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RADVISION LTD  
Form 8-K  
October 20, 2004

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

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FORM 8-K

CURRENT REPORT

PURSUANT TO SECTION 13 OR 15(d)  
OF THE SECURITIES EXCHANGE ACT OF 1934

October 20, 2004

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Date of Report  
(Date of earliest event reported)

RADVISION LTD.  
(Exact name of registrant as specified in its charter)

Israel	000-29871	N/A
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(State or other jurisdiction of incorporation)	(Commission File Number)	(IRS Employer Identification No.)

24 Raul Wallenberg Street, Tel Aviv 69719, Israel  
-----  
(Address of principal executive offices and zip code)

011-972-3-645-5220  
-----  
(Registrant's telephone number, including area code)

Not Applicable  
-----  
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (SEE General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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ITEM 2.02 RESULTS OF OPERATIONS AND FINANCIAL CONDITION.

On October 20, 2004, the registrant reported its results of operations for the three and nine month periods ended September 30, 2004. A copy of the press release issued by the registrant in this connection is furnished herewith as Exhibit 99.1 to this report.

The information contained herein and in the accompanying exhibit shall not be deemed to be filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that section or Sections 11 and 12(a) (2) of the Securities Act of 1933, as amended, or incorporated by reference into any filing of the Company unless the registrant specifically states that the information is to be considered "filed" under the Securities Exchange Act of 1934 or incorporates it by reference into a filing under the Securities Act of 1933 or the Securities Exchange Act of 1934.

The registrant is a foreign private issuer and, therefore, is exempt from Regulation FD.

ITEM 9.01 FINANCIAL STATEMENTS AND EXHIBITS.

(c) Exhibits

Exhibit 99.1 Press Release dated October 20, 2004.

SIGNATURE

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.

Date: October 20, 2004

RADVISION LTD.  
(Registrant)

By: /s/Arnold Taragin

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Arnold Taragin  
Corporate Vice President and General Counsel

Press Release

Source: RADVISION

RADVISION Reports Third Quarter 2004 Results

Wednesday October 20, 7:00 am ET

Record Revenues in Line with Forecast

Stronger than Expected Contribution from Technology Unit

FAIR LAWN, N.J.--(BUSINESS WIRE)--Oct. 20, 2004--RADVISION (NASDAQ:RVSN - News) today announced that revenues for the third quarter of 2004 were \$16.7 million, an increase of 28% from the third quarter of 2003. Net income was \$1.4 million or \$0.07 per diluted share and included a one-time operating expense of \$330,000 related to the previously announced acquisition of intellectual property and key developer assets from VisionNex Technologies. Before inclusion of the one-time item, net income was \$1.7 million or \$0.08 per diluted share. By comparison, net income was \$912,000 or \$0.05 per diluted share in the third quarter of 2003.

Operating profit for the third quarter was \$881,000 after the one-time operating expense and \$1.2 million before the one-time expense. That compares with operating profit of \$412,000 in the third quarter of 2003.

The record revenues consisted of \$5.3 million in Technology Business Unit (TBU) sales and \$11.4 million in Networking Business Unit (NBU) sales, representing increases of 66% and 15%, respectively, over the third quarter of 2003.

For the nine months ended September 30, 2004, revenues increased to \$46.7 million from \$35.7 million in the same period of 2003. Operating income year-to-date in 2004 was \$2.2 million, before a one-time operating gain of \$1.1 million in the 2004 first quarter and the one-time operating expense of \$330,000 in the 2004 third quarter. By comparison, the Company incurred an operating loss of \$557,000 in the first nine months of 2003. Net income for the first nine months of 2004 was \$3.6 million or \$0.17 per diluted share, before the one-time items in the first and third quarters. After inclusion of the one-time items, net income for the first nine months of 2004 was \$4.3 million or \$0.20 per diluted share. For the first nine months of 2003, net income was \$1.1 million or \$0.05 per diluted share.

The Company ended the third quarter of 2004 with approximately \$105.4 million in cash and liquid investments, an increase of \$554,000 over the prior quarter, and equivalent to \$5.31 per basic share. The increase reflects operating cash flow of \$1.8 million and an additional \$525,000 from the exercise of options, offset by \$485,000 in capital expenditures and \$1.3 million related to the acquisition of assets from VisionNex.

Third quarter 2004 revenues reflect TBU sales that were 18% higher than forecast. Asia Pacific NBU sales were particularly strong, nearly double the prior quarter, and NBU non-Cisco sales in the Americas grew 26%. These factors offset weaker than expected NBU revenue from EMEA and from room conferencing systems through the Cisco channel. The better than forecasted gross profit margin in the 2004 third quarter resulted from the higher than expected TBU revenues.

Gadi Tamari, Chief Executive Officer of RADVISION, commented: "We are seeing

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traction in all three of our most promising markets - TBU toolkits and professional services, 3G, and desktop video. The continued strong worldwide performance of our TBU included important sales to tier-one chipset manufacturers as well as of our 3G-324M toolkit for the 3G mobile market. We had five new 3G deals in NBU in the third quarter and also reached a milestone in our desktop conferencing activities with the first general deployment of our IMfirst solution for the Microsoft communications environment."

