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

FORM 10-Q

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

For the quarterly period ended November 30, 2017

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

Commission file number: 000-50298

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

Delaware	**98-0376008**
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification No.)
Hi-Tech Park 2/4 Givat Ram **PO Box 39098** **Jerusalem, Israel**	**91390**
(Address of Principal Executive Offices)	(Zip Code)

+972-2-566-0001
(Registrant's Telephone Number, Including Area Code)

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☐	Accelerated filer	☐
Non-accelerated filer	☐ (Do not check if a smaller reporting company)	Smaller reporting company	☒
		Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes ☐ No ☒

As of January 10, 2018, there were 14,370,930 shares of the issuer's common stock, $0.012 par value per share, outstanding.

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As used in this Quarterly Report on Form 10-Q, the terms "we," "us," "our" and the "Company" mean Oramed Pharmaceuticals Inc. and our wholly-owned Israeli subsidiary, Oramed Ltd., unless otherwise indicated. All dollar amounts refer to U.S. Dollars unless otherwise indicated.

On November 30, 2017, the exchange rate between the New Israeli Shekel, or NIS, and the dollar, as quoted by the Bank of Israel, was NIS 3.499 to $1.00. Unless indicated otherwise by the context, statements in this Quarterly Report on Form 10-Q that provide the dollar equivalent of NIS amounts or provide the NIS equivalent of dollar amounts are based on such exchange rate.

PART I – FINANCIAL INFORMATION

ITEM 1 - FINANCIAL STATEMENTS

ORAMED PHARMACEUTICALS INC.

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

AS OF NOVEMBER 30, 2017

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ORAMED PHARMACEUTICALS INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
U.S. Dollars in thousands (except share and per share data)
(UNAUDITED)

	November 30, 2017	August 31, 2017
Assets		
CURRENT ASSETS:		
Cash and cash equivalents	$ 1,258	$ 3,969
Short-term deposits	14,992	13,293
Marketable securities	2,722	2,860
Restricted cash	-	16
Prepaid expenses and other current assets	163	159
Total current assets	19,135	20,297
LONG-TERM ASSETS:		
Long-term deposits and investment	17,780	16,232
Marketable securities	4,598	2,151
Amounts funded in respect of employee rights upon retirement	14	14
Property and equipment, net	17	18
Total long-term assets	22,409	18,415
Total assets	$ 41,544	$ 38,712
Liabilities and stockholders' equity		
CURRENT LIABILITIES:		
Accounts payable and accrued expenses	$ 2,599	$ 2,716
Deferred revenues	2,449	2,449
Payable to related parties	76	-
Total current liabilities	5,124	5,165
LONG-TERM LIABILITIES:		
Deferred revenues	13,226	13,837
Employee rights upon retirement	19	18
Provision for uncertain tax position	11	11
Other liabilities	423	443
Total long-term liabilities	13,679	14,309
COMMITMENTS (note 2)		
STOCKHOLDERS' EQUITY:		
Common stock, $0.012 par value (30,000,000 authorized shares; 14,307,890 and 13,668,530 shares issued and outstanding as of November 30, 2017 and August 31, 2017, respectively)	170	163
Additional paid-in capital	80,871	75,170
Accumulated other comprehensive income	727	401
Accumulated loss	(59,027)	(56,496)
Total stockholders' equity	22,741	19,238
Total liabilities and stockholders' equity	$ 41,544	$ 38,712

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

ORAMED PHARMACEUTICALS INC.
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
U.S. Dollars in thousands (except share and per share data)
(UNAUDITED)

	Three months ended	
	November 30, 2017	November 30, 2016
REVENUES	$ 611	$ 610
COST OF REVENUES	-	187
RESEARCH AND DEVELOPMENT EXPENSES, NET	2,327	2,353
GENERAL AND ADMINISTRATIVE EXPENSES	1,016	468
OPERATING LOSS	2,732	2,398
FINANCIAL INCOME	222	186
FINANCIAL EXPENSES	21	24
LOSS BEFORE TAXES ON INCOME	2,531	2,236
TAXES ON INCOME	-	400
NET LOSS FOR THE PERIOD	$ 2,531	$ 2,636
UNREALIZED LOSS (GAIN) ON AVAILABLE FOR SALE SECURITIES	(326)	63
TOTAL OTHER COMPREHENSIVE LOSS (GAIN)	(326)	63
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	$ 2,205	$ 2,699
LOSS PER SHARE OF COMMON STOCK:		
BASIC AND DILUTED LOSS PER SHARE OF COMMON STOCK	$ 0.18	$ 0.20
WEIGHTED AVERAGE NUMBER OF SHARES OF COMMON STOCK USED IN COMPUTING BASIC AND DILUTED LOSS PER SHARE OF COMMON STOCK	14,239,346	13,205,971

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

ORAMED PHARMACEUTICALS INC.
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY
U.S. Dollars in thousands (except share data)
(UNAUDITED)

	Common Stock		Additional paid-in capital	Accumulated other comprehensive income	Accumulated loss	Total stockholders' equity
	Shares	$				
	In thousands					
BALANCE AS OF AUGUST 31, 2017	13,668	$ 163	$ 75,170	$ 401	$ (56,496)	$ 19,238
CHANGES DURING THE THREE-MONTH PERIOD ENDED NOVEMBER 30, 2017:						
SHARES ISSUED FOR SERVICES	3	*	24	-	-	24
ISSUANCE OF COMMON STOCK, NET	454	5	4,225	-	-	4,230
EXERCISE OF WARRANTS AND OPTIONS	178	2	928	-	-	930
STOCK-BASED COMPENSATION	5	*	524	-	-	524
NET LOSS	-	-	-	-	(2,531)	(2,531)
OTHER COMPREHENSIVE INCOME	-	-	-	326	-	326
BALANCE AS OF NOVEMBER 30, 2017	14,308	$ 170	$ 80,871	$ 727	$ (59,027)	$ 22,741

* Represents an amount of less than $1.

