ORAMED PHARMACEUTICALS INC.
Form S-1
January 11, 2010

As filed with the Securities and Exchange Commission on January 11, 2010
Registration No. 333-

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM S-1
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

ORAMED PHARMACEUTICALS INC.
(Exact Name of Registrant as Specified in Its Charter)

Nevada		98-0376008
(State or other jurisdiction of incorporation or organization)	2834 (Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification No.)

Hi-Tech Park 2/5
Givat-Ram
PO Box 39098
Jerusalem 91390, Israel
Telephone: 972-2-566-0001
(Address, Including Zip Code, and Telephone Number, Including Area Code, of Registrant's Principal Executive Offices)

The Corporation Trust Company of Nevada
6100 Neil Road, Suite 500,
Reno, Nevada, U.S.A., 89511
Telephone: (800) 624-0909
(Name, address, including zip code, and telephone number,
including area code, of agent for service)

Copies to:

Eliezer M. Helfgott, Esq.	Adam M. Klein, Adv.
Blank Rome LLP	Goldfarb, Levy, Eran, Meiri, Tzafrir & Co.
405 Lexington Avenue	2 Weizmann Street
New York, NY 10174	Tel-Aviv 64239, Israel
Telephone: (212) 885-5431	Telephone: 972-3-608-9947
Facsimile: (917) 332-3065	Facsimile: 972-3-608-9855

Approximate date of commencement of proposed sale to the public: From time to time after the effective date of this registration statement, as determined by market and other conditions.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933 check the following box. x

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of “large accelerated filer,” “accelerated filer” and “smaller reporting company” in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer: o	Accelerated filer: o
Non-accelerated filer: o (Do not check if a smaller reporting company)	Smaller reporting company: x

CALCULATION OF REGISTRATION FEE

Title of each class of securities to be registered	Amount To Be Registered (1)	Proposed Maximum Offering Price Per Unit (2)	Proposed Maximum Aggregate Offering Price	Amount of Registration Fee
Common Stock, $0.001 par value (3)	13,301,518	$ 0.42	$ 5,586,637	$ 398.33

(1) Pursuant to Rule 416(a) under the Securities Act of 1933, as amended (the "Act"), this registration statement shall be deemed to cover any additional number of shares of common stock as may be issued from time to time upon conversion of the warrants to prevent dilution as a result of stock splits, stock dividends or similar transactions. No additional consideration will be received for the common stock, and therefore no registration fee is required pursuant to Rule 457(i) under the Act.

(2) Estimated in accordance with Rule 457(c) under the Act, solely for the purpose of calculating the registration fee, based on the average bid and ask price of our common stock on January 4, 2010, as reported on the OTC Bulletin Board.

(3) Represents 8,493,015 shares of common stock of Oramed Pharmaceuticals Inc. being registered for resale that have been issued to the selling stockholders and 4,808,503 shares of common stock of Oramed Pharmaceuticals Inc. issuable upon exercise of warrants that have been issued to the selling stockholders.

THE REGISTRANT HEREBY AMENDS THIS REGISTRATION STATEMENT ON SUCH DATE OR DATES AS MAY BE NECESSARY TO DELAY ITS EFFECTIVE DATE UNTIL THE REGISTRANT SHALL FILE A FURTHER AMENDMENT WHICH SPECIFICALLY STATES THAT THIS REGISTRATION STATEMENT SHALL THEREAFTER BECOME EFFECTIVE IN ACCORDANCE WITH SECTION 8(a) OF THE SECURITIES ACT OR UNTIL THE REGISTRATION STATEMENT SHALL BECOME EFFECTIVE ON SUCH DATE AS THE COMMISSION, ACTING PURSUANT TO SAID SECTION 8(a), MAY DETERMINE.

Subject to completion. Dated January 11, 2010.

The information in this preliminary prospectus is not complete and may be changed. These securities may not be sold until the registration statement filed with the Securities and Exchange Commission is effective. This preliminary prospectus is not an offer to sell nor does it seek an offer to buy these securities in any jurisdiction where the offer or sale is not permitted

PROSPECTUS

ORAMED PHARMACEUTICALS INC.

13,301,518 SHARES OF COMMON STOCK

The selling stockholders identified in this prospectus may offer from time to time up to 8,493,015 shares of our common stock and 4,808,503 shares of our common stock issuable upon exercise of warrants.

This prospectus describes the general manner in which the shares may be offered and sold by the selling stockholders. If necessary, the specific manner in which the shares may be offered and sold will be described in a supplement to this prospectus.

While we will not receive any proceeds from the sale of the shares by the selling stockholders, we will receive cash proceeds equal to the total exercise price of any warrants that are exercised for cash.

Our common stock is quoted on the OTC Bulletin Board, or the OTCBB, under the symbol “ORMP.OB”. On January 8, 2010, the last reported bid price per share of our common stock as quoted on the OTCBB was $0.41 per share.

Investing in the shares involves risks. You should carefully read the “Risk Factors” beginning on page 6 of this prospectus before investing.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy or accuracy of this prospectus. Any representation to the contrary is a criminal offense.

The date of this prospectus is _____, 2010.

TABLE OF CONTENTS

You should rely only on the information contained in this prospectus. Neither we nor the selling stockholders have authorized any dealer, salesperson or other person to give any information or to make any representations to you other than the information contained in this prospectus. You must not rely on any information or representations not contained in this prospectus as if we had authorized it. The information contained in this prospectus is current only as of the date on the cover page of this prospectus and may change after that date. We do not imply that there has been no change in the information contained in this prospectus or in our affairs since that date by delivering this prospectus. Neither we nor the selling stockholders are making an offer of these securities in any state where the offer is not permitted.

As used in this prospectus, the terms “we”, “us”, “our”, the “Company”, “Oramed” and “Oramed Pharmaceuticals” mean Ora
Pharmaceuticals Inc., unless otherwise indicated.

All dollar amounts refer to U.S. dollars unless otherwise indicated.

PROSPECTUS SUMMARY

This summary highlights information contained elsewhere in this prospectus. Before making an investment decision, you should read the entire prospectus carefully, including the section entitled “Risk Factors”.

THE COMPANY

General

We are a pharmaceutical company engaged in the research and development of innovative pharmaceutical solutions, including an orally ingestible insulin capsule or tablet to be used for the treatment of individuals with diabetes, rectal application of insulin, use of oral ingestible capsules or tablets for delivery other polypeptides and use of rectal application for delivery of other polypeptides.

Oral Insulin: We are seeking to revolutionize the treatment of diabetes through our proprietary flagship product, an orally ingestible insulin capsule (ORMD0801) currently in Phase 2 clinical trials. Our technology allows insulin to travel from the gastrointestinal tract via the portal vein to the bloodstream, revolutionizing the manner in which insulin is delivered. It enables its passage in a more physiological manner than by current delivery methods of insulin.

Through our research and development efforts, we are developing an oral dosage form that will withstand the harsh chemical environment of the stomach or intestines and will be effective in delivering active insulin for the treatment of diabetes. The proteins and vehicles that are added to the insulin in the formulation process must not modify chemically or biologically, and the insulin and the dosage form must be safe to ingest.

Our research and development team has performed numerous animal studies to optimize the composition and functionality of their oral insulin (ORMD0801) modality and to demonstrate its safety and efficacy. Our studies have confirmed the feasibility of lowering blood glucose levels within an orally administered form of insulin that is both safe and effective.

Our technology is a platform that has the potential to deliver medications and vaccines orally that today can only be delivered via injection.

Diabetes: Diabetes is a disease in which the body does not produce or properly use insulin. Insulin is a hormone that causes sugar to be absorbed into cells, where the sugar is converted into energy needed for daily life. The cause of diabetes is attributed both to genetics (type 1 diabetes) and, most often, to environmental factors such as obesity and lack of exercise (type 2 diabetes).

According to the International Diabetes Federation ("IDF"), an estimated 285 million people worldwide currently live with diabetes. In the United States there are approximately 26.8 million people with diabetes, or 8.7% of the United States population. The IDF predicts that the number of people worldwide with diabetes will exceed 435 million in 2030 if the current rate of growth continues unchecked.

Diabetes now affects seven percent of the world’s adult population and claims four million lives every year. The disease is a leading cause of blindness, kidney failure, heart attack, stroke and amputation. Diabetes will cost the world economy at least $376 billion in 2010, or 11.6% of total world healthcare expenditure. By 2030, this number is projected to exceed $490 billion. More than 80% of diabetes spending is in the world’s richest countries and not in the poorer countries, where over 70% of people with diabetes now live.

The regions with the highest comparative prevalence rates are North America, where 10.2% of the adult population has diabetes, followed by the Middle East and North Africa region with 9.3%. The regions with the highest number of people living with diabetes are Western Pacific, where some 77 million people have diabetes and South East Asia with 59 million.

Each year seven million people develop diabetes. The most dramatic increases in type 2 diabetes have occurred in populations where there have been rapid and major improvements in living standards, demonstrating the important role played by lifestyle factors and the potential for reversing the global epidemic.

Intellectual Property: We own a portfolio of patents and patent applications covering our technologies and we are aggressively protecting these technology developments on a worldwide basis.

Management: We are led by a highly-experienced management team knowledgeable in the treatment of diabetes. Our Chief Medical and Technology Officer, Miriam Kidron, PhD, is a world-recognized pharmacologist and a biochemist and the innovator primarily responsible for our Oral Insulin technology development and know-how.

Scientific Advisory Board: Our management team has access to our internationally recognized Scientific Advisory Board whose members are thought-leaders in their respective areas. The Advisory Board comprises of Dr. Nir Barzilai, Professor Ele Ferrannini, Professor Avram Hershko, and Dr. Derek LeRoith.

Strategy

We plan to continue to conduct clinical trials to show the effectiveness of our technology. We intend to conduct studies and other tests necessary to file an Investigational New Drug ("IND") application with the U.S. Food and Drug Administration (the "FDA"). Additional clinical trials are planned in other countries such as Israel, India and South Africa, in order to substantiate our results as well as for purposes of future filings for drug approval in these countries. We also plan to conduct further research and development by deploying our proprietary drug delivery technology for the delivery of other polypeptides in addition to insulin, and to develop other innovative pharmaceutical products, flu vaccines, and use of rectal application for delivery of other polypeptides.

If our oral insulin capsule or other drug delivery solutions show significant promise in clinical trials, we plan to ultimately seek a strategic commercial partner, or partners, with extensive experience in the development, commercialization, and marketing of insulin applications and/or other orally digestible drugs. We anticipate such partner or partners would be responsible for, or substantially support, late stage clinical trials (Phase III) to ensure regulatory approvals and registrations in the appropriate markets in a timely manner. We further anticipate that such partner, or partners, would also be responsible for sales and marketing of our oral insulin capsule in these markets. Such planned strategic partnership, or partnerships, may provide a marketing and sales infrastructure for our products as well as financial and operational support for global clinical trials, post marketing studies, label expansions and other regulatory requirements concerning future clinical development in the United States and elsewhere. Any future strategic partner, or partners, may also provide capital and expertise that would enable the partnership to develop new oral dosage form for other polypeptides. We have not yet engaged in any meaningful discussions with potential partners and no assurance can be given that any third party would be interested in partnering with us. Under certain circumstances, we may determine to develop one or more of our oral dosage form on our own, either world-wide or in select territories.

In addition to developing our own oral dosage form drug portfolio, we are, on an on-going basis, considering in-licensing and other means of obtaining additional technologies to complement and/or expand our current product portfolio. Our goal is to create a well-balanced product portfolio that will enhance and complement our existing drug portfolio.

Product Development

Orally Ingestible Insulin: During fiscal year 2007 we conducted several clinical studies of our orally ingestible insulin. The studies were intended to assess both the safety/tolerability and absorption properties of our proprietary oral insulin. Based on the pharmacokinetic and pharmacologic outcomes of these trials, we decided to continue the development of our oral insulin product.

On November 15, 2007, we successfully completed animal studies in preparation for the Phase 1B clinical trial of our oral insulin capsule (ORMD 0801). On January 22, 2008, we commenced the non-FDA approved Phase 1B clinical trials with our oral insulin capsule, in healthy human volunteers with the intent of dose optimization. On March 11, 2008, we successfully completed our Phase 1B clinical trials.

On April 13, 2008, we commenced a non-FDA approved Phase 2A study to evaluate the safety and efficacy of our oral insulin capsule (ORMD 0801) in type 2 diabetic volunteers at Hadassah Medical Center in Jerusalem. On August 6, 2008, we announced the successful results of this trial.

In July 2008 we were granted approval by the Institutional Review Board Committee of Hadassah Medical Center in Jerusalem to conduct a non-FDA approved Phase 2A study to evaluate the safety and efficacy of our oral insulin capsule (ORMD 0801) on type 1 diabetic volunteers. On September 24, 2008, we announced the beginning of this trial. On July 21, 2009 we reported positive results from this trial.

On April 21, 2009, we entered into a consulting service agreement with ADRES Advanced Regulatory Services Ltd. ("ADRES"), pursuant to which ADRES will provide services for the purpose of filing an IND application with the FDA for a Phase 2 study according to the FDA requirements. The FDA approval process and, if approved, registration for commercial use as an oral drug can take several years.

In May 2009, we commenced a non-FDA approved Phase 2B study in South Africa to evaluate the safety, tolerability and efficacy of our oral insulin capsule (ORMD 0801) on type 2 diabetic volunteers. We are considering whether and when to conduct an additional non-FDA approved Phase 2B study in India.

Rectal Application of Insulin and Other Polypeptides: We filed two additional provisional patents for a suppository application to our technology portfolio. The first patent focuses on a rectal application for insulin. The second patent focuses on the usage of this rectal application to other polypeptides that at present are only available in injection.

On January 30, 2008, we entered into a master service agreement with OnQ Consulting; a clinical research organization located in Johannesburg, South Africa, to conduct non FDA approved clinical trials for the rectal application of insulin. On February 4, 2009, we announced that we had concluded a proof of concept study of the insulin suppositories.

On October 23, 2008 we commenced a non-FDA approved Phase 1A study to evaluate the safety and efficacy of our insulin suppository (ORMD 0802) on healthy volunteers, in South Africa.

As we believe that the potential commercial market for our oral insulin products are significantly greater than the potential commercial market for our rectal application products, we have determined to use our limited resources to research and develop our oral insulin capsules and tablets and have temporarily suspended our development of our recital application products.

GLP1 Analog: On September 16, 2008 we announced the launch of pre-clinical trials of ORMD 0901, a GLP1-analog. The pre-clinical trials include animal studies which suggest that the GLP-1analog (exenatide -4) when combined with Oramed's absorption promoters is absorbed through the gastrointestinal tract and retains its biological activity.

On September 9, 2009, we received approval from the Institutional Review Board (IRB) in Israel to commence human clinical trials of an oral GLP-1 Analog. The approval was granted after successful pre-clinical results were reported. The trials will be conducted on healthy volunteers at Hadassah University Medical Center in Jerusalem.

Glucagon-like peptide-1 (GLP-1) is an incretin hormone - a type of gastrointestinal hormone that stimulates the secretion of insulin from the pancreas. The incretin concept was hypothesized when it was noted surprisingly that glucose ingested by mouth (oral) stimulated two to three times more insulin release than the same amount of glucose administered intravenously. In addition to stimulating insulin release, GLP-1 was found to suppress glucagon release (hormone involved in regulation of glucose) from the pancreas, slow gastric emptying to reduce the rate of absorption of nutrients into the blood stream, and increase satiety. Other important beneficial attributes of GLP-1 are its effects of increasing the number of beta cells (cells that manufacture and release insulin) in the pancreas and, possibly,

protection of the heart.

Raw Materials: Our oral insulin capsule is currently manufactured by Swiss Caps AG, under a Clinical Trail Manufacturing Agreement. The raw materials required for the manufacturing of the capsule are purchased from third parties, under separate agreements. We generally depend upon a limited number of suppliers for the raw materials. Although alternative sources of supply for these materials are generally available, we could incur significant costs and disruptions in changing suppliers. The termination of our relationships with our suppliers or the failure of these suppliers to meet our requirements for raw materials on a timely and cost-effective basis could materially adversely affect our business, prospects, financial condition and results of operations.

THE OFFERING

Issuer	Oramed Pharmaceuticals Inc. Hi-Tech Park 2/5 Givat-Ram, PO Box 39098 Jerusalem 91390, Israel Telephone: 972-2-566-0001
Securities offered by the Selling Stockholders	8,493,015 shares of common stock and 4,808,503 shares of common stock issuable upon exercise of warrants.
Trading Market	The common stock offered in this prospectus is quoted on the OTCBB under the symbol “ORMP.OB”.
Common stock outstanding (as of January 10, 2010)	57,454,707 shares1.
Use of Proceeds	We will not receive any of the proceeds from the sale of the shares of our common stock being offered for sale by the selling stockholders. However, we may receive up to approximately $4.0 million in proceeds upon exercise of the warrants held by the selling stockholders, as the warrants have an average exercise price of $0.83 per share and are exercisable into 4,808,503 shares of our common stock. These potential proceeds will be used for the research and development of our products and for general working capital purposes. See “Use of Proceeds.”
Plan of Distribution	The selling stockholders, and their pledgees, donees, transferees or other successors in interest, may from time to time offer and sell, separately or together, some or all of the common stock covered by this prospectus. Registration of the common stock covered by this prospectus does not mean, however, that those shares necessarily will be offered or sold. See “Plan of Distribution.”
Risk Factors	Please read “Risk Factors” and other information included in this prospectus for a discussion of factors you should carefully consider before deciding to invest in the securities offered in this prospectus.

