R F INDUSTRIES LTD
Form 10-K
January 12, 2011

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 10-K

FOR ANNUAL AND TRANSITION REPORTS
PURSUANT TO SECTIONS 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

x ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended October 31, 2010

or

¨ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from ______________ to ________________.

Commission File Number 0-13301

RF INDUSTRIES, LTD.
(Name of registrant as specified in its charter)

Nevada	88-0168936
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

7610 Miramar Road, Bldg. 6000, San Diego, California 92126-4202
(Address of principal executive offices) (Zip Code)
(858) 549-6340
(Registrant’s telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:
Common Stock, $.01 par value.

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well known seasoned issuer, as defined in Rule 405 of the Securities Act. ¨ Yes x No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. ¨ Yes x No

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. x Yes ¨ No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). ¨ Yes ¨ No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulations S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ¨

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer	¨	Accelerated Filer	¨
Non-accelerated Filer	¨ (Do not check if a smaller reporting company)	Smaller reporting company	x

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). ¨ Yes x No

State 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. $14,425,696.

On January 12, 2011, the Registrant had 2,930,882 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,” “po “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

General

RF Industries, Ltd. (hereinafter the “Company”) is a provider of interconnect products and systems for radio frequency (RF) communications devices and wireless digital transmission systems. For internal operational purposes, and for marketing purposes, the Company currently classifies its operations into the following six related divisions: (i) The Connector and Cable Assembly Division designs, manufactures and distributes coaxial connectors and cable assemblies that are integrated with coaxial connectors; (ii) the Aviel Electronics Division designs, manufactures and distributes specialty and custom RF connectors primarily for aerospace and military customers, (iii) the Oddcables.com Division primarily sells coaxial, fiberoptic, and other connectors and cable assemblies on a retail basis to local multi-media and communications customers; (iv) the Bioconnect Division manufactures and distributes cabling and interconnect products to the medical monitoring market; (v) the Neulink Division is engaged in the design, manufacture and sale of RF data links and wireless modems for receiving and transmitting control signals for remote operation and monitoring of equipment, personnel and monitoring services; and (vi) the RadioMobile Division is an original equipment manufacturer (OEM) provider of end-to-end mobile management solutions implemented over wireless networks that supplement the operations of the Company’s Neulink division.

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

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

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Operating Divisions

Connector and Cable Division The Connector and Cable Division is engaged in the design, manufacture and distribution of coaxial connector solutions for companies that design, build, operate, maintain and use wireless voice, data, messaging, and location tracking systems. Coaxial connector products consist primarily of connectors which, when attached to a coaxial cable, facilitate the transmission of analog and digital signals in various frequencies. Although most of the connectors are designed to fit standard products, the Company also sells custom connectors specifically designed and manufactured to suit its customers' requirements such as the Wi-Fi and broadband wireless markets. The Company's Connector and Cable Division typically carries over 1,200 connectors, adapters, tools, and assembly, test and measurements kits. The Company's RF connectors are used in thousands of different devices, products and types of equipment. While the models and types of devices, products and equipment may change from year to year, the demand for the types of connectors used in such products and offered by the Company does not fluctuate with the changes in the end product incorporating the connectors. In addition, since the Company's standard connectors can be used in a number of different products and devices, the discontinuation of one product does not make the Company's connectors obsolete. Accordingly, most connectors carried by the Company can be marketed for a number of years and are only gradually phased out. Furthermore, because the Company's connector products are not dependent on any line of products or any market segment, the Company's overall sales of connectors do not fluctuate materially when there are changes to any product line or market segment. Sales of the Company's connector products are, however, dependent upon the overall economy, infrastructure build out by large telecommunications firms and on the Company's ability to market its products. Sales of the Company's connectors and cable assemblies increased in the fiscal year ended October 31, 2010 compared to the prior fiscal year. This increase was due to improved economic conditions with our distributors as the overall market demand for our products increased, and also related to the recent build out of new 4G and Wi-MAX wireless network systems.

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

The Company has been designing, producing and selling coaxial connectors since 1987 and the Connector and Cable Division therefore represents the Company's oldest and most established division. The Connector and Cable Division has historically generated, and continues to generate the majority of the Company's revenues.

Cable assembly products consist of various types of coaxial cables that are attached to connectors (usually the Company's connectors) for use in a variety of communications applications. Cable assemblies are manufactured at the Company's California facilities using state of the art automation equipment and are sold through distributors or directly to major OEM accounts. Cable assemblies consist of both standard cable assemblies and assemblies that are custom manufactured for the Company's clients. The Company offers a line of cable assemblies with over 100,000 cable product combinations. The Company launched its cable assembly operations in 2000, and cable assembly products constituted the second largest source of revenues for the Company during the fiscal year ended October 31, 2010.

Aviel Electronics Division The Company acquired the business and all of the assets of Aviel Electronics in August 2004. Aviel has a 50 year history of serving the microwave transmission industries, and is an approved vendor to leading aerospace, electronics, OEM's and government agencies in the United States and abroad. Aviel complements the Company's Connector and Cable Division's capabilities by providing additional custom design and manufacturing capabilities, thereby expanding the Company's products in the military and commercial aerospace markets, and expanding the Company's overall client base. Aviel's operations are based in Las Vegas, Nevada.

Oddcables.com Division The Company acquired the assets of Oddcables.com, (formerly known as Worswick), a privately held 20 year old California company based in San Diego, in September 2005 as another complementary operation to the Connector and Cable Division. Oddcables.com sells coaxial connector solutions and manufactures RF cable assemblies for both individual customers and companies that design, build, operate, and maintain personal and private multi-media, wireless voice, data and messaging systems. Oddcables.com primarily sells its products on a retail basis at its retail outlet in San Diego, California. Oddcables.com, however, also sells its products on-line under the e-commerce brand Oddcables.com. This division recently also commenced designing, manufacturing and selling precision-grade, high frequency connectors and adapters for OEM, military and metrology lab applications as well as 10GHz high frequency fiber optic patch cable assemblies.

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

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

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

For financial reporting purposes, the Company aggregates its operations into three segments. Connector and Cable Assembly, Aviel Electronics, and Oddcables.com divisions are aggregated into one reporting segment (the RF Connector and Cables Assembly segment) because they have similar economic characteristics, while RF Neulink and RadioMobile are aggregated in the RF Wireless segment. Bioconnect makes up the Company’s newest segment, which we refer to as the Medical Cabling and Interconnector segment.

Product Description

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

Connector and Cable Products

The Company’s Connector and Cable Division designs, manufactures and markets a broad range of coaxial connectors and coaxial cable assemblies for the numerous products with applications in commercial, industrial, automotive, transportation, scientific, aerospace and military markets. Various types of connectors are offered by the RF Connector Division including 2.4mm and 3.5mm, 7-16 DIN, BNC, MCX, MHV, Mini-UHF, MMCX, N, SMA, SMB, TNC, QMA and UHF. These connectors are offered in several configurations and cable attachment methods for customer applications. There are numerous applications for these connectors, some of which include digital applications, 2.5G, 3G, 4G, Wi-MAX, LTE and other broadband wireless infrastructure, GPS (Global Positioning Systems), mobile radio products, aircraft, video surveillance systems, cable assemblies and test equipment. Users of the Company's connectors include telecommunications companies, circuit board manufacturers, OEM, consumer electronics manufacturers, audio and video product manufacturers and installers, and satellite companies. The Connector Division markets over 1,200 types of connectors, adapters, tools, assembly, test and measurement kits, which range in price from under $1 to over $1,000 per unit. The kits satisfy a variety of applications including, but not limited to, lab operations, site requirements, and adapter needs.

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

The Cable Assembly component of the Connector and Cable Division markets and manufactures cable assemblies in a variety of sizes and combinations of RF coaxial connectors and coax cabling. Cabling is purchased from a variety of major unaffiliated suppliers and is assembled predominately with the Company's connectors or other brands of connectors as complete cable assemblies. Coaxial cable assemblies have numerous applications including wireless and wireless local area networks, wide area networks, Internet systems, PCS/cellular systems including 2.5G, 3G, 4G, Wi-MAX, LTE wireless infrastructure, TV/dish network systems, test equipment, military/aerospace (mil-standard and COTS (Commercial Off The Shelf)) and entertainment systems. Cable assemblies are manufactured to customer requirements.

Aviel Electronics Products

The Aviel Electronics Division designs, manufactures and sells specialized and custom designed RF coaxial connectors. Aviel's standard configuration and custom connectors include connectors ranging from standard, miniature, sub-miniature and unique interfaces. Aviel also specializes in the design and manufacture of custom and non-standard configurations required for specific applications as well as hard to locate and discontinued connectors for commercial, aerospace, military and other unique applications. The Aviel division also manufactures precision-grade, high frequency connectors and adapters that are sold by the Oddcables.com division.

Oddcables.com Products

Oddcables.com sells coaxial connectors and cable assemblies for numerous multi-media products, devices and instruments in the local San Diego area. Oddcables.com also produces and markets cable assemblies in a variety of sizes and combinations of RF coaxial connectors and coaxial cabling including 10 GHz high frequency fiber optic patch cable assemblies. Cabling is purchased from a variety of major unaffiliated suppliers and is assembled with the Company's connectors or third party connectors as complete cable assemblies. Coaxial cable assemblies have thousands of applications including local area networks, wide area networks, Internet systems, PCS/cellular systems, TV/dish network systems, test equipment, military/aerospace (mil-standard and COTS (Commercial Off The Shelf)) and entertainment systems. Most cable assemblies are manufactured to the purchaser's specifications.

Bioconnect Products

Bioconnect designs, manufactures, sells and provides product development services to OEMs for standard and custom cable assemblies, adapters and electromechanical wiring harnesses for medical market and computer industries. These products consist primarily of patient monitoring cables, ECG cables, snap leads, and molded safety leads for neonatal monitoring electrodes. The products, which are used in hospitals, clinics, doctor offices, ambulances and at home are frequently replaced in order to ensure maximum performance of medical diagnostic equipment.

RF Neulink Products

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

The products sold by the RF Neulink Division include both its own products and products of other manufacturers that are distributed by the Neulink Division. Current applications in use for Neulink products are various and include seismic and volcanic monitoring, industrial remote censoring/control in oil fields, pipelines and warehousing, lottery remote terminals, various military applications, remote camera control and tracking, perimeter and security system control/monitoring, water and waste management, inventory control, HVAC remote control and monitoring, biomedical hazardous material monitoring, fish farming automation of food dispensing, water aeration and monitoring, remote emergency generator startup and monitoring, and police usage for mobile warrant database access.

RadioMobile Products

RadioMobile provides complete hardware and software solutions for wireless mobile data management application. Most of RadioMobile systems are custom engineered and designed for specific markets. Accordingly, RadioMobile sales consist of hardware, software and networking products as well as design and installation services. The primary markets include public safety (police, fire, and emergency medical services) and utilities and transportation (rail, bus, taxi and courier services). Software applications for both host (Computer Aided Dispatch, CAD) and mobile environments are developed by in house engineers and contractors.

Foreign Sales

Direct export sales by the Company to customers in South America, Canada, Mexico, Europe, Australia, the Middle East, and Asia accounted for $1,818,000 or approximately 11% of Company's sales for the fiscal year ended October 31, 2010. Foreign sales accounted for $2,397,000 or approximately 17% of Company's sales for the fiscal year ended October 31, 2009. The majority of the export sales during these periods were to Israel, Canada and Mexico. Foreign sales orders from individual customers tend to be larger than U.S. product orders and therefore have a larger impact on the Company's sales.

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

Distribution, Marketing and Customers

Sales methods vary greatly between the Company's divisions. The Connector and Cable Assembly Division currently sells its products primarily through warehousing distributors and OEM customers who utilize coaxial connectors and cable assemblies in the manufacture of their products.

The Aviel Division sells its products to its current customer base with the addition of customers referred through the Connector and Cable Division. The Aviel and Connector and Connector divisions sell to similar customer market segments and combine marketing efforts where economically advantageous.

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

The Bioconnect group markets its products to the medical market through major hospital suppliers, dealers and distributors. The Bioconnect Division also sells its products to OEMs who incorporate the leads and cables into their product offerings.

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

The RadioMobile division sells its products directly and through value added resellers and dealers. Customers include municipalities for their police, fire, and emergency medical services, departments, as well as private rail, bus, taxi and courier services.

Manufacturing

The Company contracts with outside third parties for the manufacture of a significant portion of its coaxial connectors and for all the components of its Neulink products. However, virtually all of RF cable assemblies sold by the Connector and Cable Assembly Division during the fiscal year ended October 31, 2010 were assembled by that division at the Company's facilities in California. The Neulink products are assembled at the Company's California facilities. The Connector and Cable Division has its cables manufactured at numerous International Standards Organization (ISO) approved factories with plants in the United States and Taiwan. The Company is dependent on a few manufacturers for its coaxial connectors and cable assemblies. Although the Company does not have manufacturing agreements with these manufacturers for its connectors, cable and Neulink products, the Company does have long-term purchasing relationships with these manufacturers. The Company has in-house design engineers who create the engineering drawings for fabrication and assembly of connectors and cable assemblies and certain of the components of its Neulink products. Accordingly, the manufacturers are not primarily responsible for design work related to the manufacture of the connectors and cable assemblies. However, the third party manufacturers of the Neulink products are solely responsible for design work related to the manufacture of the Neulink Division's products. Neulink products are manufactured by numerous manufacturers in the United States, and the Company is not dependent on one or a few manufacturers for its Neulink products.

