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

# FORM 10-KSB

(Mark One)

x ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended **August 31, 2006**

[ ] TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from [ ] to [ ]

Commission file number **000-50298**

**ORAMED PHARMACEUTICALS INC.**

(Name of small business issuer in its charter)

| **Nevada** | **98-0376008** |
|---|---|
| (State or other jurisdiction of incorporation or organization) | (I.R.S. Employer Identification No.) |
| **2 Elza Street, Jerusalem, Israel** | **93706** |
| (Address of principal executive offices) | (Zip Code) |

**011 972-54-7909058**

(Issuer's telephone number)

**Integrated Security Technologies, Inc.**

(Former name, former address and former fiscal year, if changed since last report)

Securities registered pursuant to Section 12(b) of the Act:

| Title of each class | Name of each exchange on which registered |
|---|---|
| **Nil** | **Nil** |

Securities registered pursuant to Section 12(g) of the Act:

**Common Shares, par value $0.001**

(Title of class)

Check whether the issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the past 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 **x** No [ ]

Check if there is no disclosure of delinquent filers in response to Item 405 of Regulation S-B is not contained in this form, and no disclosure will be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-KSB or any amendment to this Form 10-KSB. [ ]

State issuer's revenues for its most recent fiscal year. **Nil**

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12-b-2 of the *Exchange Act*).
Yes [ ] No [ X ]

State the aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the price at which the common equity was sold, or the average bid and asked prices of such common equity, as of a specified date within the past 60 days. (See definition of affiliate in Rule 12b-2 of the Exchange Act.).

**20,784,995 common shares @ $0.7325[(1)] = $15,225,008**

(1) Average of bid and ask closing prices on December 12, 2006.
41,456,779 common shares outstanding. 20,671,784 held by affiliates[(2)]. 20,784,995 held by non-affiliates)

(2) see Item 11

Note: If determining whether a person is an affiliate will involve an unreasonable effort and expense, the issuer may calculate the aggregate market value of the common equity held by non-affiliates on the basis of reasonable assumptions, if the assumptions are stated.

**(ISSUERS INVOLVED IN BANKRUPTCY PROCEEDINGS DURING THE PRECEDING FIVE YEARS)**

Check whether the issuer has filed all documents and reports required to be filed by Section 12, 13 or 15(d) of the Exchange Act after the distribution of securities under a plan confirmed by a court.
Yes [ ] No **[ ]**

**(APPLICABLE ONLY TO CORPORATE REGISTRANTS)**

State the number of shares outstanding of each of the issuer's classes of equity stock, as of the latest practicable date.

**41,456,779 common shares issued and outstanding as at December 12, 2006**

**DOCUMENTS INCORPORATED BY REFERENCE**

If the following documents are incorporated by reference, briefly describe them and identify the part of the Form 10-KSB (e.g., Part I, Part II, etc.) into which the document is incorporated: (1) any annual report to security holders; (2) any proxy or information statement; and (3) any prospectus filed pursuant to Rule 424(b) or (c) of the Securities Act of 1933 ("Securities Act"). The listed documents should be clearly described for identification purposes (e.g., annual report to security holders for fiscal year ended December 24, 1990).

Transitional Small Business Disclosure Format (Check one): Yes [ ] No **x**

**ORAMED PHARMACEUTICALS INC.**
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## PART I

### Item 1. Description Of Business

This annual report contains forward-looking statements as that term is defined in the Private Securities Litigation Reform Act of 1995. These statements relate to future events or our future financial performance. In some cases, you can identify forward-looking statements by terminology such as “may”, “will”, “should”, “expects”, “plans”, “anticipates”, “believes”, “estimates”, “predicts”, “potential” or “continue” or the negative of these terms or other comparable terminology. These statements, including those statements concerning our plans to conduct clinical trials of our oral insulin products in the near future; our efforts to develop a form of insulin that can successfully be administered orally; our future plans to develop an orally administered insulin pill that will not break down in the stomach or intestines, are only predictions and involve known and unknown risks, uncertainties and other factors, including the risks in the section entitled “Risk Factors”, that may cause our or our industry’s actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by these forward-looking statements.

Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance or achievements. Except as required by applicable law, including the securities laws of the United States, we do not intend to update any of the forward-looking statements to conform these statements to actual results.

Our consolidated financial statements are stated in United States Dollars (US$) and are prepared in accordance with United States Generally Accepted Accounting Principles.

In this annual report, unless otherwise specified, all dollar amounts are expressed in United States dollars.