1 Does not include 17,103,697 shares of our common stock issuable upon the exercise of outstanding options and warrants.

RISK FACTORS

An investment in our securities involves a high degree of risk. You should consider carefully the following information about these risks, together with the other information contained in this prospectus before making an investment decision. Our business, prospects, financial condition, and results of operations may be materially and adversely affected as a result of any of the following risks. The value of our securities could decline as a result of any of these risks. You could lose all or part of your investment in our securities. Some of the statements in "Risk Factors" are forward looking statements.

Risks Related to Our Business

There is substantial doubt as to our ability to continue as a going concern.

Our financial statements were prepared on the assumption that we will continue as a going concern. We estimate that our cash reserves will not be sufficient to permit us to continue at our anticipated level of operations for our fiscal year ended August 31, 2010. During 2010, we plan to increase research and development, product development, and administrative expenses relating to our business, including expenses related to research and development related to our oral delivery platform. We intend to use our cash reserves, as well as other funds in the event that they shall become available on commercially reasonable terms, to finance these activities and other activities described herein, although we can provide no assurance that these additional funds will be available in the amounts or at the times we may require. If sufficient capital is not available, we would likely be required to scale back or terminate our research and development efforts. See "Risk Factors — We will need substantial additional capital in order to satisfy our business objectives."

We will need substantial additional capital in order to satisfy our business objectives.

To date, we have financed our operations principally through offerings of securities exempt from the registration requirements of the Securities Act. We believe that our available resources and cash flow will be sufficient to meet our anticipated working capital needs for a minimum of six months from the date of this prospectus. We estimate that we will require substantial additional financing at various intervals in order to continue our research and development programs, including significant requirements for operating expenses including intellectual property protection and enforcement, for pursuit of regulatory approvals, and for commercialization of our products. We can provide no assurance that additional funding will be available on a timely basis, on terms acceptable to us, or at all. In the event that we are unable to obtain such financing, we will not be able to fully develop and commercialize our technology. Our future capital requirements will depend upon many factors, including:

- continued scientific progress in our research and development programs;
- costs and timing of conducting clinical trials and seeking regulatory approvals and patent prosecutions;
- competing technological and market developments;
- our ability to establish additional collaborative relationships; and
- effects of commercialization activities and facility expansions if and as required.

If we cannot secure adequate financing when needed, we may be required to delay, scale back or eliminate one or more of our research and development programs or to enter into license or other arrangements with third parties to commercialize products or technologies that we would otherwise seek to develop ourselves and commercialize

ourselves. In such event, our business, prospects, financial condition, and results of operations may be adversely affected as we may be required to scale-back, eliminate, or delay development efforts or product introductions or enter into royalty, sales or other agreements with third parties in order to commercialize our products.

We are a development stage company with a history of losses and can provide no assurance as to our future operating results.

We are a development stage company with no revenues from our research and development activities. Consequently, we have incurred net losses and negative cash flows since inception. We currently have no product revenues, and may not succeed in developing or commercializing any products which could generate product or licensing revenues. We do not expect to have any products on the market for several years. In addition, development of our product candidates requires a process of pre-clinical and clinical testing, during which our products could fail. We may not be able to enter into agreements with one or more companies experienced in the manufacturing and marketing of therapeutic drugs and, to the extent that we are unable to do so, we will not be able to market our product candidates. Eventual profitability will depend on our success in developing, manufacturing, and marketing our product candidates. As of August 31, 2009 and 2008, we had working capital of $2,805,733 and $4,483,940, respectively, and stockholders' equity of $2,746,192 and $4,593,060, respectively. We generated no revenues to date. For the period from our inception on April 12, 2002 through August 31, 2009, the years ended August 31, 2009 and 2008, we incurred net losses of $(10,008,678), $(2,760,474), and $(2,769,271), respectively. We may never achieve profitability and expect to incur net losses in the foreseeable future. See "Management's Discussion and Analysis of Financial Condition and Results of Operations."

We rely upon patents to protect our technology. We may be unable to protect our intellectual property rights and we may be liable for infringing the intellectual property rights of others.

Our ability to compete effectively will depend on our ability to maintain the proprietary nature of our technologies. We currently hold several pending patent applications in the United States for our technologies covering oral administration of insulin and other proteins, rectal application for insulin, and oral administration of exenatides and proteins, and corresponding patent applications filed in Israel, South Africa and India. Further, we intend to rely on a combination of trade secrets and non-disclosure, and other contractual agreements and technical measures to protect our rights in our technology. We intend to depend upon confidentiality agreements with our officers, directors, employees, consultants, and subcontractors, as well as collaborative partners, to maintain the proprietary nature of our technology. These measures may not afford us sufficient or complete protection, and others may independently develop technology similar to ours, otherwise avoid our confidentiality agreements, or produce patents that would materially and adversely affect our business, prospects, financial condition, and results of operations. We believe that our technology is not subject to any infringement actions based upon the patents of any third parties; however, our technology may in the future be found to infringe upon the rights of others. Others may assert infringement claims against us, and if we should be found to infringe upon their patents, or otherwise impermissibly utilize their intellectual property, our ability to continue to use our technology could be materially restricted or prohibited. If this event occurs, we may be required to obtain licenses from the holders of this intellectual property, enter into royalty agreements, or redesign our products so as not to utilize this intellectual property, each of which may prove to be uneconomical or otherwise impossible. Licenses or royalty agreements required in order for us to use this technology may not be available on terms acceptable to us, or at all. These claims could result in litigation, which could materially adversely affect our business, prospects, financial condition, and results of operations.

The patent position of biopharmaceutical and biotechnology firms is generally uncertain and involves complex legal and factual questions. We do not know whether any of our current or future patent applications will result in the issuance of any patents. Even issued patents may be challenged, invalidated or circumvented. Patents may not provide a competitive advantage or afford protection against competitors with similar technology. Competitors or potential competitors may have filed applications for, or may have received patents and may obtain additional and proprietary rights to compounds or processes used by or competitive with ours. In addition, laws of certain foreign countries do not protect intellectual property rights to the same extent as do the laws of the United States.

Patent litigation is becoming widespread in the biopharmaceutical and biotechnology industry and we cannot predict how this will affect our efforts to form strategic alliances, conduct clinical testing or manufacture and market any products under development. If challenged, our patents may not be held valid. We could also become involved in interference proceedings in connection with one or more of our patents or patent applications to determine priority of invention. If we become involved in any litigation, interference or other administrative proceedings, we will likely incur substantial expenses and the efforts of our technical and management personnel will be significantly diverted. In addition, an adverse determination could subject us to significant liabilities or require us to seek licenses that may not be available on favorable terms, if at all. We may be restricted or prevented from manufacturing and selling our products in the event of an adverse determination in a judicial or administrative proceeding or if we fail to obtain necessary licenses.

Our commercial success will also depend significantly on our ability to operate without infringing the patents and other proprietary rights of third parties. Patent applications are, in many cases, maintained in secrecy until patents are issued. The publication of discoveries in the scientific or patent literature frequently occurs substantially later than the date on which the underlying discoveries were made and patent applications are filed. In the event of infringement or violation of another party's patent, we may be prevented from pursuing product development or commercialization. See “Business—Patents and Licenses.”

At present, our success depends primarily on the successful commercialization of the oral insulin capsule.

The successful commercialization of oral insulin capsule is crucial for our success. At present, our principal product is the oral insulin capsule. Our oral insulin capsule is in a very early stage of clinical development and faces a variety of risks and uncertainties. Principally, these risks include the following:

- future clinical trial results may show that the oral insulin capsule is not well tolerated by recipients at its effective doses or is not efficacious as compared to placebo;

- future clinical trial results may be inconsistent with previous preliminary testing results and data from our earlier studies may be inconsistent with clinical data;

- even if our oral insulin capsule is shown to be safe and effective for its intended purposes, we may face significant or unforeseen difficulties in obtaining or manufacturing sufficient quantities or at reasonable prices;

- our ability to complete the development and commercialization of the oral insulin capsule for our intended use is significantly dependent upon our ability to obtain and maintain experienced and committed partners to assist us with obtaining clinical and regulatory approvals for, and the manufacturing, marketing and distribution of, the oral insulin capsule on a worldwide basis;

- even if our oral insulin capsule is successfully developed, commercially produced and receive all necessary regulatory approvals, there is no guarantee that there will be market acceptance of the products; and

- our competitors may develop therapeutics or other treatments which are superior or less costly than our own with the result that our products, even if they are successfully developed, manufactured and approved, may not generate significant revenues.

If we are unsuccessful in dealing with any of these risks, or if we are unable to successfully commercialize our oral insulin capsule for some other reason, it would likely seriously harm our business.

We have limited experience in conducting clinical trials.

Clinical trials must meet FDA and foreign regulatory requirements. We have limited experience in designing, conducting and managing the preclinical studies and clinical trials necessary to obtain regulatory approval for our product candidates in any country. We have entered into agreements with Hadasit Medical Center, ETI Karle Clinical Pvt, Ltd., and OnQ Consulting to assist us in designing, conducting and managing our various clinical trials in Israel, South Africa, and India, respectively, as more fully described in "Description Business – Partnerships and Collaborative Agreements." Any failure of such consultants to fulfill their obligations could result in significant additional costs as well as delays in designing, consulting and completing clinical trials on our products.

Notwithstanding the assistance of such consultants, we may encounter problems in clinical trials that may cause us or the FDA or foreign regulatory agencies to delay, suspend or terminate our clinical trials at any phase. These problems could include the possibility that we may not be able to conduct clinical trials at our preferred sites, enroll a sufficient number of patients for our clinical trials at one or more sites or begin or successfully complete clinical trials in a timely fashion, if at all. Furthermore, we, the FDA or foreign regulatory agencies may suspend clinical trials at any time if we or they believe the subjects participating in the trials are being exposed to unacceptable health risks or if we or they find deficiencies in the clinical trial process or conduct of the investigation. If clinical trials of any of the product candidates fail, we will not be able to market the product candidate which is the subject of the failed clinical trials. The FDA and foreign regulatory agencies could also require additional clinical trials, which would result in

increased costs and significant development delays. Our failure to adequately demonstrate the safety and effectiveness of a pharmaceutical product candidate under development could delay or prevent regulatory approval of the product candidate and could have a material adverse effect on our business, prospects, financial condition, and results of operations.

We can provide no assurance that our products will obtain regulatory approval or that the results of clinical studies will be favorable.

The testing, marketing and manufacturing of any of our products will require the approval of the FDA or regulatory agencies of other countries. We have completed certain non-FDA clinical trials and pre-clinical trials for our products but have yet to conduct any FDA approved trials. We have retained Advanced Regulatory Services Ltd. to assist us in the preparation of an IND Application with the FDA to conduct an FDA approved Phase 2 study on our oral insulin capsule product but no application has yet been filed.

We cannot predict with any certainty the amount of time necessary to obtain regulatory approvals, including from the FDA or other foreign regulatory authorities, and whether any such approvals will ultimately be granted. In any event, review and approval by the regulatory bodies is anticipated to take a number of years. Preclinical and clinical trials may reveal that one or more of our products are ineffective or unsafe, in which event further development of such products could be seriously delayed or terminated. Moreover, obtaining approval for certain products may require the testing on human subjects of substances whose effects on humans are not fully understood or documented. Delays in obtaining necessary regulatory approvals of any proposed product and failure to receive such approvals would have an adverse effect on the product's potential commercial success and on our business, prospects, financial condition, and results of operations. In addition, it is possible that a product may be found to be ineffective or unsafe due to conditions or facts which arise after development has been completed and regulatory approvals have been obtained. In this event we may be required to withdraw such product from the market. See "Business – Governmental Regulation."

We are dependent upon third party suppliers of our raw materials.

We are dependent on outside vendors for our entire supply of the oral insulin capsule. While we believe that there are numerous sources of supply available, if the third party suppliers were to cease production or otherwise fail to supply us with quality raw materials in sufficient quantities on a timely basis and we were unable to contract on acceptable terms for these services with alternative suppliers, our ability to produce our products and to conduct testing and clinical trials would be materially adversely affected

We are highly dependent upon our ability to enter into agreements with collaborative partners to develop, commercialize, and market our products.

Our long-term strategy is to ultimately seek a strategic commercial partner, or partners, such as large pharmaceutical companies, with extensive experience in the development, commercialization, and marketing of insulin applications and/or other orally digestible drugs. We anticipate such partner or partners would be responsible for, or substantially support, late stage clinical trials (Phase III) and sales and marketing of our oral insulin capsule and other products. Such planned strategic partnership, or partnerships, may provide a marketing and sales infrastructure for our products as well as financial and operational support for global clinical trials, post marketing studies, label expansions and other regulatory requirements concerning future clinical development in the United States and elsewhere.

We have not yet engaged in any meaningful discussions with potential partners and no assurance can be given that any third party would be interested in partnering with us. We currently lack the resources to manufacture any of our product candidates on a large scale and we have no sales, marketing or distribution capabilities. In the event we are not able to enter into a collaborative agreement with a partner or partners, on commercially reasonable terms, or at all, we may be unable to commercialize our products, which would have a material adverse effect upon our business, prospects, financial condition, and results of operations.

The biotechnology and biopharmaceutical industries are characterized by rapid technological developments and a high degree of competition. We may be unable to compete with more substantial enterprises.

The biotechnology and biopharmaceutical industries are characterized by rapid technological developments and a high degree of competition. As a result, our products could become obsolete before we recoup any portion of our related research and development and commercialization expenses. These industries are highly competitive, and this competition comes both from biotechnology firms and from major pharmaceutical and chemical companies. Many of these companies have substantially greater financial, marketing, and human resources than we do (including, in some cases, substantially greater experience in clinical testing, manufacturing, and marketing of pharmaceutical products). We also experience competition in the development of our products from universities and other research

institutions and compete with others in acquiring technology from such universities and institutions. In addition, certain of our products may be subject to competition from products developed using other technologies. See "Business – Competition".

We have limited senior management resources and may be required to obtain more resources to manage our growth.

We expect the expansion of our business to place a significant strain on our limited managerial, operational, and financial resources. We will be required to expand our operational and financial systems significantly and to expand, train, and manage our work force in order to manage the expansion of our operations. Our failure to fully integrate our new employees into our operations could have a material adverse effect on our business, prospects, financial condition, and results of operations. Our ability to attract and retain highly skilled personnel is critical to our operations and expansion. We face competition for these types of personnel from other technology companies and more established organizations, many of which have significantly larger operations and greater financial, technical, human, and other resources than we have. We may not be successful in attracting and retaining qualified personnel on a timely basis, on competitive terms, or at all. If we are not successful in attracting and retaining these personnel, our business, prospects, financial condition, and results of operations will be materially adversely affected. See "Management's Discussion and Analysis of Financial Condition and Results of Operations," "Business – Strategy" and "Business—Employees."

We depend upon our senior management and skilled personnel and their loss or unavailability could put us at a competitive disadvantage.

We currently depend upon the efforts and abilities of our senior executives, as well as the services of several key consultants and other key personnel, including Dr. Miriam Kidron, our Chief Medical and Technology Officer. The loss or unavailability of the services of any of these individuals for any significant period of time could have a material adverse effect on our business, prospects, financial condition, and results of operations. We do not maintain "keyman" life insurance policies for any of our senior executives. In addition, recruiting and retaining qualified scientific personnel to perform future research and development work will be critical to our success. There is currently a shortage of employees with expertise in developing, manufacturing and commercialization of products and related clinical and regulatory affairs, and this shortage is likely to continue. Competition for skilled personnel is intense and turnover rates are high. Our ability to attract and retain qualified personnel may be limited. Our inability to attract and retain qualified skilled personnel would have a material adverse effect on our business, prospects, financial condition, and results of operations.

Fulfilling our obligations incident to being a public company will be expensive and time consuming.

As a public company, the Sarbanes-Oxley Act of 2002 and the related rules and regulations of the SEC, requires us to implement additional corporate governance practices and adhere to a variety of reporting requirements and complex accounting rules. Compliance with these public company obligations increases our legal and financial compliance costs and place significant additional demands on our finance and accounting staff and on our financial, accounting and information systems.

We became a publicly traded company through the acquisition of a public shell company, and we could be liable for unanticipated claims or liabilities as a result thereof.

We were originally incorporated on April 12, 2002 as an exploration stage company engaged in the acquisition and exploration of mineral properties. We were unsuccessful in implementing its business plan as a mineral exploration company and became a public shell company. On May 27, 2004, we executed a share exchange with the shareholders of Integrated Security Technologies, Inc., a New Jersey private corporation ("ISTI"). However, due to disappointing results, on May 31, 2005, effective as of May 27, 2004 we terminated the share exchange agreement with the shareholders of ISTI, and we again became a public shell company. We remained a public shell company until March 8, 2006, when we became a pharmaceutical company engaged in the development of innovative pharmacological solutions.

We face substantial risks associated with being a former public shell company, including absence of accurate or adequate public information concerning the public shell company; undisclosed liabilities; improper accounting; claims or litigation from former officers, directors, employees or stockholders; contractual obligations; and regulatory requirements. Although management performed due diligence on us, there can be no assurance that such risks do not occur. The occurrence of any such risk could materially adversely affect our financial condition.

Healthcare policy changes, including pending proposals to reform the U.S. healthcare system, may harm our future business.

