

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

**FORM 10-Q**

- Quarterly report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the quarterly period ended June 30, 2004
- Transition report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the transition period from \_\_\_\_ to \_\_\_\_

Commission file number: 000-29871

**RADVISION LTD.**

(Exact Name of Registrant as Specified in Its Charter)

Israel  
(State or Other Jurisdiction of  
Incorporation or Organization)

N/A  
(I.R.S. Employer  
Identification No.)

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

972-3-645-5220  
(Registrant's Telephone Number, Including Area Code)

N/A  
(Former Name, Former Address and Former Fiscal Year,  
if Changed Since Last Report)

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

As August 5, 2004 the Registrant had 20,152,045 Ordinary Shares, par value NIS 0.1 per share, outstanding.

**Preliminary Notes:** RADVision Ltd. is incorporated in Israel and is a "foreign private issuer" as defined in Rule 3b-4 under the Securities Exchange Act of 1934 (the "1934 Act") and in Rule 405 under the Securities Act of 1933. As a result, it is eligible to file this quarterly report on Form 6-K (in lieu of Form 10-Q) and to file its annual reports on Form 20-F (in lieu of Form 10-K). However, RADVision Ltd. elects to file its interim reports on Forms 10-Q and 8-K and to file its annual reports on Form 10-K.

Pursuant to Rule 3a12-3 regarding foreign private issuers, the proxy solicitations of RADVision Ltd. are not subject to the disclosure and procedural requirements of Regulation 14A under the 1934 Act, and transactions in its equity securities by its officers and directors are exempt from Section 16 of the 1934 Act.

# RADVISION LTD.

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**RADVISION LTD. AND ITS SUBSIDIARIES**

**CONSOLIDATED BALANCE SHEETS**

**U.S. dollars in thousands, except share data**

	<b>June 30, 2004</b>	<b>December 31,</b>
<b>ASSETS</b>	<b>Unaudited</b>	<b>2003</b>
		<b>Audited</b>
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$ 20,470	\$ 16,433
Short-term bank deposits	5,986	13,574
Short-term marketable securities	16,696	21,403
Trade receivables (net of allowance for doubtful accounts of \$ 1,276 and \$ 1,704 as of June 30, 2004 and December 31, 2003, respectively)	9,176	8,685
Other receivables and prepaid expenses	3,198	2,704
Inventories	967	969
<u>Total current assets</u>	56,493	63,768
<b>LONG-TERM ASSETS:</b>		
Long-term bank deposits	13,384	4,004
Long-term marketable securities	48,296	44,497
Severance pay fund	2,252	2,171
<u>Total long-term assets</u>	63,932	50,672
<b>PROPERTY AND EQUIPMENT, NET</b>	2,691	2,572
<u>Total assets</u>	\$ 123,116	\$ 117,012
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>CURRENT LIABILITIES:</b>		
Trade payables	\$ 1,422	\$ 1,270
Deferred revenues	9,017	6,047
Accrued expenses and other accounts payable	11,217	13,101
<u>Total current liabilities</u>	21,656	20,418
<b>ACCRUED SEVERANCE PAY</b>	3,302	3,353
<u>Total liabilities</u>	24,958	23,771
<b>SHAREHOLDERS' EQUITY:</b>		
Ordinary shares of NIS 0.1 par value:		
Authorized - 25,000,000 shares as of June 30, 2004 and December 31, 2003;		
Issued - 20,152,045 shares as of June 30, 2004 and December 31, 2003;		
Outstanding - 19,797,892 shares as of June 30, 2004 and 19,344,849 shares as of December 31, 2003	187	187
Additional paid-in capital	104,663	104,663
Treasury stock, at cost (354,153 and 807,196 Ordinary shares of NIS 0.1 par value as of June 30, 2004 and December 31, 2003, respectively)	(2,221)	(5,075)
Accumulated deficit	(4,471)	(6,534)
<u>Total shareholders' equity</u>	98,158	93,241
<u>Total liabilities and shareholders' equity</u>	\$ 123,116	\$ 117,012

Note: The balance sheet at December 31, 2003 has been derived from the audited financial statements at that date.

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

**RADVISION LTD. AND ITS SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF INCOME**

**U.S. dollars in thousands, except per share data**

	<b>Three months ended June 30,</b>		<b>Six months ended June 30,</b>	
	<b>2004</b>	<b>2003</b>	<b>2004</b>	<b>2003</b>
	<b>Unaudited</b>			
Revenues	\$ 15,705	\$ 11,605	\$ 29,966	\$ 22,658
Cost of revenues	3,398	2,598	6,495	4,959
Gross profit	12,307	9,007	23,471	17,699
Operating costs and expenses:				
Research and development	4,282	3,596	8,062	7,160
Marketing and selling	6,127	4,853	11,964	9,584
General and administrative	1,210	976	2,450	1,924
Restructuring income	-	-	(1,061)	-
Total operating costs and expenses	11,619	9,425	21,415	18,668
Operating income (loss)	688	(418)	2,056	(969)
Financial income, net	432	560	844	1,126
Net income	<u>\$ 1,120</u>	<u>\$ 142</u>	<u>\$ 2,900</u>	<u>\$ 157</u>
Basic net earnings per Ordinary share	<u>\$ 0.06</u>	<u>\$ 0.01</u>	<u>\$ 0.15</u>	<u>\$ 0.01</u>
Diluted net earnings per Ordinary share	<u>\$ 0.05</u>	<u>\$ 0.01</u>	<u>\$ 0.13</u>	<u>\$ 0.01</u>