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

ORAMED PHARMACEUTICALS INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
U.S. dollars in thousands
(UNAUDITED)

	Three months ended November 30,	
	2017	**2016**
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	$ (2,531)	$ (2,636)
Adjustments required to reconcile net loss to net cash provided by (used in) operating activities:		
Depreciation	1	1
Exchange differences and interest on deposits and held to maturity bonds	(71)	(112)
Stock-based compensation	524	158
Shares issued for services	24	17
Changes in operating assets and liabilities:		
Prepaid expenses and other current assets	(4)	(232)
Accounts payable, accrued expenses and related parties	(41)	825
Deferred revenues	(611)	3,366
Liability for employee rights upon retirement	1	-
Other liabilities	(20)	111
Total net cash provided by (used in) operating activities	(2,728)	1,498
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of short-term deposits	(2,039)	(1,000)
Purchase of long-term deposits	(3,540)	(3,000)
Purchase of held to maturity securities	(2,879)	(1,056)
Proceeds from sale of short-term deposits	2,455	1,320
Proceeds from maturity of held to maturity securities	857	300
Total net cash used in investing activities	(5,146)	(3,436)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from issuance of common stock, net of issuance costs	4,230	-
Proceeds from exercise of warrants and options	930	320
Total net cash provided by financing activities	5,160	320
EFFECT OF EXCHANGE RATE CHANGES ON CASH	3	1
DECREASE IN CASH AND CASH EQUIVALENTS	(2,711)	(1,617)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	3,969	3,907
CASH AND CASH EQUIVALENTS AT END OF PERIOD	$ 1,258	$ 2,290
SUPPLEMENTARY DISCLOSURE ON CASH FLOWS -		
Interest received	$ 133	$ 56

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

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES:

a. General:

1) Incorporation and operations

Oramed Pharmaceuticals Inc. (collectively with its subsidiary, the "Company", unless the context indicates otherwise) was incorporated on April 12, 2002, under the laws of the State of Nevada. From incorporation until March 3, 2006, the Company was an exploration stage company engaged in the acquisition and exploration of mineral properties. On February 17, 2006, the Company entered into an agreement with Hadasit Medical Services and Development Ltd. ("Hadasit") to acquire the provisional patent related to an orally ingestible insulin capsule to be used for the treatment of individuals with diabetes.

On May 14, 2007, the Company incorporated a wholly-owned subsidiary in Israel, Oramed Ltd. (the "Subsidiary"), which is engaged in research and development.

On March 11, 2011, the Company was reincorporated from the State of Nevada to the State of Delaware.

On November 30, 2015, the Company entered into a Technology License Agreement with Hefei Tianhui Incubation of Technologies Co. Ltd. ("HTIT") and on December 21, 2015, the parties entered into an Amended and Restated Technology License Agreement that was further amended by the parties on June 3, 2016 and July 24, 2016 (the "License Agreement"). According to the License Agreement, the Company granted HTIT an exclusive commercialization license in the territory of the People's Republic of China, Macau and Hong Kong (the "Territory"), related to the Company's oral insulin capsule, ORMD-0801 (the "Product"). Pursuant to the License Agreement, HTIT will conduct, at its own expense, certain pre-commercialization and regulatory activities with respect to the Subsidiary's technology and ORMD-0801 capsule, and will pay to the Subsidiary (i) royalties of 10% on net sales of the related commercialized products to be sold by HTIT in the Territory ("Royalties"), and (ii) an aggregate of $37,500, of which $3,000 was payable immediately, $8,000 will be paid subject to the Company entering into certain agreements with certain third parties, and $26,500 will be paid upon achievement of certain milestones and conditions. In the event that the Company does not meet certain conditions, the Royalties rate may be reduced to a minimum of 8%. Following the final expiration of the Company's patents covering the technology in the Territory in 2033, the Royalties rate may be reduced, under certain circumstances, to 5%.

The royalty payment obligation shall apply during the period of time beginning upon the first commercial sale of the Product in the Territory, and ending upon the later of (i) the expiration of the last-to-expire licensed patents in the Territory; and (ii) 15 years after the first commercial sale of the Product in the Territory (the "Royalty Term").

The License Agreement shall remain in effect until the expiration of the Royalty Term. The License Agreement contains customary termination provisions.

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (continued):

Among others, the Company's involvement through the product submission date will include consultancy for the pre-commercialization activities in the Territory, as well as advisory services to HTIT on an ongoing basis.

The initial payment of $3,000 was received in January 2016. Following the achievement of certain milestones, the second and third payments of $6,500 and $4,000, respectively, were received in July 2016 and the fourth milestone payment of $4,000 was received in October 2016.

In addition, on November 30, 2015, the Company entered into a Stock Purchase Agreement with HTIT (the "SPA"). According to the SPA, the Company issued 1,155,367 shares of common stock to HTIT for $12,000. The transaction closed on December 28, 2015.

The License Agreement and the SPA were considered a single arrangement with multiple deliverables. The Company allocated the total consideration of $49,500 between the License Agreement and the SPA according to their fair value, as follows: $10,617 was allocated to the issuance of common stock (less issuance expenses of $23), based on the quoted price of the Company's shares on the closing date of the SPA on December 28, 2015, and $38,883 was allocated to the License Agreement. Given the Company's continuing involvement through the expected product submission (June 2023), amounts received relating to the License Agreement are recognized over the period from which the Company is entitled to the respective payment, and the expected product submission date using a time-based model approach over the periods that the fees are earned.

In July 2015, according to the letter of intent signed between the parties or their affiliates, HTIT's affiliate paid the Subsidiary a non-refundable amount of $500 as a no-shop fee. The no-shop fee was deferred and the related revenue is recognized over the estimated term of the License Agreement.

Amounts that were allocated to the License Agreement as of November 30, 2017 aggregated $19,383, all of which were received through the balance sheet date. Through November 30, 2017, the Company recognized revenue in the amount of $3,708, and deferred the remaining amount of $15,675.