Unless otherwise indicated, all references to “we”, “us”, “our” and “Oramed” means Oramed Pharmaceuticals Inc.

***Corporate Overview***

We were incorporated on April 12, 2002, under the laws of the State of Nevada. From incorporation until March 3, 2006, we were an exploration stage company engaged in the acquisition and exploration of mineral properties. We were unsuccessful in that endeavour and have now become a pharmaceutical research and development company.

Effective April 10, 2006, we changed our name from “Integrated Security Technologies, Inc.” to “Oramed Pharmaceuticals Inc.” when we merged with our newly formed subsidiary, Oramed Pharmaceuticals Inc. The board of directors also adopted the Bylaws of the subsidiary, Oramed Pharmaceuticals Inc.

***Our Current Business***

On February 17, 2006, we entered into an agreement with Hadasit Medical Services and Development Ltd. to acquire the provisional patent application No. 60/718716 and engage in the research and development of a method to administer insulin orally. On March 8, 2006 we completed the purchase of this provisional patent application No. 60/718716, including related intellectual property from Hadasit. The provisional patent application No. 60/718716 relates to a method of preparing insulin so that it may be taken orally for use in the treatment of people with diabetes. Pursuant to the agreement, we are entitled to ask Hadasit to provide us with consulting services so that clinical trials, including a full report, on our potential oral insulin product may be conducted. We have agreed to provide $200,000 for the conduct of those consulting services. We will pay the $200,000 to Hadasit if we choose to obtain such services from Hadasit.

We have also agreed to secure proper conditions for the future development of the potential oral insulin product. To obtain the money to do so, we promise to raise at least $1,000,000 in a private place of units of our securities. The patent application No. 60/718716 was a provisional application. On August 31, 2006, we filed a patent application under the Paten Cooperation Treaty at the Israel Patent Office for “Methods and Compositions for Oral

Administration of Proteins". Priority was claimed from the provisional patent application No. 60/718716. All countries were designated and the United States Patent and Trademark Office was designated as the Search and Examination Authority.

We plan to conduct clinical trials of our oral insulin products very shortly and commission a clinical trial report. If the clinical trial report concludes that our clinical trials are not successful, we agree to return the intellectual property covered by provisional patent application No. 60/718716 to Hadasit without any representations or warranties. If the clinical trial report concludes that our clinical trials are successful but if we do not complete our private placement of $1,000,000 within 120 days from the date the clinical trial report is delivered to us, we also agree to return the intellectual property covered by provisional patent application No. 60/718716 to Hadasit without any representations or warranties.

By acquiring the provisional patent application No. 60/718716, we became a pharmaceutical research and development company engaged in the development of a form of insulin that can be administered orally. Our first project will be to conduct research and development on the method described in the provisional patent application. A form of insulin that is effective when taken orally in pill form is not currently available on the market.

On August 31, 2006, we filed a patent application under the Paten Cooperation Treaty at the Israel Patent Office for "Methods and Compositions for Oral Administration of Proteins". Priority was claimed from the provisional patent application No. 60/718716. We intend to conduct clinical trials of our potential oral insulin product for the next six months. To date, we have not begun our planned trials of the product and we have not generated sales of any products.

On October 26, 2006, we entered into an agreement whereby Swiss Caps Ag has agreed to manufacture oral gel capsules for clinical testing of our oral insulin project.

***Business Operations***

For the next twelve months, 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. Through our research and development efforts, we intend to develop a pill that will not break down in the stomach or intestines and will be effective in delivering insulin to the bloodstream for the treatment of diabetes. The enzymes and compounds that are added to the insulin to make the pill must not change the composition of the insulin once it is absorbed into the bloodstream and the pill must be safe to ingest.

***Governmental Approval and Effect of Regulations***

Our operations and the product that we have under development are subject to extensive regulation by the Food and Drug Administration (hereinafter referred to as the FDA), other governmental authorities in the United States and governmental authorities in other countries.

The duration of the governmental approval process for marketing new pharmaceutical substances, from the commencement of preclinical testing to the receipt of governmental approval for marketing a new product, varies with the nature of the product and with the country in which such approval is sought. For new chemical entities, the approval process could take eight to ten years or more. For reformulations of existing drugs, as management believes our potential product should be considered, typically the process is shorter. In either case, the procedures required to obtain governmental approval to market new drug products will be costly and time-consuming for us, requiring rigorous testing of the new drug product. Even after such time and effort, regulatory approval may not be obtained for our products.

