R F INDUSTRIES LTD
Form 10KSB
February 08, 2008

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

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

For the fiscal year ended October 31, 2007

Commission File Number 0-13301

RF INDUSTRIES, LTD.
(Name of small business issuer in its charter)

Nevada (State or other jurisdiction of incorporation or organization)	88-0168936 (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
(Issuer'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

Check whether the issuer (1) 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 issuer was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.
Yes x No o

Check whether the issuer is not required to file reports pursuant to Section 13 or 15(d) of the Exchange Act. o

Check if there is no disclosure of delinquent filers in response to Item 405 of Regulation S-B contained in this form, and no disclosure will be contained, to the best of the issuer's knowledge , in definitive proxy or information statements incorporated by reference in Part III of this Form 10-KSB or any amendment to this Form 10-KSB. o

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

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

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

Certain exhibits previously filed with the registrant's prior Forms 10-KSB and Forms 10-QSB are incorporated by reference into Item 13 of this Form 10-KSB.

Transitional Small Business Disclosure Format: Yes o No x

This Form 10-KSB consists of a total of 57 pages. The Index to Exhibits can be found on page 25.

Forward-Looking Statements:

Certain statements in this Annual Report on Form 10-KSB, and other oral and written statements made by the Company from time to time are "forward looking statements" within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended, including those that discuss strategies, goals, outlook or other non-historical matters, or projected revenues, income, returns or other financial measures. In some cases forward-looking statements can be identified by terminology such as "may," "will," "should," "except," "plan," "anticipate," "believe," "estimate," "potential" or "continue," the negative of such terms or other comparable terminology. These forward-looking statements are subject to numerous risks and uncertainties that may cause actual results to differ materially from those contained in such statements. Among the most important of these risks and uncertainties are the ability of the Company to continue to source its raw materials and products from its suppliers and manufacturers, and the market demand for its products, which market demand is dependent to a large part on the state of the telecommunications industry.

Important factors which may cause actual results to differ materially from the forward looking statements are described in the Section entitled "Risk Factors" in the Form 10-KSB, and other risks identified from time to time in the Company's filings with the Securities and Exchange Commission, press releases and other communications. The Company assumes no obligation to update these forward-looking statements to reflect actual results or changes in factors or assumptions affecting such forward-looking statements.

PART I

ITEM 1. DESCRIPTION OF BUSINESS

General:

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

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

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

Operating Divisions

Connector and Cable Division The Connector and Cable Division is engaged in the design, manufacture and distribution of coaxial connector solutions for companies that design, build, operate, maintain and use wireless voice, data, messaging, and location tracking systems. Coaxial connector products consist primarily of connectors which, when attached to a coaxial cable, facilitate the transmission of analog and digital signals in various frequencies. Although most of the connectors are designed to fit standard products, the Company also sells custom connectors specifically designed and manufactured to suit its customers' requirements such as the Wi-Fi and broadband wireless markets. The Company's RF connectors are used in thousands of different devices, products and types of equipment. While the models and types of devices, products and equipment may change from year to year, the demand for the types of connectors used in such products and offered by the Company does not fluctuate with the changes in the end product incorporating the connectors. In addition, since the Company's standard connectors can be used in a number of different products and devices, the discontinuation of one product does not make the Company's connectors obsolete. Accordingly, most connectors carried by the Company can be marketed for a number of years and are only gradually phased out. Furthermore, because the Company's connector products are not dependent on any line of products or any market segment, the Company's overall sales of connectors do not fluctuate materially when there are changes to any product line or market segment. Sales of the Company's connector products are more dependent upon the overall economy, infrastructure build out by large telecommunications firms and on the Company's ability to market its products. However, the Company's sales of connectors and cable assemblies have increased in the past four out of five years as the overall market demand for wireless products that use the Company's connectors has increased. Sales of connectors and cable assemblies decreased in fiscal year 2007 compared to 2006 sales as the build out of infrastructure projects were put on hold due to consolidation with the telecommunications industry. The Company believes that the continuing growth in new wireless products as well as its increased sales in the military/aerospace markets will result in an overall increase in the demand for the radio frequency connectors and cable assemblies that the Company distributes.

Third party foreign manufacturers located in Asia manufacture the Company's RF connectors for the Company. The Company has been designing, producing and selling coaxial connectors since 1987 and the Connector and Cable Division therefore represents the Company's oldest and most established division. The Connector and Cable Division has during all of the recent fiscal years, generated the majority of the Company's revenues.

Cable assembly products consist of various types of coaxial cables that are attached to connectors (usually the Company's connectors) for use in a variety of communications applications. Cable assemblies are manufactured at the Company's California facilities and are sold through distributors or directly to major OEM (Original Equipment Manufacturer) accounts. Cable assemblies consist of both standard cable assemblies and assemblies that are custom manufactured for the Company's clients. The Company offers a line of cable assemblies with over 100,000 cable products. The Company launched its cable assembly operations in 2000, and cable assembly products constituted the second largest generator of revenues for the Company during the fiscal year ended October 31, 2007.

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

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

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

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

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

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

Product Description:

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

Connector and Cable Products:

The Company's Connector and Cable Division designs and distributes coaxial connectors for the numerous products, devices and instruments. Coaxial connectors have applications in commercial, industrial, automotive, scientific and military markets. The types of connectors offered by the RF Connector Division include 2.4mm and 3.5mm, 7-16 DIN, BNC, MCX, MHV, Mini-UHF, MMCX, N, SMA, SMB, TNC, QMA and UHF. These connectors are offered in several configurations for both plugs and jacks. There are hundreds of applications for these connectors, some of which include digital applications, cellular and PCS telephones, Wi-Fi and broadband wireless applications, cellular and PCS infrastructure, GPS (Global Positioning Systems), mobile radio products, aircraft, video surveillance systems, cable assemblies and test equipment. Users of the Company's connectors include telecommunications companies, circuit board manufacturers, OEM, consumer electronics manufacturers, audio and video product manufacturers and installers, and satellite companies. The Connector Division markets approximately 1,500 types of connectors, which range in price from $0.40 to $125.00 per unit.

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

The cable assembly component of the Connector and Cable Division markets and manufactures cable assemblies in a variety of sizes and combinations of RF coaxial connectors and coax cabling. Cabling is purchased from a variety of major unaffiliated suppliers and is assembled with the Company's connectors as complete cable assemblies. Coaxial cable assemblies have thousands of applications including local area networks, wide area networks, Internet systems, PCS/cellular systems, TV/dish network systems, test equipment, military/aerospace (mil-standard and COTS (Commercial Off The Shelf)) and entertainment systems. Most cable assemblies are manufactured to the purchaser's specifications.