Healthcare costs have risen significantly over the past decade. There have been and continue to be proposals by legislators, regulators and third-party payors to keep these costs down. Certain proposals, if passed, would impose limitations on the prices we will be able to charge for the products that we are developing, or the amounts of reimbursement available for these products from governmental agencies or third-party payors. These limitations could in turn reduce the amount of revenues that we will be able to generate in the future from sales of our products and licenses of our technology.

Significantly, the Obama administration and congressional and state leaders have expressed a strong desire to reform the U.S. health care system. Recently, President Obama and members of Congress have proposed significant reforms. On November 7, 2009, the House of Representatives passed and, on December 24, 2009, the Senate passed health reform legislation that would require most individuals to have health insurance, establish new regulations on health plans, create insurance pooling mechanisms and a government health insurance option to compete with private plans and other expanded public health care measures. This legislation also would reduce Medicare spending on services provided by hospitals and other providers.

Various healthcare reform proposals have also emerged at the state level. We cannot predict what healthcare initiatives, if any, will be implemented at the federal or state level, or the effect any future legislation or regulation will have on us. However, an expansion in government's role in the U.S. healthcare industry may lower the future revenues for the products we are developing and adversely affect our future business, possibly materially.

Risks Related to our Common Stock

As the market price of our common stock may fluctuate significantly, this may make it difficult for you to sell your shares of common stock when you want or at prices you find attractive.

The price of our common stock is quoted on the OTCBB and constantly changes. In recent years, the stock market in general has experienced extreme price and volume fluctuations. We expect that the market price of our common stock will continue to fluctuate. These fluctuations may result from a variety of factors, many of which are beyond our control. These factors include:

- Clinical trial results,
- The amount of cash resources and ability to obtain additional funding,
- Announcements of research activities, business developments, technological innovations or new products by companies or their competitors,
- Entering into or terminating strategic relationships,
- Changes in government regulation,
- Departure of key personnel,
- Disputes concerning patents or proprietary rights,
- Changes in expense level,
- Future sales of our equity or equity-related securities,
- Public concern regarding the safety, efficacy or other aspects of the products or methodologies being developed,
- Activities of various interest groups or organizations,
- Media coverage, and
- Status of the investment markets.

Future sales of common stock or the issuance of securities senior to our common stock or convertible into, or exchangeable or exercisable for, our common stock could materially adversely affect the trading price of our common stock, and our ability to raise funds in new equity offerings.

Future sales of substantial amounts of our common stock or other equity-related securities in the public market or privately, or the perception that such sales could occur, could adversely affect prevailing trading prices of our common stock and could impair our ability to raise capital through future offerings of equity or other equity-related securities. We anticipate that we will need to raise capital though offerings of equity and equity related securities. We can make no prediction as to the effect, if any, that future sales of shares of our common stock or equity-related securities, or the availability of shares of common stock for future sale, will have on the trading price of our common stock. We are also registering for sale by us pursuant to a separate prospectus 24,000,000 shares of common stock, 12,000,000 warrants and 12,000,000 shares of common stock issuable upon exercise of such warrants.

If our common stock is deemed to be a “penny stock,” it may make it more difficult for investors to sell their shares due to suitability requirements. Low-priced stocks are sometimes the subject of fraud and abuse.

The Securities and Exchange Commission, or the SEC, has adopted regulations that generally define “penny stock” to be an equity security that has a market price of less than $5.00 per share, subject to specific exemptions, such as if the issuer of the security has net tangible assets in excess of $2,000,000. The market price of our common stock is currently less than $5.00 per share, although our net tangible assets as of August 31, 2009 exceeded $2,000,000. Therefore, our common stock is not currently a “penny stock” according to SEC rules, although it was a "penny stock" in the past. Designation as a "penny stock" requires any broker or dealer selling these securities to disclose certain information concerning the transaction, obtain a written agreement from the purchaser, furnish the customer a document describing the risks of investing in penny stocks and send monthly account statements showing the market value of each penny stock held in the customer’s account. These rules may restrict the ability of brokers or dealers to sell penny stocks.

You should be aware that, according to the SEC, the market for penny stocks has suffered in recent years from patterns of fraud and abuse. These could affect low-priced stocks, such as ours, even if they do not qualify as "penny stocks" under the SEC rules. Such patterns include:

- Control of the market for the security by one or a few broker-dealers;
- “Boiler room” practices involving high-pressure sales tactics;
- Manipulation of prices through prearranged matching of purchases and sales;
- The release of misleading information;
- Excessive and undisclosed bid-ask differentials and markups by selling broker-dealers; and
- Dumping of securities by broker-dealers after prices have been manipulated to a desired level, which hurts the price of the stock and causes investors to suffer loss.

We are aware of the abuses that have occurred in the market for low-priced stocks. Although we do not expect to be in a position to dictate the behavior of the market or of broker-dealers who participate in the market, we will strive within the confines of practical limitations to prevent such abuses with respect to our common stock.

Future sales of our common stock by our existing stockholders could adversely affect our stock price.

The market price of our common stock could decline as a result of sales of a large number of shares of our common stock in the market, or the perception that these sales could occur. These sales also might make it more difficult for us to sell equity securities in the future at a time and at a price that we deem appropriate. As of January 10, 2010, we have outstanding 57,454,707 shares of common stock. This prospectus relates to 8,493,015 shares of common stock held by the selling stockholders and 4,808,503 shares of common stock issuable upon exercise of warrants held by the selling stockholders. We are also registering on a separate registration statement a concurrent primary public offering of 24,000,000 shares of common stock, 12,000,000 warrants and 12,000,000 shares of common stock issuable upon exercise of such warrants.

Our issuance of warrants and options to investors, employees and consultants may have a negative effect on the trading prices of our common stock as well as a dilutive effect.

We have issued and may continue to issue warrants, options and convertible notes at, above or below the current market price. As of January 10, 2010, we had outstanding 17,103,697 warrants and options (18,017,697 as of August 31, 2009 and 16,611,697 as of August 31, 2008). In addition to the dilutive effect of a large number of shares and a low exercise price for the warrants and options, there is a potential that a large number of underlying shares may be sold in the open market at any given time, which could place downward pressure on the trading of our common stock.

Because we will not pay cash dividends, investors may have to sell shares in order to realize their investment.

We have not paid any cash dividends on our common stock and do not intend to pay cash dividends in the foreseeable future. We intend to retain future earnings, if any, for reinvestment in the development and expansion of our business. Any credit agreements which we may enter into with institutional lenders or otherwise may restrict our ability to pay dividends. Whether we pay cash dividends in the future will be at the discretion of our board of directors and will be dependent upon our financial condition, results of operations, capital requirements, and any other factors that our board of directors decides is relevant. See “Market Price and Dividends” and “Description of Common Stock”.

Our shares of common stock are not listed for trading on a national securities exchange.

Our common stock currently trades on the OTCBB and is not listed for trading on any national securities exchange. Investments in securities trading on the OTCBB are generally less liquid than investments in securities trading on a national securities exchange. The failure of our shares to be approved for trading on a national securities exchange may have the effect of limiting the trading activity of our common stock and reducing the liquidity of an investment in our common stock.

Risks Related to Conducting Business in Israel

We are affected by the political, economic, and military risks of locating our principal operations in Israel.

Our operations are located in the State of Israel, and we are directly affected by political, economic, and security conditions in that country. Since the establishment of the State of Israel in 1948, a number of armed conflicts have taken place between Israel and its Arab neighbors. In addition, since December 1987, the State of Israel has experienced severe civil unrest primarily in the areas that came under its control in 1967. No prediction can be made as to whether these problems will be resolved. Our business, prospects, financial condition, and results of operations could be materially adversely affected if major hostilities involving Israel should occur or if trade between Israel and its current trading partners is interrupted or curtailed.

All adult male permanent residents of Israel, unless exempt, may be required to perform military reserve duty annually. Additionally, all such residents are subject to being called to active duty at any time under emergency circumstances. Some of our officers, directors, and employees currently are obligated to perform annual military reserve duty. We can provide no assurance that such requirements will not have a material adverse effect on our business, prospects, financial condition, and results of operations in the future, particularly if emergency circumstances occur.

Because all of our officers and directors are located in non-U.S. jurisdictions, you may have no effective recourse against our management for misconduct.

All of our directors and officers are nationals and/or residents of countries other than the United States, and all or a substantial portion of their assets are located outside the United States. As a result, it may be difficult for investors to enforce within the United States any judgments obtained against any of our officers or directors, including judgments predicated upon the civil liability provisions of the securities laws of the United States or any U.S. state. Additionally, it may be difficult to enforce civil liabilities under U.S. federal securities law in original actions instituted in Israel. Israeli courts may refuse to hear a claim based on a violation of U.S. securities laws because Israel is not the most appropriate forum to bring such a claim. In addition, even if an Israeli court agrees to hear a claim, it may determine that Israeli law and not U.S. law is applicable to the claim. If U.S. law is found to be applicable, the content of applicable U.S. law must be proved as a fact, which can be a time-consuming and costly process. Certain matters of procedure will also be governed by Israeli law.

-12-

FORWARD-LOOKING STATEMENTS

This prospectus and any prospectus supplement may contain forward-looking statements within the meaning of the federal securities laws regarding our business, financial condition, results of operations and prospects. Words such as "expects," "anticipates," "intends," "plans," "believes," "seeks," "estimates" and similar expressions or variations of such wo intended to identify forward-looking statements, but are not deemed to represent an all-inclusive means of identifying forward-looking statements as denoted in this prospectus. Additionally, statements concerning future matters are forward-looking statements.

Although forward-looking statements in this prospectus reflect the good faith judgment of our management, such statements can only be based on facts and factors currently known by us. Consequently, forward-looking statements are inherently subject to risks and uncertainties and actual results and outcomes may differ materially from the results and outcomes discussed in or anticipated by the forward-looking statements. Factors that could cause or contribute to such differences in results and outcomes include, without limitation, those specifically addressed under the heading "Risks Related to Our Business" above, as well as those discussed elsewhere in this prospectus. Readers are urged not to place undue reliance on these forward-looking statements, which speak only as of the date of this prospectus. We undertake no obligation to revise or update any forward-looking statements in order to reflect any event or circumstance that may arise after the date of this prospectus. Readers are urged to carefully review and consider the various disclosures made throughout the entirety of this prospectus which attempt to advise interested parties of the risks and factors that may affect our business, financial condition, results of operations and prospects.

USE OF PROCEEDS

We will not receive any of the proceeds from the sale of the shares of our common stock being offered for sale by the selling stockholders. However, we may receive up to approximately $4.0 million in proceeds upon exercise of the warrants held by the selling stockholders, as the warrants have an average exercise price of $0.83 per share and are exercisable into 4,808,503 shares of our common stock. None of the selling stockholders have presently advised us of their intention to exercise any warrants at this time. All potential proceeds will be used for the research and development of our products and for general working capital purposes. We will incur all costs associated with this registration statement and prospectus.

MARKET PRICE AND DIVIDENDS

Market Price for our Common Stock

Our common stock is quoted on the OTCBB under the symbol “ORMP.OB”. We had 57,454,707 shares of common stock issued and outstanding and approximately 58 holders of record of the common stock as of January 10, 2010. We believe that a number of stockholders hold their shares of our common stock in brokerage accounts and registered in the name of stock depositories. The quarterly high and low reported bid prices for our common stock as quoted on the OTCBB for the periods indicated are as follows:

	High	Low
Fiscal Year Ending August 31, 2010		
First Quarter	$ 0.64	$ 0.43
Second Quarter (through January 8, 2010)	$ 0.48	$ 0.37
Year Ended August 31, 2009		
First Quarter	$ 0.76	$ 0.36
Second Quarter	$ 0.52	$ 0.25
Third Quarter	$ 0.62	$ 0.20
Fourth Quarter	$ 0.59	$ 0.40
Year Ended August 31, 2008		
First Quarter	$ 0.48	$ 0.23
Second Quarter	$ 0.67	$ 0.21
Third Quarter	$ 0.66	$ 0.45
Fourth Quarter	$ 1.00	$ 0.60

The foregoing quotations were provided by Yahoo! Finance and the quotations reflect inter-dealer prices, without retail mark-up, mark-down or commission and may not represent actual transactions. The last reported bid price per share of common stock as quoted on the OTCBB was $0.41 on January 8, 2010.

Dividend Policy

We have never paid any cash dividends on our capital stock and do not anticipate paying any cash dividends on our common stock in the foreseeable future. We intend to retain future earnings to fund ongoing operations and future capital requirements of our business. Any future determination to pay cash dividends will be at the discretion of our board of directors and will be dependent upon our financial condition, results of operations, capital requirements and such other factors as our board deems relevant.

MANAGEMENT'S DISCUSSION AND ANALYSIS

OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis should be read in conjunction with our audited Financial Statements and Notes thereto for the years ended August 31, 2009 and 2008.

Overview of Operations

We are a pharmaceutical company engaged in the research and development of innovative pharmaceutical solutions, including an orally ingestible insulin pill to be used for the treatment of individuals with diabetes, rectal application of insulin, flu vaccines, use of oral ingestible pills for delivery other polypeptides and use of rectal application for delivery of other polypeptides.

Short Term Business Strategy

We plan to conduct further research and development on the technology covered by the patent application "Methods and Composition for Oral Administration of Proteins", which we acquired from Hadasit Medical Services and Development Ltd., as well as the other patents we have filed since. Through our research and development efforts, we are seeking to develop an oral dosage form that will withstand the harsh chemical environment of the stomach or intestines and will be effective in delivering active insulin for the treatment of diabetes. The enzymes and vehicles that are added to the insulin in the formulation process must not modify chemically or biologically the insulin and the dosage form must be safe to ingest. We plan to continue to conduct clinical trials to show the effectiveness of our technology. We intend to conduct the clinical trials necessary to file an IND application with the FDA. Additional clinical trials are planned in other countries such as Israel, India and South Africa, in order to substantiate our results as well as for purposes of making future filings for drug approval in these countries. We also plan to conduct further research and development by deploying our proprietary drug delivery technology for the delivery of other polypeptides in addition to insulin, and to develop other innovative pharmaceutical products, including an insulin suppository and use of rectal application for delivery of other polypeptides.

Long Term Business Strategy

If our oral insulin capsule or other drug delivery solutions show significant promise in clinical trials, we plan to ultimately seek a strategic commercial partner, or partners, with extensive experience in the development, commercialization, and marketing of insulin applications and/or other orally digestible drugs. We anticipate such partner or partners would be responsible for, or substantially support, late stage clinical trials (Phase III) to ensure regulatory approvals and registrations in the appropriate markets in a timely manner. We further anticipate that such partner, or partners, would also be responsible for sales and marketing of our oral insulin capsule in these markets. Such planned strategic partnership, or partnerships, may provide a marketing and sales infrastructure for our products as well as financial and operational support for global clinical trials, post marketing studies, label expansions and other regulatory requirements concerning future clinical development in the United States and elsewhere. Any future strategic partner, or partners, may also provide capital and expertise that would enable the partnership to develop new oral dosage form for other polypeptides. We have not yet engaged in any meaningful discussions with potential partners and no assurance can be given that any third party would be interested in partnering with us. Under certain circumstances, we may determine to develop one or more of our oral dosage form on our own, either world-wide or in select territories.

Other Planned Strategic Activities

In addition to developing our own oral dosage form drug portfolio, we are, on an on-going basis, considering in-licensing and other means of obtaining additional technologies to complement and/or expand our current product portfolio. Our goal is to create a well-balanced product portfolio that will enhance and complement our existing drug portfolio.

Results of Operations

Going concern assumption

The accompanying financial statements have been prepared assuming that we will continue as a going concern. We have net losses for the period from inception (April 12, 2002) through August 31, 2009 of $10,008,678, as well as negative cash flow from operating activities. Based upon our existing spending commitments, estimated at $4.6 million for the twelve months following September 1, 2009, and our cash availability, we do not have sufficient cash resources to meet our liquidity requirements through August 31, 2010. Accordingly, these factors raise substantial doubt about our ability to continue as a going concern. Management is in the process of evaluating various financing alternatives as we will need to finance future research and development activities and general and administrative expenses through fund raising in the public or private equity markets. Although there is no assurance that we will be successful with those initiatives, management believes that it will be able to secure the necessary financing as a result of ongoing financing discussions with third party investors and existing shareholders.

The financial statements do not include any adjustments that may be necessary should we be unable to continue as a going concern. Our continuation as a going concern is dependent on our ability to obtain additional financing as may be required and ultimately to attain profitability.

Critical accounting policies

Valuation of options and warrants: We granted options to purchase shares of our common stock to employees and consultants and issued warrants in connection with fund raising.

We account for share based payments in accordance with Statement of Financial Accounting Standards No. 123 (revised 2004), "Share-based Payment" ("SFAS 123R"). SFAS 123R requires awards classified as equity awards be accounted for using the grant-date fair value method. The fair value of share-based payment transactions is recognized as an expense over the requisite service period, net of estimated forfeitures. We estimated forfeitures based on historical experience and anticipated future conditions.

We elected to recognize compensation cost for an award with only service conditions that has a graded vesting schedule using the accelerated method based on the multiple-option award approach.

When stock options are granted as consideration for services provided by consultants and other non-employees, the transaction is accounted for based on the fair value of the consideration received or the fair value of the stock options issued, whichever is more reliably measurable, pursuant to the guidance in Emerging Issues Task Force ("EITF") 96-18, "Accounting for Equity Instruments that are Issued to Other Than Employees for Acquiring, or in Conjunction with Selling, Goods or Services" (ËITF 96-18"). The fair value of the options granted is measured on a final basis at the end of the related service period and is recognized over the related service period using the straight-line method.

