financial milestones in the next two years. The purchase price paid at the closing consisted of $3,090,000 in cash (of which $300,000 was deposited into a bank escrow account for one year as security for the seller's indemnification obligations under the stock purchase agreement), and 252,381 shares of the Company's unregistered common stock, which shares were valued at $1.1 million based on a per share price of $4.20 (the volume weighted average price of the Company's common stock during the five trading days before the closing date). Comnet Telecom will be operated as a stand-alone subsidiary for at least the next two years. The Company entered into a two-year employment agreement with Mr. Portera pursuant to which Mr. Portera will be the President of Comnet Telecom. Under the employment agreement, Mr. Portera's base salary will be $210,000 per year. Mr. Portera will also be entitled to earn an annual bonus of up to 50% of his base salary. Since the acquisition of Comnet was effective for financial accounting purposes as of November 1, 2014 with an effective closing date of January 20, 2015, Comnet's financial results have been included in the results of the Custom Cabling Manufacturing and Assembly segment for the entire fiscal year ended October 31, 2015.

Operating Divisions

Connector and Cable Assembly Division The Connector and Cable Assembly 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 Assembly Division typically carry over 1,500 different types of connectors, adapters, tools, and 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.

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 Connector and Cable Assembly 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.

The Connector and Cable Assembly Division also includes Oddcables.com, formerly a stand-alone division that sells coaxial, fiber optic and other connectors and cable assemblies on a retail basis. Effective November 1, 2013, the Oddcables.com Division was integrated with the Connector and Cable Division.

The Company has been designing, producing and selling coaxial connectors since 1987 and the Connector and Cable Assembly Division therefore represents the Company's oldest and most established division.

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's Connector and Cable Assembly operations are conducted out of the Company's San Diego, California, facilities.

Cables Unlimited Division Cables Unlimited, Inc. is a custom cable manufacturer that RF Industries, Ltd. purchased in 2011. Cables Unlimited is located in Yaphank, New York, and is operated as a separate division. 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. Cables Unlimited designs, develops and manufactures custom connectivity solutions for the telecommunications and wireless markets. The products sold by Cables Unlimited include custom and standard copper and fiber optic cable assemblies, adapters and electromechanical wiring harnesses for communications, computer, LAN, automotive fiber optic and medical equipment. In 2012, Cables Unlimited introduced a new custom cabling solution 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 ECG cables, EEG leads, infant and sleep apnea monitors in hospitals, patient leads, snap leads, several variations of cable assemblies used with cardiac ablation devices 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. Bioconnect operates out of the Company's San Diego, California, facilities.

Comnet Telecom Supply Division RF Industries, Ltd. purchased Comnet Telecom Supply, Inc. in January 2015. Comnet Telecom's offices and manufacturing facilities are located in East Brunswick, New Jersey. Formed in 1995, Comnet Telecom is a Corning Cable Systems CAH Connections SM Gold Program member that is authorized to manufacture fiber optic telecommunications products that are backed by Corning Cable Systems' extended warranty and is a Telcordia GR-326 certified manufacturer. Comnet Telecommunications manufactures and distributes telecom equipment and cabling infrastructure products used by telecommunications carriers, co-location service companies, and other telecommunication and data center companies in the U.S. across multiple industries. This division is also a supplier of Hot/Cold Aisle Containment as well as Technology Furnishing Solutions. Data center filler panel containment products have recently been developed by this division with production commencing in 2016.

Rel-Tech Electronics Division RF Industries, Ltd. purchased Rel-Tech Electronics, Inc. in June 2015. Rel-Tech's offices and manufacturing facilities are located in Milford, Connecticut. Founded in 1986, Rel-Tech is a designer and manufacturer of cable assemblies and wiring harnesses for blue chip industrial, oilfield, instrumentation, medical and military customers. Wire and cable assembly products include custom wire harnesses, ribbon cable, electromechanical and kitted assemblies, and networking and communications cabling. DIN and Mini-DIN connector assemblies include power cord, coaxial, Mil-spec, and testing.

For financial reporting purposes for the fiscal year ended October 31, 2014, the Company aggregated its operations into three segments. (1) Connector and Cable Assembly and Aviel Electronics divisions were aggregated into one reporting segment (the "RF Connector and Cables Assembly" segment) because they have similar economic characteristics. (2) Bioconnect represented the Company's "Medical Cabling and Interconnector" segment. (3) The Cables Unlimited subsidiary constituted the Company's fiber optic and power/electronic cabling segment, which is referred to as the Custom Cabling Manufacturing and Assembly segment. During the fiscal year ended October 31, 2015, the Company purchased Comnet Telecom and Rel-Tech Electronics. Accordingly, for the 2015 fiscal year, the Company aggregated Cables Unlimited, Comnet Telecom and Rel-Tech Electronics into a single segment because of their fiber optic business activities and customer focus. Since the acquisition of Comnet Telecom was effective for financial accounting purposes as of November 1, 2014, Comnet Telecom's financial results have been included in the results of the Custom Cabling Manufacturing and Assembly segment for the entire fiscal year ended October 31, 2015. The acquisition of Rel-Tech Electronics was effective for financial accounting purposes as of June 1, 2015, accordingly, Rel-Tech Electronics' financial results have been included in the results of the Custom Cabling Manufacturing and Assembly segment beginning June 1 for the fiscal year ended October 31, 2015.

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 Assembly Division designs, manufactures and markets a broad range of coaxial connectors, coaxial adapters and coaxial cable assemblies for the numerous products with applications in commercial, industrial, automotive, transportation, scientific, aerospace and military markets. Various types of products/connectors are offered by the RF Connector Division including Passive DAS related items such as splitters, couplers and loads, Mini-DIN, 4.3/10, Compression Connectors, 2.4mm, 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 1,500 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.

In addition and as a result of the acquisition of the CompPro Product Line, the Connector Division markets and manufactures a patented compression technology that offers revolutionary advantages for a water-tight, ruggedized connection, providing easier installation, and improved system reliability on braided cables. CompPro is used by wireless network operators, installers and distributors in North America and other parts of the world.

The Cable Assembly component of the Connector and Cable Assembly 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 low PIM, wireless and wireless local area networks, wide area networks, internet systems, PCS/cellular systems including 2.5G, 3G, 4G, Wi-MAX, LTE wireless infrastructure, Distributed Antenna Systems (DAS), 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.

Through its Oddcables.com website, the Company offers hundreds of audio cables, video cables, S-video cables, VGA cables, DVI cables, HDMI cables, RF coax adapters, coax cables, coax tools kits, computer cables, USB and firewire cables and other networking cables to retail customers.

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 copper and fiber optic cable assemblies, adapters and electromechanical wiring harnesses for telecommunications, computer, LAN, automotive and medical equipment companies. Cables Unlimited also provides cable installation services in the New York regional area. During April 2012, Cables Unlimited 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. Most of the products that Cables Unlimited develops and sells are built specifically for its customers' needs.

The acquisition of Cables Unlimited in 2011 gave the Company the ability to offer a broad range of interconnect products and systems to the Company's largest customers. 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 continues 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 the medical market. These products consist primarily of patient monitoring cables, ECG cables, snap leads, and molded safety leads for neonatal monitoring electrodes. The products, which are used in hospitals, clinics, doctor offices, ambulances and at home are frequently replaced in order to ensure maximum performance of medical diagnostic equipment.

Comnet Telecom Products

Comnet Telecom manufactures and distributes both standard and custom equipment and cabling products used by telecommunications carriers, co-location center operators and other telecommunication and data center companies in the U.S. Such products include fiber optics cable, copper cabling, custom patch cord assemblies, transceivers/converters and other data center equipment (such as server cabinets and network racks). The acquisition of Comnet Telecom expands the Company's fiber optic cabling capabilities and the customer base to which the Company can sell its other cabling products. The opportunities are further enhanced to sell Comnet data center infrastructure and telecom products into our cable product customer base.

Rel-Tech Electronics Products

Rel-Tech is a designer and manufacturer of cable assemblies and wiring harnesses for blue chip industrial, oilfield, instrumentation, medical and military customers. Wire and cable assembly products include custom wire harnesses, ribbon cable, electromechanical and kitted assemblies, networking and communications cabling. DIN and Mini DIN connector assemblies include power cord, coaxial, Mil-spec and testing.

Foreign Sales

Net sales to foreign customers accounted for $1.2 million (or approximately 4%) of Company's net sales, and $1.7 million (or approximately 7%) of Company's sales, respectively, for the fiscal years ended October 31, 2015 and 2014. The majority of the export sales during these periods were to Canada, Mexico and Israel.

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, the Cables Unlimited Division and the Rel-Tech Electronics 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 Bioconnect division 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.

Comnet Telecom sells its products directly to its own customers through its in-house marketing and sales team. Comnet Telecom's principal customers include co-location centers, data processing centers, telecommunications and telephone companies, and wireless carriers. Comnet Telecom also sells certain of its products to large, national telecommunication equipment and solution providers who include Comnet Telecom's products in their own product offerings.

