

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

**FORM 10-Q/A**  
**Amendment No. 1**

- Quarterly report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the quarterly period ended September 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 of November 5, 2004 the Registrant had 19,995,775 Ordinary Shares, par value NIS 0.1 per share, outstanding.

This Amendment No. 1 on Form 10-Q/A of RADVision Ltd. for the quarterly period ended September 30, 2004 is being filed solely to correct a typographical error in Exhibit 32.2 to the Form 10-Q for such period. For the convenience of the reader, the entire report has been refiled.

**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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**CONSOLIDATED BALANCE SHEETS****U.S. dollars in thousands, except share data**

	<u>September 30, 2004</u>	<u>December 31, 2003</u>
	<u>Unaudited</u>	
<b>ASSETS</b>		
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$ 20,892	\$ 16,433
Short-term bank deposits	10,775	13,574
Short-term marketable securities	21,052	21,403
Trade receivables (net of allowance for doubtful accounts of \$ 1,276 and \$ 1,704 at September 30, 2004 and December 31, 2003, respectively)	10,609	8,685
Other accounts receivable and prepaid expenses	3,296	2,704
Inventories	1,127	969
<b>Total current assets</b>	<u>67,751</u>	<u>63,768</u>
<b>LONG-TERM ASSETS:</b>		
Long-term bank deposits	9,316	4,004
Long-term marketable securities	43,351	44,497
Severance pay fund	2,391	2,171
<b>Total long-term assets</b>	<u>55,058</u>	<u>50,672</u>
<b>PROPERTY AND EQUIPMENT, NET</b>	<u>2,658</u>	<u>2,572</u>
<b>OTHER ASSETS, NET</b>	<u>981</u>	<u>-</u>
<b>Total assets</b>	<u>\$ 126,448</u>	<u>\$ 117,012</u>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>CURRENT LIABILITIES:</b>		
Trade payables	\$ 2,294	\$ 1,270
Deferred revenues	7,691	6,047
Accrued expenses and other accounts payable	12,949	13,101
<b>Total current liabilities</b>	<u>22,934</u>	<u>20,418</u>
<b>ACCRUED SEVERANCE PAY</b>	<u>3,454</u>	<u>3,353</u>
<b>Total liabilities</b>	<u>26,388</u>	<u>23,771</u>
<b>SHAREHOLDERS' EQUITY:</b>		
Ordinary shares of NIS 0.1 par value:		
Authorized - 25,000,000 shares at September 30, 2004 and December 31, 2003;		
Issued - 20,152,045 shares at September 30, 2004 and December 31, 2003;		
Outstanding - 19,909,851 shares at September 30, 2004 and 19,344,849 shares at December 31, 2003	187	187
Additional paid-in capital	104,663	104,663
Treasury stock, at cost (242,194 and 807,196 Ordinary shares of NIS 0.1 par value at September 30, 2004 and December 31, 2003, respectively)	(1,517)	(5,075)
Accumulated deficit	(3,273)	(6,534)
<b>Total shareholders' equity</b>	<u>100,060</u>	<u>93,241</u>
<b>Total liabilities and shareholders' equity</b>	<u>\$ 126,448</u>	<u>\$ 117,012</u>