Aviel Electronics Products:

The Aviel Electronics Division designs, manufactures and sells specialized connectors. Aviel's standard configuration and custom connectors include connectors ranging from subminiature to type "L" to Nan-Hex, SMA, SMB, SMC, TNC, BNC, SC and NL. Aviel also specializes in the design and manufacture of custom and non-standard configurations required for specific applications as well as hard to locate and discontinued connectors for commercial, aerospace, military and other unique applications.

Worswick Products:

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

Bioconnect Products:

Bioconnect designs, manufactures and sells and provides product development services to OEM's for specialized electrical cabling and interconnect products used in the medical monitoring market. These products consist primarily of patient monitoring cables, ECG cables, snap leads, and molded safety leads for neonatal monitoring electrodes. The products, which are used in hospitals, clinics, doctor offices, ambulances and at home are replaced frequently in order to ensure maximum performance.

RF Neulink Products:

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

The products sold by the RF Neulink Division include both its own products and products of other manufacturers that are distributed by the Neulink Division. The products offered by the Neulink Division include:

- NL5000 - (replaced the RF 9600) as a cost effective, high performance telemetry modem
- NL6000 UHF and VHF feature, high performance wireless modems
- NL900 and NL2400 Spread Spectrum point to point wireless modems
- Ornnex Control Systems 900mhz Spread-Spectrum wireless modems and I/O modules
- Teledesign high-speed wireless modems in VHF, UHF and 900 MHz frequencies
- BlueWave, Maxrad, and Antenex antennas
- Custom Design and Engineering services

Current applications in use worldwide for Neulink products are various and include seismic and volcanic monitoring, industrial remote censoring/control in oil fields, pipelines and warehousing, lottery remote terminals, various military applications, remote camera control and tracking, perimeter and security system control/monitoring, water and waste management, inventory control, HVAC remote control and monitoring, biomedical hazardous material monitoring, fish farming automation of food dispensing, water aeration and monitoring, remote emergency generator startup and monitoring, police usage for mobile warrant database access

In 2004 fiscal year, the Neulink Division introduced a new radio modem that it developed. The new NL6000 radio modem was repositioned within the marketplace to compete against a more upscale market segment and was designed to meet the FCC’s 2004 mandatory requirement to provide narrow-band channels. This product is a high-speed narrow band compliant radio modem that operates on a 12.5 KHz channel at a 12 Kbps data transfer rate. In 2005, Neulink was chosen to develop a different version of the NL6000 for the Stanford Research Institute and the U.S. Marine Corps.

RadioMobile Products:

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

- IQ Mobile VB mobile messaging software provides the fundamental engine for interfacing with computer aided displace functions.
- IQ Mobile IE browser mobile messaging application provides host and data base access.
- IQ Locator, a server resident map engine permitting one or many clients to access the map data.
- IQ Gateway software controls data to and from mobile units.
- MDT 7000 mobile computer terminal.

- MCT 1000 ruggedized mobile/portable computer terminal.
- CMX 6000 mobile short messaging status head.
- IQ AVL vehicle location software and hardware.

Foreign Sales:

Direct export sales by the Company to customers in South America, Canada, Mexico, Europe, Australia, the Middle East, and Asia accounted for $2,273,000 or approximately 15% of Company’s sales for the fiscal year ended October 31, 2007. The majority of the export sales during these periods were to Israel, Canada and Mexico. The Company is attempting to expand its foreign distribution efforts under its “RFI” logo, and is attempting to obtain additional foreign private label customers.

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

Distribution, Marketing and Customers:

Sales methods vary greatly between its divisions. The Connector and Cable Assembly Divisions currently sell their products primarily through warehousing distributors and OEM customers who utilize coaxial connectors and cable assemblies in the manufacture of their products. Since there are many OEMs who are not served by any of the Company's distributors, the Company's goal is to increase the number of OEMs that purchase connectors directly from the Company.

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

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

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

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

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

Manufacturing:

The Company contracts with outside third parties for the manufacture of all its coaxial connectors, and Neulink products. However, virtually all of RF cable assemblies sold by the Company during the fiscal year ended October 31, 2007 were manufactured by the Company at its facilities in California. The Connector and Cable Division has its manufacturing performed at numerous International Standards Organization (ISO) approved factories with plants in Japan, Korea, the United States and Taiwan. The Company is dependent on a few manufacturers for its coaxial connectors and cable assemblies. Although the Company does not have manufacturing agreements with these manufacturers for its connectors, cable and Neulink products, it does have long-term purchasing relationships with these manufacturers. RF Industries has in-house design engineers who create the engineering drawings for fabrication and assembly of connectors and cable assemblies. Accordingly, the manufacturers are not primarily responsible for design work related to the manufacture of the connectors and cable assemblies. However, the third party manufacturers of the Neulink products are solely responsible for design work related to the manufacture of the Neulink Division's products. Neulink's products are manufactured by numerous manufacturers in the United States, and the Company is not dependent on one or a few manufacturers for its Neulink products.

The Bioconnect Division has designed and manufactured its own products for over 20 years (including as an unaffiliated company before being acquired by the Company in 2000). The manufacturing process for the Bioconnect medical cables includes all aspects of the product, from the design to mold design, mold fabrication, assembly and testing. The Bioconnect product line produces its medical interconnect products in both high volume manufacturing and for custom or low volume uses.

The Aviel Electronics Division manufactures all its connectors at its Las Vegas, Nevada manufacturing facility. The Aviel Electronics Division has designed and manufactured its own products for 50 years (including as an unaffiliated company before being acquired by the Company in August 2005). The manufacturing process for the Aviel connectors includes all aspects of the product from design, tooling, fabrication, assembly and testing. The Aviel Electronics product line produces its connector products for low volume custom manufacturing uses, for the military, aerospace, communications and other unique applications.

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

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

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

Raw Materials:

Connector materials are typically made of commodity metals such as copper and zinc and include small applications of precious materials, including silver and gold. The RF Connector and Cable Division purchases most of its connector products from contract manufacturers located in Asia and the United States. The Company believes that the raw materials used in its products are readily available and that the Company is not currently dependent on any supplier for its raw materials. The Company does not currently have any long-term purchase or supply agreements with its connector or Neulink product suppliers. The RF Connector and Cable assembly division obtains coaxial connectors from RF Connector. The Company believes there are numerous domestic and international suppliers of coaxial connectors. Nevertheless, should the Company experience a material delay in obtaining raw materials and component parts from its existing suppliers, until alternate arrangements are made, the Company's ability to meet its customer's needs may be adversely affected.

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

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

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

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

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

Employees:

As of December 31, 2007, the Company employed 83 full-time employees, of whom 35 were in accounting, administration, sales and management, 46 were in manufacturing, distribution and assembly, and 2 were engineers engaged in design, engineering and research and development. The Company also occasionally hires part-time employees. The Company believes that it has a good relationship with its employees and, at this time, no employees are represented by a union.