Taxes on income: Deferred taxes are determined utilizing the asset and liability method based on the estimated future tax effects of differences between the financial accounting and tax bases of assets and liabilities under the applicable tax laws. Deferred tax balances are computed using the tax rates expected to be in effect when those differences reverse. A valuation allowance in respect of deferred tax assets is provided if, based upon the weight of available evidence, it is more likely than not that some or all of the deferred tax assets will not be realized. We have provided a full valuation allowance with respect to its deferred tax assets.

Regarding the Subsidiary, paragraph 9(f) of FAS 109, "Accounting for Income Taxes", prohibits the recognition of deferred tax liabilities or assets that arise from differences between the financial reporting and tax bases of assets and liabilities that are measured from the local currency into dollars using historical exchange rates, and that result from changes in exchange rates or indexing for tax purposes. Consequently, the abovementioned differences were not reflected in the computation of deferred tax assets and liabilities.

As of September 1, 2007, we adopted FASB Interpretation No. 48, ''Accounting for Uncertainty in Income Taxes - an Interpretation of FASB Statement No. 109'' (''FIN 48''). FIN 48 specifies how tax benefits for uncertain tax positions are to be recognized, measured and derecognized in financial statements; requires certain disclosures of uncertain tax positions; specifies how reserves for uncertain tax positions should be classified on the balance sheet; and provides transition and interim-period guidance, among other provisions. On May 2, 2007, the FASB issued FASB Staff Position No. FIN 48-1, ''Definition of Settlement in FASB Interpretation No. 48-1'' (''FSP FIN 48-1''). FSP FIN 48-1 provides guidance regarding how an entity should determine whether a tax position is effectively settled for the purpose of recognizing previously unrecognized tax benefits.

The following table summarizes certain statements of operations data for us for the twelve months period ended August 31, 2009 and 2008:

	Year ended	
Operating Data:	August 31, 2009	August 31, 2008
Research and development expenses	$ 1,522,188	$ 1,210,494
General and administrative expenses	1,261,930	1,469,517
Financial income, net	(21,047)	(72,904)
Loss before taxes on income	(2,763,071)	(2,607,107)
Taxes on income	(2,597)	162,164
Net loss for the period	$ (2,760,474)	$ (2,769,271)
Loss per common share – basic and diluted	$ (0.05)	$ (0.06)
Weighted average common shares outstanding	56,645,820	48,604,889

Research and development expenses

Research and development expenses include costs directly attributable to the conduct of research and development programs, including the cost of salaries, payroll taxes, employee benefits, costs of registered patents materials, supplies, the cost of services provided by outside contractors, including services related to our clinical trials, clinical trial expenses, the full cost of manufacturing drug for use in research, preclinical development. All costs associated with research and development are expensed as incurred.

Clinical trial costs are a significant component of research and development expenses and include costs associated with third-party contractors. We outsource a substantial portion of our clinical trial activities, utilizing external entities such as contract research organizations, independent clinical investigators, and other third-party service providers to assist us with the execution of our clinical studies. For each clinical trial that we conduct, certain clinical trial costs are expensed immediately, while others are expensed over time based on the expected total number of patients in the trial, the rate at which patients enter the trial, and the period over which clinical investigators or contract research organizations are expected to provide services.

Clinical activities which relate principally to clinical sites and other administrative functions to manage our clinical trials are performed primarily by CROs. CROs typically perform most of the start-up activities for our trials, including document preparation, site identification, screening and preparation, pre-study visits, training, and program management.

Clinical trial and pre-clinical trial expenses include regulatory and scientific consultants' compensation and fees, research expenses, purchase of materials, cost of manufacturing of the oral insulin capsules, payments for patient recruitment and treatment, costs related to the maintenance of our registered patents, costs related to the filings of patent applications, as well as salaries and related expenses of research and development staff.

During the year ended August 31, 2009, research and development expenses totaled $1,522,188, compared to $1,210,494 for the year ended August 31, 2008. The increase is mainly attributable to increased clinical trial activities, materials and consulting costs. In August 2009, Oramed Ltd., our wholly owned Israeli subsidiary, was awarded a government grant amounting to a total net amount of NIS 3.1 million (approximately $813,000), from the Office of the Chief Scientist (OCS) of the Ministry of Industry, Trade and Labor of Israel. This grant will be used for

research and development expenses for the period of February 2009 to January 2010. The grant is subject to repayment according to the terms determined by the OCS and applicable law. See "—Government Grants" below. The funds will be designated and used by Oramed Ltd. to support further R&D and clinical study of its oral insulin capsule and Oral GLP1-Analog.. The research and development expenses for the year ended August 31, 2009 are presented less a participation amount of $400,405 which was incurred from February 1, 2009 to August 31, 2009. The research and development costs include stock based compensation costs, which during the year ended August 31, 2009 totaled $264,861 as compared to $285,336 during the year ended August 31, 2008.

Government Grants

The Government of Israel encourages research and development projects through the Office of Chief Scientist of the Israeli Ministry of Industry, Trade and Labor, or the OCS, pursuant to the Law for the Encouragement of Industrial Research and Development, 1984, as amended, commonly referred to as the "R&D Law". Under the R&D Law, a research and development plan that meets specified criteria is eligible for a grant of up to 50% of certain approved research and development expenditures. Each plan must be approved by the OCS.

In the year ended August 31, 2009, we recognized research and development grants in an amount of $400,405. As of August 31, 2009, we had no contingent liabilities to the OCS.

Under the terms of the grants we received from the OCS, we are obligated to pay royalties of 3% to 3.5% on all revenues derived from the sale of the products developed pursuant to the funded plans, including revenues from licenses. Royalties are payable up to 100% of the amount of such grants, or up to 300% as detailed below, linked to the U.S. Dollar, plus annual interest at LIBOR.

The R&D Law generally requires that a product developed under a program be manufactured in Israel. However, upon notification to the OCS, up to 10% of a company's approved Israeli manufacturing volume, measured on an aggregate basis, may be transferred out of Israel. In addition, upon the approval of the Chief Scientist, a greater portion of the manufacturing volume may be performed outside of Israel, provided that the grant recipient pays royalties at an increased rate, which may be substantial, and the aggregate repayment amount is increased up to 300% of the grant, depending on the portion of the total manufacturing volume that is performed outside of Israel. The R&D Law further permits the OCS, among other things, to approve the transfer of manufacturing rights outside Israel in exchange for an import of different manufacturing into Israel as a substitute, in lieu of the increased royalties. The R&D Law also allows for the approval of grants in cases in which the applicant declares that part of the manufacturing will be performed outside of Israel or by non-Israeli residents and the research committee is convinced that doing so is essential for the execution of the program. This declaration will be a significant factor in the determination of the OCS whether to approve a program and the amount and other terms of benefits to be granted. For example, an increased royalty rate and repayment amount might be required in such cases.

The R&D Law also provides that know-how developed under an approved research and development program may not be transferred to third parties in Israel without the approval of the research committee. Such approval is not required for the sale or export of any products resulting from such research or development. The R&D Law further provides that the know-how developed under an approved research and development program may not be transferred to any third parties outside Israel, except in certain special circumstances and subject to the OCS' prior approval. The OCS may approve the transfer of OCS-funded know-how outside Israel, generally in the following cases: (a) the grant recipient pays to the OCS a portion of the sale price paid in consideration for such OCS-funded know-how (according to certain formulas), or (b) the grant recipient receives know-how from a third party in exchange for its OCS-funded know-how, or (c) such transfer of OCS-funded know-how arises in connection with certain types of cooperation in research and development activities.

The R&D Law imposes reporting requirements with respect to certain changes in the ownership of a grant recipient. The law requires the grant recipient and its controlling shareholders and foreign interested parties to notify the OCS of any change in control of the recipient or a change in the holdings of the means of control of the recipient that results in a non-Israeli becoming an interested party directly in the recipient, and requires the new interested party to undertake to the OCS to comply with the R&D Law. In addition, the rules of the OCS may require additional information or representations in respect of certain such events. For this purpose, "control" is defined as the ability to direct the activities of a company other than any ability arising solely from serving as an officer or director of the company. A person is presumed to have control if such person holds 50% or more of the means of control of a

company. "Means of control" refers to voting rights or the right to appoint directors or the chief executive officer. An "interested party" of a company includes a holder of 5% or more of its outstanding share capital or voting rights, its chief executive officer and directors, someone who has the right to appoint its chief executive officer or at least one director, and a company with respect to which any of the foregoing interested parties owns 25% or more of the outstanding share capital or voting rights or has the right to appoint 25% or more of the directors. Accordingly, any non-Israeli who acquires 5% or more of our ordinary shares will be required to notify the OCS that it has become an interested party and to sign an undertaking to comply with the R&D Law.

General and administrative expenses

General and administrative expenses include the salaries and related expenses of our management, consulting costs, legal and professional fees, traveling, business development costs, insurance expenses and other general costs.

For the year ended August 31, 2009, general and administrative expenses totaled $1,261,930 compared to $1,469,517 for the year ended August 31, 2008. Costs incurred related to general and administrative activities during the year ended August 31, 2009 reflect a decrease of professional, legal and consulting expenses and a decrease in investor relations and public relations expenses. During the year ended August 31, 2009, as part of our general and administrative expenses, we incurred $288,338 related to stock options granted to employees and consultants, as compared to $378,113 during the year ended August 31, 2008.

Financial income/expense, net

During the year ended August 31, 2009 and 2008, we generated interest income on available cash and cash equivalents, which was offset by bank charges and imputed interest.

The decrease in the interest income for the year ended August 31, 2009 as compared with the year ended August 31, 2008 is attributable to the decrease in interest rates in both the United States and the state of Israel.

Liquidity and Capital Resources

Through August 31, 2009, we incurred losses in an aggregate amount of $10,008,678. We have financed our operations through the private placements of equity and debt financing. Since inception through August 31, 2009, we have financed our operations through the private placements of equity and debt financings, raising a total of $8,308,785, net of transaction costs. We will seek to obtain additional financing through similar sources. As of August 31, 2009, we had $1,716,866 of available cash as well as $1,000,000 in short term interest bearing investments. We anticipate that we will require approximately $4.6 million to finance our activities during the twelve months following September 1, 2009.

Management is in the process of evaluating various financing alternatives as we will need to finance future research and development activities and general and administrative expenses through fund raising in the public or private equity markets. Although there is no assurance that we will be successful with those initiatives, management believes that it will be able to secure the necessary financing as a result of ongoing financing discussions with third party investors and existing shareholders as well as receive additional funding from the OCS.

Our recent financing activities include the following:

- On August 3, 2007, we completed a private placement for the sale of 510,000 units at a purchase price of $0.50 per unit for a total consideration of $255,000. Each unit consisted of one share of common stock and one share purchase warrant. Each share purchase warrant entitles the holder to purchase one share of common stock for a period of 3 years at an exercise price of $0.75.

- On September 7, 2007, we issued 283,025 shares of common stock, valued at $113,210, to a third party for services rendered in the prior year.

- On November 8, 2007, we issued 10,000 shares as a finder’s fee to a placement agent, valued at $2,900.

- On July 14, 2008 we completed a private placement to twenty-nine accredited investors pursuant to which we sold to the investors an aggregate of 8,524,669 shares of common stock at a purchase price of $0.60 per share. The investors also received three-year warrants to purchase an aggregate of 4,262,337 shares of common stock at an exercise price of $0.90 per share. We paid $85,000 to a director as a finder’s fee and issued an aggregate of 143,333 shares of common stock to four other individuals as finder’s fees in connection with the private placement.

- On October 17, 2008, we issued 203,904 shares of common stock, valued at $152,928, to a third party for services rendered in the prior year.

- On September 11, 2009, we issued 569,887 shares of common stock, valued at $203,699, to a third party for services rendered in the prior year.

- On December 29, 2009, we issued 328,110 shares of common stock, valued at $169,500, to a third party for services rendered in the prior year.

- On December 29, 2009, we issued 100,000 shares of common stock, valued at $12,500, to a third party for services that will be rendered in the six months beginning December 15, 2009.

Off-Balance Sheet Arrangements

We have no off-balance sheet arrangements.

Planned Expenditures

The estimated expenses referenced herein are in accordance with our business plan. Since our technology is still in the development stage, it can be expected that there will be changes in some budgetary items. Our planned expenditures for the twelve months beginning September 1, 2009 are as follows:

Category	Amount
Research & Development, net of OCS funds	$ 3,112,000
General & Administrative expenses	1,511,000
Finance income, net	10,000
Taxes on income	13,000
Total	$ 4,626,000

As previously indicated we are planning to conduct further clinical studies as well as file an IND application with the FDA for our orally ingested insulin. Our ability to proceed with these activities is dependent on several major factors including the ability to attract sufficient financing on terms acceptable to us.

OUR BUSINESS

General

We are a pharmaceutical company engaged in the research and development of innovative pharmaceutical solutions, including an orally ingestible insulin capsule or tablet to be used for the treatment of individuals with diabetes, rectal application of insulin, use of oral ingestible capsules or tablets for delivery other polypeptides and use of rectal application for delivery of other polypeptides.

Oral Insulin: We are seeking to revolutionize the treatment of diabetes through our proprietary flagship product, an orally ingestible insulin capsule (ORMD0801) currently in Phase 2 clinical trials. Our technology allows insulin to travel from the gastrointestinal tract via the portal vein to the bloodstream, revolutionizing the manner in which insulin is delivered. It enables its passage in a more physiological manner than by current delivery methods of insulin.

Through our research and development efforts, we are developing an oral dosage form that will withstand the harsh chemical environment of the stomach or intestines and will be effective in delivering active insulin for the treatment of diabetes. The proteins and vehicles that are added to the insulin in the formulation process must not modify chemically or biologically, and the insulin and the dosage form must be safe to ingest.

Our research and development team has performed numerous animal studies to optimize the composition and functionality of their oral insulin (ORMD0801) modality and to demonstrate its safety and efficacy. Our studies have confirmed the feasibility of lowering blood glucose levels within an orally administered form of insulin that is both safe and effective.

Our technology is a platform that has the potential to deliver medications and vaccines orally that today can only be delivered via injection.

Diabetes: Diabetes is a disease in which the body does not produce or properly use insulin. Insulin is a hormone that causes sugar to be absorbed into cells, where the sugar is converted into energy needed for daily life. The cause of diabetes is attributed both to genetics (type 1 diabetes) and, most often, to environmental factors such as obesity and lack of exercise (type 2 diabetes).

According to the International Diabetes Federation ("IDF"), an estimated 285 million people worldwide currently live with diabetes. In the United States there are approximately 26.8 million people with diabetes, or 8.7% of the United States population. The IDF predicts that the number of people worldwide with diabetes will exceed 435 million in 2030 if the current rate of growth continues unchecked.

Diabetes now affects seven percent of the world’s adult population and claims four million lives every year. The disease is a leading cause of blindness, kidney failure, heart attack, stroke and amputation. Diabetes will cost the world economy at least $376 billion in 2010, or 11.6% of total world healthcare expenditure. By 2030, this number is projected to exceed $490 billion. More than 80% of diabetes spending is in the world’s richest countries and not in the poorer countries, where over 70% of people with diabetes now live.

The regions with the highest comparative prevalence rates are North America, where 10.2% of the adult population has diabetes, followed by the Middle East and North Africa region with 9.3%. The regions with the highest number of people living with diabetes are Western Pacific, where some 77 million people have diabetes and South East Asia with 59 million.

Each year seven million people develop diabetes. The most dramatic increases in type 2 diabetes have occurred in populations where there have been rapid and major improvements in living standards, demonstrating the important

role played by lifestyle factors and the potential for reversing the global epidemic.

Intellectual Property: We own a portfolio of patents and patent applications covering our technologies and we are aggressively protecting these technology developments on a worldwide basis.

Management: We are led by a highly-experienced management team knowledgeable in the treatment of diabetes. Our Chief Medical and Technology Officer, Miriam Kidron, PhD, is a world-recognized pharmacologist and a biochemist and the innovator primarily responsible for our Oral Insulin technology development and know-how.

Scientific Advisory Board: Our management team has access to our internationally recognized Scientific Advisory Board whose members are thought-leaders in their respective areas. The Advisory Board comprises of Dr. Nir Barzilai, Professor Ele Ferrannini, Professor Avram Hershko, and Dr. Derek LeRoith.

Strategy

We plan to continue to conduct clinical trials to show the effectiveness of our technology. We intend to conduct studies and other tests necessary to file an Investigational New Drug ("IND") application with the U.S. Food and Drug Administration (the "FDA"). Additional clinical trials are planned in other countries such as Israel, India and South Africa, in order to substantiate our results as well as for purposes of future filings for drug approval in these countries. We also plan to conduct further research and development by deploying our proprietary drug delivery technology for the delivery of other polypeptides in addition to insulin, and to develop other innovative pharmaceutical products, flu vaccines, and use of rectal application for delivery of other polypeptides.