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

**CONSOLIDATED STATEMENTS OF CASH FLOWS**

**U.S. dollars in thousands**

	<b>Six months ended</b>	
	<b>June 30,</b>	
	<b>2004</b>	<b>2003</b>
	<b>Unaudited</b>	
<b>Cash flows from operating activities:</b>		
Net income	\$ 2,900	\$ 157
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	1,114	1,187
Gain on sale of property and equipment	(3)	-
Accrued interest and amortization of premium on held-to-maturity marketable securities and bank deposits	1,147	517
Amortization of deferred stock-based compensation	-	117
Decrease (increase) in trade receivables, net	(491)	4,649
Decrease (increase) in other receivables and prepaid expenses	(581)	38
Decrease in inventories	2	183
Increase (decrease) in trade payables	152	(2,429)
Increase in deferred revenues	2,970	474
Increase (decrease) severance pay, net	(132)	96
Decrease in accrued expenses and other accounts payable	(1,884)	(10)
<b>Net cash provided by operating activities</b>	<b>5,194</b>	<b>4,979</b>
<b>Cash flows from investing activities:</b>		
Proceeds from redemption of held-to-maturity marketable securities	21,430	28,481
Purchase of held-to-maturity marketable securities	(21,356)	(27,129)
Proceeds from withdrawal of bank deposits	17,044	7,578
Purchase of bank deposits	(19,149)	-
Purchase of property and equipment	(1,243)	(784)
Proceeds from sale of property and equipment	13	-
<b>Net cash provided by (used in) investing activities</b>	<b>(3,261)</b>	<b>8,146</b>
<b>Cash flows from financing activities:</b>		
Issuance of Ordinary shares and treasury stock for cash upon exercise of options	2,104	787
Exercise of options by employees	-	15
<b>Net cash provided by financing activities</b>	<b>2,104</b>	
Increase in cash and cash equivalents	4,037	13,927
Cash and cash equivalents at beginning of period	16,433	13,825
<b>Cash and cash equivalents at end of period</b>	<b>\$ 20,470</b>	<b>\$ 27,752</b>
<b>Supplemental disclosure of non-cash flow from investing and financing activities:</b>		
Issuance of Ordinary shares upon sale of treasury stock	\$ (87)	\$ 15
Loss on issuance of Ordinary shares upon sale of treasury stock	\$ 837	\$ 1,153

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

## **NOTE 1:- GENERAL**

Radvision Ltd. (the "Company"), an Israeli corporation, designs, develops and supplies products and technology that enable real-time voice, video and data communications over packet networks, including the Internet and other networks based on the Internet protocol.

The Company's products and technology are used by its customers to develop systems that enable enterprises and service providers to use packet networks for real-time IP ("Internet Protocol") communications.

The Company operates under two reportable segments: 1) the "networking" business unit ("NBU"), which focuses on networking solutions and is responsible for developing networking products for IP-centric voice, video and data conferencing services; and 2) the "technology" business unit ("TBU"), which focuses on creating developer toolkits for the underlying IP communication protocols and testing tools needed for real-time voice and video over IP.

The Company has four wholly-owned subsidiaries: Radvision Inc., in the United States, Radvision B.V., in the Netherlands, Radvision HK in Hong Kong, and Radvision U.K. in the United Kingdom. Other than Radvision B.V., the subsidiaries are primarily engaged in the sale, marketing and service of the Company's products and technology.

## **NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES**

The significant accounting policies applied in the annual financial statements of the Company as of December 31, 2003 are applied consistently in these financial statements

a. 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 amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

b. For further information, refer to the consolidated financial statements as of December 31, 2003.

c. Accounting for stock-based compensation:

The Company has elected to follow Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees" ("APB No. 25") and FASB No. Interpretation No. 44, "Accounting for Certain Transactions Involving Stock Compensation" ("FIN No. 44") in accounting for its employee stock option plans. Under APB No. 25, when the exercise price of the Company's stock options is less than the market price of the underlying shares on the date of grant, compensation expense is recognized.

**NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)**

Under Statement of Financial Accounting Standard No. 123, "Accounting for Stock-Based Compensation ("SFAS No. 123"), pro forma information regarding net income and net earnings per share is required, and has been determined as if the Company had accounted for its employee stock options under the fair value method of SFAS No. 123. The fair value for these options is amortized over their vesting period and estimated at the date of grant using a Black-Scholes Option Valuation Model with the following weighted-average assumptions for the six months and three months ended June 30, 2004 and 2003:

	Three months ended June 30,		Six months ended June 30,	
	2004	2003	2004	2003
	Unaudited			
Risk free interest	3.81%	2%	3.81%	2%
Dividend yields	0%	0%	0%	0%
Volatility	0.432	0.467	0.432	0.467
Expected life	4	4	4	4

Pro forma information under SFAS No. 123:

Net income as reported	\$ 1,120	\$ 142	\$ 2,900	\$ 157
Add - stock based compensation expense determined under APB 25	\$ -	\$ -	\$ -	\$ 117
Deduct - stock-based compensation expense determined under fair value method for all awards	\$ 862	\$ 863	\$ 1,732	\$ 1,117
Pro forma net income (loss)	\$ 258	\$ (721)	\$ 1,168	\$ (1,456)
Basic diluted earnings per share, as reported	\$ 0.01	\$ 0.01	\$ 0.06	\$ 0.01
Pro forma basic and diluted net earnings (loss) per share	\$ 0.01	\$ (0.04)	\$ 0.05	\$ (0.08)

In March 2004, the Financial Accounting Standards Board (FASB) approved the consensus reached on the Emerging Issues Task Force (EITF) Issue No. 03-1, "The Meaning of Other-Than-Temporary Impairment and Its Application to Certain Investments." The objective of this Issue is to provide guidance for identifying impaired investments. EITF 03-1 also provides new disclosure requirements for investments that are deemed to be temporarily impaired. The accounting provisions of EITF 03-1 are effective for all reporting periods beginning after June 15, 2004, while the disclosure requirements are effective only for annual periods ending after June 15, 2004. The Company has evaluated the impact of the adoption of EITF 03-1 and does not believe the impact will be significant to the Company's overall results of operations or financial position.