Research and Development:

The Company incurs research and development expenses from time to time when developing new products. The Company engaged in approximately $50,000 of research and development activities in fiscal year ended October 31,

2007. During the fiscal year ended October 31, 2006, the Company did not engage in any new research and development activities. Since the completion of the development of the Neulink Division's NL6000 radio modem in fiscal 2004, the Company has only engaged in a minimal amount of research and development activities intended to produce new products not marketed by others and can be marketed to the wire-less connectivity industry in general.

In addition to research and development activities, the Company also invested approximately $1,100,000 during the past two fiscal years on engineering. Engineering activities consisted of design and development of new products for specific customers, the design and engineering of new products and the redesign of existing products to keep up with changes in the industry and products offered by the Company's competitors. Engineering work often is carried out in collaboration with the Company's customers.

The increase in business in the military/aerospace sector has encouraged the Company to develop an ISO 9000-like tracking system to improve its competitive edge, and is exploring future ISO certification.

Patents, Trademarks and Licenses:

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

Warranties and Terms:

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

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

Competition:

Management estimates that the Connector and Cable Divisions has over 50 competitors in the approximately $1.9 billion annual RF connector market. Management believes no one competitor has over 15% of the total market, while the three leaders hold no more than 35% of the total market. Many of the competitors of the RF Connector and Cable Division have significantly greater financial resources and broader product lines. RF Connector competes on the basis of product quality, product availability, price, service, delivery time and value-added support to its distributors and OEM customers. Since the Company's strategy is to provide a broad selection of products in the areas in which it competes and to have a ready supply of those products available at all times, the Company normally has a significant amount of inventory of its connector products. The Bioconnect group competes with numerous other companies in all areas of its operations, including the manufacture of OEM custom products and medical cable products. Most of the competitors of Bioconnect are larger and have significantly greater financial resources than Bioconnect.

There are numerous small privately held manufacturers and marketers of connectors, but Aviel Electronics has specialized in microwave and radio frequency (RF) custom connectors which lowers the number of its direct competitors. Because Aviel Electronics is an approved vendor of leading aerospace, electronics, OEM and government agencies in the United States and abroad, competition is limited to those manufacturers who have been approved.

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

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

Government Regulations:

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

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

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

Risk Factors

Investors should carefully consider the risks described below and all other information in this Form 10-KSB. 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.

Dependence On The Connector and Cable Assembly Division

Of the Company's six operating divisions, the RF Connector and Cable Assembly division is the largest, accounting for approximately 76.6% of the Company's total sales for the fiscal year ended October 31, 2007. The Company expects the RF Connector and Cable Assembly division 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 division could materially adversely affect the Company's business, operating results and financial condition. Factors that could adversely affect the Connector and Cable Division are described below.

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 Korea, 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 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.

Dependence Upon Independent Distributors To Sell And Market The Company's Products

The Company's sales efforts are primarily affected through independent distributors, of which there were more that 50 as of the end of fiscal 2007. Sales through independent distributors accounted for approximately 77% the net sales of the Company for the fiscal year ended October 31, 2007. 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.

Dependence On Principal Customer

One customer accounted for approximately 18% of the total sales of the Company for the fiscal year ended October 31, 2007. Although this customer has been an on-going major customer of the Company for at least the past nine 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.

The Markets In Which The Company Competes Are Highly Competitive.

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. Because the Company does not own any proprietary property 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:

- success in subcontracting the design and manufacture of existing and new products that implement new technologies;
- 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.

International Sales And Operations

Sales to customers located outside the United States, either directly or through U.S. and foreign distributors, accounted for approximately 15% of the net sales of the Company in the year ended October 31, 2007. This increase is due to an increase in sales to the Company's largest international customer. 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.

Dependence On Key Personnel

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, 2008. 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.

Changes in Stock Option Accounting Rules have Adversely Affected The Company’s Reported Operating Results, And Therefore May Adversely Affect The Company’s Stock Price And The Company’s Ability To Attract And Retain Employees

Since November 1, 2006, the Company is subject to the rules of the Financial Accounting Standards Board, Statement of Financial Accounting Standards No. 123 (R), "Share-Based Payment," which rules require it to record all stock-based employee compensation as an expense. The new rules apply to stock options grants, as well as a wide range of other share-based compensation arrangements. Historically, the Company has compensated almost all of its full-time employees, and all of its officers and directors, with such share- based compensation awards in order to limit its cash expenditures and to attract and retain its employees, officers and directors. Accordingly, if the Company continues to grant stock options or other share-based compensation awards to its officers, directors, employees, and consultants, its future earnings, if any, will be reduced (or the Company’s future losses will be increased) by the expenses recorded for those grants. Since the Company is a small company, the expenses it may have to record as a result of future options grants may be significant and may materially negatively affect its reported financial results. The adverse effects that the new accounting rules may have on the Company’s future financial statements may reduce the Company’s stock price and make it more difficult for it to attract new investors.

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

Since August 2004, the Company has purchased the operations of three smaller businesses (Aviel Electronics in Las Vegas, Nevada, in August 2004, Worswick Industries Inc. in San Diego, California, in September 2005, and Radiomobile, Inc. in San Diego, California, in September 2007). The Company periodically 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 may in the future acquire one or more additional companies. The risks involved with such future acquisitions include:

- 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; 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 Exclusive Intellectual Property 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. In addition, the Company does not have any other exclusive intellectual property rights in the technology employed in its products. The Company does not actively seek to protect its rights in the technology that it develops or that the Company's third-party contract manufacturers develop. In addition, these parties share the technologies with other parties, including some of the Company's competitors. Accordingly, competitors can and do sell the same products as the Company, and the Company cannot prevent or restrict such competition.

Volatility of Trading Prices

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 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 11,000 square feet which houses its corporate administration, sales and marketing, and engineering plus production and warehousing for the Company's Connector and Cable Assembly and Bioconnect Divisions. The lease for this facility expires on May 31, 2010. In addition, the Company also leases the following facilities:

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

(ii) The Neulink Division operates from a separate building that is located near the Company's corporate headquarters at 7606 Miramar Road, Building 7200. RF Neulink's building consists of approximately 2,500 square feet of administrative and manufacturing space and houses the production and sales staff of the Neulink Division. The lease for this space expires on May 31, 2010.

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

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

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

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

ITEM 3. LEGAL PROCEEDINGS

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

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

None.

PART II

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

The Company's Common Stock is listed and trades on the NASDAQ Capital Market under the symbol "RFIL."

