

Edgar Filing: RADVISION LTD - Form 10-Q

RADVISION LTD
Form 10-Q
November 10, 2003

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 September 30, 2003

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 Raoul 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

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act).

Yes No

As of November 6, 2003 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

Edgar Filing: RADVISION LTD - Form 10-Q

"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.

2

RADVISION LTD.

INDEX

| | Page |
|--|------|
| ----- | |
| Part I - Financial Information: | |
| Item 1. Consolidated Balance Sheets as of September 30, 2003 and December 31, 2002..... | 4 |
| Consolidated Statements of Operations - for the Three and Nine Months ended September 30, 2003 and 2002.... | 5 |
| Consolidated Statements of Cash Flows - for the Nine Months ended September 30, 2003 and 2002..... | 6 |
| Notes to Consolidated Financial Statements..... | 7 |
| Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations..... | 12 |
| Item 3. Quantitative and Qualitative Disclosure About Market Risk..... | 20 |
| Item 4. Controls and Procedures..... | 20 |
| Part II - Other Information: | |
| Item 1. Legal Proceedings..... | 21 |
| Item 2. Changes in Securities and Use of Proceeds..... | 21 |
| Item 3. Defaults Upon Senior Securities..... | 22 |
| Item 4. Submission of Matters to a Vote of Security Holders..... | 22 |
| Item 5. Other Information..... | 22 |
| Item 6. Exhibits and Reports on Form 8-K..... | 22 |

Edgar Filing: RADVISION LTD - Form 10-Q

Signatures.....23

RADVISION LTD. AND ITS SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

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

| | September 30, 2003 | December 2002 |
|---|-----------------------|-------------------|
| | Unaudited | (Note 3) |
| ASSETS | | |
| CURRENT ASSETS: | | |
| Cash and cash equivalents | \$ 17,463 | \$ 13,825 |
| Short-term bank deposits | 14,772 | 14,879 |
| Short-term marketable securities | 22,723 | 14,712 |
| Trade receivables (net of allowance for doubtful accounts of \$ 1,727 at September 30, 2003 and December 31, 2002) | 5,842 | 9,505 |
| Other accounts receivable and prepaid expenses | 2,547 | 2,836 |
| Inventories | 957 | 996 |
| Total current assets | 64,304 | 56,753 |
| LONG-TERM ASSETS: | | |
| Long-term bank deposits | 2,069 | 11,013 |
| Long-term marketable securities | 37,423 | 33,929 |
| Severance pay fund | 2,053 | 1,641 |
| Total long-term assets | 41,545 | 46,583 |
| PROPERTY AND EQUIPMENT, NET | 2,752 | 3,335 |
| Total assets | \$ 108,601 | \$ 106,671 |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | |
| CURRENT LIABILITIES: | | |
| Trade payables | \$ 1,334 | \$ 3,347 |
| Deferred revenues | 3,093 | 2,863 |
| Other accounts payable and accrued expenses | 12,666 | 12,385 |
| Total current liabilities | 17,093 | 18,595 |
| ACCRUED SEVERANCE PAY | 3,456 | 3,061 |
| Total liabilities | 20,549 | 21,656 |
| SHAREHOLDERS' EQUITY: | | |
| Ordinary shares of NIS 0.1 par value: | | |

Edgar Filing: RADVISION LTD - Form 10-Q

| | | | |
|--|--|------------|------------|
| Authorized - 25,000,000 shares at September 30, 2003 and December 31, 2002; Issued - 20,152,045 shares at September 30, 2003 and December 31, 2002; Outstanding - 18,842,244 shares at September 30, 2003 and 18,285,930 shares at December 31, 2002 | | 187 | 187 |
| Additional paid-in capital | | 104,601 | 104,586 |
| Deferred stock compensation | | - | (117) |
| Treasury stock, at cost (1,309,801 and 1,866,115 Ordinary shares of NIS 0.1 par value at September 30, 2003 and December 31, 2002, respectively) | | (8,242) | (11,757) |
| Accumulated deficit | | (8,494) | (7,884) |
| | | ----- | ----- |
| Total shareholders' equity | | 88,052 | 85,015 |
| | | ----- | ----- |
| Total liabilities and shareholders' equity | | \$ 108,601 | \$ 106,671 |
| | | ===== | ===== |