Mr. Tamari continued: "The growth of NBU sales in APAC also reflected substantial strength in China. Our deal with Beijing-based VisionNex gives us the key technology and integration staff that will help us drive future development of larger video, voice and data communications architecture and will better enable us to adapt our solutions for the key regions of China and all of Asia Pacific."

Mr. Tamari added: "NBU in the Americas had particularly strong interest in our IMfirst solution, which also has a growing number of pilots worldwide. As we announced separately today, we are developing an all-software platform for the Microsoft Live Communications Server environment. And, we expect our sales through our major channel partner Cisco to accelerate growth in 2005 supporting their video IP phones."

Mr. Tamari concluded: "We see convincing evidence that personal video for business and in the mobile sectors will be the significant engines of our growth in 2005 and beyond."

### Guidance

The following statements are forward-looking, and actual results may differ materially. The Company expects fourth quarter 2004 revenues to be approximately \$17.5 million and net income to approximate \$1.8 million or \$0.08 per diluted share. This compares to fourth quarter 2003 revenues of \$15.6 million and net income of \$2.4 million or \$0.11 per diluted share. As previously discussed, the Company is pursuing strategic initiatives and making operating investments in 2004, as it positions itself for the realization of a much larger market opportunity in the coming years. (Full details are available on the Company's web site at [www.radvision.com](http://www.radvision.com).)

### Third Quarter 2004 Earnings Conference Call/Webcast

RADVISION will hold a conference call to discuss its Third Quarter results and fourth Quarter 2004 outlook, today, Wednesday, October 20, 2003 at 9:00 a.m. (Eastern). To access the conference call, please dial 1-888-928-9122 (International dialers can call +1-517-623-4001) by 8:45 a.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 Fourth 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 8:00 a.m. (EDT) on October 20th and will be archived on the website until the end of the Fourth Quarter. A replay of the call will be available beginning approximately one hour after the conclusion of the call through 12:00 midnight (Eastern) on October 27, 2004. To access the replay, please dial 1-866-492-3849 (International dialers can call +1-203-369-1742).

About RADVISION

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RADVISION Ltd. (Nasdaq: RVSN - News) 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.

RADVISION LTD.  
Consolidated Statements of Income  
(U.S. Dollars in thousands, except share and per share data)

	Three months ended September 30,		Nine months ended September 30,	
	2004	2003	2004	2003
	Unaudited			
Revenues	\$16,708	\$13,081	\$46,675	\$35,738
Cost of revenues	3,426	2,933	9,921	7,891
Gross profit	13,282	10,148	36,754	27,847
Operating costs and expenses:				
Research and development	4,553	3,693	12,615	10,853

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Marketing and selling	6,305	5,023	18,270	14,607
General and administrative	1,213	1,020	3,663	2,944
In-process research and development write-off	330	-	330	-
One-time income	-	-	(1,061)	-
	-----	-----	-----	-----
Total operating costs and expenses	12,401	9,736	33,817	28,404
	-----	-----	-----	-----
Operating profit (loss)	881	412	2,937	(557)
Financial income, net	500	500	1,344	1,626
	-----	-----	-----	-----
Net income	1,381	912	4,281	1,069
	=====	=====	=====	=====
Basic net earnings per share	\$0.07	\$0.05	\$0.22	\$0.06
	=====	=====	=====	=====
Weighted Average Number of Shares used in computing basic net earnings per share	19,853,872	18,743,188	19,682,936	18,516,076
	=====	=====	=====	=====
Diluted net earnings per share	\$0.07	\$0.05	\$0.20	\$0.05
	=====	=====	=====	=====
Weighted Average Number of Shares used in computing diluted net earnings per share	21,149,001	20,012,705	21,372,063	19,518,687
	=====	=====	=====	=====

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

	September 30, 2004	December 31, 2003
	----- (Unaudited)	----- (Audited)
	-----	-----
Assets		
Cash and Cash Equivalents (* see below)	\$20,892	\$16,433
Short-term Bank Deposits (* see below)	31,827	34,977
Trade Receivables, Net	10,609	8,685
Other Receivables	3,296	2,704
Inventories	1,127	969
	-----	-----
Total Current Assets	67,751	63,768

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Severance Pay Fund	2,391	2,171
Long-term Securities and Bank Deposits (* see below)	52,667	48,501
	-----	-----
Total Long-term Assets	55,058	50,672
Property and Equipment Cost	14,181	12,479
Less Accumulated Depreciation	(11,523)	9,907
	-----	-----
	2,658	2,572
Other Assets, net	981	-
Total Assets	\$126,448	\$117,012
	=====	=====
Liabilities and Equity		
Trade Payable	\$2,294	\$1,270
Other Payables & Accrued Expenses	20,640	19,148
	-----	-----
Current Liabilities	22,934	20,418
Accrued Severance Pay	3,454	3,353
	-----	-----
Total Liabilities	26,388	23,771
Shareholders' Equity		
Share Capital	187	187
Additional Paid in Capital	104,663	104,663
Treasury Stock	(1,517)	(5,075)
Accumulated Deficit	(3,273)	(6,534)
	-----	-----
Total Shareholders' Equity	100,060	93,241
Total Liabilities and Shareholders' Equity	\$126,448	\$117,012
	=====	=====
(*)Total Cash and Liquid Investments	105,386	99,911
	=====	=====

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