If our oral insulin capsule or other drug delivery solutions show significant promise in clinical trials, we plan to ultimately seek a strategic commercial partner, or partners, with extensive experience in the development, commercialization, and marketing of insulin applications and/or other orally digestible drugs. We anticipate such partner or partners would be responsible for, or substantially support, late stage clinical trials (Phase III) to ensure regulatory approvals and registrations in the appropriate markets in a timely manner. We further anticipate that such partner, or partners, would also be responsible for sales and marketing of our oral insulin capsule in these markets. Such planned strategic partnership, or partnerships, may provide a marketing and sales infrastructure for our products as well as financial and operational support for global clinical trials, post marketing studies, label expansions and other regulatory requirements concerning future clinical development in the United States and elsewhere. Any future strategic partner, or partners, may also provide capital and expertise that would enable the partnership to develop new oral dosage form for other polypeptides. We have not yet engaged in any meaningful discussions with potential partners and no assurance can be given that any third party would be interested in partnering with us. Under certain circumstances, we may determine to develop one or more of our oral dosage form on our own, either world-wide or in select territories.

In addition to developing our own oral dosage form drug portfolio, we are, on an on-going basis, considering in-licensing and other means of obtaining additional technologies to complement and/or expand our current product portfolio. Our goal is to create a well-balanced product portfolio that will enhance and complement our existing drug portfolio.

Product Development

Orally Ingestible Insulin: During fiscal year 2007 we conducted several clinical studies of our orally ingestible insulin. The studies were intended to assess both the safety/tolerability and absorption properties of our proprietary oral insulin. Based on the pharmacokinetic and pharmacologic outcomes of these trials, we decided to continue the development of our oral insulin product.

On November 15, 2007, we successfully completed animal studies in preparation for the Phase 1B clinical trial of our oral insulin capsule (ORMD 0801). On January 22, 2008, we commenced the non-FDA approved Phase 1B clinical trials with our oral insulin capsule, in healthy human volunteers with the intent of dose optimization. On March 11, 2008, we successfully completed our Phase 1B clinical trials.

On April 13, 2008, we commenced a non-FDA approved Phase 2A study to evaluate the safety and efficacy of our oral insulin capsule (ORMD 0801) in type 2 diabetic volunteers at Hadassah Medical Center in Jerusalem. On August 6, 2008, we announced the successful results of this trial.

In July 2008 we were granted approval by the Institutional Review Board Committee of Hadassah Medical Center in Jerusalem to conduct a non-FDA approved Phase 2A study to evaluate the safety and efficacy of our oral insulin capsule (ORMD 0801) on type 1 diabetic volunteers. On September 24, 2008, we announced the beginning of this trial. On July 21, 2009 we reported positive results from this trial.

On April 21, 2009, we entered into a consulting service agreement with ADRES Advanced Regulatory Services Ltd. ("ADRES"), pursuant to which ADRES will provide services for the purpose of filing an IND application with the FDA for a Phase 2 study according to the FDA requirements. The FDA approval process and, if approved, registration for commercial use as an oral drug can take several years.

In May 2009, we commenced a non-FDA approved Phase 2B study in South Africa to evaluate the safety, tolerability and efficacy of our oral insulin capsule (ORMD 0801) on type 2 diabetic volunteers. We are considering whether and when to conduct an additional non-FDA approved Phase 2B study in India.

Rectal Application of Insulin and Other Polypeptides: We filed two additional provisional patents for a suppository application to our technology portfolio. The first patent focuses on a rectal application for insulin. The second patent focuses on the usage of this rectal application to other polypeptides that at present are only available in injection.

On January 30, 2008, we entered into a master service agreement with OnQ Consulting; a clinical research organization located in Johannesburg, South Africa, to conduct non FDA approved clinical trials for the rectal application of insulin. On February 4, 2009, we announced that we had concluded a proof of concept study of the insulin suppositories.

On October 23, 2008 we commenced a non-FDA approved Phase 1A study to evaluate the safety and efficacy of our insulin suppository (ORMD 0802) on healthy volunteers, in South Africa.

As we believe that the potential commercial market for our oral insulin products are significantly greater than the potential commercial market for our rectal application products, we have determined to use our limited resources to research and develop our oral insulin capsules and tablets and have temporarily suspended our development of our recital application products.

GLP1 Analog: On September 16, 2008 we announced the launch of pre-clinical trials of ORMD 0901, a GLP1-analog. The pre-clinical trials include animal studies which suggest that the GLP-1analog (exenatide -4) when combined with Oramed's absorption promoters is absorbed through the gastrointestinal tract and retains its biological activity.

On September 9, 2009, we received approval from the Institutional Review Board (IRB) in Israel to commence human clinical trials of an oral GLP-1 Analog. The approval was granted after successful pre-clinical results were reported. The trials will be conducted on healthy volunteers at Hadassah University Medical Center in Jerusalem.

Glucagon-like peptide-1 (GLP-1) is an incretin hormone - a type of gastrointestinal hormone that stimulates the secretion of insulin from the pancreas. The incretin concept was hypothesized when it was noted surprisingly that glucose ingested by mouth (oral) stimulated two to three times more insulin release than the same amount of glucose administered intravenously. In addition to stimulating insulin release, GLP-1 was found to suppress glucagon release (hormone involved in regulation of glucose) from the pancreas, slow gastric emptying to reduce the rate of absorption of nutrients into the blood stream, and increase satiety. Other important beneficial attributes of GLP-1 are its effects of increasing the number of beta cells (cells that manufacture and release insulin) in the pancreas and, possibly, protection of the heart.

Raw Materials: Our oral insulin capsule is currently manufactured by Swiss Caps AG, under a Clinical Trail Manufacturing Agreement. The raw materials required for the manufacturing of the capsule are purchased from third parties, under separate agreements. We generally depend upon a limited number of suppliers for the raw materials. Although alternative sources of supply for these materials are generally available, we could incur significant costs and disruptions in changing suppliers. The termination of our relationships with our suppliers or the failure of these suppliers to meet our requirements for raw materials on a timely and cost-effective basis could materially adversely affect our business, prospects, financial condition and results of operations.

Patents and Licenses

The following patent applications and provisional patent application are pending with the United States Patent and Trademark Office (PTO):

- PCT/IL2006/001019, "Methods and Compositions for Oral Administration of Proteins". The patent application was filed on August 31, 2006.

- 11/513,343, “Methods and Compositions for Oral Administration of Proteins”. The patent application was filed on August 31, 2006.

- 60/064,779, “Methods and Compositions for Oral Administration of Proteins”. The patent application was filed on March 26, 2008.

- PCT/IL2008/000546, “Methods and Compositions for Rectal Application for Insulin”. The patent application was filed on April 27, 2008.

- PCT/IL2008/000547, “Methods and Compositions for Rectal Application for Insulin”. The patent application was filed on April 27, 2008.

- 61/071,538, “Methods and Compositions for Oral Administration of Exenatide”. The patent application was filed on May 5, 2008.

- 61/089,812, “Methods and Compositions for Oral Administration of Proteins”. The patent application was filed on August 18, 2008.

Consistent with our strategy to seek protection in key markets worldwide, we have been and will continue to pursue the patent applications and corresponding foreign counterparts of such applications. We believe that our success will depend on our ability to obtain patent protection for our intellectual property.

Our patent strategy is as follows:

- Aggressively protect all current and future technological developments to assure strong and broad protection by filing patents and/or continuations in part as appropriate;

- Protect technological developments at various levels, in a complementary manner, including the base technology, as well as specific applications of the technology; and

- Establish comprehensive coverage in the U.S. and in all relevant foreign markets in anticipation of future commercialization opportunities.

The validity, enforceability, written supports, and breadth of claims in our patent applications involve complex legal and factual questions and, therefore, may be highly uncertain. No assurance can be given that any patents based on pending patent applications or any future patent applications filed by us will be issued, that the scope of any patent protection will exclude competitors or provide competitive advantages to us, that any of the patents that have been or may be issued to us will be held valid or enforceable if subsequently challenged, or that others will not claim rights in or ownership of the patents and other proprietary rights held or licensed by us. Furthermore, there can be no assurance that others have not developed or will not develop similar products, duplicate any of our technology or design around any patents that have been or may be issued to us. Since patent applications in the United States are maintained in secrecy for the initial period of time following filing, we also cannot be certain that others did not first file applications for inventions covered by our pending patent applications, nor can we be certain that we will not infringe any patents that may be issued to others on such applications.

We also rely on trade secrets and unpatentable know-how that we seek to protect, in part, by confidentiality agreements. Our policy is to require our employees, consultants, contractors, manufacturers, outside scientific collaborators and sponsored researchers, board of directors, technical review board and other advisors to execute confidentiality agreements upon the commencement of employment or consulting relationships with us. These agreements provide that all confidential information developed or made known to the individual during the course of the individual's relationship with us is to be kept confidential and not disclosed to third parties except in specific limited circumstances. We also require signed confidentiality or material transfer agreements from any company that is to receive our confidential information. In the case of employees, consultants and contractors, the agreements provide that all inventions conceived by the individual while rendering services to us shall be assigned to us as the exclusive property of our company. There can be no assurance, however, that all persons who we desire to sign such agreements will sign, or if they do, that these agreements will not be breached, that we would have adequate remedies for any breach, or that our trade secrets or unpatentable know-how will not otherwise become known or be independently developed by competitors.

Our success will also depend in part on our ability to commercialize our technology without infringing the proprietary rights of others. No assurance can be given that patents do not exist or could not be filed which would have an adverse affect on our ability to market our technology or maintain our competitive position with respect to our technology. If

our technology components, products, processes or other subject matter are claimed under other existing United States or foreign patents or are otherwise protected by third party proprietary rights, we may be subject to infringement actions. In such event, we may challenge the validity of such patents or other proprietary rights or we may be required to obtain licenses from such companies in order to develop, manufacture or market our technology. There can be no assurances that we would be able to obtain such licenses or that such licenses, if available, could be obtained on commercially reasonable terms. Furthermore, the failure to either develop a commercially viable alternative or obtain such licenses could result in delays in marketing our proposed technology or the inability to proceed with the development, manufacture or sale of products requiring such licenses, which could have a material adverse affect on our business, financial condition and results of operations. If we are required to defend ourselves against charges of patent infringement or to protect our proprietary rights against third parties, substantial costs will be incurred regardless of whether we are successful. Such proceedings are typically protracted with no certainty of success. An adverse outcome could subject us to significant liabilities to third parties and force us to curtail or cease our development and commercialization of our technology.

Partnerships and Collaborative Arrangements

We believe that working together with strategic partners will expedite product formulation, production and approval.

On March 8, 2006, we entered into an agreement with Hadasit to provide consulting and clinical trial services.

On October 30, 2006, we entered into a Clinical Trial Manufacturing Agreement with Swiss Caps AG ("Swiss"), pursuant to which Swiss currently manufactures the oral insulin capsule developed by us.

During January and April 2008, we entered into agreements with OnQ consulting, a clinical research organization ("CRO") located in Johannesburg, South Africa, to conduct non-FDA Phase 1B and 2B clinical trials on our oral insulin capsules and suppository in South Africa.

During April 2008, we entered into a five year master services agreement with SAFC, an operating division of Sigma-Aldrich, Inc., pursuant to which SAFC is providing services for individual projects, which may include strategic planning, expert consultation, clinical trial services, statistical programming and analysis, data processing, data management, regulatory, clerical, project management, central laboratory services, pre-clinical services, pharmaceutical sciences services, and other research and development services.

On September 8, 2008, we entered into Clinical Research Agreement with ETI Karle Clinical Pvt. Ltd. ("ETI"), pursuant to which ETI will be conducting non-FDA Phase 2A and 2B clinical trials of our oral insulin capsule in India.

On April 21, 2009, we entered into a consulting service agreement with ADRES, pursuant to which ADRES will provide services for the purpose of filing an IND application with the FDA for a Phase 2 study in accordance with FDA requirements. The FDA approval process and, if approved, registration for commercial use as an oral drug can take several years.

On July 8, 2009 we entered into an additional agreement with Hadasit, to facilitate additional clinical trials to be performed at Hadassah Medical Center in Jerusalem.

Government Regulation

The Drug Development Process

Regulatory requirements for the approval of new drugs vary from one country to another. In order to obtain approval to market our drug portfolio, we need to go through a different regulatory process in each country in which we apply for such approval. In some cases information gathered during the approval process in one country can be used as supporting information for the approval process in another country. The FDA compliance requirements are considered to be one of the most stringent worldwide. The following is a summary of the FDA's requirements.

The FDA requires that pharmaceutical and certain other therapeutic products undergo significant clinical experimentation and clinical testing prior to their marketing or introduction to the general public. Clinical testing, known as clinical trials or clinical studies, is either conducted internally by life science, pharmaceutical, or biotechnology companies or is conducted on behalf of these companies by contract research organizations.

The process of conducting clinical studies is highly regulated by the FDA, as well as by other governmental and professional bodies. Below we describe the principal framework in which clinical studies are conducted, as well as describe a number of the parties involved in these studies.

Protocols. Before commencing human clinical studies, the sponsor of a new drug or therapeutic product must submit an IND application, to the FDA. The application contains what is known in the industry as a protocol. A protocol is the blueprint for each drug study. The protocol sets forth, among other things, the following:

- who must be recruited as qualified participants;

- how often to administer the drug or product;
- what tests to perform on the participants; and
- what dosage of the drug or amount of the product to give to the participants.

Institutional Review Board. An institutional review board is an independent committee of professionals and lay persons which reviews clinical research studies involving human beings and is required to adhere to guidelines issued by the FDA. The institutional review board does not report to the FDA, but its records are audited by the FDA. Its members are not appointed by the FDA. All clinical studies must be approved by an institutional review board. The institutional review board's role is to protect the rights of the participants in the clinical studies. It approves the protocols to be used, the advertisements which the company or contract research organization conducting the study proposes to use to recruit participants, and the form of consent which the participants will be required to sign prior to their participation in the clinical studies.

Clinical Trials. Human clinical studies or testing of a potential product are generally done in three stages known as Phase I through Phase III testing. The names of the phases are derived from the regulations of the FDA. Generally, there are multiple studies conducted in each phase.

- Phase I. Phase I studies involve testing a drug or product on a limited number of healthy participants, typically 24 to 100 people at a time. Phase I studies determine a product's basic safety and how the product is absorbed by, and eliminated from, the body. This phase lasts an average of six months to a year.

- Phase II. Phase II trials involve testing up to 200 participants at a time who may suffer from the targeted disease or condition. Phase II testing typically lasts an average of one to two years. In Phase II, the drug is tested to determine its safety and effectiveness for treating a specific illness or condition. Phase II testing also involves determining acceptable dosage levels of the drug. If Phase II studies show that a new drug has an acceptable range of safety risks and probable effectiveness, a company will continue to review the substance in Phase III studies.

- Phase III. Phase III studies involve testing large numbers of participants, typically several hundred to several thousand persons. The purpose is to verify effectiveness and long-term safety on a large scale. These studies generally last two to three years. Phase III studies are conducted at multiple locations or sites. Like the other phases, Phase III requires the site to keep detailed records of data collected and procedures performed.

New Drug Approval. The results of the clinical trials are submitted to the FDA as part of a new drug application ("NDA"). Following the completion of Phase III studies, assuming the sponsor of a potential product in the United States believes it has sufficient information to support the safety and effectiveness of its product, it submits an NDA to the FDA requesting that the product be approved for marketing. The application is a comprehensive, multi-volume filing that includes the results of all clinical studies, information about the drug's composition, and the sponsor's plans for producing, packaging and labeling the product. The FDA's review of an application can take a few months to many years, with the average review lasting 18 months. Once approved, drugs and other products may be marketed in the United States, subject to any conditions imposed by the FDA.

Phase IV. The FDA may require that the sponsor conduct additional clinical trials following new drug approval. The purpose of these trials, known as Phase IV studies, is to monitor long-term risks and benefits, study different dosage levels or evaluate safety and effectiveness. In recent years, the FDA has increased its reliance on these trials. Phase IV studies usually involve thousands of participants. Phase IV studies also may be initiated by the company sponsoring the new drug to gain broader market value for an approved drug. For example, large-scale trials may also be used to prove effectiveness and safety of new forms of drug delivery for approved drugs. Examples may be using an inhalation spray versus taking tablets or a sustained-release form of medication versus capsules taken multiple

times per day.

The drug approval process is time-consuming, involves substantial expenditures of resources, and depends upon a number of factors, including the severity of the illness in question, the availability of alternative treatments, and the risks and benefits demonstrated in the clinical trials.

Other Regulations

Various Federal and state laws, regulations, and recommendations relating to safe working conditions, laboratory practices, the experimental use of animals, and the purchase, storage, movement, import, export, use, and disposal of hazardous or potentially hazardous substances, including radioactive compounds and infectious disease agents, used in connection with our research are applicable to our activities. They include, among others, the United States Atomic Energy Act, the Clean Air Act, the Clean Water Act, the Occupational Safety and Health Act, the National Environmental Policy Act, the Toxic Substances Control Act, and Resources Conservation and Recovery Act, national restrictions on technology transfer, import, export, and customs regulations, and other present and possible future local, state, or federal regulation. The extent of governmental regulation which might result from future legislation or administrative action cannot be accurately predicted.

Competition

Competition in General

Competition in the area of biomedical and pharmaceutical research and development is intense and significantly depends on scientific and technological factors. These factors include the availability of patent and other protection for technology and products, the ability to commercialize technological developments and the ability to obtain governmental approval for testing, manufacturing and marketing. Our competitors include major pharmaceutical, medical products, chemical and specialized biotechnology companies, many of which have financial, technical and marketing resources significantly greater than ours. In addition, many biotechnology companies have formed collaborations with large, established companies to support research, development and commercialization of products that may be competitive with ours. Academic institutions, governmental agencies and other public and private research organizations are also conducting research activities and seeking patent protection and may commercialize products on their own or through joint ventures. We are aware of certain other products manufactured or under development by competitors that are used for the treatment of the diseases and health conditions that we have targeted for product development. We can provide no assurance that developments by others will not render our technology obsolete or noncompetitive, that we will be able to keep pace with new technological developments or that our technology will be able to supplant established products and methodologies in the therapeutic areas that are targeted by us. The foregoing factors could have a material adverse affect on our business, prospects, financial condition and results of operations. These companies, as well as academic institutions, governmental agencies and private research organizations, also compete with us in recruiting and retaining highly qualified scientific personnel and consultants.

