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## **Optibase, LTD. Announces Second Quarter Results**

**HERZLIYA, Israel, August 4, 2008 – Optibase, Ltd. (NASDAQ:OBAS)**, a leader in advanced digital video solutions, today announced financial results for the second quarter ended June 30, 2008.

Revenues for the second quarter ended June 30, 2008 were \$5.7 million compared with \$4 million for the first quarter of 2008 and \$6.7 million for the second quarter of 2007.

Net loss for the quarter ended June 30, 2008, was \$2.1 million or \$0.15 per basic and fully diluted share. This compares with a net loss of \$2.9 million or \$0.21 per basic and fully diluted share for the first quarter of 2008, and a net loss of \$2 million or \$0.15 per basic and diluted share for the second quarter of 2007. Weighted average shares outstanding used in the calculation were approximately 14 million basic and fully diluted for the second quarter of 2008 and 13.6 million basic and fully diluted for the first quarter of 2008 and 13.5 million basic and fully diluted for the second quarter of 2007.

For the six months ended June 30, 2008, revenues totaled \$9.8 million, compared with \$12.2 million for the six months ended June 30, 2007. Net loss for the period was \$5 million or \$0.36 per basic and fully diluted share, compared to a net loss of \$3.5 million or \$0.26 per basic and fully diluted share for the six months ended June 30, 2007. Weighted average shares outstanding used in the calculation for the periods were approximately 13.8 million basic and fully diluted and 13.5 million basic and fully diluted respectively.

As of June 30, 2008, the Company had cash, cash equivalents, and other financial investments, net, of \$12.4 million, and shareholders' equity of \$39.4 million, compared with \$7.6 million, and \$36 million as of March 31, 2008 respectively.

Amir Philips CFO of Optibase, commented, "We gained back our momentum in the quarter with increased revenues, The execution of our strategy continued on track with our two new products, Creator Ingest Server and the EZ TV and the MGW X100 products. Our backlog and pipeline are showing significant growth for the second half of 2008 and we are on track realizing some of the contracts that were delayed last quarter.

"Our bottom-line continued to be impacted by the devaluation of the U.S. dollar compared to the New Israeli Shekel, the result of which again added pressure to our operating income. Despite this, our businesses and sales of our products have shown growth over the first quarter of 2008."

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He concluded by saying, "We are optimistic about what is to come for Optibase in terms of product innovation and new orders. Our strong R & D is an advantage that provides us with the ability to continually accommodate and serve our current and future customers."

### **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)

### **Conference Call:**

Optibase has scheduled a conference call for 9 a.m. EDT, August 4, 2008 to discuss the second quarter results.

**For those unable to participate, there will be replay available from 12:00 p.m. EDT on August 4, 2008 through 11:59 p.m. EDT, September 4, 2008. Please call: +(800) 642-1687 (Domestic) and +(706) 645-9291 (International). REPLAY CODE: 57167356.**

Interested parties may access the conference call over the Internet via, [www.kcsa.com](http://www.kcsa.com). To listen to the live call, please go to the KCSA Web site at least 15 minutes prior to the scheduled start time to register, download and install any necessary audio software.

*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 and estimates, 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 evolving market for digital video in general and the infancy of the 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 June 30, 2008**

	Six months ended		Three months ended	
	June 30 2008 \$ <u>Unaudited</u>	June 30 2007 \$ <u>Unaudited</u>	June 30 2008 \$ <u>Unaudited</u>	June 30 2007 \$ <u>Unaudited</u>
Revenues	9,770	12,221	5,743	6,672
Gross profit	4,964	5,772	2,936	2,790
Operating expenses:				
Research and development, net	3,289	2,471	1,588	1,270
Selling, general and administrative	6,101	4,919	3,195	2,625
Total operating expenses	9,390	7,390	4,783	3,895
Operating loss	(4,426)	(1,618)	(1,847)	(1,105)
Other expenses	(705)	(2,084)	(219)	(810)
Financial income (expense), net	115	200	(47)	(123)
<u>Net loss from continuing operations</u>	(5,016)	(3,502)	(2,113)	(2,038)
<u>Income related to discontinued operations</u>	20	-	10	-
Net loss	(4,996)	(3,502)	(2,103)	(2,038)
<u>Other comprehensive income</u>				
Unrealized holding losses on available for sale securities	(267)	(664)	-	(799)
Total comprehensive loss	(5,263)	(4,166)	(2,103)	(2,837)
Net loss per share:				
Basic and diluted	(\$0.36)	(\$0.26)	(\$0.15)	(\$0.15)
Number of shares used in computing Earning per share				
Basic and diluted	13,829	13,511	14,017	13,527

Amount in thousands except per share data

**Optibase Ltd.**  
**Condensed Consolidated Balance Sheets**

	<b>June 30 2008</b>	<b>December 31 2007</b>
	<b><u>Unaudited</u></b>	
<u>Assets</u>		
Current Assets:		
Cash, cash equivalents and short term investments, net	12,365	18,387
Trade receivables net of allowance for bad debts	4,308	4,053
Inventories	4,267	5,321
Other receivables and prepaid expenses	921	1,487
Assets Related To Discontinued Operations	-	43
Total current assets	21,861	29,291
Other long term investments	28,553	20,316
Fixed assets, net	1,627	1,691
Total assets	52,041	51,298
<u>Liabilities and shareholders' equity</u>		
Current Liabilities:		
Trade payables	2,207	2,753
Accrued expenses and other liabilities	6,737	6,278
Liabilities Related To Discontinued Operations	162	162
Total current liabilities	9,106	9,193
Accrued severance pay	3,582	2,941
Total shareholders' equity	39,353	39,164
Total liabilities and shareholders' equity	52,041	51,298

Amounts in thousands