The Bioconnect Division has designed and manufactured its own products for over 22 years (including as an unaffiliated company before being acquired by the Company in 2000). Bioconnect products are manufactured by the Company at its own California facilities. The manufacturing process for the Bioconnect medical cables includes all aspects of the product, from the design to mold design, mold fabrication, assembly and testing. The Bioconnect product line produces its medical interconnect products in both high volume manufacturing and for custom or low volume uses.

The Aviel Electronics Division manufactures connectors at its Las Vegas, Nevada manufacturing facility. The Aviel Electronics Division has designed and manufactured its own products for 52 years (including as an unaffiliated company before being acquired by the Company in August 2004). The manufacturing process for the Aviel connectors includes all aspects of the product from design, tooling, fabrication, assembly and testing. The Aviel Electronics product line produces its connector products for low volume custom manufacturing uses, for the military, aerospace, communications and other unique applications.

The Oddcables.com Division designs and produces low to medium volume connector and cable assemblies for local and niche customers, as well as a few medium and large market customers. These services are conducted in San Diego, California.

The RadioMobile Division products are purchased from various U.S. and overseas suppliers. Some products are designed and manufactured by third party manufacturers to RadioMobile's specifications. The Company designs much of the software used in its RadioMobile systems.

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

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Raw Materials

Connector materials are typically made of commodity metals such as copper, brass and zinc and include small applications of precious materials, including silver and gold. The Connector and Cable Division purchases most of its connector products from contract manufacturers located in Asia and the United States. The Company believes that the raw materials used in its products are readily available and that the Company is not currently dependent on any supplier for its raw materials. The Company does not currently have any long-term purchase or supply agreements with its connector or Neulink product suppliers. The RF Connector and Cable assembly division obtains coaxial connectors from RF Connector. The Company believes there are numerous domestic and international suppliers of coaxial connectors.

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

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

Oddcables.com connectors and cable are typically acquired from the Aviel and Connector and Cable divisions or purchased from other high quality manufacturers and distributors.

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

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

Employees

As of October 31, 2010, the Company employed 110 full-time employees, of whom 35 were in accounting, administration, sales and management, 71 were in manufacturing, distribution and assembly, and four were engineers engaged in design, engineering and research and development. The Company also occasionally hires part-time employees. The Company believes that it has a good relationship with its employees and, at this time, no employees are represented by a union.

Research and Development

The Company’s research and development activities are intended to produce new proprietary products that it can market to the wireless connectivity industry. The Company engaged in approximately $422,000 of research and development activities in fiscal year ended October 31, 2010, relating to the Connector and Cable, RF Wireless, and Bioconnect segments. Research and development expense during the fiscal year ended October 31, 2009 were approximately $889,000.

In addition to research and development activities, the Company also invested approximately $628,000 during the past two fiscal years on engineering. Engineering activities consist of the design and development of new products for specific customers, as well as the design and engineering of new or redesigned products for in the industry in general. Engineering work is often carried out in collaboration with the Company’s customers.

Patents, Trademarks and Licenses

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

Warranties and Terms

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

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

Competition

Management estimates that the Connector and Cable Division has over 50 competitors in the RF connector market. The RF connector market is estimated at $2 - $2.5 billion worldwide, with North America sales estimated at $1.2 billion. Management believes the industry is fragmented with no one competitor having over a 15% share of the total market, while the ten largest competitors constitute approximately 76% of the total market. Many of the competitors of the Connector and Cable Division have significantly greater financial resources and broader product lines. The Connector and Cable Division competes on the basis of product quality, product availability, price, service, delivery time and value-added support to its distributors and OEM customers. Since the Company’s strategy is to provide a broad selection of products in the areas in which it competes and to have a ready supply of those products available at all times, the Company normally has a significant amount of inventory of its connector products.

The Bioconnect division competes with numerous other companies in all areas of its operations, including the manufacture of OEM custom products and medical cable products. Most of the competitors of Bioconnect are larger and have significantly greater financial resources than Bioconnect.

Aviel Electronics has specialized in microwave and radio frequency (RF) custom connectors which lowers the number of its direct competitors. Because Aviel Electronics is an approved vendor of leading aerospace, electronics, OEM and government agencies in the United States and abroad, competition is limited to those manufacturers who have received formal certification or approval.

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

RadioMobile competitors include Motorola, Intergraph, Northrup Gumman, Panasonic, and cellular providers including Verizon Wireless and AT&T. RadioMobile’s strategy is focusing on providing cost effective mobile data solutions to small to medium size customers.

Government Regulations

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

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

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

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

ITEM 1.A RISK FACTORS

Investors should carefully consider the risks described below and all other information in this Form 10-K. The risks and uncertainties described below are not the only ones facing the Company. Additional risks and uncertainties not presently known to the Company or that it currently deems immaterial may also impair the Company's business and operations.

If any of the following risks actually occur, the Company's business, financial condition or results of operations could be materially adversely affected. In such case, the trading price of the Company's common stock could decline and investors may lose all or part of the money they paid to buy the Company's common stock.

The Company Is Highly Dependent Upon The RF Connector and Cable Assembly Segment, And Any Major Decline In That Division's Operations Would Negatively Affect The Company As A Whole.

Of the Company's three operating segments, the RF Connector and Cable Assembly segment is the largest; accounting for approximately 86% of the Company's total sales for the fiscal years ended October 31, 2010 and 2009. The Company expects the RF Connector and Cable Assembly segment products will continue to account for the majority of the Company's revenues for the near future. Accordingly, an adverse change in the operations of that segment could materially adversely affect the Company's business, operating results and financial condition. Factors that could adversely affect the RF Connector and Cable segment are described below.

Difficult Conditions In The Global Economy In General Have Adversely Affected the Company's Business And Results Of Operations And It Is Uncertain If These Conditions Will Improve In The Near Future, And They May Worsen.

A prolonged economic downturn, both in the U.S. and worldwide, may continue to lead to lower sales or reduced sales growth, reduced prices, lower gross margins, and increased bad debt risks, all of which could adversely affect the Company's results of operations, financial condition and cash flows. Slowing economic activity, particularly in the telecommunication and data communication and wireless communications industries that represent the Company's largest target market, may adversely impact the demand for the Company's products. Although the Company has been able to operate profitably and sales in fiscal 2010 of its RF Connector products have improved compared with the prior year, if the current economic downturn continues or intensifies, the Company's results could be more adversely affected in the future. There could be a number of other adverse follow-on effects from the credit crisis on the Company's business, including insolvency of certain key distributors, key suppliers, contract manufacturers and customers.

The Company Depends On Third-Party Contract Manufacturers For A Majority Of Its Connector Manufacturing Needs. If They Are Unable To Manufacture A Sufficient Quantity Of High-Quality Products On A Timely And Cost-Efficient Basis, The Company's Net Revenue And Profitability Would Be Harmed And Its Reputation May Suffer.

Substantially all of the Company's RF Connector products are manufactured by third-party contract manufacturers. The Company relies on them to procure components for RF Connectors and in certain cases to design, assemble and test its products on a timely and cost-efficient basis. If the Company's contract manufacturers are unable to complete design work on a timely basis, the Company will experience delays in product development and its ability to compete may be harmed. In addition, because some of the Company's manufacturers have manufacturing facilities in Taiwan and China, their ability to provide the Company with adequate supplies of high-quality products on a timely and cost-efficient basis is subject to a number of additional risks and uncertainties, including earthquakes and other natural disasters and political, social and economic instability. If the Company's manufacturers are unable to provide it with adequate supplies of high-quality products on a timely and cost-efficient basis, the Company's operations would be disrupted and its net revenue and profitability would suffer. Moreover, if the Company's third-party contract manufacturers cannot consistently produce high-quality products that are free of defects, the Company may experience a higher rate of product returns, which would also reduce its profitability and may harm the Company's reputation and brand.

The Company does not currently have any agreements with any of its contract manufacturers, and such manufacturers could stop manufacturing products for the Company at any time. Although the Company believes that it could locate alternate contract manufacturers if any of its manufacturers terminated their business, the Company's operations could be impacted until alternate manufacturers are found.

The Company's Dependence On Third-Party Manufacturers Increases The Risk That It Will Not Have An Adequate Supply Of Products Or That Its Product Costs Will Be Higher Than Expected.

The risks associated with the Company's dependence upon third parties which develop and manufacture and assemble the Company's products, include:

- reduced control over delivery schedules and quality;
- risks of inadequate manufacturing yields and excessive costs;
- the potential lack of adequate capacity during periods of excess demand; and
- potential increases in prices due to raw material and/or labor costs.

These risks may lead to increased costs or delay product delivery, which would harm the Company's profitability and customer relationships.

If The Manufacturers of the Company's Coaxial Connectors Or Other Products Discontinue The Manufacturing Processes Needed To Meet The Company's Demands Or Fail To Upgrade Their Technologies, the Company May Face Production Delays.

The Company's coaxial connector and other product requirements typically represent a small portion of the total production of the third-party manufacturers. As a result, the Company is subject to the risk that a third party manufacturer will cease production of some of the Company's products or fail to continue to advance the process design technologies on which the manufacturing of the Company's products are based. Each of these events could increase the Company's costs, harm its ability to deliver products on time, or develop new products.

The Company's Dependence Upon Independent Distributors To Sell And Market The Company's Products Exposes The Company To The Risk That Such Distributors May Decrease Their Sales Of The Company's Products Or Terminate Their Relationship With The Company.

The Company's sales efforts are primarily affected through independent distributors, of which there were more than 60 as of the end of fiscal 2010. Sales through independent distributors accounted for approximately 60% the net sales of the Company for the fiscal year ended October 31, 2010. Although the Company has entered into written agreements with most of the distributors, the agreements are nonexclusive and generally may be terminated by either party upon 30-60 days' written notice. The Company's distributors are not within the control of the Company, are not obligated to purchase products from the Company, and may also sell other lines of products. There can be no assurance that these distributors will continue their current relationships with the Company or that they will not give higher priority to the sale of other products, which could include products of competitors. A reduction in sales efforts or discontinuance of sales of the Company's products by its distributors would lead to reduced sales and could materially adversely affect the Company's financial condition, results of operations and business. Selling through indirect channels such as distributors may limit the Company's contact with its ultimate customers and the Company's ability to assure customer satisfaction.

A Portion Of The Company's Sales Is Dependent Upon A Few Principal Customers, The Loss Of Whom Could Materially Negatively Affect The Company's Total Sales.

One customer accounted for approximately 20% of the total sales of the Company for the fiscal year ended October 31, 2010. Although this customer has been an on-going major customer of the Company for at least the past ten years and the Company has entered into a written distributor agreement with this customer, this customer does not have any minimum purchase obligations and could stop buying the Company's products at any time. A reduction, delay or cancellation of orders from this customer or the loss of this customer could significantly reduce the Company's revenues and profits. The Company cannot provide assurance that this customer or any of its current customers will continue to place orders, that orders by existing customers will continue at current or historical levels or that the Company will be able to obtain orders from new customers.

Certain of The Company's Markets Are Subject To Rapid Technological Change, So the Company's Success In These Markets Depends On Its Ability To Develop And Introduce New Products.

Although most of the Company's products have a stable market and are only gradually phased out, certain of the new and emerging markets, such as the wireless digital transmission markets, are characterized by:

- rapidly changing technologies;
- evolving and competing industry standards;
- short product life cycles;
- changing customer needs;
- emerging competition;
- frequent new product introductions and enhancements; and
- rapid product obsolescence.

To develop new products for the connector and wireless digital transmission markets, the Company must develop, gain access to and use new technologies in a cost-effective and timely manner. In addition, the Company must maintain close working relationship with key customers in order to develop new products that meet customers' changing needs. The Company also must respond to changing industry standards and technological changes on a timely and cost-effective basis.

Products for connector applications are based on industry standards that are continually evolving. The Company's ability to compete in the future will depend on its ability to identify and ensure compliance with these evolving industry standards. If the Company is not successful in developing or using new technologies or in developing new products or product enhancements, its future revenues may be materially affected. The Company's attempt to keep up with technological advances may require substantial time and expense.

Because The Markets In Which The Company Competes Are Highly Competitive, A Failure To Effectively Compete Could Result In An Immediate And Substantial Loss Of Market Share.

The markets in which the Company operates are highly competitive and the Company expects that competition will increase in these markets. In particular, the connector and communications markets in which the Company's products are sold are intensely competitive. A failure to effectively compete in this market could result in an immediate and substantial loss of revenues and market share. Because most of the Company's sales are derived from products that are not proprietary or that can be used to distinguish the Company from its competitors, the Company's ability to compete successfully in these markets depends on a number of factors, including:

- product quality;
- reliability;
- customer support;
- time-to-market;
- price;
- market acceptance of competitors' products; and
- general economic conditions.