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

4

RADVISION LTD. AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

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

| | Nine months ended September 30, | | Three months ended September 30, | |
|---|------------------------------------|-----------|-------------------------------------|-----------|
| | 2003 | 2002 | 2003 | 2002 |
| | ----- Unaudited ----- | | | |
| Revenues | \$ 35,738 | \$ 35,422 | \$ 13,080 | \$ 12,158 |
| Cost of revenues | 7,891 | 7,744 | 2,932 | 2,615 |
| | ----- | ----- | ----- | ----- |
| Gross profit | 27,847 | 27,678 | 10,148 | 9,543 |
| | ----- | ----- | ----- | ----- |
| Operating costs and expenses: | | | | |
| Research and development | 10,853 | 11,726 | 3,693 | 3,815 |
| Marketing and selling | 14,607 | 13,698 | 5,023 | 4,642 |
| General and administrative | 2,944 | 3,113 | 1,020 | 1,071 |
| | ----- | ----- | ----- | ----- |
| Total operating costs and expenses | 28,404 | 28,537 | 9,736 | 9,528 |
| | ----- | ----- | ----- | ----- |
| Operating income (loss) | (557) | (859) | 412 | 15 |
| Financial income, net | 1,626 | 2,073 | 500 | 635 |
| | ----- | ----- | ----- | ----- |
| Net income | \$ 1,069 | \$ 1,214 | \$ 912 | \$ 650 |
| | ===== | ===== | ===== | ===== |
| Basic net earnings per Ordinary share | \$ 0.06 | \$ 0.07 | \$ 0.05 | \$ 0.04 |
| | ===== | ===== | ===== | ===== |
| Diluted net earnings per Ordinary share | \$ 0.05 | \$ 0.06 | \$ 0.05 | \$ 0.03 |
| | ===== | ===== | ===== | ===== |

Edgar Filing: RADVISION LTD - Form 10-Q

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

5

RADVISION LTD. AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

U.S. dollars in thousands

| | Nine months ended September 30, | |
|--|------------------------------------|--------------|
| | 2003 | 2002 |
| | Unaudited | |
| Cash flows from operating activities: | | |
| Net income | \$ 1,069 | \$ 1,214 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Depreciation | 1,729 | 1,831 |
| Accrued interest and amortization of premium on held-to-maturity marketable securities and bank deposits | (644) | - |
| Severance pay, net | (17) | (136) |
| Amortization of deferred stock-based compensation | 117 | 136 |
| Loss on sale of property and equipment | 2 | - |
| Decrease (increase) in trade receivables, net | 3,663 | (1,468) |
| Decrease (increase) in other accounts receivable and prepaid expenses | 379 | (928) |
| Decrease in inventories | 39 | 774 |
| Decrease in trade payables | (2,013) | (402) |
| Increase in other accounts payable and accrued expenses | 246 | 2,761 |
| Increase in deferred revenues | 230 | - |
| Net cash provided by operating activities | 4,800 | 3,782 |
| Cash flows from investing activities: | | |
| Decrease in short-term investments | - | 24,353 |
| Increase in long-term investments | - | (17,512) |
| Proceeds from redemption of held-to-maturity marketable securities | 39,521 | - |
| Purchase of held-to-maturity marketable securities | (50,300) | - |
| Proceeds from withdrawal of bank deposits | 13,659 | - |
| Purchase of bank deposits | (4,690) | - |
| Purchase of property and equipment | (1,154) | (991) |
| Proceeds from sale of property and equipment | 6 | - |
| Net cash provided by (used in) investing activities | (2,958) | 5,850 |
| Cash flows from financing activities: | | |
| Issuance of share capital | - | 152 |
| Purchase of treasury stock | - | (1,854) |

Edgar Filing: RADVISION LTD - Form 10-Q

| | | |
|--|-----------|-----------|
| Issuance of Ordinary shares and treasury stock for cash upon exercise of options | 1,781 | - |
| Exercise of options by employees | 15 | - |
| Repayment of long-term loans | - | (19) |
| | ----- | ----- |
| Net cash provided by (used in) financing activities | 1,796 | (1,721) |
| | ----- | ----- |
| Increase in cash and cash equivalents | 3,638 | 7,911 |
| Cash and cash equivalents at beginning of period | 13,825 | 6,717 |
| | ----- | ----- |
| Cash and cash equivalents at end of period | \$ 17,463 | \$ 14,628 |
| | ===== | ===== |
| Non-cash transactions: | | |
| ----- | | |
| Issuance of Ordinary shares upon sale of treasury stock | \$ 90 | \$ - |
| | ===== | ===== |

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

6

RADVISION LTD. AND ITS SUBSIDIARIES

NOTES TO 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.

Since 2001, the Company has operated under two reportable segments, based on its restructured internal organization, management of operations and performance evaluation. These segments are: 1) the "networking" business unit, or NBU, which focuses on a networking product and is responsible for developing networking products for IP-centric voice, video and data conferencing services; and 2) the "technology" business unit, or 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. The subsidiaries are primarily engaged in the sale and marketing of the Company's products and technology.

Edgar Filing: RADVISION LTD - Form 10-Q

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the annual financial statements of the Company as of December 31, 2002 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, 2002.

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.

7

RADVISION LTD. AND ITS SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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 three and nine months ended September 30, 2003 and 2002:

| | Nine months ended September 30, | | Three months ended September 30, | |
|-----------------------|------------------------------------|-------|-------------------------------------|-------|
| | 2003 | 2002 | 2003 | 2002 |
| | Unaudited | | | |
| Risk free interest | 1% | 2% | 1% | 2% |
| Dividend yields | 0% | 0% | 0% | 0% |
| Volatility | 0.776 | 0.869 | 0.776 | 0.869 |
| Expected life (years) | 4 | 4 | 4 | 4 |