U.S. Dollars in thousands (except share and per share data)

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (continued):

The following table summarizes the movement in deferred revenues balances for the three-month period ended November 30, 2017 and the year ended August 31, 2017:

	Three months ended November 30, 2017	Year ended August 31, 2017
Deferred revenue at the beginning of period	$ 16,286	$ 14,766
Amounts received	-	4,000
Amounts due to the Company	-	(24)
Revenue recognized	(611)	(2,456)
Deferred revenue at the end of period	15,675	16,286
Less – current deferred revenue portion	(2,449)	(2,449)
Non-current deferred revenue portion	$ 13,226	$ 13,837

2) Development and liquidity risks

The Company is engaged in research and development in the biotechnology field for innovative pharmaceutical solutions, including an orally ingestible insulin capsule to be used for the treatment of individuals with diabetes, and the use of orally ingestible capsules for delivery of other polypeptides, and has not generated significant revenues from its operations. Continued operation of the Company is contingent upon obtaining sufficient funding until it becomes profitable. Successful completion of the Company's development programs and its transition to normal operations is dependent upon obtaining necessary regulatory approvals from the U.S. Food and Drug Administration prior to selling its products within the United States, obtaining foreign regulatory approvals to sell its products internationally, or entering into licensing agreements with third parties. There can be no assurance that the Company will receive regulatory approval of any of its product candidates, and a substantial amount of time may pass before the Company achieves a level of revenues adequate to support its operations, if at all. The Company also expects to incur substantial expenditures in connection with the regulatory approval process for each of its product candidates during their respective developmental periods. Obtaining marketing approval will be directly dependent on the Company's ability to implement the necessary regulatory steps required to obtain marketing approval in the United States and in other countries. The Company cannot predict the outcome of these activities.

b. Loss per common share

Basic and diluted net loss per common share are computed by dividing the net loss for the period by the weighted average number of shares of common stock outstanding for each period. Outstanding stock options, warrants and restricted stock units ("RSUs") have been excluded from the calculation of the diluted loss per share because all such securities are anti-dilutive for all periods presented. The total number of common stock options, warrants and RSUs excluded from the calculation of diluted net loss was 1,424,029 and 2,470,494 for the three-month periods ended November 30, 2017 and 2016, respectively.

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (continued):

a. Condensed Consolidated Financial Statements Preparation

The condensed consolidated financial statements included herein have been prepared in accordance with U.S. GAAP and on the same basis as the audited consolidated financial statements included in the Company's Annual Report on Form 10-K for the fiscal year ended August 31, 2017 (the "2017 Form 10-K"). These condensed consolidated financial statements reflect all adjustments that are of a normal recurring nature and that are considered necessary for a fair statement of the results of the periods presented. Certain information and disclosures normally included in annual consolidated financial statements have been omitted in this interim period report pursuant to the rules and regulations of the Securities and Exchange Commission. Because the condensed consolidated interim financial statements do not include all of the information and disclosures required by U.S. GAAP for annual financial statements, they should be read in conjunction with the audited consolidated financial statements and notes included in the 2017 Form 10-K. The results for interim periods are not necessarily indicative of a full fiscal year's results.

b. Newly issued and recently adopted Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2014-09 (Topic 606) "Revenue from Contracts with Customers" that will supersede most current revenue recognition guidance, including industry-specific guidance. The underlying principle of this ASU is that an entity will recognize revenue upon the transfer of goods or services to customers in an amount that the entity expects to be entitled to in exchange for those goods or services. The guidance provides a five-step analysis of transactions to determine when and how revenue is recognized. Other major provisions include capitalization of certain contract costs, consideration of the time value of money in the transaction price, and allowing estimates of variable consideration to be recognized before contingencies are resolved in certain circumstances. The guidance also requires enhanced disclosures regarding the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. The guidance is effective in annual reporting periods beginning after December 15, 2017, including interim reporting periods within that reporting period. The Company will implement the guidance for the annual period ending on August 31, 2019. The Company is currently evaluating the impact of the guidance on its consolidated financial statements.

NOTE 2 - COMMITMENTS:

a. In March 2011, the Subsidiary sold shares of its investee company, Entera Bio Ltd. ("Entera") to D.N.A Biomedical Solutions Ltd. ("D.N.A"), retaining a 3% interest as of March 2011, which is accounted for as a cost method investment (amounting to $1). In consideration for the shares sold to D.N.A, the Company received, among other payments, 4,202,334 ordinary shares of D.N.A (see also note 4).

As part of this agreement, the Subsidiary entered into a patent transfer agreement according to which the Subsidiary assigned to Entera all of its right, title and interest in and to the patent application that it has licensed to Entera since August 2010. Under this agreement, the Subsidiary is entitled to receive from Entera royalties of 3% of Entera's net revenues (as defined in the agreement) and a license back of that patent application for use in respect of diabetes and influenza. As of November 30, 2017, Entera had not yet realized any revenues and had not paid any royalties to the Subsidiary.

In addition, as part of a consulting agreement with a third party, dated February 15, 2011, the Subsidiary is obliged to pay this third party royalties of 8% of the net royalties received in respect of the patent that was sold to Entera in March 2011.

b. On January 3, 2017, the Subsidiary entered into a lease agreement for its office facilities in Israel. The lease agreement is for a period of 60 months commencing October 1, 2016.

The annual lease payment is New Israeli Shekel ("NIS") 119,000 ($34) from October 2016 through September 2018 and NIS 132,000 ($38) from October 2018 through September 2021, and is linked to the increase in the Israeli consumer price index ("CPI") (as of November 30, 2017, the future lease payments until the expiration of the lease agreement will be $142, based on the exchange rate as of November 30, 2017).

As security for its obligation under this lease agreement, the Company provided a bank guarantee in an amount equal to three monthly lease payments.

c. On March 3, 2016, the Subsidiary entered into an agreement with a vendor for process development and production of its capsules and on November 24, 2016, April 3, 2017 and July 10, 2017 into amendments to such agreement in an amount of up to Swiss Franc ("CHF") 1,000,000 ($1,014), CHF 665,000 ($675) of which was recognized through November 30, 2017.

d. On May 11, 2016, the Subsidiary entered into a Master Service Agreement with a vendor to retain its services for a pre-clinical toxicology trial for an oral GLP-1 analog capsule for type 2 diabetes patients. As consideration for its services, the Subsidiary will pay the vendor a total amount of $1,283 during the term of the engagement and based on achievement of certain milestones, of which $1,266 was recognized through November 30, 2017.

e. On June 13, 2016, the Subsidiary entered into a four-year service agreement with a third party and on December 19, 2016, this agreement and all of the third party rights and obligations thereunder were assigned to another third party. This agreement is required by the License Agreement as described in note 1 and will support the Company's research and development. The Subsidiary is obligated to pay the third party a total amount of up to €2,360,000 ($2,722), of which €962,400 ($1,067) was recognized in research and development through November 30, 2017.