Before we can market or even transport a new human pharmaceutical product commercially in the United States, regulations require that we file an Investigational New Drug Application (for the balance of this annual report on Form 10-KSB, we will refer to Investigational New Drug Application as INDA to be concise), conduct clinical trials and file an INDA with the FDA.

In order to conduct the clinical investigations necessary to obtain regulatory approval in the U.S., we must file an INDA with the FDA to permit the shipment and use of the drug for investigational purposes. The INDA will state, in part, the results of preclinical (laboratory and animal) toxicology testing that we have conducted and our initial Phase I plans for clinical (human) testing. Unless notified that testing may not begin, the clinical testing may commence 30 days after filing an INDA.

Under FDA regulations, the clinical testing program required for marketing approval of a new drug typically involves three clinical phases. In Phase I, safety studies are generally conducted on normal, healthy human volunteers to determine the maximum dosages and side effects associated with increasing doses of the substance being tested. In Phase II, studies are conducted on small groups of patients, in our case those who have diabetes or blood sugar problems, to gain preliminary evidence of efficacy and to determine the common short-term side effects and risks associated with the new product. Phase III involves large-scale trials conducted on disease-afflicted patients to provide statistical evidence of efficacy and safety and to provide an adequate basis for product labeling. Frequent reports are required in each phase and, if unwarranted hazards to patients are found, the FDA may request modification or discontinuance of clinical testing until further studies have been conducted. Phase IV testing is sometimes conducted, either to meet FDA requirements for additional information as a condition of approval, or to gain post-approval market acceptance of the pharmaceutical product. Our potential oral insulin product will be subjected to each step of this lengthy process from conception to market.

Once clinical testing has been completed pursuant to an INDA, we will be required to file an INDA with the FDA seeking approval for marketing the drug product. The FDA will review the INDA to determine whether the drug is safe and effective, and adequately labeled, and whether the applicant can demonstrate proper and consistent manufacture of the drug. The time required for FDA action on an INDA varies considerably, depending on the characteristics of the drug, whether the FDA needs more information than is originally provided in the INDA and whether the FDA has concerns with the evidence submitted.

The facilities of each company involved in the commercial manufacturing, processing, testing, control and labeling of pharmaceutical products must be registered with and approved by the FDA. Continued registration requires compliance with Good Manufacturing Practices regulations and the FDA conducts periodic establishment inspections to confirm continued compliance with its regulations. We are subject to various federal, state and local laws, regulations and recommendations relating to such matters as laboratory and manufacturing practices and the use, handling and disposal of hazardous or potentially hazardous substances used in connection with our research and development work. We do not produce and drugs at this time and are not subject to these commercial manufacturing regulations at this time. However, it is important for the company to be aware of these standards in case a need for compliance develops in the future.

***Research and Development***

We plan to conduct further research and development on the technology to administer insulin orally as covered by the provisional patent application No. 60/718716 we acquired from Hadasit for the next twelve months.

***Marketing, Advertising and Promotion***

We will not conduct any marketing, advertising or promotion activities for our potential products in the next twelve months as the potential products are still only in research and development stage.

***Description of Property***

We own, through our subsidiary, a 100% interest in the Saucy and Salsa mineral claims, which provides us with the right to explore for and extract minerals. We do not own any real property rights in the Saucy or Salsa mineral claims or in any other property. We do not plan to renew our mineral rights in the mineral claims when they expire.

***Employees***

Currently we have two employees, including our Chief Executive Officer, Nadav Kidron and our Chief Financial Officer, George Drazenovic. Dr. Miriam Kidron has been providing consulting services to us. We are considering engaging Dr. Miriam Kidron as our Chief Scientist and depending on the results of those trials and other factors relating to the operations of the company, we may hire additional employees**.**

***Competition***

Many companies are developing methods that allow for the administration of insulin through other means such as inhalers, into the lungs and then into the bloodstream, and also oral administration of insulin. Studies indicate that inhalable insulin could be effective for many people with diabetes. These studies also show that inhaled insulin is less effective than injected insulin in terms of delivery of the insulin into the bloodstream. Therefore, inhalable solutions require more insulin and will likely be more expensive to produce.