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

**CONSOLIDATED STATEMENTS OF INCOME**

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

	<b>Nine months ended September 30,</b>		<b>Three months ended September 30,</b>	
	<b>2004</b>	<b>2003</b>	<b>2004</b>	<b>2003</b>
	<b>Unaudited</b>			
Revenues	\$ 46,674	\$ 35,738	\$ 16,708	\$ 13,080
Cost of revenues	9,921	7,891	3,426	2,932
Gross profit	<u>36,753</u>	<u>27,847</u>	<u>13,282</u>	<u>10,148</u>
Operating costs and expenses:				
Research and development	12,615	10,853	4,553	3,693
Marketing and selling	18,269	14,607	6,305	5,023
General and administrative	3,663	2,944	1,213	1,020
Restructuring income	1,061	-	-	-
In-process research and development write-off	330	-	330	-
Total operating costs and expenses	<u>33,816</u>	<u>28,404</u>	<u>12,401</u>	<u>9,736</u>
Operating income (loss)	2,937	(557)	881	412
Financial income, net	<u>1,344</u>	<u>1,626</u>	<u>500</u>	<u>500</u>
Net income	<u>\$ 4,281</u>	<u>\$ 1,069</u>	<u>\$ 1,381</u>	<u>\$ 912</u>
Basic net earnings per Ordinary share	<u>\$ 0.22</u>	<u>\$ 0.06</u>	<u>\$ 0.07</u>	<u>\$ 0.05</u>
Diluted net earnings per Ordinary share	<u>\$ 0.20</u>	<u>\$ 0.05</u>	<u>\$ 0.07</u>	<u>\$ 0.05</u>

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

**CONSOLIDATED STATEMENTS OF CASH FLOWS**

U.S. dollars in thousands

	Nine months ended	
	September 30,	
	2004	2003
	Unaudited	
<u>Cash flows from operating activities:</u>		
Net income	\$ 4,281	\$ 1,069
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	1,641	1,729
In process research and development write-off	330	-
Loss (gain) on sale of property and equipment	(3)	2
Accrued interest and amortization of premium on held-to-maturity marketable securities and bank deposits	1,236	(644)
Amortization of deferred stock-based compensation	-	117
Decrease (increase) in trade receivables, net	(1,924)	3,663
Decrease (increase) in other accounts receivable and prepaid expenses	(665)	379
Decrease (increase) in inventories	(158)	39
Increase (decrease) in trade payables	1,024	(2,013)
Increase in deferred revenues	1,644	230
Decrease in severance pay, net	(119)	(17)
Increase (decrease) in accrued expenses and other accounts payable	(152)	246
Net cash provided by operating activities	<u>7,135</u>	<u>4,800</u>
<u>Cash flows from investing activities:</u>		
Proceeds from redemption of held-to-maturity marketable securities	28,415	39,521
Purchase of held-to-maturity marketable securities	(27,885)	(50,300)
Proceeds from withdrawal of bank deposits	17,120	13,659
Purchase of bank deposits	(19,902)	(4,690)
Purchase of property and equipment	(1,728)	(1,154)
Proceeds from sale of property and equipment	13	6
Purchase of other assets	(1,320)	-
Net cash used in investing activities	<u>(5,287)</u>	<u>(2,958)</u>
<u>Cash flows from financing activities:</u>		
Issuance of Ordinary shares and treasury stock for cash upon exercise of options	2,611	1,781
Exercise of options by employees	-	15
Net cash provided by financing activities	<u>2,611</u>	<u>1,796</u>
Increase in cash and cash equivalents	4,459	3,638
Cash and cash equivalents at beginning of period	<u>16,433</u>	<u>13,825</u>
Cash and cash equivalents at end of period	<u>\$ 20,892</u>	<u>\$ 17,463</u>
<u>Supplemental disclosure of non-cash flow from investing and financing activities:</u>		
Issuance of Ordinary shares upon sale of treasury stock	<u>\$ (73)</u>	<u>\$ 55</u>
Loss on issuance of Ordinary shares upon sale of treasury stock	<u>\$ 1,020</u>	<u>\$ 1,679</u>

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

## NOTE 1:- GENERAL

- a. 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 Internet Protocol ("IP") communications.

The Company operates under two reportable segments: 1) the "networking" business unit ("NBU"), which focuses on networking solutions and products 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 five wholly-owned subsidiaries: Radvision Inc. in the United States, Radvision B.V. in the Netherlands, Radvision HK in Hong Kong, Radvision U.K. in the United Kingdom and Radvision Communication Development (Beijing) Co. Ltd. in China. Other than Radvision B.V., the subsidiaries are primarily engaged in the sale, marketing and service of the Company's products and technology.

