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RADCOM LTD
Form 6-K
December 31, 2002

FORM 6-K

SECURITIES AND EXCHANGE COMMISSION
Washington D.C. 20549

Report of Foreign Private Issuer

Pursuant to Rule 13a-16 or 15d-16 of
The Securities Exchange Act of 1934

For the month of October, 2002

Commission File Number: 0-29452

RADCOM LTD.
(Translation of Registrant's Name into English)

Raoul Wallenberg Street, Tel Aviv 69719, Israel
(Address of Principal Executive Offices)

Indicate by check mark whether the registrant files or will file annual reports under cover Form 20-F or Form 40-F:

Form 20-F Form:40-F _____

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1): N/A

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7): N/A

Indicate by check mark whether by furnishing the information contained in this Form, the registrant is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934:
Yes _____ No

If "Yes" is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b): 82- N/A

THIS REPORT ON FORM 6-K IS HEREBY INCORPORATED BY REFERENCE INTO RADCOM LTD.'S ("RADCOM") REGISTRATION STATEMENTS ON FORM S-8 (REGISTRATION STATEMENT NOS. 333-13244, 333-13246, 333-13248, 333-13250, 333-13254, 333-13252, 333-13236), AND TO BE A PART THEREOF FROM THE DATE ON WHICH THIS REPORT IS FILED, TO THE EXTENT NOT SUPERSEDED BY DOCUMENTS OR REPORTS SUBSEQUENTLY FILED OF FURNISHED.

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CONTENTS

This report on Form 6-K of Radcom consists of the following documents, which is attached hereto and incorporated by reference herein:

1. Press Release: Radcom reports results for the third quarter and first nine months of 2002. Dated October 21, 2002.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Dated: November 5, 2002

Radcom Limited
(Registrant)
By: /s/ David Zigdon

David Zigdon
Chief Financial Officer

EXHIBIT INDEX

Exhibit Number	Description of Exhibit
10.1	Press Release: Radcom reports results for the third quarter and first nine months of 2002. Dated October 21, 2002.

EXHIBIT 10.1

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RADCOM REPORTS RESULTS FOR THE THIRD QUARTER
AND FIRST NINE MONTHS OF 2002

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Revenues Increase 13% Sequentially; 43% Reduction In Operating Loss

TEL-AVIV, Israel--October 21, 2002-- RADCOM Ltd. (RADCOM) (NASDAQ: RDCM) today announced financial results for the third quarter and nine months ended September 30, 2002.

Results of the Third Quarter

Revenues for the third quarter of 2002 were \$3,502,000, a sequential increase of 13% as compared to \$3,097,000 for the second quarter of 2002. Revenues for the third quarter of 2001 were \$4,259,000. The Company's gross margins for the third quarter of 2002 were 66% -- equal to the gross margins of the second quarter of 2002 and higher than the 59% gross margins recorded in the third quarter of 2001.

Operating loss for the third quarter of 2002 was \$(901,000), a substantial improvement as compared to \$(1,554,000) in the second quarter of 2002, and \$(1,784,000) in the third quarter of 2001. This reduction in operating loss reflects a significant decrease in all operating expenses.

Net loss for the third quarter of 2002 was \$(852,000), or \$(0.08) per ordinary share, compared to \$(1,488,000), or \$(0.14) per ordinary share for the second quarter of 2002, and \$(1,679,000), or \$(0.16) per ordinary share for the third quarter of 2001.

Results of the First Nine Months

Revenues for the first nine months of 2002 were \$11,004,000 compared to \$13,455,000 for the first nine months of 2001. The Company's gross margin for the period improved to 66%, from 59% for the first nine months of 2001 (excluding writeoffs as detailed in the Company's 2001 financial reports).

Operating loss for the first nine months of 2002 was \$(3,809,000). Operating loss for the first nine months of 2001 excluding writeoffs as detailed in the Company's 2001 financial reports was \$(7,305,000), while reported operating loss for the first nine months of 2001 was \$(10,142,000).

Net loss for the first nine months of 2002 was \$(3,631,000), or \$(0.35) per ordinary share. Net loss for the first nine months of 2001, excluding writeoffs as detailed in the Company's 2001 financial reports, was \$(6,740,000), or \$(0.64) per ordinary share, while reported net loss for the first nine months of 2001 was \$(10,169,000), or \$(0.97) per ordinary share.

Comments of Management

Commenting on the results, Arnon Toussia-Cohen, President and CEO of RADCOM, said, "We are pleased to report increased revenues and decreased losses compared to the second quarter, together with a slight improvement in our cash position. The improved results reflect the stronger performance of our channels in the Far East, together with relatively stronger sales of Voice Over IP products in all regions. Our successful cost-cutting initiatives continue to significantly reduce all of our operating expenses, resulting in approximately 43% reduction of operating and net losses. Given today's extremely difficult markets, we continue to search out revenue opportunities while improving our technologies, closely managing our expenses, and conserving our cash reserves."

