

OPTIBASE LTD
Form SC 13G/A
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**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

SCHEDULE 13G/A

**Under the Securities Exchange Act of 1934
(Amendment No. 1)***

Optibase Ltd
(Name of Issuer)
Ordinary Shares, New Israeli Shekels 0.13 nominal value
(Title of Class of Securities)
M7524R108
(CUSIP Number)
December 23, 2008
(Date of Event Which Requires Filing of this Statement)

Check the appropriate box to designate the rule pursuant to which this Schedule is filed:

- Rule 13d-1(b)
- Rule 13d-1(c)
- Rule 13d-1(d)

* The remainder of this cover page shall be filled out for a reporting person's initial filing on this form with respect to the subject class of securities, and for any subsequent amendment containing information which would alter the disclosures provided in a prior cover page.

The information required in the remainder of this cover page shall not be deemed to be filed for the purpose of Section 18 of the Securities Exchange Act of 1934 (Act) or otherwise subject to the liabilities of that section of the Act but shall be subject to all other provisions of the Act (however, see the Notes).

CUSIP No. M7524R108

13G/A

NAMES OF REPORTING PERSONS

1

Prescott Group Capital Management, L.L.C.

CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP*

2

(a)

(b)

SEC USE ONLY

3

CITIZENSHIP OR PLACE OF ORGANIZATION

4

State of Oklahoma

SOLE VOTING POWER

5

NUMBER OF 2,004,698

SHARED VOTING POWER

6

SHARES BENEFICIALLY OWNED BY 0

SOLE DISPOSITIVE POWER

7

EACH REPORTING PERSON 2,004,698

SHARED DISPOSITIVE POWER

8

WITH: 0

AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

9

2,004,698

CHECK IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES CERTAIN SHARES*

10

o

PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (9)

11

12.1%**

TYPE OF REPORTING PERSON*

12

IA

*SEE INSTRUCTIONS BEFORE FILLING OUT

**SEE ITEM 4(b).

CUSIP No. M7524R108

13G/A

NAMES OF REPORTING PERSONS

1

Prescott Group Aggressive Small Cap, L.P.

CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP*

2

(a)

(b)

SEC USE ONLY

3

CITIZENSHIP OR PLACE OF ORGANIZATION

4

State of Oklahoma

SOLE VOTING POWER

5

NUMBER OF 0

SHARED VOTING POWER

SHARES BENEFICIALLY 6

OWNED BY 2,004,698

SOLE DISPOSITIVE POWER

EACH REPORTING 7

PERSON 0

SHARED DISPOSITIVE POWER

WITH: 8

2,004,698

AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

9

2,004,698

CHECK IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES CERTAIN SHARES*

10

o

PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (9)

11

12.1%**

TYPE OF REPORTING PERSON*

12

PN

*SEE INSTRUCTIONS BEFORE FILLING OUT

**SEE ITEM 4(b).

CUSIP No. M7524R108

13G/A

NAMES OF REPORTING PERSONS

1

Prescott Group Aggressive Small Cap II, L.P.

CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP*

2

(a)

(b)

SEC USE ONLY

3

CITIZENSHIP OR PLACE OF ORGANIZATION

4

State of Oklahoma

SOLE VOTING POWER

5

NUMBER OF 0

SHARED VOTING POWER

6

SHARES BENEFICIALLY OWNED BY 2,004,698

SOLE DISPOSITIVE POWER

7

EACH REPORTING PERSON 0

SHARED DISPOSITIVE POWER

8

WITH: 2,004,698

AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

9

2,004,698

CHECK IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES CERTAIN SHARES*

10

o

PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (9)

11

12.1%**

TYPE OF REPORTING PERSON*

12

PN

*SEE INSTRUCTIONS BEFORE FILLING OUT

**SEE ITEM 4(b).

CUSIP No. M7524R108

13G/A

NAMES OF REPORTING PERSONS

1

Phil Frohlich

CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP*

2

(a)

(b)

SEC USE ONLY

3

CITIZENSHIP OR PLACE OF ORGANIZATION

4

U.S. Citizen

SOLE VOTING POWER

5

NUMBER OF 2,004,698

SHARED VOTING POWER

SHARES BENEFICIALLY OWNED BY 6

0

SOLE DISPOSITIVE POWER

EACH REPORTING PERSON 7

2,004,698

SHARED DISPOSITIVE POWER

WITH:

8

0

AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

9

2,004,698

CHECK IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES CERTAIN SHARES*

10

o

PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (9)

11

12.1%**

TYPE OF REPORTING PERSON*

12

IN

*SEE INSTRUCTIONS BEFORE FILLING OUT

**SEE ITEM 4(b).

SCHEDULE 13G

This Amendment to Schedule 13G (the Schedule 13G) is being filed on behalf of Prescott Group Capital Management, L.L.C., an Oklahoma limited liability company (Prescott Capital), Prescott Group Aggressive Small Cap, L.P., an Oklahoma limited partnership (Prescott Small Cap), Prescott Group Aggressive Small Cap II, L.P., an Oklahoma limited partnership (Prescott Small Cap II) and, together with Prescott Small Cap, the Small Cap Funds) and Mr. Phil Frohlich the principal of Prescott Capital, relating to ordinary shares of Optibase Ltd, an Israeli corporation (the Issuer).