In addition, the Company's competitors or customers may offer enhancements to its existing products or offer new products based on new technologies, industry standards or customer requirements that have the potential to replace or provide lower-cost or higher performance alternatives to the Company's products. The introduction of enhancements or new products by the Company's competitors could render its existing and future products obsolete or unmarketable.

Many of the Company's competitors have significantly greater financial and other resources. In certain circumstances, the Company's customers or potential customers have internal manufacturing capabilities with which the Company may compete.

If The Industries Into Which The Company Sells Its Products Experience Recession Or Other Cyclical Effects Impacting The Budgets Of Its Customers, The Company's Operating Results Could Be Negatively Impacted.

The primary customers for the Company's coaxial connectors are in the communications industries. Any significant downturn in the Company's customers' markets, in particular, or in general economic conditions which result in the cut back of budgets would likely result in a reduction in demand for the Company's products and services and could harm the Company's business. Historically, the communications industry has been cyclical, affected by both economic conditions and industry-specific cycles. Depressed general economic conditions and cyclical downturns in the communications industry have each had an adverse effect on sales of communications equipment, OEMs and their suppliers, including the Company. No assurance can be given that the connector industry will not experience a material downturn in the near future. Any cyclical downturn in the connector and/or communications industry could have a material adverse effect on the Company.

Because The Company Sells Its Products To Foreign Customers, The Company Is Exposed To All Of The Risks Associated With International Sales, Including Foreign Currency Exposure.

Sales to customers located outside the United States, either directly or through U.S. and foreign distributors, accounted for approximately 11% and 17% of the net sales of the Company during the years ended October 31, 2010 and 2009 respectively. International revenues are subject to a number of risks, including:

- longer accounts receivable payment cycles;
- difficulty in enforcing agreements and in collecting accounts receivable;
- tariffs and other restrictions on foreign trade;
- economic and political instability; and the
- burdens of complying with a wide variety of foreign laws.

The Company's foreign sales are also affected by general economic conditions in its international markets. A prolonged economic downturn in its foreign markets could have a material adverse effect on the Company's business. There can be no assurance that the factors described above will not have an adverse material effect on the Company's future international revenues and, consequently, on the financial condition, results of operations and business of the Company.

Since sales made to foreign customers or foreign distributors have historically been in U.S. dollars, the Company has not been exposed to the risks of foreign currency fluctuations. However, if the Company in the future is required to accept sales denominated in the currencies of the countries where sales are made, the Company will thereafter also be exposed to currency fluctuation risks.

The Loss Of Key Personnel Could Adversely Affect The Company's Operations.

The Company's success will depend to a significant extent on the continued service of the Company's senior executives including Howard Hill, its President and Chief Executive Officer, and certain other key employees, including certain technical and marketing personnel. The Company's employment agreement with Mr. Hill expires by its terms on June 20, 2011. No assurance can be given that Mr. Hill will continue to be employed by this Company after the expiration of his employment agreement. If the Company lost the services of Mr. Hill or one or more of the Company's key executives or employees (including if one or more of the Company's officers or employees decided to join a competitor or otherwise compete directly or indirectly with the Company), this could materially adversely affect the Company's business, operating results, and financial condition.

The Company May Make Future Acquisitions, Which Will Involve Numerous Risks.

Since August 2004, the Company has purchased the operations of three smaller businesses (it purchased Aviel Electronics in Las Vegas, Nevada, in August 2004, Oddcables.com in San Diego, California, in September 2005, and RadioMobile, Inc. in San Diego, California, in September 2007). The Company regularly considers potential acquisitions of other companies that could expand the Company's product line or customer base and may in the future make additional acquisitions. Accordingly, the Company will be subject to numerous risks associated with the acquisition of additional companies, including:

- diversion of management's attention;
- the effect on the Company's financial statements of the amortization of acquired intangible assets;
- the cost associated with acquisitions and the integration of acquired operations;
- the Company may not be able to secure capital to finance future acquisitions to the extent additional debt or equity is needed; and
- assumption of unknown liabilities, or other unanticipated events or circumstances.

Any of these risks could materially harm the Company's business, financial condition and results of operations. There can be no assurance that any business that the Company acquires will achieve anticipated revenues or operating results.

The Company Has No Patent Rights In The Technology Employed In Its Products, Which May Limit the Company's Ability To Compete.

The Company does not hold any United States or foreign patents and does not have any patents pending. The Company does not seek to protect its rights in the technology that it develops or that the Company's third-party contract manufacturers develop by means of the patent laws, although it does protect some aspects of its proprietary products and technologies by means of copyright and trade secret laws. Accordingly, competitors can and do sell many of the same products as the Company, and the Company cannot prevent or restrict such competition.

Volatility of Trading Prices Of The Company's Stock Could Result In A Loss On An Investment In The Company's Stock.

In the past several years the market price of the Company's common stock has varied greatly, and the volume of the Company's common stock traded has fluctuated greatly as well. These fluctuations often occur independently of the Company's performance or any announcements by the Company. Factors that may result in such fluctuations include:

- any shortfall in revenues or net income from revenues or net income expected by securities analysts
- fluctuations in the Company's financial results or the results of other connector and communications-related companies, including those of the Company's direct competitors
- changes in analysts' estimates of the Company's financial performance, the financial performance of the Company's competitors, or the financial performance of connector and communications-related public companies in general
- general conditions in the connector and communications industries
- changes in the Company's revenue growth rates or the growth rates of the Company's competitors
- sales of large blocks of the Company's common stock
- conditions in the financial markets in general

In addition, the stock market may from time to time experience extreme price and volume fluctuations, which may be unrelated to the operating performance of any specific company. Accordingly, the market prices of the Company's common stock may be expected to experience significant fluctuations in the future.

ITEM 1B. UNRESOLVED STAFF COMMENTS

Not applicable.

ITEM 2. DESCRIPTION OF PROPERTY

The Company leases its corporate headquarters building at 7610 Miramar Road, Building 6000, San Diego, California. The building consists of approximately 22,000 square feet which houses its corporate administration, sales and marketing, and engineering plus production and warehousing for the Company’s Connector and Cable Assembly and Bioconnect Divisions. The lease for this facility expires on March 31, 2014. In addition, the Company also leases the following facilities:

(i) The cable assembly manufacturing portion of the Connector and Cable Assembly Division operates in a separate 3,180 square foot facility that is located adjacent to the Company’s corporate headquarters. The lease for this space expires on March 31, 2014.

(ii) The Neulink and RadioMobile Divisions operate from a separate building that is located near the Company’s corporate headquarters at 7606 Miramar Road, Building 7200. The building consists of approximately 2,500 square feet of administrative and manufacturing space and houses the production and sales staff of the Neulink and RadioMobile divisions. The lease for this space expires on March 31, 2014.

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

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

The aggregate monthly rental for all of the Company’s facilities currently was approximately $53,700 per month, plus utilities, maintenance and insurance as of October 31, 2010.

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

ITEM 3. LEGAL PROCEEDINGS

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

ITEM 4. RESERVED

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 Capital Market under the symbol "RFIL."

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

Quarter	High	Low
Fiscal 2010		
November 1, 2009 - January 31, 2010	$ 4.85	$ 4.03
February 1, 2010 - April 30, 2010	5.40	4.50
May 1, 2010 - July 31, 2010	5.84	4.90
August 1, 2010 - October 31, 2010	7.00	5.20
Fiscal 2009		
November 1, 2008 - January 31, 2009	$ 6.11	$ 3.50
February 1, 2009 - April 30, 2009	4.21	2.85
May 1, 2009 - July 31, 2009	4.50	3.40
August 1, 2009 - October 31, 2009	4.89	3.87

Stockholders. As of October 31, 2010 there were 429 holders of the Company's Common Stock according to the records of the Company's transfer agent, Continental Stock Transfer & Trust Company, New York, New York, not including holders who hold their stock in "street name."

Dividends. The Company paid dividends of $0.03 per share, for a total of $84,113, during fiscal 2010. The Board of Directors may continue to declare and pay dividends in the future depending on the Company's financial condition and its financial needs.

Repurchase of Securities. The Company did not repurchase any shares of its common stock during the year ended October 31, 2010.

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 2010.

EQUITY COMPENSATION PLAN INFORMATION

The following table provides information as of October 31, 2010 with respect to the shares of Company common stock that may be issued under the Company's existing equity compensation plans.

	A		B	C
Plan Category	Number of Securities to be Issued Upon Exercise of Outstanding Options		Weighted Average Exercise Price of Outstanding Options ($)	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column A)
Equity Compensation Plans Approved by Stockholders (1)	770,272	$	5.45	423,546
Equity Compensation Plans Not Approved by Stockholders (2)	457,204	$	1.55	0
Total	1,227,476	$	4.00	423,546

(1) Consists of options granted under the R.F. Industries, Ltd. (i) 2010 Stock Option Plan (ii) 2000 Stock Option Plan, (iii) the 1990 Incentive Stock Option Plan, and (iv) the 1990 Non-qualified Stock Option Plan. The 2000 Stock Option Plan and the 1990 Incentive Stock Option Plan and Non-qualified Stock Option Plan have expired, and no additional options can be granted under these plans. Accordingly, all 423,546 shares remaining available for issuance represent shares under the 2010 Stock Option Plan.

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

ITEM 6. SELECTED FINANCIAL DATA

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

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Our financial statements have been prepared in accordance with accounting principles generally accepted in the United States. The preparation of these financial statements requires us to make significant estimates and judgments that affect the reported amounts of assets, liabilities, revenues, expenses and related disclosure of contingent assets and liabilities. We evaluate our estimates, including those related to bad debts, inventory reserves and contingencies on an ongoing basis. We base our estimates on historical experience and on various other assumptions that are believed to be appropriate under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

One of the accounting policies that involves significant judgments and estimates concerns our inventory valuation. Inventories are valued at the weighted average cost value. Certain items in the inventory may be considered obsolete or excess and, as such, we establish an allowance to reduce the carrying value of these items to their net realizable value. Based on estimates, assumptions and judgments made from the information available at the time, we determine the amounts of these allowances. Because inventories have, during the past few years, represented up to one-third of our total assets, any reduction in the value of our inventories would require us to take write-offs that would affect our net worth and future earnings.

Another accounting policy that involves significant judgments and estimates is our accounts receivable allowance valuation. The Company routinely assesses the financial strength of its customers and maintains an allowance for doubtful accounts that management believes will adequately provide for credit losses.

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

RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

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

OVERVIEW

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

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

Management identifies the Company’s segments based on strategic business units that are, in turn, based along market lines. These strategic business units offer products and services to different markets in accordance with their customer base and product usage. For segment reporting purposes, the Company aggregates Connector and Cable Assembly, Aviel Electronics and Oddcables.com divisions into the RF Connector Cable Assembly segment while RF Neulink and RadioMobile are part of the RF Wireless segment. The Bioconnect division makes up the Company’s Medical Cabling and Interconnector segment.

Historically, over 80% of the Company’s revenues are generated from the sale of RF connector products and connector cable assemblies (the Connector and Cable Assembly division accounted for approximately 86% of the Company’s total sales for the fiscal year ended October 31, 2010). Sales of connectors are expected to continue to be the largest portion of revenues in the future. Accordingly, Company revenues are heavily dependent upon sales of RF connectors and cable assemblies. However, the Company sells thousands of connector products for uses in thousands of end products and sales are not dependent upon any one industry sector or any single product. The Company’s sales do, however, track sales in the wireless industry as a whole. Accordingly, the Company’s sales in 2010 increased as a result of industry wide increases.

The net income in fiscal 2010 represented the 17th consecutive year that the Company has been profitable.

The Company generated cash from operations of $2,502,656 and used $84,113 to pay dividends. Overall, the amount of cash and cash equivalents, and short-term certificates of deposit held by the Company as of October 31, 2010 increased $1,603,546 from $7,702,908 at October 31, 2009 to $9,306,454 at October 31, 2010. The Company also held long term certificates of deposit totaling $946,491 at October 31, 2010 and had no long term investments at October 31, 2009. Since the Company has no debt other than normal accounts payable, accrued expenses, and other long-term liabilities, the Company will continue to have sufficient cash to fund all of its anticipated financing and liquidity needs for the foreseeable future.

Financial Condition

The following table presents certain key measures of financial condition as of October 31, 2010 and 2009:

	2010		2009	
	Amount	% Total Assets	Amount	% Total Assets
Cash and cash equivalents and CDs and certificates of deposit	$ 9,306,454	48.7%	$ 7,702,908	46.4%
Current assets	17,533,406	91.8%	15,769,656	95.0%
Current liabilities	1,879,213	9.8%	973,188	5.9%
Working capital	15,654,193	81.9%	14,796,468	89.1%
Property and equipment - net	530,327	2.8%	565,804	3.4%
Total assets	19,109,363	100.0%	16,598,200	100.0%
Stockholders’ equity	16,913,960	88.5%	15,253,482	91.9%

Liquidity and Capital Resources

Management believes that its existing current assets and the amount of cash it anticipates it will generate from current operations will be sufficient to fund the anticipated liquidity and capital resource needs of the Company for the fiscal year ending October 31, 2011 (“fiscal 2011”). The Company does not, however, currently have any commercial banking arrangements providing for loans, credit facilities or similar matters should the Company need to obtain additional capital. Management believes that its existing assets and the cash it expects to generate from operations will be sufficient during the current fiscal year based on the following:

- As of October 31, 2010, the amount of cash and cash equivalents and short-term certificates of deposit was equal to $9,306,454 in the aggregate. Accordingly, the Company believes that it has sufficient cash available to operate its current business and fund its currently anticipated capital expenditure for the upcoming year.

