



## PRESS RELEASE

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## **RADVISION SECOND QUARTER 2004 RESULTS EXCEED FORECAST**

***-Diluted EPS is \$0.05 on record revenues of \$15.7 million -  
- Both Technology and Networking units ahead of plan -***

**Fair Lawn, New Jersey, July 28, 2004 -- RADVISION (Nasdaq: RVSN)** today announced that revenues for the second quarter of 2004 reached a record \$15.7 million, an increase of 35% from the second quarter of 2003. Net income for the 2004 second quarter was \$1.1 million or \$0.05 per diluted share compared with net income of \$142,000 or \$0.01 per diluted share reported in the 2003 second quarter.

The 2004 second quarter results were better than the Company's original forecast of revenues of \$15.2 million and net income of \$656,000 or \$0.03 per diluted share.

Operating profit in the 2004 second quarter was \$688,000 compared with an operating loss of \$418,000 in the second quarter of 2003.

Second quarter 2004 revenues consisted of \$11.3 million in Networking Business Unit (NBU) sales and \$4.4 million in Technology Business Unit (TBU) sales, representing increases of 32% and 44%, respectively, over the second quarter of 2003.

For the six months ended June 30, 2004, revenues increased to \$30.0 million from \$22.7 million in the same period of 2003. Operating income for the first half of 2004 was \$995,000, before a one-time operating gain of \$1.1 million in the 2004 first quarter related to a litigation settlement.

By comparison, the Company incurred an operating loss of \$969,000 in the first half of 2003. Net income for the first six months of 2004 was \$1.8 million or \$0.08 per diluted share, before the one-time gain in the first quarter. After the one-time operating gain, net income for the first half of 2004 was \$2.9 million or \$0.13 per diluted share. For the first six months of 2003, net income was \$157,000 or \$0.01 per diluted share.

The Company ended the second quarter of 2004 with approximately \$104.8 million in cash and liquid investments, an increase of \$2.6 million over the prior quarter, and equivalent to \$5.31 per basic share. The increase reflects operating cash flow of \$2.7 million and receipt of \$637,000 from the exercise of options, offset by \$727,000 in capital expenditures.

The Company noted that sales in EMEA were especially strong in the 2004 second quarter and rose 36% from the prior quarter.

In commenting on the 2004 second quarter, Gadi Tamari, Chief Executive Officer of RADVISION, said: “Our strong second quarter results benefited from the continuing development and increasing traction of the multimedia communications market. That is evidenced by the substantial growth in our second quarter sales to communication equipment developers, in a sequential doubling of our sales to 3G mobile carriers, and in our progress in the desktop market with major pilots now underway for our IMfirst™ solution.”

Mr. Tamari continued: “Our sales in the traditional videoconferencing meeting room market, where we provide key infrastructure, also increased in Q2, aided by several well received new products, including our plug-and-play encryption gateway. In addition, our sales through Cisco were strong in the quarter and we also are benefiting from our certification with Cisco as an AVVID Partner Company, which has taken our relationship with our largest channel and partner a step farther.”

Mr. Tamari concluded: “Increasingly, our customers are looking for solutions and infrastructure to deliver combined voice, video and data to the desktop. Our technology for enabling IP-based multimedia communications gives us a strong strategic advantage in this area. We expect this market to develop significantly through 2005 and beyond.”

## **Guidance**

*The following statements are forward-looking, and actual results may differ materially.*

The Company expects third quarter 2004 revenues to be approximately \$16.7 million and net income to approximate \$1.2 million or \$0.06 per diluted share. This compares to third quarter 2003 revenues of \$13.1 million and net income of \$912,000 or \$0.05 per diluted share. As previously reported, the Company plans to pursue strategic initiatives and to make operating investments in 2004, which will position the Company for major market opportunities in the coming years. (Full details are available on the Company's web site at [www.radvision.com](http://www.radvision.com).)

## **Second Quarter 2004 Earnings Conference Call/Webcast**

RADVISION will hold a conference call to discuss its Second Quarter results and Third Quarter 2004 outlook, today, Wednesday, July 28, 2003 at 5:00 p.m. (EDT). To access the conference call, please dial 1-888-323-2712 (International dialers can call +1-773-756-4622) by 4:45 p.m. The passcode "RADVISION" will be required to access the live conference call. A live webcast of the conference call will also be available in the investor relations section of the company's website at [www.radvision.com](http://www.radvision.com).

