

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
 Washington, D.C. 20549

FORM 10-K

(Mark one)

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

For the fiscal year ended _____ September 30, 2011 _____

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 (NO FEE REQUIRED)

For the transition period from _____ to _____

Commission file number _____ 0-10976 _____

Microwave Filter Company, Inc

(Exact name of registrant as specified in its charter)

New York

16-0928443

(State or other jurisdiction of incorporation or organization)

(I.R.S. Employer Identification No.)

6743 Kinne Street, East Syracuse, NY

13057

(Address of principal executive offices)

(Zip code)

Registrant's telephone number including area code ___ (315) 438-4700 _____

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

Securities registered pursuant to Section 12(g) of the Act:

Common stock, par value \$.10 per share

Title of class

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. YES _____ NO

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. YES _____ NO

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

YES NO

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

YES NO

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

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

Large accelerated filer Accelerated filer Non-accelerated filer (Do not check if smaller reporting company) Smaller reporting company .

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

The aggregate market value of the voting stock held by non-affiliates of the registrant, based on the closing price of the common stock on December 1, 2011, was \$2,474,700.

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Shares of common stock outstanding at December 1, 2011: 2,586,227

DOCUMENTS INCORPORATED BY REFERENCE

Part III: Portions of the Definitive Proxy Statement to be filed with the Securities and Exchange Commission in connection with the solicitation of proxies for the Company's 2012 Annual Meeting of Shareholders are incorporated by reference into Part III. (With the exception of those portions which are specifically incorporated by reference in this Form 10-K, the Proxy Statement is not deemed to be filed or incorporated by reference as part of this report.)

PART I

ITEM 1. BUSINESS.

FORWARD-LOOKING CAUTIONARY STATEMENT

In an effort to provide investors a balanced view of the Company's current condition and future growth opportunities, this Annual Report on Form 10-K may include comments by the Company's management about future performance. These statements which are not historical information are "forward-looking statements" pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. These, and other forward-looking statements, are subject to business and economic risks and uncertainties that could cause actual results to differ materially from those discussed. These risks and uncertainties include, but are not limited to: risks associated with demand for and market acceptance of existing and newly developed products as to which the Company has made significant investments; general economic and industry conditions; slower than anticipated penetration into the satellite communications, mobile radio and commercial and defense electronics markets; competitive products and pricing pressures; increased pricing pressure from our customers; risks relating to governmental regulatory actions in broadcast, communications and defense programs; as well as other risks and uncertainties, including but not limited to those detailed from time to time in the Company's Securities and Exchange Commission filings. These forward-looking statements are made only as of the date hereof, and the Company undertakes no obligation to update or revise the forward-looking statements, whether as a result of new information, future events or otherwise. You are encouraged to review Microwave Filter Company's 2011 Annual Report and Form 10-K for the fiscal year ended September 30, 2011 and other Securities and Exchange Commission filings. Forward looking statements may be made directly in this document or "incorporated by reference" from other documents. You can find many of these statements by looking for words like "believes," "expects," "anticipates," "estimates," or similar expressions.

GENERAL DEVELOPMENT OF BUSINESS

Microwave Filter Company, Inc. (hereinafter referred to as MFC) was incorporated in New York State on September 26, 1967. MFC is the successor of Microwave Filter Company which was founded in April of 1967.

On July 1, 1990, MFC acquired Niagara Scientific, Inc. (hereinafter referred to as NSI.)

MFC and its subsidiaries are sometimes referred to collectively as the "Company."

NARRATIVE DESCRIPTION OF BUSINESS

Microwave Filter Company, Inc. (MFC)

Established in 1967 in East Syracuse, New York, MFC occupies a modern 40,000 square foot facility with an impressive complement of analytical and design software, test instrumentation, prototype and manufacturing equipment to create passive filters, components and sub systems in the frequency range of 10 MHz to 50 GHz.

MFC manufactures RF filters and related components for eliminating interference and facilitating signal processing for such markets as Cable Television, Broadcast, Commercial and Military Communications, Avionics, Radar, Navigation and Defense. The Company designs waveguide, stripline/ microstrip, transmission line, miniature/subminiature and lumped constant filters. Configurations include bandpass, highpass, lowpass, bandstop, multiplexers, tunable notch, tunable bandpass, high power filters, amplitude equalized, delay equalized and filter networks. The Company actively produces over 1,700 standard products and has designed more than 5,000 custom products for specialized applications.

The manufacturing facility includes a modern CAD system, a test department with automated network analyzers to 50 GHz, a high capacity conveyor soldering oven and a fully compliant finishing operation. The Company's Quality Management System has been certified ISO 9001:2008 recognizing the Company as a quality vendor.

Efficient computer simulation, design and analysis software enhanced by proprietary MFC developed software, allow rapid and accurate filter development at reasonable cost. Automated network analyzers provide rigorous product testing and performance data storage on a serial number basis in most cases.

A network based CAD system allows the transfer of data and programs to the CNC turning and milling centers for fabrication of machined parts. Prototype PC boards are similarly produced by computer controlled PC board mills.

A Grieve high capacity conveyor soldering oven is used for production of large quantity assemblies while smaller production quantities are assembled at hand soldering or brazing stations.

ISO 9001:2008 contract and design review procedures coupled with a QA department that is compliant with MIL-I-45208 inspection systems and MIL-STD-45622 calibration system standards assures process and product integrity. A certified staff instructor regularly trains associates to MIL-STD-2000A (now superseded by J-STD-001.)

Other in-house testing facilities include three environmental chambers capable of testing products for temperatures of -40 to 200 degrees Celsius and humidity up to 100 percent. Several high power amplifiers are available for power tests up to 2500 watts at 220 MHz and 100 watts at 1,000 MHz. Facilities are also available for salt spray, sand and dust, shock and vibration, RFI leakage and altitude testing.

MARKETS

Microwave Filter Company, Inc. (MFC)

Cable Television (CATV) - The CATV marketplace is changing due to the transition from analog to digital television. Digital Television (DTV) is a new type of broadcasting technology that will transform television viewing. DTV enables broadcasters to offer television with movie-quality picture and sound. It also offers greater multicasting and interactive capabilities. DTV is a more flexible and spectrum efficient technology than the NTSC "analog" broadcast system. Rather than being limited to providing one analog programming channel, a broadcaster will be able to provide a super sharp "high definition" (HDTV) program or multiple "standard definition" DTV programs simultaneously using the RF spectrum more efficiently. Providing several program streams on one broadcast channel is called "multicasting." The number of programs a station can send on one digital channel depends on the level of picture detail, also known as "resolution." DTV can provide interactive video and data services that are not possible with "analog" technology. Converting to DTV will eventually free up parts of the scarce and valuable broadcast airwaves. Those portions of the spectrum can then be used for other important services, such as advanced wireless and public safety services (police, fire, rescue squads, etc.). Management continues to project a decrease in demand for Cable TV products due to the shift from analog to digital television. Due to the inherent nature of digital modulation versus analog modulation, fewer filters will be required. The Company has developed filters for digital television and there will still be requirements for analog filters for limited applications in commercial and private cable systems. The demand for these filters is unknown at this time but is expected to decline.

MFC serves this market principally with three product groups. One popular area includes standard and custom filters used at the headend to process signals and remove interference. A very popular application involves removing or re-routing TV channels to organize programming line-ups.

A family of trap filters, "Fastrap," is used by cable operators to restrict or permit the viewing of pay per view or other premium programming. The traps can be ordered in small and large quantities, are 100% inspected and delivered overnight.

Since all cable operators initially receive programming via satellite, products from our satellite market cross over into the cable television market. C-band satellite receive systems are prone to various types of terrestrial interference which are curable in many cases by applying MFC bandpass filters.

Broadcast - Due to the recent analog to digital conversion within the TV (UHF/VHF) broadcast industry, Microwave Filter Company has experienced a resurgence in business for both TV transmit and receive filters. Specifically, in order to accommodate the wider digital TV signal bandwidths, customers have been forced to replace their existing (narrower bandwidth) analog filters with (wider bandwidth) digital filters. As a result, MFC has developed new products (e.g.- DTV mask transmit filters) to accommodate the wider bandwidth digital signals.

Another result of this analog to digital conversion was the elimination of the uppermost UHF channels (52-69) that operated between 698 - 806 MHz. Subsequently, part of this vacated frequency band was allocated for Public Safety communication use, while much of the remaining band has been auctioned off for Internet Service Provider (ISP) operations (e.g. - Verizon, AT&T, etc.) Now referred to as the "700 MHz Band" - many of these new applications also require MFC filter products. Some of these operations actually utilize the same channel allocations formerly used by those defunct UHF channels.

Consequently, MFC has been able to transform existing filter product lines into an entirely new filter line to satisfy many of these new ISP applications, without requiring significant product modification or new product development.

