



Media Contacts:

Talia Rimon, Director of Corporate Communications, Optibase Ltd.  
011-972-9-9709-125  
[taliar@optibase.com](mailto:taliar@optibase.com)

Jennifer Hicks, ink Communications for Optibase  
+1-617-488-0988 ext. 2  
[jennifer@theinkstudio.com](mailto:jennifer@theinkstudio.com)

Investor Relations Contact:

Lee Roth / Marybeth Csaby, KCSA for Optibase  
+1-212-896-1209 / 1236  
[lroth@kcsa.com](mailto:lroth@kcsa.com) / [mcsaby@kcsa.com](mailto:mcsaby@kcsa.com)

**FOR IMMEDIATE RELEASE**

**OPTIBASE ANNOUNCES FIRST QUARTER RESULTS**

**HERZLIYA, Israel, May 19, 2008 – Optibase Ltd. (NASDAQ:OBAS)** a leader in advanced digital video solutions today announced financial results for the first quarter ended March 31, 2008.

Revenues for the first quarter ended March 31, 2008 were \$4 million compared with \$5.6 million for the first quarter of 2007 and \$5.6 million for the fourth quarter of 2007.

Net loss for the first quarter ended March 31, 2008, was \$2.9 million or \$0.21 per basic and fully diluted share, compared with a net loss of \$1.5 million or \$0.11 per basic and fully diluted share for the first quarter of 2007 and with a net loss of \$1.7 million or \$0.13 per basic and fully diluted share for the fourth quarter of 2007. Weighted average shares outstanding used in the calculation for the periods were approximately 13.6 million basic and fully diluted for the first quarter of 2008, and approximately 13.5 million basic and fully diluted for the first quarter of 2007, and 13.6 million for the fourth quarter of 2007.

Equity in loss expenses pursuant to the investment in Scopus, and Stock based compensation pursuant to SFAS123R during the first quarter, totaled at \$487,000 and \$178,000 respectively.

Equity in loss expenses consist of one-time write-offs of purchased in-process research and development and the ongoing amortization of other related intangibles and costs, included under other expenses in the statement of operation set forth below. Intangibles include, for example, the value of the acquired companies' developed technology, customer base and brand.

As of March 31, 2008, the Company had cash, cash equivalents and long-term investments in marketable securities and other financial investments, net, of \$7.6 million, and shareholders' equity of \$36 million, compared with \$27.8 million and \$44 million as of March 31, 2007, respectively.

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Recently the board of directors approved a private issuance of US\$5 million to Mr. Shlomo (Tom) Wyler, the Chief Executive Officer and Executive Chairman of the Board of Directors. The private issuance is subject, among others, to the approval of the Company's shareholders, and there can be no assurance that the private issuance will be consummated. For further information see the Company's Proxy Statement filed with the U.S. Securities And Exchange Commission on Form 6-K on May 13, 2008.

As indicated in our fourth quarter release, during the fourth quarter of 2007, we concluded that our investment in Scopus qualifies for use of the equity method, and as such and in accordance with the applicable accounting rules, we had adjusted the investment and results of operations for the relevant periods of 2007. During the first quarter of 2008, we have concluded the related Purchase Price Allocation study and consequently had adjusted the total effect on our results of operation for the year 2007 to \$2.8 million compared with \$2.2 million as was previously reported.

Amir Philips CFO of Optibase, said, "Our top and bottom line performance was impacted by several factors. The devaluation in the US dollar against the New Israeli Shekel continued causing an increase in our operating expenses. Revenues were lower as a result of several orders and opportunities that were pushed out to later in the year. We remain in contact with these customers and are working diligently to close and deliver these orders. Additionally, we saw delays in the commercial launch of our two newest products, EZ TV and the Creator Ingest Server. We had expected to release both products toward the end of the first quarter, and following the delays, we are now back-on-track for the respective product and are working towards timely launch in the near future."

Mr. Philips continued, "Looking ahead to the balance of 2008, we have some initiatives underway, including the anticipated full release of EZ TV. We also have a healthy pipeline of sales opportunities that we expect could materialize further out into the year."

He concluded, "While we are disappointed in our results for the first quarter, we believe that we made progress in several important areas and believe that Optibase is well positioned to meet the challenges that lie ahead."