NOTE 2 - COMMITMENTS (continued):

f. On July 24, 2016, the Subsidiary entered into a General Technical Agreement with a vendor for the scale-up process development and production of one of its oral capsule ingredients in the amount of $4,300 that will be paid over the term of the engagement and based on the achievement of certain development milestones, $3,980 of which were recognized in research and development through November 30, 2017. This agreement is part of the requirements of the License Agreement as described in note 1.

g. On February 21, 2017, the Subsidiary entered into an agreement with a vendor to retain its services for a pre-clinical toxicology trial for an oral insulin capsule for type 2 and type 1 diabetes patients. As consideration for its services, the Subsidiary will pay the vendor a total of up to $952 during the term of the engagement and based on achievement of certain milestones, of which $691 was recognized through November 30, 2017.

h. On May 3, 2017, the Company entered into a consulting agreement with a third party advisor for a period of one year, pursuant to which such advisor will provide investor relations services and will be entitled to receive a monthly cash fee and 10,000 shares of the Company's common stock that will be issued in four equal quarterly installments commencing August 1, 2017. As of November 30, 2017, the Company had issued to such advisor 5,000 shares. The fair value of the shares at the grant date was $44.

i. On June 5, 2017, the Subsidiary entered into a clinical research agreement with a vendor, for the conduct of its clamp clinical trial for an oral insulin capsule for type 1 diabetes patients. As consideration for its services, the Subsidiary will pay the vendor a total amount of $958 during the term of the engagement and based on achievement of certain milestones, $160 of which was recognized through November 30, 2017.

j. Grants from the Bio-Jerusalem Fund ("Bio-Jerusalem")

The Subsidiary is committed to pay royalties to Bio-Jerusalem on proceeds from future sales at a rate of 4% and up to 100% of the amount of the grant received (Israeli CPI linked) at the total amount of $65. The Company received no grants from Bio-Jerusalem since fiscal year 2013.

Through November 30, 2017, total milestone payments received which are related to the funded project aggregated $17,500 and all related royalty expenses were recognized in cost of revenues in prior periods.

k. Grants from the Israel Innovation Authority ("IIA")

Under the terms of the Company's funding from the IIA, royalties of 3.5% are payable on sales of products developed from a project so funded, up to a maximum amount equaling 100%-150% of the grants received (dollar linked) with the addition of interest at an annual rate based on LIBOR.

At the time the grants were received, successful development of the related projects was not assured.

The total amount that was received through November 30, 2017 was $2,194.

Through November 30, 2017, total milestone payments received which are related to the funded project aggregated $17,500. The royalty expenses were recognized in cost of revenues in prior periods and will be paid over the term of the License Agreement in accordance with the revenue recognized from the related project.

NOTE 3 - FAIR VALUE:

The Company measures fair value and discloses fair value measurements for financial assets and liabilities. Fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In order to increase consistency and comparability in fair value measurements, the guidance establishes a fair value hierarchy that prioritizes observable and unobservable inputs used to measure fair value into three broad levels, which are described as follows:

Level 1: Quoted prices (unadjusted) in active markets that are accessible at the measurement date for assets or liabilities. The fair value hierarchy gives the highest priority to Level 1 inputs.

Level 2: Observable prices that are based on inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs are used when little or no market data is available. The fair value hierarchy gives the lowest priority to Level 3 inputs.

As of November 30, 2017, the assets or liabilities measured at fair value are comprised of available for sale equity securities (Level 1).

In determining fair value, the Company utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible.

As of November 30, 2017, the carrying amount of cash and cash equivalents, short-term deposits and other current assets, accounts payable and accrued expenses approximate their fair values due to the short-term maturities of these instruments.

As of November 30, 2017, the carrying amount of long-term deposits approximates their fair values due to the stated interest rates which approximate market rates.

The fair value of held to maturity bonds as presented in note 4 was based on a Level 1 measurement.

The amounts funded in respect of employee rights are stated at cash surrender value which approximates its fair value.

There were no Level 3 items for the three-month periods ended November 30, 2017 and 2016.

U.S. Dollars in thousands (except share and per share data)

NOTE 4 - MARKETABLE SECURITIES:

The Company's marketable securities include investments in equity securities of D.N.A and in held to maturity bonds.

a. Composition:

	November 30, 2017	August 31, 2017
Short-term:		
D.N.A (see b below)	$ 1,322	$ 996
Held to maturity bonds (see c below)	1,400	1,864
	$ 2,722	$ 2,860
Long-term:		
Held to maturity bonds (see c below)	$ 4,598	$ 2,151

b. D.N.A

The investment in D.N.A is reported at fair value, with unrealized gains and losses, recorded as a separate component of other comprehensive income in equity until realized. Unrealized losses that are considered to be other-than-temporary are charged to statement of operations as an impairment charge and are included in the consolidated statement of operations under impairment of available-for-sale securities.

The D.N.A ordinary shares are traded on the Tel Aviv Stock Exchange. The fair value of those securities is measured at the quoted prices of the securities on the measurement date.

As of November 30, 2017, the Company owns approximately 6.9% of D.N.A's outstanding ordinary shares.

The cost of the securities as of November 30, 2017 and August 31, 2017 is $595.

U.S. Dollars in thousands (except share and per share data)

NOTE 4 - MARKETABLE SECURITIES (continued):

c. Held to maturity securities

The amortized cost and estimated fair value of held-to-maturity securities as of November 30, 2017, are as follows:

	November 30, 2017		
	Amortized cost	Gross unrealized losses	Estimated fair value
Short-term:			
Commercial bonds	$ 1,359	$ (2)	$ 1,357
Accrued interest	41	-	41
Long-term	4,598	(27)	4,571
	$ 5,998	$ (29)	$ 5,969

As of November 30, 2017, the contractual maturities of debt securities classified as held-to-maturity are as follows: after one year through two years, $4,598, and the yield to maturity rates vary between 1.40% to 1.90%.

The amortized cost and estimated fair value of held-to-maturity securities as of August 31, 2017, are as follows:

	August 31, 2017		
	Amortized cost	Gross unrealized losses	Estimated fair value
Short-term:			
Commercial bonds	$ 1,823	$ (1)	$ 1,822
Accrued interest	41	-	41
Long-term	2,151	-	2,151
	$ 4,015	$ (1)	$ 4,014

As of August 31, 2017, the contractual maturities of debt securities classified as held-to-maturity are as follows: after one year through two years, $2,151 and the yield to maturity rates vary between 1.30% to 1.87%.

Held to maturity securities which will mature during the 12 months from the balance sheet date are included in short-term marketable securities. Held to maturity securities with maturity dates of more than one year are considered long-term marketable securities.