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

Quarter	High	Low
Fiscal 2007		
November 1, 2006 - January 31, 2007	$ 9.57	$ 6.15
February 1, 2007 - April 30, 2007	8.38	5.33
May 1, 2007 - July 31, 2007	6.25	5.20
August 1, 2007 - October 31, 2007	7.67	5.40
Fiscal 2006		
November 1, 2005 - January 31, 2006	$ 5.67	$ 4.55
February 1, 2006 - April 30, 2006	6.81	4.72
May 1, 2006 - July 31, 2006	6.45	5.49
August 1, 2006 - October 31, 2006	8.64	5.12

Stockholders: As of October 31, 2007 there were 497 holders of the Company's Common Stock according to the records of the Company's transfer agent, Continental Stock Transfer & Trust Company, New York, New York, not including holders who hold their stock in "street name".

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

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

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

EQUITY COMPENSATION PLAN INFORMATION

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

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

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

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

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

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Our financial statements have been prepared in accordance with accounting principles generally accepted in the United States. The preparation of these financial statements requires us to make significant estimates and judgments that affect the reported amounts of assets, liabilities, revenues, expenses and related disclosure of contingent assets and liabilities. We evaluate our estimates, including those related to bad debts, inventories and contingencies on an ongoing basis. We base our estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions. One of the accounting policies that involve significant judgments and estimates concerns our inventory valuation. Inventories are valued at the weighted average cost value. Certain items in the inventory may be considered obsolete or excess and, as such, we may establish an allowance to reduce the carrying value of these items to their net realizable value. Based on estimates, assumptions and judgments made from the information available at the time, we determine the amounts of these allowances. Because inventories have, during the past few years, represented over one-third of our total assets, any reduction in the value of our inventories would require us to take write-offs that would affect our net worth and future earnings. Another accounting policy that involves significant judgments and estimates is our accounts receivable allowance valuation. The Company routinely assesses the financial strength of its customers and maintains an allowance for doubtful accounts that management believes will adequately provide for credit losses. The Company uses the Black-Scholes model to value the stock option grants which involves significant judgments and estimates.

RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

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

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

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

The Company generated cash from operations of $1,733,000, used $401,000 in financing activities, and used $260,000 for capital expenditures and acquisitions. As a result, the amount of cash and cash equivalents, and investments in available-for-sale securities held by the Company as of October 31, 2007 increased to $7,932,000 from $6,866,000 in the prior year. Since the Company has no debt other than normal accounts payable, accrued expenses, and other long-term liabilities, the Company will continue to have sufficient cash to fund all of its anticipated financing and liquidity needs for the foreseeable future.

Financial Condition:

The following table presents certain key measures of financial condition as of October 31, 2007 and 2006:

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

Liquidity and Capital Resources:

Management believes that its existing current assets and the amount of cash it anticipates it will generate from current operations will be sufficient to fund the anticipated liquidity and capital resource needs of the Company for the fiscal year ending October 31, 2008. The Company does not, however, currently have any commercial banking arrangements providing for loans, credit facilities or similar matters should the Company need to obtain additional capital. Management believes that its existing assets and the cash it expects to generate from operations will be sufficient during the current fiscal year based on the following:

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

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

Management believes that based on the Company's financial condition at October 31, 2007, the absence of outstanding bank debt, and its recent operating results there are sufficient capital resources to fund its operations and future acquisitions for at least the next twelve months. Should the Company need to obtain additional funds for its unexpected acquisitions of assets or other expansion activities, based on its balance sheet and its history of profitability, the Company believes that it would be able to obtain bank loans to finance these expenditures. However, there can be no assurance any bank loan would be obtainable, or if obtained, would be on favorable terms or conditions.

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

As part of its business strategy, and because of its offshore manufacturing arrangements, the Company normally maintains a high level of inventory. As described elsewhere in this Annual Report, one of the Company's competitive advantages and strategies is to maintain customer satisfaction by having sufficient inventory on hand to fulfill most customer orders on short notice. Accordingly, the Company maintains a significant amount of inventory, which increases or decreases to reflect the Company's sales and lead times for products. Because sales decreased by 2% during fiscal 2007, the Company decreased its inventory levels, yet will still be able to meet anticipated demand. The Company continuously monitors its inventory levels and product costs, and because of continued increases in sales or raw material costs, may continue increasing its inventory levels.

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

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

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

Results of Operations:

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

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

Income taxes	943,376	6%	1,222,715	8%
Net income	1,135,223	8%	1,540,672	10%

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

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

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

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

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

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

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

ITEM 7. FINANCIAL STATEMENTS

The following Financial Statements of the Company with related Notes and Report of Independent Registered Public Accounting Firm are attached hereto as pages F-1 to F-19 and filed as part of this Annual Report:

- Report of J.H. Cohn LLP, Independent Registered Public Accounting Firm

- Balance Sheets as of October 31, 2007 and 2006
- Statements of Income for the years ended October 31, 2007 and 2006
- Statements of Stockholders' Equity for the years ended October 31, 2007 and 2006
- Statements of Cash Flows for the years ended October 31, 2007 and 2006
- Notes to Financial Statements

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ITEM 8. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None

ITEM 8A(T) CONTROLS AND PROCEDURES

(a) *Internal control over financial reporting.* Disclosure controls and procedures are controls and other procedures that are designed to ensure that the information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed in the reports that a company files or submits under the Exchange Act is accumulated and communicated to the company's management, including its Principal Executive Officer and Principal Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

(b) Changes In Internal Controls Over Financial Reporting. The Company maintains disclosure controls and procedures that are designed to provide reasonable assurance that information required to be disclosed in the Company's 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 Company's management, including the Company's Chief Executive Officer and Chief Financial Officer, as appropriate, to allow for timely decisions regarding required disclosure. 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 only reasonable assurance of achieving the desired control objectives, and management is required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

As required by Securities and Exchange Commission Rule 13a-15(b), the Company carried out an evaluation, under the supervision and with the participation of the Company's management, including the Company's Chief Executive Officer and the Company's Chief Financial Officer, of the effectiveness of the design and operation of the Company's disclosure controls and procedures as of October 31, 2007, the end of the period covered by this report. The Company's Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures were not effective as of October 31, 2007. Management reviewed the results of this evaluation with the Audit Committee of our Board of Directors, and based on this evaluation, management has determined that as of October 31, 2007, a material weakness existed relating to inadequate financial department staffing and a lack of financial accounting expertise necessary to properly account for certain complex or non-routine transactions. Notwithstanding the existence of this material weakness, we believe that the consolidated financial statements included in this report fairly present in all material respects our financial condition, results of operations and cash flows for the periods presented. This material weakness resulted in the need for certain adjustments to equity based compensation, segment reporting, income tax expense, and certain other expense estimates. Although only one of these adjustments was material, until this material weakness is remediated, management has concluded that there is a reasonable possibility that a material misstatement to the annual or interim consolidated financial statements could occur and not be prevented or detected by the Company's controls in a timely manner. Accordingly, management has determined that this control deficiency constitutes a material weakness. Because of this material weakness, we have concluded that we did not maintain effective internal control over financial reporting as of October 31, 2007 based on the criteria in Internal Control - Integrated Framework.