Competition within our sector is increasing, so we will encounter competition from existing firms that offer competitive solutions in diabetes treatment solutions. These competitive companies could develop products that are superior to, or have greater market acceptance, than the products being developed by us. We will have to compete against other biotechnology and pharmaceutical companies with greater market recognition and greater financial, marketing and other resources.

Our competition will be determined in part by the potential indications for which our technology is developed and ultimately approved by regulatory authorities. In addition, the first product to reach the market in a therapeutic or preventive area is often at a significant competitive advantage relative to later entrants to the market. Accordingly, the relative speed with which we, or our potential corporate partners, can develop products, complete the clinical trials and approval processes and supply commercial quantities of the products to the market are expected to be important competitive factors. Our competitive position will also depend on our ability to attract and retain qualified scientific and other personnel, develop effective proprietary products, develop and implement production and marketing plans, obtain and maintain patent protection and secure adequate capital resources. We expect our technology, if approved for sale, to compete primarily on the basis of product efficacy, safety, patient convenience, reliability, value and patent position.

Competition for our Oral Insulin Capsule

We anticipate the oral insulin capsule to be a competitive diabetes drug because of its anticipated efficacy and safety profile. The following are treatment options for type 1 and type 2 diabetic patients:

- Insulin injections;
- Insulin pumps;
- Insulin inhalers; or
- a combination of diet, exercise and oral medication which improve the body's response to insulin or cause the body to produce more insulin.

Several entities who are developing oral insulin capsules and other alternative oral insulin as well as the development stage are thought to be: Diabetology (UK, Phase 2), Emisphere Technologies (US, Phase 2), Biocon (India), Apollo Life Sciences (Australia, Phase 1), Generex (Canada, Phase 3) – Buccal delivery, Biodel (US, Phase 3) – Sublingual delivery and MannKind (US) -Inhaled delivery

Scientific Advisory Board

We maintain a scientific advisory board consisting of internationally recognized scientists who advise us on scientific and technical aspects of our business. The scientific advisory board meets periodically to review specific projects and to assess the value of new technologies and developments to us. In addition, individual members of the scientific advisory board meet with us periodically to provide advice in particular areas of expertise. The scientific advisory board consists of the following members, information with respect to whom is set forth below: Professor Avram Hershko, Dr. Nir Barzilai, Professor Ele Ferrannini and Dr. Derek LeRoith.

Professor Avram Hershko, MD PhD joined the Oramed Scientific Advisory Board in July 2008. He earned his MD degree (1965) and PhD degree (1969) from the Hebrew University- Hadassah Medical School of Jerusalem, a period which included service as a physician in the Israel Defense Forces (1965-67). After a post-doctoral fellowship with Gordon Tomkins at the University of San Francisco (1969-72), he joined the faculty of the Haifa Technion becoming professor in 1980. He is now Distinguished Professor in the Unit of Biochemistry in the B. Rappaport Faculty of Medicine of the Technion. Professor Hershko's main research interests concern the mechanisms by which cellular proteins are degraded, a formerly neglected field of study. Hershko and his colleagues showed that cellular proteins are degraded by a highly selective proteolytic system. This system tags proteins for destruction by linkage a protein called ubiquitin, which had previously been identified in many tissues, but whose function was previously unknown. Subsequent work in Hershko's and many other laboratories has shown that the ubiquitin system has a vital role in controlling a wide range of cellular processes, such as the regulation of cell division, signal transduction and DNA repair. Professor Hershko was awarded the Nobel Prize in Chemistry (2004) jointly with his former PhD student Aaron Ciechanover and their colleague Irwin Rose. His many honors include the Israel Prize for Biochemistry (1994), the Gardner Award (1999), the Lasker Prize for Basic Medical Research (2000), the Wolf Prize for Medicine (2001) and the Louisa Gross Horwitz Award (2001). Hershko is a member of the Israel Academy of Sciences (2000) and a Foreign Associate of the US Academy of Sciences (2003).

Derek LeRoith MD PhD joined the Oramed Scientific Advisory Board in January 2007. He is currently the Chief of the Division of Endocrinology, Diabetes and Bone Diseases at Mt. Sinai School of Medicine, NY. Dr. LeRoith has worked at the NIH since 1979 in the field of Endocrinology and Diabetes and rose to be Diabetes Branch at the National Institutes of Health in Bethesda MD, a position he held until 2005. His main interests have focused on the role of insulin and the insulin-like growth factors in normal physiology and disease states. In these areas he has published over 500 peer-reviewed articles and reviews in high profile journals. He is also the senior editor of a textbook on diabetes, now in its third edition and has edited books on the insulin-like growth factors. Dr. LeRoith has made major contributions in our understanding of the basic pathophysiology of type 2 diabetes and also the role of the IGFs in various disorders especially in cancer, and is considered a world expert on these topics. In recognition of his contributions he has received many lectureships worldwide and has been the plenary speaker at numerous national and international symposia. He is the editor of a number of diabetes- and growth factor-related journals, has been on the advisory boards of a number of companies and co-chairs two national committees that deal with the education of endocrinologist and primary care physicians.

Professor Ele Ferrannini joined the Oramed Scientific Advisory Board in February 2007. He is a past President to the EASD, European Association for the Study of Diabetes, which embraces scientists, physicians, laboratory workers, nurses and students from all over the world who are interested in diabetes and related subjects for Europe, such that the ADA, American Diabetes Association does in America. Professor Ferrannini has worked with various institutions including the Department of Internal Medicine, University of Pisa School of Medicine, and CNR (National Research Council) Institute of Clinical Physiology, Pisa, Italy; Diabetes Division, Department of Medicine, University of Texas Health Science Center at San Antonio, Texas, USA. He has also had extensive training focused on microbiology, immunology, endocrinology, and specializing in diabetes studies. Professor Ferrannini has received a Certificate of the Educational Council for Foreign Medical Graduates from the University of Bologna, and with cum laude honors completed a subspecialty in Diabetes and Metabolic Diseases from the University of Torino. He has published over

350 original papers and 50 book chapters and he is among the "highly cited scientists", according to the Institute for Scientific Information.

Dr. Nir Barzilai joined the Oramed Scientific Advisory Board in January 2007. He is the Director of the Institute for Aging Research at the Albert Einstein College of Medicine. He is currently an Associate Professor in the Department of Medicine, Molecular Genetics and the Diabetes Research Center and is a member of the Divisions of Endocrinology and Geriatrics. He is also the Director of the Montefiore Hospital Diabetes Clinic. He has spent over 20 years in assisting patients internationally and training in vast fields from Medicine, Geriatrics, Endocrinology and Molecular Genetics. Dr. Barzilai has had a strong career in diabetes studies between Israel, London and the United States. He has worked for such esteemed institutions as Hadassah Research Hospital, NIH (National Institute of Health), and many esteemed US based university hospitals including Cornell and Yale.

Employees

We have been successful in retaining the experienced personnel involved in our research and development program. In addition, we believe we have successfully recruited clinical/regulatory, quality assurance and other personnel needed to advance through clinical studies or have engaged the services of experts in the field for these requirements. As of August 31, 2009, we contracted eight individuals through employment or consulting agreements. Of our staff, two are senior management, four are engaged in research and development work, and the remaining are involved in administration work.

Corporate History

Oramed was incorporated on April 12, 2002, in the State of Nevada under the name Iguana Ventures Ltd. Following the incorporation, we were an exploration stage company engaged in the acquisition and exploration of mineral properties. We were unsuccessful in implementing its business plan as a mineral exploration company. Accordingly, we decided to change the focus of our business by completing a share exchange with the shareholders of Integrated Security Technologies, Inc., a New Jersey private corporation ("ISTI"). On June 4, 2004, we changed our name to Integrated Security Technologies by filing a Certificate of Amendment with the Nevada Secretary of State. Effective June 14, 2004 we effected a 3.3:1 forward stock split, increasing the amount of authorized capital to 200,000,000 shares of common stock with the par value of $.001 per share. However, due to disappointing results, we terminated the share exchange agreement with the shareholders of ISTI.

On March 8, 2006, we executed an agreement with Hadasit Medical Services and Development Ltd. ("Hadasit") to acquire provisional patent application No. 60/718716 and related intellectual property. The provisional patent application No. 60/718716 relates to a method of preparing insulin so that it may be taken orally to be used in the treatment for the treatment of individuals with diabetes. On April 10, 2006, we changed our name from Integrated Security Technologies, Inc. to Oramed Pharmaceuticals Inc. On August 31, 2006, based on provisional patent application No. 60/718716, we filed a patent application under the Patent Cooperation Treaty at the Israel Patent Office for "Methods and Compositions for Oral Administration of Proteins."

DESCRIPTION OF PROPERTY

Our principal executive offices are located in approximately 117 square meters of office space in Givat-Ram, Jerusalem, Israel. The lease commenced on October 1, 2007 and is for a period of 51 months. The aggregate annual base rental for this space is $7,548. We believe that our existing facilities are suitable and adequate to meet our current business requirements. In the event that we should require additional or alternative facilities, we believe that such facilities can be obtained on short notice at competitive rates.

LEGAL PROCEEDINGS

From time to time we may become subject to litigation incidental to our business. We are not currently a party to any material legal proceedings.

MANAGEMENT

Directors and Executive Officers

Set forth below is certain information with respect to the individuals who are our directors, executive officers and significant employees.

Name	Age	Position
Nadav Kidron	35	President, Chief Executive Officer and Director
Miriam Kidron	69	Chief Medical and Technology Officer and Director
Leonard Sank	44	Director
Harold Jacob	55	Director and member of the Scientific Advisory Board
Yifat Zommer	36	Chief Financial Officer, Treasurer and Secretary

Dr. Miriam Kidron is Mr. Nadav Kidron's mother. There are no other directors or officers of our company who are related by blood or marriage.

The following is a brief account of the education and business experience during at least the past five years of each director, executive officer and significant employee, indicating the principal occupation during that period, and the name and principal business of the organization in which such occupation and employment were carried out.

Mr. Nadav Kidron was appointed as President, Chief Executive Officer and director in March 2006. From 2003 to 2006, he was the managing director at the Institute of Advanced Jewish Studies – Bar Ilan University. From 2001 to 2003, he was a legal intern at Wine Mishaiker and Erenstof Law Offices in Jerusalem, Israel. Mr. Kidron obtained his LLB from Bar – Ilan University and is currently enrolled in the International MBA program at Bar – Ilan University.

Dr. Miriam Kidron was appointed as Chief Medical and Technology Officer and director in March 2006. Dr. Kidron is a pharmacologist and a biochemist with a PhD in biochemistry. From 1990 to 2007, Dr. Kidron has been a senior researcher in the Diabetes Unit at Hadassah University Hospital in Jerusalem, Israel. During 2003 and 2004, Dr. Kidron served as a consultant to Emisphere Technologies Inc., a company that specializes in developing broad-based proprietary drug delivery platforms. Dr Kidron was formerly a visiting professor at the Medical School at the University of Toronto (Canada), and is a member of the American, European and Israeli Diabetes Associations. Dr. Kidron is a recipient of the Bern Schlanger Award.

Mr. Leonard Sank was appointed as a director in October 2007. Mr. Sank is a South African entrepreneur and business man who is devoted to entrepreneurial endeavors and initiatives. He has over 20 years of experience in playing an important leadership role in developing businesses. He was a director in Eastvaal Motor Group, a diversified retail motor business. He was a also director in Vecto Finance, a credit lending business. He has also served as a director of Macsteel Service Centres SA Pty Ltd., South Africa's largest private company. He also serves on the board of local non-profit charity organizations in Cape Town, where he resides.

Dr. Harold Jacob was appointed as a director in July 2008. Since 1998, Dr. Jacob has served as the president of Medical Instrument, a company which provides a range of support and consulting services to start-up and early stage companies as well as patenting its own proprietary medical devices. Dr. Jacob has advised a spectrum of companies in the past and he served as a consultant and then as the Director of Medical Affairs at Given Imaging Ltd., during the

years 1997 to 2003, a company that developed the first swallowable wireless pill camera for inspection of the intestine. He has licensed patents to a number of companies including Kimberly Clark Ballard. Since 2003, Dr. Jacob has served as the CEO of NanoVibronix, a medical device company using surface acoustics to prevent catheter acquired infection as well as other applications. He practiced clinical gastroenterology in New York and served as Chief of Gastroenterology at St. Johns Episcopal Hospital and South Nassau Communities Hospital in the years 1986-1995, and was a Clinical Assistant Professor of Medicine at SUNY during the years 1983-1990. Dr. Jacob founded and served as Editor in Chief of Endoscopy Review and has authored numerous publications in the field of gastroenterology.

-30-

Ms. Yifat Zommer was appointed as Chief Financial Officer, Treasurer and Secretary in April 2009. From April 2007 to October 2008, Ms. Zommer served as Chief Financial Officer of Witech Communications Ltd., a subsidiary of IIS Intelligence Information Systems Ltd, a company operating in the field of video transmission using wireless communications. From April 2006 to April 2007, Ms. Zommer acted as Chief Financial Officer for CTWARE Ltd, a telecommunication company. Prior to that she was an audit manager in PricewaterhouseCoopers (PwC), where she served for five years. Ms. Zommer holds a Bachelor of Accounting and Economics degree from the Hebrew University and Business Administration (MBA) from Tel-Aviv University. Ms. Zommer is a certified public accountant in Israel.

There have been no events under any bankruptcy act, no criminal proceedings and no judgments, injunctions, orders or decrees material to the evaluation of the ability and integrity of any director, executive officer, or control person of the Company during the past five years.

EXECUTIVE COMPENSATION

Summary Compensation Table

The following table sets forth the compensation earned during the years ended August 31 2008 and 2009 by our President and Chief Executive Officer, our Chief Medical and Technology Officer, our Chief Financial Officer and former Chief Financial Officer (the "Named Executive Officers"):

Name and Principal Position	Year (1)	Salary ($)	Option Awards ($) (2)	All Other Compensation ($) (3)	Total ($)
Nadav Kidron	2009	155,359	153,855	15,474	324,688
President and CEO and director (4)	2008	151,037	216,504	14,511	382,053
Miriam Kidron	2009	154,983	153,855	11,539	320,377
Chief Medical and Technology Officer and director (5)(6)	2008	145,405	216,504	10,774	372,683
Yifat Zommer					
CFO and Secretary (7)	2009	20,468	19,946	11,245	51,659
Chaime Orlev	2009	59,300	—	25,544	84,844
CFO and Secretary (8)	2008	23,484	—	7,981	31,466

(1) The information is provided for each fiscal year which begins on September 1 and ends on August 31.

(2) The amounts reflect the compensation expense in accordance with FAS 123(R) of these option awards. The assumptions used to determine the fair value of the option awards for fiscal years ended August 31, 2009 and 2008 are set forth in the notes to our audited consolidated financial statements included in our Form 10-K for fiscal year ended August 31, 2009. Our Named Executive Officers will not realize the value of these awards in cash unless and until these awards are exercised and the underlying shares subsequently sold.

(3) See All Other Compensation Table below.

(4) Mr. Kidron was appointed as our President, CEO and Director on March 8, 2006 and received compensation from our subsidiary through KNRY, an Israeli entity owned by Mr. Kidron. See "Employment and Consulting Agreements."

(5) Dr. Kidron was appointed as our Chief Medical and Technology Officer and Director on March 8, 2006 and received compensation from our subsidiary through KNRY, an Israeli entity owned by Mr. Kidron. See "Employment and Consulting Agreements."

(6) See "Certain Relationships and Related Transactions and Director Independence" for a description of management fees received by Dr. Kidron from Hadasit.

(7) Ms. Zommer was appointed as our CFO and Secretary on April 19, 2009.

(8) Mr. Orlev served as our CFO and Secretary from May 1, 2008 through March 31, 2009.

All Other Compensation Table

All Other Compensation amounts in the Summary Compensation Table consist of the following:

Name	Year	Automobile Related Expenses ($)	Manager's Insurance * ($)	Education Fund* ($)	Total ($)
Nadav Kidron	2009	15,474	—	—	15,474
Miriam Kidron	2009	11,539	—	—	11,539
Chaime Orlev	2009	15,662	7,762	2,120	25,544
Yifat Zommer	2009	6,540	3,163	1,542	11,245

*Manager's insurance and education funds are customary benefits provided to employees based in Israel. Manager's insurance is a combination of severance savings (in accordance with Israeli law), defined contribution tax-qualified pension savings and disability insurance premiums. An Education fund is a savings fund of pre-tax contributions to be used after a specified period of time for educational or other permitted purposes.

Outstanding Equity Awards at Fiscal Year-End

The following table sets forth information concerning stock options and stock awards held by the Named Executive Officers as of August 31, 2009.