**NOTE 3:- UNAUDITED INTERIM FINANCIAL STATEMENTS**

The accompanying unaudited interim consolidated financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information. Accordingly, they do not include all the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the six months ended June 30, 2004, are not necessarily indicative of the results of operations that may be expected for the year ended December 31, 2004

**NOTE 4:- INVENTORIES**

	<b>June 30, 2004</b>	<b>December 31, 2003</b>
	<b>Unaudited</b>	<b>Audited</b>
Raw materials	\$ 310	\$ 361
Work in progress	505	490
Finished products	152	118
	<u>\$ 967</u>	<u>\$ 969</u>

**NOTE 5:- ACCRUED EXPENSES AND OTHER ACCOUNTS PAYABLE**

	<b>June 30, 2004</b>	<b>December 31, 2003</b>
	<b>Unaudited</b>	<b>Audited</b>
Employees and employee accruals	\$ 2,277	\$ 2,415
Accrued expenses	8,940	10,686
	<u>\$ 11,217</u>	<u>\$ 13,101</u>

**NOTE 6:- RESTRUCTURING INCOME**

In January 2001, the Company entered into an agreement with related parties, to lease approximately 24,000 square feet of office space in Paramus, New Jersey for a period of 5 years, which space the Company subsequently surrendered. The parties had a dispute with respect to the extent of damages caused by this action. In December 2003, the parties proceeded to binding arbitration. The presiding arbitrator issued his final ruling on February 12, 2004, stating the amount owed by the Company was \$400. The Company recorded an amount of \$1,061 as restructuring income, representing the surplus of its accruals in former periods.

**NOTE 7:- SIGNIFICANT EVENTS**

During the six months ended June 30, 2004, certain of the Company's employees exercised their options to purchase the Company's shares. The shares issued upon exercise were

included as Treasury stock. As a result of these transactions, the Company has recorded a loss in the amount of approximately \$ 837 as an addition to accumulated deficit.

**NOTE 8:- SEGMENTS AND CUSTOMER INFORMATION**

	<b>Three months ended June 30,</b>		<b>Six months ended June 30,</b>	
	<b>2004</b>	<b>2003</b>	<b>2004</b>	<b>2003</b>
	<b>Unaudited</b>			
Revenues:				
Product sales	\$ 11,298	\$ 8,553	\$ 21,464	\$ 16,239
Software sales	4,407	3,052	8,502	6,419
<b>Total revenues</b>	<b>\$ 15,705</b>	<b>\$ 11,605</b>	<b>\$ 29,966</b>	<b>\$ 22,658</b>
Cost of revenues:				
Product sales	\$ 3,077	\$ 2,429	\$ 5,904	\$ 4,783
Software sales	321	169	591	176
<b>Total cost of revenues</b>	<b>\$ 3,398</b>	<b>\$ 2,598</b>	<b>\$ 6,495</b>	<b>\$ 4,959</b>

**NOTE 9:- EARNINGS PER SHARE**

The following table sets forth the calculation of basic and diluted earnings per share:

	<b>Three months ended June 30,</b>		<b>Six months ended June 30,</b>	
	<b>2004</b>	<b>2003</b>	<b>2004</b>	<b>2003</b>
	<b>Unaudited</b>			
Numerator:				
Net income	\$ 1,120	\$ 142	\$ 2,900	\$ 157
Number of shares:				
Denominator:				
Denominator for basic earnings per share - weighted average of Ordinary shares	19,710,729	18,473,504	19,597,463	18,409,399
Effect of dilutive securities:				
Employee stock options and unvested restricted shares	1,689,675	745,278	1,886,131	645,894
	<b>21,400,404</b>	<b>19,218,782</b>	<b>21,483,594</b>	<b>19,055,293</b>

**Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations**

*This information should be read in conjunction with the condensed consolidated financial statements and notes included in Item 1 of Part I of this Quarterly Report and the audited financial statements and notes thereto and Management's Discussion and Analysis of Financial Condition and Results of Operations for the year ended December 31, 2003 contained in our 2003 Annual Report on Form 10-K. The discussion and analysis which follows may contain trend analysis and other forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934 which reflect our current views with respect to future events and financial results. These include statements regarding our earnings, projected growth and forecasts, and similar matters that are not historical facts.*

*We remind shareholders that forward-looking statements are merely predictions and therefore are inherently subject to uncertainties and other factors that could cause the future results to differ materially from those described in the forward-looking statements.*

**Overview**

We are the industry's leading provider of high quality, scalable and easy-to-use products and technologies for videoconferencing, video telephony, and the development of converged voice, video and data over IP and 3G networks. We have approximately 450 customers worldwide including Alcatel, Cisco, FastWeb, NTT/DoCoMo, Philips, Panasonic, Samsung, Shanghai Bell, Siemens, Sony and Tandberg. Hundreds of thousands of end-users around the world today communicate over a wide variety of networks using products and solutions based on or built around our multimedia communication platforms and software development solutions.

In the beginning of 2001, we created two separate business units corresponding to our two product lines to enable our product development and product marketing teams to respond quickly to evolving market needs with new product introductions.

Our Networking Business Unit, or NBU, offers one of the broadest and most complete set of multimedia communication and videoconferencing network solutions for IP, ISDN, SIP and 3G-based networks, supporting most end points in the industry today. These products are sold primarily to resellers and OEMs who use this infrastructure to develop and install advanced IP and ISDN-based communication systems for enterprise customers. The NBU also provides service providers, both 3G wireless and wireline, with integrated solutions that enable the delivery of converged IP-based multimedia streaming and video telephony applications to corporate customers as a managed service, residential broadband customers, and 3G subscribers worldwide.