- b. Acquisition of assets of VisionNex Technologies Inc.:

In May 2004, the Company entered into an asset purchase agreement with VisionNex Technologies Inc. ("VisionNex"), a company established under the laws of China, pursuant to which Radvision Ltd. acquired VisionNex's technologies, intangible assets and intellectual property.

The assets purchased by the Company consisted of intellectual property, know-how and key development assets, which were used by VisionNex in the conduct of its business. The consideration for the assets purchased from VisionNex amounted to \$ 1,320, out of which \$ 330 was written off and recorded as in-process research and development. In addition, the Company hired certain former employees of VisionNex.

In July 2004, the Company incorporated a wholly-owned subsidiary under the laws of China, Radvision Communication Development (Beijing) Co. Ltd, for the purpose of opening a research and development center in China.

## 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.

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.

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

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 nine months and three months ended September 30, 2004 and 2003:

	<b>Nine months ended September 30,</b>		<b>Three months ended September 30,</b>	
	<b>2004</b>	<b>2003</b>	<b>2004</b>	<b>2003</b>
	<b>Unaudited</b>			
Risk free interest	3.38%	1%	3.38%	1%
Dividend yields	0%	0%	0%	0%
Volatility	0.424	0.776	0.424	0.776
Expected life (years)	4	4	4	4
Pro forma information under SFAS No. 123:				
Net income as reported	\$ 4,281	\$ 1,069	\$ 1,381	\$ 912
Add - stock based compensation expense determined under APB 25	-	117	-	-
Less - stock-based compensation expense determined under fair value method for all awards	<u>2,578</u>	<u>2,667</u>	<u>846</u>	<u>937</u>
Pro forma net income (loss)	<u>\$ 1,703</u>	<u>\$ (1,481)</u>	<u>\$ 535</u>	<u>\$ (25)</u>
Basic net earnings per share, as reported	<u>\$0.22</u>	<u>\$0.06</u>	<u>\$0.07</u>	<u>\$0.05</u>
Diluted net earnings per share, as reported	<u>\$0.20</u>	<u>\$0.05</u>	<u>\$0.07</u>	<u>\$0.05</u>
Pro forma basic net earnings (loss) per share	<u>\$0.09</u>	<u>\$(0.08)</u>	<u>\$0.03</u>	<u>\$(0.001)</u>
Pro forma diluted net earnings (loss) per share	<u>\$0.08</u>	<u>\$(0.08)</u>	<u>\$0.03</u>	<u>\$(0.001)</u>

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

d. New Accounting Pronouncements:

In March 2004, the Financial Accounting Standards Board 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" ("EITF 03-1"). 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 nine months ended September 30, 2004, are not necessarily indicative of the results of operations that may be expected for the year ending December 31, 2004.

**NOTE 4:- INVENTORIES**

	<b>September 30, 2004</b>	<b>December 31, 2003</b>
	<b>Unaudited</b>	
Raw materials	\$ 412	\$ 361
Work in progress	621	490
Finished products	94	118
	<u>\$ 1,127</u>	<u>\$ 969</u>

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

Employees and employee related accruals	\$ 2,626	\$ 2,415
Accrued expenses	10,323	10,686
	<u>\$ 12,949</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 \$ 1,061 as restructuring income, representing the surplus of its accruals in former periods.

**NOTE 7:- SIGNIFICANT EVENTS**

- a. During the nine months ended September 30, 2004, some of the Company's employees exercised their options to purchase the Company's shares. The shares issued upon exercise were reissued from Treasury stock. As a result of these transactions, the Company recorded a loss in the amount of approximately \$ 1,020 as an addition to accumulated deficit.
- b. During the third quarter of 2004, the Company reached an agreement with the Israeli Tax authorities in regards of the final tax assessments for the years ended December 31, 1999, 2000, 2001 and 2002. According to the agreement, the Company's carryforward tax losses was reduced by \$ 15,082 and amounted to approximately \$ 11,000 as of December 31, 2003.