Option Awards

Name	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Option Exercise Price ($)	Option Expiration Date
Nadav Kidron	850,000(1)	—	0.45	08/01/12
	720,000(2)	144,000(2)	0.54	05/06/18
Miriam Kidron	3,361,360(3)	—	0.001	08/13/12
	850,000(1)	—	0.45	08/01/12
	720,000(2)	144,000(2)	0.54	05/06/18
Yifat Zommer	—	400,000(4)	0.47	10/19/19

(1) On August 2, 2007, 850,000 options were granted to each of Nadav Kidron and Miriam Kidron under the 2006 Stock Option Plan at an exercise price of $0.45 per share; the options vested immediately and have an expiration date of August 2, 2012.

(2) On May 7, 2008, 864,000 options were granted to each of Nadav Kidron and Miriam Kidron under the 2008 Stock Option Plan at an exercise price of $0.54 per share, 144,000 of such options vested immediately on the date of grant and the remainder will vest in twenty equal monthly installments, commencing on June 7, 2008. The options have an expiration date of May 7, 2018.

(3) On August 14, 2007 3,361,630 stock options were granted to Miriam Kidron, at an exercise price of $0.001 per share; the options vested immediately and have an expiration date of August 14, 2012. These options were not issued pursuant to any outstanding award plans.

(4) On June 3, 2009, 400,000 options were granted to Yifat Zommer under the 2008 Stock Option Plan at an exercise price of $0.47 per share. The options vest in three equal annual installments, commencing October 19, 2010, and expire on October 19, 2019.

Stock Option Plans

2006 Stock Option Plan

On October 15, 2006, our board of directors adopted the 2006 Stock Option Plan (the "2006 Plan") in order to attract and retain quality personnel. Under the 2006 Plan, 3,000,000 shares have been reserved for the grant of options by the board. In addition, under the terms of the 2006 Plan, options that have expired or been terminated for any reason prior to being exercised may be reissued. As of August 31, 2009, options with respect to 2,950,000 shares were outstanding under the 2006 Plan, which amount reflects the aggregate grant of options with respect to 3,350,000 shares, of which 400,000 have been forfeited through August 31, 2009.

2008 Stock Incentive Plan

On May 5, 2008, our board of directors adopted the 2008 Stock Incentive Plan (the "2008 Plan") in order to attract and retain quality personnel. The 2008 Plan provides for the grant of stock options, restricted stock, restricted stock units and stock appreciation rights, collectively referred to as "awards." Stock options granted under the Plan may be either incentive stock options under the provisions of Section 422 of the Internal Revenue Code, or non-qualified stock options. Incentive stock options may be granted only to our employees or our parent or subsidiary. Awards other than incentive stock options may be granted to employees, directors and consultants. Under the 2008 Plan, 8,000,000 shares have been reserved for the grant of options, which may be issued at the discretion of our board of directors from time to time. As of August 31, 2009, options with respect to 4,312,000 shares have been granted under the 2008 Plan, 978,000 of which have been forfeited.

On August 14, 2007 we granted to Miriam Kidron options to purchase up to 3,361,360 shares at an exercise price of $0.001; the options vested immediately and have an expiration date of August 14, 2012. These options are not governed by any of the plans detailed above.

Stock Option Grants

We made the following stock options grants to the Named Executive Officers and directors during the year ended August 31, 2009:

- On October 12, 2008 we granted options under the 2008 Plan to purchase up to 828,000 shares of our common stock at an exercise price of $0.47 to Chaime Orlev our former Chief Financial Officer. The options were forfeited on March 31, 2009 when Mr. Orlev ended his services with us.

- On January 11, 2009 we granted options under the 2008 Plan to purchase up to 300,000 shares of our common stock at an exercise price of $0.43 to each of our two independent directors – Mr. Leonard Sank and Dr. Harold Jacob. The option will expire on January 10, 2019.

- On June 3, 2009 we granted options under the 2008 Plan to purchase up to 400,000 shares of our common stock at an exercise price of $0.47 to Yifat Zommer our Chief Financial Officer. The option will expire on October 18, 2019.

Employment and Consulting Agreements

Effective August 1, 2007 we entered into employment agreements with KNRY Ltd. ("KRNY"), pursuant to which Nadav Kidron and Dr. Miriam Kidron provided employment services to our company. Based on the agreements, Nadav Kidron served as the President and Chief Executive officer and Miriam Kidron served as our Chief Medical and Technology Officer. As remuneration for such services, KNRY was paid $20,000 per month, commencing on

August 1, 2007.

On July 1, 2008, Oramed Ltd., our Israeli subsidiary, entered into a consulting agreement with KNRY, whereby Mr. Nadav Kidron, through KNRY, provides services as President and Chief Executive Officer of both the Company and Oramed Ltd. (the "Nadav Kidron Consulting Agreement"). Additionally, on July 1, 2008, Oramed Ltd. entered into a consulting agreement with KNRY whereby Dr. Miriam Kidron, through KNRY, provides services as Chief Medical and Technology Officer of both the Company and Oramed Ltd. (the "Miriam Kidron Consulting Agreement" and together with the Nadav Kidron Consulting Agreement, the "Consulting Agreements"). The Consulting Agreements replace the employment agreements entered into between the Company and KNRY, dated as of August 1, 2007 referenced above.

The Consulting Agreements are both terminable by either party upon 60 days prior written notice. The Consulting Agreements provide that KNRY (i) will be paid, under each of the Consulting Agreements, in New Israeli Shekels a gross amount of NIS 50,400 + Value-Added-Tax per month and (ii) will be reimbursed for reasonable expenses incurred in connection with performance of the Consulting Agreements.

Pursuant to the Consulting Agreements, KNRY, Nadav Kidron and Miriam Kidron each agree that during the term of the Consulting Agreements and for a 12 month period thereafter, none of them will compete with Oramed Ltd. nor solicit employees of Oramed Ltd.

On November 2, 2008, we entered into indemnification agreements with our directors and executive officers pursuant to which we agreed to indemnify each director and executive officer for any liability he or she may incur by reason of the fact that he or she serves as our director or executive officer, to the maximum extent permitted by law.

We, through our Israeli subsidiary, Oramed Ltd., have entered into an employment agreement with Yifat Zommer as of April 19, 2009, pursuant to which Ms. Zommer was appointed as Chief Financial Officer, Treasurer and Secretary of Oramed. On August 31, 2009, the agreement was amended, pursuant to which Ms. Zommer's gross monthly salary will be NIS 22,000 ($5,773). In accordance with the employment agreement, as amended, as of October 19, 2009, Ms. Zommer’s gross monthly salary was increased to NIS 24,200 ($6,350). On April 19, 2009, Oramed and Ms. Zommer also entered into an indemnification agreement, pursuant to which Oramed agrees to indemnify Ms. Zommer for any liability she may incur by reason of the fact that she serves as Oramed’s CFO, to the maximum extent permitted by law.

Director Compensation

Directors are entitled to reimbursement for reasonable travel and other out-of-pocket expenses incurred in connection with attendance at meetings of our board of directors. Effective September 1, 2008, each independent director is entitled to receive as remuneration for his or her service as a member of the board a sum equal to $8,000 per annum, to be paid quarterly and shortly after the close of each quarter. The board of directors may award special remuneration to any director undertaking any special services on behalf of us other than services ordinarily required of a director.

Other than indicated in this prospectus, no director received and/or accrued any compensation for his or her services as a director, including committee participation and/or special assignments.

The following table sets forth director compensation for the year ended August 31, 2009.

Name of Director	Fees Earned or Paid in Cash ($)	Option Awards (1) ($)	Total ($)
Nadav Kidron (2)			
Miriam Kidron (2)			
Leonard Sank	8,000	45,206	53,206
Harold Jacob	8,000	45,206	53,206

(1) The amounts reflect the compensation expense in accordance with FAS 123(R) of these option awards. The assumptions used to determine the fair value of the option awards are set forth in Note 8 of our audited consolidated financial statements included in this prospectus. Our directors will not realize the value of these awards in cash unless and until these awards are exercised and the underlying shares subsequently sold.

(2) Please refer to the summary compensation table for executive compensation with respect to the named individual.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth certain information regarding beneficial ownership of our common stock as of January 10, 2010 (i) by each person who is known by us to own beneficially more than 5% of the common stock and (ii) by all of our current executive officers and directors, as a group (five persons). On such date, we had 57,454,707 shares of common stock outstanding.

As used in the table below and elsewhere in this form, the term “beneficial ownership” with respect to a security consists of sole or shared voting power, including the power to vote or direct the vote and/or sole or shared investment power, including the power to dispose or direct the disposition, with respect to the security through any contract, arrangement, understanding, relationship, or otherwise, including a right to acquire such power(s) during the next 60 days following January 10, 2010.

Name and Address of Beneficial Owner	Number of Shares	Percentage of Shares Beneficially Owned
Nadav Kidron †‡ 10 Itamar Ben Avi St. Jerusalem, Israel	12,085,735(1)	20.43%
Zeev Bronfeld 6 Uri St. Tel-Aviv, Israel	6,158,517	10. 72%
Miriam Kidron †‡ 2 Elza St. Jerusalem, Israel	5,075,360(2)	8.12%
Apollo Nominees Inc One Financial Place Suite 100 Lower Collymore Rock St. Michael, Barbados	4,517,501(3)	7.64%
Hadasit Medical Research Services & Development Ltd P.O. Box 12000 Jerusalem, Israel	4,141,532	7.21%
Leonard Sank † 3 Blair Rd Camps Bay Cape Town, South Africa	4,082,650(4)	6.90%
Harold Jacob Haadmur Mebuyon 26 Jerusalem, Israel	200,000(5)	0.17%
Yifat Zommer P.O. Box 39098, Jerusalem, Israel	—	—
All current executive officers and directors, as a group (five persons)	36,261,295(6)	61.36%

*	Less than 1%
†	Indicates Director
‡	Indicates Officer

(1) Includes 1,714,000 shares of common stock issuable upon the exercise of outstanding stock options.

(2) Includes 5,075,360 shares of common stock issuable upon the exercise of outstanding stock options.

(3) Includes 1,645,834 shares of common stock issuable upon the exercise of warrants beneficially owned by the referenced entity.

(4) Includes 1,725,000 shares of common stock issuable upon the exercise of warrants beneficially owned by the referenced entity.

(5) Consists of 200,000 shares of common stock issuable upon the exercise of outstanding stock options.

(6) Includes 11,193,527 shares of common stock issuable upon the exercise of outstanding stock options.

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

Except as otherwise indicated below, during fiscal 2007, 2008 and 2009 we have not been a party to any transaction, proposed transaction, or series of transactions in which the amount involved exceeds the lesser of $120,000 or one percent of the average of our total assets at year-end for the last two completed fiscal years , and in which, to our knowledge, any of our directors, officers, five percent beneficial security holder, or any member of the immediate family of the foregoing persons has had or will have a direct or indirect material interest.

Our policy is to enter into transactions with related parties on terms that, on the whole, are no less favorable than those available from unaffiliated third parties. Based on our experience in the business sectors in which we operate and the terms of our transactions with unaffiliated third parties, we believe that all of the transactions described below met this policy standard at the time they occurred. All related parties transactions are approved by our board of directors.

On July 14, 2008 we completed a private placement to 29 accredited investors pursuant to which we sold to the investors an aggregate of 8,524,669 shares of common stock at a purchase price of $0.60 per share, in the aggregate, $5,114,801. The investors also received three-year warrants to purchase an aggregate of 4,262,337 shares of common stock at an exercise price of $0.90 per share. We paid $85,000 to Leonard Sank, one of our directors, as a finder's fee and issued an aggregate of 143,333 shares of common stock to four other individuals as finder's fees in connection with the private placement.

On February 17, 2006, we entered into an agreement with Hadasit pursuant to which we agreed to purchase from Hadasit provisional patent application No. 60/718716 and related intellectual property. Pursuant to the agreement, Hadasit agreed to provide consulting and clinical trial services to us for consideration of $200,000. Pursuant to a subsequent agreement with Hadasit, dated July 8, 2006, this amount was increased to $400,000. The clinical trials to be conducted by Hadasit are managed by Dr. Miriam Kidron, then the primary researcher at Hadasit and currently our Chief Medical and Technology Officer and a Director, through its research fund in Hadasit. The fees paid by us to Hadasit are deposited into a Hadasit research account in the name of Dr. Kidron. Pursuant to the general policy of Hadasit with respect to its research funds, Dr. Kidron is entitled to receive a management fee in the rate of 10% of all the funds deposited into this research fund, including the funds paid by us under the said agreements. Since March 2006, only the funds paid by us are deposited in this account.

On March 8, 2006, we completed the purchase of provisional patent application No. 60/718716 and related intellectual property from Hadasit and in connection therewith Hadasit was issued 4,141,532 shares of our common stock (which then represented 9.98% of our outstanding voting securities) and Dr. Miriam Kidron was issued options to purchase 3,361,360 shares of our common stock. In addition, at about the same time as the acquisition, Mr. Zeev Bronfeld was issued 6,158,517 shares of our common stock (which then represented 14.9% of our outstanding voting securities) and Mr. Nadav Kidron, our President, Chief Executive Officer and a Director, was issued 10,371,735 shares of our common stock (which then represented 25% of our outstanding voting securities). Dr. Miriam Kidron is Mr. Nadav Kidron's mother.

The board of directors has determined that Leonard Sank and Harold Jacob are independent as defined under the rules promulgated by the NASDAQ Stock Market.

See "Employment and Consulting Agreements" above for information as to the agreements with our employees and consultants.

DESCRIPTION OF COMMON STOCK

The following summary is a description of the material terms of our share capital. We encourage you to read our Articles of Incorporation and Bylaws which have been filed with the SEC.

General

Our authorized capital stock consists of 200,000,000 shares of common stock, par value $0.001 per share.

Description of Common Stock

Upon liquidation, dissolution or winding up of the Company, the holders of common stock are entitled to share ratably in all net assets available for distribution to security holders after payment to creditors. The common stock is not convertible or redeemable and has no preemptive, subscription or conversion rights. Each outstanding share of common stock is entitled to one vote on all matters submitted to a vote of security holders. There are no cumulative voting rights. The holders of outstanding shares of common stock are entitled to receive dividends out of assets legally available therefore at such times and in such amounts as our board of directors may from time to time determine. Holders of common stock will share equally on a per share basis in any dividend declared by the board of directors. We have not paid any dividends on our common stock and do not anticipate paying any cash dividends on such stock in the foreseeable future. In the event of a merger or consolidation, all holders of common stock will be entitled to receive the same per share consideration.

As of January 10, 2010, we had outstanding 57,454,707 shares of common stock, and employee and directors stock options to purchase an aggregate of 7,981,360 shares of common stock at a weighted average exercise price of $0.28 with the latest expiration date of these options being November 23, 2019 (of which options to purchase an aggregate of 6,945,360 shares of common stock were exercisable as of January 10, 2010).

The current transfer agent and registrar for our common stock is Continental Stock Transfer & Trust Company, 17 Battery Place New York, NY 10004.

Meetings of Stockholders

An annual meeting of our stockholders shall be held on the day and at the time as may be set by the board of directors, at which the stockholders shall elect the board of directors and transact such other business as may properly be brought before the meeting. All annual meetings of stockholders are to be held at our registered office or at such other place either within or without the State of Nevada as may be determined by our board of directors.

Special meetings of our stockholders may be called, for any purpose or purposes, by (i) the president or the secretary, (ii) the resolution of the board of directors, or (iii) at the request in writing of stockholders owning a majority of our entire capital stock issued and outstanding and entitled to vote, and shall be held at such time and place within or without the State of Nevada as shall be stated in the notice of the meeting, or in a duly executed waiver of notice thereof. Business transacted at any special meeting of stockholders shall be limited to the purposes stated in the notice. For the past three years, we have not held an annual meeting of stockholders. We intend to hold an annual meeting of stockholders during fiscal year 2010.

SELLING STOCKHOLDERS

The selling stockholders acquired the securities being registered for resale in this prospectus in three separate transactions.

On June 15, 2007, we issued to certain selling stockholders, in a private placement, 3,600,000 units of our securities at a price of $0.50 per unit for aggregate proceeds of $1,800,000. Each unit consisted of one share of common stock and one three-year warrant, each warrant exercisable into one share of common stock at an exercise price of $0.75 per share.

On August 2, 2007, we issued to certain selling stockholders, in a private placement, 510,000 units at a purchase price of $0.50 per unit for aggregate proceeds of $255,000. Each unit consisted of one share of common stock and one three-year warrant, each warrant exercisable into one share of common stock at an exercise price of $0.75 per share. We also issued 10,000 shares of common stock to Shikma A M R LTD as a finder's fee.

On July 14, 2008, we entered into a securities purchase agreement with certain selling stockholders pursuant to which we agreed to sell to such selling stockholders an aggregate of 8,524,669 shares of common stock at a purchase price of $0.60 per share. Such selling stockholders also received three-year warrants to purchase an aggregate of 4,262,337 shares of common stock at an exercise price of $0.90 per share.

The following table sets forth, for each selling stockholder, the name, the number of shares of common stock beneficially owned as of January 10, 2010, the maximum number of shares of common stock that may be offered pursuant to this prospectus and the number of shares of common stock that would be beneficially owned after the sale of the maximum number of shares of common stock and warrants.