U.S. Dollars in thousands (except share and per share data)

NOTE 5 - LONG-TERM DEPOSITS AND INVESTMENTS:

Composition:

	November 30, 2017	August 31, 2017
Bank deposits (1)	$ 17,778	$ 16,230
Lease car deposits	1	1
Investment	1	1
	$ 17,780	$ 16,232

(1) Represents U.S. dollar bank deposits which carry fixed annual interest rates between 2.15% to 2.56%, with maturities of more than one year from the date of the condensed consolidated balance sheet. The latest maturity date is during the year ending August 31, 2020.

NOTE 6 - ACCOUNTS PAYABLE AND ACCRUED EXPENSES:

Composition:

	November 30, 2017	August 31, 2017
Accounts payable	$ 1,582	$ 571
Payroll and related accruals	54	97
Institutions	24	228
Accrued liabilities	645	1,593
Other	294	227
	$ 2,599	$ 2,716

NOTE 7 - STOCKHOLDERS' EQUITY:

On April 2, 2015, the Company entered into an At The Market Issuance Sales Agreement (the "Sales Agreement") with B. Riley FBR, Inc., as successor to FBR Capital Markets & Co. ("FBR"), as amended, pursuant to which the Company may, from time to time and at its option, issue and sell shares of its common stock having an aggregate offering price of up to $25,000 through FBR as its sales agent, subject to certain terms and conditions. Any shares sold will be sold pursuant to the Company's effective shelf registration statement on Form S-3 including a prospectus dated February 2, 2017, as supplemented by a prospectus supplement dated April 5, 2017. The Company will pay FBR a commission of 3.0% of the gross proceeds of the sale of any shares sold through FBR. As of November 30, 2017, 456,889 shares were sold under the Sales Agreement for aggregate net proceeds of $4,256 and an additional 50,000 shares were subsequently sold during December 2017 for aggregate net proceeds of $441.

NOTE 8 - RELATED PARTIES - TRANSACTIONS:

On July 1, 2008, the Subsidiary entered into two consulting agreements with KNRY Ltd. ("KNRY"), an Israeli company owned by the Chief Scientific Officer (the "CSO"), whereby the Chief Executive Officer (the "CEO") and the CSO, through KNRY, provide services to the Company (the "Consulting Agreements"). The Consulting Agreements are both terminable by either party upon 140 days prior written notice. The Consulting Agreements, as amended, provide that KNRY will be reimbursed for reasonable expenses incurred in connection with performance of the Consulting Agreements and that the monthly consulting fee paid to the CEO and the CSO is NIS 127,570 ($35) and NIS 80,454 ($22), respectively.

In addition to the Consulting Agreement, based on a relocation cost analysis prepared by consulting company ORI - Organizational Resources International Ltd., the Company pays for certain direct costs and expenses incurred in connection with the relocation of the CEO to New York, up to an aggregate yearly amount of $332.

NOTE 9 - SUBSEQUENT EVENT:

a. On December 22, 2017, President Trump signed into law the Tax Cuts and Jobs Act (the "TCJA"), which among other changes reduces the federal corporate tax rate to 21%. The Company is currently evaluating the impact of the TCJA on its consolidated financial statements.

b. On December 18, 2017, the Subsidiary entered into an agreement with a vendor for the process development and production of one of its oral capsule ingredients in the amount of $2,900.

ITEM 2 - MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with the condensed consolidated financial statements and the related notes included elsewhere herein and in our consolidated financial statements, accompanying notes and "Management's Discussion and Analysis of Financial Condition and Results of Operations" contained in our Annual Report (as defined below).

Forward-Looking Statements

The statements contained in this Quarterly Report on Form 10-Q that are not historical facts are "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995 and other federal securities laws. Words such as "expects," "anticipates," "intends," "plans," "planned expenditures," "believes," "seeks," "estimates" and similar expressions or variations of such words are 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 Quarterly Report on Form 10-Q. Additionally, statements concerning future matters are forward-looking statements. We remind readers that forward-looking statements are merely predictions and therefore inherently subject to uncertainties and other factors and involve known and unknown risks that could cause the actual results, performance, levels of activity, or our achievements, or industry results, to be materially different from any future results, performance, levels of activity, or our achievements, or industry results, expressed or implied by such forward-looking statements. Such forward-looking statements include, among other statements, statements regarding the following:

- the expected development and potential benefits from our products in treating diabetes;
- future milestones, conditions and royalties under the license agreement with Hefei Tianhui Incubation of Technologies Co. Ltd., or HTIT;
- our research and development plans, including pre-clinical and clinical trials plans and the timing of enrollment, obtaining results and conclusion of trials, including without limitation, our expectation that we will initiate two six-month Phase III clinical trials if our Phase IIb three-month dosing clinical trial is successful, and our expectation to file a New Drug Application thereafter;
- our belief that our technology has the potential to deliver medications and vaccines orally that today can only be delivered via injection;
- the competitive ability of our technology based product efficacy, safety, patient convenience, reliability, value and patent position;
- the potential market demand for our products;
- our expectation that in the upcoming years our research and development expenses, net, will continue to be our major expenditure;
- our expectations regarding our short- and long-term capital requirements;
- our outlook for the coming months and future periods, including but not limited to our expectations regarding future revenue and expenses; and
- information with respect to any other plans and strategies for our business.

Although forward-looking statements in this Quarterly Report on Form 10-Q 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 "Item 1A. Risk Factors" in our Annual Report on Form 10-K for the fiscal year ended August 31, 2017, or our Annual Report, as filed with the Securities and Exchange Commission, or the SEC, on November 29, 2017, as well as those discussed elsewhere in our Annual Report and this Quarterly Report on Form 10-Q and expressed from time to time in our other filings with the SEC. In addition, historic results of scientific research, clinical and preclinical trials do not guarantee that the conclusions of future research or trials would not suggest different conclusions. Also, historic results referred to in this Quarterly Report on Form 10-Q could be interpreted differently in light of additional research, clinical and preclinical trials results. Readers are urged not to place undue reliance on these forward-looking statements, which speak only as of the date of this Quarterly Report on Form 10-Q. Except as required by law, 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 Quarterly Report on Form 10-Q. Readers are urged to carefully review and consider the various disclosures made throughout the entirety of this Quarterly Report on Form 10-Q which attempt to advise interested parties of the risks and factors that may affect our business, financial condition, results of operations and prospects.