Edgar Filing: RADVISION LTD - Form 10-Q

Pro forma information
under SFAS No. 123:

| | | | | |
|--|------------|------------|-----------|-----------|
| Net income as reported | \$ 1,069 | \$ 1,214 | \$ 912 | \$ 650 |
| | ===== | ===== | ===== | ===== |
| Add - stock based compensation expense determined under APB 25 | \$ 117 | \$ 136 | \$ - | \$ 45 |
| | ===== | ===== | ===== | ===== |
| Less - stock-based compensation expense determined under fair value method for all awards | \$ 2,667 | \$ 4,048 | \$ 937 | \$ 1,398 |
| | ===== | ===== | ===== | ===== |
| Pro forma net loss | \$ (1,481) | \$ (2,698) | \$ (25) | \$ (703) |
| | ===== | ===== | ===== | ===== |
| Basic and diluted earnings per share, as reported | \$ 0.06 | \$ 0.07 | \$ 0.05 | \$ 0.04 |
| | ===== | ===== | ===== | ===== |
| Diluted earnings per share, as reported | \$ 0.05 | \$ 0.06 | \$ 0.05 | \$ 0.03 |
| | ===== | ===== | ===== | ===== |
| Pro forma basic and diluted net loss per share | \$ (0.08) | \$ (0.15) | \$ (0.01) | \$ (0.04) |
| | ===== | ===== | ===== | ===== |

8

RADVISION LTD. AND ITS SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)

d. Recently issued accounting pronouncements:

In November 2002, the EITF reached a consensus on Issue 00-21, addressing how to account for arrangements that involve the delivery or performance of multiple products, services, and/or rights to use assets. Revenue arrangements with multiple deliverables are divided into separate units of accounting if the deliverables in the arrangement meet the following criteria: (1) the delivered item has value to the customer on a standalone basis; (2) there is objective and reliable evidence of the fair value of undelivered items; and (3) delivery of any undelivered item is probable. Arrangement consideration should be allocated among the separate units of accounting based on their relative fair values, with the amount allocated to the delivered item being limited to the amount that is not contingent on the delivery of additional items or meeting other specified performance conditions.

The final consensus will be applicable to agreements entered into in fiscal periods beginning after June 15, 2003 with early adoption permitted. The provisions of this Consensus do not have a significant effect on the Company's financial position or operating

Edgar Filing: RADVISION LTD - Form 10-Q

results.

In April 2003, the FASB issued SFAS No. 149, "Amendment of Statement 133 on Derivative Instruments and Hedging Activities." SFAS No. 149 amends and clarifies the accounting for derivative instruments, including certain derivative instruments embedded in other contracts, and for hedging activities under SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities." SFAS No. 149 is generally effective for contracts entered into or modified after June 30, 2003 and for hedging relationships designated after June 30, 2003. The adoption of SFAS No. 149 does not have a material impact on the Company's 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. These financial statements and notes should be read in conjunction with the Company's audited consolidated financial statements and notes thereto, included in the Company's Annual Report on Form 10-K, as amended, filed with the Securities and Exchange Commission. Operating results for the nine months ended September 30, 2003 are not necessarily indicative of the results of operations that may be expected for the year ended December 31, 2003.

RADVISION LTD. AND ITS SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 4:- INVENTORIES

| | September 30, 2003 | December 31, 2002 |
|-----------------------------------|-----------------------------|-------------------------|
| | ----- Unaudited ----- | ----- ----- ----- |
| Raw materials, parts and supplies | \$ 194 | \$ 194 |
| Work in progress | 584 | 720 |
| Finished products | 179 | 82 |
| | ----- | ----- |
| | \$ 957 | \$ 996 |
| | ===== | ===== |

NOTE 5:- OTHER PAYABLES AND ACCRUED EXPENSES

| | | |
|---------------------------------|----------|----------|
| Employees and employee accruals | \$ 1,768 | \$ 1,617 |
| Accrued expenses | 10,898 | 10,768 |
| | ----- | ----- |

Edgar Filing: RADVISION LTD - Form 10-Q

\$ 12,666 \$ 12,385
 =====

NOTE 6:- SEGMENTS AND CUSTOMER INFORMATION

| | Nine months ended September 30, | | Three months ended September 30, | |
|-----------------------------|------------------------------------|-----------|-------------------------------------|-----------|
| | 2003 | 2002 | 2003 | 2002 |
| ----- Unaudited ----- | | | | |
| Revenues: | | | | |
| Product sales | \$ 26,101 | \$ 25,956 | \$ 9,862 | \$ 9,037 |
| Software sales | 9,637 | 9,466 | 3,218 | 3,121 |
| | ----- | ----- | ----- | ----- |
| Total revenues | \$ 35,738 | \$ 35,422 | \$ 13,080 | \$ 12,158 |
| | ===== | ===== | ===== | ===== |
| Cost of revenues: | | | | |
| Product sales | \$ 7,528 | \$ 7,656 | \$ 2,745 | \$ 2,608 |
| Software sales | 363 | 88 | 187 | 7 |
| | ----- | ----- | ----- | ----- |
| Total cost of revenues | \$ 7,891 | \$ 7,744 | \$ 2,932 | \$ 2,615 |
| | ===== | ===== | ===== | ===== |

10

RADVISION LTD. AND ITS SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 7:- EARNINGS PER SHARE