Manufacturing

The Connector and Cable Assembly Division, contracts with outside third parties for the manufacture of a significant portion of its coaxial connectors. However, virtually all of the RF cable assemblies sold by the Connector and Cable Assembly Division during the fiscal year ended October 31, 2015 were assembled by the Cable Assembly side, an approved ISO factory, of the Connector and Cable Assembly Division at the Company's facilities in California. The Connector and Cable Assembly Division procures its raw cable from manufacturers with ISO approved factories in the United States, China and Taiwan. The Company is dependent on primarily 8 manufacturers for its coaxial connectors, tools and other passive components and several plants for raw cable. Although the Company does not have manufacturing agreements with these manufacturers for its connectors and cable products, the Company does have long-term purchasing relationships with these manufacturers. There are certain risks associated with the Company's dependence on third party manufacturers for some of its products. See "Risk Factors" below. The Company has in-house design engineers who create the engineering drawings for fabrication and assembly of connectors and cable assemblies. Accordingly, the manufacturers are not primarily responsible for design work related to the manufacture of the connectors and cable assemblies.

The Bioconnect Division has designed and manufactured its own products for over 25 years (including as an unaffiliated company before being acquired by the Company in 2000). Bioconnect products are manufactured by the Company at its own ISO approved 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.

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 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.

Comnet Telecom manufactures, assembles and tests its cabling products at its facilities in East Brunswick, New Jersey. Comnet Telecom is a Corning Cable Systems CAH Connections SM Gold Program approved fiber optic member and a Telcordia GR-326 approved manufacturer also authorized to produce fiber optic products and assemblies that are backed by Corning Cable Systems' extended warranty.

Rel-Tech Electronics manufactures its cable assemblies, electromechanical assemblies, wiring harnesses and other products in its Milford, Connecticut ISO approved manufacturing facility.

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 suppliers. The Cable Assembly Group obtains coaxial connectors from RF Connector group. The Company believes there are numerous domestic and international suppliers of coaxial connectors.

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.

The Cables Unlimited Division, Comnet Telecom Division and the Rel-Tech Electronics Division purchase all of their products from manufacturers located in the United States. Fiber optic cables are available from various manufacturers located throughout the United States; however, both Cables Unlimited and Comnet Telecom purchase most of their fiber optic cables from Corning Cables Systems LLC. The Company believes that the raw materials used by Cables Unlimited and Comnet Telecom in their products are readily available and that neither division is not currently dependent on any supplier for its raw materials except where Corning Extended Warranty certification is required. Neither Cables Unlimited, nor Comnet Telecom nor Rel-Tech Electronics currently have any long-term purchase or supply agreements with their connector and cable suppliers.

Employees

As of October 31, 2015, the Company employed 226 full-time employees, of whom 55 were in accounting, administration, sales and management, 160 were in manufacturing, distribution and assembly, and 5 were engineers engaged in design, engineering and research and development. The employees were based at the Company's offices in San Diego, California (75 employees), Las Vegas, Nevada (5 employees), Yaphank, New York (42 employees), Milford, Connecticut (74 employees) and East Brunswick, New Jersey (30 employees). In December 2015, the Company sold the Aviel division and, as a result, no longer employs any employees in Nevada. The Company also occasionally hires part-time employees. The Company believes that it has a good relationship with its employees. The Cables Unlimited Division employs six 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

Research and development costs are expensed as incurred. The Company's research and development expenses relate to its engineering activities, which 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. During the years ended October 31, 2015 and 2014, the Company recognized $923,000 and $948,000 in engineering expenses, respectively.

Patents, Trademarks and Licenses

The Company owns 13 U.S. patents related to CompPro Product Line that it acquired in May 2015. The CompPro Product Line utilizes a patented compression technology that offers revolutionary advantages for a water-tight connection, easier installation, and improved system reliability on braided cables. The CompPro Product Line is used by wireless network operators, installers and distributors in North America and other parts of the world. The Company also owns the "CompPro" registered trademark associated with the compression cable product line.

The Company uses "OptiFlex™" as a trademark for its hybrid cable wireless tower cable solution.

Because the Company carries thousands of separate types of connectors and other products, most of which are available in standard sizes and configuration and are also offered by the Company's competitors, the Company does not believe that its business or competitive position is dependent on patent protection.

Under its agreements with Corning Cables Systems LLC, Cables Unlimited and Comnet Telecom are permitted to advertise that they are Corning Cables System CAH Connections Gold Program members.

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. 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 agreements with Corning Cables Systems LLC, Cables Unlimited and Comnet Telecom are authorized to manufacture optic cable assemblies that are backed by Corning Cables Systems' extended warranty (referred to as the "Gold Certified Warranty").

Competition

The Company and industry analysts estimate worldwide sales of interconnect products of approximately $52 billion in 2015. The Company believes that the worldwide industry for interconnect products and systems is highly fragmented, with no one competitor having over a 20% share of the total market. Many of the competitors of the Connector and Cable Assembly Division have significantly greater financial resources and broader product lines. The Connector and Cable Assembly Division competed 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.

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 12 other companies permitted to manufacture fiber optic cable assemblies that are backed by Corning Cables Systems' extended warranty. Cables Unlimited believes that being one of only a dozen Corning Cables System CAH Connections Gold Program members provides it with a competitive advantage in certain fiber optic markets.

Comnet Telecom and Rel-Tech Electronics compete with both smaller, local cable assembly houses as well as large, national manufacturers and distributors of telecommunications equipment and products.

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.

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 currently 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, 2017. In addition to the foregoing building, the Company currently 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, 2017.

(ii) 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 month to month arrangement. This additional space is used by Cables Unlimited as additional warehouse space and for pre-manufacturing activities. The monthly rent payable for this additional space is $1,250.

(iii) The Comnet Telecom Division leases an approximately 15,000 square feet in two suites located at 1 Kimberly Road, East Brunswick, New Jersey. The lease for these facilities expires in September 2017.

(iv) The Rel-Tech Electronics Division leases an approximately 14,000 square feet facility located at 215 Pepe Farm Road #B-D, Milford, Connecticut. The lease for this facility expires in May 2017.

The aggregate monthly rental for all of the Company's facilities currently is approximately $51,000 per month, plus utilities, maintenance and insurance.

ITEM 3. LEGAL PROCEEDINGS

As previously reported, on November 21, 2014, Peter Wyndham filed a complaint for damages against the Company in the United States District Court for the Southern District of California (Peter Wyndham vs. RF Industries, Ltd., Case No. 14CV2792WQHBGS), for violation of the Sarbanes-Oxley Act of 2002, the Dodd-Frank Wall Street Reform and Consumer Protection Act, and wrongful termination in violation of public policy. In September 2015, the parties entered into a written settlement agreement, and the case has been dismissed. The settlement payment was made by the Company's employment practices liability insurance carrier.

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."

The price range per share of common stock presented below represents the highest and lowest intraday sales prices for the Company's common stock on the NASDAQ during each quarter of the two most recent years.

Quarter	High	Low
Fiscal 2015		
November 1, 2014 - January 31, 2015	$ 4.85	$ 4.03
February 1, 2015 - April 30, 2015	4.49	4.00
May 1, 2015 - July 31, 2015	4.46	3.89
August 1, 2015 - October 31, 2015	4.61	3.95
Fiscal 2014		
November 1, 2013 - January 31, 2014	$ 14.84	$ 6.17
February 1, 2014 - April 30, 2014	6.95	5.79
May 1, 2014 - July 31, 2014	6.43	5.01
August 1, 2014 - October 31, 2014	5.61	4.42

Stockholders As of October 31, 2015 there were 196 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 $2.4 million of dividends during the fiscal year ended October 31, 2015 in four quarterly dividend payments of $0.07 per share. The Company paid a total of $2.3 million of dividends during the fiscal year ended October 31, 2014 in four quarterly dividend payments of $0.07 per share. Dividends are declared and paid from time to time at the discretion of the Board of Directors and depend upon, among other things, the Company's net profit after taxes, the anticipated future earnings of the Company, the success of the Company's business activities, the Company's anticipated capital requirements, and the general financial conditions of the Company. Accordingly, no assurance can be given that the Company will, in fact, pay any dividends in the future even if it has a profitable year or is otherwise capable of doing so.

Repurchase of Securities The Company did not repurchase any securities during the fourth quarter of the fiscal year ended October 31, 2015.

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 2015.

EQUITY COMPENSATION PLAN INFORMATION

The following table provides information as of October 31, 2015 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 CompensationPlans (Excluding Securities Reflected in Column A)
Equity Compensation Plans Approved by Stockholders (1)	921,643	4.71	845,203
Equity Compensation Plans Not Approved by Stockholders (2)	318,457	0.54	–
Total	1,240,100	3.64	845,203

(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 845,203 shares remaining available for issuance represent shares under the 2010 Stock Option Plan.

(2) Consists of options granted to five 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 consolidated financial statements and related disclosures have been prepared in accordance with U.S. generally accepted accounting principles ("GAAP"). The preparation of these consolidated 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.

Inventories

Inventories are stated at the lower of cost or market, with cost determined using the weighted average cost method of accounting. Certain items in inventory may be considered obsolete or excess and, as such, we periodically review our inventories for excess and slow moving items and make provisions as necessary to properly reflect inventory value. 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. In June 2015, the Company acquired Rel-Tech Electronics, Inc. ("Rel-Tech"), a company that currently values inventories using specific identification (last purchase price) on a FIFO basis. The Company intends to convert the inventory valuation principles used by Rel-Tech to the weighted average cost sometime during fiscal 2016.