### **Conference Call:**

Optibase has scheduled a conference call for 9 a.m. EDT today to discuss first quarter 2008 results. For those unable to participate there will be replay available from 12:00 p.m. EDT on May 19, 2008 through 11:59 p.m. EDT, June 19, 2008. Please call: (706) 645-9291 (Domestic & International) and enter the replay code: 47671360. The conference call may also be accessed over the Internet via, [www.kcsa.com](http://www.kcsa.com). Please logon at least 15 minutes prior to the scheduled start time to register, download and install any necessary audio software.

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### **About Optibase**

Optibase provides professional encoding, decoding, video server upload and streaming solutions for telecom operators, service providers, broadcasters and content creators. The company's platforms enable the creation, broadband streaming and playback of high quality digital video. Optibase's breadth of product offerings are used in applications, such as: video over DSL/Fiber networks, post production for the broadcast and cables industries, archiving; high-end surveillance, distance learning; and business television. Headquartered in Israel, Optibase operates through its fully owned subsidiary in Mountain View, California and offices in, Japan, China, India and Singapore. Optibase products are marketed in over 40 countries through a combination of direct sales, independent distributors, system integrators and OEM partners. For further information, please visit [www.optibase.com](http://www.optibase.com).

*This press release contains forward-looking statements concerning our marketing and operations plans. All statements other than statements of historical fact are statements that could be deemed forward-looking statements. All forward-looking statements in this press release are made based on management's current expectations which involve risks, uncertainties and other factors that could cause results to differ materially from those expressed in forward-looking statements. These statements involve a number of risks and uncertainties including, but not limited to, risks related to the video technologies market in general, and the evolving IPTV market in particular, competition, our ability to manage growth and expansion, general economic conditions and other risk factors. For a more detailed discussion of these and other risks that may cause actual results to differ from the forward looking statements in this news release, please refer to Optibase's most recent annual report on Form 20-F. The Company does not undertake any obligation to update forward-looking statements made herein.*

*This release and prior releases are available on the Company's Web site at [www.optibase.com](http://www.optibase.com).*

*This release and prior releases are also available on the KCSA Public Relations Worldwide Web site at [www.kcsa.com](http://www.kcsa.com).*

**Optibase Ltd.**  
**Condensed Consolidated Statement of Operations**  
**For the Period Ended March 31, 2008**

	Three month ended	
	March 31 2008	March 31 2007
	\$	\$
	<u>Unaudited</u>	<u>Unaudited</u>
Revenues	4,027	5,550
Gross profit	2,029	2,982
Operating expenses:		
Research and development, net	1,701	1,202
Selling, general and administrative	2,907	2,294
Total operating expenses	4,608	3,496
Operating loss	(2,579)	(514)
Other expenses	(487)	(1,274)
Financial income (loss), net	162	323
Net loss from continuing operations	(2,904)	(1,465)
Income related to discontinued operations	10	
Net loss	(2,894)	(1,465)
Other comprehensive income		
Unrealized holding(loss) gains on available for sale securities	(267)	135
Total comprehensive loss	(3,161)	(1,330)
Net loss per share:		
Basic	(\$0.21)	(\$0.11)
Diluted	(\$0.21)	(\$0.11)
Number of shares used in computing Earning per share		
Basic	13,643	13,500
Diluted	13,643	13,500

Amounts in thousands except per share data

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**Optibase Ltd.  
Condensed Consolidated Balance Sheets**

	<b>March 31 2008</b>	<b>December 31 2007</b>
	<u><b>Unaudited</b></u>	<u><b>Audited</b></u>
<u>Assets</u>		
Current Assets:		
Cash, cash equivalents and short term investments, net	7,585	18,387
Trade receivables net of bad debts	4,020	4,053
Inventories	5,006	5,321
Other receivables and prepaid expenses	1,131	1,342
Assets Related To Discontinued Operations		43
Total current assets	17,742	29,146
Other long term investments	28,675	20,316
	28,675	20,316
Fixed assets, net	1,720	1,691
Total assets	48,137	51,153
<u>Liabilities and shareholders' equity</u>		
Current Liabilities:		
Trade payables	2,258	2,753
Accrued expenses and other liabilities	6,273	6,133
Liabilities Related To Discontinued Operations	162	162
Total current liabilities	8,693	9,048
Accrued severance pay	3,262	2,941
Total shareholders' equity	36,182	39,164
Total liabilities and shareholders' equity	48,137	51,153

Amounts in thousands