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

	<b>Nine months ended</b>		<b>Three months ended</b>	
	<b>September 30,</b>		<b>September 30,</b>	
	<b>2004</b>	<b>2003</b>	<b>2004</b>	<b>2003</b>
	<b>Unaudited</b>			
Revenues:				
Product sales	\$ 32,838	\$ 26,101	\$ 11,374	\$ 9,862
Software sales	13,836	9,637	5,334	3,218
Total revenues	<u>\$ 46,674</u>	<u>\$ 35,738</u>	<u>\$ 16,708</u>	<u>\$ 13,080</u>
Cost of revenues:				
Product sales	\$ 8,957	\$ 7,528	\$ 3,053	\$ 2,745
Software sales	964	363	373	187
Total cost of revenues	<u>\$ 9,921</u>	<u>\$ 7,891</u>	<u>\$ 3,426</u>	<u>\$ 2,932</u>

**NOTE 9:- EARNINGS PER SHARE**

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

	<b>Nine months ended September 30,</b>		<b>Three months ended September 30,</b>	
	<b>2004</b>	<b>2003</b>	<b>2004</b>	<b>2003</b>
	<b>Unaudited</b>			
Numerator:				
Net income	<u>\$ 4,281</u>	<u>\$ 1,069</u>	<u>\$ 1,381</u>	<u>\$ 912</u>
Number of shares:				
Denominator:				
Denominator for basic earnings per share - weighted average of Ordinary shares	19,682,936	18,516,076	19,853,872	18,743,188
Effect of dilutive securities:				
Employee stock options and unvested restricted shares	<u>1,689,127</u>	<u>1,002,611</u>	<u>1,295,129</u>	<u>1,269,517</u>
	<u>21,372,063</u>	<u>19,518,687</u>	<u>21,149,001</u>	<u>20,012,705</u>

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## **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. The Company is in the process of separating the NBU into two separate business units. The Enterprise Business Unit will focus on the sale of multimedia communication and videoconferencing network solutions for enterprise customers, including desktop applications. The Service Providers Business Unit will provide products and solutions for service providers, both 3G wireless and wireline, to allow these customers to provide high scale, large capacity multimedia communication and video conferencing within their chosen environment.

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 Sept. 30,</b>		<b>Nine months ended Sept. 30,</b>	
	<b>2004</b>	<b>2003</b>	<b>2004</b>	<b>2003</b>
	<b>Unaudited</b>			
Revenues				
Networking products.....	68.1%	75.4%	70.4%	73.0%
Technology products.....	31.9	24.6	29.6	27.0
Total revenues .....	100.0	100.0	100.0	100.0
Cost of revenues				
Networking products.....	18.2	21.0	19.2	21.1
Technology products.....	2.3	1.4	2.1	1.0
Total cost of revenues .....	20.5	22.4	21.3	22.1
Gross profit.....	79.5	77.6	78.7	77.9
Operating expenses				
Research and development .....	27.2	28.2	27.0	30.4
Marketing and selling.....	37.7	38.4	39.1	40.9
General and administrative .....	7.3	7.8	7.9	8.2
Restructuring income .....	-	-	(2.3)	-
In-process research and development write-off .....	2.0	-	0.7	-
Total operating expenses .....	74.2	74.4	72.4	79.5
Operating profit (loss) .....	5.3	3.2	6.3	(1.6)
Financial income, net .....	3.0	3.8	2.9	4.6
Net income .....	8.3	7.0	9.2	3.0

### **Three Months Ended September 30, 2003 Compared with Three Months Ended September 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. In certain instances customers elect a one-time royalty buy-out as opposed to the payment of a royalty per product use. 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 \$13.1 million for the three months ended September 30, 2003 to \$16.7 million for the three months ended September 30, 2004, an increase of \$3.6 million, or 27.5%. This increase was due to a \$1.5 million, or 15.1%, increase in sales of our networking products and an increase of \$2.1 million, or 65.6%, in sales of our technology products.