Allowance for Doubtful Accounts

The Company records its allowance for doubtful accounts based upon its assessment of various factors. The Company considers historical experience, the age of the accounts receivable balance, credit quality of the Company's customers, current economic conditions and other factors that may affect customer's ability to pay.

Long-Lived Assets Including Goodwill

The Company assesses property, plant and equipment and intangible assets, which are considered definite-lived assets for impairment. Definite-lived assets are reviewed when there is evidence that events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. We measure recoverability of these assets by comparing the carrying amounts to the future undiscounted cash flows the assets are expected to generate. If property and equipment and intangible assets are considered to be impaired, the impairment to be recognized equals the amount by which the carrying value of the asset exceeds its fair market value. We have made no material adjustments to our long-lived assets in any of the years presented.

The Company amortizes its intangible assets with definite useful lives over their estimated useful lives and reviews these assets for impairment.

In addition, we test our goodwill and trademarks and indefinite-lived assets for impairment at least annually or more frequently if events or changes in circumstances indicate these assets may be impaired. No goodwill or trademark impairments have been identified in any of the years presented.

Income Taxes

The Company records a tax provision for the anticipated tax consequences of the reported results of operations. Income taxes are accounted for under the asset and liability method, under which deferred tax assets and liabilities are recognized for the expected future tax consequences of temporary differences between the financial reporting and tax bases of assets and liabilities, and for operating losses and tax credit carryforwards. Deferred tax assets and liabilities are measured using the currently enacted tax rates that apply to taxable income in effect for the years in which those tax assets are expected to be realized or settled. The Company records a valuation allowance to reduce deferred tax assets to the amount that is believed more likely than not to be realized.

The calculation of the tax provision involves significant judgme ıt in estimating the impact of uncertainties in the application of GAAP and complex tax laws. Resolution of these uncertainties in a manner inconsistent with management's expectations could have a material impact on the Company's financial condition and operating results.

Stock-based Compensation

The Company uses the Black-Scholes model to value the stock option grants. This valuation is affected by the Company's stock price as well as assumptions regarding a number of inputs which involve significant judgments and estimates. These inputs include the expected term of employee stock options, the expected volatility of the stock price, the risk-free interest rate and expected dividends.

Earn-out Liability

The Company records a tax provision for the anticipated tax consequences of the reported results of operations. Income taxes are accounted for under the asset and liability method, under which deferred tax assets and liabilities are recognized for the expected future tax consequences of temporary differences between the financial reporting and tax bases of assets and liabilities, and for operating losses and tax credit carryforwards. Deferred tax assets and liabilities are measured using the currently enacted tax rates that apply to taxable income in effect for the years in which those tax assets are expected to be realized or settled. The Company records a valuation allowance to reduce deferred tax assets to the amount that is believed more likely than not to be realized.

The calculation of the tax provision involves significant judgment in estimating the impact of uncertainties in the application of GAAP and complex tax laws. Resolution of these uncertainties in a manner inconsistent with management's expectations could have a material impact on the Company's financial condition and operating results.

RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

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

OVERVIEW

During the periods covered by this Annual Report, the Company marketed a variety of connector products, including connectors and cables, standard and custom cable assemblies, wiring harnesses, fiber optic cable products, medical monitoring wiring products, and data center products to numerous industries for use in thousands of products. The range of products that the Company sold and the services that the Company provided has changed substantially in the periods covered by the attached financial statements. During the past few years, the Company sold its: (i) RF Neulink RF division (a manufacturer of data links and wireless modems), (ii) the RadioMobile division (a provider of end-to-end mobile management solutions for governmental agencies), and (iii) Aviel Electronics division (a provider of custom RF connectors primarily for aerospace and military customers). RF Industries also purchased Comnet Telecom (a provider of fiber optic and other cabling technologies, custom patch cord assemblies, and other data center products) in January 2015 and Rel-Tech (a provider of cable assemblies and wiring harnesses for blue chip industrial, oilfield, instrumentation and military customers) in June 2015. The acquisitions of Comnet and Rel-Tech have diversified the Company's product line and customer base, and have increased the Company's presence on the East Coast. As well, the Comnet and Rel-Tech divisions have significantly contributed to the Company's revenues and profitability since their acquisitions. During 2015, the Company also purchased a new patented connector product line and technology (the ComPro line).

The Company aggregates operating divisions into operating segments which have similar economic characteristics and 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; and (5) if applicable, the nature of the regulatory environment. The Company has three segments - the "RF Connector and Cable Assembly" segment; the "Medical Cabling and Interconnector" segment; and the "Custom Cabling Manufacturing and Assembly" segment-based upon this evaluation.

During the fiscal year ended October 31, 2015, the RF Connector and Cable Assembly segment was comprised of two divisions; the Medical Cabling and Interconnector segment was comprised of one division, and the Custom Cabling Manufacturing and Assembly segment was comprised of three divisions. The five divisions that met the quantitative thresholds for segment reporting are Connector and Cable Assembly, Bioconnect, Cables Unlimited, Comnet and Rel-Tech. Each of the other divisions aggregated into these segments had similar products that were marketed to their respective customer base and production and product development processes that are similar in nature. The specific customers are different for each division; however, there was some overlapping of product sales to them. The methods used to distribute products are similar within each division aggregated. RF Industries purchased Comnet Telecom in January 2015 and Rel-Tech in June 2015. Both Comnet Telecom and Rel-Tech are included in the Custom Cabling Manufacturing and Assembly segment in the fiscal year ended October 31, 2015. Since the acquisition of Comnet Telecom was effective for financial accounting purposes as of November 1, 2014, Comnet Telecom's financial results are included in the results of the Custom Cabling Manufacturing and Assembly segment for the entire fiscal year ended October 31, 2015. Financial results for Rel-Tech have been included in the results of the Custom Cabling Manufacturing and Assembly segment beginning June 1, 2015.

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, as of October 31, 2015 the Company aggregated the Connector and Cable Assembly and Aviel Electronics divisions into the RF Connector Cable Assembly segment. The Aviel Electronics division was sold in December 2015 and, accordingly, will no longer be included in the Connector and Cable Assembly segment. The Bioconnect division makes up the Company's Medical Cabling and Interconnector segment, while the Custom Cabling Manufacturing and Assembly segment consisted of Cables Unlimited, Comnet and Rel-Tech as of the end of the fiscal year ended October 31, 2015.

For the year ended October 31, 2015, 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 33% of the Company's total sales for the fiscal year ended October 31, 2015), and from the sale of fiber optics cable, copper cabling, custom patch cord assemblies, transceivers/converters and other data center equipment by Comnet (which accounted for approximately 31% of the Company's total sales for the fiscal year ended October 31, 2015).

The net income in fiscal 2015 represented the 22nd consecutive year that the Company has been profitable.

For the year ended October 31, 2015, the Company recognized $56,000 of royalty income, net of tax, from the sale of the former RF Neulink and RadioMobile divisions, which amount has been included within discontinued operations.

Financial Condition

The following table presents certain key measures of financial condition as of October 31, 2015 and 2014 (in thousands, except percentages):

	2015		2014	
	Amount	% Total Assets	Amount	% Total Assets
Cash and cash equivalents	$ 7,595	23.5%	$ 14,718	50.7%
Current assets	19,657	60.9%	23,439	80.7%
Current liabilities	4,361	13.5%	2,362	8.1%
Working capital	15,296	47.4%	21,077	72.6%
Property and equipment, net	921	2.9%	829	2.9%
Total assets	32,252	100.0%	29,029	100.0%
Stockholders' equity	26,371	81.8%	25,856	89.1%

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 at least twelve months subsequent to October 31, 2015. Additionally, the Company has access to a line of credit in the amount of $5.0 million, of which the full amount is available as of October 31, 2015, 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, 2015, the Company had cash and cash equivalents equal to $7.6 million.
- As of October 31, 2015, the Company had $19.7 million in current assets and $4.4 million in current liabilities.
- As of October 31, 2015, the Company had no outstanding indebtedness for borrowed funds.

As of October 31, 2015, the Company had a total of $7.6 million of cash and cash equivalents compared to a total of $14.7 million of cash and cash equivalents as of October 31, 2014. The decrease in cash and cash equivalents is primarily due to the cash purchase price payments made during the 2015 fiscal year in connection with the acquisitions of the Comnet and Rel-Tech subsidiaries and the CompPro product line (a total of $5,132,000) and dividends paid (a total of $2,382,000). As of October 31, 2015, the Company had working capital of $15.3 million and a current ratio of approximately 4.5:1.

The Company generated only $168,000 of cash from operating activities during the year ended October 31, 2015 despite having net income of $994,000 because of cash used to increase inventories and to pay down accounts payable, accrued expenses and other long-term liabilities. The increased use of cash was partially offset by non-cash charges such as $996,000 for depreciation and amortization primarily related to the acquisitions of Comnet, Rel-Tech and CompPro, and $232,000 of stock-based compensation.