MFC also continues to serve other segments of the Broadcast industry such as FM radio, STL (TV Studio-to-Transmitter Links) and the BAS (Broadcast Auxiliary Service) band (formerly known as the ENG (Electronic News Gathering) band.)

Satellite - Microwave filters and IF filters for removing interference are provided to both commercial and home C-band TVRO antennas. A variety of products are available that offer protection and or solutions to interference that affects the feedhorn, downconverter, and receiver. A variety of filters are also available for satellite services utilizing higher frequency bands such as 12, 13 and 18 GHz. Although economic conditions have impacted sales, management expects demand for these types of filters to continue with the proliferation of earth stations world wide and increased sources of interference.

Mobile Radio and Data Links - MFC provides filters to a variety of mobile radio services such as cellular telephone, two way radio and paging to eliminate interference in transmit or receive equipment. More recently there has been demand for filters and diplexers for broadband microwave applications for Voice Over Internet Protocol ("VOIP") With the number of services increasing and ISP use. The advent of license exempt applications has increased the need for interference filtering. With the number of services increasing and our air waves becoming more congested, filters are increasingly important to many transmit operations.

RF and Microwave - This market encompasses both commercial and military applications. Filters in defense applications are used for such purposes as air to ground communications, radar and land communications. In commercial areas, filters are used to protect such equipment as receivers, transmitters, transceivers and any other electronics used for signal processing. In addition to filters, this market is also served with MFC's Ferrosorb product line. Ferrosorb is a microwave absorbing material available in sheets, loads and a variety of other shapes. The product is used to offer protection by shielding signals or absorbing selective bands.

In 1992, MFC's acquisition of certain assets of Chesterfield Products added an expanded line of products to enhance the RF filter line. Many of MFC's traditional filters are components added onto a system. Chesterfield provided MFC with the capability to manufacture miniature and subminiature filters which are components built into electronic systems. Another Chesterfield capability has provided us with the resources to expand our filter design range down to 5 KHz.

There has been an increased demand for filters in the OEM (Original Equipment Manufacturer) market. In response to this demand, MFC has purchased new design, fabrication and test equipment to design filters up to 50 GHz. OEM orders are larger than those received for other markets and facilities such as a soldering oven have been added in the manufacturing area for large volume production.

WORLD TRADE

Management believes that world marketing is a route to substantial expansion of sales for MFC. Significant efforts have been made over the last year to identify key international markets and to establish distributors with appropriate technical backgrounds to represent our products in those regions. The Company's international sales increased \$211,141 or 42.4% to \$709,310 for the fiscal year ended September 30, 2011 when compared to international sales of \$498,169 during the fiscal year ended September 30, 2010. The increase can be attributed to one large order from an international distributor and an increase in demand for the Company's satellite filters which suppress strong out-of-band interference caused by military and civilian radar systems and other sources.

SUPPLIERS

The Company depends on outside suppliers for raw materials, components and parts, and services. Although items are generally available from a number of suppliers, the Company purchases certain raw materials and components from a single supplier. If such a supplier should cease to supply an item, the Company believes that new sources could be found to provide the raw materials and components. However, manufacturing delays and added costs could result. The Company has not experienced significant delays of this nature in the past, but there can be no assurance that delays in delivery due to supply shortages will not occur in the future. Substantial periods of lead time for delivery of certain materials are sometimes experienced by the Company, making it necessary to inventory varied quantities of materials.

PATENTS AND LICENSES

The Company has no patents, trademarks, copyrights, licenses or franchises of material importance.

SEASONAL FLUCTUATIONS

There are no significant seasonal fluctuations in the Company's business.

GOVERNMENT CONTRACTS

The Company is not dependent in any material respect on government contracts.

SIGNIFICANT CUSTOMERS

Sales to one customer represented approximately 18% of total sales during fiscal 2011 compared to approximately 15% of total sales for the fiscal year ended September 30, 2010.

EXPORT CONTROLS

Our products are subject to the Export Administration Regulations ("EAR") administered by the U.S. Department of Commerce and may, in certain instances, be subject to the International Traffic in Arms Regulations ("ITAR") administered by the U.S. Department of State. EAR restricts the export of defense products, technical data and defense services. We believe that we have implemented internal export procedures and controls in order to achieve compliance with the applicable U.S. export control regulations.

ENVIRONMENTAL REGULATION

Compliance with federal, state and local requirements relating to the discharge of substances into the environment, the disposal of hazardous waste and other activities affecting the environment has been accomplished without material effect on the Company's liquidity and capital resources, competitive position or financial statements and management believes that such compliance will not have a material effect on the Company's liquidity and capital resources, competitive position or financial statements in the future.

BACKLOG

At September 30, 2011, the Company's total backlog of orders, which represents firm orders from customers, was \$643,925 compared to \$413,159 at September 30, 2010. The total Company backlog at September 30, 2011 is scheduled to ship during fiscal 2012. However, backlog is not necessarily indicative of future sales. Accordingly, the Company does not believe that its backlog as of any particular date is representative of actual sales for any succeeding period.

EMPLOYEES

At September 30, 2011, the Company employed 43 full-time and 2 part-time employees.

RESEARCH AND DEVELOPMENT

The Company maintains and expects to continue to maintain an active research and development program. The Company believes that such a program is needed to maintain its competitive position in existing markets and to provide products for emerging markets. Costs in connection with research and development were \$428,693 and \$448,901 for the fiscal years 2011 and 2010, respectively. Research and development costs are charged to operations as incurred.

COMPETITION

The principal competitive factors facing both MFC and NSI are price, technical performance, service and the ability to produce in quantity to specific delivery schedules. Based on these factors, the Company believes it competes favorably in its markets.

AVAILABLE INFORMATION

Our Internet address is www.microwavefilter.com. There we make available, free of charge, our annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, our proxy statement and any amendments to those reports or statements filed or furnished pursuant to Section 13(a) and 15(d) of the Securities Exchange Act of 1934, as amended, as soon as reasonably practicable after we electronically file such material with, or furnish it to, the Securities and Exchange Commission (SEC). Our SEC reports can be accessed through the investor relations link of our Web site. The information found on our Web site is not part of this or any other report we file with or furnish to the SEC.

The public may read and copy any materials that we file with the SEC at the SEC's Public Reference Room located at 450 Fifth Street NW, Washington, DC 20549. The public may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. The SEC also maintains electronic versions of our reports on its website at www.sec.gov.

ITEM 1A. RISK FACTORS

Not applicable.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES.

MFC's office and manufacturing facility is located at 6743 Kinne Street, East Syracuse, New York. This facility, which is owned by MFC, consists of 40,000 square feet of office and manufacturing space located on 3.7 acres.

ITEM 3. LEGAL PROCEEDINGS.

The State of New York Workers' Compensation Board has commenced an action against Microwave Filter Company, Inc. to recover for an underfunded self insured program that Microwave Filter Company, Inc. participated in. Due to the relatively short period of time Microwave Filter Company, Inc. participated in the program and the limited amount of potential exposure, we do not expect the resolution of this action will have a material adverse effect on our financial condition, results of operations or cash flows.

ITEM 4. (REMOVED AND RESERVED)

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS.

The Company's securities are currently quoted on The Pink OTC Markets (www.otcmarkets.com), an electronic quotation service for securities traded over-the-counter, and the OTCBB (www.otcbb.com).

The following table shows the high and low closing sales prices for MFC's common stock for each full quarterly period within the two most recent fiscal years. The information set forth was obtained from statements provided by the NASD and the OTCBB. The quotations represent prices in the over-the-counter market between dealers in securities. They do not include retail mark-ups, mark-downs or commissions.

| Fiscal 2011 | High | Low |
|--------------------------------|--------|--------|
| Oct. 1, 2010 to Dec. 31, 2010 | \$1.08 | \$0.45 |
| Jan. 1, 2011 to Mar. 31, 2011 | 1.10 | 0.76 |
| Apr. 1, 2011 to June 30, 2011 | 1.05 | 0.61 |
| July 1, 2011 to Sept. 30, 2011 | 1.05 | 0.62 |
| Fiscal 2010 | High | Low |
| Oct. 1, 2009 to Dec. 31, 2009 | \$1.00 | \$0.51 |
| Jan. 1, 2010 to Mar. 31, 2010 | 1.01 | 0.70 |
| Apr. 1, 2010 to June 30, 2010 | 0.99 | 0.42 |
| July 1, 2010 to Sept. 30, 2010 | 0.88 | 0.42 |

The Company had approximately 570 holders of record of its common stock at September 30, 2011.

On August 3, 2011, the Board of Directors declared a special fifteen cents per share cash dividend to shareholders of record on August 19, 2011 to be distributed on September 6, 2011.

Payment of future dividends, if any, will be at the discretion of the Board of Directors after taking into consideration various factors, including the Company's financial condition, operating results and current and anticipated cash needs.

ITEM 6. SELECTED FINANCIAL DATA.