Overview of Operations

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

Recent business developments

Product Candidates

Orally Ingestible Insulin

In August 2017, we had a call with the U.S. Food and Drug Administration, or FDA, regarding our proprietary flagship product, an orally ingestible insulin capsule, or ORMD-0801. During the call, the FDA advised that the regulatory pathway for the submission of ORMD-0801 would be a Biologics License Application. If approved, such a pathway would grant us 12 years of marketing exclusivity for ORMD-0801, from the approval date, and an additional six months of exclusivity may be granted if the product also receives approval for use in pediatric patients. The FDA confirmed that the approach to nonclinical toxicology, chemistry manufacturing controls and qualification of excipients would be driven by their published guidance documents. We plan to initiate in the first quarter of calendar year 2018 a three-month dose-ranging clinical trial on approximately 240 type 2 diabetic patients to assess the safety and evaluate the effect of ORMD-0801 on HbA1c, the main FDA registrational endpoint and a clamp study on six type 1 diabetic patients.

In February 2017, we completed a Phase IIa dose finding clinical trial which was initiated in October 2016. This randomized, double-blind trial was conducted on 32 type 2 adult diabetic patients in order to better define the optimal dosing of ORMD-0801 moving forward. The results of the trial indicated a positive safety profile and potentially meaningful efficacy of ORMD-0801, as the efficacy data suggest ORMD-0801 improves glucose control.

In March 2017, we initiated a six month toxicology study to allow for the use of our oral insulin capsule for a longer period than previously performed, in preparation for our proposed upcoming three-month clinical trial for type 2 diabetes. We anticipate receiving the final report of this study in the first quarter of calendar year 2018.

In April 2016, we completed a Phase IIb clinical trial on 180 type 2 adult diabetic patients that was initiated in June 2015 and conducted in 33 sites in the United States. This double-blind, randomized, 28-day dosing clinical trial was conducted under an Investigational New Drug application, or IND, with the FDA. The clinical trial, designed to assess the safety and efficacy of our ORMD-0801, investigated ORMD-0801 over a 28 day treatment period and had statistical power to give us greater insight into the drug's efficacy. The trial indicated a statistically significant lowering of blood glucose levels versus placebo across several endpoints, with no serious or severe adverse issues related to the drug. The trial successfully met all of its primary and most of its secondary and exploratory endpoints for both safety and efficacy.

Should our Phase IIb three-month dose-ranging clinical trial successfully meet its primary endpoints, we anticipate initiating two six-month Phase III clinical trials on both type 1 and type 2 diabetic patients, following which we expect to file a New Drug Application with a potential FDA approval by the third quarter of calendar year 2023.

GLP-1 Analog

In September 2013, we submitted a pre-IND package to the FDA for ORMD-0901, our oral exenatide capsule, for a Phase II clinical trial on healthy volunteers and type 2 diabetic patients. In August 2015, we began a non-FDA clinical trial outside of the United States on type 2 diabetic patients. The trial was completed during the second quarter of calendar year 2016 and indicated positive results as it showed ORMD-0901 to be safe and well tolerated and demonstrated encouraging efficacy data. We completed a three-month pre-clinical toxicology study in March 2017 and the final report will be submitted to the FDA with our IND. We expect to file an IND during the first quarter of calendar year 2018 and move directly into a small pharmacokinetics study on healthy volunteers followed by a large Phase II trial on type 2 diabetic patients which will be conducted in the United States under an IND.

Other products

During the first quarter of calendar 2017, we began developing a new drug candidate, a weight loss treatment in the form of an oral leptin capsule, and in April 2017, Israel's Ministry of Health approved our commencement of a proof of concept single dose study for our oral leptin drug candidate to evaluate its pharmacokinetic and pharmacodynamics (glucagon reduction) in 10 type 1 adult diabetic patients. The study is projected to initiate in calendar year 2018 and be completed during calendar year 2019.

In November 2017, Israel's Ministry of Health approved us to initiate an exploratory clinical study of our oral insulin capsule, ORMD-0801, in patients with nonalcoholic steatohepatitis (NASH). The proposed three-month treatment study will assess the effectiveness of ORMD-0801 in reducing liver fat content, inflammation and fibrosis in patients with NASH. We expect to initiate the study in calendar year 2018 and complete it during calendar year 2019.

The table below gives an overview of our primary product pipeline (calendar quarters):

		Phase I	Phase II	Phase III	Timeline
ORMD-0801 oral insulin	Type 2 diabetes				Q1 '14: Phase IIa completed Q2 '16: Phase IIb multi-center study completed Q1 '17: Phase IIa - dose finding study completed Q1 '18: Phase IIb 90-day multi-center study projected initiation (projected completion Q2 '19) Q4 '19: Phase III study projected initiation (projected completion Q2 '21)
	Type 1 diabetes				Q3 '14: Phase IIa study completed Q1 '18: Clamp study projected initiation (projected completion Q3 '18) Q4 '19: Phase III projected initiation (projected completion Q2 '21)
ORMD-0901 oral GLP-1	Type 2 diabetes				Q2 '16: Phase Ib non-US study completed Q1 '18: Pharmacokinetics clinical study projected initiation (projected completion Q3 '18) H2 '18: Phase II projected initiation (projected completion Q4 '19)

Out-Licensed Technology

On November 30, 2015, we, our Israeli subsidiary and HTIT entered into a Technology License Agreement, and on December 21, 2015 these parties entered into an Amended and Restated Technology License Agreement that was further amended by the parties on June 3, 2016 and July 24, 2016, or the License Agreement. According to the License Agreement, we granted HTIT an exclusive commercialization license in the territory of the People's Republic of China, Macau and Hong Kong, or the Territory, related to our oral insulin capsule, ORMD-0801, or the Product. Pursuant to the License Agreement, HTIT will conduct, at its own expense, certain pre-commercialization and regulatory activities with respect to our technology and ORMD-0801 capsule, and will pay (i) royalties of 10% on net sales of the related commercialized products to be sold by HTIT in the Territory, or Royalties, and (ii) an aggregate of $37.5 million, of which $3 million is payable immediately, $8 million will be paid subject to our entry into certain agreements with certain third parties, and $26.5 million will be payable upon achievement of certain milestones and conditions. In the event that we will not meet certain conditions, the Royalties rate may be reduced to a minimum of 8%. Following the final expiration of our patents covering the technology in the Territory in 2033, the Royalties rate may be reduced, under certain circumstances, to 5%. The royalty payment obligation shall apply during the period of time beginning upon the first commercial sale of the Product in the Territory, and ending upon the later of (i) the final expiration of the last-to-expire licensed patent in the Territory and (ii) 15 years after the first commercial sale of the Product in the Territory, or the Royalty Term. The License Agreement shall remain in effect until the expiration of the Royalty Term. The License Agreement contains customary termination provisions. The initial payment of $3 million was received in January 2016. Following the achievement of certain milestones, the second and third milestone payments of $6.5 million and $4 million, respectively, were received in July 2016, and the fourth milestone payment of $4 million was received in October 2016.