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

| | Nine months ended September 30, | | Three months ended September 30, | |
|--|------------------------------------|----------|-------------------------------------|--------|
| | 2003 | 2002 | 2003 | 2002 |
| ----- Unaudited ----- | | | | |
| Numerator: | | | | |
| Net income | \$ 1,069 | \$ 1,214 | \$ 912 | \$ 650 |
| | ===== | ===== | ===== | ===== |
| Diluted net earnings per share - income | \$ 1,069 | \$ 1,214 | \$ 912 | \$ 650 |
| | ===== | ===== | ===== | ===== |
| Number of shares: | | | | |
| Denominator: | | | | |
| Denominator for basic earnings | | | | |

Edgar Filing: RADVISION LTD - Form 10-Q

| | | | | |
|--|------------|------------|------------|------------|
| per share - weighted average of Ordinary shares | 18,516,076 | 18,298,174 | 18,743,188 | 18,137,900 |
| Effect of dilutive securities: | | | | |
| Employee stock options and unvested restricted shares | 1,002,611 | 1,083,766 | 1,269,517 | 654,968 |
| | ----- | ----- | ----- | ----- |
| | 19,518,687 | 19,381,940 | 20,012,705 | 18,792,868 |
| | ===== | ===== | ===== | ===== |

NOTE 8:- SIGNIFICANT EVENTS

During the nine months ended September 30, 2003, the Company issued 570,314 Ordinary shares from treasury stock to employees who exercised options. The Company accounts for the reissuance in accordance with Accounting Principles Board Opinion No. 6 "Status of Accounting Research Bulletins" and charges the excess of the repurchase cost over issuance price using the weighted average method to accumulated deficit. In the event that the repurchasing cost is lower than the issuance price, the Company credits the difference to additional paid in capital. As a result of the reissuance during the nine months ended September 30, 2003, the Company charged accumulated deficit in the amount of \$ 1,679.

- - - - -

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

The following is management's discussion and analysis of certain significant factors which have affected our financial position and operating results during the periods included in the accompanying condensed consolidated financial statements. 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. These uncertainties and other factors include, but are not limited to, the uncertainties and factors included in the "Risk Factors" contained in our Annual Report on Form 10-K for the fiscal year ended December 31, 2002.

Edgar Filing: RADVISION LTD - Form 10-Q

Overview

We are a leading designer, developer and supplier of products and technology that enable real-time voice, video and data communications over packet networks, including the Internet and other IP networks.

We were incorporated in January 1992, commenced operations in October 1992 and commenced sales of our products in the fourth quarter of 1994. Before that time, our operations consisted primarily of research and development and recruiting personnel. In 1995, we established a wholly owned subsidiary in the United States, RADVision Inc., which conducts our sales and marketing activities in North America. In 1997 we acquired RADVision B. V., a subsidiary in the Netherlands, which conducts our marketing activities in Europe. In 2000, we established a wholly owned subsidiary in the Hong Kong, RADVision HK Ltd, which conducts our marketing activities in Asia Pacific. In 2001, we established a wholly owned subsidiary in the United Kingdom, RADVision (UK) Ltd, which conducts our marketing activities in England.

Critical Accounting Policies

We have identified the following policies as critical to the understanding of our financial statements. The preparation of our financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of sales and expenses during the reporting periods. Areas where significant judgments are made include, but are not limited to, inventory valuation and revenue recognition. Actual results could differ materially from these estimates. Our consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States.

Revenues and Revenue Recognition. 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 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

12

and various indirect distribution channels in North America, Europe and the Middle East and the Asian Pacific region.

Revenues from sales of products and technology are recognized in accordance with Statement of Position (SOP) 97-2, as amended by SOP 98-9, upon delivery, when collection is probable, the vendor's fee is fixed or determinable and persuasive evidence of an arrangement exists. Provided that all other elements of SOP 97-2 are met, revenues are recognized upon delivery, whether the customer is a distributor or the final end user. Revenues for maintenance and support services are deferred and recognized ratably over the service period.

In accordance with SOP 97-2, revenues for multi-element arrangements, that is, sales of products or technology in conjunction with post-contract customer support services, are segregated. Revenues allocated to the delivered elements are recognized upon delivery, provided that the other elements of SOP 97-2 are satisfied. Revenues allocated to the undelivered elements (post-contract customer support services) are deferred and recognized ratably

Edgar Filing: RADVISION LTD - Form 10-Q

over the service period. The portion of the fee for multi-element arrangements allocated to the undelivered elements (post-contract customer support services) is based on vendor-specific objective evidence determined, in the case of post-contract customer support services, based on the annual renewal rate for such services actually charged to customers for years subsequent to the first year following sale. The remaining portion of the fee is allocated to the delivered elements based on the residual value method.

Revenues from products sales are recognized in accordance with Staff Accounting Bulletin No. 101 "Revenue Recognition in Financial Statements," ("SAB No. 101"), when the following criteria are met: persuasive evidence of an arrangement exists, delivery of the product has occurred, the fee is fixed or determinable and collectibility is probable. We have no obligation to customers after the date on which products are delivered. Revenues from maintenance and updates are recognized over the term of agreement.