On January 27, 2006, the FDA approved Pfizer, Inc.'s dry powder insulin inhaler product called Exubera. As reported in the Washington Post on January 28, 2006, inhaled insulin causes minor declines in how much air the lungs can hold. The article states that scientists believe that long-term use of inhaled insulin could pose risks, although they do not yet know what those risks are or how serious they will be. The FDA, while it has approved Exubera, recommends that smokers and people with some types of lung disease, including asthma, avoid using the product. Exubera is approved only for people aged 18 or older.

Other companies are also in the process of trying to bring such a product to the market but no other company has been successful as yet. Eli Lilly & Co., Alkermes and Mannkind Corp. are developing dry powder insulin products. Novo Nordisk and Aradigm Corp. are developing inhalable liquid insulin.

***Intellectual Property***

We have a patent application filed on August 31, 2006 under the Paten Cooperation Treaty at the Israel Patent Office for "Methods and Compositions for Oral Administration of Proteins" and the technology covered by this patent application. Priority was claimed from the provisional patent application No. 60/713716. All countries were designated and the United States Patent and Trademark Office was designated as the Search and Examination Authority.

**RISK FACTORS**

This annual report on Form 10-KSB contains forward-looking statements which relate to future events or our future financial performance. In some cases, you can identify forward-looking statements by terminology such as "may", "should", "expects", "plans", "anticipates", "believes", "estimates", "predicts", "potential" or "continue" or the negative of these terms or other comparable terminology. These statements are only predictions and involve known and unknown risks, uncertainties and other factors that may cause our or our industry's actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by these forward-looking statements.

While these forward-looking statements, and any assumptions upon which they are based, are made in good faith and reflect our current judgment regarding the direction of our business, actual results will almost always vary, sometimes materially, from any estimates, predictions, projections, assumptions or other future performance suggested herein. Except as required by applicable law, including the securities laws of the United States, we do not intend to update any of the forward-looking statements to conform these statements to actual results.

Our common shares are considered speculative during the development of our new business operations. Prospective investors should consider carefully the risk factors set out below.

**Risks Relating to Our Business**

***We are dependent on the clinical success of our oral insulin product.***

We have only completed our acquisition of the provisional patent application No. 60/718716 and its related intellectual property. As we have decided to abandon our previous business plan to conduct exploration on our mineral claims, the research and development of our potential oral insulin product is currently our only project. We are obligated to return the intellectual property covered by patent application No. 60/718716 related to our potential insulin product to Hadasit if our initial clinical trials are not successful. Even if our initial clinical trials are successful, we will still be obligated to return the intellectual property related to our potential insulin product to Hadasit if we cannot complete our private placement of $1,000,000 within 120 days of our receipt of the clinical trial report.

Furthermore, if we fail to develop our potential insulin product to completion or obtain regulatory approval for it, either on our own or in collaboration with other pharmaceutical companies, our ability to fund future operations from either revenue or the issuance of additional equity is likely to be adversely affected. We are dependent on the successful culmination of clinical trials and regulatory approval of our potential oral insulin product and failure to develop and market this product will have a significant and negative effect on our ability to continue operations.

***Our potential oral insulin product is still in the development stage and we cannot be certain that it will be suitable for commercial purposes.***

To be profitable, we must successfully research, develop, obtain regulatory approval for, manufacture, introduce, market and distribute our oral insulin product that is currently in the development stage. The time necessary to achieve these goals for any individual product is long and uncertain. Before we can sell any of our potential oral insulin products, we will be required to demonstrate through clinical trials that such product is safe and effective for human use in the treatment of people with diabetes. We have never successfully commercialized a drug product and we cannot be certain that we will be able to begin, or continue, planned clinical trials for our potential product, or if we are able, that the potential product will prove to be safe and will produce the intended effects.

Even if safe and effective, the size of the solid dosage form, taste and frequency of dosage may impede the acceptance of our product by patients.

A number of companies in the drug delivery, biotechnology and pharmaceutical industries have suffered significant setbacks in clinical trials, even after showing promising results in earlier studies or trials. We cannot assure you that favorable results in any clinical trial will mean that favorable results will ultimately be obtained in future clinical trials. Nor can we assure you that results of limited animal and human studies are indicative of results that would be achieved in future animal studies or human clinical studies, all or some of which will be required in order to have our potential product obtain regulatory approval. Similarly, we cannot assure you that our potential product will be approved by the FDA.