During the year ended October 31, 2015, the Company used $5.3 million for investing activities, primarily for the purchase of two companies and a new product line. During the year ended October 31, 2015, the Company used: (i) $2.2 million (net of cash acquired) to purchase Comnet, (ii) $1.9 million (net of cash acquired) to purchase Rel-Tech, and (iii) $700,000 to purchase the CompPro product line. In addition, the Company also deposited $300,000 into a bank escrow account for one year as security for the seller's indemnification obligations under the Comnet stock purchase agreement and had capital expenditures of $204,000.

The Company does not anticipate making any material additional capital equipment purchases in the next twelve months. In the past, the Company has financed some of its equipment and furnishings requirements through capital leases. No additional capital equipment purchases have been currently identified that would require significant additional leasing or capital expenditures during the next twelve months. Management also believes that based on the Company's current financial condition and recent operating results, as well as access to its line of credit, the Company would be able to finance its expansion, if necessary.

As part of its announced business plan, the Company may from time to time acquire other companies or product lines in the future in order to diversify its product and customer base. Any future acquisitions may require the Company to make cash payments, which payments may reduce the Company's future liquidity and capital resources.

In April 2014, the Company announced that it may repurchase up to 500,000 shares of the Company's common stock in open market transactions. The share repurchase program may be suspended or terminated at any time. As of October 31, 2014, the Company has repurchased and retired 22,828 shares pursuant to this program, for a total purchase price of $104,000; the Company did not repurchase any shares in fiscal 2015. In addition, during the year ended October 1, 2015, the Company also paid $2.4 million of dividends to its stockholders..

Results of Operations

The following summarizes the key components of the results of operations for the fiscal years ended October 31, 2015 and 2014 (in thousands, except percentages).

	2015		2014	
	Amount	% of Net Sales	Amount	% of Net Sales
Net Sales	$ 32,804	100%	$ 23,115	100%
Cost of sales	21,537	66%	12,662	55%
Gross profit	11,267	34%	10,453	45%
Engineering expenses	923	3%	948	4%
Selling and general expenses	9,126	28%	7,239	31%
Operating income	1,218	4%	2,266	10%
Other income—interest/dividends	35	0%	29	0%
Income from continuing operations before provision for income taxes	1,253	4%	2,295	10%
Provision for income taxes	315	1%	959	4%
Income from continuing operations	938	3%	1,336	6%
Income (loss) from discontinued operations, net of tax	56	0%	103	0%
Consolidated net income	994	3%	1,439	6%

Net sales for the year ended October 31, 2015 (the "2015 fiscal year") increased by 42% (or $9.7 million) to $32.8 million from $23.1 million for the year ended October 31, 2014 (the "2014 fiscal year"), primarily due to $13.4 million of additional sales generated by the Comnet ($10.3 million of net sales during the entire 2015 fiscal year) and Rel-Tech ($3.1 million of net sales during the period from June 1, 2015 through October 31,2015) subsidiaries that the Company acquired during the 2015 fiscal year. The Company did not own Comnet or Rel-Tech in the 2014 fiscal year. Excluding the net sales that were generated by newly acquired Comnet and Rel-Tech, the aggregate net sales of the Company's other divisions decreased by $3.7 million during the year ended October 31, 2015 compared to the year ended October 31, 2014. The Company's "Custom Cabling Manufacturing and Assembly" segment (which consisted of Cables Unlimited, Comnet and Rel-Tech during the 2015 fiscal year) generated $19.2 million of net sales for the year ended October 31, 2015 to become the Company's largest operating segment. While net sales in the Custom Cabling Manufacturing and Assembly segment increased due to the acquisitions of Comnet and Rel-Tech, net sales at Cables Unlimited decreased to $5.8 million for the 2015 fiscal year from $7.2 million for the

2014 fiscal year. The decrease in net sales at Cables Unlimited was due to a continuing decline in the sale of Cables Unlimited's Optiflex line of special purpose cables and a decline in orders for other fiber optic products. For the year ended October 31, 2015, the RF Connector and Cable Assembly segment had net sales of $11.7 million, a decline of $1.5 million or 11% from net sales of $13.2 million for the year ended October 31, 2014. The Company believes that the decrease in net sales at the RF Connector and Cable Assembly segment is attributable to a continuing industry-wide softening of demand for RF cable and connector products. The Medical Cabling and Interconnect segment generated net sales of $1.9 million in the year ended October 31, 2015, a decrease of $815,000 or 30% over the prior year's comparable period. The decrease in medical cabling revenue was primarily due to decreased purchases by Bioconnect's principal customers.

The Company's gross profit as a percentage of sales in the 2015 fiscal year decreased by 11% to 34% compared to 45% in the year ended October 31, 2014. The decrease in gross margins is primarily due to: 1) the decline in higher margin sales of Optiflex, 2) certain fixed manufacturing costs at the Company's RF Connector and Cable Assembly segment spread over a lower revenue base, and 3) the net sales recognized by Comnet and Rel-Tech since the dates of their acquisition in the 2015 fiscal year. Historically, the RF Connector and Cable Assembly segment operated with gross margins above 45%. However, Comnet and Rel-Tech's gross margins historically have been lower than those of the RF Connector and Cable Assembly segment and the Company in general. Since the Custom Cabling Manufacturing and Assembly segment now generates a majority of the Company's net sales, the Company's aggregate gross margins have decreased and will remain below historical rates in the future.

Engineering expenses decreased $25,000 or 3% for the year ended October 31, 2015 to $923,000 compared to $948,000 for the year ended October 31, 2014 due to decreased salary expense related to engineering activities. Engineering expenses represent costs incurred relating to the ongoing development of new products.

Selling and general expenses increased by $1.9 million, or 26%, during the year ended October 31, 2015 to $9.1 million from $7.2 million in the prior year. The increase in selling and general expenses was primarily due to additional expenses of approximately $2.1 million incurred by the Company's new Comnet and Rel-Tech subsidiaries which subsidiaries were not owned, and which expenses therefore were not incurred during the year ended October 31, 2014. Excluding the addition of the selling and general expenses attributable to Comnet and Rel-Tech, the selling and general expenses of the Company for the fiscal year ended October 31, 2015 compared to the year ended October 31, 2014 were relatively unchanged. For the fiscal year ended October 31, 2015, the Company incurred approximately $388,000 of amortization expense on intangibles, $176,000 of legal and accounting costs related to the acquisition of Comnet and Rel-Tech, and additional compensation and benefit expenses related to additional sales personnel at Cables Unlimited and Connector and Cable Assembly Divisions. These increases were offset by a $318,000 credit resulting from the partial reversal of an earn-out liability related to the acquisition of Comnet and certain stock-based compensation expense incurred in 2014 related to significant one-time expenses as a result of the acceleration of certain stock options of a former employee and the significant increase in outside consulting expenses.

Other income during the year ended October 31, 2015 included a $16,000 gain on sale of fixed assets.

The provision for income taxes during the year ended October 31, 2015 was $315,000 (or an effective tax rate of approximately 23%) compared to $959,000 in the comparable prior year period (or an effective tax rate of approximately 42%). The decrease in the effective income tax rate from period to period was primarily driven by the recognition of discrete benefits related to the reapportionment of state income.

Income from discontinued operations, net of tax, during the year ended October 31, 2015 was $56,000 compared to $103,000 in the comparable prior year's period. During the fiscal year ended October 31, 2013, the Company sold its RadioMobile and RF Neulink divisions and, accordingly, the results of these divisions are included in discontinued operations for all periods presented.

RF INDUSTRIES, LTD. AND SUBSIDIARY

* * *

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 Subsidiaries as of October 31, 2015 and 2014, and the related consolidated statements of income, stockholders' equity and cash flows for the years then ended. RF Industries, Ltd. and Subsidiaries' management is responsible for these consolidated financial statements. 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 consolidated financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements, 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 Subsidiaries as of October 31, 2015 and 2014, and their results of operations and their 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 28, 2016

RF INDUSTRIES, LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
OCTOBER 31, 2015 AND 2014
(In thousands, except share and per share amounts)

Assets	2015	2014
CURRENT ASSETS		
Cash and cash equivalents	$ 7,595	$ 14,718
Trade accounts receivable, net of allowance for doubtful accounts of $59 and $30	3,980	2,428
Inventories	6,928	5,259
Other current assets	728	618
Deferred tax assets	426	416
TOTAL CURRENT ASSETS	19,657	23,439
Property and equipment		
Equipment and tooling	3,215	2,610
Furniture and office equipment	936	777
	4,151	3,387
Less accumulated depreciation	3,230	2,558
Total property and equipment	921	829
Goodwill	5,913	3,076
Amortizable intangible assets, net	4,268	1,187
Non-amortizable intangible assets	1,387	410
Note receivable from stockholder	67	67
Other assets	39	21
TOTAL ASSETS	$ 32,252	$ 29,029

RF INDUSTRIES, LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
OCTOBER 31, 2015 AND 2014
(In thousands, except share and per share amounts)

LIABILITIES AND STOCKHOLDERS' EQUITY	2015	2014
CURRENT LIABILITIES		
Accounts payable	$ 1,493	$ 867
Accrued expenses	2,868	1,422
Customer deposit		73
TOTAL CURRENT LIABILITIES	4,361	2,362
Deferred tax liabilities	1,143	811
Other long-term liabilities	377	
Total liabilities	5,881	3,173
COMMITMENTS AND CONTINGENCIES		
STOCKHOLDERS' EQUITY		
Common stock - authorized 20,000,000 shares of $0.01 par value; 8,713,664 and 8,255,979 shares issued and outstanding at October 31, 2015 and 2014, respectively	87	83
Additional paid-in capital	19,129	17,230
Retained earnings	7,155	8,543
TOTAL STOCKHOLDERS' EQUITY	26,371	25,856
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 32,252	$ 29,029

See Notes to Consolidated Financial Statements.