A teleconference to discuss the quarter will be held on Tuesday, October 22, 2002, at 9:00 a.m. EDT. A live broadcast is available through the Company's website, <http://www.radcom.com/>

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RADCOM designs, manufactures, markets and supports network test and quality

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management solutions for service providers, developers and enterprises worldwide. The company specializes in a line of high-quality, integrated, multitechnology WAN/LAN test solutions as well as unique performance measurement solutions for VoIP and cellular converged networks. RADCOM's analysis and simulation solutions are used in the development and manufacture of network devices, and in the installation and ongoing maintenance of operational networks to facilitate real-time isolation, diagnosis, and resolution of network problems. RADCOM's sales network includes over 60 distributors in 50 countries worldwide and 10 manufacturer's representatives across North America. RADCOM's customers include Cisco, Lucent, Ericsson, Nokia, Motorola, AT&T, MCI Worldcom, Sprint, British Telecom, Deutsche Telecom and Telstra.

Certain statements made herein that use the words "estimate," "project," "intend," "expect," "believe" and similar expressions are intended to identify forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements involve known and unknown risks and uncertainties which could cause the actual results, performance or achievements of the Company to be materially different from those which may be expressed or implied by such statements, including, among others, changes in general economic and business conditions and specifically, decline in demand to the Company's products, inability to timely develop and introduce new technologies, products and applications and loss of market share and pressure on prices resulting from competition. For additional information regarding these and other risks and uncertainties associated with the Company's business, reference is made to the Company's reports filed from time to time with the Securities and Exchange Commission.

To receive RADCOM's press releases online, or to download a complete Digital Investor Kit(TM) including past press releases, regulatory filings and corporate materials, please click on the "Digital Investor Kit(TM)" icon at www.kcsa.com.

RADCOM Ltd.
Consolidated Statements of Operation
(1,000's of U.S. dollars, except for per share data)

	Three months ended Sept. 30,		Nine
	2002	2001	2002
	unaudited	unaudited	unaudited
Sales	\$ 3,502	\$ 4,259	\$ 11,000
Cost of sales (1)	1,191	1,758	3,740
Gross profit	2,311	2,501	7,260
Research and development, gross (2)	1,506	1,989	4,880
Less - royalty-bearing participation	653	511	1,600
Research and development, net	853	1,478	3,280
Sales and marketing (3)	1,933	2,294	6,460

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General and administrative (4)	426	513	1,311
Total operating expenses	3,212	4,285	11,066
Operating loss	(901)	(1,784)	(3,809)
Financing income (expenses), net (5)	49	105	178
Net loss	(852)	(1,679)	(3,631)
Basic loss per ordinary share	\$ (0.08)	\$ (0.16)	\$ (0.35)
Weighted average number of ordinary shares (basic)	10,492,050	10,492,050	10,492,050

The results of the nine months ended September 30, 2001 include one time charges that total \$3,429,000 as follows:

- (1) Inventory writeoff of \$1,061,000; provision for layoff of employees of \$275,000.
- (2) Impairment of assets of \$60,000; provision for layoff of employees of \$645,000.
- (3) Writeoff demo equipments of \$115,000; provision for layoff of employees of \$260,000.
- (4) Provision for bad debts and other of \$401,000; provision for layoff of employees of \$20,000.
- (5) Impairment of investment in marketable securities of \$592,000.

(Additional table to follow)

RADCOM REPORTS/5

RADCOM Ltd.
Consolidated Balance Sheets
(1000's of U.S. dollars)

	As of September 30, 2002	Dec
	----- unaudited -----	-----
Current Assets		
Cash and cash equivalents	10,574	
Short-term bank deposits	-	
Marketable securities	-	
Trade receivables, net	3,086	
Inventories	2,226	
Other current assets	461	

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Total Current Assets	16,347
Property and Equipment	
Cost	10,784
Less - accumulated depreciation	(8,255)
	2,529
Total Assets	18,876
Liabilities and Shareholders' Equity	
Current Liabilities	
Trade payables	1,065
Other payables and accrued expenses	3,764
Total Current Liabilities	4,829
Liability for Employees Severance Pay Benefits	650
Total Liabilities	5,479
Shareholders' Equity	
Share capital	57
Additional paid-in capital	38,114
Accumulated deficit	(24,774)
Total Shareholders' Equity	13,397
Total Liabilities and Shareholders' Equity	18,876