***Our future business success depends heavily upon regulatory approvals, which can be difficult to obtain for a variety of reasons, including cost.***

Our clinical trials, as well as the manufacturing and marketing of our potential product, are subject to extensive, costly and rigorous regulation by various governmental authorities in the United States and other countries. The process of obtaining required approvals from the FDA and other regulatory authorities often takes many years, is expensive and can vary significantly based on the type, complexity and novelty of the potential product. We cannot assure you that we will meet the applicable regulatory criteria in order to receive the required approvals for manufacturing and marketing. Delays in obtaining United States or foreign approvals for our potential product could result in substantial additional costs to us, and, therefore, could adversely affect our ability to continue operations. Even if regulatory approval of our potential product is obtained, that approval may place limitations on the intended uses of the product, and may restrict the way in which we are allowed to market the product.

The regulatory approval process presents several risks to us:

- In general, clinical trials can take more than a year, and require the expenditure of substantial resources, and the data obtained from these tests and trials can be susceptible to varying interpretation that could delay, limit or prevent regulatory approval.
- Delays or rejections may be encountered during any stage of the regulatory process based upon the failure of the clinical or other data to demonstrate compliance with, or upon the failure of the product to meet, a regulatory agency's requirements for safety, efficacy and quality or, in the case of a product seeking an orphan drug indication, because another designee received approval first.
- Requirements for approval may become more stringent due to changes in regulatory agency policy, or the adoption of new regulations or legislation.
- The scope of any regulatory approval, when obtained, may significantly limit the indicated uses for which a product may be marketed and may impose significant limitations in the nature of warnings, precautions and contraindications that could materially affect the profitability of the drug.
- Approved drugs, as well as their manufacturers, are subject to continuing and on-going review, and discovery of previously unknown problems with these products or the failure to adhere to manufacturing or quality control requirements may result in restrictions on their manufacture, sale or use or in their withdrawal from the market.
- Regulatory authorities and agencies may promulgate additional regulations restricting the sale of our existing and proposed products.
- Once a product receives marketing approval, the FDA may not permit us to market that product for broader or different applications, or may not grant us clearance with respect to separate product applications that represent extensions of our basic technology. In addition, the FDA may withdraw or modify existing clearances in a significant manner or promulgate additional regulations restricting the sale of our present or proposed products.

Additionally, we face the risk that our competitors may gain FDA approval for a product before us. Having a competitor reach the market before us would impede the future commercial success for our competing product because we believe that the FDA uses heightened standards of approval for products once approval has been granted to a competing product in a particular product area. We believe that this standard generally limits new approvals to only those products that meet or exceed the standards set by the previously approved product.

***Our business will suffer if we cannot adequately protect our patent and proprietary rights.***

Although we have submitted a patent application covering the intellectual property for our potential oral insulin product, we cannot assure you that our patent will be granted and, if it is granted, whether it will be held to be valid and enforceable and provide us with meaningful protection from competition. Furthermore, we may not possess the financial resources necessary to enforce our patent even if our patent application is successful. Also, we cannot be certain that any products that we or a prospective licensee develop will not infringe upon any patent or other intellectual property right of a third party.

We will also rely upon trade secrets, know-how and continuing technological advances to develop and maintain our competitive position. We plan to maintain a policy of requiring employees, scientific advisors, consultants and collaborators to execute confidentiality and invention assignment agreements upon commencement of a relationship with us. We cannot assure you that these agreements will provide meaningful protection for our trade secrets in the event of unauthorized use or disclosure of such information.

***We may be at risk of having to obtain a license from third parties making proprietary improvements to our technology.***

There is a possibility that third parties may make improvements or innovations to our potential oral insulin product in a more expeditious manner than we do. Although we are not aware of any such circumstance related to our product portfolio, should such circumstances arise, we may need to obtain a license from such third party to obtain the benefit of the improvement or innovation. Royalties payable under such a license would reduce our share of total revenue. Such a license may not be available to us at all or on commercially reasonable terms. Although we currently do not know of any circumstances related to potential oral insulin product that would lead us to believe that a third party has developed any improvements or innovation with respect to it, we cannot assure you that such circumstances will not arise in the future. We cannot reasonably determine the cost to us of the effect of being unable to obtain any such license.

***We are dependent on third parties to manufacture and, in some cases, test our products.***

We have no manufacturing facilities for production of our potential oral insulin product. We have no facilities for clinical testing. The success of our program will be dependent upon securing manufacturing capabilities and contracting with clinical service providers.