RF INDUSTRIES, LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
YEARS ENDED OCTOBER 31, 2015 AND 2014
(In thousands, except share and per share amounts)

	2015	2014
Net sales	$ 32,804	$ 23,115
Cost of sales	21,537	12,662
Gross profit	11,267	10,453
Operating expenses:	923	948
Engineering	9,126	7,239
Selling and general	10,049	8,187
Totals	1,218	2,266
Operating income	35	29
Other income		
Income from continuing operations before provision for income taxes	1,253	2,295
Provision for income taxes	315	959
Income from continuing operations	938	1,336
Income from discontinued operations, net of tax	56	103
Consolidated net income	$ 994	$ 1,439
Earnings per share		
Basic		
Continuing operations	$ 0.11	$ 0.17
Discontinued operations	0.01	0.01
Net income per share	$ 0.12	$ 0.18
Earnings per share		
Diluted		
Continuing operations	$ 0.10	$ 0.15
Discontinued operations	0.01	0.01
Net income per share	$ 0.11	$ 0.16
Weighted average shares outstanding		
Basic	8,494,111	8,215,688
Diluted	8,862,217	8,742,025

See Notes to Consolidated Financial Statements.

RF INDUSTRIES, LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF EQUITY
YEARS ENDED OCTOBER 31, 2015 AND 2014
(In thousands, except share amounts)

	Common Stock		Additional	Retained	
	Shares	Amount	Paid-In Capital	Earnings	Total Equity
Balance, November 1, 2013	8,075,124	$ 81	$ 16,049	$ 9,406	$ 25,536
Exercise of stock options	203,683	2	568	-	570
Excess tax benefit from exercise of stock options	-	-	327	-	327
Stock-based compensation expense	-	-	390	-	390
Dividends	-	-	-	(2,302)	(2,302)
Treasury stock purchase and retired	(22,828)	-	(104)	-	(104)
Net income	-	-	-	1,439	1,439
Balance, October 31, 2014	8,255,979	83	17,230	8,543	25,856
Exercise of stock options	154,837	1	327	-	328
Stock issuances for acquisition of Comnet and Rel-Tech	302,848	3	1,257	-	1,260
Excess tax benefit from exercise of stock options	-	-	83	-	83
Stock-based compensation expense	-	-	232	-	232
Dividends	-	-	-	(2,382)	(2,382)
Net income	-	-	-	994	994
Balance, October 31, 2015	8,713,664	$ 87	$ 19,129	$ 7,155	$ 26,371

See Notes to Consolidated Financial Statements.

RF INDUSTRIES, LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED OCTOBER 31, 2015 AND 2014
(In thousands)

	2015	2014
OPERATING ACTIVITIES:		
Consolidated net income	$ 994	$ 1,439
Adjustments to reconcile consolidated net income to net cash provided by operating activities:		
Bad debt (recovery) expense	20	(34)
Accounts receivable write-off	11	34
Depreciation and amortization	996	592
Inventory write-downs	170	148
Gain on disposal of fixed assets	(16)	
Stock-based compensation expense	232	390
Deferred income taxes	(166)	(60)
Excess tax benefit from stock-based compensation	(83)	(327)
Changes in operating assets and liabilities:		
Trade accounts receivable	(400)	732
Inventories	(205)	517
Other current assets	(9)	969
Other long-term assets	(2)	9
Accounts payable	(354)	69
Customer deposit	(6)	(45)
Income taxes payable	6	400
Accrued expenses	(451)	(339)
Other long-term liabilities	(569)	-
Net cash provided by operating activities	168	4,494
INVESTING ACTIVITIES:		
Acquisition of businesses, net of cash acquired of $758	(5,132)	-
Proceeds from sale of fixed assets	16	-
Capital expenditures	(204)	(148)
Net cash used in investing activities	(5,320)	(148)
FINANCING ACTIVITIES:		
Proceeds from exercise of stock options	328	570
Purchases of treasury stock	-	(104)
Excess tax benefit from exercise of stock options	83	327
Dividends paid	(2,382)	(2,302)
Net cash used in financing activities	(1,971)	(1,509)
Net increase (decrease) in cash and cash equivalents	(7,123)	2,837
Cash and cash equivalents, beginning of year	14,718	11,881
Cash and cash equivalents, end of year	$ 7,595	$ 14,718
Supplemental cash flow information – income taxes paid	$ 645	$ 442
Supplemental schedule of noncash investing and financing activities:		
Retirement of treasury stock	$ -	$ 104
Write off of fully depreciated property and equipment	$ -	$ 14
Stock issuance for acquisition of businesses (Comnet and Rel-Tech)	$ 1,260	$ -

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

RF Industries, Ltd., together with its three wholly-owned subsidiaries (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. For internal operating and reporting purposes, and for marketing purposes, as of the end of the fiscal year ended October 31, 2015 the Company classified its operations into the following six divisions/subsidiaries: (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 Bioconnect Division manufactures and distributes cabling and interconnect products to the medical monitoring market; (iv) Cables Unlimited, Inc., the subsidiary that 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; (v) Comnet Telecom Supply, Inc. subsidiary that manufactures and sells fiber optics cable, distinctive cabling technologies and custom patch cord assemblies, as well as other data center products; and (vi) the recently acquired Rel-Tech Electronics, Inc. subsidiary is a designer and manufacturer of cable assemblies and wiring harnesses for blue chip industrial, oilfield, instrumentation and military customers. Both the Cables Unlimited division and the Comnet Telecom division are Corning Cables Systems CAH Connections SM Gold Program members that are authorized to manufacture fiber optic cable assemblies that are backed by Corning Cables Systems' extended warranty.

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 for the year ended October 31, 2014 include the accounts of RF Industries, Ltd. and Cables Unlimited, Inc. ("Cables Unlimited"), a wholly-owned subsidiary. The consolidated financial statements for the year ended October 31, 2015 include the accounts of RF Industries, Ltd., Cables Unlimited, Comnet Telecom Supply, Inc. ("Comnet"), a wholly-owned subsidiary that RF Industries, Ltd. acquired effective November 1, 2014, and Rel-Tech Electronics, Inc. ("Rel-Tech"), a wholly-owned subsidiary that RF Industries, Ltd. acquired effective June 1, 2015. For periods ending on or before October 31, 2014, references herein to the "Company" shall refer to RF Industries, Ltd. and Cables Unlimited, and the year ended after October 31, 2015, references to the "Company" shall refer to RF Industries, Ltd., Cables Unlimited, Comnet and Rel-Tech, collectively. All intercompany balances and transactions have been eliminated in consolidation.

Cash equivalents

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

Revenue recognition

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 are stated at the lower of cost or market, with cost determined using the weighted average cost method of accounting. Certain items in inventory may be considered obsolete or excess and, as such, we periodically review our inventories for excess and slow moving items and make provisions as necessary to properly reflect inventory value. 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. In June 2015, the Company acquired Rel-Tech Electronics, Inc. ("Rel-Tech"), a company that currently values inventories using specific identification (last purchase price) on a FIFO basis. The Company intends to convert the inventory valuation principles used by Rel-Tech to the weighted average cost sometime during fiscal 2016.

Property and equipment

Equipment, tooling and furniture are recorded at cost and depreciated over their estimated useful lives (generally 3 to 5 years) using the straight-line method. Expenditures for repairs and maintenance are charged to operations in the period incurred.

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, 2015, the Company performed a qualitative assessment of factors to determine whether it was necessary to perform further impairment testing. Based on the results of the work performed, the Company concluded that no impairment loss was warranted at October 31, 2015. 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. Effective November 1, 2014, the Company also completed its acquisition of Comnet. Goodwill related to this acquisition is included within the Comnet reporting unit. As of May 19, 2015, the Company completed its acquisition of the CompPro Product Line. Goodwill related to this acquisition is included within the Connector and Cable Assembly Division. Effective June 1, 2015, the Company completed its acquisition of Rel-Tech. Goodwill related to this acquisition is included within the Rel-Tech reporting unit. No goodwill impairment occurred in 2015 or 2014.

Long-lived assets including goodwill

The Company assesses property, plant and equipment and intangible assets, which are considered definite-lived assets for impairment. Definite-lived assets are reviewed when there is evidence that events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The Company measure recoverability of these assets by comparing the carrying amounts to the future undiscounted cash flows the assets are expected to generate. If property and equipment and intangible assets are considered to be impaired, the impairment to be recognized equals the amount by which the carrying value of the asset exceeds its fair market value. The Company has made no material adjustments to our long-lived assets in any of the years presented.

The Company amortizes its intangible assets with definite useful lives over their estimated useful lives and reviews these assets for impairment.

In addition, the Company tests our trademarks and indefinite-lived asset for impairment at least annually or more frequently if events or changes in circumstances indicate that these assets may be impaired. No impairments have been identified in any of the years presented.