Our Technology Business Unit, or TBU, is a one-stop shop of voice and video over IP and 3G Development toolkits. The TBU provides protocol development tools and platforms, as well as associated solutions such as testing platforms and IP phone toolkits that enable equipment vendors and service providers to develop and deploy new IP and 3G-based converged networks, services, and technologies. Our TBU also provides professional services to our customers, assisting them with integrating our technology into their products. RADVISION's TBU solutions include developer toolkits for SIP, MEGACO/H.248, MGCP, H.323, and 3G-324M. It

also includes RADVISION's ProLab™ Test Management Suite and IP phone toolkit. Today you may find RADVISION toolkits implemented in a wide range of environments from chipsets to simple user devices like IP phones, and from integrated video systems through carrier class network devices like gateways, switches, soft switches and 3G multimedia gateways.

### ***Our Strategy***

Our goal is to be the leading provider of innovative products and technologies that enable real-time multimedia collaboration (voice, video and data) communication over packet networks. We provide solutions at every level – protocol developer toolkits, professional services, network infrastructure, and even integrated solutions that compliment the communication solutions of other vendors such as those from Cisco and Microsoft. We believe that the combination of offering IP-centric networking products and software toolkits uniquely positions us as a key enabling vendor in the evolution of IP communication. Both of our product lines are essential for building IP networks that support real time voice and video communication with full interoperability with legacy ISDN/PSTN networks and technologies.

### **Results of Operations**

The following table presents, as a percentage of total revenues, condensed statements of operations data for the periods indicated:

	<b>Three months ended June 30,</b>		<b>Six months ended June 30,</b>	
	<b>2004</b>	<b>2003</b>	<b>2004</b>	<b>2003</b>
	<b>Unaudited</b>			
Revenues				
Networking products .....	71.9%	73.7%	71.6%	71.7%
Technology products .....	28.1	26.3	28.4	28.3
Total revenues .....	100.0	100.0	100.0	100.0
Cost of revenues				
Networking products .....	19.6	20.9	19.7	21.1
Technology products .....	2.0	1.5	2.0	0.8
Total cost of revenues.....	21.6	22.4	21.7	21.9
Gross profit.....	78.4	77.6	78.3	78.1
Operating expenses				
Research and development.....	27.3	31.0	26.9	31.6
Marketing and selling.....	39.0	41.8	39.9	42.3
General and administrative.....	7.7	8.4	8.2	8.5
Restructuring income	-	-	(3.5)	-
Total operating expenses.....	74.0	81.2	71.5	82.4
Operating profit (loss).....	4.4	(3.6)	6.8	(4.3)
Financial income, net.....	2.8	4.8	2.8	5.0
Net income (loss).....	7.2	1.2	9.6	0.7

### **Three Months Ended June 30, 2003 Compared with Three Months Ended June 30, 2004**

*Revenues.* We generate revenues from sales of our networking products that are primarily sold in the form of stand-alone products, and our technology products that are primarily sold in the form of software development kits, as well as related maintenance and support services. We generally recognize revenues from the sale of our products upon shipment and when collection is

probable. Revenues generated from maintenance and support services are deferred and recognized ratably over the period of the term of service. We price our networking products on a per unit basis, and grant discounts based upon unit volumes. We price our software development kits on the basis of a fixed-fee plus royalties from products developed using the software development kits. We sell our products and technology through direct sales and various indirect distribution channels in North America, Europe, the Middle East and the Far East.

Our revenues increased from \$11.6 million for the three months ended June 30, 2003 to \$15.7 million for the three months ended June 30, 2004, an increase of \$4.1 million, or 35%. This increase was mainly due to a \$2.7 million, or 32%, increase in sales of our networking products and an increase of \$1.3 million, or 44.4%, in sales of our technology products.

Revenues from networking products increased from \$8.6 million for the three months ended June 30, 2003 to \$11.3 million for the three months ended June 30, 2004. Revenues from sales of our ViaIP™ product line increased from \$8.2 million for the three month period ended June 30, 2003 to \$10.6 million for the three month period ended June 30, 2004.

Revenues from technology products increased by \$1.3 million, or 44%, from \$3.1 million for three months ended June 30, 2003 to \$4.4 million for the three months ended June 30, 2004. Revenues from licenses and royalties totaled \$1.1 million and \$731,000, respectively, in the three months ended June 30, 2003 compared to \$1.8 million and \$900,000, respectively, in the three months ended June 30, 2004. Maintenance revenues remained constant at approximately \$1.1 million in the three months ended June 30, 2003 and 2004.

Revenues from sales to customers in North America increased from \$6.6 million, or 56.5% of revenues, for the three months ended June 30, 2003, to \$7.6 million, or 48.6% of revenues, for the three months ended June 30, 2004, an increase of \$1.0 million, or 16.4%. This increase in sales was primarily attributable to increased market demand for our networking products in this region.

Revenues from sales to customers in Europe and the Middle East increased from \$1.9 million, or 16.1% of revenues, for the three months ended June 30, 2003, to \$5.4 million, or 34.2% of revenues, for the three months ended June 30, 2004, an increase of \$3.5 million, or 188%. This increase in sales was primarily attributable to increased sales efforts for our networking products in this region.

Revenues from sales to customers in the Far East decreased from \$3.2 million, or 27.4% of revenues, for the three months ended June 30, 2003, to \$2.5 million, or 16.2% of revenues, for the three months ended June 30, 2004, a decrease of \$700,000, or 20%.

*Cost of Revenues.* Cost of revenues increased from \$2.6 million for the three months ended June 30, 2003 to \$3.4 million for the three months ended June 30, 2004. Gross profit as a percentage of revenues increased slightly from 77.6% for the three months ended June 30, 2003 to 78.4% for the three months ended June 30, 2004.