- As of October 31, 2010, the Company had $17,533,406 in current assets and only $1,879,213 in current liabilities.

Management believes that based on the Company’s financial condition at October 31, 2010, the absence of outstanding bank debt, and its recent operating results, there are sufficient capital resources to fund its operations and future acquisitions for at least the next twelve months. Should the Company need to obtain additional funds for its unexpected acquisitions of assets or other expansion activities, based on its balance sheet and its history of profitability, the Company believes that it would be able to obtain bank loans to finance these expenditures. However, there can be no assurance any bank loan would be obtainable, or if obtained, would be on favorable terms or conditions.

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

As part of its business strategy, and because of its offshore manufacturing arrangements, the Company normally maintains a significant level of inventory. As described elsewhere in this Annual Report, one of the Company’s competitive advantages and strategies is to maintain customer satisfaction by having sufficient inventory on hand to fulfill most customer orders on short notice. Accordingly, the Company maintains a significant amount of inventory, which increases or decreases to reflect the Company’s sales and lead times for products. In light of a 15% increase in sales in fiscal 2010 compared to sales of prior year, the Company’s year end inventory balance decreased by 8%

compared to prior year's year end inventory balance. The Company continuously monitors its inventory levels and product costs. For inventory purchase pricing purposes, the Company may, however, increase its inventory levels from time to time to protect against anticipated future increases in raw material costs or to obtain volume discounts.

Net cash provided by operating activities for the year ended October 31, 2010 was $2,502,656. The Company's net cash from operations was more than its net income of $1,220,247 due primarily to $599,133 of non-cash expenses ($214,266 of depreciation and amortization, $231,000 of stock compensation expense, $137,328 of goodwill impairment, and $247,539 of inventory write-offs), a $312,876 increase in accounts payable, and a $554,590 increase in accrued expenses. In fiscal year ended October 31, 2009, net cash provided by operating activities was $1,703,123.

During fiscal 2010, net cash provided by investing activities was $801,071, which represents the difference between the proceeds the Company received from the maturity of certain of its certificates of deposit and the amount re-invested in new certificates of deposit, less $151,850 that the Company invested in additional capital equipment (primarily for the Connector and Cable division). During fiscal 2009, net cash provided by investing activities was $169,338.

In fiscal 2010, financing activities increased the Company's net cash provided by $199,230 due to the receipt of $205,108 from the exercise of stock options and $78,235 of excess tax benefits, which was offset by dividends paid of $84,113. In fiscal 2009, financing activities decreased the Company's net cash by $1,707,372 due to dividends paid of $94,780 and $1,612,592 used to repurchase 385,358 shares of Company common stock. No shares were repurchased during fiscal 2010.

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

Results of Operations

The following summarizes the key components of the results of operations for the fiscal years ended October 31, 2010 and 2009:

	2010		2009	
	Amount	% of Net Sales	Amount	% of Net Sales
Net sales	$ 16,322,178	100%	$ 14,213,045	100%
Cost of sales	8,158,798	50%	7,308,479	51%
Gross profit	8,163,380	50%	6,904,566	49%
Engineering expenses	887,865	5%	1,050,398	7%
Selling and general expenses	5,133,967	31%	4,738,265	33%
Goodwill impairment	137,328	1%	209,763	1%
Operating income	2,004,220	12%	906,140	6%
Other income	86,614	1%	193,429	1%
Income before income taxes	2,090,834	13%	1,099,569	8%
Income taxes	870,587	5%	443,602	3%
Net income	1,220,247	8%	655,967	5%

Net sales of the Company increased by approximately $2,109,000 or 15%, for the fiscal year ended October 31, 2010 (“fiscal 2010”) compared to the fiscal year ended October 31, 2009 (“fiscal 2009”). Net sales increased in fiscal 2010 due primarily to a significant increase in net sales at the Connector and Cable Assembly segment. Net sales at the Connector and Cable Assembly segment increased from fiscal 2009 by approximately $1,941,000. The Company believes that the increase was primarily due to the improved economic conditions at its distributors as the global recession subsided, and an increase in sales in the wireless industry in particular. The build out of the new 4G and Wi-MAX wireless network systems contributed to the increase in connector sales. Net sales at the Medical Cabling and Interconnect division also increased significantly, by $401,000, compared to its sales in fiscal 2009. However, these increases were offset by a significant decrease in sales of $233,000 compared to sales in fiscal 2009 at the RF Wireless segment. The substantial decrease in net sales at the RF Wireless segment was attributable to a decrease of $128,000 in sales by the RadioMobile Division and a decrease of $105,000 in sales by the Neulink division. Unlike the Connector and Cable Assembly segment that has many smaller customers and a wide variety of products, the RF Wireless segment has few products and few customers. Accordingly, the failure by the RF Wireless segment to make a few larger sales to its customers resulted in a substantial decrease in sales. The Company is evaluating the operations of the RF Wireless segment and may reorganize the operations of one or more of the RF Wireless divisions.

The Company’s gross profit increased by $1,259,000 or by 18% to $8,163,000 in 2010 from $6,905,000 in 2009 due to the increase in net sales. As a percentage of net sales, gross profit increased slightly to 50% in fiscal 2010, up slightly from 49% in fiscal 2009 because the Company was able to leverage off economies of scale relating to its fixed labor costs as a result of the increase in sales. Gross profit for fiscal 2010 would have been significantly greater if not for the effects of $247,539 of inventory write-offs at the Neulink division. There were no such inventory write-offs during fiscal 2009.

Engineering expenses, which include research and development expenses, incurred at the Company’s three segments and relating to the design, re-design or development of products for specific customers decreased from prior year by $163,000 to $888,000 compared to $1,050,000 in fiscal 2009. As a percentage of net sales, engineering expenses decreased to 5% in fiscal 2010 from 7% in fiscal 2009. Engineering expense (including research and development) during fiscal 2010 related to development of new products at the Connector and Cable, RF Wireless, and Bioconnect segments. The Company collectively incurred approximately $422,000 of research and development expenses in fiscal 2010 in the development of new products compared to $889,000 of research and development expenses in fiscal 2009. Research and development expenses decreased 53%, or $467,000 compared with prior year’s expense due to certain projects nearing completion at the RF Wireless division and related decreases in contract labor expense.

Selling and general expenses increased by $396,000 or 9%, to $5,134,000 during fiscal 2010 from $4,738,000 in fiscal 2009. This increase is directly related to the increase in revenues partially offset by continued cost cutting measures implemented by the Company. Since sales increased by a greater percentage than the increase in selling and general expenses, as a percentage of sales, selling and general expenses decreased to 31% from 33%. Selling and general expense decreased as a percentage of sales despite a significant increase in stock based compensation expense, which increased by $78,000 to $231,000 in fiscal 2010 from $153,000 in fiscal 2009. Stock based compensation increased primarily due to the increase in options granted and also to a one-time charge of $33,000 relating to the extension of a former board member’s exercise period for outstanding grants. Sales commission expense increased by $1,000 or 1% to $82,000 in fiscal 2010 from $81,000 in fiscal 2009 due to restructuring of our sales commission plan. Accounting and legal fees decreased by $132,000 to $304,000 in fiscal 2010 from $436,000 in fiscal 2009 primarily due to reductions in outside expenses related to management’s assessment and testing of internal controls over financial reporting and external audit and review work. Advertising costs decreased by $39,000 to $215,000 in fiscal 2010 from $254,000 in fiscal 2009 due to a decrease in marketing efforts in fiscal 2010 compared to prior year.

Due to the ongoing negative effects of the global recession and related triggers (decreased sales), during the third quarter of 2010, the Company performed an impairment analysis of the Aviel goodwill balance. The sales generated by this division were significantly lower than expected and the forecasted improvements from prior periods did not occur. Prior to management's analysis, the Company had a total of $137,328 of goodwill allocated to the acquisition of the Aviel division. As a result of its impairment analysis, management wrote off the goodwill attributed to Aviel and recorded a goodwill impairment charge of $137,328 for the third quarter of fiscal 2010, which is included in selling and general expense in the statement of income.

Due to the significant increase in sales and the increase of $1,259,000 in gross profit compared to prior year, operating income increased by $1,098,000 or 121% to $2,004,000 in fiscal 2010. Total operating expenses increased by $161,000 or 3% as a result of increases in selling and general administrative expenses.

Interest income decreased by approximately $107,000 from the prior year due to a decrease in interest rates on the funds held by the Company in its interest bearing accounts compared to the rates received during fiscal 2009. During fiscal 2010, the Company continued to invest primarily in certificates of deposit and money market funds.

Income before taxes in fiscal 2010 increased by 90% or by $991,000 to $2,091,000 compared to income before taxes of $1,100,000 in fiscal 2009. Net income for fiscal year ended October 31, 2010 increased by $564,000 or 86% to $1,220,000 compared to $656,000 in fiscal year ended October 31, 2009. The effective tax rate in fiscal 2010 increased 1.3% to 41.6% compared to 40.3% in fiscal 2009 mainly due to Federal research and development tax credits the Company was not able to recognize in its financial statements in 2010 due to the law not being enacted by October 31, 2010. On December 16, 2010, Congress passed the 2010 Tax Relief Act (the "Act") which will impact the Company's tax provision in the first quarter of fiscal 2011. Due to the passage of the Act into law, the Company estimates it will be able to claim an increased tax credit related to the year ended October 31, 2010 for research and development related to the year ended October 31, 2010 of approximately $55,000. The credit will be recorded in the first quarter of fiscal 2011.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

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

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The following Financial Statements of the Company with related Notes and Report of Independent Registered Public Accounting Firm are attached hereto as pages F-1 to F-21 and filed as part of this Annual Report:

- Report of J.H. Cohn LLP, Independent Registered Public Accounting Firm
- Balance Sheets as of October 31, 2010 and 2009
- Statements of Income for the years ended October 31, 2010 and 2009
- Statements of Stockholders' Equity for the years ended October 31, 2010 and 2009
- Statements of Cash Flows for the years ended October 31, 2010 and 2009
- Notes to Financial Statements

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None

ITEM 9A CONTROLS AND PROCEDURES

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Evaluation of Disclosure Controls and Procedures

We maintain disclosure controls and procedures (as defined in Exchange Act Rule 13a-15(e)) that are designed to assure that information required to be disclosed in our Exchange Act reports is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms, and that such information is accumulated and communicated to management, including the Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosures.

In designing and evaluating the disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide reasonable assurance only of achieving the desired control objectives, and management necessarily is required to apply its judgment in weighting the costs and benefits of possible new or different controls and procedures. Limitations are inherent in all control systems, so no evaluation of controls can provide absolute assurance that all control issues and any fraud have been detected.

As required by Exchange Act Rule 13a-15(b), as of the end of the period covered by this report, management, under the supervision and with the participation of our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures. Based on this evaluation, management concluded that our disclosure controls and procedures were effective as of that date.

Management's Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, and for performing an assessment of the effectiveness of internal control over financial reporting as of October 31, 2010. Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.

Our system of internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of our assets; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that our receipts and expenditures are being made only in accordance with authorizations of our management and directors; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, we have conducted an evaluation of the effectiveness of our internal control over financial reporting based on the framework in "Internal Control—Integrated Framework" issued by the Committee of Sponsoring Organizations of the Treadway Commission.

Based on the above evaluation, our management has concluded that, our system of internal controls over financial reporting was effective as of October 31, 2010.

This annual report does not include an attestation report of the Company's independent registered public accounting firm regarding internal control over financial reporting. Management's report was not subject to attestation by the Company's registered public accounting firm pursuant to permanent rules of the Securities and Exchange Commission that permit the Company to provide only management's report in this annual report.

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Changes in Internal Controls

There was no change in the Company's internal control over financial reporting during the most recent fiscal quarter ended October 31, 2010 that materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Set forth below is information regarding the Company's directors, including information furnished by them as to their principal occupations for the last five years, and their ages as of October 31, 2010. A majority of the Directors are "independent directors" as defined by the listing standards of the Nasdaq Stock Market, and the Board of Directors has determined that such independent directors have no relationship with the Company that would interfere with the exercise of their independent judgment in carrying out the responsibilities of a director. The independent Directors are Messrs. Ehret, Fink, Jacobs, and Reynolds.

Name	Age	Director Since
John R. Ehret	73	1991
Marvin H. Fink	74	2001
Howard F. Hill	70	1979
William Reynolds	75	2005
Robert Jacobs	58	1997

John R. Ehret has been the President of TPL Electronics of Los Angeles, California, since 1982. He holds a B.S. degree in Industrial Management from the University of Baltimore. He has been in the electronics industry for over 40 years. In addition, he has served on the board for the Communications Marketing Association, a national marketing association, for the past 25 years and was president of that association for three years.