The following selected financial information is derived from and should be read in conjunction with the financial statements, including the notes thereto, appearing in Item 8. - "Financial Statements and Supplemental Data."

Five Year Summary of Financial Data

| | 2011 | 2010 | 2009 | 2008 | 2007 |
|------------------------------|--------------|--------------|--------------|--------------|---------------|
| Net Sales | \$ 5,043,934 | \$ 4,691,522 | \$ 4,610,313 | \$ 5,231,125 | \$ 4,634,233 |
| Net Income (Loss) | \$ 242,915 | \$ 146,291 | \$ 81,507 | \$ 39,516 | \$ (292,993) |
| Total Assets | \$ 2,914,960 | \$ 2,963,224 | \$ 2,833,345 | \$ 2,816,736 | \$ 2,826,042 |
| Long Term Debt | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| Basic Earnings (Loss) | | | | | |
| Per Share | \$ 0.09 | \$ 0.06 | \$ 0.03 | \$ 0.01 | \$ (0.10) |
| Diluted Earnings (Loss) | | | | | |
| Per Share | \$ 0.09 | \$ 0.06 | \$ 0.03 | \$ 0.01 | \$ (0.10) |
| Shares Used In Computing Net | | | | | |
| Earnings (Loss) Per Share: | | | | | |
| Basic | 2,587,807 | 2,592,723 | 2,612,152 | 2,894,214 | 2,889,660 |
| Diluted | 2,587,807 | 2,592,723 | 2,612,152 | 2,967,274 | 3,038,098 |
| Cash (\$) Dividends Paid Per | | | | | |
| Share | \$ 0.15 | \$ 0 | \$ 0 | \$ 0 | \$ 0 |

| Net income (loss) as a percentage of: | 2011 | 2010 | 2009 | 2008 | 2007 |
|---------------------------------------|--------|-------|-------|-------|-----------|
| Net Sales | 4.80% | 3.10% | 1.80% | 0.70% | (6.30%) |
| Assets | 8.30% | 4.90% | 2.90% | 1.40% | (10.40%) |
| Equity | 10.70% | 6.00% | 3.60% | 1.70% | (12.60%) |

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

Microwave Filter Company, Inc. (MFC) operates primarily in the United States and principally in one industry. The Company extends credit to business customers, including original equipment manufacturers (OEMs), distributors and other end users, based upon ongoing credit evaluations. Microwave Filter Company, Inc. designs, develops, manufactures and sells electronic filters, both for radio and microwave frequencies, to help process signal distribution and to prevent unwanted signals from disrupting transmit or receive operations. Markets served include cable television, television and radio broadcast, satellite broadcast, mobile radio and commercial and defense electronics. Niagara Scientific, Inc. (NSI), a wholly owned subsidiary, custom designs case packing machines to automatically pack products into shipping cases. Customers are processors of food and other commodity products with a need to reduce labor cost with a modest investment and quick payback. NSI's sales consist of spare parts orders.

RESULTS OF OPERATIONS

The following table sets forth the Company's net sales by major product group for each of the fiscal years in the two year period ended September 30, 2011.

| Product group (in thousands) | Fiscal 2011 | Fiscal 2010 |
|------------------------------|-------------|-------------|
| Microwave Filter: | | |
| RF/Microwave | \$ 1,915 | \$ 1,440 |
| Satellite | 1,651 | 1,547 |
| Cable TV | 1,377 | 1,470 |
| Broadcast TV | 98 | 228 |
| Niagara Scientific | 3 | 6 |
| | ----- | ----- |
| Total | \$ 5,044 | \$ 4,691 |
| | ===== | ===== |
| Sales backlog at 9/30 | \$ 644 | \$ 413 |
| | ===== | ===== |

Fiscal 2011 compared to fiscal 2010

Consolidated net sales for the fiscal year ended September 30, 2011 equaled \$5,043,934, an increase of \$352,412 or 7.5%, when compared to consolidated net sales of \$4,691,522 during the fiscal year ended September 30, 2010.

MFC's RF/Microwave product sales increased \$475,220 or 33% to \$1,915,241 during the fiscal year ended September 30, 2011 when compared to sales of \$1,440,021 during the fiscal year ended September 30, 2010. Management attributes the increase in sales to the Company's efforts to encourage Original Equipment Manufacturer (OEM) relationships. MFC's RF/Microwave products are sold primarily to Original Equipment Manufacturers that serve the mobile radio, commercial communications and defense electronics markets. The Company continues to invest in production engineering and infrastructure development to penetrate OEM market segments as they become popular. MFC is concentrating its technical resources and product development efforts toward potential high volume customers as part of a concentrated effort to provide substantial long-term growth. Sales to one OEM customer represented approximately 18% of total sales for the fiscal year ended September 30, 2011 compared to approximately 15% of total sales for the fiscal year ended September 30, 2010.

MFC's Satellite product sales increased \$103,725 or 6.7% to \$1,650,762 during the fiscal year ended September 30, 2011 when compared to sales of \$1,547,037 during the fiscal year ended September 30, 2010. The increase can be attributed to an increase in demand for filters which suppress strong out-of-band interference caused by military and civilian radar systems and other sources. Although current economic conditions do impact sales, management expects demand for these types of filters to continue with the proliferation of earth stations world wide and increased sources of interference.

MFC's Cable TV product sales decreased \$93,630 or 6.4% to \$1,376,572 during the fiscal year ended September 30, 2011 when compared to Cable TV product sales of \$1,470,202 during the fiscal year ended September 30, 2010. The decrease can primarily be attributed to the shift from analog to digital television. Digital Television (DTV) is a new type of broadcasting modulation that will transform television viewing. DTV enables broadcasters and cable operators to offer television with movie-quality picture and sound (HDTV). It also offers greater multicasting and interactive capabilities. DTV is a more flexible and efficient technology than the NTSC "analog" modulation system. Rather than being limited to providing one analog programming channel, a broadcaster or cable operator will be able to provide a super sharp "high definition" (HDTV) program or multiple "standard definition" DTV programs simultaneously using the RF spectrum more efficiently. Providing several program streams on one cable or broadcast channel is called "multicasting." The number of programs a station can send on one digital channel depends on the level of picture detail, also known as "resolution." DTV can provide interactive video and data services that are not possible with "analog" technology. Converting to DTV will eventually free up parts of the scarce and valuable broadcast airwaves. Those portions of the spectrum can then be used for other important services, such as advanced wireless and public safety services (police, fire, rescue squads, etc.). Due to the inherent nature of digital modulation versus analog modulation, fewer filters will be required. The Company has developed filters for digital television and there will still be requirements for analog filters for limited applications in commercial and private cable systems; however, the demand for these filters is expected to decline.

MFC's Broadcast TV product sales decreased \$129,701 or 56.9% to \$98,118 for the fiscal year ended September 30, 2011 when compared to sales of \$227,819 for the fiscal year ended September 30, 2010. These products are primarily sold to system integrators for rural communities.

At September 30, 2011, the Company's total backlog of orders, which represents firm orders from customers, equaled \$643,925 compared to \$413,159 at September 30, 2010. The total Company backlog at September 30, 2011 is scheduled to ship during fiscal 2012. However, backlog is not necessarily indicative of future sales. Accordingly, the Company does not believe that its backlog as of any particular date is representative of actual sales for any succeeding period.

Gross profit increased \$162,317 or 9.6% to \$1,857,426 during the fiscal year ended September 30, 2011 when compared to gross profit of \$1,695,109 during the fiscal year ended September 30, 2010. As a percentage of sales, gross profit increased to 36.8% during the fiscal year ended September 30, 2011 compared to 36.1% during the fiscal year ended September 30, 2010. The increases in gross profit can primarily be attributed to the higher sales volume this year resulting in a higher base to absorb fixed expenses.

Selling, general and administrative (SG&A) expenses increased \$94,949 or 6.1% to \$1,650,357 during the fiscal year ended September 30, 2011 when compared to SG&A expenses of \$1,555,408 during the fiscal year ended September 30, 2010. The dollar increase can be attributed to higher payroll and payroll related expenses, a higher profit sharing contribution and higher promotional expenses this year when compared to last year. As a percentage of sales, SG&A expenses decreased to 32.7% during fiscal 2011 compared to 33.2% during fiscal 2010 due to the higher sales volume this year when compared to last year.

Income from operations equaled \$207,069 for the fiscal year ended September 30, 2011 compared to income from operations of \$139,701 during the fiscal year ended September 30, 2010. The improvement can primarily be attributed to the higher sales volume this year when compared to last year.

Other income increased \$1,624 to \$8,474 for the fiscal year ended September 30, 2011 when compared to other income of \$6,850 for the fiscal year ended September 30, 2010. Other income is primarily interest income earned on invested cash balances. Other income may fluctuate based on market interest rates and levels of invested cash balances.