Intangible assets

Intangible assets consist of the following as of October 31 (in thousands):

	2015	2014
Amortizable intangible assets:		
Non-compete agreements (estimated lives 3 - 5 years)	$ 310	$ 200
Accumulated amortization	(212)	(135)
	98	65
Customer relationships (estimated lives 7 - 15 years)	5,099	1,730
Accumulated amortization	(1,101)	(608)
	3,998	1,122
Backlog (estimated life 1 year)	134	75
Accumulated amortization	(100)	(75)
	34	-
Patents (estimated life 14 year)	142	-
Accumulated amortization	(4)	-
Totals	138	-
Non-amortizable intangible assets:	$ 4,268	$ 1,187
Trademarks	$ 1,387	$ 410

Amortization expense for the years ended October 31, 2015 and 2014 was $598,000 and $220,000, respectively.

Estimated amortization expen se related to finite lived intangible assets is as follows (in thousands):

Year ending October 31,	Amount
2016	$ 649
2017	589
2018	553
2019	553
2020	553
Thereafter	1,371
Total	$ 4,268

Advertising

The Company expenses the cost of advertising and promotions as incurred. Advertising costs charged to operations were approximately $152,000 and $147,000 in 2015 and 2014, respectively.

Research and development

Research and development costs are expensed as incurred. The Company's research and development expenses relate to its engineering activities, which 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. During the years ended October 31, 2015 and 2014, the Company recognized $923,000 and $948,000 in engineering expenses, 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 value of the options at the date of grant. Stock-based employee compensation expense is recognized on a straight-line basis over the requisite service period. The Company issues previously unissued common shares upon the exercise of stock options.

For the fiscal years ended October 31, 2015 and 2014, charges related to stock-based compensation amounted to approximately $232,000 and $390,000, respectively. For the fiscal years ended October 31, 2015 and 2014, stock-based compensation classified in cost of sales amounted to $53,000 and $67,000 and stock-based compensation classified in selling, general and engineering expense amounted to $179,000 and $323,000, 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, 2015 and 2014, that were not included in the computation because they were anti-dilutive, totaled 792,386 and 328,569, respectively.

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

	2015	2014
Numerators:		
Consolidated net income (A)	$ 994,000	$ 1,439,000
Denominators:		
Weighted average shares outstanding for basic earnings per share (B)	8,494,111	8,215,688
Add effects of potentially dilutive securities - assumed exercise of stock options	368,106	526,337
Weighted average shares outstanding for diluted earnings per share (C)	8,862,217	8,742,025
Basic earnings per share (A)/(B)	$ 0.12	$ 0.18
Diluted earnings per share (A)/(C)	$ 0.11	$ 0.16

Recent accounting standards

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2014-09, Revenue from Contracts with Customers (Topic 606) ("ASU 2014-09"), which amends the existing accounting standards for revenue recognition. ASU 2014-09 is based on principles that govern the recognition of revenue at an amount an entity expects to be entitled when products are transferred to customers.

The original effective date for ASU 2014-09 would have required the Company to adopt beginning in its first quarter of 2018. In August 2015, the FASB issued ASU No. 2015-14, Revenue from Contracts with Customers (Topic 606) – Deferral of the Effective Date, which defers the effective date of ASU 2014-09 for one year and permits early adoption as early as the original effective date of ASU 2014-09. Accordingly, the Company may adopt the standard in either its first quarter of 2018 or 2019. The new revenue standard may be applied retrospectively to each prior period presented or retrospectively with the cumulative effect recognized as of the date of adoption. The Company is currently evaluating the timing of its adoption and the impact of adopting the new revenue standard on its consolidated financial statements.

In September 2015, the FASB issued ASU No. 2015-16, Business Combinations (Topic 805): Simplifying the Accounting for Measurement-Period Adjustments, which eliminates the requirement to retrospectively account for adjustments made to provisional amounts recognized in a business combination for which the accounting is incomplete by the end of the reporting period in which the combination occurs. This guidance will be effective for the Company in its fiscal year ending October 31, 2017. The Company does not expect this amendment to have a significant effect on the consolidated financial statements.

Note 2 - Business acquisitions

Rel-Tech Electronics, Inc.

On June 5, 2015, the Company purchased 100% of the issued and outstanding shares of Rel-Tech pursuant to a Stock Purchase Agreement. Rel-Tech was wholly-owned by Wilfred D. LeBlanc Jr., Ralph Palumbo and their respective wives. Rel-Tech is a Milford, Connecticut-based manufacturer and supplier of custom cable assemblies and wiring harnesses. At the closing, RF Industries, Ltd. paid the sellers $3,100,000, which consisted of $2,100,000 in cash, 50,467 shares of the Company's unregistered common stock valued at $200,000 based on a per share price of $3.96 (the volume weighted average price of the Company's common stock during the five trading days before the closing date) and, if certain financial targets are met by Rel-Tech over a three-year period, agreed to pay additional cash earn-out payments of up to $800,000. Rel-Tech will operate as a stand-alone subsidiary for at least the next two years. Mr. Palumbo will serve as President of Rel-Tech at a base salary of $150,000 per year. Mr. Palumbo will also be entitled to earn an annual bonus of up to 50% of his base salary. Rel-Tech has also entered into employment agreements to retain five key managers.

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. Rel-Tech offers a full range of value-added services including product design, prototyping, stocking, bill of materials management, consignment and fulfillment programs. Rel-Tech provides engineered solutions to many leasing OEMs and markets its products to customers in commercial as well as military arenas. All assembly is performed at the Rel-Tech's facilities. These products and services supplement and enhance the existing markets of RF Industries without incurring substantially more costs than incurred in the purchase of Rel-Tech. These factors, among others, contributed to a purchase price in excess of the estimated fair value of Rel-Tech's net identifiable assets acquired and, as a result, we have recorded goodwill in connection with this acquisition. We do not expect the goodwill recorded to be deductible for income tax purposes.

Although the closing occurred on June 5, 2015, the acquisition of Rel-Tech is deemed to have become effective for financial accounting purposes as of June 1, 2015. Accordingly Rel-Tech's financial results have been included in the results of the Custom Cabling Manufacturing and Assembly segment for the year ended October 31, 2015.

The following table summarizes the components of the estimated purchase price at fair value at June 1, 2015:

Cash consideration paid	$ 2,100,000
RF Industries, Ltd. common shares issued (50,467 shares)	200,000
Earn-out	610,000
Total purchase price	$ 2,910,000

The following table summarizes the final allocation of the estimated purchase price at fair value at June 1, 2015:

Current assets	$ 1,637,000
Fixed assets	68,000
Other assets	17,000
Intangible assets	1,425,000
Goodwill	833,000
Deferred tax liabilities	(489,000)
Non-interest bearing liabilities	(581,000)
Net assets	$ 2,910,000

The results of Rel-Tech's operations subsequent to June 1, 2015 have been included in the Company's consolidated results of operations. All costs related to the acquisition of Rel-Tech have been expensed as incurred. For the period ended October 31, 2015, Rel-Tech contributed $3.1 million of revenue.

CompPro Product Line

On May 19, 2015, the Company purchased the CompPro braided product line ("CompPro"), including the intellectual property rights to that product line, for a total purchase price of $700,000 cash. CompPro utilizes a patented compression technology that offers revolutionary advantages for a water-tight connection, easier installation, and improved system reliability on braided cables. CompPro is used by wireless network operators, installers and distributors in North America and other parts of the world. Included in the purchase is inventory, designs, intellectual property rights and to manufacture and sell CompPro products. Financial results for the CompPro products are included in the results of the RF Connector and Cable Assembly segment beginning in the Company's fiscal quarter ended October 31, 2015.

The acquisition was accounted for in accordance with the acquisition method of accounting. The acquired assets 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. These above factors, among others, contributed to a purchase price in excess of the estimated fair value of CompPro's net identifiable assets acquired and, as a result, we have recorded goodwill in connection with this transaction.

Goodwill acquired was allocated to the Company's Connector and Cable Assembly segment as part of the purchase price allocation. The Company expects 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 three to seven years.

The following table summarizes the components of the estimated purchase price at fair value at May 19, 2015:

Cash consideration paid	$ 700,000
Total purchase price	$ 700,000

The following table summarizes the final allocation of the estimated purchase price at fair value at May 19, 2015:

Current assets	$ 186,300
Fixed assets	67,500
Intangible assets	321,200
Goodwill	125,000
Net assets	$ 700,000

The results of CompPro's operations subsequent to May 19, 2015 have been included in the Company's consolidated results of operations. All costs related to the acquisition of CompPro have been expensed as incurred.

Comnet Telecom Supply, Inc.