Our management, with the oversight our Audit Committee, has devoted considerable effort to remediate the material weakness identified above. However, as of October 31, 2007, we had not fully remediated the material weakness in our internal control over financial reporting. The Company has retained consultants to provide assistance in addressing non-routine complex accounting and the proper reporting of transactions.

We believe that the actions described above and resulting improvements in controls will generally strengthen our disclosure controls and procedures, as well as our internal control over financial reporting and will, over time, address the material weakness that we have identified in our internal control over financial reporting as of October 31, 2007. Many of the remedial actions we have taken are very recent, and other remedial actions are yet to be implemented. Because our remediation efforts include adding additional resources, many of the controls in our current system of internal controls will still rely extensively on manual review and approval, and management will not be able to conclude that the material weakness has been eliminated until such additional resources have been put in place, and the controls have been successfully operated and tested.

We, along with our Audit Committee, will continue to monitor and evaluate the effectiveness of these remedial actions and make further changes as deemed appropriate.

Except for the matters discussed above, there has been no change in the Company’s internal control over financial reporting during the period ended October 31, 2007 that has materially affected, or is reasonably likely to materially affect, the Company’s internal control over financial reporting.

(c) *Limitations On Disclosure Controls And Procedures*. The Company, including its principal executive officer and principal financial officer, does not expect that its disclosure controls or internal controls over financial reporting will prevent all errors or all instances of fraud. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the control system’s objectives will be met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the Company can be detected.

ITEM 8B OTHER INFORMATION

None

PART III

ITEM 9. DIRECTORS, EXECUTIVE OFFICERS, PROMOTERS, CONTROL PERSONS AND CORPORATE GOVERNANCE; COMPLIANCE WITH SECTION 16(a) OF THE EXCHANGE ACT

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, 2007. 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, Kester and Reynolds.

Name	*Age*	**Director Since**
John R. Ehret	70	1991
Marvin H. Fink	71	2001
Howard F. Hill	67	1979
William Reynolds	72	2005
Robert Jacobs	55	1997
Linde Kester	62	2001

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 33 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 40 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 25 years.

Linde Kester has been the Proprietor of Oregon's Chateau Lorane Winery since 1992. He was formerly Chairman and CEO of Xentek, an electronics power conversion manufacturer that he co-founded in 1972. Mr. Kester was also a co-founder of Hidden Valley National Bank in Escondido, California. He holds an A.A. in Electron-Mechanical Design from Fullerton College and has over two decades of experience in the electronics industry.

William Reynolds joined the Board of Directors on April 26, 2005. He was the former 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.

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 40 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. Mr. Doss, 39, was most recently 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, 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, 2007, the Board of Directors held five 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, 2007, each Board of Directors member attended at least 75% of the meetings of the Board of Directors and at least 75% of the meetings of the committees on which he served.

Board Committees

During fiscal 2007, the Board of Directors maintained two committees, the Compensation Committee and the Audit Committee. The Board of Directors also intends to form a Nominating Committee. Each member will be “independent” as defined in the Nasdaq Stock Market’s listing standards. The functions of the Nominating Committee will be to assist the Board of Directors by identifying individuals qualified to become members, and to recommend to the Board of Directors the director nominees for the next annual meeting of stockholders, and to recommend to the Board of Directors corporate governance guidelines and changes thereto.

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 2007, the Audit Committee was composed of Mr. Reynolds, Mr. Ehret and Mr. Kester. Each of these individuals were non-employee directors and 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 2007. The Audit Committee operates under a formal charter that governs its duties and conduct.

The Compensation Committee currently consists of Messrs. Ehret, Fink, and Kester, 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 2007, 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 on its review of the copies of reporting forms received by the Company, the Company believes that during its most recent fiscal year ended October 31, 2007, its officers and directors complied with the filing requirements under Section 16(a).

ITEM 10. 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, 2007 (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, 2007:

		Annual Compensation		Long-Term Compensation Awards		
Name and Principal Position	Year	Salary ($)	Bonus ($)	Securities Underlying Options/SARs (#)		Any Other Compensation
Howard F. Hill, President Chief Executive Officer, Director	2007	175,000	0	6,000	$	15,703(1)
	2006	175,000	50,000	6,000	$	31,318
James S. Doss, Chief Financial Officer Director	2007	96,685	6,000	32,916	$	11,775(2)

(1) Mr. Hill's other compensation consisted of $788 of accrued vacation not taken in fiscal 2007 and $14,915 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 $1,163 of accrued vacation not taken in fiscal 2007 and $10,612 for vehicle costs.

Option Grants. The following table contains information concerning the stock option grants to the Company's Named Executive Officers for the fiscal year ended October 31, 2007.

Option Grants in Last Fiscal Year

Name	Securities Underlying Options Granted (#)	% of Total Options Granted to Employees in Fiscal Year		Base Price ($/Share)	Expiration Date
Howard F. Hill, President Chief Executive Officer					
Incentive Stock Option	6,000	4.03%	$	7.56	October 2017

James S. Doss, Chief Financial Officer				
Incentive Stock Option	16,416	11.02%	$ 7.56	October 2017
Non-qualified Stock Option	16,500	11.04%	$ 7.56	October 2017

Option Exercises and Holdings. The following table sets forth information concerning option exercises and option holdings and the value, at October 31, 2007, of unexercised options held by the Named Executive Officers:

Aggregated Options/SAR Exercises in Last Fiscal Year
and Fiscal Year-End Option/SAR Values

Name	Shares Acquired Exercise #	Value Realized Market Price at Exercise Less Exercise Price ($)	Number of Unexercised Options/SARs at Fiscal Year-End (#) Exercisable	Unexercisable	Value of Unexercised In-the-Money Options/SARs at Fiscal Year-End ($)Exercisable/ Unexercisable (1)
Howard F. Hill, President, Chief Executive Officer	65,000	$ 35,540	245,871	6,000	$ 1,858,785/ $ 45,360
James S. Doss, Chief Financial Officer	0	$ 0	0	32,916	$ 0 / $248,845

(1) Represents the closing price per share of the underlying shares on the last day of the fiscal year less the option exercise price multiplied by the number of shares. The closing value per share was $7.56 on the last trading day of the fiscal year as reported on the Nasdaq Capital Market.