On November 30, 2015, we also entered into a separate Securities Purchase Agreement with HTIT, or the SPA, pursuant to which, in December 2015, we issued to HTIT 1,155,367 shares of our common stock for total consideration of $12 million. In connection with the License Agreement and the SPA, we received a non-refundable payment of $500,000 as a no-shop fee.

Results of Operations

Comparison of three month periods ended November 30, 2017 and 2016

The following table summarizes certain statements of operations data of the Company for the three month periods ended November 30, 2017 and 2016 (in thousands of dollars except share and per share data):

	Three months ended November 30,	
	2017	**2016**
Revenues	$ 611	$ 610
Cost of revenues	-	187
Research and development expenses	2,327	2,353
General and administrative expenses	1,016	468
Financial income, net	201	162
Taxes on income	-	400
Net loss for the period	$ 2,531	$ 2,636
Loss per common share - basic and diluted	$ 0.18	$ 0.20
Weighted average common shares outstanding	14,239,346	13,205,971

Revenues

Revenues consist of proceeds related to the License Agreement that are recognized over the term of the License Agreement through June 2023.

Revenues for the three month period ended November 30, 2017 totaled $611,000, consistent with $610,000 for the three month period ended November 30, 2016.

Cost of revenues

Cost of revenues consists of royalties related to the License Agreement that will be paid over the term of the License Agreement in accordance with revenue recognition accounting and the Law for the Encouragement of Industrial Research, Development and Technological Innovation, 1984, as amended, including any regulations or tracks promulgated thereunder.

No cost of revenues was recognized during the three month period ended November 30, 2017 compared to cost of revenues of $187,000 for the three month period ended November 30, 2016. The decrease is due to no additional milestone payments having been received during the three month period ended November 30, 2017.

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, employee benefits, costs of 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 drugs for use in research and 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, or CROs, independent clinical investigators, and other third-party service providers to assist us with the execution of our clinical studies.

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 and exenatide capsules, payments for patient recruitment and treatment, as well as salaries and related expenses of research and development staff.

Research and development expenses for the three month period ended November 30, 2017 decreased by 1% to $2,327,000, from $2,353,000 for the three month period ended November 30, 2016. The decrease is mainly due to completion of our dose finding clinical trial and is partially offset by an increase in expenses related to progress in toxicology studies and preparations for our Phase IIb three-month clinical trial. Stock-based compensation costs for the three month period ended November 30, 2017 totaled $171,000, as compared to $136,000 during the three month period ended November 30, 2016. The increase is mainly attributable to awards granted to employees and a consultant during fiscal year 2017.

Government grants

In the three month periods ended November 30, 2017 and 2016, we did not recognize any research and development grants. As of November 30, 2017, we incurred liabilities to pay royalties to the Israel Innovation Authority of the Israeli Ministry of Economy & Industry of $533,000.

General and administrative expenses

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

General and administrative expenses for the three month period ended November 30, 2017 increased by 117% to $1,016,000 from $468,000 for the three month period ended November 30, 2016. The increase in costs related to general and administrative activities during the three month period ended November 30, 2017 is mainly attributable to an increase in stock-based compensation costs, consulting and travel expenses related to the relocation of our Chief Executive Officer to New York, where the Company has leased an office since September 2017. Stock-based compensation costs for the three month period ended November 30, 2017 totaled $352,000, as compared to $23,000 during the three month period ended November 30, 2016. The increase is mainly attributable to awards granted to employees and a consultant during fiscal year 2017.

Financial income, net

Net financial income increased by 24% from net income of $162,000 for the three month period ended November 30, 2016 to net income of $201,000 for the three month period ended November 30, 2017. The increase is mainly attributable to an increase in income from bank deposits and held to maturity bonds as a result of an increase in interest rates.

Taxes on income

No taxes on income were recognized for the three month period ended November 30, 2017 as compared to $400,000 for the three month period ended November 30, 2016. The decrease is due to a decrease in withholding tax deducted from milestone payments received related to the License Agreement that resulted from a decrease in such proceeds. The Company estimates that withholding tax will not be utilized in the next five years, and therefore it was deducted.

Other comprehensive income

Unrealized gains on available for sale securities for the three month period ended November 30, 2017 of $326,000, compared to losses of $63,000 for the three month period ended November 30, 2016, resulted from the increase in fair value of the ordinary shares of D.N.A Biomedical Solutions Ltd. that we hold.

Liquidity and capital resources

From inception through November 30, 2017, we have incurred losses in an aggregate amount of $59,027,000. During that period we have financed our operations through several private placements of our common stock, as well as public offerings of our common stock, raising a total of $60,309,000, net of transaction costs. During that period, we also received cash consideration of $5,810,000 from the exercise of warrants and options. We will seek to obtain additional financing through similar sources in the future, as needed. As of November 30, 2017, we had $1,258,000 of available cash, $32,772,000 of short-term and long-term bank deposits and $7,320,000 of marketable securities.

Management continues to evaluate various financing alternatives for funding future research and development activities and general and administrative expenses through fundraising 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 future third party investments. Based on our current cash resources and commitments, we believe we will be able to maintain our current planned development activities and the corresponding level of expenditures for at least the next 12 months and beyond.

As of November 30, 2017, our total current assets were $19,135,000 and our total current liabilities were $5,124,000. On November 30, 2017, we had a working capital surplus of $14,011,000 and an accumulated loss of $59,027,000. As of August 31, 2017, our total current assets were $20,297,000 and our total current liabilities were $5,165,000. On August 31, 2017, we had a working capital surplus of $15,132,000 and an accumulated loss of $56,496,000. The decrease in working capital from August 31, 2017 to November 30, 2017 was primarily due to investment in long-term deposits and marketable securities.