The Company recorded a benefit for income taxes of \$27,372 for the fiscal year ended September 30, 2011 compared to a provision for income taxes of \$260 for the fiscal year ended September 30, 2010. The benefit for the current fiscal year can be attributed to a New York State qualified research expenses tax credit which was received during the quarter ended December 31, 2011 (the first quarter of Fiscal 2012.) Any benefit for losses has been subject to a valuation allowance since the realization of the deferred tax benefit is not considered more likely than not. As required by FASB ASC 740 (Prior Authoritative Literature: SFAS 109, Accounting for Income Taxes), the Company has evaluated the positive and negative evidence bearing upon the realization of its deferred tax assets. The Company has determined that, at this time, it is more likely than not that the Company will not realize all of the benefits of federal and state deferred tax assets, and, as a result, a valuation allowance was established.

LIQUIDITY AND CAPITAL RESOURCES

MFC defines liquidity as the ability to generate adequate funds to meet its operating and capital needs. The Company's primary source of liquidity has been funds provided by operations.

| | September 30 | |
|-------------------------|--------------|--------------|
| | 2011 | 2010 |
| Cash & cash equivalents | \$ 1,258,885 | \$ 1,466,719 |
| Working capital | \$ 1,658,110 | \$ 1,981,150 |
| Current ratio | 3.59 to 1 | 4.68 to 1 |
| Long-term debt | \$ 0 | \$ 0 |

Cash and cash equivalents decreased \$207,834 to \$1,258,885 at September 30, 2011 when compared to \$1,466,719 at September 30, 2010. The decrease was a result of \$466,023 in net cash provided by operating activities, \$281,302 in net cash used for capital expenditures, \$387,934 in net cash used to pay a special cash dividend and \$4,621 in net cash used to purchase treasury stock.

The net decrease of \$71,612 in accounts receivable at September 30, 2011, when compared to September 30, 2010, can be attributable to the lower shipments during the quarter ended September 30, 2011 when compared to the quarter ended September 30, 2010. Sales for the quarter ended September 30, 2011 equaled \$1,311,555 compared to sales of \$1,433,608 for the quarter ended September 30, 2010.

The increase of \$31,257 in inventories at September 30, 2011, when compared to September 30, 2010, can be attributable to the higher sales order backlog of \$643,925 at September 30, 2011 when compared to sales order backlog of \$413,159 at September 30, 2010 and customer delivery schedules.

The increase of \$33,859 in accounts payable at September 30, 2011, when compared to September 30, 2010, can primarily be attributed to the higher inventories at September 30, 2011 when compared to September 30, 2010.

The increase of \$47,823 in other current liabilities at September 30, 2011, when compared to September 30, 2010, can primarily be attributed to a profit sharing contribution of \$50,000 accrued at September 30, 2011.

Capital expenditures consisted of building improvements, production equipment, test equipment, simulation software, computer hardware and a Company truck. The Company has committed to approximately \$225,000 of capital equipment purchases for the six months ended March 31, 2012 (the first two quarters of fiscal 2012.)

At September 30, 2011, the Company had unused aggregate lines of credit totaling \$750,000 collateralized by all inventory, equipment and accounts receivable.

Management believes that its working capital requirements for the foreseeable future will be met by its existing cash balances, future cash flows from operations and its current credit arrangements.

Off-Balance Sheet Arrangements

At September 30, 2011 and 2010, the Company did not have any unconsolidated entities or financial partnerships, such as entities often referred to as structured finance or special purpose entities, which might have been established for the purpose of facilitating off-balance sheet arrangements.

Critical Accounting Policies

The Company's consolidated financial statements are based on the application of accounting principles generally accepted in the United States of America (GAAP). GAAP requires the use of estimates, assumptions, judgments and subjective interpretations of accounting principles that have an impact on the assets, liabilities, revenue and expense amounts reported. The Company believes its use of estimates and underlying accounting assumptions adhere to GAAP and are consistently applied. Valuations based on estimates are reviewed for reasonableness and adequacy on a consistent basis throughout the Company. Primary areas where financial information of the Company is subject to the use of estimates, assumptions and the application of judgment include revenues, receivables, inventories, and taxes.

Revenues from product sales are recorded as the products are shipped and title and risk of loss have passed to the customer, provided that no significant vendor or post-contract support obligations remain and the collection of the related receivable is probable. Billings in advance of the Company's performance of such work are reflected as customer deposits in the accompanying consolidated balance sheet.

Allowances for doubtful accounts are based on estimates of losses related to customer receivable balances. The establishment of reserves requires the use of judgment and assumptions regarding the potential for losses on receivable balances.

The Company's inventories are valued at the lower of cost or market. The Company uses certain estimates and judgments and considers several factors including product demand and changes in technology to provide for excess and obsolescence reserves to properly value inventory.

The Company established a warranty reserve which provides for the estimated cost of product returns based upon historical experience and any known conditions or circumstances. Our warranty obligation is affected by product that does not meet specifications and performance requirements and any related costs of addressing such matters.

The Company has deferred tax assets that are reviewed for recoverability and valued accordingly. These assets are evaluated by using estimates of future taxable income streams and the impact of tax planning strategies. Valuations related to tax accruals and assets can be impacted by changes to tax codes, changes in statutory tax rates and the Company's future taxable income levels. The Company has provided a full valuation allowance against its deferred tax assets.

NEW ACCOUNTING PRONOUNCEMENTS

In June 2011, the FASB issued an Accounting Standard Update ("ASU"), bringing amendments to how other comprehensive income (OCI) is presented in the financial statements. This update outlines that OCI and its components cannot be reported in the Company's consolidated statements of changes in stockholders' equity. This guidance is effective from the beginning of the Company's 2013 fiscal year. This update will not have a material impact to the Company and the Company will comply with the OCI disclosure changes required by the update.

SAFE HARBOR STATEMENT UNDER THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995

In an effort to provide investors a balanced view of the Company's current condition and future growth opportunities, this Annual Report on Form 10-K may include comments by the Company's management about future performance. These statements which are not historical information are "forward-looking statements" pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. These, and other forward-looking statements, are subject to business and economic risks and uncertainties that could cause actual results to differ materially from those discussed. These risks and uncertainties include, but are not limited to: risks associated with demand for and market acceptance of existing and newly developed products as to which the Company has made significant investments; general economic and industry conditions; slower than anticipated penetration into the satellite communications, mobile radio and commercial and defense electronics markets; competitive products and pricing pressures; increased pricing pressure from our customers; risks relating to governmental regulatory actions in broadcast, communications and defense programs; as well as other risks and uncertainties, including but not limited to those detailed from time to time in the Company's Securities and Exchange Commission filings. These forward-looking statements are made only as of the date hereof, and the Company undertakes no obligation to update or revise the forward-looking statements, whether as a result of new information, future events or otherwise. You are encouraged to review Microwave Filter Company's 2011 Annual Report and Form 10-K for the fiscal year ended September 30, 2011 and other Securities and Exchange Commission filings. Forward looking statements may be made directly in this document or "incorporated by reference" from other documents. You can find many of these statements by looking for words like "believes," "expects," "anticipates," "estimates," or similar expressions.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

The Company has limited exposure to market risk as the Company has no long term debt as of September 30, 2011. The Company's available line of credit is based on a factor of the prime rate; however, there are no outstanding borrowings under the line of credit. The Company does not trade in derivative financial instruments. Investments generally consist of commercial paper, government backed obligations and other guaranteed commercial debt that have an original maturity of more than three months and a remaining maturity of less than one year. Investments are carried at cost which approximates market. The Company's policy is to hold investments until maturity. The Company's practice is to invest cash with financial institutions that have acceptable credit ratings.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA.

The Financial Statements and Financial Statement Schedule called for by this item are submitted as a separate section of this report.

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

None.

ITEM 9A. CONTROLS AND PROCEDURES

EVALUATION OF DISCLOSURE CONTROLS AND PROCEDURES

The Company's management, with the participation of the Company's Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of the Company's disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act")) as of the end of the period covered by this report. Based on such evaluation, the Company's Chief Executive Officer and Chief Financial Officer have concluded that, as of the end of such period, the Company's disclosure controls and procedures were effective as of the end of the period covered by this report.

CHANGES IN INTERNAL CONTROL OVER FINANCIAL REPORTING

There have been no changes in the Company's internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the most recent fiscal quarter that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

The Company's management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rules 13a-15(f) and 15d-15(f) under the exchange act.

Under the supervision and with the participation of the Company's management, including our principal executive officer and principal financial officer, the Company conducted an evaluation of its internal control over financial reporting based on criteria established in the framework in "Internal Control-Integrated Framework" issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this evaluation, the Company's management concluded and certifies that its internal control over financial reporting was effective as of September 30, 2011.

This annual report does not include an attestation report of our registered public accounting firm regarding internal control over financial reporting. Our report was not subject to attestation by our registered public accounting firm pursuant to rules of the SEC that permit the Company to provide only management's report in this annual report.