*Research and Development.* Research and development expenses increased from \$3.6 million for the three months ended June 30, 2003 to \$4.3 million for the three months ended June 30, 2004, an increase of \$700,000, or 19.4%. This increase was primarily attributable to an increase

in the number of research and development personnel whom we employed. Research and development expenses as a percentage of revenues decreased from 31.0% for the three months ended June 30, 2003 to 27.3% for the three months ended June 30, 2004.

*Marketing and Selling.* Marketing and selling expenses increased from \$4.9 million for the three months ended June 30, 2003 to \$6.1 million for the three months ended June 30, 2004, an increase of \$1.2 million, or 24.5%. This increase was primarily attributable to increased sales efforts in North America and EMEA. Marketing and selling expenses as a percentage of revenues decreased from 41.8% for the three months ended June 30, 2003 to 39.0% for the three months ended June 30, 2004.

*General and Administrative.* General and administrative expenses increased from \$1.0 million for the three months ended June 30, 2003 to \$1.2 million for the three months ended June 30, 2004, an increase of \$200,000, or 24.0%. This increase was primarily attributable to an increase in personnel expenses. General and administrative expenses as a percentage of revenues were 8.4% for the three months ended June 30, 2003 and 7.7% for the three months ended June 30, 2004.

*Operating Income (Loss).* We had operating loss of \$418,000 for the three months ended June 30, 2003 compared to operating income of \$688,000 for the three months ended June 30, 2004.

*Financial Income.* We had financial income of \$560,000 for the three months ended June 30, 2003 as compared to \$432,000 for the three months ended June 30, 2004. This income was principally derived from the investment of the proceeds of our March 2000 initial public offering and private placement. Our interest income decreased due to lower prevailing interest rates.

### **Six Months Ended June 30, 2004 Compared with Six Months Ended June 30, 2003**

*Revenues.* Revenues increased from \$22.7 million for the six months ended June 30, 2003 to \$30.0 million for the six months ended June 30, 2004, an increase of \$7.3 million, or 32.3%. This increase was due an increase in sales of networking and technology products.

Revenues from networking products increased from \$16.2 million for the six months ended June 30, 2003 to \$21.5 million for the six months ended June 30, 2004. Revenues from sales of our ViaIP™ product line increased from \$13.4 million in the six months ended June 30, 2003 to \$20.5 million in the six months ended June 30, 2004. The increase in networking product sales was principally attributable to a better than forecast sales in the U.S. and EMEA, offsetting lower than expected Asia Pacific sales due to a slow start to the year in China.

Revenues from technology products increased from \$6.4 million for the six months ended June 30, 2003 to \$8.5 million for the six months ended June 30, 2004. Revenues from licenses and royalties were \$2.2 million and \$1.3 million, respectively, for the six months ended June 30, 2003 and \$3.6 million and \$1.8 million, respectively, for the six months ended June 30, 2004. Maintenance revenues decreased from \$2.4 million for the six months ended June 30, 2003 to \$2.1 million for the six months ended June 30, 2004, which decline was offset in part by the initiation of our offering professional services with respect to research and development, which activity accounted for \$838,000 in revenues for the six months ended June 30, 2004.

Revenues from sales to customers in North America increased from \$10.9 million, or 48% of revenues, for the six months ended June 30, 2003, to \$15.4 million, or 51.4% of revenues, for the six months ended June 30, 2004, an increase of \$4.5 million, or 41%. This increase in sales was primarily attributable to increased market demand for our networking products in this region.

Revenues from sales to customers in Europe and the Middle East increased from \$5.5 million, or 24.4% of revenues, for the six months ended June 30, 2003, to \$9.3 million, or 31.1% of revenues, for the six months ended June 30, 2004, an increase of \$3.8 million, or 68.7%. This increase in sales was primarily attributable to increased sales efforts for our networking products in this region.

Revenues from sales to customers in the Far East decreased from \$6.2 million, or 27.4% of revenues, for the six months ended June 30, 2003, to \$4.9 million, or 16.2% of revenues, for the six months ended June 30, 2004 a decrease of \$1.3 million, or 21.7%.

*Cost of Revenues.* Cost of revenues increased from \$5.0 million for the six months ended June 30, 2003 to \$6.5 million for the six months ended June 30, 2004, an increase of \$1.5 million, or 31.0%. Gross profit as a percentage of revenues increased slightly from 78.1% for the six months ended June 30, 2003 to 78.3% for the six months ended June 30, 2004.

*Research and Development.* Research and development expenses increased from \$7.2 million for the six months ended June 30, 2003 to \$8.1 million for the six months ended June 30, 2004, an increase of \$900,000, or 12.6%. This increase was primarily attributable to an increase in the number of research and development personnel whom we employed. Research and development expenses as a percentage of revenues decreased from 31.6% for the six months ended June 30, 2003 to 26.9% for the six months ended June 30, 2004.

*Marketing and Selling.* Marketing and selling expenses increased from \$9.6 million for the six months ended June 30, 2003 to \$12.0 million for the six months ended June 30, 2004, an increase of \$2.4 million, or 24.8%. This increase was primarily attributable to increased sales efforts in North America and EMEA. Marketing and selling expenses as a percentage of revenues decreased from 42.3% for the six months ended June 30, 2003 to 39.9% for the six months ended June 30, 2004.

*General and Administrative.* General and administrative expenses increased from \$1.9 million for the six months ended June 30, 2003 to \$2.4 million for the six months ended June 30, 2004, an increase of \$500,000, or 27.3%. This increase was primarily attributable to an increase in personnel expenses. General and administrative expenses as a percentage of revenues were 8.5% for the six months ended June 30, 2003 and 8.2% for the six months ended June 30, 2004.