Marvin H. Fink served as the Chief Executive Officer, President and Chairman of the Board of Recom Managed Systems, Inc. from October 2002 to March 2005. Prior thereto, Mr. Fink was President of Teledyne's Electronics Group. Mr. Fink was employed at Teledyne for 39 years. He holds a B.E.E. degree from the City College of New York, an M.S.E.E. degree from the University of Southern California and a J.D. degree from the University of San Fernando Valley. He is a member of the California Bar.

Howard F. Hill, a founder of the Company in 1979, has credits in Manufacturing Engineering, Quality Engineering and Industrial Management. He has been the President of the Company since July 1993. He has held various positions in the electronics industry over the past 43 years.

Robert Jacobs has been an Account Executive at Neil Berkman Associates since 1988. Neil Berkman Associates is the Company's investor relations firm, and Mr. Jacobs is the Account Executive for the Company. He holds an MBA from the University of Southern California and has been in the investor relations industry for over 28 years.

William Reynolds formerly was the VP of Finance and Administration for Teledyne Controls from 1994 until his retirement in 1997. Prior thereto, for 22 years he was the Vice-President of Finance and Administration of Teledyne Microelectronics. Mr. Reynolds also was a program finance administrator of Teledyne Systems Company for five years. He has a B.B.A. degree in Accounting from Woodbury University.

The Company’s Board of Directors identified and recommended that Messrs. Ehret, Fink, Jacobs, Hill and Reynolds be elected to the Board of Directors based on the following qualifications of these persons:

Mr. John Ehret: Mr. Ehret has over 40 years of experience in the electronics industry, which experience can benefit the Company. Mr. Ehret has also served on our Board of Directors for 19 years and has been a member of our Audit Committee since 2004, thereby providing us with continuity in our management.

Mr. Marvin Fink: Mr. Fink has significant experience in a variety of areas important to overseeing the management and operations of this Company, including experience as an executive officer, an engineer and a lawyer. Mr. Fink has been the principal executive officer of a public company as well as the President of Teledyne's Electronics Group. He has degrees in engineering and law and was involved in the electronics industry for over 40 years.

Mr. Robert Jacob: Having been in the investor relations business for over 28 years, Mr. Jacob provides the Board with experience and insight from the investment communities' perspective.

Mr. Howard Hill: Mr. Hill is a founder of the Company and has over 43 years experience in the electronics industry.

Mr. William Reynolds: Mr. Reynolds has significant accounting and financial management expertise, having served as VP of Finance and Administration for Teledyne Controls, as the Vice-President of Finance and Administration of Teledyne Microelectronics, and as a program finance administrator of Teledyne Systems Company. He also has a degree in accounting, which enables him to serve as the "audit committee financial expert" of the Audit Committee.

Management

Howard F. Hill is the President and Chief Executive Officer of the Company. He co-founded the Company in 1979. Mr. Hill has credits in Manufacturing Engineering, Quality Engineering and Industrial Management. He has been the President of the Company since July 1993. He has held various positions in the electronics industry over the past 43 years.

Effective February 1, 2007, RF Industries appointed James Doss as Acting Chief Financial Officer and Corporate Secretary. Mr. Doss was appointed to Chief Financial Officer on January 25, 2008. Mr. Doss joined the Company as its full-time Director of Accounting on February 13, 2006. Prior to joining the Company, Mr. Doss, 42, was a private consultant to a number of Software and High-Tech companies, providing Sarbanes-Oxley compliance and general accounting support. Previously, he was Director of Finance for San Diego-based HomeRelay Communications, Inc., an Internet Service Provider (ISP). From 1996 to 2000, Mr. Doss was Controller for CliniComp, International, a San Diego medical software developer and hardware manufacturer of hospital critical care units. In 1995 Mr. Doss joined Denver-based Merrick & Company as Senior Staff Accountant. Mr. Doss received his B.S. in Finance and Economics from San Diego State University in 1993 and completed graduate and advanced financial management studies, receiving his MBA from San Diego State University in 2005.

Board of Director Meetings

During the fiscal year ended October 31, 2010, the Board of Directors held eight meetings. All members of the Board of Directors hold office until the next Annual Meeting of Stockholders or the election and qualification of their successors. Executive officers serve at the discretion of the Board of Directors.

During the fiscal year ended October 31, 2010, each Board of Directors members attended at least 50% of the meetings of the Board of Directors and at least 50% of the meetings of the committees on which he served.

Board Committees

During fiscal 2010, the Board of Directors maintained two committees, the Compensation Committee and the Audit Committee.

The Audit Committee meets periodically with the Company's management and independent registered public accounting firm to, among other things, review the results of the annual audit and quarterly reviews and discuss the financial statements. The audit committee also hires the independent registered public accounting firm, and receives and considers the accountant's comments as to controls, adequacy of staff and management performance and procedures. The Audit Committee is also authorized to review related party transactions for potential conflicts of interest. As of the end of fiscal 2010, the Audit Committee was composed of Mr. Reynolds, Mr. Ehret and Mr. Jacobs. Each of these individuals was a non-employee director and was independent as defined under the Nasdaq Stock Market's listing standards. Each of the members of the Audit Committee has significant knowledge of financial matters, and Mr. Reynolds currently serves as the "audit committee financial expert" of the Audit Committee. The Company believes that the current members of the Audit Committee can competently perform the functions required of them as members of the Audit Committee. The Audit Committee met four times during fiscal 2010. The Audit Committee operates under a formal charter that governs its duties and conduct.

The Compensation Committee currently consists of Messrs. Ehret, and Fink each of whom is non-employee director and is independent as defined under the Nasdaq Stock Market's listing standards. The Compensation Committee is responsible for considering and authorizing remuneration arrangements for senior management. The Compensation Committee held one formal meeting during fiscal 2010, which was attended by all committee members.

Code Of Business Conduct And Ethics

The Company has adopted a Code of Business Conduct and Ethics (the "Code") that applies to all of the Company's Directors, officers and employees, including its principal executive officer and principal financial officer. The Code is posted on the Company's website at www.rfindustries.com. The Company intends to disclose any amendments to the Code by posting such amendments on its website. In addition, any waivers of the Code for Directors or executive officers of the Company will be disclosed in a report on Form 8-K.

Compliance With Section 16(a) of the Exchange Act

Section 16(a) of the Securities Exchange Act of 1934 requires the Company's executive officers and directors, and persons who own more than 10% of a registered class of the Company's equity securities, to file reports of ownership and changes in ownership with the Securities and Exchange Commission ("SEC"). Executive officers, directors and greater than 10% stockholders are required by SEC regulations to furnish the Company with copies of all Section 16(a) forms they file.

Based solely upon a review of Forms 4 furnished to the Company, to the Company's knowledge, during the fiscal year ended October 31, 2010, the following filings were not timely completed: (i) The members of the Company's Board of Directors and the Company's Chief Executive and Chief Financial Officers were granted options in January 2010, but they filed their Forms 4 four days late; (ii) Mr. Doss, the Company's Chief Financial Officer filed a Form 4 two days late with respect to the sale of shares effected in September 2010. Except as set forth above, to the Company's knowledge, all officers, directors and greater than ten percent beneficial owners complied with the filing requirements.

ITEM 11. EXECUTIVE COMPENSATION

Summary of Cash and Other Compensation. The following table sets forth compensation for services rendered in all capacities to the Company for each person who served as an executive officer during the fiscal year ended October 31, 2010 and our most highly compensated executive officer, other than our Chief Executive Officer, who earned over $100,000 (collectively, the "Named Executive Officers"). No other executive officer of the Company received salary and bonus, which exceeded $100,000 in the aggregate during the fiscal year, ended October 31, 2010:

Summary Compensation Table

Name and Principal Position	Year	Salary ($)	Bonus ($)	Stock Awards ($)	Option Awards ($)(3)	Non-Equity Incentive Plan Compensation ($)	Nonqualified Deferred Compensation Earnings ($)	All Other Compensation ($)	Total ($)
Howard F. Hill									
President, Chief Executive	2010	211,292	50,000	-	12,269	-	-	35,978(1)	309,539
Officer and Director	2009	205,677	65,100	-	9,433	-	-	23,075	303,285
James S. Doss									
Chief Financial Officer,	2010	111,624	25,000	-	7,765	-	-	10,972(2)	155,361
	2009	102,402	6,100		243,253			11,021	362,776

(1) Mr. Hill's other compensation consisted of $15,481 of accrued vacation not taken in fiscal 2010 and $20,497 for vehicle and apartment rental costs. Because Mr. Hill does not live in San Diego, the Company has maintained an apartment in San Diego for Mr. Hill and some of the other managers since 1994. The compensation attributable to the use of a Company vehicle represents the value of his personal use of a Company vehicle.

(2) Mr. Doss's other compensation consisted of $1,369 of accrued vacation not taken in fiscal 2010 and $9,603 for vehicle costs.

(3) The amounts in this column represent the option awards recognized by the Company as an expense for financial reporting purposes. The fair value of these awards and the amounts expensed were determined in accordance with Financial Accounting Standards Board Statement ASC Topic 718 (Financial Accounting Standards No. 123 (revised 2004) Share Based Payment (FAS 123R)). The assumptions we use in calculating these amounts are discussed in Note 7, "Stock Option," to the Financial Statements.

2010 Option Grants

In fiscal 2010, we granted stock options to our Named Executive Officers under our 2010 Stock Option Plan and 2010 Equity Incentive Plan as follows:

2010 Grants of Plan-Based Awards

Name	Grant Date	All Other Option Awards (# of Shares)	Exercise Price of Option Awards ($/Share)(1)	Grant Date Fair Value of Option Awards ($)(2)
Howard F. Hill				
President and Chief Executive Officer	01/21/10	2,000	4.49	3,261
	10/31/10	4,000	6.80	9,008
James Doss				
Chief Financial Officer	01/21/10	2,000	4.49	3,261
	10/31/10	2,000	6.80	4,504

(1) The exercise price of options awarded during fiscal 2010 was the closing sale price of a share of the Company's common stock on the Nasdaq Global Market on the date of grant.

(2) The grant date fair value of each equity award is computed in accordance with ASC 718.

Option awards granted under the 2010 Incentive Plan during fiscal 2010 to employees of our company, including the named executive officers, have an exercise price equal to 100% of the fair market value of a share of our common stock on the date of grant. Each stock option vests and becomes exercisable as to 33.33% of the shares subject to the option on each of the first, second, and third anniversaries of the date of grant and has a five-year term. The vested portion of the options may be exercised while the participant is employed by us, and ordinarily for three months after employment ends (unless employment is terminated for cause). If a participant’s employment ends because of death or disability, the participant’s options will remain exercisable for one year after the date employment ends. In no case will an option be exercisable beyond the end of its original term. If a participant’s employment ends, the unvested portion of any outstanding option will terminate at the time the participant’s employment ends. In the event of a sale, lease or other disposition of all or substantially all of the capital stock or assets of the Company, or a merger or consolidation of the Company in which the Company is not the surviving entity, the Board of Directors may replace outstanding options with replacement options relating to the stock of the surviving or acquiring corporation (or its parent), or with shares of the surviving or acquiring corporation (or its parent) with a fair market value equal to the aggregate spread of the options being replaced. If no such replacement is made, or in the event of our dissolution, liquidation or sale of substantially all of our assets, each option will be canceled at the time of the triggering event.

Holdings of Previously Awarded Equity

Equity awards held as of October 31, 2010 by each of our named executive officers were issued under our 2000 Stock Option Plan and 2010 Stock Incentive Plan, except for options to purchase 215,204 shares that were granted to Mr. Hill in 1994 under his employment agreement. The following table sets forth outstanding equity awards held by our Named Executive Officers as of October 31, 2010:

Outstanding Equity Awards As Of October 31, 2010

			Option Awards		
Name	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned Options (#)	Option Exercise Price ($)	Option Expiration Date
Howard Hill	215,204			0.10	___
Howard Hill	6,000			7.50	10/31/16
Howard Hill	2,000			7.56	10/31/17
Howard Hill	4,000			7.56	10/31/17
Howard Hill	1,334		1,333(1)	4.50	10/31/13
Howard Hill	1,333		2,667(2)	4.05	10/31/14
Howard Hill	2,000			4.49	01/21/15
Howard Hill			4,000(3)	6.80	10/31/15
James Doss	16,416			7.56	10/31/17
James Doss	16,500			7.56	10/31/17
James Doss	666		667(4)	4.50	10/31/13
James Doss	667		1,333(5)	4.05	10/31/14
James Doss	10,000		80,000(6)	4.05	10/31/19
James Doss			2,000(7)	6.80	10/31/15

(1) Vests annually in three installments following grant on October 31, 2008.
(2) Vests annually in three installments following grant on October 31, 2009.
(3) Vests annually in three installments following grant on October 31, 2010.
(4) Vests annually in three installments following grant on October 31, 2008.
(5) Vests annually in three installments following grant on October 31, 2009.
(6) Vests as to 10,000 shares annually following grant on October 31, 2009.
(7) Vests annually in three installments following grant on October 31, 2010.

During the fiscal year ended October 31, 2010, the Company did not adjust or amend the exercise price of stock options awarded to the Named Executive Officers.