The Company purchased 100% of the issued and outstanding shares of Comnet from Robert Portera, the sole shareholder of Comnet. Comnet is a New Jersey based manufacturer and supplier of telecommunications and data products, including fiber optic cables, cabling technologies, custom patch cord assemblies, data center consoles and other data center equipment. Comnet is a New York corporation that was formed in 1993. For income tax purposes, both parties have agreed to make an election under Internal Revenue Code 338(h) (10). At the closing, RF Industries, Ltd. paid Mr. Portera $4,150,000 in cash and stock, and agreed to pay him up to an additional $1,360,000 in cash as an earn-out over the next two years if Comnet meets certain financial milestones in the next two years. The purchase price paid at the closing consisted of $3,090,000 in cash (of which $300,000 has been deposited into a bank escrow account for one year as security for the seller's indemnification obligations under the stock purchase agreement) and 252,381 shares of RF Industries, Ltd.'s unregistered common stock, which shares were valued at $1,060,000 based on a per share price of $4.20 (the volume weighted average price of the common stock during the five trading days before the closing date). Comnet will be operated as a stand-alone subsidiary for at least the next two years. The Company entered into a two-year employment agreement with Mr. Portera pursuant to which Mr. Portera will be the President of Comnet and receive a base salary of $210,000 per year. Mr. Portera will also be entitled to earn an annual bonus of up to 50% of his base salary. Since the acquisition of Comnet was effective for financial accounting purposes as of November 1, 2014 with an effective closing date of January 20, 2015, Comnet's financial results have been included in the results of the Custom Cabling Manufacturing and Assembly segment for the entire fiscal year ended October 31, 2015.

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. The products manufactured and supplied by Comnet include fiber optic cables, cabling technologies, custom patch cord assemblies, data center consoles and other data center equipment. These products supplement and enhance the existing markets of RF Industries as well as tap into new data center markets that the Company would not have been able to enter without incurring substantially more costs than incurred in the purchase of Comnet. The capital and other resources required to enhance the Company's fiber optics market and enter the data center market would have greatly exceeded the purchase price of $4.15 million (excluding the potential earn-out). These factors, among others, contributed to a purchase price in excess of the estimated fair value of Comnet's net identifiable assets acquired and, as a result, we have recorded goodwill in connection with this transaction.

Goodwill acquired was allocated to the Company's Connector and Cable Assembly segment as part of the purchase price allocation. The Company expects 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 three to seven years.

The following table summarizes the components of the estimated purchase price at fair value at November 1, 2014:

Cash consideration paid	$ 3,090,000
RF Industries, Ltd. common shares issued (252,381 shares)	1,060,000
Earn-out	1,235,000
Total purchase price	$ 5,385,000

The following table summarizes the final allocation of the purchase price at fair value at November 1, 2014:

Current assets	$ 1,875,000
Fixed assets	150,000
Intangible assets	2,910,000
Goodwill	1,879,000
Non-interest bearing liabilities	(1,429,000)
Net assets	$ 5,385,000

The results of Comnet's operations subsequent to November 1, 2014 have been included in the Company's consolidated results of operations. All costs related to the acquisition of Comnet have been expensed as incurred. For the fiscal year ended October 31, 2015, Comnet contributed $10.3 million of revenue.

The Company recognized a $318,000 credit to selling, general and administrative expenses as a result of the revaluation of the earn-out liability as it relates to the acquisition of Comnet as of October 31, 2015.

Note 3 - Discontinued operations

During 2013, the Company sold its RF Neulink and RadioMobile divisions, which together had comprised the Company's RF Wireless segment. The divisions were sold pursuant to asset purchase agreements, whereby no purchase price was paid at the closing. Rather, the agreements stipulated royalty payments from each of the purchasers over a three year period. For the year ended October 31, 2015, the Company recognized approximately $24,000 and $69,000 of royalty income related to the RF Neulink Agreement and RadioMobile, respectively, which amounts have been included within discontinued operations.

The following summarized financial information related to the RF Neulink and RadioMobile divisions is segregated from continuing operations and reported as discontinued operations for the years ended October 31, 2015 and 2014 (in thousands):

	2015	2014
Royalties	$ 93	$ 161
Provision for income taxes	37	58
Income from discontinued operations, net of tax	$ 56	$ 103

Note 4 - Concentrations of credit risk

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, 2014, the Company had cash and cash equivalent balances in excess of Federally insured limits in the amount of approximately $6.4 million.

One customer accounted for approximately 18% and 34% of the Company's net sales for the fiscal year ended October 31, 2015 and 2014, respectively. At October 31, 2015 and October 31, 2014, this customer's account receivable balance accounted for approximately 17% and 22%, respectively, of the Company's total net accounts receivable balances. Although this customer has been an on-going major customer of the Company continuously during the past 15 years, the written agreements with this customer do not have any minimum purchase obligations and the customer could stop buying the Company's products at any time and for any reason. A reduction, delay or cancellation of orders from this customer or the loss of this customer could significantly reduce the Company's future revenues and profits.

There was no product line that was significant for the fiscal year ended October 31, 2015. Sales of one product line accounted for $2.5 million or 11% of net sales for the fiscal year ended October 31, 2014.

Note 5 - Inventories and major vendors

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. In June 2015, the Company acquired Rel-Tech, a company that currently values its inventories using specific identification (last purchase price) on a FIFO basis. The Company intends to convert the inventory valuation principles used by Rel-Tech to the weighted average cost during early fiscal 2016. Inventories consist of the following (in thousands):

	2015	2014
Raw materials and supplies	$ 2,671	$ 1,784
Work in process	270	12
Finished goods	3,987	3,463
Totals	$ 6,928	$ 5,259

Purchases of inventory from two major vendors during fiscal 2015 represented 12% and 8% of total inventory purchases compared to two major vendors who represented 15% and 14% of total inventory purchases in fiscal 2014. The Company has arrangements with these vendors to purchase product based on purchase orders periodically issued by the Company.

Note 6 - Accrued expenses and other long-term liabilities

Accrued expenses consist of the following (in thousands):

	2015	2014
Wages payable	$ 978	$ 840
Accrued receipts	438	422
Earn-out liability	1,150	-
Other current liabilities	302	160
Totals	$ 2,868	$ 1,422

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

Non-current portion of earn-out liability of $377,000 is recorded in other long-term liabilities.

Note 7 - Segment information

The Company aggregates operating divisions into operating segments which have similar economic characteristics primarily in 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 currently has three segments - RF Connector and Cable Assembly, Custom Cabling Manufacturing and Assembly and Medical Cabling and Interconnector based upon this evaluation.

The RF Connector and Cable Assembly segment is comprised of two divisions, the Custom Cabling Manufacturing and Assembly segment comprised of three divisions and the Medical Cabling and Interconnector segment comprised of one division. The three divisions that meet the quantitative thresholds for segment reporting are Connector and Cable Assembly, Custom Cabling Manufacturing and Assembly and Bioconnect. The other division aggregated into the RF Connector and Cable Assembly segment and into the Custom Cabling Manufacturing and Assembly segment have similar products that are marketed to their respective customer base and production and product development processes that 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 and Aviel divisions into the RF Connector and Cable Assembly segment, the Cables Unlimited, Comnet and Rel-Tech division constitutes the Custom Cabling Manufacturing and segment. The Bioconnect Division comprises the Medical Cabling and Interconnector segment.

As reviewed by the Company's chief operating decision maker, the Company evaluates the performance of each segment based on income or loss before income taxes. The Company charges depreciation and amortization directly to each division within the segment. Accounts receivable, inventory, property and equipment, goodwill and intangible assets are the only assets identified by segment. Except as discussed above, the accounting policies for segment reporting are the same 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, 2015 and 2014 (in thousands):

	2015	2014
United States	$ 31,628	$ 21,452
Foreign Countries:		
Canada	362	531
Israel	296	321
Mexico	395	527
All Other	123	284
	1,176	1,663
Totals	$ 32,804	$ 23,115

Net sales, income (loss) from continuing operations before provision for income taxes and other related segment information for the years ended October 31, 2015 and 2014 are as follows (in thousands):

2015	RF Connector and Cable Assembly	Custom Cabling Manufacturing and Assembly	Medical Cabling and Interconnector	Corporate	Total
Net sales	$ 11,710	$ 19,198	$ 1,896	$ -	$ 32,804
Income (loss) from continuing operations before provision for income taxes	887	(234)	243	357	1,253
Depreciation and amortization	181	795	20	-	996
Total assets	6,890	16,150	358	8,854	32,252
2014					
Net sales	$ 13,156	$ 7,247	$ 2,712	$ -	$ 23,115
Income from continuing operations before provision for income taxes	2,161	(478)	588	24	2,295
Depreciation and amortization	186	380	26	-	592
Total assets	5,818	6,804	567	15,840	29,029

Note 8 - Income tax provision

The provision (benefit) for income taxes for the fiscal years ended October 31, 2015 and 2014 consists of the following (in thousands):

	2015	2014
Current:		
Federal	$ 467	$ 839
State	17	180
	484	1,019
Deferred:		
Federal	(131)	(54)
State	(38)	(6)
	(169)	(60)
	$ 315	$ 959

The Company's total deferred tax assets and deferred tax liabilities at October 31, 2015 and 20143 are as follows (in thousands):

	2015	2014
Current Assets:		
Allowance for doubtful accounts	$ 171	$ 12
Accrued vacation	143	118
State income taxes	-	26
Stock based compensation awards	-	162
Uniform capitalization	97	-
Section 263A costs	-	97
Other	15	1
Total current assets	426	416
Long-Term Assets:		
Amortization / intangible assets	-	76
Stock based compensation awards	136	-
Other	4	-
Long-Term Liabilities:		
Amortization / intangible assets	(1,036)	(618)
Depreciation / equipment and furnishings	(247)	(269)
Net long-term deferred tax liabilities	(1,143)	(811)
Total deferred tax liabilities	$ (717)	$ (395)

The Company had no unrecognized tax benefits, nor any gross liability for unrecognized tax benefits at October 31, 2015 and 2014.