*Financial Income.* Financial income decreased from \$1.1 million for the six months ended June 30, 2003 to \$800,000 for the six months ended June 30, 2004 principally as a result of the decreased interest income we derived from the investment of the proceeds of our March 2000 initial public offering and private placement. Our interest income decreased due to lower prevailing interest rates.

## Liquidity and Capital Resources

We generated \$5.2 million from operating activities for the six months ended June 30, 2004 compared to \$5.0 million in the same period in 2003. This amount was primarily attributable to higher net income of \$2.9 million, a \$3.0 million increase in deferred revenues, an increase of \$150,000 in trade payables, and depreciation expenses of \$1.1 million. These increases in cash generated by our operating activities were offset in part by a \$2.0 million decrease in other payables and accrued expenses. Net cash used in investing activities was approximately \$3.3 million for the six months ended June 30, 2004. During the six months ended June 30, 2004, \$1.2 million of cash used in investing activities was for purchases of property and equipment.

Our financing activities generated \$2.1 million for the six months ended June 30, 2004 compared to \$800,000 in the same period in 2003. This amount was primarily attributable to proceeds from the exercise of employee stock options.

Our capital requirements are dependent on many factors, including market acceptance of our products and the allocation of resources to our research and development efforts, as well as our marketing and sales activities. We plan to pursue strategic initiatives and make operating investments in 2004 as we position our company to realize on what we perceive to be increasing market opportunities in the coming years. We anticipate that our cash resources will be used primarily to fund our operating activities, as well as for capital expenditures. We may establish additional operations as we expand globally.

We plan to pursue strategic initiatives and make operating investments in 2004 as we position our company to realize what we perceive to be increasing market opportunities in the coming years.

On February 28, 2001, we announced that our board of directors had authorized the repurchase of up to 10% of our outstanding shares in open market transactions from time to time at prevailing market prices. We completed the share repurchase program in the first fiscal quarter of 2002, having purchased 1,866,115 ordinary shares at a total cost of \$11.8 million, or an average price of \$6.30 per share. At the beginning of 2003, we began to reissue the repurchased shares upon exercise of employee stock options.

On August 28, 2002, we announced that our board of directors had authorized the repurchase of up to \$10 million or 2 million of our ordinary shares in the open market from time to time at prevailing market prices. During April 2003, we started to repurchase our ordinary shares based on the instruction of our board of directors. As of June 30, 2004, we had purchased 14,000 ordinary shares at a total cost of \$78,000, or an average price of \$5.55 per share.

### *Off-Balance Sheet Arrangements*

We are not a party to any material off-balance sheet arrangements. In addition, we have no unconsolidated special purpose financing or partnership entities that are likely to create material contingent obligations.

### *Third Quarter 2004 Guidance*

- Third quarter net sales are expected to be approximately \$16.7 million, an increase of approximately \$3.6 million, or 27.5%, compared with the third quarter 2003.
- Net income is expected to increase to approximately \$1,250,000 or \$0.06 per share, a 37.0% increase compared with third quarter 2003.

These projections are subject to substantial uncertainty that could cause our future results to differ materially from the guidance we have provided.

### **Cautionary Statement Regarding Forward-Looking Information and Risk Factors**

*This report contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Words such as “anticipate,” “expect,” “intend,” “plan,” “believe,” “seek,” “outlook” and “estimate” as well as similar words and phrases signify forward-looking statements. RADVision’s forward-looking statements are not guarantees of future results and conditions and important factors, risks and uncertainties may cause our actual results to differ materially from those expressed in our forward-looking statements. These uncertainties and other factors include, but are not limited to, the following:*

#### **Risks Relating to Our Business**

- Our history of losses prior to 2001 and the uncertainty of our ability to operate profitably in the future.
- Our quarterly financial performance is likely to vary significantly in the future and our revenues and operating results in any quarter may not be indicative of our future performance.
- If the use of packet-based networks as a medium for real-time voice, video and data communication does not continue to grow, the demand for our products and technology will slow and our revenues will decline.
- Our need to develop new products and technology and enhancements to existing products and technology.
- Our investment, and continuing investment, in products and technology that comply with those industry standards that we believe have been, or will be, broadly adopted. If one or more alternative standards were to gain greater acceptance than the standards that we believe have or will be broadly adopted, sales of our products and technology might suffer.
- Because competition in the markets for our products and technology is intense, our ability to compete effectively in these markets may be hampered and we may lose market share to our competitors.

- Major solutions providers who currently work with us may compete with us in the future.
- Our software development kit revenues will decrease if our customers choose to use source code that is available for free.
- Most of our competitors have greater resources than we do. This may limit our ability to compete effectively with them and discourage customers from purchasing our products and technology.
- Our dependency upon a limited number of suppliers of key components. If these suppliers delay or discontinue manufacture of these components, we may experience delays in shipments, increased costs and cancellation of orders for our products.
- Our intent to manufacture and maintain an inventory of customized products for some customers who have no obligation to purchase these products may harm our financial results if these customers fail to purchase these products.
- Undetected errors may increase our costs and impair the market acceptance of our products and technology.
- If our ability to continue to license third party technology on reasonable terms is impaired, we may face delays in releases of our products and may be required to reduce the functionality of our products derived from this technology.
- Third parties may infringe upon or misappropriate our intellectual property, which could impair our ability to compete effectively and negatively affect our profitability.
- Our products may infringe on the intellectual property rights of others, which could increase our costs and negatively affect our profitability.
- We are dependent on our senior management and any loss of their services could negatively affect our business.
- Our failure to retain and attract personnel could harm our business, operations and product development efforts.
- Our non-competition agreements with our employees may not be enforceable. If any of these employees leaves us and joins a competitor, our competitor could benefit from the expertise our former employee gained while working for us.
- Government regulation could delay or prevent product offerings, resulting in decreased revenues.