Revenues from networking products increased from \$9.9 million for the three months ended September 30, 2003 to \$11.4 million for the three months ended September 30, 2004.

Revenues from technology products increased by \$2.1 million, or 65.6%, from \$3.2 million for three months ended September 30, 2003 to \$5.3 million for the three months ended September 30, 2004. Revenues from licenses and royalties totaled \$2.2 million and \$1.0 million, respectively, in the three months ended September 30, 2004 compared to \$1.3 million and \$570,000, respectively, in the three months ended September 30, 2003. Maintenance revenues increased from \$1.1 million in the three months ended September 30, 2003 to \$1.5 million in the three months ended September 30, 2004.

Revenues from sales to customers in North America increased from \$6.6 million, or 50.4% of revenues, for the three months ended September 30, 2003 to \$7.9 million, or 47.3% of revenues, for the three months ended September 30, 2004, an increase of \$1.3 million, or 19.7%. This increase in sales was primarily attributable to increased market demand for our networking products in this region and increased sales efforts.

Revenues from sales to customers in Europe and the Middle East increased from \$3.3 million, or 25.2% of revenues, for the three months ended September 30, 2003 to \$4.9 million, or 29.3% of revenues, for the three months ended September 30, 2004, an increase of \$1.6 million, or 48.5%. This increase in sales was primarily attributable to increased market demand for our products in this region and increased sales efforts.

Revenues from sales to customers in the Far East increased from \$3.1 million, or 23.7% of revenues, for the three months ended September 30, 2003 to \$3.8 million, or 22.8% of revenues, for the three months ended September 30, 2004, an increase of \$700,000, or 22.6%. This increase in sales was primarily attributable to increased market demand for our products in this region and increased sales efforts.

*Cost of Revenues.* Cost of revenues increased from \$2.9 million for the three months ended September 30, 2003 to \$3.4 million for the three months ended September 30, 2004. Gross profit as a percentage of revenues increased from 77.6% for the three months ended September 30, 2003 to 79.5% for the three months ended September 30, 2004. This increase in gross profit was primarily attributable to the increased portion of revenues from our technology products (that have a higher margin) in our revenue mix.

*Research and Development.* Research and development expenses increased from \$3.7 million for the three months ended September 30, 2003 to \$4.6 million for the three months ended September 30, 2004, an increase of \$900,000, or 24.3%. 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 28.2% for the three months ended September 30, 2003 to 27.2% for the three months ended September 30, 2004.

*Marketing and Selling.* Marketing and selling expenses increased from \$5.0 million for the three months ended September 30, 2003 to \$6.3 million for the three months ended September 30, 2004, an increase of \$1.3 million, or 26.0%. 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 38.4% for the three months ended September 30, 2003 to 37.7% for the three months ended September 30, 2004.

*General and Administrative.* General and administrative expenses increased from \$1.0 million for the three months ended September 30, 2003 to \$1.2 million for the three months ended September 30, 2004, an increase of \$200,000, or 20.0%. This increase was primarily attributable to an increase in personnel expenses. General and administrative expenses as a percentage of revenues were 7.8% for the three months ended September 30, 2003 and 7.3% for the three months ended September 30, 2004.

*Operating Income.* We had operating income of \$412,000 for the three months ended September 30, 2003 compared to operating income of \$881,000 for the three months ended September 30, 2004.

*Financial Income.* Our financial income remained constant at approximately \$500,000 for the three months ended September 30, 2003 and 2004. This income was principally derived from the investment of the proceeds of our March 2000 initial public offering and private placement.

### **Nine Months Ended September 30, 2004 Compared with Nine Months Ended September 30, 2003**

*Revenues.* Revenues increased from \$35.7 million for the nine months ended September 30, 2003 to \$46.7 million for the nine months ended September 30, 2004, an increase of \$11.0 million, or 30.8%. This increase was due an increase in sales of networking and technology products.