The availability of manufacturers is limited by both the capacity of such manufacturers and their regulatory compliance. Among the conditions for New Drug Application approval is the requirement that the prospective manufacturer's quality control and manufacturing procedures continually conform with the FDA's current Good Manufacturing Practice. For the balance of this annual report on Form 10-KSB, we will refer to Good Manufacturing Practices as GMP's to be concise. GMP's are regulations established by the FDA that govern the manufacture, processing, packing, storage and testing of drugs intended for human use. In complying with GMP's, manufacturers must devote extensive time, money and effort in the area of production and quality control and quality assurance to maintain full technical compliance.

Manufacturing facilities and company records are subject to periodic inspections by the FDA to ensure compliance. If a manufacturing facility is not in substantial compliance with these requirements, regulatory enforcement action may be taken by the FDA, which may include seeking an injunction against shipment of products from the facility and recall of products previously shipped from the facility. Such actions could severely delay our ability to obtain product from that particular source.

The success of our clinical trials is dependent on our future partner's capacity and ability to adequately manufacture drug products to meet the proposed demand of each respective market. Any significant delay in obtaining a supply source could harm our potential for success. Additionally, if a future manufacturer were to lose its ability to meet our supply demands during a clinical trial, the trial may be delayed or may even need to be abandoned.

***We may face product liability claims related to participation in clinical trials or future products.***

The testing, manufacture and marketing of products for humans utilizing our potential oral insulin product may expose us to product liability and other claims. These may be claims directly by consumers or by pharmaceutical companies or others selling our product in the future. We seek to structure development programs with pharmaceutical companies that would complete the development, manufacturing and marketing of the finished product in a manner that would protect us from such liability, but the indemnity undertakings for product liability claims that we secure from the pharmaceutical companies may prove to be insufficient. We do not yet have product liability insurance.

***We face rapid technological change and intense competition.***

Our success depends, in part, upon maintaining a competitive position in the development of our potential product. Developments in insulin products are expected to continue at a rapid pace because many pharmaceutical companies are in the process of developing new insulin products. If we are able to develop our potential oral insulin product to the point where we can sell it on the market, we will compete with other drug delivery, biotechnology and

pharmaceutical companies, research organizations, individual scientists and non-profit organizations engaged in the development of insulin products, especially those who are developing insulin products that can be taken orally. Many of our competitors will have greater research and development capabilities, experience, and marketing, financial and managerial resources than we have, and, therefore, will represent significant competition.

Our products, when developed and marketed, may compete with existing insulin products, some of which are well established in the marketplace and manufactured by our competitors. Our potential oral insulin product, if successful, would compete with insulin that is taken by injection and the new Exubera insulin inhaler from Pfizer, Inc. These products are marketed throughout the world by leading pharmaceutical companies such as Eli Lilly and Company and Pfizer, Inc.

Our competitors may succeed in developing competing technologies or obtaining government approval for products before we do. For example, on January 27, 2006 the FDA approved Pfizer, Inc.'s dry powder insulin inhaler product called Exubera. Developments by others may render our potential products non-competitive or obsolete. We cannot assure you that, if our products are marketed, they will be preferred to existing drugs or that they will be preferred to or available before other products in development.

**Risks Related to our Company**

***We have incurred substantial losses since inception and as we expect to continue to incur research and development costs to further develop our potential oral insulin product, we are likely going to require additional capital and if additional capital is not raised, we may have to cease business operations and investors will lose their entire investment.***

Since our inception in April 12, 2002, we have generated significant losses from operations. Now that we have abandoned our former business acquiring and exploring mineral properties and have become engaged in the pharmaceutical research and development business, we anticipate that we will continue to generate significant losses from operations for the foreseeable future. As at August 31, 2006, our accumulated deficit was approximately $1,222,588. Our net loss was $260,062 and $44,808 for the years ended August 31, 2006 and 2005 respectively. As at August 31, 2006, we had cash or cash equivalents of $151,218 (including $125,000 held in trust). We have limited capital resources and no revenue from operations to date have been funded with the proceeds from equity financings. These conditions raise substantial doubt about our ability to continue as a going concern. The audit report prepared by our independent registered public accounting firm relating to our consolidated financial statements for the year ended includes an explanatory paragraph expressing the substantial doubt about our ability to continue as a going concern.

Our existing capital resources will not enable us to continue operations without implementing cost reductions or raising additional capital. These circumstances may adversely affect our ability to raise additional capital. If we fail to raise additional capital, we will be forced to cease operations. If additional capital is raised through the sale of equity or convertible debt securities, the issuance of such securities would result in dilution to our existing stockholders.