During the fiscal year ended October 31, 2007, 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 20, 2005 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. The new employment agreement provides for an annual salary of $175,000. Either Mr. Hill or the Company can terminate the employment agreement at each of the first and second anniversaries of the agreement. The employment agreement will expire on June 20, 2008.

Compensation of Directors

The Company compensates its directors with an annual grant of options to purchase 2,000 shares of common stock. The exercise price of the options is set at the closing price of the common stock on the last day of the fiscal year, or if the grant occurs after the end of the fiscal year, the closing price on the date of grant. For the fiscal year ended October 31, 2007, options to purchase 2,000 shares of common stock were granted to each of the following directors: Mr. Ehret, Mr. Jacobs, Mr. Kester and Mr. Reynolds. Mr. Fink was granted 4,000 as Chairman of the Board. All options granted had an exercise price of $7.56 per share. The directors are also eligible for reimbursement of expenses incurred in connection with attendance at Board meetings and Board committee meetings. For the fiscal years ending after October 31, 2006, the Board has voted to compensate all non-employee directors, in addition to the foregoing options, with an annual cash payment of $5,000 per director, and to pay the non-employee Chairman of the Board an additional annual payment of $10,000.

ITEM 11.

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 October 31, 2007 for each director; (ii) the executive officer named in the Summary Compensation Table in Executive Compensation; (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.

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	245,871(2)	6.5%

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John R. Ehret 7610 Miramar Road, Ste. 6000 San Diego, CA 92126-4202	28,000(3)	0.7%
Robert Jacobs 7610 Miramar Road, Ste. 6000 San Diego, CA 92126-4202	8,000(4)	0.2%
Marvin H. Fink 7610 Miramar Road, Ste. 6000 San Diego, CA 92126-4202	37,165(5)	0.9%
Linde Kester 7610 Miramar Rd., Ste. 6000 San Diego, CA 92126-4202	91,472(6)	2.7%
William Reynolds 7610 Miramar Rd., Ste. 6000 San Diego, CA 92126-4202	20,300(7)	0.5%
All Directors and Officers as a Group (6 Persons)	430,808(8)	11.4%
Hytek International, Ltd PO Box 10927 APO George Town Cayman Islands	450,930(9)	11.9%
Walrus Partners, LLC 8014 Olson Memorial, #232 Golden Valley, MN 55427	294,416(10)	7.8%

(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) Represents the 245,871 shares that Mr. Hill has the right to acquire upon exercise of options exercisable within 60 days.

(3) Consists of 16,000 shares, which Mr. Ehret has the right to acquire upon exercise of options exercisable within 60 days, 2,000 options exercised and held on October 18, 2007 plus 10,000 shares purchased on the open market.

(4) Consists of 8,000 shares, which Mr. Jacobs have the right to acquire upon exercise of options exercisable within 60 days.

(5) Consists of 25,165 shares, which Mr. Fink has the right to acquire upon exercise of options exercisable within 60 days plus 5,000 shares purchased on the open market.

(6)

Consists of 32,170 shares, which Mr. Kester has the right to acquire upon exercise of options exercisable within 60 days plus 61,302 shares purchased on the open market.

(7) Consists of 18,000 shares, which Mr. Reynolds has the right to acquire upon exercise of options exercisable within 60 days plus 2,300 shares purchased on the open market.

(8) Includes 345,206 shares, which the directors and officers have the right to acquire upon exercise of options exercisable within 60 days.

(9) Represents shares owned by Hytek International, Ltd is a Cayman Islands holding company which is deemed to possess sole voting and dispositive power over securities held.

(10) Information is based on a report on Schedule 13G filed in February 2007. Represents shares owned by clients of Walrus Partners, LLC, which is an investment adviser. Walrus Partners, LLC is deemed to possess sole voting and dispositive power over securities held by its clients. Walrus Partners, LLC disclaims beneficial ownership of these securities held by these clients

ITEM 12. 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. The principal balance still outstanding on the loan is $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, 2007 and October 31, 2006, the Company paid the firm $40,409 and $39,870, respectively, for services rendered.

ITEM 13. 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

10.1 Form of 2000 Stock Option Plan(4)

10.2 Directors' Nonqualified Stock Option Agreements (2)

10.3 Lease Agreement - San Diego, CA Facility (3)

10.4 Employment Contract - Howard Hill (4)

14.1 Code of Ethics(5)

23.1 Consent of 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 dated February 8, 2008 announcing the financial results for the fiscal year ending October 31, 2007.

(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.

Shareholders of the Company may obtain a copy of any exhibit referenced in this 10-KSB Report by writing to: Secretary, RF Industries, Ltd., 7610 Miramar Road, Bldg. 6000, and San Diego, CA 92126. The written request must specify the shareholder’s good faith representation that such shareholder is a stockholder of record of common stock of the Company. A charge of forty-one cents ($.41) per page will be made to cover Company expenses in furnishing the requested documents.

ITEM14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

Audit-Related Fees

The following is a summary of the fees billed to RF Industries, Ltd. by J.H. Cohn LLP for professional services rendered for the fiscal years ended October 31, 2007 and 2006:

Fee Category		2007		2006
Audit Fees	$	203,350	$	161,091
Audit-Related Fees		12,859		9,520
Tax Fees				3,760
Total Fees	$	216,209	$	174,371

Audit Fees. Consists of fees billed for professional services rendered for the audit of RF Industries, Ltd. 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 for assurance and related services that are reasonably related to the performance of the audit and review of RF Industries’ financial statements and are not reported under “Audit Fees.” These services include professional services requested by RF Industries 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.

Tax Fees. Consists of fees billed for professional services and review of tax compliance, tax advice and tax planning matters. These services include assistance regarding federal and state tax compliance and assistance with tax reporting.

Index
[Attachment to Item 7]

*   *   *

Report of Independent Registered Public Accounting Firm

To the Stockholders
RF Industries, Ltd.

We have audited the accompanying balance sheets of RF Industries, Ltd. as of October 31, 2007 and 2006, and the related statements of income, stockholders' equity and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of RF Industries, Ltd. as of October 31, 2007 and 2006, and its results of operations and cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

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

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

RF INDUSTRIES, LTD.