ITEM 9B. OTHER INFORMATION

None.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT.

The names of, and certain information with respect to, the directors of MFC is set forth below:

| Director | Principal occupation | Common Shares Actually or Beneficially Owned 12/1/11 | Percent of Class |
|--|--|--|------------------|
| ROBERT R. ANDREWS (a)(b)(c)(d) Age 70 Director since 1992 | Mr. Andrews is the President and Principal shareholder of Morse Manufacturing Co., Inc., East Syracuse, N.Y. which produces specialized material handling equipment and has served in that capacity since prior to 1985. He received a B.A degree from Arkansas University and has served as Vice President and a director of the Manufacturers' Association of Central New York, President of the Citizens Foundation, a Trustee of Dewitt Community Church, director of the Salvation Army and Chairman of the Business and Industry Council of Onondaga Community College. Mr. Andrews was elected Chairman of the Board of Directors of Microwave Filter Company, Inc. on November 17, 2004. | 1,214 | * |
| TRUDI B. ARTINI (a)(b) Age 89 Director since 1974 | Mrs. Artini is an independent investor in MFC and various other business enterprises in Syracuse, New York. | 32,435 | 1.30% |
| SIDNEY CHONG (a)(b)(c) Age 70 Director since 1995 | Mr. Chong was a corporate accountant for Carrols Corp. in Syracuse prior to his retirement in January 2011. Prior to joining Carrols Corp., he was a Senior Accountant with Price Waterhouse and Co. in New York City. Mr. Chong has a Bachelor of Science degree in accounting from California State University. | 1,000 | * |
| CARL F. FAHRENKRUG, PE (a) Age 69 Director since 1984 | Mr. Fahrenkrug was appointed President and Chief Executive Officer of MFC on October 7, 1992. He has also served as President and Chief Executive Officer of NSI since prior to 1986. He served as Vice President of Engineering at Microwave Systems, Inc., Syracuse, N.Y. from 1972-1976. Mr. Fahrenkrug has a B.S. and M.S. in Engineering and an MBA from Syracuse University. | 72,298 | 2.80% |

| Director | Principal occupation | Common Shares Actually or Beneficially Owned 12/1/11 | Percent of Class |
|---|---|---|------------------------|
| DANIEL GALBALLY (b)(c)(d) Age 64 Director since 1995 | Mr. Galbally is an accountant for Nucor Steel Auburn, Inc. in Auburn, New York. Prior to joining Nucor Steel Auburn, he was the controller of Diamond Card Exchange, Inc. in Syracuse, New York. He was the controller of Evaporated Metal Films (EMF) in Ithaca, N.Y. Before joining EMF, he worked as controller and acting vice president of finance at Philips Display Components Co. He has a bachelor's degree in accounting and an MBA from Syracuse University. | 0 | |
| PERRY A. HARVEY (a)(d) Age 59 Director since 2007 | Mr. Harvey is a consultant in global strategic business planning and productivity and process improvement. He holds a Master of Science in Metallurgical Engineering and a Metallurgical Engineering Degree from the University of Wisconsin. He served as President of ESCO Turbine Technologies Group (TTG), Syracuse, New York from 2000-2007. He has served as a board member and president of the Investment Casting Institute and a board member of the Manufacturers of Central New York and the Foundry Educational Foundation Board. | 0 | |
| RICHARD L. JONES Age 63 Director since 2004 | Mr. Jones was appointed a Director of Microwave Filter Company, Inc. on September 7, 2004. Mr. Jones has served as a Vice President and the Chief Financial Officer of Microwave Filter Company, Inc. since October 7, 1992. He has a Bachelor of Science degree in accounting from Syracuse University. | 0 | |
| JOHN J. KENNEDY (a)(b)(d) Age 62 Director since 2009 | Mr. Kennedy is the Senior Partner and Co-founder of Hawthorne Consulting Group, LLC, a continuous improvement consulting firm dedicated to the education and training of business owners, managers and their employees in the concepts of the Toyota Production System. Prior to that, Mr. Kennedy was a senior consultant with Seven Pines Consulting Group/Rutherford Associates. He has also held various management positions with Orion Bus Industries Ltd, General Motors Corp. and the Miller Brewing Company. He holds an MBA from Syracuse University and a BS degree from the University of Pennsylvania. | 500 | * |

| Director | Principal occupation | Common Shares Actually or Beneficially Owned 12/1/11 | Percent of Class |
|---|---|--|------------------|
| FRANK S. MARKOVICH (c)(d) Age 67 Director since 1992 | Mr. Markovich is a consultant in the manufacturing operations and training field. Prior to that he was the Director of the Manufacturing Extension Partnership at UNIPEG Binghamton. He held various high level positions in operations, quality and product management in a 20 year career with BF Goodrich Aerospace, Simmonds Precision Engine Systems of Norwich, New York. He completed US Navy Electronics and Communications Schools and received an MBA from Syracuse University. | 4,340 | * |

- (a) Member of Executive Committee
- (b) Member of Compensation Committee
- (c) Member of Finance and Audit Committee
- (d) Member of Nominating Committee

* Denotes less than one percent of class.

The Directors listed above and executive officers as a group own 111,787 shares or approximately 4% of the outstanding common shares of the Company.

The Board of Directors of Microwave Filter Company, Inc. has determined that Mr. Chong and Mr. Galbally, both members of the Audit Committee, are "audit committee financial experts" as defined by the SEC's regulations.

IDENTIFICATION OF EXECUTIVE OFFICERS

| Name | Age | Position |
|------------------------|-----|---|
| Carl F. Fahrenkrug, Sr | 69 | President and Chief Executive Officer |
| Richard L. Jones | 63 | Vice President, Chief Financial Officer and Corporate Secretary |
| Paul W. Mears | 52 | Vice President of Engineering |
| Carl F. Fahrenkrug, Jr | 43 | Vice President of Manufacturing and Systems |

All of the officers serve at the pleasure of the Board of Directors.

Carl F. Fahrenkrug, Sr was elected President and Chief Executive Officer of MFC on October 7, 1992. Prior to that date, he had been Executive Vice President and Chief Operating Officer of MFC. Prior to January 1, 1992, he was President and CEO of NSI and Vice President of Corporate Development for MFC.

Richard L. Jones joined MFC in August 1983 as controller. In February 1985, he was appointed Vice President and Treasurer of MFC. On October 7, 1992, he was appointed Vice President and Chief Financial Officer.

Paul W. Mears began his association with MFC as a Co-op while attending RIT in 1981. He became a full time employee in 1984 when he began his duties as an Electrical Engineer in Research and Development. In 1988 he became a Senior Design and Quotation Engineer and in 1989, he was promoted to Assistant Chief Engineer, Manager of Engineering of the Filter Division and in April of 1998, was appointed Vice President of Engineering.

Carl F. Fahrenkrug, Jr joined MFC in 1989 as an engineering intern. In 1992, he became a full time employee when he began his duties as an electrical engineer. On April 8, 2009, he was appointed Vice President.

The Company has adopted a Code of Ethics and Business Conduct for all of our employees and directors, including our Chief Executive Officer and Chief Financial Officer. A copy of our Code of Ethics and Business Conduct is available free of charge on our Company web site at www.microwavefilter.com.

ITEM 11. EXECUTIVE COMPENSATION.

Information required by this Item is contained in the Company's proxy statement filed with respect to the 2012 Annual Meeting of Shareholders and is incorporated by reference herein.

PROFIT SHARING

MFC has a profit sharing plan for all employees over the age of 21 with one year of service. Annual contributions are determined by the Board of Directors and are made from current or accumulated net income. Allocation of contributions to plan participants are based upon annual compensation. Participants vest on the basis of 20% after 3 years of service, 40% at 4 years, 60% at 5 years, 80% at 6 years and 100% at 7 years. MFC's contributions to the profit sharing plan were \$50,000 and \$0 for the years ended September 30, 2011 and 2010, respectively.

MFC also has a voluntary 401-K plan. Eligibility is the same as the Profit Sharing Plan. Contributions to the 401-K plan were matched at a rate of 100% of an employee's first 6% of contributions during fiscal 2011. The maximum corporate match was 6% of an employee's compensation during fiscal 2011.

MFC's matching contributions to the 401-K plan for the years ended September 30, 2011 and 2010 amounted to \$103,188 and \$101,049, respectively.

COMPENSATION OF DIRECTORS

Non-officer directors currently receive fees of \$300.00 per board and committee meetings. MFC also reimburses directors for reasonable expenses incurred in attending meetings. The Chairman of the Board receives \$500.00 per board and committee meetings. Officer members receive no compensation for their attendance at meetings.

ITEM 12. SECURITIES OWNERSHIP OF CERTAIN BENEFICIAL OWNERS
AND MANAGEMENT.

Information required by this Item is contained in the Company's proxy statement filed with respect to the 2012 Annual Meeting of Shareholders and is incorporated by reference herein.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS.