### **Risks Relating to Our Location in Israel**

- Conditions in Israel affect our operations and may limit our ability to produce and sell our products, which could decrease our revenues.

- The economic conditions in Israel have not been stable in recent years.
- Some of our directors, officers and employees are obligated to perform annual military reserve duty in Israel. We cannot assess the potential impact of these obligations on our business.
- Because most of our revenues are generated in U.S. dollars or are linked to the U.S. dollar while a portion of our expenses are incurred in new Israeli shekels, our results of operations would be adversely affected if inflation in Israel is not offset on a timely basis by a devaluation of the new Israeli shekel against the U.S. dollar.
- The tax benefits that we currently receive from our approved enterprise programs require us to satisfy specified conditions. If we fail to satisfy these conditions, we may be required to pay additional taxes and would likely be denied these benefits in the future.
- It may be difficult to enforce a U.S. judgment against us and most of our officers and directors or to assert U.S. securities laws claims in Israel or serve process on most of our officers and directors.

### **Risks Relating to Our Ordinary Shares**

- Holders of our ordinary shares who are United States residents face income tax risks.
- Our share price has been volatile in the past and may decline in the future.
- Anti-takeover provisions under Israeli tax law could negatively impact our shareholders.

## **Item 3. Quantitative and Qualitative Disclosure About Market Risk**

### **Interest Rate Risk**

As of June 30, 2004, we had cash and cash equivalents and short-term investments of \$43.2 million. We invest our cash surplus in time deposits, cash deposits, U.S. federal agency securities and corporate bonds with an average credit rating of A2. These investments are not purchased for trading or other speculative purposes. Due to the nature of these investments, we believe that we do not have a material exposure to market risk.

Our exposure to market risks for changes in interest rates is limited since we do not have any material indebtedness.

### **Foreign Currency Exchange Risk**

We develop products in Israel and sell them in North America, Asia and Europe. As a result our financial results could be affected by factors such as changes in foreign currency exchange rates or weak economic conditions in foreign markets.

Our foreign currency exposure with respect to our sales is mitigated, and we expect it will continue to be mitigated, through salaries, materials and support operations, in which part of these costs are denominated in NIS.

During 2003, the NIS revalued approximately 7.6% against the dollar. Among the factors contributing to the revaluation are the low interest rate for US\$ investments compared to the higher interest rate for NIS investments. The revaluation has resulted in deflation in Israel, which was approximately 1.9% for the year 2003 compared to an annual inflation rate of 6.5% for 2002 and inflation of 1.4% for the six months ended June 30, 2004.

Since most of our sales are quoted in dollars, and a portion of our expenses are incurred in NIS, our results may be adversely affected by a change in the rate of inflation in Israel or if such change in the rate of inflation is not offset, or is offset on a lagging basis, by a corresponding devaluation of the NIS against the dollar and other foreign currencies.

We did not enter into any foreign exchange contracts in 2003 or the first six months of 2004.

#### **Item 4. Controls and Procedures**

Under the supervision and with the participation of our management, including our chief executive officer and chief financial officer, we carried out an evaluation of the effectiveness of the design and operation of our company's disclosure controls and procedures pursuant to Rule 13a-14 of the Securities Exchange Act of 1934. Based upon that evaluation, our chief executive officer and chief financial officer concluded that our disclosure controls and procedures were effective as of the end of the period covered by this quarterly report.

There have been no significant changes in our internal controls or other factors, which could significantly affect internal controls subsequent to the date we carried out the evaluation.

It should be noted that any system of controls, however well designed and operated, can provide only reasonable, and not absolute, assurance that the objectives of the system are met. In addition, the design of any control system is based in part upon certain assumptions about the likelihood of future events. Because of these and other inherent limitations of control systems, there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions.

## PART II - OTHER INFORMATION

### Item 1. Legal Proceedings

We are not involved in any legal proceedings that are material to our business or financial condition.

### Item 2. Changes in Securities and Use of Proceeds

Use of Proceeds. The following information required by Item 701(f) of Regulation S-K relates to our initial public offering of ordinary shares of our company on March 14, 2000. The following table sets forth, with respect to the ordinary shares registered, the amount of securities registered, the aggregate offering price of amount registered, the amount sold and the aggregate offering price of the amount sold, for both the account of our company and the account of any selling security holder.

	For the account of the company	For the account of the selling shareholder
Number of ordinary shares registered .....	4,370,000	N/A
Aggregate offering price of shares registered .....	\$87,400,000	N/A
Number of ordinary shares sold .....	4,370,000	N/A
Aggregate offering price of shares sold ....	\$87,400,000	N/A

The following table sets forth the expenses incurred by us in connection with our public offering during the period commencing the effective date of the Registration Statement and ending June 30, 2004. None of such expenses were paid directly or indirectly to directors, officers, persons owning 10% or more of any class of equity securities of our company or to our affiliates.

	Direct or indirect payments to persons other than affiliated persons
Underwriting discounts and commissions .....	\$6,118,000
Finders' fees .....	550,000
Expenses paid to or for underwriters .....	41,290
Other expenses .....	<u>2,241,113</u>
Total expenses .....	<u>\$8,950,403</u>

The net public offering proceeds to us, after deducting the total expenses (set forth in the table above), were \$78,449,597.

The following table sets forth the amount of net public offering proceeds used by us for the purposes listed below. None of such payments were paid directly or indirectly to directors, officers, persons owning 10% or more of any class of our equity securities or to our affiliates.