BALANCE SHEETS
OCTOBER 31, 2007 AND 2006

ASSETS	2007	2006
Current assets:		
Cash and cash equivalents	$ 3,400,566	$ 4,612,935
Investments in available-for-sale securities	4,531,680	2,252,589
Trade accounts receivable, net of allowance for doubtful accounts of $43,459 and $45,653	1,900,029	2,053,402
Inventories	4,955,302	5,250,484
Other current assets	241,995	208,156
Deferred tax assets	321,700	196,075
Total current assets	15,351,272	14,573,641
Equipment and furnishings:		
Equipment and tooling	1,780,154	1,662,822
Furniture and office equipment	341,590	386,137
	2,121,744	2,048,959
Less accumulated depreciation	1,866,051	1,672,813
Total	255,693	376,146
Goodwill	308,479	200,848
Amortizable intangible assets, net	114,800	73,333
Note receivable from stockholder	66,980	66,980
Other assets	30,934	28,087
Totals	$ 16,128,158	$ 15,319,035
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 205,136	$ 441,203
Accrued expenses	696,939	564,940
Income taxes payable	167,625	719,864
Total current liabilities	1,069,700	1,726,007
Deferred tax liabilities	70,000	90,618
Other long-term liabilities	47,665	38,411
Total liabilities	1,187,365	1,855,036
Commitments and contingencies		
Stockholders' equity:		
Common stock - authorized 10,000,000 shares at $.01 par value; 3,285,969 and 3,252,613 shares issued and outstanding	32,860	32,526
Additional paid-in capital	5,700,362	4,582,897
Retained earnings	9,207,571	8,843,268

Accumulated other comprehensive income - net unrealized gain on available-for-sale securities				5,308
Total stockholders' equity		14,940,793		13,463,999
Totals	$	16,128,158	$	15,319,035

See Notes to Financial Statements.

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RF INDUSTRIES, LTD.

STATEMENTS OF INCOME
YEARS ENDED OCTOBER 31, 2007 AND 2006

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

See Notes to Financial Statements.

RF INDUSTRIES, LTD.

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

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

Treasury stock purchased and retired	(103,308)	(1,032)	(24,795)	(574,545)		(600,372)
Balance, October 31, 2007	3,285,969	$ 32,860	$ 5,700,362	$ 9,207,571	$	$ 14,940,793

See Notes to Financial Statements.

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RF INDUSTRIES, LTD.

STATEMENTS OF CASH FLOWS
YEARS ENDED OCTOBER 31, 2007 AND 2006

	2007	2006
Operating activities:		
Net income	$ 1,135,223	$ 1,540,672
Adjustments to reconcile net income to net cash provided by operating activities:		
Provision for bad debts	(4,393)	40,224
Depreciation and amortization	268,707	271,209
Deferred income taxes	(146,243)	(75,457)
Stock based compensation expense	572,471	143,188
Income tax benefit on non-qualified stock options	(198,000)	288,000
Changes in operating assets and liabilities (net of acquisition):		
Trade accounts receivable	184,819	(202,926)
Inventories	429,145	(1,069,984)
Income tax payable	(354,239)	1,025,995
Other current assets	(23,899)	(110,800)
Accounts payable	(236,067)	106,454
Accrued expenses	105,588	225,365
Net cash provided by operating activities	1,733,112	2,181,940
Investing activities:		
Payment for acquisition	(166,667)	
Purchases of available-for-sale securities	(4,832,399)	(5,363,610)
Sales of available-for-sale securities	2,548,000	3,116,329
Capital expenditures	(93,823)	(141,620)
Payment of note receivable		2,500
Payments of note receivable from related party		29,750
Net cash used in investing activities	(2,544,889)	(2,356,651)
Financing activities:		
Proceeds from exercise of stock options	198,155	280,427
Purchases of treasury stock	(600,372)	
Dividends paid	(196,375)	
Income tax benefit on non-qualified stock options	198,000	
Net cash provided by (used in) financing activities	(400,592)	280,427
Net increase (decrease) in cash and cash equivalents	(1,212,369)	105,716
Cash and cash equivalents at beginning of year	4,612,935	4,507,219
Cash and cash equivalents at end of year	$ 3,400,566	$ 4,612,935
Supplemental cash flow information - income taxes paid	$ 1,438,631	
Noncash investing and financing activities:		
Stock issued for acquisition	$ 175,000	
Present value of minimum guaranteed payments	$ 35,665	

Retirement of treasury stock	$	600,372

See Notes to Financial Statements.

RF INDUSTRIES, LTD.
NOTES TO FINANCIAL STATEMENTS

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

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

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

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

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

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

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

RF INDUSTRIES, LTD.

NOTES TO FINANCIAL STATEMENTS

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

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

Goodwill:
The Company follows Statement of Financial Accounting Standards No. 142 (“SFAS 142”), “Goodwill and Other Intangible Assets”, which requires that goodwill and certain intangible assets, including those recorded in past business combinations, no longer be amortized against earnings, but instead be tested for impairment at least annually. There was no impairment of goodwill as a result of impairment tests performed according to SFAS 142 in 2007 or 2006.

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

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

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

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

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

RF INDUSTRIES, LTD.

NOTES TO FINANCIAL STATEMENTS

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

Income taxes:
The Company accounts for income taxes pursuant to the asset and liability method which requires deferred income tax assets and liabilities to be computed for temporary differences between the financial statement and tax bases of assets and liabilities that will result in taxable or deductible amounts in future periods based on enacted laws and rates applicable to the periods in which the temporary differences are expected to affect taxable income. Valuation allowances are established when necessary to reduce deferred tax assets to the amount expected to be realized. The income tax provision is the tax payable or refundable for the period plus or minus the change during the period in deferred tax assets and liabilities.

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

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

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

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

RF INDUSTRIES, LTD.

NOTES TO FINANCIAL STATEMENTS

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

Earnings per share:
Basic earnings per share is calculated by dividing net income applicable to common stockholders by the weighted average number of common shares outstanding during the period. The calculation of diluted earnings per share is similar to that of basic earnings per share, except that the denominator is increased to include the number of additional common shares that would have been outstanding if all potentially dilutive common shares, principally those issuable upon the exercise of stock options, were issued and the treasury stock method had been applied during the period. The greatest number of shares potentially issuable by the Company upon the exercise of stock options in any period for the year ended October 31, 2007 and October 31, 2006, that were not included in the computation because they were anti-dilutive, totaled 163,923 and 77,929, respectively.

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

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

RF INDUSTRIES, LTD.

NOTES TO FINANCIAL STATEMENTS

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

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

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

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

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

The Company maintains its cash balances with several financial institutions. As of October 31, 2007, the balance exceeded the Federal Deposit Insurance Corporation limitation for coverage of $100,000 by approximately $1,747,000. The Company reduces its exposure to credit risk by maintaining such balances with financial institutions that have high credit ratings.

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

Sales to one customer represented 18% and 17% of total sales, and 13% and 12% of total accounts receivable in 2007 and 2006, respectively. The Company has a standard written distributor agreement with this customer and, therefore, this customer does not have any minimum purchase obligations and could stop buying the Company's products at any time. A reduction, delay or cancellation of orders from this customer or the loss of this customer could significantly reduce the Company’s revenues and profits.

RF INDUSTRIES, LTD.