None

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

Information required by this Item is contained in the Company's proxy statement filed with respect to the 2012 Annual Meeting of Shareholders and is incorporated by reference herein.

PART IV

ITEM 15. FINANCIAL STATEMENT SCHEDULES AND EXHIBITS.

(a) 1. and 2. Financial Statements and Schedules:

Reference is made to the list of Financial Statements and the Financial Statement Schedule submitted as a separate section of this report.

(b) Exhibits:

Reference is made to the List of Exhibits submitted as a separate section of this report.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, Microwave Filter Company, Inc. has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

MICROWAVE FILTER COMPANY, INC.

|S| Carl F. Fahrenkrug

By: Carl F. Fahrenkrug
(President and Chief Executive Officer)

|S| Richard Jones

By: Richard Jones
(Vice President and Chief Financial Officer)

Dated: December 22, 2011

Pursuant to the requirements Of 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:

|S| Robert R. Andrews

Robert R. Andrews
(Director)

|S| Carl F. Fahrenkrug

Carl F. Fahrenkrug
(Director)

|S| Daniel Galbally

Daniel Galbally
(Director)

|S| Richard L. Jones

Richard L. Jones
(Director)

|S| Sidney Chong

Sidney Chong
(Director)

Dated: December 22, 2011

ANNUAL REPORT ON FORM 10-K

MICROWAVE FILTER COMPANY, INC.
AND SUBSIDIARIESINDEX TO CONSOLIDATED FINANCIAL STATEMENTS
AND FINANCIAL STATEMENT SCHEDULE

ITEM 8, ITEM 15(a)(1) and (2)

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SCHEDULE FOR THE YEARS ENDED SEPTEMBER 30, 2011 and 2010:

| | |
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All other schedules for which provision is made in the applicable accounting regulation of the Securities and Exchange Commission are not required under the related instructions or are inapplicable and therefore have been omitted.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and
Stockholders of Microwave Filter Company, Inc.

We have audited the accompanying consolidated balance sheets of Microwave Filter Company, Inc. and Subsidiary as of September 30, 2011 and 2010, and the related statements of operations, stockholders' equity, and cash flows for each of the years in the two-year period ended September 30, 2011. Microwave Filter Company, Inc.'s management is responsible for these consolidated financial statements. Our responsibility is to express an opinion on these consolidated 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. The company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of Microwave Filter Company, Inc. as of September 30, 2011 and 2010, and the results of its operations and its cash flows for each of the years in the two-year period ended September 30, 2011 in conformity with accounting principles generally accepted in the United States of America.

/s/ EFP Rotenberg, LLP

EFP Rotenberg, LLP
Rochester, New York
December 22, 2011

Microwave Filter Company and Subsidiaries
Consolidated Balance Sheets

| Assets | September 30, | |
|---|--------------------------|--------------------------|
| ----- | <u>2011</u> | <u>2010</u> |
| Current assets: | | |
| Cash and cash equivalents | \$ 1,258,885 | \$ 1,466,719 |
| Accounts receivable-trade, net of allowance for doubtful accounts of \$26,000 and \$18,000 | 352,054 | 423,666 |
| Federal and state income tax recoverable | 24,828 | 0 |
| Inventories | 567,261 | 536,004 |
| Prepaid expenses and other current assets | <u>94,114</u> | <u>92,417</u> |
| Total current assets | 2,297,142 | 2,518,806 |
| Property, plant and equipment, net | <u>617,818</u> | <u>444,418</u> |
| Total Assets | <u>\$ 2,914,960</u> | <u>\$ 2,963,224</u> |
| Liabilities and Stockholders' Equity | | |
| ----- | | |
| Current liabilities: | | |
| Accounts payable | \$ 195,535 | \$ 161,676 |
| Customer deposits | 51,886 | 39,618 |
| Accrued federal and state income taxes | 0 | 2,544 |
| Accrued payroll and related expenses | 57,514 | 52,932 |
| Accrued compensated absences | 250,443 | 245,055 |
| Other current liabilities | <u>83,654</u> | <u>35,831</u> |
| Total current liabilities | <u>639,032</u> | <u>537,656</u> |
| Total liabilities | <u>639,032</u> | <u>537,656</u> |
| Stockholders' equity: | | |
| Common stock, \$.10 par value. Authorized 5,000,000 shares Issued 4,324,140 in 2011 and 2010, Outstanding 2,586,227 in 2011 and 2,591,486 in 2010 | 432,414 | 432,414 |
| Additional paid-in capital | 3,248,706 | 3,248,706 |
| Retained earnings | 285,485 | 430,504 |
| Common stock in treasury, at cost, 1,737,913 shares in 2011 and 1,732,654 shares in 2010 | (<u>1,690,677</u>) | (<u>1,686,056</u>) |
| Total stockholders' equity | <u>2,275,928</u> | <u>2,425,568</u> |
| Total Liabilities and Stockholders' Equity | <u>\$ 2,914,960</u> | <u>\$ 2,963,224</u> |

The accompanying notes are an integral part of the consolidated financial statements.

Microwave Filter Company and Subsidiaries
Consolidated Statements of Operations

| | For the Years Ended September 30 | |
|--|----------------------------------|--------------------------|
| | <u>2011</u> | <u>2010</u> |
| Net sales | \$ 5,043,934 | \$ 4,691,522 |
| Cost of goods sold | <u>3,186,508</u> | <u>2,996,413</u> |
| Gross profit | 1,857,426 | 1,695,109 |
| Selling, general and administrative expenses | <u>1,650,357</u> | <u>1,555,408</u> |
| Income from operations | 207,069 | 139,701 |
| Non-operating Income | | |
| Interest income | 6,664 | 5,158 |
| Miscellaneous | <u>1,810</u> | <u>1,692</u> |
| Income before income taxes | 215,543 | 146,551 |
| Provision (benefit) for income taxes | (<u>27,372</u>) | <u>260</u> |
| NET INCOME | \$ <u><u>242,915</u></u> | \$ <u><u>146,291</u></u> |
| Per share data: | | |
| Basic and Diluted Earnings | | |
| Per Common Share | \$ <u><u>0.09</u></u> | \$ <u><u>0.06</u></u> |
| Shares used in computing net earnings per common share: | | |
| Basic and diluted | 2,587,807 | 2,592,723 |

The accompanying notes are an integral part of the consolidated financial statements.

Microwave Filter Company and Subsidiaries
Consolidated Statements of Stockholders' Equity
For the Years Ended September 30, 2011 and 2010

| | Common Stock | | Additional Paid-in | | Retained Earnings | Treasury Stock | | Total Stockholders' Equity |
|--|-------------------|-------------------|-----------------------|-------------------|----------------------|-------------------|------------------------|----------------------------------|
| | <u>Shares</u> | <u>Amt</u> | <u>Capital</u> | <u>Capital</u> | | <u>Shares</u> | <u>Amt</u> | |
| Balance September 30, 2009 | 4,324,140 | \$ 432,414 | \$ 3,248,706 | \$ | 284,213 | 1,730,887 | \$ (1,684,649) | \$ 2,280,684 |
| Net income | | | | | 146,291 | | | 146,291 |
| Purchase of treasury stock | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u>1,767</u> | <u>(1,407)</u> | <u>(1,407)</u> |
| Balance September 30, 2010 | 4,324,140 | 432,414 | 3,248,706 | 430,504 | 1,732,654 | (1,686,056) | | 2,425,568 |
| Net income | | | | | 242,915 | | | 242,915 |
| Purchase of treasury stock | | | | | | 5,259 | (4,621) | (4,621) |
| Cash dividend paid (\$.15) per share | <u> </u> | <u> </u> | <u> </u> | <u>(387,934)</u> | <u> </u> | <u> </u> | <u> </u> | <u>(387,934)</u> |
| Balance September 30, 2011 | <u>4,324,140</u> | <u>\$ 432,414</u> | <u>\$ 3,248,706</u> | <u>\$</u> | <u>285,485</u> | <u>1,737,913</u> | <u>\$ (1,690,677)</u> | <u>\$ 2,275,928</u> |

The accompanying notes are an integral part of the consolidated financial statements.