All of our revenues are generated in U.S. dollars or are linked to the dollar and a majority of our expenses are incurred in U.S. dollars. Consequently, we use the dollar as our functional currency. Transactions and balances in other currencies are remeasured into dollars according to the principles in Financial Accounting Standards Board Statement No. 52. Gains and losses arising from remeasurement are reflected in our statements of operations as financial income or expenses as appropriate.

Inventories. Inventories are stated at the lower of cost or market. Cost is determined by the moving average method, inventories write-offs and write-down provisions are provided to cover risks arising from slow-moving items or technological obsolescence.

Significant Costs and Expenses

Cost of Revenues. Our cost of revenues consists of component and material costs, direct labor costs, subcontractor fees, overhead related to manufacturing and depreciation of manufacturing equipment. Our gross margin is affected by the selling prices for our products as well as the proportion of our revenues generated from the sale of our technology products as compared to our networking products. Our revenues from the sale of our technology products have higher gross margins than our revenues from the sale of our networking products and we offer greater discounts to our high volume OEM customers. As the relative proportion of our revenues from our networking products increases as a percentage of our total revenues and we generate a higher percentage of our revenues from sales to our high volume OEM customers, our gross margins will decline.

Research and development expense. Our research and development expenses consist primarily of compensation and related costs for research and development personnel, expenses for testing facilities and

depreciation of equipment. Research and development costs, net are charged to operations as incurred. Software development costs are considered for capitalization when technological feasibility is established according to SFAS No. 86, "Accounting for the Costs of Computer Software to be Sold, Leased or Otherwise Marketed." Costs incurred after achievement of technological feasibility in the process of software production have not been material. Therefore, we have not capitalized any of our research and development expenses and do not anticipate that our development process will differ materially in the future.

Edgar Filing: RADVISION LTD - Form 10-Q

Marketing and selling expenses, net. Our marketing and selling expenses consist primarily of compensation and related costs for sales personnel, marketing personnel, sales commissions, marketing programs, public relations, promotional materials, travel expenses, trade show exhibit expenses and royalties paid to the Government of Israel. We do not intend to apply for any grants from the Government of Israel in the future.

General and administrative expenses. Our general and administrative expenses consist primarily of salaries and related expenses for executive, accounting and human resources personnel, professional fees, provisions for doubtful accounts and other general corporate expenses.

Other operating expenses. Operating expenses also include amortization of stock-based compensation, which is allocated among research and development expenses, marketing and selling expenses and general and administrative expenses based on the division in which the recipient of the option grant is employed. Amortization of stock-based compensation results from the granting of options to employees with exercise prices per share determined to be below the fair market value per share of our ordinary shares on the dates of grant. The stock-based compensation is being amortized to operating expenses over the vesting period of the individual options.

Financial income, net. Our financial income consists primarily of interest earned on bank deposits and other liquid investments, gains and losses from the remeasurment of monetary balance sheet items denominated in non-dollar currencies into dollars and interest expense incurred on outstanding debt.

Taxes. Israeli companies are generally subject to income tax at the corporate tax rate of 36%. However, several of our investment programs at our manufacturing facility in Tel Aviv have been granted approved enterprise status and, therefore, we are eligible for tax benefits. These benefits should result in income recognized by us being tax exempt or taxed at a lower rate for a specified period after we begin to report taxable income and exhaust any net operating loss carry-forwards. However, these benefits may not be applied to reduce the tax rate for any income derived by our U.S. subsidiary.

Results of Operations

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

| | Three months ended September 30, | | Nine months ended September 30, | |
|--------------------------|-------------------------------------|-------|------------------------------------|-------|
| | 2002 | 2003 | 2002 | 2003 |
| | ---- | ---- | ---- | ---- |
| | (Unaudited) | | | |
| Revenues | | | | |
| Networking products..... | 74.3% | 75.4% | 73.3% | 73.0 |
| Technology products..... | 25.7 | 24.6 | 26.7 | 27.0 |
| Total revenues..... | 100.0 | 100.0 | 100.0 | 100.0 |
| Cost of revenues | | | | |
| Networking products..... | 21.4 | 21.0 | 21.7 | 21.1 |

Edgar Filing: RADVISION LTD - Form 10-Q

| | Three months ended September 30, | | Nine months ended September 30, | |
|---------------------------------|-------------------------------------|------|------------------------------------|-------|
| | 2002 | 2003 | 2002 | 2003 |
| Technology products..... | 0.1 | 1.4 | 0.2 | 1.0 |
| Total cost of revenues..... | 21.5 | 22.4 | 21.9 | 22.1 |
| Gross profit..... | 78.5 | 77.6 | 78.1 | 77.9 |
| Operating expenses | | | | |
| Research and development..... | 31.4 | 28.2 | 33.1 | 30.4 |
| Marketing and selling..... | 38.2 | 38.4 | 38.7 | 40.9 |
| General and administrative..... | 8.8 | 7.8 | 8.8 | 8.2 |
| Total operating expenses..... | 78.4 | 74.4 | 80.6 | 79.5 |
| Operating income (loss)..... | 0.1 | 3.2 | (2.5) | (1.6) |
| Financial income, net..... | 5.2 | 3.8 | 5.9 | 4.6 |
| Net income..... | 5.3 | 7.0 | 3.6 | 3.0 |