This Schedule 13G relates to ordinary shares, New Israeli Shekels 0.13 nominal value, (the Ordinary Shares) of the Issuer purchased by the Small Cap Funds through the account of Prescott Group Aggressive Small Cap Master Fund, G.P., an Oklahoma general partnership (Prescott Master Fund), of which the Small Cap Funds are general partners. Prescott Capital serves as the general partner of the Small Cap Funds and may direct the Small Cap Funds, the general partners of Prescott Master Fund, to direct the vote and disposition of the 2,004,698 Ordinary Shares held by the Master Fund. As the principal of Prescott Capital, Mr. Frohlich may direct the vote and disposition of the 2,004,698 Ordinary Shares held by Prescott Master Fund.

Item 1(a) Name of Issuer.

Optibase Ltd

Item 1(b) Address of Issuer s Principal Executive Offices.

2 Gav Yam Center

7 Shenkar Street

Herzliya 46120, Israel

Item 2(a) Name of Person Filing.

Prescott Group Capital Management, L.L.C. (Prescott Capital), Prescott Group Aggressive Small Cap, L.P. (Prescott Small Cap), Prescott Group Aggressive Small Cap II, L.P. (Prescott Small Cap II) and, together with Prescott Small Cap, the Small Cap Funds), and Mr. Phil Frohlich.

Item 2(b) Address of Principal Business Office, or, if none, Residence.

1924 South Utica, Suite 1120

Tulsa, Oklahoma 74104-6529

Item 2(c) Citizenship or Place of Organization.

Prescott Capital is an Oklahoma limited liability company. The Small Cap Funds are Oklahoma limited partnerships. Mr. Phil Frohlich is the principal of Prescott Capital and is a U.S. citizen.

Item 2(d) Title of Class of Securities.

Ordinary Shares, New Israeli Shekels 0.13 nominal value (the Ordinary Shares).

Item 2(e) CUSIP Number.

M7524R108

Item 3 Reporting Person.

Inapplicable.

Item 4 Ownership.

- (a) Prescott Capital is the beneficial owner of 2,004,698 Ordinary Shares and Mr. Phil Frohlich is the beneficial owner of 2,004,698 Ordinary Shares.
- (b) Prescott Capital and Mr. Phil Frohlich are the beneficial owners of 12.1% of the outstanding Ordinary Shares. This percentage is determined by dividing 2,004,698 by 16,522,058, the number of Ordinary Shares issued and outstanding as of November 20, 2008, as reported in the Issuer's 6-K filed on November 24, 2008.
- (c) Prescott Capital, as the general partner of the Small Cap Funds, the general partners of Prescott Master Fund, may direct them to direct the vote and disposition of the 2,004,698 Ordinary Shares held by Prescott Master Fund. As the principal of Prescott Capital, Mr. Phil Frohlich may direct the vote and disposition of the 2,004,698 Ordinary Shares held by Prescott Master Fund.

Item 5 Ownership of Five Percent or Less of a Class.

Inapplicable.

Item 6 Ownership of More Than Five Percent on Behalf of Another Person.

Inapplicable.

Item 7 Identification and Classification of the Subsidiary which Acquired the Security Being Reported On by the Parent Holding Company.

Inapplicable.

Item 8 Identification and Classification of Members of the Group.

Inapplicable.

Item 9 Notice of Dissolution of Group.

Inapplicable.

Item 10 Certification.

By signing below I certify that, to the best of my knowledge and belief, the securities referred to above were not acquired and are not held for the purpose of or with the effect of changing or influencing the control of the issuer of the securities and were not acquired and are not held in connection with or as a participant in any transaction having that purpose or effect.

Exhibits Exhibit 1

Joint Filing Agreement dated January 6, 2009, between Prescott Capital, the Small Cap Funds and Mr. Phil Frohlich.

SIGNATURE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

Date: January 6, 2009

Prescott Group Capital Management, L.L.C.

By: /s/ Phil Frohlich
PHIL FROHLICH, Managing Member

Prescott Group Aggressive Small Cap, L.P.
By: Prescott Group Capital Management, L.L.C.,
its general partner

By: /s/ Phil Frohlich
PHIL FROHLICH, Managing Member

Prescott Group Aggressive Small Cap II, L.P.
By: Prescott Group Capital Management, L.L.C.,
its general partner

By: /s/ Phil Frohlich
PHIL FROHLICH, Managing Member

/s/ Phil Frohlich
Phil Frohlich

EXHIBIT INDEX

Exhibit 1

Joint Filing Agreement dated January 6, 2009, between Prescott Capital, the Small Cap Funds and Mr. Phil Frohlich.