Employment Agreement

The Company has no employment or severance agreements with any of its executive officers other than with Mr. Howard Hill, the Company's President and Chief Executive Officer. Mr. Hill has been the President/Chief Executive Officer of the Company since 1994. On June 6, 2008 the Company entered into a new employment agreement with Mr. Hill. Under the new employment agreement, Mr. Hill agreed to serve as the Company's President and Chief

Executive Officer for up to three one-year periods. Under the employment agreement, Mr. Hill's annual salary during the fiscal year ending October 31, 2011 is $210,000. The employment agreement will expire on June 20, 2011.

Compensation of Directors

The Company compensates its directors with an annual grant of options to purchase 2,000 shares of common stock. Options to purchase 2,000 shares of common stock were granted to each of the directors on January 21, 2010. The Chairman of the Board, Mr. Fink, was granted an additional 2,000 shares on January 21, 2010 as compensation for his service as the Chairman. All of these options vested immediately upon grant and had an exercise price of $4.49 per share, which was the closing stock price on January 21, 2010. Also, the Company extended a former board member's exercise period for his outstanding grants. The directors are also eligible for reimbursement of expenses incurred in connection with attendance at Board meetings and Board committee meetings.

In addition to the foregoing grant of options, all non-employee members of the Board of Directors receive an annual cash payment of $5,000 per director, and the non-employee Chairman of the Board receives an annual payment of $10,000.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The following table sets forth certain information regarding the ownership of the Company's Common Stock as of January 12, 2011 for (i) each director; (ii) the Company's Named Executive Officers; (iii) all executive officers and directors of the Company as a group; and (iv) all those known by the Company to be beneficial owners of more than 5% of the Common Stock. As of January 12, 2011, there were 2,930,882 shares of Common Stock issued and outstanding.

Name and Address of Beneficial Owner	Number of Shares (1) Beneficially Owned	Percentage Beneficially Owned
Howard H. Hill 7610 Miramar Road, Ste. 6000 San Diego, CA 92126-4202	237,371(2)	7.3%
James Doss 7610 Miramar Road, Ste. 6000 San Diego, CA 92126-4202	46,249(3)	1.4%
John R. Ehret 7610 Miramar Road, Ste. 6000 San Diego, CA 92126-4202	30,000(4)	0.9%
Robert Jacobs 7610 Miramar Road, Ste. 6000 San Diego, CA 92126-4202	16,000(5)	0.5%
Marvin H. Fink 7610 Miramar Road, Ste. 6000 San Diego, CA 92126-4202	41,165(6)	1.3%
William Reynolds 7610 Miramar Rd., Ste. 6000 San Diego, CA 92126-4202	30,340(7)	0.9%

All Directors and Officers as a Group (6 Persons)	401,125(8)	12.3%

Name and Address of Beneficial Owner	Number of Shares (1) Beneficially Owned	Percentage Beneficially Owned
Hytek International, Ltd PO Box 10927 APO George Town Cayman Islands	450,930	13.9%
Morgan Stanley 1585 Broadway New York, NY 10036	156,500(9)	
Red Oak Partners, LLC 654 Broadway, Suite 5, New York, New York 10012	164,815(10)	

(1) Shares of Common Stock, which were not outstanding but which could be acquired upon exercise of an option within 60 days from the date of this filing, are considered outstanding for the purpose of computing the percentage of outstanding shares beneficially owned. However, such shares are not considered to be outstanding for any other purpose.

(2) Includes 233,871 shares that Mr. Hill has the right to acquire upon exercise of options exercisable within 60 days.

(3) Includes 46,249 shares that Mr. Doss has the right to acquire upon exercise of options exercisable within 60 days.

(4) Includes 18,000 shares that Mr. Ehret has the right to acquire upon exercise of options exercisable within 60 days.

(5) Consists of 16,000 shares, which Mr. Jacobs have the right to acquire upon exercise of options exercisable within 60 days.

(6) Includes 41,165 shares that Mr. Fink has the right to acquire upon exercise of options exercisable within 60 days.

(7) Consists of 26,000 shares, which Mr. Reynolds has the right to acquire upon exercise of options exercisable within 60 days.

(8) Includes 381,285 shares, which the directors and officers have the right to acquire upon exercise of options exercisable within 60 days.

(9) Information is based on a report on Schedule 13G filed February 12, 2010.

(10) Information is based on a report on Schedule 13G filed November 24, 2010. Represents securities owned by Red Oak Partners, LLC, a New York limited liability company, The Red Oak Fund, LP, a Delaware limited partnership, and Pinnacle Fund LLLP, a Colorado limited liability limited partnership. Red Oak Partners, LLC is the general partner of The Red Oak Fund, LP and a managing member of Pinnacle Fund LLLP. David Sandberg, the controlling member of Red Oak Partners, LLC.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS AND DIRECTOR INDEPENDENCE

On April 1, 1997, the Company loaned to Howard Hill, its President and Chief Executive Officer, $70,000 pursuant to a Promissory Note which provides for interest at the rate of 6% per annum and which has no specific due date for principal repayment. As of October 31, 2010, the principal balance still outstanding on the loan was $66,980. Mr. Hill pays interest on the loan annually. The loan is evidenced by a promissory note that is secured by a lien on certain of Mr. Hill's personal property.

Mr. Jacobs, a director of the Company, is an employee of the Company's public relations firm. For the fiscal years ended October 31, 2010 and October 31, 2009, the Company paid the firm $52,783 and $52,668, respectively, for services rendered.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

Audit-Related Fees

The following is a summary of the fees billed to the Company by J.H. Cohn LLP for professional services rendered related to the fiscal years ended October 31, 2010 and 2009:

Fee Category	2010	2009
Audit Fees	$ 148,000	$ 146,000
Audit-Related Fees	-	-
Total Fees	$ 148,000	$ 146,000

Audit Fees. Consists of fees billed and estimated for professional services rendered for the audit of the Company's annual financial statements and review of the interim financial statements included in quarterly reports and services that are normally provided by J.H. Cohn LLP in connection with statutory and regulatory filings or engagements.

Audit-Related Fees. Consists of fees billed and estimates for assurance and related services that are reasonably related to the performance of the audit and review of the Company's financial statements and are not reported under "Audit Fees." These services include professional services requested by the Company in connection with its preparation for compliance with Section 404 of the Sarbanes-Oxley Act of 2002, accounting consultations in connection with acquisitions and consultations concerning financial accounting and reporting standards.

ITEM 15. EXHIBITS

The following exhibits are filed as part of this report:

3.1	Articles of Incorporation, as amended (1)
3.2.1	Company Bylaws as Amended through August, 1985 (2)
3.2.2	Amendment to Bylaws dated January 24, 1986 (2)
3.2.3	Amendment to Bylaws dated February 1, 1989 (3)
3.2.4	Amendment to Bylaws dated June 9, 2006(6)
3.2.5	Amendment to Bylaws dated September 7, 2007(7)
10.1	Form of 2000 Stock Option Plan (4)
10.2	Directors' Nonqualified Stock Option Agreements (2)
10.3	Employment Agreement, dated June 5, 2008, between the Company and Howard Hill (8)

10.4 Multi-Tenant Industrial Gross Lease, effective March 31, 2009, between RF Industries, Ltd. and Walton CWCA Miramar GL 74, LLC regarding the Company's facilities in San Diego (9)

10.5 Second Amendment to Lease, dated August 25, 2009, to Multi-Tenant Industrial Gross Lease, effective March 31, 2009, between RF Industries, Ltd. and Walton CWCA Miramar GL 74, LLC (9)

10.6 Single Tenant Commercial Lease, dated August 2009, between Eagle Americank LLC and RF Industries, Ltd. regarding the Company's lease in Las Vegas, Nevada (9)

10.7 Form of 2010 Stock Incentive Plan (10)

10.8 Form of Stock Option Agreement for the Company's 2010 Stock Incentive Plan (10)

10.9 Amendment of 2000 Stock Incentive Plan (11)

14.1 Code of Ethics (5)

23.1 Consent of Independent Registered Public Accounting Firm J.H. Cohn LLP

31.1 Certification of Principal Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

31.2 Certification of Principal Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

32.1 Certification of Principal Executive Officer Pursuant to 18 U.S.C. Section 1350

32.2 Certification of Principal Financial Officer Pursuant to 18 U.S.C. Section 1350

99.1 Press release issued January 12, 2010 announcing the financial results for fiscal year ended October 31, 2010

(1) Previously filed as an exhibit to the Company's Form 10-KSB for the year ended October 31, 2000, which exhibit is hereby incorporated herein by reference.

(2) Previously filed as an exhibit to the Company's Form 10- KSB for the year ended October 31, 1987, which exhibit is hereby incorporated herein by reference.

(3) Previously filed as an exhibit to the Company's Form 10- KSB for the year ended October 31, 1992, which exhibit is hereby incorporated herein by reference.

(4) Previously filed as an exhibit to the Company's Form 10-QSB for the quarter ended January 31, 2001, which exhibit is hereby incorporated herein by reference.

(5) Previously filed as an exhibit to the Company's Form 10- KSB for the year ended October 31, 2003, which exhibit is hereby incorporated herein by reference.

(6) Previously filed as an exhibit to the Company's Form 8-K, dated June 9, 2006, which exhibit is hereby incorporated herein by reference.

(7) Previously filed as an exhibit to the Company's Form 10- KSB for the year ended October 31, 2007, which exhibit is hereby incorporated herein by reference.

(8) Previously filed as an exhibit to the Company's Form 8-K, dated June 5, 2008, which exhibit is hereby incorporated herein by reference.

(9) Previously filed as an exhibit to the Company's Form 10- K for the year ended October 31, 2009, which exhibit is hereby incorporated herein by reference.

(10) Previously filed as an exhibit to the Company's Registration Statement on Form S-8, filed on September 20, 2010, which exhibit is hereby incorporated herein by reference.

(11) Previously filed as an exhibit to the Company's Registration Statement on Form S-8, filed on September 20, 2010, which exhibit is hereby incorporated herein by reference.

Stockholders of the Company may obtain a copy of any exhibit referenced in this Annual Report on Form 10-K by writing to: Secretary, RF Industries, Ltd., 7610 Miramar Road, Bldg. 6000, San Diego, CA 92126. The written request must specify the stockholder's good faith representation that such stockholder is a stockholder of record of common stock of the Company.

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Report of Independent Registered Public Accounting Firm

To the Stockholders
RF Industries, Ltd.

We have audited the accompanying balance sheets of RF Industries, Ltd. as of October 31, 2010 and 2009, and the related statements of income, stockholders' equity and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of RF Industries, Ltd. as of October 31, 2010 and 2009, and its results of operations and cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

/s/ J.H. COHN LLP

San Diego, California
January 12, 2011

RF INDUSTRIES, LTD.

BALANCE SHEETS
OCTOBER 31, 2010 AND 2009

	2010	2009
ASSETS		
Current assets:		
Cash and cash equivalents	$ 4,728,884	$ 1,225,927
Certificates of deposit	4,577,570	6,476,981
Trade accounts receivable, net of allowance for doubtful accounts of $75,734 and $52,892	2,557,822	2,263,265
Inventories	4,607,843	4,984,921
Other current assets	448,187	340,362
Deferred tax assets	613,100	478,200
Total current assets	17,533,406	15,769,656
Equipment and furnishings:		
Equipment and tooling	2,434,176	2,365,160
Furniture and office equipment	508,221	425,389
	2,942,397	2,790,549
Less accumulated depreciation	2,412,070	2,224,745
Totals	530,327	565,804
Goodwill		137,328
Amortizable intangible assets, net		27,156
Note receivable from stockholder	66,980	66,980
Long-term investments in certificates of deposit	946,491	
Other assets	32,159	31,276
Totals	$ 19,109,363	$ 16,598,200
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 537,850	$ 224,974
Accrued expenses	1,217,454	673,080
Income taxes payable	123,909	75,134
Total current liabilities	1,879,213	973,188
Deferred tax liabilities	18,800	50,500
Other long-term liabilities	297,390	321,030
Total liabilities	2,195,403	1,344,718
Commitments and contingencies		
Stockholders' equity:		
Common stock - authorized 10,000,000 shares at $.01 par value; 2,930,882 and 2,848,313 shares issued and outstanding	29,309	28,483
Additional paid-in capital	7,025,965	6,502,447

Retained earnings	9,858,686	8,722,552
Total stockholders' equity	16,913,960	15,253,482
Totals	$ 19,109,363	$ 16,598,200

See Notes to Financial Statements.

RF INDUSTRIES, LTD.

STATEMENTS OF INCOME
YEARS ENDED OCTOBER 31, 2010 AND 2009

	2010	2009
Net sales	$ 16,322,178	$ 14,213,045
Cost of sales	8,158,798	7,308,479
Gross profit	8,163,380	6,904,566
Operating expenses:		
Engineering	887,865	1,050,398
Selling and general	5,133,967	4,738,265
Goodwill impairment	137,328	209,763
Totals	6,159,160	5,998,426
Operating income	2,004,220	906,140
Other income – interest	86,614	193,429
Income before income taxes	2,090,834	1,099,569
Provision for income taxes	870,587	443,602
Net income	$ 1,220,247	$ 655,967
Earnings per share:		
Basic	$ .43	$ .22
Diluted	$ .38	$ .20

See Notes to Financial Statements.

RF INDUSTRIES, LTD.