Three Months Ended September 30, 2002 Compared with Three Months Ended September 30, 2003

Revenues. Revenues increased from \$12.2 million for the three months ended September 30, 2002 to \$13.1 million for the three months ended September 30, 2003, an increase of \$900,000 or 7.4%. Revenues from networking products increased from \$9.0 million for the three months ended September 30, 2002 to \$9.9 million for the three months ended September 30, 2003. Revenues from sales of our ViaIP product lines increased from \$7.0 million for the three month period ended September 30, 2002 to \$9.5 million for the three months ended September 30, 2003. Revenues from sales of our OnLan product line decreased from \$1.7 million for the three months ended September 30, 2002 to \$313,000 for the three months ended September 30, 2003 reflecting the growth trend in ViaIP product line sales, which eventually will replace the older OnLan product line.

Revenues from technology products remained relatively constant at approximately \$3.1 million for three month periods ended September 30, 2002 and 2003. Revenues from licenses and royalties totaled \$1.5 million and \$482,000 in the three months ended September 30, 2002 compared to \$1.3 million and \$570,000, respectively, in the three months ended September 30, 2003. Maintenance revenues declined from \$1.2 million in the three months ended September 30, 2002 to \$1.1 million in the three months ended September 30, 2003. Revenues from our professional services relating to research and development, which we began offering in the first quarter of 2003, accounted for \$205,000 in revenues for the three months ended September 30, 2003.

Revenues from sales to customers in the United States increased from \$5.4 million, or 44.3% of revenues, for the three months ended September 30, 2002, to \$6.7 million, or 51.1% of revenues, for the three months ended September 30, 2003, an increase of \$1.3 million, or 24.1%. This increase in sales to customers in the United States was primarily attributable to increased market demand for our networking products in this region.

Revenues from sales to customers in Europe decreased from \$3.0 million, or 24.6% of revenues, for the three months ended September 30, 2002, to \$2.6 million, or 19.8% of revenues, for the three months ended September 30, 2003, a decrease of \$400,000, or 13.3%. This decrease in sales to customers in Europe was primarily attributable to the ongoing softness in enterprise spending in Europe.

Revenues from sales to customers in the Far East decreased from \$3.3 million, or 27.0% of revenues, for the three months ended September 30, 2002, to \$3.1 million, or 23.7% of revenues, for the three months ended September 30,

Edgar Filing: RADVISION LTD - Form 10-Q

2003, a decrease of \$200,000, or 6.1%. This decrease in sales to customers in the Far East was primarily attributable to decreased market demand.

15

Revenues from sales to customers in Israel increased from \$500,000, or 4.1% of revenues, for the three months ended September 30, 2002 to \$700,000, or 5.3% of revenues, for the three months ended September 30, 2003, an increase of \$200,000, or 40%.

Cost of Revenues. Cost of revenues increased from \$2.6 million for the three months ended September 30, 2002 to \$2.9 million for the 2003 period. Gross profit as a percentage of revenues decreased slightly from 78.5% for the three months ended September 30, 2002 to 77.6% for the three months ended September 30, 2003.

Research and Development. Research and development expenses decreased from \$3.8 million for the three months ended September 30, 2002 to \$3.7 million for the three months ended September 30, 2003, a decrease of \$122,000, or 3.2%. This decrease was primarily attributable to a decrease in the number of research and development personnel whom we employed. Research and development expenses as a percentage of revenues decreased from 31.4% for the three months ended September 30, 2002 to 28.2% for the three months ended September 30, 2003.

Marketing and Selling. Marketing and selling expenses increased from \$4.6 million for the three months ended September 30, 2002 to \$5.0 million for the three months ended September 30, 2003, an increase of \$380,000, or 8.2%. This increase was primarily attributable to increased sales efforts in the United States and Europe. Marketing and selling expenses as a percentage of revenues increased slightly from 38.2% for the three months ended September 30, 2002 to 38.4% for the three months ended September 30, 2003.

General and Administrative. General and administrative expenses decreased from \$1.1 million for the three months ended September 30, 2002 to \$1 million for the three months ended September 30, 2003, a decrease of \$51,000, or 4.6%. This decrease was primarily attributable to a decrease in personnel expenses. General and administrative expenses as a percentage of revenues was 8.8% for the three months ended September 30, 2002 and 7.8% for the three months ended September 30, 2003.

Operating Income. We recorded operating income of \$15,000 for the three months ended September 30, 2002 as compared to \$413,000 for the three months ended September 30, 2003, principally as a result of our increased revenues in the three months ended September 30, 2003.

Financial Income. We had financial income of \$634,000 in the three months ended September 30, 2002 as compared to \$499,000 for the three months ended September 30, 2003. Our interest income decreased due to lower prevailing interest rates. This income was principally derived from the investment of the proceeds of our March 2000 initial public offering and private placement.