Revenues from networking products increased from \$26.1 million for the nine months ended September 30, 2003 to \$32.8 million for the nine months ended September 30, 2004. The increase in networking product sales was principally attributable to 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 \$9.6 million for the nine months ended September 30, 2003 to \$13.8 million for the nine months ended September 30, 2004. Revenues from licenses and royalties were \$3.7 million and \$1.9 million, respectively, for the nine months ended September 30, 2003 and \$6.0 million and \$2.8 million, respectively, for the nine months ended September 30, 2004. Maintenance revenues remain constant at approximately \$3.5 million for the nine months ended September 30, 2003 and 2004.

Revenues from sales to customers in North America increased from \$17.5 million, or 49.0% of revenues, for the nine months ended September 30, 2003 to \$23.2 million, or 49.7% of revenues, for the nine months ended September 30, 2004, an increase of \$5.7 million, or 32.6%. 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 \$8.9 million, or 24.9% of revenues, for the nine months ended September 30, 2003 to \$14.3 million, or 30.6% of revenues, for the nine months ended September 30, 2004, an increase of \$5.4 million, or 60.7%. 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 \$9.3 million, or 26.0% of revenues, for the nine months ended September 30, 2003, to \$8.6 million, or 18.4% of revenues, for the nine months ended September 30, 2004 a decrease of \$700,000, or 7.5%.

*Cost of Revenues.* Cost of revenues increased from \$7.9 million for the nine months ended September 30, 2003 to \$9.9 million for the nine months ended September 30, 2004, an increase of \$2.0 million, or 25.3%. Gross profit as a percentage of revenues increased slightly from 77.9% for the nine months ended September 30, 2003 to 78.7% for the nine months ended September 30, 2004.

*Research and Development.* Research and development expenses increased from \$10.9 million for the nine months ended September 30, 2003 to \$12.6 million for the nine months ended September 30, 2004, an increase of \$1.7 million, or 15.6%. 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 30.4% for the nine months ended September 30, 2003 to 27.0% for the nine months ended September 30, 2004.

*Marketing and Selling.* Marketing and selling expenses increased from \$14.6 million for the nine months ended September 30, 2003 to \$18.3 million for the nine months ended September 30, 2004, an increase of \$3.7 million, or 25.3%. 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 40.9% for the nine months ended September 30, 2003 to 39.1% for the nine months ended September 30, 2004.

*General and Administrative.* General and administrative expenses increased from \$2.9 million for the nine months ended September 30, 2003 to \$3.7 million for the nine months ended September 30, 2004, an increase of \$800,000, or 27.6%. This increase was primarily attributable to an increase in personnel expenses. General and administrative expenses as a percentage of revenues were 8.2% for the nine months ended September 30, 2003 and 7.9% for the nine months ended September 30, 2004.

*Financial Income.* Financial income decreased from \$1.6 million for the nine months ended September 30, 2003 to \$1.3 million for the nine months ended September 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 \$7.1 million from operating activities for the nine months ended September 30, 2004 compared to \$4.8 million in the same period in 2003. This amount was primarily attributable to higher net income of \$4.3 million, a \$1.6 million increase in deferred revenues, an increase of \$1.0 million in trade payables, and depreciation and amortization expenses of \$1.6 million. These increases in cash generated by our operating activities were offset in part by an increase of \$1.9 million in trade receivables and an increase in other accounts receivables and prepaid expenses of approximately \$700,000.

Net cash used in investing activities was approximately \$5.3 million for the nine months ended September 30, 2004. During the nine months ended September 30, 2004, \$1.7 million of cash used in investing activities was for purchases of property and equipment, and \$1.3 million of cash was used in purchasing the VisionNex activity.

Our financing activities generated \$2.6 million for the nine months ended September 30, 2004 compared to \$1.8 million 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 and 2005 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.

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 September 30, 2004, we had purchased 14,000 ordinary shares at a total cost of \$77,000, or an average price of \$5.5 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.