STATEMENTS OF STOCKHOLDERS' EQUITY
YEARS ENDED OCTOBER 31, 2010 AND 2009

	Common Stock Shares	Common Stock Amount	Additional Paid-In Capital	Retained Earnings	Total Stockholders' Equity
Balance, November 1, 2008	3,226,264	$ 32,263	$6,411,810	$9,677,617	$ 16,121,690
Net income				655,967	655,967
Stock based compensation expense			153,197		153,197
Stock issuance related to contingent liability	7,407	74	29,926		30,000
Dividends				(94,780)	(94,780)
Treasury stock purchased and retired	(385,358)	(3,854)	(92,486)	(1,516,252)	(1,612,592)
Balance, October 31, 2009	2,848,313	28,483	6,502,447	8,722,552	15,253,482
Net income				1,220,247	1,220,247
Stock based compensation expense			231,000		231,000
Exercise of stock options	79,954	800	204,308		205,108
Excess tax benefit from exercise of stock options			78,235		78,235
Stock issuance related to contingent liability	2,615	26	9,975		10,001
Dividends				(84,113)	(84,113)
Balance, October 31, 2010	2,930,882	$ 29,309	$ 7,025,965	$ 9,858,686	$ 16,913,960

See Notes to Financial Statements.

RF INDUSTRIES, LTD.

STATEMENTS OF CASH FLOWS
YEARS ENDED OCTOBER 31, 2010 AND 2009

	2010	2009
Operating activities:		
Net income	$ 1,220,247	$ 655,967
Adjustments to reconcile net income to net cash provided by operating activities:		
Bad debt expense	15,279	8,110
Depreciation and amortization	214,266	239,777
Goodwill impairment	137,328	209,763
Inventory write-down	247,539	
Deferred income taxes	(166,600)	8,700
Loss on disposal of equipment		4,826
Stock based compensation expense	231,000	153,197
Excess tax benefit from stock based compensation	(78,235)	
Changes in operating assets and liabilities:		
Trade accounts receivable	(309,835)	(200,026)
Inventories	129,539	964,787
Income taxes receivable/ (payable)	127,010	(157,793)
Other current assets	(107,825)	(122,919)
Other long-term assets	(882)	(2,894)
Accounts payable	312,876	(104,535)
Accrued expenses	554,590	(57,682)
Other long-term liabilities	(23,641)	103,845
Net cash provided by operating activities	2,502,656	1,703,123
Investing activities:		
Purchases of certificates of deposit	(5,014,406)	(7,015,184)
Maturities of certificates of deposit	5,967,327	7,401,914
Capital expenditures	(151,850)	(217,392)
Net cash provided by investing activities	801,071	169,338
Financing activities:		
Proceeds from exercise of stock options	205,108	
Purchases of treasury stock		(1,612,592)
Excess tax benefit from stock based compensation	78,235	
Dividends paid	(84,113)	(94,780)
Net cash provided by (used in) financing activities	199,230	(1,707,372)
Net increase in cash and cash equivalents	3,502,957	165,089
Cash and cash equivalents at beginning of year	1,225,927	1,060,838
Cash and cash equivalents at end of year	$ 4,728,884	$ 1,225,927
Supplemental cash flow information - income taxes paid	$ 928,000	$ 550,000

Noncash investing and financing activities:		
Retirement of treasury stock		$ 1,612,592
Stock issuance related to contingent liability	$ 10,001	$ 30,000

See Notes to Financial Statements.

RF INDUSTRIES, LTD.
NOTES TO FINANCIAL STATEMENTS

Note 1 - Business activities and summary of significant accounting policies

Business activities

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

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results may differ from those estimates.

Cash equivalents

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

Revenue recognition

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

Inventories

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

Equipment and furnishings

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

RF INDUSTRIES, LTD.
NOTES TO FINANCIAL STATEMENTS

Goodwill

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

We estimate the fair value of our reporting units using discounted expected future cash flows. If the fair value of the reporting unit exceeds its net book value, goodwill is not impaired, and no further testing is necessary. If the net book value of our reporting units exceeds their fair value, we perform a second test to measure the amount of impairment loss, if any.

We performed a valuation analysis, utilizing an income approach in our goodwill assessment process. The following describes the valuation methodologies used to derive the fair value of our reporting units.

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

Due to the ongoing negative effects of the global recession and related triggers, (due to Aviel division not meeting its revenue forecasts), during the third quarter of 2010, the Company performed an impairment analysis of the Aviel goodwill balance. The sales generated by this division were significantly lower than expected and the forecasted improvements from prior periods did not occur. As such, triggers were evident at this division in the third quarter of 2010. Prior to management's analysis, the Company had a total of $137,328 of goodwill residual from the acquisition of the Aviel division. As a result of its analysis, management recorded a goodwill impairment charge of $137,328 for the third quarter of fiscal 2010.

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

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RF INDUSTRIES, LTD.
NOTES TO FINANCIAL STATEMENTS

The changes in the carrying amounts of segment goodwill for fiscal 2010 and 2009 are as follows:

	RF Connectors and Cable Assembly	RF Wireless	Total
Balance at November 1, 2008	$ 200,848	$ 146,243	$ 347,091
Impairment Charge	(63,520)	(146,243)	(209,763)
Balance at October 31, 2009	137,328	-	137,328
Impairment charge	(137,328)	-	(137,328)
Balance at October 31, 2010	$ -	$ -	$ -

Long-lived assets

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

Amortizable Intangible assets

Amortizable intangible assets are amortized over their estimated useful lives of three years.

	2010	2009
Software	$ 47,522	$ 47,522
Accumulated amortization	(47,522)	(31,681)
	-	15,841
Customer list	33,945	33,945
Accumulated amortization	(33,945)	(22,630)
	-	11,315
Totals	$ -	$ 27,156

Advertising

The Company expenses the cost of advertising and promotions as incurred. Advertising costs charged to operations were approximately $215,000 and $254,000 in 2010 and 2009, respectively.

Research and development

The Company expenses research and development costs as incurred. Research and development costs charged to operations and included in engineering were approximately $422,000 and $889,000 in 2010 and 2009, respectively.

RF INDUSTRIES, LTD.
NOTES TO FINANCIAL STATEMENTS

Income taxes

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

The Company recognizes accrued interest and penalties related to unrecognized tax benefits as a component of income tax expense.

Stock options

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

For the fiscal years ended October 31, 2010 and 2009, charges related to stock based compensation amounted to approximately $231,000 and $153,000, respectively. For the fiscal years ended October 31, 2010 and 2009, stock based compensation classified in cost of sales amounted to $33,000 and $13,000 and stock based compensation classified in selling, general and engineering expense amounted to $198,000 and $140,000 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, 2010 and 2009, that were not included in the computation because they were anti-dilutive, totaled 221,874 and 476,710, respectively.

RF INDUSTRIES, LTD.
NOTES TO FINANCIAL STATEMENTS

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

	2010	2009
Numerators:		
Net income (A)	$ 1,220,247	$ 655,967
Denominators:		
Weighted average shares outstanding for basic earnings per share (B)	2,859,803	2,951,002
Add effects of potentially dilutive securities - assumed exercise of stock options	383,002	297,902
Weighted average shares for diluted earnings per share (C)	3,242,805	3,248,904
Basic net earnings per share (A)÷(B)	$ 0.43	$ 0.22
Diluted net earnings per share (A)÷(C)	$ 0.38	$ 0.20

Fair value measurements

Financial assets and financial liabilities are required to be measured and reported on a fair value basis using the following three categories for classification and disclosure purposes:

Level 1: Quoted prices (unadjusted) in active markets that are accessible at the measurement date for assets or liabilities. The fair value hierarchy gives the highest priority to Level 1 inputs.

Level 2: Observable prices that are based on inputs not quoted on active markets, but corroborated by market data.

Level 3: Unobservable inputs that are used when little or no market data is available. The fair value hierarchy gives the lowest priority to Level 3 inputs.

In determining fair value, the Company utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible. The Company also considers counterparty credit risk in its assessment of fair value. The carrying value of financial instruments including cash and cash equivalents, all certificates of deposit, accounts receivable, and accounts payable approximate their respective fair values due to the short-term maturities of these instruments. The fair value of the Company’s note receivable from stockholder (see Note 9) cannot be practicably determined due to its related party nature. The Company classifies its certificates of deposit as Level 1 within the fair value hierarchy.

RF INDUSTRIES, LTD.
NOTES TO FINANCIAL STATEMENTS

New accounting pronouncements

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

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

Financial instruments which potentially subject the Company to concentrations of credit risk consist primarily of cash and cash equivalents and accounts receivable. The Company considers all highly liquid debt instruments with an original maturity of three months or less when purchased to be cash equivalents. The Company maintains its cash and cash equivalents with high-credit quality financial institutions. At October 31, 2010, the Company had cash and cash equivalent balances in excess of Federally insured limits in the amount of approximately $4,363,000.

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

Sales to one customer represented 20% and 15% of total sales, and 22% and 26% of total accounts receivable in 2010 and 2009, respectively. The Company has a standard written distributor agreement with this customer and, therefore, this customer does not have any minimum purchase obligations and could stop buying the Company’s products at any time. A reduction, delay or cancellation of orders from this customer or the loss of this customer could significantly reduce the Company’s revenues and profits.

Note 3 - Inventories and major vendors

Inventories consist of the following as of October 31:

	2010	2009
Raw materials and supplies	$ 1,405,443	$ 1,355,504
Work in process	15,425	8,105
Finished goods	3,348,944	3,685,950
Less inventory reserve	(161,969)	(64,638)
Totals	$ 4,607,843	$ 4,984,921

Purchases of connector products from three major vendors represented 23%, 18%, and 14% of total inventory purchases in 2010 and 23%, 10%, and 8% in 2009, respectively. The Company has arrangements with these vendors to purchase product based on purchase orders periodically issued by the Company. During the third quarter of 2010, the Company wrote-off $247,539 of excess and obsolete inventory at the Neulink division not previously reserved.

RF INDUSTRIES, LTD.
NOTES TO FINANCIAL STATEMENTS

Note 4 - Commitments

The Company leases its facilities in San Diego, California and Las Vegas, Nevada under non-cancelable operating leases. The Company amended its San Diego lease in March 2009 extending the term of the lease and again in September 2009 adding additional square feet. The amended lease expires in March 2014 and requires minimum annual rental payments that are subject to fixed annual increases. The minimum annual rentals under this lease are being charged to expense on the straight-line basis over the lease term. Deferred rents, included in accrued expenses and other long-term liabilities, were $98,000 as of October 31, 2010 and $80,000 at October 31, 2009. The San Diego lease also requires the payment of the Company's pro rata share of the real estate taxes and insurance, maintenance and other operating expenses related to the facilities. The Oddcables.com division operations include a warehouse and retail space. During the past two years, the Aviel division was leasing two facilities in Las Vegas, the first of which was a three year lease, which expired in March 2010. The second lease was entered into and commenced in September 2009 and expires in March 2015. The Company also leases certain automobiles under operating leases which expire at various dates through October 2014.

Rent expense under all operating leases totaled approximately $465,000 and $459,000 in 2010 and 2009.

Minimum lease payments under these non-cancelable operating leases in each of the years subsequent to October 31, 2010 are as follows:

Year Ending October 31,		Amount
2011	$	414,000
2012		403,000
2013		412,000
2014		179,000
2015		14,000
Total	$	1,422,000

The Company has an employment agreement with the President and Chief Executive Officer for a term of up to three consecutive one year periods commencing on June 20, 2008, and ending on June 20, 2011, which expires at the end of each employment year on June 19 and may be extended by the Company for an additional employment year on the anniversary dates thereafter. The aggregate amount of compensation to be provided over the remaining term of the employment agreement amounted to approximately $140,000 at October 31, 2010.

Note 5 - Segment information

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

RF INDUSTRIES, LTD.
NOTES TO FINANCIAL STATEMENTS

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

Management identifies the Company’s segments based on strategic business units that are, in turn, based along market lines. These strategic business units offer products and services to different markets in accordance with their customer base and product usage. For segment reporting purposes, the Company aggregates Connector and Cable Assembly, Aviel Electronics, and Oddcables.com divisions into the RF Connector and Cable Assembly segment while RF Neulink and RadioMobile are part of the RF Wireless segment. The Bioconnect Division makes up the Company’s Medical Cabling and Interconnector segment.

As reviewed by the Company’s chief operating decision maker, the Company evaluates the performance of each segment based on income or loss before income taxes. The Company charges depreciation and amortization directly to each division within the segment. All stock based compensation is attributed to the RF Connector and Cable Assembly segment. Inventory, fixed assets, goodwill and intangible assets are the only assets identified by segment. Except as discussed above, the accounting policies for segment reporting are the same as for the Company as a whole.

