

RF Connector & Cable Assembly / RF Wireless

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RF Industries Reports Fourth Quarter & Fiscal 2009 Results

SAN DIEGO, CA -- January 29, 2010 -- **RF INDUSTRIES, LTD., (NASDAQ:RFIL)** today announced results for the fourth quarter and fiscal year ended October 31, 2009.

Fourth Quarter Results

For the quarter ended October 31, 2009, sales were \$3,811,000, compared to \$4,693,000 in the fourth quarter last year. Net income was \$268,000, or \$0.08 per diluted share, compared to \$446,000, or \$0.12 per diluted share, in the same quarter last year.

"This was the best quarter of fiscal 2009. Although sales and earnings did not match record results in the fourth quarter of fiscal 2008, sales increased 16% compared to our recent third quarter. In addition, our 50% gross margin for the quarter, as a percent of sales, was equivalent to the same margin achieved in record fourth quarter last year. This strong margin enabled RFI to post fourth quarter operating income of \$456,000, eclipsing our previous nine months' total operating income of only \$450,000," said Howard Hill, President and CEO of RF Industries.

Fiscal 2009 Results

For the fiscal year ended October 31, 2009, sales were \$14,213,000, compared to record sales of \$17,695,000 in fiscal 2008. Net income was \$656,000, or \$0.20 per diluted share, compared to net income of \$1,559,000, or \$0.42 per diluted share, for fiscal 2008.

"RFI achieved its seventeenth consecutive year of profitability, despite a sales decline of 20% in 2009 due to the recession and the industry-wide slowdown in wireless infrastructure spending. Sales at the RF Connector and Cable Assembly segment, our most profitable business segment, declined only 13% to \$12,154,000 from \$13,936,000 in fiscal 2008. The Bioconnect Medical Cabling & Interconnector Division was also profitable for the year, despite a sales decline of 19% to \$1,324,000 from \$1,638,000 in fiscal 2008. The RF Wireless segment experienced the brunt of the slowdown in wireless capital goods spending and public safety agency wireless infrastructure spending, with fiscal 2009 sales of \$736,000, down 65% from sales of \$2,120,000 in fiscal 2008.

"We believe that the bulk of our engineering expenses for the introduction of new wireless products is now behind us. These expenses were approximately \$1,050,000 in both fiscal 2009 and fiscal 2008, nearly double fiscal 2007 expenses of only \$571,000. In recent months, our RF Wireless businesses have experienced an increased level of inquiries for wireless systems and we are hopeful that a recovery in wireless infrastructure spending, in association with the imminent introduction of new, state-of-the-market advanced wireless products by the RF Wireless division, will lead to improved performance for this segment in fiscal 2010," said Hill.

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During fiscal 2009, RFI repurchased 385,000 common shares in private and public market transactions for a total of \$1,613,000. At the close of the fiscal 2009 fourth quarter, RFI held cash, cash equivalents and investments together totaling \$7,703,000, compared to \$7,925,000 at the close of fiscal 2008. Working capital was \$14,797,000, compared to \$15,382,000 at the close of fiscal 2008, the current ratio is now 16 to 1, RFI has no long-term debt and stockholders' equity is \$15,253,000, or \$5.36 per share, compared to \$16,122,000, or \$5.00 per share at the close of fiscal 2008.

About RF Industries

RF Industries conducts operations through six related divisions. The [RF Connectors](#) and Cable Assembly segment designs and distributes radio frequency (RF) coaxial connectors and cable assemblies used for Wi-Fi, PCS, radio, test instruments, computer networks and antenna devices. This business segment includes [Aviel Electronics](#), which provides custom microwave and RF Connector solutions to aerospace, OEM and Government agencies and [Worswick](#), which provides coaxial connectors and cable assemblies primarily to retail and local multi-media and communications systems customers. [Bioconnect](#), constituting the Medical Cabling and Interconnector segment, designs, manufactures and distributes specialized electrical cabling and interconnect products to the medical monitoring market. The RF Wireless segment includes [Neulink](#), which designs and markets wireless digital data transmission products for industrial monitoring, wide area networks, GPS tracking and locations systems and [RadioMobile](#), an OEM provider of end-to-end mobile wireless network solutions for public safety, emergency medical, transportation and industrial customers.

