

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 No

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

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.

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,

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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.

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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.

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 than 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
<u>Fiscal 2007</u>		
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
<u>Fiscal 2006</u>		
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.

Plan Category	A	B	C
	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 reinstated.

The net income generated by the Company for the fiscal year ended October 31, 2007 represented the 14th 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			