Purpose	Direct or indirect payments to persons other than to affiliated persons
Acquisition of other companies and business(es) .....	N/A
Construction of plant, building and facilities .....	N/A
Purchase and installation of machinery and equipment .....	N/A
Purchase of real estate .....	N/A
Repayment of indebtedness .....	N/A
Working capital .....	\$78,450,000
Temporary investments .....	N/A
Other purposes .....	N/A

**Item 3. Defaults Upon Senior Securities**

None

**Item 4. Submission of Matters to a Vote of Security Holders**

During the three month period ended June 30, 2004, we held our Annual General Meeting of Shareholders. At the meeting, held on June 13, 2004, our shareholders voted:

1. In the absence of a director of our Company present and willing to serve as the Chairman of the 2004 Annual Meeting in accordance with the Company's Articles of Association, to appoint Mr. Arnold Taragin, the Secretary of the Company, as the Chairman of the 2004 Annual Meeting.

<u>For</u>	<u>Against</u>	<u>Abstained</u>
14,365,806	4,462	1,368

2. To receive and consider the Directors' Annual Report to Shareholders for the year ended December 31, 2003, and to receive and consider our Company's consolidated financial statements for the year ended December 31, 2003, and the auditors' report thereon.

<u>For</u>	<u>Against</u>	<u>Abstained</u>
14,366,266	2,662	2,708

3. To appoint Kost Forer Gabbay & Kasierer, a member of Ernst & Young Global, as the independent auditors of the Company to conduct the annual audit of our financial statements for the year

ending December 31, 2004, and to authorize our Audit Committee to fix their compensation.

<u>For</u>	<u>Against</u>	<u>Abstained</u>
14,204,606	1,712	65,318

4. To elect Zohar Zisapel, Gadi Tamari, Efraim Wachtel and Andreas Mattes as directors of the Company to serve until the 2005 Annual General Meeting of the Shareholders.

	<u>For</u>	<u>Against</u>	<u>Abstained</u>
Zohar Zisapel	14,204,637	167,199	-
Gadi Tamari	14,204,637	167,199	-
Efraim Wachtel	14,204,637	167,199	-
Andreas Mattes	14,204,637	167,199	-

5. To authorize remuneration for Yossi Atsmon, an External Director.

<u>For</u>	<u>Against</u>	<u>Abstained</u>
13,424,979	930,130	16,527

6. To approve the grant of options to the CEO of our Company, who is also a director of our Company.

<u>For</u>	<u>Against</u>	<u>Abstained</u>
8,073,611	940,434	35,247

7. To approve an amendment to our Articles of Association providing for the classification of the non-external directors of our Board of Directors into three classes, each class consisting of approximately one-third of the total number of non-external directors and being elected every third year for a three year term.

<u>For</u>	<u>Against</u>	<u>Abstained</u>
7,993,593	1,025,487	30,022

**Item 5. Other Information**

None

**Item 6.        Exhibits and Reports on Form 8-K**

**(a)        Exhibits**

- 31.1**    Certification by Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
- 31.2**    Certification by Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
- 32.1**    Certification by Chief Executive Officer Pursuant to 18 U.S.C. Section 1350, As Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
- 32.2**    Certification by Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, As Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

**(b)        Reports on Form 8-K filed during the last quarter of the period covered by this report:**

An 8-K bearing the cover date of April 21, 2004 with respect to a press release regarding the Registrant's earnings for the three months ended March 31, 2004 was filed on April 29, 2004.

An 8-K bearing the cover date of May 19, 2004 with respect to the departure of the Registrant's Chief Operating Officer was filed on May 20, 2004.

## SIGNATURES

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

RADVISION LTD.  
(Registrant)

/s/Gad Tamari  
Gad Tamari  
Chief Executive Officer

/s/Tsipi Kagan  
Tsipi Kagan  
Chief Financial Officer

Date: August 9, 2004

**CERTIFICATION PURSUANT TO  
SECTION 302(a) OF THE SARBANES-OXLEY ACT OF 2002**

I, Gad Tamari, certify that:

1. I have reviewed this quarterly report on Form 10-Q of RADVision Ltd.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) [Paragraph omitted pursuant to SEC Release Nos. 33-8238 and 34-47986]
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent function):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 9 , 2004

/s/Gad Tamari\*

Gad Tamari

Chief Executive Officer

\* The originally executed copy of this Certification will be maintained at the Company's offices and will be made available for inspection upon request.

**CERTIFICATION PURSUANT TO  
SECTION 302(a) OF THE SARBANES-OXLEY ACT OF 2002**

I, Tsipi Kagan, certify that:

1. I have reviewed this quarterly report on Form 10-Q of RADVision Ltd.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 15(e) and 15d-15(e)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) [Paragraph omitted pursuant to SEC Release Nos. 33-8238 and 34-47986]
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent function):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 9., 2004

/s/Tsipi Kagan\*  
Tsipi Kagan  
Chief Financial Officer

\* The originally executed copy of this Certification will be maintained at the Company's offices and will be made available for inspection upon request.

**CERTIFICATION PURSUANT TO  
18 U.S.C. SECTION 1350  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of RADVision Ltd. (the "Company") on Form 10-Q for the period ending June 30, 2004 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Gad Tamari, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

/s/Gad Tamari\*  
Gad Tamari  
Chief Executive Officer  
August 9, 2004

\* The originally executed copy of this Certification will be maintained at the Company's offices and will be made available for inspection upon request.

**CERTIFICATION PURSUANT TO  
18 U.S.C. SECTION 1350  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of RADVision Ltd. (the “Company”) on Form 10-Q for the period ending June 30, 2004 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Tsipi Kagan, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

/s/Tsipi Kagan\*  
Tsipi Kagan  
Chief Financial Officer  
August 9, 2004

\* The originally executed copy of this Certification will be maintained at the Company’s offices and will be made available for inspection upon request.