Net Income. Net income for the three months ended September 30, 2003 increased by 41% to \$912,000 compared with net income of \$649,000 for the three months ended September 30, 2002.

Nine Months Ended September 30, 2003 Compared with Nine Months Ended September 30, 2002

Revenues. Revenues increased slightly from \$35.4 million for the nine months ended September 30, 2002 to \$35.7 million for the nine months ended

Edgar Filing: RADVISION LTD - Form 10-Q

September 30, 2003, an increase of \$316,000, or 0.9%. This increase was due to an increase in sales of networking products.

Revenues from networking products increased from \$25.9 million for the nine months ended September 30, 2002 to \$26.1 million for the nine months ended September 30, 2003. Revenues from sales of our ViaIP product line increased from \$19.3 million in the nine months ended September 30, 2002 to \$23.0 million in the nine months ended September 30, 2003. The increase is in sales of ViaIP

16

product line was offset by a decrease in OnLan product sales from \$6.3 million for the nine months ended September 30, 2002 to \$1.7 million for the nine months ended September 30, 2003. This decline was offset in part by \$1.3 million of other product sales in the first quarter of 2003.

Revenues from technology products increased from approximately \$9.5 million for the nine month period ended September 30, 2002 to \$9.6 million for the nine month period ended September 30, 2003. Revenues from licenses and royalties were \$4.0 million and \$1.4 million in the nine months ended September 30, 2002 and \$3.7 million and \$1.9 million respectively, in the nine months ended September 30, 2003. Maintenance revenues decreased from \$4 million in the nine months ended September 30, 2002 to \$3.5 million in the nine months ended September 30, 2003, which decline was offset in part by the initiation of our offering professional services with respect to research and development, which accounted for \$606,000 in revenues in the nine months ended September 30, 2003.

Revenues from sales to customers in the United States decreased from \$19.8 million, or 55.9% of revenues, for the nine months ended September 30, 2002, to \$17.6 million, or 49.3% of revenues, for the nine months ended September 30, 2003, a decrease of \$2.2 million, or 11.1%. This decrease in sales was primarily attributable to the ongoing softness in enterprise spending in the first six months of 2003 in the United States.

Revenues from sales to customers in Europe increased from \$6.6 million, or 18.6% of revenues, for the nine months ended September 30, 2002, to \$7.3 million, or 20.4% of revenues, for the nine months ended September 30, 2003, an increase of \$0.7 million, or 10.6%. This increase in sales was primarily attributable to the FastWeb sale in the first three months of 2003.

Revenues from sales to customers in the Far East increased from \$7.4 million, or 20.9% of revenues, for the nine months ended September 30, 2002, to \$9.3 million, or 26.0% of revenues, for the nine months ended September 30, 2003 an increase of \$1.9 million, or 25.7%. This increase in sales was primarily attributable to increased sales efforts.

Revenues from sales to customers in Israel remained relatively constant at \$1.6 million for the nine months ended September 30, 2002, and 2003.

Cost of Revenues. Cost of revenues increased from \$7.7 million for the nine months ended September 30, 2002 to \$7.9 million for the nine months ended September 30, 2003, an increase of \$147,000, or 1.9%. Gross profit as a percentage of revenues decreased slightly from 78.1% for the nine months ended September 30, 2002 to 77.9% for the nine months ended September 30, 2003.

Research and Development. Research and development expenses decreased from \$11.7 million for the nine months ended September 30, 2002 to \$10.9 million for the nine months ended September 30, 2003, a decrease of \$873,000, or 7.4%. This decrease was primarily attributable to a decrease in the number of research

Edgar Filing: RADVISION LTD - Form 10-Q

and development personnel whom we employed. Research and development expenses as a percentage of revenues decreased from 33.1% for the nine months ended September 30, 2002 to 30.4% for the nine months ended September 30, 2003.

Marketing and Selling. Marketing and selling expenses increased from \$13.7 million for the nine months ended September 30, 2002 to \$14.6 million for the nine months ended September 30, 2003, an increase of \$909,000, or 6.6%. Marketing and selling expenses as a percentage of revenues increased from 38.7% for the nine months ended September 30, 2002 to 40.9% for the nine months ended September 30, 2003.

General and Administrative. General and administrative expenses decreased from \$3.1 million for the nine months ended September 30, 2002 to \$2.9 million for the nine months ended September 30,

17

2003, a decrease of \$169,000, or 5.4%. This decrease was primarily attributable to a decrease in personnel expenses. General and administrative expenses as a percentage of revenues was 8.8% for the nine months ended September 30, 2002 and 8.2% for the nine months ended September 30, 2003.

Operating Loss. Our operating loss decreased from \$859,000 for the nine months ended September 30, 2002 to \$557,000 for the nine months ended September 30, 2003 as we achieved operating income of \$413,000 in the third quarter of 2003.

Financial Income. Financial income decreased from \$2.1 million for the nine months ended September 30, 2002 to \$1.6 million for the nine months ended September 30, 2003 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.

Net Income. Net income for the first nine months of 2003 was \$1.1 million compared with net income of \$1.2 million for the first nine months of 2002.