Safe Harbor Statements under the Private Securities Litigation Reform Act of 1995.

The statements contained in this release which are not historical facts may be deemed to contain forward-looking statements with respect to future events, the occurrence of which involve risks and uncertainties, including, without limitation, increased competition, and other uncertainties detailed in the Company's Securities and Exchange Commission filings. All forward-looking statements are based upon information available to the Company on the date they are published and the Company undertakes no obligation to publicly update or revise any forward- looking statements to reflect events or new information after the date of this release.

(tables attached)

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RF INDUSTRIES, LTD.
CONDENSED STATEMENTS OF INCOME
(in thousands, except per share and share amounts)

	Three Months Ended October 31, (unaudited)		Year Ended October 31,	
	2009	2008	2009	2008
Net sales	\$ 3,811	\$ 4,693	\$ 14,213	\$ 17,695
Cost of sales	<u>1,899</u>	<u>2,335</u>	<u>7,308</u>	<u>8,790</u>
Gross profit	1,912	2,358	6,905	8,905
Operating expenses:				
Engineering	244	275	1,050	1,051
Selling and general	1,212	1,299	4,738	5,341
Goodwill impairment	--	--	210	--
Total Operating expenses	<u>1,456</u>	<u>1,574</u>	<u>5,998</u>	<u>6,392</u>
Operating income	456	784	906	2,513
Interest income	<u>44</u>	<u>80</u>	<u>194</u>	<u>259</u>
Income before provision for income taxes	500	864	1,100	2,772
Provision for income taxes	<u>232</u>	<u>418</u>	<u>444</u>	<u>1,213</u>
Net income	<u>\$ 268</u>	<u>\$ 446</u>	<u>\$ 656</u>	<u>\$ 1,559</u>
Earnings per share:				
Basic	<u>\$ 0.09</u>	<u>\$ 0.13</u>	<u>\$ 0.22</u>	<u>\$ 0.47</u>
Diluted	<u>\$ 0.08</u>	<u>\$ 0.12</u>	<u>\$ 0.20</u>	<u>\$ 0.42</u>
Weighted average shares outstanding				
Basic	<u>2,848,759</u>	<u>3,292,629</u>	<u>2,951,002</u>	<u>3,293,820</u>
Diluted	<u>3,160,091</u>	<u>3,700,931</u>	<u>3,248,904</u>	<u>3,715,490</u>
Dividends paid	<u>--</u>	<u>\$ 99</u>	<u>\$ 95</u>	<u>\$ 394</u>

RF INDUSTRIES, LTD.
CONDENSED BALANCE SHEETS
(in thousands, except per share and share amounts)

	October 31,	
	2009	2008
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 1,226	\$ 1,061
Investments in available-for-sale securities	6,477	6,864
Trade accounts receivable, net	2,263	2,071
Inventories	4,985	5,950
Other current assets	341	217
Deferred tax assets	478	542
TOTAL CURRENT ASSETS	\$ 15,770	\$ 16,705
Property and equipment, net	566	566
Goodwill	137	347
Amortizable intangible assets, net	27	54
Note receivable from stockholder	67	67
Other assets	31	29
TOTAL ASSETS	\$ 16,598	\$ 17,768
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable	\$ 225	\$ 329
Accrued expenses	673	761
Income taxes payable	75	233
TOTAL CURRENT LIABILITIES	973	1,323
Deferred tax liabilities	51	106
Other long-term liabilities	321	217
TOTAL LIABILITIES	1,345	1,646
COMMITMENTS AND CONTINGENCIES		
STOCKHOLDERS' EQUITY:		
Common stock - authorized 10,000,000 shares of \$0.01 par value; 2,848,313 and 3,226,264 shares issued and outstanding	28	32
Additional paid-in capital	6,502	6,412
Retained earnings	8,723	9,678
TOTAL STOCKHOLDERS' EQUITY	15,253	16,122
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 16,598	\$ 17,768