A PowerPoint presentation highlighting key financial metrics as well as the Third Quarter 2004 estimate will be available in the Investor Relations section of the company's website, [www.radvision.com](http://www.radvision.com). The presentation will be available beginning at 4:45 p.m. (EDT) on July 28<sup>th</sup> and will be archived on the website through the third quarter. A replay of the call will be available beginning approximately one hour after the conclusion of the call through 5:00 p.m. (EDT) on August 4, 2004. To access the replay, please dial 1-800-944-9725 (International dialers can call +1-402-220-3524), conference #5346374.

## **About RADVISION**

RADVISION Ltd. (Nasdaq: RVSN) is 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. RADVISION has two distinct business units. RADVISION's Networking Business Unit (NBU) offers one of the broadest and most complete sets of videoconferencing network solutions for IP- and ISDN-based networks, supporting all end points in the industry. The company also provides businesses and service providers with integrated solutions that deliver converged IP-based video telephony applications to employee computer desktops and residential broadband homes worldwide. The Company's Technology Business Unit (TBU) provides protocol development tools and platforms, enabling equipment vendors and service providers to develop and deploy new converged networks, services, and technologies. For more information please visit our website at [www.radvision.com](http://www.radvision.com).

*This press release contains forward-looking statements that are subject to risks and uncertainties. Factors that could cause actual results to differ materially from these forward-looking statements include, but are not limited to, general business conditions in the industry, changes in demand for products, the timing and amount or cancellation of orders and other risks detailed from time to time in RADVISION's filings with the Securities Exchange Commission, including RADVISION's Form 10-K Annual Report. These documents contain and identify other important factors that could cause actual results to differ materially from those contained in our projections or forward-looking statements. Stockholders and other readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date on which they are made. We undertake no obligation to update publicly or revise any forward-looking statement.*

- TABLES FOLLOW -

## RADVISION LTD.

### Consolidated Statements of Income

(U.S. Dollars in thousands, except share and per share data)

	Three months ended June 30,		Six months ended June 30,	
	2004	2003	2004	2003
	Unaudited			
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
One time income	-		(1,061)	
Total operating costs and expenses	11,619	9,425	21,415	18,668
Operating profit (loss)	688	(418)	2,056	(969)
Financial income, net	432	560	844	1,126
Net income	\$ 1,120	\$ 142	\$ 2,900	\$ 157
Basic net earnings per share	\$ 0.06	\$ 0.01	\$ 0.15	\$ 0.01
Weighted Average Number of Shares used in computing basic net earnings per share	19,710,729	18,473,504	19,597,463	18,409,399
Diluted net earnings per share	\$ 0.05	\$ 0.01	\$ 0.13	\$ 0.01
Weighted Average Number of Shares used in computing diluted earnings per share	21,400,404	19,218,782	21,483,594	19,055,293

**RADVISION LTD.**  
**Consolidated Balance Sheet**  
(U.S. Dollars in thousands)

	June 30, 2004 (Unaudited)	December 31, 2003 (Audited)
<b>Assets</b>		
Cash and Cash Equivalents (* see below)	\$20,470	\$16,433
Short-term Bank Deposits (* see below)	22,682	34,977
Trade Receivables, Net	9,176	8,685
Other Receivables	3,198	2,704
Inventories	967	969
Total Current Assets	56,493	63,768
Severance Pay Fund	2,252	2,171
Long-term Securities and Bank Deposits (* see below)	61,680	48,501
Total Long-term Assets	63,932	50,672
<b>Property and Equipment</b>		
Cost	13,697	12,479
Less Accumulated Depreciation	11,006	9,907
	2,691	2,572
Total Assets	\$123,116	\$117,012
<b>Liabilities and Equity</b>		
Trade Payable	\$1,422	\$1,270
Other Payables & Accrued Expenses	20,234	19,148
Current Liabilities	21,656	20,418
Accrued Severance Pay	3,302	3,353
Total Liabilities	24,958	23,771
<b>Shareholders' Equity</b>		
Share Capital	187	187
Additional Paid in Capital	104,663	104,663
Treasury Stock	(2,221)	(5,075)
Accumulated Deficit	(4,471)	(6,534)
Total Shareholders' Equity	98,158	93,241
Total Liabilities and Shareholders' Equity	\$123,116	\$117,012
(*)Total Cash and Liquid Investments	104,832	99,911