Substantially all of the Company’s operations are conducted in the United States; however, the Company derives a portion of its revenue from export sales. The Company attributes sales to geographic areas based on the location of the customers. The following table presents the sales of the Company by geographic area for the years ended October 31, 2010 and 2009:

	2010	2009
United States	$ 14,504,628	$ 11,816,306
Foreign countries:		
Israel	696,022	1,175,744
All other	1,121,528	1,220,995
Totals	$ 16,322,178	$ 14,213,045

Net sales, income before provision for income taxes and other related segment information as of October 31, 2010 and 2009, and for the years then ended follows:

RF INDUSTRIES, LTD.
NOTES TO FINANCIAL STATEMENTS

	RF Connector and Cable Assembly	Medical Cabling and Interconnector	RF Wireless	Corporate	Total
2010					
Net sales	$ 14,094,158	$ 1,724,819	$ 503,201	$	$ 16,322,178
Income (loss) before provision for income taxes	2,606,201	306,161	(908,142)	86,614	2,090,834
Depreciation and amortization	164,055	23,315	26,896		214,266
Total assets	4,204,819	316,149	617,202	13,971,193	19,109,363
Additions to equipment and furnishings	115,839	32,549	3,462		151,850
2009					
Net sales	$ 12,153,597	$ 1,323,640	$ 735,808	$	$ 14,213,045
Income (loss) before provision for income taxes	1,604,193	114,333	(812,386)	193,429	1,099,569
Depreciation and amortization	193,512	13,613	32,652		239,777
Total assets	4,505,866	289,911	919,432	10,882,991	16,598,200
Additions to equipment and furnishings	187,417	16,820	13,155		217,392

Note 6 - Income taxes

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

	2010	2009
Current:		
Federal	$ 825,965	$ 323,716
State	211,222	111,186
	1,037,187	434,902
Deferred:		
Federal	(135,300)	21,200
State	(31,300)	(12,500)
	(166,600)	8,700
Totals	$ 870,587	$ 443,602

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

	2010		2009	
	Amount	% of Pretax Income	Amount	% of Pretax Income
Income tax at Federal statutory rate	$ 710,100	34.0%	$ 373,900	34.0%
State tax provision, net of Federal tax benefit	118,748	5.7	65,133	5.9
Nondeductible differences:				
ISO stock options	38,000	1.8	17,700	1.6
Tax credits			(50,124)	(4.6)
Other	3,739	0.1	36,993	3.4
Provision for income taxes	$ 870,587	41.6%	$ 443,602	40.3%

The Company's total deferred tax assets and deferred tax liabilities at October 31, 2010 and 2009 are as follows:

	2010	2009
Current Assets:		
Allowance for doubtful accounts	$ 30,200	$ 21,100
Inventory obsolescence	64,500	25,700
Accrued vacation	105,500	79,500
State income taxes	71,800	41,000
Stock based compensation awards	200,300	171,900
Section 263A costs	97,600	103,300
Other	43,200	35,700
Total current assets	613,100	478,200
Long-Term Assets:		
Amortization / intangible assets	131,600	82,500
Long-Term Liabilities:		
Depreciation / equipment and furnishings	(150,400)	(133,000)
Net deferred tax assets	$ 594,300	$ 427,700

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

Balance at November 1, 2008	$ 182,093
Lapse of statute of limitations- tax positions in prior period	(49,259)
Gross increase – tax positions in current period	108,510
Balance at November 1, 2009	241,344

Lapse of statute of limitations - tax positions in prior period	(194,921)
Gross increase – tax positions in current period	169,748
Balance at October 31, 2010	$ 216,171

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The Company's total gross liability for unrecognized tax benefits at October 31, 2010 was $216,171, including $52,416 of interest and penalties. At November 1, 2009 the Company's total gross liability for unrecognized tax benefits was $241,344, including $59,765 of interest and penalties. During the year ended October 31, 2009, a net increase of $7,457 of interest and penalties as a result of a revaluation of prior year balances was recorded as a component of income tax expense in the statement of income.

The Company does not expect any material changes to the estimated amount of the liability associated with its uncertain tax positions within the next 12 months. During the year ended October 31, 2010, a reduction of $7,349 of interest and penalties as a result of a revaluation of prior year balances was recorded as a component of income tax expense in the statement of income. As of October 31, 2010, $52,416 of accrued interest and penalties are included in other long-term liabilities in the balance sheet. As of October 31, 2009, $59,765 of accrued interest and penalties were included in other long-term liabilities in the balance sheet.

The Company is currently not undergoing any tax examinations. Tax fiscal years ended October 31, 2007 through 2010 remain subject to examinations.

Note 7 - Stock options

Incentive and Non-Qualified Stock Option Plans

In May 2000, the Board of Directors adopted the Company's 2000 Stock Option Plan (the "2000 Option Plan"). Under the 2000 Option Plan, the Company was authorized to grant options to purchase shares of common stock to officers, directors, key employees and others providing services to the Company. The number of shares of common stock that the Company was authorized to issue under options granted under the 2000 Option Plan initially was 300,000, which number automatically increased on January 1 of each year by the lesser of (i) 4% of the total number of shares of common stock then outstanding or (ii) 10,000 shares. Subsequently, the Board of Directors and Stockholders approved several increases in the authorized number of options to the 2000 Option Plan. The 2000 Option Plan expired in May of 2010. At 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, 2010, there were no shares of common stock authorized by the Company to be issued under the 2000 Option Plan. However, there were options for 955,396 shares that had been granted under the 2000 Plan, of which 772,572 were still outstanding and available for exercise. Under the 2000 Option Plan, the Company was authorized to grant both incentive stock options and non-qualified stock options. Incentive and non-qualified stock options under the 2000 Option Plan were granted at an exercise price no less than the fair value of the common stock on the date of grant.

On March 9, 2010, our Board of Directors adopted the RF Industries, Ltd. 2010 Stock Incentive Plan (the "2010 Plan"). In June 2010, our stockholders approved the 2010 Plan by vote as required by The NASDAQ Capital Market listing standards. Accordingly, the Company may now make awards under the 2010 Plan as described below. The Board adopted the 2010 Plan because the Company's prior stock option plan, the 2000 Option Plan that was adopted in May 2000, expired on May 5, 2010. An aggregate of 500,000 shares of common stock was set aside and reserved for issuance under the 2010 Plan. As of October 31, 2010, 407,546 shares of common stock were remaining for future grants of stock options under the 2010 Plan.

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Additional disclosures related to stock option plans

The fair value of each option granted in 2010 and 2009 was estimated on the date of grant using the Black-Scholes option-pricing model with the following assumptions:

	2010	2009
Expected volatility	50.9%-57.7%	53.7%-60.4%
Weighted-average volatility	52.1%	56.1%
Expected dividends	1.7%	0.6%
Expected term (in years)	2.5-3.5	2.5-7.5
Risk-free interest rate	0.5%-1.4%	1.0%-3.0%
Weighted average fair market value of options granted during the year	$ 2.14	$ 1.97
Weighted average fair market value of options vested during the year	$ 1.78	$ 1.70

Expected volatilities are based on historical volatility of the Company’s stock. During fiscal 2010, the Company granted options for the purchase of 16,000 shares that vested immediately with an option life of five years, and options for the purchase of 76,454 shares with a vesting period of three years and an option life of five years. Since the Company has little historical experience in determining the expected life of these new option terms, the Company used the simplified method to calculate the expected life of these option grants. The expected life represents the period of time that options granted are expected to be outstanding. The risk-free rate is based on the U.S. Treasury rate with a maturity date corresponding to the options’ expected life. The dividend yield is based upon the historical dividend yield. The Company estimates forfeiture rates based upon historical exercise behavior.

Additional information regarding all of the Company's outstanding stock options at October 31, 2010 and 2009 and changes in outstanding stock options in 2010 and 2009 follows:

	2010		2009	
	Shares or Price Per Share	Weighted Average Exercise Price	Shares or Price Per Share	Weighted Average Exercise Price
Options outstanding at beginning of year	1,243,306	$ 3.74	1,067,041	$ 3.77
Options granted	92,454	6.40	223,955	4.05
Options exercised	(79,954)	2.57		
Options forfeited	(28,330)	4.40	(47,690)	5.79
Options outstanding at end of year	1,227,476	$ 4.00	1,243,306	$ 3.74
Options exercisable at end of year	916,029	$ 3.85		
Options vested and expected to vest at end of year	1,218,228	$ 3.97		
Option price range at end of year	$ 0.10 - $7.56		$ 0.10 - $7.56	

Aggregate intrinsic value of options exercised during year:	$	338,580

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Included in the options outstanding are 527,204 in 2010 and 500,871 in 2009 previously granted to six officers and/or key employees of the Company under employment agreements entered into by the Company with each of these officers and employees.

Weighted average remaining contractual life of options outstanding at October 31, 2010: 4.27 years.

Weighted average remaining contractual life of options exercisable at October 31, 2010: 3.99 years.

Weighted average remaining contractual life of options vested and expected to vest at October 31, 2010: 4.24 years.

Aggregate intrinsic value of options outstanding at October 31, 2010: $3,593,437

Aggregate intrinsic value of options exercisable at October 31, 2010: $2,864,346

Aggregate intrinsic value of options vested and expected to vest at October 31, 2010: $3,566,364

As of October 31, 2010, $500,920 of expense with respect to nonvested share-based arrangements has yet to be recognized and is expected to be recognized over a weighted average period of 4.54 years.

Note 8 - Retirement plan

The Company sponsors a deferred savings and profit sharing plan under Section 401(k) of the Internal Revenue Code. Substantially all of its employees may participate in and make voluntary contributions to this defined contribution plan after they meet certain eligibility requirements. The Board of Directors of the Company can authorize discretionary contributions by the Company. The Company did not make contributions to the plan in 2010 or 2009.

Note 9 - Related party transactions

The note receivable from stockholder of $66,980 at October 31, 2010 and 2009 is due from the President of the Company, bears interest at 6%, payable annually, and has no specific due date. The note is collateralized by personal property owned by the President.

A director of the Company is an employee of the Company's public relations firm. For the fiscal years ended October 31, 2010 and 2009, the Company paid the firm $52,783 and $52,668, respectively, for services rendered by that firm.

Note 10- Legal proceedings

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

RF INDUSTRIES, LTD.
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Note 11- Business acquisition

The Company acquired substantially all of the assets and assumed certain liabilities of RadioMobile Inc. ("RadioMobile"), a privately held San Diego, California company on September 1, 2007. RadioMobile Inc. is an OEM provider of end-to-end mobile management solutions implemented over wireless networks. RadioMobile has developed software and hardware used by police departments and transportation vehicles to receive and transfer electronic data. The RadioMobile purchase agreement contains certain provisions containing contractual and/or legal rights that could potentially create intangible assets apart from goodwill. The asset purchase agreement has an earn out provision over three years based upon revenues earned by RadioMobile operating as a separate division. As of October 31, 2010, all earn-out payments had been made. The purchase price for the RadioMobile assets included $166,667 in cash payments and $175,000 in stock issuance, representing 30,919 shares at $5.66 and totaling $35,665 of guaranteed minimum future consideration. Minimum contingent consideration amounts per the Asset Purchase Agreement were recorded upon closing at their net present value, using an 8% discount rate.

During the year ended October 31, 2010, shares of the Company's common stock with a value of $10,000 were paid as per the minimum contingent earn-out provision included in the RadioMobile Asset Sales agreement. As of October 31, 2010, no additional future consideration was payable.

Note 12- Dividends declaration

The Company paid dividends of $0.03 per share for a total of $84,113 and $94,780 during the fiscal years ended October 31, 2010 and 2009, respectively.

Note 13- Accrued expenses and other long-term liabilities

Accrued expenses consist of the following as of October 31:

	2010	2009
Wages payable	$ 834,188	$ 426,596
Accrued receipts	318,490	183,212
Other current liabilities	64,776	63,272
Totals	$ 1,217,454	$ 673,080

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

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

	2010	2009
Tax related liabilities	$ 216,171	$ 241,344
Deferred lease liabilities	81,219	79,686
Other long-term liabilities	-	-
Totals	$ 297,390	$ 321,030

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RF INDUSTRIES, LTD.
NOTES TO FINANCIAL STATEMENTS

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

Note 14- Subsequent events

At its December 10, 2010 meeting, the Board of Directors approved a $0.03 dividend to be paid on January 17, 2011 to stockholders of record on December 31, 2010. On December 16, 2010, Congress passed the 2010 Tax Relief Act which will impact the Company's tax provision in the first quarter of fiscal 2011. Due to the passage of the Act into law, the Company estimates it will be able to claim an increased tax credit related to the year October 31, 2010 for research and development related to the year ended October 31, 2010 of approximately $55,000. The credit will be recorded in the first quarter of fiscal 2011.

SIGNATURE

In accordance with Section 13 or 15 (d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

RF INDUSTRIES, LTD.

Date: January 12, 2011	By:	/s/ Howard F. Hill
	Howard F. Hill, President/CEO	

In accordance with the Securities Exchange Act of 1934, this Report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the date indicated.

Date: January 12, 2011	By:	/s/ James S. Doss
	James S. Doss, Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)	
Date: January 12, 2011	By:	/s/ Howard F. Hill
	Howard F. Hill, President/CEO (Principal Executive Officer)	
Date: January 12, 2011	By:	/s/ John Ehret
	John Ehret, Director	
Date: January 12, 2011	By:	/s/ Marvin Fink
	Marvin Fink, Director	
Date: January 12, 2011	By:	/s/ William Reynolds
	William Reynolds, Director	
Date: January 12, 2011	By:	/s/ Robert Jacobs
	Robert Jacobs, Director	