***If we are unable to raise additional capital, we will be required to curtail our research and development efforts, which could have a material adverse effect on our ability to bring our potential oral insulin product to the market.***

If we fail to raise additional capital, we will not be able to conduct the research and development work that we intend to carry out. Our inability to conduct our planned research and development work would have a material adverse effect on our ability to ever achieve profitable operations through sales of our product and to continue as a going concern.

We are also obligated under the purchase and sale agreement for the provisional patent application No. 60/718716 to raise $1,000,000 through a private placement of units of our securities. If our clinical trial report is successful and we do not raise the $1,000,000 within 120 days of our receipt of the clinical trial report, we will be required to return

the intellectual property covered by provisional patent application No. 60/718716 to Hadasit without any consideration.

***We are dependent on our key personnel and if we cannot recruit and retain qualified individuals to perform our research, development, manufacturing and commercial functions, our business will likely not be successful.***

We are highly dependent on our executive officers, especially on the consulting services to be provided by one of our directors, Dr. Miriam Kidron. Dr. Kidron is a pharmacist with a Ph. D. in biochemistry and is the inventor of the method and composition of insulin that can be administered orally, which was covered by the provisional patent application No. 60/718716. From 1990 to the present time, she has been an investigator in the Diabetes Unit at Hadassah University Hospital in Jerusalem, Israel. We would be significantly disadvantaged if Dr. Kidron were to leave our company. The loss of other officers could have an adverse effect as well, given their specific knowledge related to our proprietary technology. If we are not able to retain our executive officers, our business may suffer. None of our key officers have announced any intention to leave us. We do not have any employment contracts with our executive officers but we do have a consulting agreement for the services of Dr. Kidron. We do not maintain "key-person" life insurance policies for any of our executive officers.

There is intense competition in the biotechnology industry for qualified scientists and managerial personnel in the development, manufacture, and commercialization of drugs. We may not be able to attract and retain the qualified personnel necessary for developing our business. Additionally, because of the knowledge and experience of our scientific personnel and their specific knowledge with respect to our potential oral insulin product, the continued development of our potential product could be adversely affected by the loss of any one of our executive officers or qualified personnel that we may engage.

***Because some of our officers and directors are located in non-U.S. jurisdictions, our shareholders may have no effective recourse against the management for misconduct and may not be able to enforce judgment and civil liabilities against our officers, directors, experts and agents.***

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 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.

***Our principal research and development facilities will be located in Israel and the unstable military and political conditions in Israel may cause interruption or suspension of our business operations without warning.***

Our principal research and development facilities will initially be located in Israel. As a result, we are directly influenced by the political, economic and military conditions affecting Israel. Since the establishment of the State of Israel in 1948, a number of armed conflicts have taken place between Israel and its Arab neighbors and, since September 2000, involving the Palestinian population, and a state of hostility, varying in degree and intensity, has led to security and economic problems for Israel and companies based in Israel. Acts of random terrorism periodically occur which could affect our operations or personnel.

In addition, Israeli-based companies and companies doing business with Israel have been the subject of an economic boycott by members of the Arab League and certain other predominantly Muslim countries since Israel's establishment. Although Israel has entered into various agreements with certain Arab countries and the Palestinian Authority, and various declarations have been signed in connection with efforts to resolve some of the economic and political problems in the Middle East, we cannot predict whether or in what manner these problems will be resolved. Also, since the end of September 2000, there has been a marked increase in the level of terrorism in Israel, which has significantly damaged both the Israeli economy and levels of foreign and local investment.

Furthermore, certain of our officers and employees may be obligated to perform annual reserve duty in the Israel Defense Forces and are subject to being called up for active military duty at any time. All Israeli male citizens who have served in the army are subject to an obligation to perform reserve duty until they are between 45 and 54 years old, depending upon the nature of their military service.

**Risks Related to Our Common Stock**

***Our stock price will likely be volatile.***

The trading price for our common stock is likely to be highly volatile. The market prices for securities of drug delivery, biotechnology and pharmaceutical companies have historically been highly volatile. Factors that could adversely affect our stock price include:

- fluctuations in our operating results; announcements of partnerships or technological collaborations,
- innovations or new products by us or our competitors;
- changes in government regulations;
- developments in patent or other proprietary rights;
- public concern as to the safety of drugs developed by us or others;
- the results of clinical studies or trials by us, any partners we may have or our competitors;
- litigation;
- general stock market and economic conditions;
- number of shares available for trading (float);
- inclusion in or dropping from stock indexes.