#### *Significant event*

During the third quarter of 2004, the Company reached an agreement with the Israeli Tax authorities in regards of the final tax assessments for the years ended December 31, 1999, 2000, 2001 and 2002. According to the agreement, the Company's carryforward tax losses was reduced by \$ 15,082 and amounted to approximately \$ 11,000 as of December 31, 2003.

#### *Fourth Quarter 2004 Guidance*

- Fourth quarter net sales are expected to be approximately \$17.5 million, an increase of approximately \$800,000, or 4.8%, compared with the third quarter 2004.
- Net income is expected to increase to approximately \$1.8 million or \$0.08 per share, a 14.2% increase compared with third quarter 2004.

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 continue 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 or is developed in-house.
- 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 regulations could delay or prevent product offerings, resulting in decreased revenues, or could result in unanticipated expenses to make our products regulatory compliant..

#### **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. There is a risk that we will be classified as a passive foreign investment company, or PFIC. Our treatment as a PFIC could result in a reduction in the after-tax return to the holders of our ordinary shares and would likely cause a reduction in the value of such shares.

- 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 September 30, 2004, we had cash and cash equivalents and short-term investments of \$52.7 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 at least AA. 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 1.2% for the nine months ended September 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 nine 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 September 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.

<u>Purpose</u>	<u>Direct or indirect payments to persons other than to affiliated persons</u>
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**

None

**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 quarter for which this report is filed:**

An 8-K bearing the cover date of July 28, 2004 with respect to a press release regarding the Registrant's earnings for the three and six months ended June 30, 2004 was filed on July 28, 2004.

An 8-K bearing the cover date of September 7, 2004 announcing that the Registrant had acquired the intellectual property and key developer assets of VisionNex of China was filed on September 8, 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

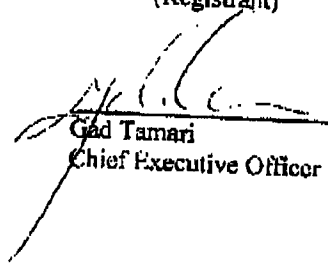
/s/Tsipi Kagan  
Tsipi Kagan  
Chief Financial Officer

Date: November 8, 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)



Gad Tamari  
Chief Executive Officer

Tsipi Kagan  
Chief Financial Officer

Date: November 8 .2004

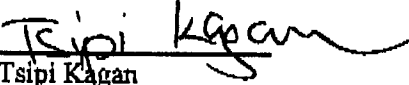
## SIGNATURES

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)

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Gad Tamari  
Chief Executive Officer

  
Tsipi Kagan  
Chief Financial Officer

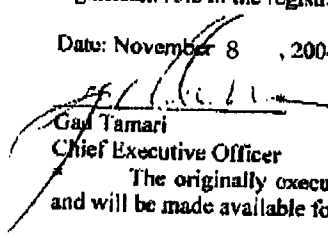
Date: November 8 , 2004

**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(u)) 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: November 8, 2004

  
Gad Tamari  
Chief Executive Officer

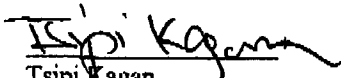
The originally executed copy of this Certification will be maintained at the Company's offices and will be made available for inspection upon request.

**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: November 8, 2004

  
Tsipi Kagan  
Chief Financial Officer

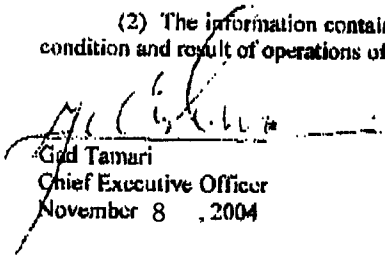
\* The originally executed copy of this Certification will be maintained at the Company's offices and will be made available for inspection upon request.

**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 September 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.

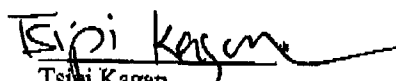
  
Gad Tamari  
Chief Executive Officer  
November 8, 2004

\* 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 September 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.

  
Tsipi Kagan  
Chief Financial Officer  
November 8, 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.