Liquidity and Capital Resources

From our inception until our initial public offering in March 2000, we financed our operations through cash generated by operations and a combination of private placements of our share capital and borrowings under lines of credit. Through December 31, 1999, we raised a total of approximately \$12.2 million in aggregate net proceeds in four private placements. In March 2000, we sold 4,370,000 of our ordinary shares in an initial public offering and 590,822 ordinary shares in a private placement. We received net proceeds of \$89.2 million from the public offering and private placement. As of September 30, 2003, we had approximately \$17.5 million in cash and cash equivalents, \$37.5 million in short term investments and our working capital was approximately \$47.2 million. Taking into account long-term liquid investments, we had \$94.5 million in cash and liquid investments as of September 30, 2003.

Net cash generated from operating activities was approximately \$4.8 million for the nine months ended September 30, 2003. This amount was primarily attributable to a \$3.7 million decrease in trade receivables, depreciation expenses of \$1.7 million and an increase of \$1.9 million in deferred revenues. These increases in cash generated by our operating activities were offset in part by a \$2.0 million decrease in trade payables.

Edgar Filing: RADVISION LTD - Form 10-Q

Net cash used in investing activities was approximately \$3.0 million for the nine months ended September 30, 2003. During the nine months ended September 30, 2003, \$1.2 million of cash used in investing activities was for purchases of property and equipment.

Net cash received from financing activities was \$1.8 million for the nine months ended September 30, 2003.

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 anticipate that our cash resources will be used primarily to fund our operating activities, as well as for capital expenditures. We do not believe that our capital expenditures and lease commitments will increase for the foreseeable future due to the anticipated slowdown in the growth of our operations, infrastructure and personnel. Nevertheless, 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

18

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 \$10.0 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, 2003, we have purchased 14,000 ordinary shares at a total cost of \$78,000, or an average price of \$5.55 per share.

19

Item 3. Quantitative and Qualitative Disclosure About Market Risk

Foreign Exchange

Our international business is subject to risks typical of an international business, including, but not limited to differing economic conditions, changes in political climate, differing tax structures, other regulations and restrictions, and foreign exchange rate volatility. Accordingly, our future results could be materially adversely impacted by changes in these or other factors.

We cannot assure you that we will not be materially and adversely affected in the future if inflation in Israel exceeds the devaluation of the NIS against the dollar or if the timing of the devaluation lags behind inflation in Israel.

Edgar Filing: RADVISION LTD - Form 10-Q

Interest Rates

We invest our cash in a variety of financial instruments, including time deposits, cash deposits, U.S. federal agency securities and corporate bonds with an average credit rating of A2. Despite the high quality of our investments, fixed rate securities may have their fair market value adversely impacted due to a rise in interest rates, while floating rate securities may produce less income than expected if interest rates fall. Due in part to these factors, our future investment income may fall short of expectations due to changes in interest rates, or we may suffer losses in principal if forced to sell securities that have seen a decline in market value due to changes in interest rates.

We account for our investment instruments in accordance with Statement of Financial Accounting Standards No. 115, "Accounting for Certain Investments in Debt and Equity Securities" ("SFAS No. 115"). All of the cash equivalents and short-term investments are treated as available-for-sale under SFAS No. 115.

The weighted-average interest rate on investment securities held at September 30, 2003 was approximately 2.48% as compared to 3.25% at December 31, 2002. The fair market value of cash equivalents and liquid investments held at September 30, 2003 was \$94.5 million.

Item 4. Controls and Procedures

Within the 90-day period prior to the filing of this report, we carried out an evaluation of the effectiveness of our disclosure controls and procedures (as defined by Rule 13a-14(c) of the Securities Exchange Act of 1934) under the supervision and with the participation of our chief executive officer and chief financial officer. Based on and as of the date of such evaluation, the aforementioned officers have concluded that our disclosure controls and procedures were effective.

Our company also maintains a system of internal accounting controls that is designed to provide assurance that its assets are safeguarded and that transactions are executed in accordance with management's authorization and properly recorded. This system is continually reviewed and is augmented by written policies and procedures, the careful selection and training of qualified personnel and an internal audit program to monitor its effectiveness. During the quarter ended September 30, 2003, there were no significant changes to this system of internal controls or in other factors that could significantly affect those controls.

20

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

Edgar Filing: RADVISION LTD - Form 10-Q

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, 2003. 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 ----- |
|--|--|
| | \$6,118,000 |
| Underwriting discounts and commissions . | |
| Finders' fees | 550,000 |
| Expenses paid to or for underwriters.... | 41,290 |
| Other expenses | 2,241,113 |
| | ----- |
| Total expenses | \$8,950,403 ===== |

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.

Edgar Filing: RADVISION LTD - Form 10-Q

| Purpose | 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

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(a) of the Sarbanes-Oxley Act of 2002.

31.2 Certification by Chief Financial Officer Pursuant to Section 302(a) of the Sarbanes-Oxley Act of 2002.

32.1 Certification by Chief Executive Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

32.2 Certification by Chief Financial Officer 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 July 15, 2003 with respect to a press release announcing the Registrant's second quarter earnings was filed on July 15, 2003.

Edgar Filing: RADVISION LTD - Form 10-Q

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 10, 2003