

R F INDUSTRIES LTD
Form 10QSB
September 14, 2006

**SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

FORM 10-QSB

QUARTERLY REPORT UNDER SECTION 13 OR 15(d)
SECURITIES EXCHANGE ACT OF 1934

FOR THE QUARTER ENDED JULY 31, 2006

Commission file number: 0-13301

RF INDUSTRIES, LTD.

(Exact name of registrant as specified in its charter)

Nevada 88-0168936

(State of Incorporation) (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 FAX (858) 549-6345

(Issuer's telephone and fax numbers, including area code)

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

Check whether the issuer (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to filing requirements for the past 90 days.

Yes No

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

State the number of shares outstanding of each of the issuer's classes of common stock at the latest practicable date. As of August 31, 2006, the registrant had 3,209,484 shares of Common Stock, \$.01 par value, issued.

Transitional Small Business Disclosure Format (check one): Yes No

Part I. FINANCIAL INFORMATION**Item 1: Financial Statements**

RF INDUSTRIES, LTD.
CONDENSED BALANCE SHEETS
(Unaudited)

ASSETS	July 31, 2006	October 31, 2005
CURRENT ASSETS		
Cash and cash equivalents	\$ 3,564,831	\$ 4,507,219
Investments in available-for-sale securities		
Trade accounts receivable, net of allowance for doubtful accounts of \$19,319 and \$14,898	3,667,017	1,890,700
Notes receivable	1,770,974	2,500
Inventories	4,161,402	4,180,500
Income tax refund receivable	-	306,131
Other current assets	157,120	97,356
Deferred tax assets	206,534	136,000
TOTAL CURRENT ASSETS	13,527,878	11,120,406
EQUIPMENT AND FURNISHINGS		
Equipment and tooling	1,648,424	1,543,120
Furniture and office equipment	376,143	364,063
	2,024,567	1,907,183
Less accumulated depreciation	1,611,776	1,441,448
TOTAL	412,791	465,735
Goodwill	200,848	200,848
Amortizable intangible asset	83,333	113,333
Notes receivable from related parties		29,750
Note receivable from stockholder	66,980	66,980
Other assets	28,087	28,087
TOTAL ASSETS	\$ 14,319,917	\$ 12,025,139

Item 1: Financial Statements (continued)

RF INDUSTRIES, LTD.
CONDENSED BALANCE SHEETS
(Unaudited)

	July 31, 2006	October 31, 2005
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable	\$ 551,258	\$ 334,749
Accrued expenses	509,972	377,986
Income tax payable	430,352	-
TOTAL CURRENT LIABILITIES	1,491,582	712,735
Deferred tax liabilities	84,438	106,000
TOTAL LIABILITIES	1,576,020	818,735
COMMITMENTS AND CONTINGENCIES		
STOCKHOLDERS' EQUITY		
Common stock - authorized 10,000,000 shares of \$0.01 par value; 3,209,484 and 3,082,521 shares issued and outstanding	32,095	30,825
Additional paid-in capital	4,320,689	3,872,983
Accumulated other comprehensive income - net unrealized gain on available-for-sale securities	21,148	
Retained earnings	8,369,965	7,302,596
TOTAL STOCKHOLDERS' EQUITY	12,743,897	11,206,404
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 14,319,917	\$ 12,025,139

See Notes to Condensed Unaudited Financial Statements

Item 1: Financial Statements (continued)

RF INDUSTRIES, LTD.
CONDENSED STATEMENTS OF INCOME
(Unaudited)

	Three Months Ended July 31		Nine Months Ended July 31	
	2006	2005	2006	2005
Net sales	\$ 3,920,233	\$ 3,276,581	\$ 11,064,465	\$ 9,722,605
Cost of sales	1,989,226	1,792,903	5,781,047	5,262,214
Gross profit	1,931,007	1,483,678	5,283,418	4,460,391
Operating expenses:				
Engineering	118,712	131,214	398,875	391,857
Selling and general	1,131,938	1,041,293	3,182,084	3,169,348
Totals	1,250,650	1,172,507	3,580,959	3,561,205
Operating income	680,357	311,171	1,702,459	899,186
Other income - interest	76,291	18,462	182,374	56,798