Microwave Filter Company and Subsidiaries
Consolidated Statements of Cash Flows
Increase (Decrease) in Cash and Cash Equivalents

| | For the Years Ended September 30 | |
|---|----------------------------------|---------------------|
| | 2011 | 2010 |
| Cash flows from operating activities: | | |
| Net income | \$ 242,915 | \$ 14,6291 |
| Adjustments to reconcile net income to net cash provided by (used in) operating activities: | | |
| Depreciation | 107,902 | 98,208 |
| Provision for doubtful accounts | 8,390 | 0 |
| Inventory obsolescence provision | (10,892) | 2,274 |
| Changes in assets and liabilities: | | |
| Accounts receivable-trade | 63,222 | (175,961) |
| Federal and state income tax recoverable | (27,372) | 844 |
| Inventories | (20,365) | 66,314 |
| Other assets | (1,697) | 14,562 |
| Accounts payable and customer deposits | 46,127 | 23,783 |
| Accrued payroll, compensated absences and related expenses | 9,970 | (41,091) |
| Other current liabilities | <u>47,823</u> | <u>1,459</u> |
| Net cash provided by operating activities | <u>46,6023</u> | <u>136,683</u> |
| Cash flows from investing activities: | | |
| Capital expenditures | (281,302) | (144,875) |
| Net cash used in investing activities | (281,302) | (144,875) |
| Cash flows from financing activities: | | |
| Purchase of treasury stock | (4,621) | (1,407) |
| Cash dividend paid | (387,934) | <u>0</u> |
| Net cash used in financing activities | (392,555) | (1,407) |
| Net decrease in cash and cash equivalents | (207,834) | (9,599) |
| Cash and cash equivalents at beginning of year | <u>1,466,719</u> | <u>1,476,318</u> |
| Cash and cash equivalents at end of year | \$ <u>1,258,885</u> | \$ <u>1,466,719</u> |
| Supplemental disclosures of cash flows: | | |
| Cash paid during the year for : | | |
| Interest | \$ 0 | \$ 0 |
| Income taxes | \$ 0 | \$ 0 |

The accompanying notes are an integral part of the consolidated financial statements.

Microwave Filter Company and Subsidiaries
Notes to Consolidated Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Nature of Business

Microwave Filter Company, Inc. operates primarily in the United States and principally in one industry. The Company extends credit to business customers based upon ongoing credit evaluations. Microwave Filter Company, Inc. (MFC) designs, develops, manufactures and sells electronic filters, both for radio and microwave frequencies, to help process signal distribution and to prevent unwanted signals from disrupting transmit or receive operations. Markets served include cable television, television and radio broadcast, satellite broadcast, mobile radio, commercial communications and defense electronics. Niagara Scientific, Inc. (NSI), a wholly owned subsidiary, custom designs case packing machines to automatically pack products into shipping cases. Customers are processors of food and other commodity products with a need to reduce labor cost with a modest investment and quick payback. For the last three years, NSI's sales have consisted of spare parts orders.

b. Basis of Consolidation

The consolidated financial statements include the accounts of Microwave Filter Company, Inc. (MFC) and its wholly-owned subsidiaries, Niagara Scientific, Inc. (NSI) and Microwave Filter International, LTD. (MFI) (dormant); located in Syracuse, New York. All significant intercompany balances and transactions have been eliminated in consolidation.

c. Revenue Recognition

The Company recognizes revenue at the time products are shipped to customers and title and risk of loss have passed to the customer. The Company is not required to install any of its products. Payments received from customers in advance of products shipped are recorded as customer deposits until earned.

d. Cash and Cash Equivalents

The Company's financial instruments that are exposed to concentrations of credit risk consist primarily of cash and accounts receivable. The Company's cash is held at federally insured institutions and balances may periodically exceed insured limits. The Company has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk with respect to cash. The Company also routinely assesses the financial strength of its customers and, as a consequence, believes that its trade accounts receivable credit risk exposure is limited.

e. Investments

Investments generally consist of commercial paper, government backed obligations and other guaranteed commercial debt that have an original maturity of more than three months and a remaining maturity of less than one year. Investments are carried at cost which approximates market. The Company's policy is to hold investments until maturity. The Company's practice is to invest cash with financial institutions that have acceptable credit ratings.

f. Trade Accounts Receivable and Allowance for Doubtful Accounts

Trade accounts receivable are recorded at the invoiced amount and do not bear interest. The allowance for doubtful accounts is the Company's best estimate of the amount of probable credit losses in the Company's existing accounts receivable. The Company reviews its allowance for doubtful accounts monthly. Past due balances over 90 days are reviewed individually for collectibility. Account balances are charged off against the allowance after all means of collection have been exhausted and the potential for recovery is considered remote. The Company does not have any off-balance-sheet credit exposure related to its customers.

g. Inventories and Reserve for Obsolescence

Inventories are stated at the lower of cost determined on the first-in, first-out method or market.

The Company records a reserve for obsolete or excess inventory. The Company considers inventory quantities greater than a one-year supply based on current year activity as well as any additional specifically identified inventory to be excess. The Company also provides for the total value of inventories that are determined to be obsolete based on criteria such as customer demand and changing technologies.

h. Research and Development

Costs in connection with research and development, which amount to \$428,693 and \$448,901 for the fiscal years 2011 and 2010, respectively, are charged to operations as incurred.

i. Property, Plant and Equipment

Property, plant and equipment are recorded at cost. Depreciation is provided using the straight-line method over the estimated useful lives of the respective assets. Buildings and building improvements are depreciated over an estimated service life of 20 to 30 years. Machinery and equipment are depreciated over an estimated useful life of 3 to 10 years. Office equipment and fixtures are depreciated over an estimated useful life of 3 to 10 years. At the time of sale or retirement, the cost and accumulated depreciation are removed from the respective accounts and the resulting gain or loss is recognized in income.

j. Income Taxes

The Company accounts for income taxes under FASB ASC 740-10 (Prior Authoritative Literature: Statement of Financial Accounting Standards (SFAS) No. 109, Accounting for Income Taxes). Deferred tax assets and liabilities are based on the difference between the financial statement and tax basis of assets and liabilities as measured by the enacted tax rates which are anticipated to be in effect when these differences reverse. The deferred tax provision is the result of the net change in the deferred tax assets and liabilities. A valuation allowance is established when it is necessary to reduce deferred tax assets to amounts expected to be realized. The Company has provided a full valuation allowance against its deferred tax assets.

The Company adopted FASB ASC 740-10 (Prior Authoritative Literature: FASB Interpretation No. 48, Accounting for Uncertainty in Income Taxes - An Interpretation of FASB Statement No. 109 (FIN 48) as of October 1, 2007. FASB ASC 740-10 clarifies the accounting for uncertainty in income taxes recognized in an entity's financial statements and prescribes a recognition threshold and measurement attributes for financial statement disclosure of tax position taken or expected to be taken on a tax return. Additionally, it provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. No adjustments were required upon adoption.

K. Earnings Per Share

The Company presents basic earnings per share ("EPS"), computed based on the weighted average number of common shares outstanding for the period, and when applicable diluted EPS, which gives the effect to all dilutive potential shares outstanding (i.e. options) during the period after restatement for any stock dividends. Income used in the EPS calculation is net income for each year.

l. Fair Value of Financial Instruments

The carrying values of the Company cash and cash equivalents, accounts receivable and accounts payable approximate fair value because of the short maturity of those instruments.

The Company currently does not trade in or utilize derivative financial instruments.

m. Miscellaneous Non-operating Income

Miscellaneous non-operating income generally consists of sales of scrap material, stock transfer fees, the forfeiture of non-refundable deposits and other incidental items.

n. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

o. Warranty Costs

The Company established a warranty reserve which provides for the estimated cost of product returns based upon historical experience and any known conditions or circumstances. Our warranty obligation is affected by product that does not meet specifications and performance requirements and any related costs of addressing such matters. Warranty costs were approximately \$5,000 and \$8,000 for the fiscal years ended September 30, 2011 and 2010, respectively.

p. Impairment of Long-Lived Assets

The carrying values of long-lived assets other than goodwill are generally evaluated for impairment only if events or changes in facts and circumstances indicate that carrying values may not be recoverable. Any impairment determined would be recorded in the current period and would be measured by comparing the fair value of the related asset to its carrying value. Fair value is generally determined by identifying estimated undiscounted cash flows to be generated by those assets. No impairments have been recorded for the fiscal years ended September 30, 2011 and 2010.

q. New Accounting Pronouncements

In June 2011, the FASB issued an Accounting Standard Update ("ASU"), bringing amendments to how other comprehensive income (OCI) is presented in the financial statements. This update outlines that OCI and its components cannot be reported in the Company's consolidated statements of changes in stockholders' equity. This guidance is effective from the beginning of the Company's 2013 fiscal year. This update will not have a material impact to the Company and the Company will comply with the OCI disclosure changes required by the update.

2. INVENTORIES

Inventories net of provision for obsolescence consisted of the following:

| | September 30 | |
|-------------------------------|-------------------|-------------------|
| | <u>2011</u> | <u>2010</u> |
| Raw materials and stock parts | \$ 499,622 | \$ 414,331 |
| Work-in-process | 14,056 | 25,740 |
| Finished goods | <u>53,583</u> | <u>95,933</u> |
| | <u>\$ 567,261</u> | <u>\$ 536,004</u> |

The Company's reserve for obsolescence equaled \$392,703 at September 30, 2011 and \$403,595 at September 30, 2010.

3. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consisted of the following:

| | September 30, | |
|--------------------------------|-------------------|-------------------|
| | <u>2011</u> | <u>2010</u> |
| Land | \$ 143,000 | \$ 143,000 |
| Building and improvements | 1,865,502 | 1,818,633 |
| Machinery and equipment | 3,295,490 | 3,150,555 |
| Office equipment and fixtures | <u>1,805,196</u> | <u>1,727,587</u> |
| | 7,109,188 | 6,839,775 |
| Less: Accumulated depreciation | <u>6,491,370</u> | <u>6,395,357</u> |
| | <u>\$ 617,818</u> | <u>\$ 444,418</u> |
| Depreciation expense | <u>\$ 107,902</u> | <u>\$ 98,208</u> |

4. CREDIT FACILITIES

The Company has unused aggregate lines of credit totaling \$750,000 collateralized by inventory, equipment and accounts receivable. The variable interest rate is the "prime rate" as published each business day in the "Money Rates" column of the Wall Street Journal.

5. PROFIT SHARING AND 401-K PLANS

The Company maintains both a non-contributory profit sharing plan and a contributory 401-K plan for all employees over the age of 21 with one year of service. Annual contributions to the profit sharing plan are determined by the Board of Directors and are made from current or accumulated earnings, while contributions to the 401-K plan were matched at a rate of 100% of an employee's first 6% of contributions during fiscal 2011. The maximum corporate match was 6% of an employee's compensation during fiscal 2011.

The Company's matching contributions to the 401-K plan for the years ended September 30, 2011 and 2010 were \$103,188 and \$101,049, respectively. Additionally, the Company may make discretionary contributions to the non-contributory profit sharing plan. These contributions were \$50,000 and \$0 in 2011 and 2010, respectively.

6. OBLIGATIONS UNDER OPERATING LEASES

The Company leases equipment under operating lease agreements expiring at various dates through September 30, 2014. Rental expense under these leases for the years ended September 30, 2011 and 2010 amounted to \$9,290 and \$8,940, respectively.

Minimum rental commitments at September 30, 2011 for these leases are:

| Year Ended September 30, ----- | Lease Payments ----- |
|--------------------------------------|----------------------------|
| 2012 | \$ 9,290 |
| 2013 | 9,290 |
| 2014 | <u>1,490</u> |
| | <u>\$ 20,070</u> |

7. INCOME TAXES

The provision for income taxes consisted of the following:

| | Year Ended September 30, | |
|--------------------|--------------------------|------------------|
| | 2011 | 2010 |
| Currently payable: | | |
| Federal | \$ 13,030 | \$ 29,599 |
| State | (40,402) | 260 |
| Deferred (credit) | <u>0</u> | <u>(29,599)</u> |
| | <u>\$ (27,372)</u> | <u>\$ 260</u> |

A reconciliation of the statutory federal income tax rate and the Company's effective income tax rate is as follows:

| | Year ended September 30, | | | |
|---|--------------------------|-----------------|---------------|-------------|
| | 2011 | | 2010 | |
| | Amount | % | Amount | % |
| Statutory tax rate | \$ 73,285 | 34.0% | \$ 49,827 | 34.0% |
| State income tax net of: | | | | |
| Federal benefit | (26,665) | (12.4%) | 0 | 0.0% |
| Research and experimentation tax credits | (27,865) | (12.9%) | (29,179) | (19.9%) |
| Federal graduated rate differential | (10,152) | (4.7%) | 0 | 0.0% |
| Valuation allowance change | (114,754) | (53.2%) | (20,560) | (14%) |
| NOL true up | 78,577 | 36.5% | 0 | 0.0% |
| Permanent differences | <u>202</u> | <u>0.0%</u> | <u>0</u> | <u>0.0%</u> |
| | <u>\$ (27,372)</u> | <u>(12.7%)</u> | <u>\$ 260</u> | <u>0.1%</u> |

The temporary differences which give rise to deferred tax assets and (liabilities) at September 30 are as follows:

| | <u>2011</u> | <u>2010</u> |
|--|--------------------|--------------------|
| Inventory | \$ 139,354 | \$ 143,816 |
| Accrued warranty | 4,250 | 4,250 |
| Accrued vacation | 98,286 | 96,454 |
| Accounts receivable | 8,895 | 6,043 |
| Valuation allowance | (250,785) | (250,563) |
| Net deferred tax assets (liabilities) - current | \$ <u>0</u> | \$ <u>0</u> |
| Accelerated depreciation | \$ (32,634) | \$ 9,949 |
| Research and experimentation tax credit carry forward | 197,403 | 191,219 |
| AMT credit carry forward | 39,399 | 39,399 |
| NOL carry forward | 0 | 78,577 |
| Valuation allowance | (204,168) | (319,144) |
| Net deferred tax assets (liabilities) – noncurrent | \$ <u>0</u> | \$ <u>0</u> |
| Net deferred tax assets | \$ <u><u>0</u></u> | \$ <u><u>0</u></u> |

As required by FASB ASC 740 (Prior Authoritative Literature: SFAS 109, Accounting for Income Taxes) the Company has evaluated the positive and negative evidence bearing upon the realization of its deferred tax assets. The Company has determined that, at this time, it is more likely than not that the Company will not realize all of the benefits of federal and state deferred tax assets, and, as a result, a valuation allowance was established. The research and experimentation tax credit carry forwards and NOL carry forwards expire in 2030. At September 30, 2011, the Company's federal AMT credit can be carried forward indefinitely.

8. INDUSTRY SEGMENT DATA

The Company's primary business segment involves the operations of Microwave Filter Company, Inc. (MFC) which designs, develops, manufactures and sells electronic filters, both for radio and microwave frequencies, to help process signal distribution and to prevent unwanted signals from disrupting transmit or receive operations.

9. SIGNIFICANT CUSTOMERS

Sales to one customer represented approximately 18% of total sales during fiscal 2011 compared to approximately 15% of total sales for the fiscal year ended September 30, 2010.

10. LEGAL MATTERS

The State of New York Workers' Compensation Board has commenced an action against Microwave Filter Company, Inc. to recover for an underfunded self insured program that Microwave Filter Company, Inc. participated in. Due to the relatively short period of time Microwave Filter Company, Inc. participated in the program and the limited amount of potential exposure, we do not expect the resolution of this action will have a material adverse effect on our financial condition, results of operations or cash flows.

EXHIBIT INDEX

| Exhibit No. | Description | Page Number |
|-------------|---|-------------|
| 3.1 | "MFC Certificate of Corporation, as amended." | * |
| 3.2 | MFC Amended and Restated Bylaws. | * |
| 10.1 | "Bond Purchase Agreement dated as of February 22, 1984" "among MFC, Onondaga County Industrial Development Agency" "("OCIDA") and Key Bank of Central New York ("Bondholder")." | * |
| 10.2 | "Lease Agreement dated as of February 22, 1984 between MFC and OCIDA." | * |
| 10.3 | "Mortgage and Security Agreement dated as of February 22, 1984 from" MFC and OCIDA to the Bondholder. | * |
| 10.4 | "Guaranty Agreement dated as of February 22, 1984 from MFC to OCIDA" and the Bondholder. | * |
| 31.1 | Section 13a-14(a)/15d-14(a) Certification of Carl F. Fahrenkrug | |
| 31.2 | Section 13a-14(a)/15d-14(a) Certification of Richard L. Jones | |
| 32.1 | Section 1350 Certification of Carl F. Fahrenkrug | |
| 32.2 | Section 1350 Certification of Richard L. Jones | |

* Previously filed

Microwave Filter Company and Subsidiaries

Schedule II - VALUATION AND QUALIFYING ACCOUNTS

SEPTEMBER 30, 2011 and 2010

| Col. A Description | Col. B Balance at Beginning of Period | Col. C Additions Charged to Costs and Expenses | Charged to Other Accounts | Col. D Deductions | Col. E Balance at End of Period |
|---------------------------------|--|--|---------------------------------|----------------------|--|
| Year ended September 30, 2011 | | | | | |
| Allowance for doubtful accounts | \$ 17,773 | \$ 0 | \$ 8,390 | \$ 0 | \$ 26,163 |
| Inventory valuation reserves | <u>403,595</u> | <u>0</u> | <u>0</u> | <u>10,892</u> | <u>392,703</u> |
| | <u>\$ 421,368</u> | <u>\$ 0</u> | <u>\$ 8,390</u> | <u>\$ 10,892</u> | <u>\$ 418,866</u> |
| Year ended September 30, 2010 | | | | | |
| Allowance for doubtful accounts | \$ 17,773 | \$ 0 | \$ 0 | \$ 0 | \$ 17,773 |
| Inventory valuation reserves | <u>401,321</u> | <u>2,274</u> | <u>0</u> | <u>0</u> | <u>403,595</u> |
| | <u>\$ 419,094</u> | <u>\$ 2,274</u> | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 421,368</u> |