During the three month period ended November 30, 2017, cash and cash equivalents decreased to $1,258,000 from the $3,969,000 reported as of August 31, 2017, which is due to the reasons described below.

Operating activities used cash of $2,728,000 in the three month period ended November 30, 2017, as compared to $1,498,000 provided in the three month period ended November 30, 2016. Cash used in operating activities in the three month period ended November 30, 2017 primarily consisted of net loss resulting from research and development and general and administrative expenses, as well as changes in deferred revenues due to the License Agreement and is partially offset by changes in stock-based compensation, while cash provided by operating activities in the three month period ended November 30, 2016 primarily consisted of changes in deferred revenues and is partially offset by net loss resulting from research and development and general and administrative expenses.

Investing activities used cash of $5,146,000 in the three month period ended November 30, 2017, as compared to $3,436,000 used in the three month period ended November 30, 2016. Cash used in investing activities in the three month periods ended November 30, 2017 and 2016 consisted primarily of the purchase of short-term and long-term bank deposits and marketable securities.

Financing activities provided cash of $5,160,000 in the three month period ended November 30, 2017, as compared to $320,000 that were provided in the three month period ended November 30, 2016. Financing activities in the three month period ended November 30, 2017 consisted of aggregate net proceeds of $4,230,000 from our issuance of 453,919 common stock under an At The Market Issuance Sales Agreement, dated April 2, 2015, or the Sales Agreement, with B. Riley FBR, Inc., as successor to FBR Capital Markets & Co., or FBR, as amended, and proceeds from exercise of warrants and options while financing activities in the three month period ended November 30, 2016 consisted of proceeds from the exercise of options. Pursuant to the Sales Agreement, we may, from time to time and at our option, issue and sell shares of our common stock having an aggregate offering price of up to $25,000,000 through FBR as sales agent, subject to certain terms and conditions. Any shares sold will be sold pursuant to our effective shelf registration statement on Form S-3 including a prospectus dated February 2, 2017, as supplemented by a prospectus supplement dated April 5, 2017. We will pay FBR a commission of 3.0% of the gross proceeds of the sale of any shares sold through FBR.

Off-balance sheet arrangements

As of November 30, 2017, we had no off-balance sheet arrangements that have had or that we expect would be reasonably likely to have a future material effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources.

Significant Accounting Policies

Our significant accounting policies are described in the notes to the consolidated financial statements as of August 31, 2017 included in our Annual Report.

Planned Expenditures

We invest heavily in research and development, and we expect that in the upcoming years our research and development expenses will continue to be our major operating expense.

ITEM 3 - QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

There has been no significant change in our exposure to market risk during the three month period ended November 30, 2017. For a discussion of our exposure to market risk, refer to Part II, Item 7A, "Quantitative and Qualitative Disclosures About Market Risk," contained in our Annual Report.

ITEM 4 - CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

Our management, including our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures as of November 30, 2017. Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures are effective.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting that occurred during the quarter ended November 30, 2017 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II – OTHER INFORMATION

ITEM 2 - UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

On November 1, 2017, we issued 2,500 shares of our common stock to Corporate Profile, LLC, or Corporate Profile, in payment of a portion of the consulting fee for investor relations services owed to Corporate Profile pursuant to a Stock Purchase Agreement and Letter Agreement, each dated May 3, 2017, between us and Corporate Profile.

On October 24, 2017, we issued 8,750 shares of our common stock to an investor resulting from his exercise of warrants purchased in connection with our 2012 private placement for a total exercise price of $52,500.

On November 14, 2017, we issued 6,399 shares of our common stock to an investor resulting from his exercise of warrants purchased in connection with our 2012 private placement for a total exercise price of $38,394.

We issued these shares pursuant to an exemption from registration contained in Section 4(a)(2) of the Securities Act of 1933, as amended.

ITEM 6 - EXHIBITS

Number	Exhibit
31.1*	Certification of Principal Executive Officer pursuant to Rule 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as amended.
31.2*	Certification of Principal Financial Officer pursuant to Rule 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as amended.
32.1**	Certification of Principal Executive Officer pursuant to 18 U.S.C. Section 1350.
32.2**	Certification of Principal Financial Officer pursuant to 18 U.S.C. Section 1350.
101.1*	The following financial statements from the Company's Quarterly Report on Form 10-Q for the quarter ended November 30, 2017, formatted in XBRL: (i) Condensed Consolidated Balance Sheets, (ii) Condensed Consolidated Statements of Comprehensive Loss, (iii) Condensed Consolidated Statement of Changes in Stockholders' Equity, (iv) Condensed Consolidated Statements of Cash Flows and (v) the Notes to Condensed Consolidated Financial Statements.

_____

* Filed herewith

** Furnished herewith

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

ORAMED PHARMACEUTICALS INC.

Date: January 11, 2018

By: /s/ Nadav Kidron
Nadav Kidron
President and Chief Executive Officer

Date: January 11, 2018

By: /s/ Hilla Eisenberg
Hilla Eisenberg
Chief Financial Officer
(Principal Financial and Accounting Officer)

Exhibit 31.1

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER
PURSUANT TO RULE 13a-14(a) AND 15d-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED

I, Nadav Kidron, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Oramed Pharmaceuticals Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: January 11, 2018

/s/ Nadav Kidron
Nadav Kidron
President and Chief Executive Officer

Exhibit 31.2

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER
PURSUANT TO RULE 13a-14(a) AND 15d-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED

I, Hilla Eisenberg, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Oramed Pharmaceuticals Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: January 11, 2018

/s/ Hilla Eisenberg
Hilla Eisenberg
Chief Financial Officer

Exhibit 32.1

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350

In connection with the quarterly report of Oramed Pharmaceuticals Inc., or the Company, on Form 10-Q for the period ended November 30, 2017 as filed with the Securities and Exchange Commission on the date hereof, or the Report, I, Nadav Kidron, President and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, that to my knowledge:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities and Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: January 11, 2018

/s/ Nadav Kidron

Nadav Kidron,
President and Chief Executive Officer

Exhibit 32.2

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350

In connection with the quarterly report of Oramed Pharmaceuticals Inc., or the Company, on Form 10-Q for the period ended November 30, 2017 as filed with the Securities and Exchange Commission on the date hereof, or the Report, I, Hilla Eisenberg, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, that to my knowledge:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities and Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: January 11, 2018

/s/ Hilla Eisenberg
Hilla Eisenberg,
Chief Financial Officer