No interest and penalties were accrued during fiscal 2014 or 2015.

The Company is currently not undergoing any tax examinations. Tax fiscal years ended October 31, 2011 through October 31, 2015 remain subject to examination.

Note 9 - 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 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, 2015, no shares are available for future grant under the 2000 Option Plan.

On March 9, 2010, the Company's Board of Directors adopted the RF Industries, Ltd. 2010 Stock Incentive Plan (the "2010 Plan"). In June 2010, the Company's stockholders approved the 2010 Plan by vote as required by NASDAQ. An aggregate of 1,000,000 shares of common stock was set aside and reserved for issuance under the 2010 Plan. The Compan y's shareholders approved the issuance of an additional 500,000 shares of common stock at its annual meeting held on September 5, 2014 and another 500,000 shares of common stock at its annual meeting held September 4, 2015. As of October 31, 2015, 866,843 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 2015 and 2014 was estimated on the grant date using the Black-Scholes option pricing model with the following assumptions:

	2015	2014
Weighted average volatility	52.2%	54.4%
Expected dividends	6.7%	4.8%
Expected term (in years)	5.4	5.6
Risk-free interest rate	1.17%	1.31%
Weighted average fair value of options granted during the year	$ 1.09	$ 1.83
Weighted average fair value of options vested during the year	$ 4.78	$ 4.24

Expected volatilities are based on historical volatility of the Company's stock price and other factors. The Company used the historical method to calculate the expected life of the 2015 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.

Additional information regarding all of the Company's outstanding stock options at October 31, 2015 and 2014 and changes in outstanding stock options in 2015 and 2014 follows:

	2015		2014	
	Shares or Price Per Share	Weighted Average Exercise Price	Shares or Price Per Share	Weighted Average Excercise Price
Options outstanding at beginning of year	1,044,932	$3.27	988,215	$ 2.24
Options granted	396,039	$4.21	328,903	$ 5.83
Options exercised	(153,837)	$2.12	(204,683)	$ 2.80
Options forfeited	(47,034)	$5.11	(67,503)	$ 2.10
Options outstanding at end of year	1,240,100	$3.27	1,044,932	$ 3.27
Options exercisable at end of year	782,648	$3.02	748,843	$ 2.38
Options vested and expected to vest at end of year	1,233,543	$3.63	1,040,541	$ 3.25
Option price range at end of year	$0.05 - $6.91		$0.05 - $6.91	
Aggregate intrinsic value of options exercised during year	$ 363,000		$ 1,103,000	

Weighted average remaining contractual life of options outstanding as of October 31, 2015: 5.22 years

Weighted average remaining contractual life of options exercisable as of October 31, 2015: 3.59 years

Weighted average remaining contractual life of options vested and expected to vest as of October 31, 2015: 5.21 years

Aggregate intrinsic value of options outstanding at October 31, 2015: $1.5 million

Aggregate intrinsic value of options exercisable at October 31, 2015: $1.4 million

Aggregate intrinsic value of options vested and expected to vest at October 31, 2015: $1.5 million

As of October 31, 2015, $667,000 of expense with respect to nonvested share-based arrangements has yet to be recognized which is expected to be recognized over a weighted average period of 5.76 years.

Non-employee directors receive $30,000 annually, which amount is paid one-half in cash and one-half through the grant of non-qualified stock options to purchase shares of the Company's common stock. During the year ended October 31, 2015, the Company granted each of its three non-employee directors options to purchase 14,916 shares. The number of stock option shares granted to each director was determined by dividing $15,000 by the fair value of a stock option grant using the Black Scholes model ($1.01 per share). These options vest ratably over fiscal year 2015.

Note 10 - Retirement plan

The Company has a 401(K) plan available to its employees. For the years ended October 31, 2015 and 2014, the Company contributed and recognized as an expense $160,000 and $152,000, respectively, which amount represented 3% of eligible employee earnings under its Safe Harbor Non-elective Employer Contribution Plan.

Note 11 - Related party transactions

The note receivable from stockholder of $67,000 at October 31, 2015 and 2014 is due from a former Chief Executive Officer of the Company, bears interest at 6%, payable annually, and has no specific due date. The note is collateralized by property owned by the former Chief Executive Officer.

A former director of the Company is an employee of a public relations firm currently used by the Company. For the fiscal years ended October 31, 2015 and 2014, the Company paid the firm $41,000 and $18,000, respectively, for services rendered by that firm.

Note 12 - Cash dividend and declared dividends

The Company paid dividends of $0.07 per share during the three months ended October, 31, 2015, July 31, 2015, April 30, 2015 and January 31, 2015 for a total of $2.4 million. The Company paid dividends of $0.07 per share during the three months ended October 31, 2014, July 31, 2014, April 30, 2014 and January 31, 2014 for a total of $2.3 million during the year ended October 31, 2014.

Note 13 - Commitments

The Company leases its facilities in San Diego, California, Yaphank, New York, Las Vegas, Nevada, Milford, Connecticut and East Brunswick, New Jersey under non-cancelable operating leases. The Company amended its San Diego lease in April 2014 extending the term of the lease and reducing its square footage. The amended lease expires in March 2017 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 $7,000 as of October 31, 2015 and $6,000 as of October 31, 2014. 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.

Rent expense under all operating leases totaled approximately $685,000 and $576,000 in 2015 and 2014, respectively.

Minimum lease payments under these non-cancelable operating leases in each of the years subsequent to October 31, 2015 are as follows (in thousands):

Year ending October 31,	Amount	
2016	$	671
2017		352
2018		20
2019		5
Total	$	1,048

Note 14 - Legal proceedings

On November 21, 2014, Peter Wyndham filed a complaint for damages against the Company in the United States District Court for the Southern District of California (Peter Wyndham vs. RF Industries, Ltd., Case No. 14CV2792WQHBGS), for violation of the Sarbanes-Oxley Act of 2002, the Dodd-Frank Wall Street Reform and Consumer Protection Act, and wrongful termination in violation of public policy. The complaint did not make a demand for any specific sum of damages, but did demand, among other relief, an unspecified amount of compensatory damages (including lost past and future wages and benefits), emotional distress damages, salary in lieu of reinstatement, and punitive damages. The Company tendered the claim to its insurance carrier for defense and indemnification, and counsel appointed by the insurance carrier represented the Company in the matter. At a mediation held in July 2015, the parties agreed to settle the matter for an amount that was covered by the Company's insurance policy. In September 2015, the parties entered into a written settlement agreement whereby the case has been formally dismissed.

Note 15 - Line of credit

In March 2014, the Company entered into an agreement for a line of credit ("LOC") in the amount of $5.0 million. Amounts outstanding under the LOC shall bear interest at a rate of 3.0% plus LIBOR ("base interest rate"), with interest payable on the last day of each month. All principal outstanding under the LOC which is not bearing interest at a base interest rate shall bear interest at Union Bank's Reference Rate, as defined, which rate shall vary. Borrowings under the LOC are secured by a security interest in certain assets of the Company. The LOC contains certain loan covenants as described in the agreement. Failure to maintain the loan covenants shall constitute an event of default resulting in all outstanding amounts of principal and interest becoming immediately due and payable. All outstanding principal and interest is due and payable on June 30, 2016. As of October 31, 2015, no amounts were outstanding under the LOC.

Note 16 - Stock Repurchase Program

During April 2014, the Company announced that its Board of Directors authorized the repurchase of up to 500,000 shares of its common stock. The share repurchase program may be suspended or terminated at any time without prior notice. As of October 31, 2015, the Company repurchased and retired 22,828 shares, all during fiscal 2014, pursuant to the program.

Note 17 - Subsequent events

On December 16, 2015, the Board of Directors of the Company declared a quarterly dividend of $0.07 per share to be paid on January 15, 2016 to shareholders of record on December 31, 2015.

On December 22, 2015, the Company sold the assets of its Aviel Electronics Division for $400,000. The terms of the sale included $150,000 cash due upon closing and a $250,000 secured promissory note with principal and interest (at 5%) payable over a 3-year period. Sales from the Aviel Electronics Division of $884,000 and $1,176,000, respectively, were included in the Company's RF Connector and Cable Assembly segment for fiscal years ended October 31, 2015 and 2014.

Board of Directors

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Chairman

Howard F. Hill
Director

William L. Reynolds
Director

Joseph Benoit
Director

Darren Clark
Director

Executive Officers

Johnny Walker
President and CEO

Mark Turfler
CFO and Corporate Secretary

Corporate Staff

Darren Clark
President of Cables
Unlimited Division

Robert Portera
President of Comnet
Telecom Division

Ralph Palumbo
President of Rel-Tech
Electronics Division

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

Conrad Neri
VP Operations
RF Industries

Manny Gutsche
VP Marketing
RF Industries

Angela Sutton
VP Human Resources
RF Industries

Brian Hough
SVP Sales/Budgeting
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Common Stock
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Exchange Symbol: RFIL

Annual Meeting
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Annual Reports, 10Ks, 10Qs and news releases are available at www.rfindustries.com, rfi@rfindustries.com
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