NOTES TO FINANCIAL STATEMENTS

Note 3 - Inventories and major vendors:

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

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

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

Note 4 - Commitments:

The Company leases its facilities in San Diego, California and Las Vegas, Nevada under non-cancelable operating leases. The Company amended its San Diego lease in June 2005, adding additional square feet. The amended lease expires in May 2010 and requires minimum annual rental payments that are subject to fixed annual increases. The minimum annual rentals under this lease are being charged to expense on a straight-line basis over the lease term. Deferred rents were $54,000 as of October 31, 2007 and $59,000 at October 31, 2006. The San Diego lease also requires the payment of the Company's pro rata share of the real estate taxes and insurance, maintenance and other operating expenses related to the facilities. The Worswick division operations include a warehouse and retail space. Approximately 25% of the space is subleased to other tenants. The Las Vegas lease is a three year lease expiring in March 2010. The Company also leases certain automobiles under operating leases which expire at various dates through February 2011.

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

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

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

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RF INDUSTRIES, LTD.

NOTES TO FINANCIAL STATEMENTS

Note 4 - Commitments (concluded):

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

Note 5 - Segment information:

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

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

Substantially all of the Company's operations are conducted in the United States; however, the Company derives a portion of its revenue from export sales. The Company attributes sales to geographic areas based on the location of the customers. The following table presents the sales of the Company by geographic area for the years ended October 31, 2007 and 2006:

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

Note 5 - Segment information (concluded):

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

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

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

Note 6 - Income taxes:

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

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

RF INDUSTRIES, LTD.

NOTES TO FINANCIAL STATEMENTS

Note 6 - Income taxes (concluded):

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

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

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

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

RF INDUSTRIES, LTD.

NOTES TO FINANCIAL STATEMENTS

Note 7 - Stock options:

Incentive and Non-Qualified Stock Option Plans:
The Board of Directors approved an Incentive Stock Option Plan (the "1990 Incentive Plan") during fiscal 1990 that provides for grants of options to employees to purchase up to 500,000 shares of common stock of the Company. Under its terms, the 1990 Incentive Plan terminated in 2000, and no additional options can be granted under that option plan. However, options previously granted under the 1990 Incentive Plan remain outstanding and continue in effect until they either expire or are forfeited or are exercised. As of October 31, 2007, a total of 313 options were still outstanding under the 1990 Incentive Plan, all of which are currently exercisable.

The Board of Directors also approved a Non-Qualified Stock Option Plan (the "1990 Non-Qualified Plan") during fiscal 1990 that provides for grants of options to purchase up to 200,000 shares of common stock to officers, directors and other recipients selected by the Board of Directors. Under its terms, the 1990 Non-Qualified Plan terminated in 2000, and no additional options can be granted under that option plan. However, options previously granted under the 1990 Non-Qualified Plan remain outstanding and continue in effect until they expire, are forfeited or are exercised. As of October 31, 2007, a total of 4,000 options were still outstanding under the 1990 Non-Qualified Plan, all of which are currently exercisable.

In May 2000, the Board of Directors adopted the Company’s 2000 Stock Option Plan (the “2000 Option Plan”). Under the 2000 Option Plan, the Company may grant options to purchase shares of common stock to officers, directors, key employees and others providing services to the Company. The number of shares of common stock that the Company is authorized to issue under options granted under the 2000 Option Plan initially was 300,000, which number automatically increases on January 1 of each year by the lesser of (i) 4% of the total number of shares of common stock then outstanding or (ii) 10,000 shares. In May 2003, the Board of Directors and Shareholders approved an increase to the 2000 Option Plan of 100,000 options. In June 2006, the Company’s shareholders approved an increase to the 2000 Option Plan of 250,000 options. In May 2007, the shareholders approved an increase to the 2000 Option Plan of 100,000 options. Accordingly, as of October 31, 2007, the authorized number of shares of common stock that could be issued under the 2000 Option Plan was 810,000, of which 506,258 are still outstanding and 10,185 options were still available to be granted. Under the 2000 Option Plan, the Company is authorized to grant both incentive stock options and non-qualified stock options with a one year vesting provision. Incentive and non-qualified stock options are granted at an exercise price no less than the fair value of the common stock on the date of grant.

RF INDUSTRIES, LTD.

NOTES TO FINANCIAL STATEMENTS

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

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

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

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

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

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

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

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

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

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

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

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

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

The following table summarizes information about stock options outstanding at October 31, 2007, all of which are at fixed-prices:

Range of Exercise Price	Number Outstanding	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life of Options Outstanding	Number of Options Exercisable	Weighted Average Exercise Price of Options Exercisable
$.10	239,871	$ .10	1 year after termination	239,871	$ .10

$1.33 - $ 2.50	145,693	2.12	4 years	75,693	2.12
$2.66 - $3.95	169,035	3.02	6 years	89,035	3.13
$4.94 - $7.50	456,843	6.58	7 years	307,858	6.14
	1,011,442	3.81		712,457	3.30

RF INDUSTRIES, LTD.

NOTES TO FINANCIAL STATEMENTS

Note 8 - Retirement plan:

The Company sponsors a deferred savings and profit sharing plan under Section 401(k) of the Internal Revenue Code. Substantially all of its employees may participate in and make voluntary contributions to this defined contribution plan after they meet certain eligibility requirements. The Board of Directors of the Company can authorize additional discretionary contributions by the Company. The Company did not make contributions to the plan in 2007 or 2006.

Note 9 - Related party transactions:

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

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

Note 10- Legal proceedings:

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

Note 11- Business acquisition:

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

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

RF INDUSTRIES, LTD.

NOTES TO FINANCIAL STATEMENTS

Note 11- Business acquisition (concluded):

The acquisition of the RadioMobile assets has been accounted for as a purchase and, accordingly, the net assets acquired were recorded at estimated fair values on the date of acquisition. A summary of the allocation of the cost of the acquisition to the net assets acquired as of September 1, 2007 follows:

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

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

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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: February 8, 2008 By: /s/ Howard F. Hill

Howard F. Hill, President/CEO
(Principal Executive Officer)

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: February 8, 2008 By: /s/ James S. Doss

James S. Doss, Chief Financial Officer
(Principal Accounting Officer)

Date: February 8, 2008 By: /s/ Howard F. Hill

Howard F. Hill, President/CEO
(Principal Executive Officer)

Date: February 8, 2008 By: /s/ John Ehret

John Ehret, Director

Date: February 8, 2008 By: /s/ Marvin Fink

Marvin Fink, Director

Date: February 8, 2008 By: /s/ William Reynolds

William Reynolds, Director

Date: February 8, 2008 By: /s/ Robert Jacobs

Robert Jacobs, Director

Date: February 8, 2008

By: /s/ Linde Kester

Linde Kester, Director

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