Other than the relationships described below, none of the selling stockholders are employees or suppliers of ours or our affiliates. Within the past three years, none of the selling stockholders has held a position as an officer or director of ours, nor has any selling stockholder had any material relationship of any kind with us or any of our affiliates, except that certain selling stockholders acquired shares of our common stock and warrants pursuant to the transactions described above. All information with respect to share ownership has been furnished by the selling stockholders. The shares being offered are being registered to permit public secondary trading of such shares and each selling stockholder may offer all or part of the shares it owns for resale from time to time pursuant to this prospectus. In addition, none of the selling stockholders has any family relationships with our officers, directors or controlling stockholders. Furthermore, based on representations made to us by the selling stockholders, no selling stockholder is a registered broker-dealer or an affiliate of a registered broker-dealer, except for Hargreave Hale Nominees Limited. The selling stockholders have informed us that they do not have any agreement or understanding, directly or indirectly, with any person to distribute their common stock or warrants.

Any selling stockholders who are affiliates of broker-dealers and any participating broker-dealers are deemed to be "underwriters" within the meaning of the Securities Act, and any commissions or discounts given to any such selling stockholder or broker-dealer may be regarded as underwriting commissions or discounts under the Securities Act. The selling stockholders have informed us that they do not have any agreement or understanding, directly or indirectly, with any person to distribute their common stock or warrants.

The term "selling stockholders" also includes any transferees, pledgees, donees, or other successors in interest to the selling stockholders named in the table below. Unless otherwise indicated, to our knowledge, each person named in the table below has sole voting and investment power (subject to applicable community property laws) with respect to the shares of common stock set forth opposite such person's name. We will file a supplement to this prospectus (or a post-effective amendment hereto, if necessary) to name successors to any named selling stockholders who are able to use this prospectus to resell the securities registered hereby.

Name of Selling Stockholder	Shares Beneficially Owned Before the Offering (excluding shares issuable upon the exercise of warrants) (1)	Shares Beneficially Owned Before the Offering that are Issuable Upon the Exercise of Warrants	Maximum Number of Shares to be Offered in the Offering	Number of Shares Beneficially Owned Immediately After Sale of Maximum Number of Shares in the Offering # of Shares(2)	% of Class
Hargreave Hale Nominees Limited A/C 060788 (3)	83,333	41,666	124,999	—	—
Hargreave Hale Nominees Limited A/C 063717 (3)	1,666,667	833,334	2,500,001	—	—
Hargreave Hale Nominees Limited (3)	2,107,650	1,500,000	3,000,000	607,650	—
Leonard Sank (3)	166,667	83,334	250,001	—	—
Apollo Nominees Incorporated	80,000	—	80,000	—	—
Apollo Nominees Inc.	2,791,667	1,645,834	4,437,501	—	—
Swiss Caps AG (4)	940,039	—	940,039	—	—
Mirabaud & CIE	166,667	83,334	250,001	—	—
Joan Samson	166,667	83,334	250,001	—	—
Vered Schimmel	100,000	150,000	250,000	—	—
Shikma A M R Ltd	110,000	60,000	170,000	—	—
Edward Danehy	110,000	55,000	165,000	—	—

Name of Selling Stockholder	Shares Beneficially Owned Before the Offering (excluding shares issuable upon the exercise of warrants) (1)	Shares Beneficially Owned Before the Offering that are Issuable Upon the Exercise of Warrants	Maximum Number of Shares to be Offered in the Offering	Number of Shares Beneficially Owned Immediately After Sale of Maximum Number of Shares in the Offering	
				# of Shares (2)	% of Class
Oberdorf Finance SA	80,000	80,000	160,000	—	—
Pnini David Jerusalem	83,500	41,750	125,250	—	—
Vega Ventures Limited	83,500	41,750	125,250	—	—
David Lifscitz	70,000	35,000	105,000	—	—
Elhanan Noam Enterprising Ltd.	102,642	—	102,642	—	—
Trevor Garvin	107,329	33,334	100,001	40,662	—
Lawrence Leigh	41,666	20,833	62,499	—	—
Ryan Lazarus	40,000	20,000	60,000	—	—
Aviad Freidman	43,333	-	43,333	—	—
Total	9,141,327	4,808,503	13,301,518	648,312	—

(1) Beneficial ownership is determined in accordance with SEC rules and generally includes voting or investment power with respect to securities. Shares of common stock subject to options or warrants currently exercisable, or exercisable within sixty (60) days, are counted as outstanding for computing the percentage of the person holding such options or warrants but are not counted as outstanding for computing the percentage of any other person.

(2) Assumes all of the shares of common stock offered are sold. Based on 57,454,707 shares of common stock issued and outstanding on January 10, 2010.

(3) Mr. Leonard Sank is a director of the Company. Hargreave Hale Nominees Limited is a company wholly-owned by Mr. Sank.

(4) Swiss Caps AG is a supplier of the company.

We may require the selling stockholders to suspend the sales of the securities offered by this prospectus upon the occurrence of any event that makes any statement in this prospectus or the related registration statement untrue in any material respect or that requires the changing of statements in these documents in order to make statements in those documents not misleading.

Information concerning additional selling stockholders not identified in this prospectus will be set forth in post-effective amendments from time to time, if and as required. Information concerning the selling stockholders may change from time to time and any changed information will be set forth in post-effective amendments or prospectus supplements if and when necessary.

PLAN OF DISTRIBUTION

The selling stockholders, and their pledgees, donees, transferees or other successors in interest, may from time to time offer and sell, separately or together, some or all of the shares of common stock (the "securities") covered by this prospectus. Registration of the securities covered by this prospectus does not mean, however, that those securities necessarily will be offered or sold.

The securities covered by this prospectus may be sold from time to time, at market prices prevailing at the time of sale, at prices related to market prices, at a fixed price or prices subject to change or at negotiated prices, by a variety of methods including the following:

- in the over-the-counter market;
- in privately negotiated transactions;
- through broker-dealers, who may act as agents or principals;
- through one or more underwriters on a firm commitment or best-efforts basis;
- in a block trade in which a broker-dealer will attempt to sell a block of securities as agent but may position and resell a portion of the block as principal to facilitate the transaction;
- directly to one or more purchasers;
- through agents; or
- in any combination of the above.

In effecting sales, brokers or dealers engaged by the selling stockholders may arrange for other brokers or dealers to participate. Broker-dealer transactions may include:

- purchases of the securities by a broker-dealer as principal and resales of the securities by the broker-dealer for its account pursuant to this prospectus;
- ordinary brokerage transactions; or
- transactions in which the broker-dealer solicits purchasers on a best efforts basis.

The selling stockholders have not entered into any agreements, understandings or arrangements with any underwriters or broker-dealers regarding the sale of the securities covered by this prospectus. At any time a particular offer of the securities covered by this prospectus is made, a revised prospectus or prospectus supplement, if required, will be distributed which will set forth the aggregate amount of securities covered by this prospectus being offered and the terms of the offering, including the name or names of any underwriters, dealers, brokers or agents. In addition, to the extent required, any discounts, commissions, concessions and other items constituting underwriters' or agents' compensation, as well as any discounts, commissions or concessions allowed or reallowed or paid to dealers, will be

set forth in such revised prospectus supplement. Any such required prospectus supplement, and, if necessary, a post-effective amendment to the registration statement of which this prospectus is a part, will be filed with the SEC to reflect the disclosure of additional information with respect to the distribution of the securities covered by this prospectus.

DISCLOSURE OF COMMISSION POSITION OF INDEMNIFICATION FOR SECURITIES ACT LIABILITIES

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of the Company under Nevada law or otherwise, we have been advised that the opinion of the SEC is that such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable.

INTERESTS OF NAMED EXPERTS AND COUNSEL

No expert or counsel named in this prospectus as having prepared or certified any part of this prospectus or having given an opinion upon the validity of the securities being registered or upon other legal matters in connection with the registration or offering of the securities was employed on a contingency basis or had, or is to receive, in connection with the offering, a substantial interest, directly or indirectly, in the registrant. Nor was any such person connected with the registrant as a promoter, managing or principal underwriter, voting trustee, director, executive officer or employee.

EXPERTS

The consolidated financial statements as of August 31, 2008 and 2009 and for the years than ended and, cumulatively, the period September 1, 2007 to August 31, 2009 included in this prospectus have been so included in reliance on the report of Kesselman & Kesselman, an independent registered public accounting firm, given on the authority of said firm as experts in auditing and accounting.

The consolidated financial statements for the cumulative period from April 12, 2002 (the date of becoming a development stage entity) through August 31, 2007 included in this prospectus have been so included in reliance on the report of Malone & Bailey, PC –Certified Public Accountants, an independent registered public accounting firm, given on the authority of said firm as experts in auditing and accounting.

Snell & Wilmer L.L.P., our independent legal counsel, has provided an opinion on the validity of the shares of our common stock that are the subject of this prospectus. Their address is 3883 Howard Hughes Parkway, Suite 1100, Las Vegas, Nevada 89169-5958. Their telephone number is (702) 784-5200.

WHERE YOU CAN FIND MORE INFORMATION

We are subject to the reporting and information requirements of the Securities Exchange Act of 1934, as amended, and as a result file periodic reports and other information with the SEC. These periodic reports and other information will be available for inspection and copying at the SEC's public reference room and the website of the SEC referred to above. We also make available on our website under "Investor Information/SEC Filings," free of charge, our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and amendments to those reports as soon as reasonably practicable after we electronically file such materials with or furnish them to the SEC. Our website address is http://www.oramed.com. This reference to our website is an inactive textual reference only, and is not a hyperlink. The contents of our website are not part of this prospectus, and you should not consider the contents of our website in making an investment decision with respect to the securities.

We have filed a Registration Statement on Form S-1 under the Securities Act with the SEC with respect to the shares of our common stock offered through this prospectus. This prospectus is filed as a part of that registration statement and does not contain all of the information contained in the registration statement and exhibits. We refer you to our registration statement and each exhibit attached to it for a more complete description of matters involving us, and the statements we have made in this prospectus are qualified in their entirety by reference to these additional materials.

You may read and copy the reports and other information we file with the SEC at the SEC's Public Reference Room at 100 F Street, N.E., Washington D.C. 20549. You may also obtain copies of this information by mail from the public reference section of the SEC, 100 F Street, N.E., Washington, D.C. 20549, at prescribed rates. You may obtain information regarding the operation of the public reference room by calling 1 (800) SEC-0330. The SEC also maintains a website that contains reports and other information about issuers, like us, who file electronically with the SEC. The address of that website is http://www.sec.gov. This reference to the SEC's website is an inactive textual reference only, and is not a hyperlink.

FINANCIAL STATEMENTS
ORAMED PHARMACEUTICALS INC.
FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA
Index to Financial Statements

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders of
Oramed Pharmaceuticals Inc.
(A Development Stage Company)

We have audited the accompanying consolidated balance sheets of Oramed Pharmaceuticals Inc. (A Development Stage Company) and its subsidiary (the "Company") as of August 31, 2009 and 2008, and the related consolidated statements of operations, changes in stockholders' equity and cash flows for the years then ended and cumulatively, for the period from September 1, 2007 to August 31, 2009 (not separately presented herein). These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits. We did not audit the cumulative totals of the Company for the period from April 12, 2002 (date of incorporation) to August 31, 2007, which totals reflect a deficit of $4,478,933 accumulated during the development stage. Those cumulative totals were audited by other independent auditors, whose report, dated December 10, 2007, expressed an unqualified opinion on the cumulative amounts but included an emphasis of a matter. Our opinion, insofar as it relates to amounts included for that period is based on the report of the other independent auditors.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, based upon our audits and the report of the other independent auditors, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Company as of August 31, 2009 and 2008, and the consolidated results of their operations and their cash flows for the years then ended and cumulatively, for the period from September 1, 2007 to August 31, 2009 (not separately presented herein), in conformity with accounting principles generally accepted in the United States of America.

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 1a to the financial statements, the Company has recurring losses for the period from inception (April 12, 2002) through August 31, 2009 and presently the Company does not have sufficient cash resources to meet its requirements in the following twelve months. These reasons raise substantial doubt about the Company's ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 1a. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Kesselman & Kesselman

Tel Aviv, Israel
November 25, 2009

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors
Oramed Pharmaceuticals Inc.
(a development stage company)
Jerusalem, Israel

We have audited the consolidated statements of expenses, changes in stockholders' deficit, and cash flows for the period from April 12, 2002 (Inception) through August 31, 2007. These financial statements are the responsibility of Oramed's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with standards of the Public Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Comapny is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the results of its consolidated operations and its cash flows for the periods described in conformity with accounting principles generally accepted in the United States of America.

MALONE & BAILEY, PC
www.malone-bailey.com
Houston, Texas

December 10, 2007

ORAMED PHARMACEUTICALS INC.
(A Development Stage Company)
CONSOLIDATED BALANCE SHEETS
U.S. dollars

	August 31	
	2009	2008
Assets		
CURRENT ASSETS:		
Cash and cash equivalents	$ 1,716,866	$ 2,267,320
Short term investments (Note 2)	1,000,000	2,728,000
Restricted cash (Note 1n)	16,000	
Accounts receivable - other	36,939	38,822
Prepaid expenses	4,119	363,752
Grants receivable from the Chief Scientist	400,405	
Total current assets	3,174,329	5,397,894
LONG TERM DEPOSITS (Note 6b)	12,161	10,824
PROPERTY AND EQUIPMENT, NET (Note 4)	75,361	98,296
Total assets	$ 3,261,851	$ 5,507,014
Liabilities and stockholders' equity		
CURRENT LIABILITIES:		
Accounts payable and accrued expenses (note 9)	$ 321,344	$ 736,052
Account payable with former shareholder	47,252	47,252
Total current liabilities	368,596	783,304
PROVISION FOR UNCERTAIN TAX POSITION (Note 12f)	147,063	130,650
COMMITMENTS (Note 6)		
STOCKHOLDERS’ EQUITY:		
Common stock, $ 0.001 par value (200,000,000 authorized shares; 56,456,710 and 56,252,806 shares issued and outstanding as of August 31, 2009 and 2008, respectively)	56,456	56,252
Additional paid-in capital	12,698,414	11,785,012
Deficit accumulated during the development stage	(10,008,678)	(7,248,204)
Total stockholders' equity	2,746,192	4,593,060
Total liabilities and stockholders’ equity	$ 3,261,851	$ 5,507,014

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

ORAMED PHARMACEUTICALS INC.
(A Development Stage Company)
CONSOLIDATED STATEMENTS OF OPERATIONS
U.S. dollars

	Year ended August 31		Period from April 12, 2002 (inception) through August 31,
	2009	2008	2009
RESEARCH AND DEVELOPMENT EXPENSES, NET (Note 10)	$ 1,522,188	$ 1,210,494	$ 5,144,859
IMPAIRMENT OF INVESTMENT			434,876
GENERAL AND ADMINISTRATIVE EXPENSES (note 11)	1,261,930	1,469,517	4,257,551
OPERATING LOSS	2,784,118	2,680,011	9,837,286
FINANCIAL INCOME	(38,602)	(83,185)	(136,108)
FINANCIAL EXPENSE	17,555	10,281	147,933
LOSS BEFORE TAXES ON INCOME	2,763,071	2,607,107	9,849,111
TAXES ON INCOME (note 12)	(2,597)	162,164	159,567
NET LOSS FOR THE PERIOD	$ 2,760,474	$ 2,769,271	$ 10,008,678
BASIC AND DILUTED LOSS PER COMMON SHARE	$ (0.05)	$ (0.06)	
WEIGHTED AVERAGE NUMBER OF COMMON STOCK USED IN COMPUTING BASIC AND DILUTED LOSS PER COMMON STOCK	56,645,820	48,604,889	

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

ORAMED PHARMACEUTICALS INC.
(A development stage company)
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
U.S. dollars

	Common Stock Shares	Common Stock $	Additional paid-in capital	Deficit accumulated during the development stage	Total stockholders' equity
BALANCE AS OF APRIL 12, 2002 (inception)	34,828,200	$ 34,828	$ 18,872		$ 53,700
CHANGES DURING THE PERIOD FROM APRIL 12, 2002 THROUGH AUGUST 31, 2007 (audited):					
SHARES CANCELLED	(19,800,000)	(19,800)	19,800		-
SHARES ISSUED FOR INVESTMENT IN ISTI-NJ	1,144,410	1,144	433,732		434,876
SHARES ISSUED FOR OFFERING COSTS	1,752,941	1,753	(1,753)		-
SHARES ISSUED FOR CASH	27,181,228	27,181	2,095,800		2,122,981
SHARES ISSUED FOR SERVICES	125,000	125	98,625		98,750
STOCK BASED COMPENSATION RELATED TO OPTIONS GRANTED TO EMPLOYEES AND DIRECTORS			1,968,547		1,968,547
STOCK BASED COMPENSATION RELATED TO OPTIONS GRANTED TO CONSULTANTS			177,782		177,782
DISCOUNT ON CONVERTIBLE NOTE RELATED TO BENEFICIAL CONVERSION FEATURE			108,000		108,000
CONTRIBUTIONS TO PAID IN CAPITAL			18,991		18,991
COMPREHENSIVE LOSS:					
NET LOSS				(4,478,917)	(4,478,917)
OTHER COMPREHENSIVE LOSS				(16)	(16)
IMPUTED INTEREST			8,437		8,437
BALANCE AS OF AUGUST 31, 2007	45,231,779	45,231	4,946,833	(4,478,933)	513,131
RECEIPTS ON ACCOUNT OF SHARES AND WARRANTS			6,061		6,061
SHARES ISSUED FOR CONVERSION OF CONVERTIBLE NOTE	550,000	550	274,450		275,000
SHARES AND WARRANTS ISSUED FOR CASH – NET OF ISSUANCE EXPENSES	10,178,002	10,178	5,774,622		5,784,800
SHARES ISSUED FOR SERVICES	293,025				