***Future sales of common stock or warrants, or the prospect of future sales, may depress our stock price.***

Sales of a substantial number of shares of our common stock or warrants, or the perception that sales could occur, could adversely affect the market price of our common stock.

***We do not intend to pay dividends and there will be less ways in which you can make a gain on any investment in our company.***

We have never paid any cash dividends and currently do not intend to pay any dividends for the foreseeable future. Because we do not intend to declare dividends, any gain on an investment in our company will need to come through appreciation of the price of our common stock. There can be no assurance that the price of our common stock will increase.

***Trading of our stock may be restricted by the SEC's penny stock regulations, which may limit a stockholder's ability to buy and sell our stock.***

The Securities and Exchange Commission has adopted regulations which generally define "penny stock" to be any equity security that has a market price (as defined) less than $5.00 per share or an exercise price of less than $5.00 per share, subject to certain exceptions. Our securities are covered by the penny stock rules, which impose additional sales practice requirements on brokers or dealers who sell to persons other than established customers and "accredited investors". The term "accredited investor" refers generally to institutions with assets in excess of $5,000,000 or individuals with a net worth in excess of $1,000,000 or annual income exceeding $200,000 or $300,000 jointly with their spouse. The penny stock rules require a broker or dealer, prior to a transaction in a penny stock not otherwise exempt from the rules, to deliver a standardized risk disclosure document in a form prepared by the SEC, which provides information about penny stocks and the nature and level of risks in the penny stock market. The broker or dealer also must provide the customer with current bid and offer quotations for the penny stock, the compensation of the broker or dealer and its salesperson in the transaction and monthly account statements showing the market value of each penny stock held in the customer's account. The bid and offer

quotations, and the broker or dealer and salesperson compensation information, must be given to the customer orally or in writing prior to effecting the transaction and must be given to the customer in writing before or with the customer's confirmation. In addition, the penny stock rules require that prior to a transaction in a penny stock not otherwise exempt from these rules, the broker or dealer must make a special written determination that the penny stock is a suitable investment for the purchaser and receive the purchaser's written agreement to the transaction. These disclosure requirements may have the effect of reducing the level of trading activity in the secondary market for the stock that is subject to these penny stock rules. Consequently, these penny stock rules may affect the ability of brokers or dealers to trade our securities. We believe that the penny stock rules discourage investor interest in and limit the marketability of our common stock. This may limit your ability to buy and sell our stock and cause the price of the shares to decline

***NASD sales practice requirements may also limit a stockholder's ability to buy and sell our stock.***

In addition to the "penny stock" rules described above, the National Association of Securities Dealers (NASD) has adopted rules that require that in recommending an investment to a customer, a broker or dealer must have reasonable grounds for believing that the investment is suitable for that customer. Prior to recommending speculative low priced securities to their non-institutional customers, brokers or dealers must make reasonable efforts to obtain information about the customer's financial status, tax status, investment objectives and other information. Under interpretations of these rules, the NASD believes that there is a high probability that speculative low priced securities will not be suitable for at least some customers. The NASD requirements make it more difficult for brokers or dealers to recommend that their customers buy our common stock, which may prevent you from reselling your shares and may cause the price of the shares to decline.

**Item 2. Description of Property**

We own, through our subsidiary, four mineral claims that we refer to as the Saucy mineral claims and six mineral claims that we refer to as the Salsa mineral claims. The Saucy and Salsa mineral claims are located adjacent to each other in the Province of British Columbia, Canada. Both the Saucy and the Salsa mineral claims are held in the name of our wholly owned subsidiary, Iguana Explorations Inc. No commercially viable mineral deposit may exist on our mineral claims. We do not anticipate expending any additional resources on the exploration or development of these properties.

We do not intend to expend any further resources on the exploration or development of these claims.

**Item 3. Legal Proceedings**

Other than disclosed below, we know of no material, active or pending legal proceedings against us, nor are we involved as a plaintiff in any material proceedings or pending litigation:

On June 21, 2006, we commenced a legal action in the Supreme Court of the State of New York against John Choi, Bernard Perini and Epifanio Almodovar to enjoin them from selling, assigning, transferring, pledging, encumbering or otherwise disposing their shares of our common stock. Collectively Messrs. Choi, Perini and Almodovar obtained 2,897,342 shares of our common stock pursuant to an aborted merger between our company and Integrated Security Technologies, Inc., a privately held New Jersey Corporation, in 2004. It is our position that Messrs. Choi, Perini and Almodovar are possessed of stock that either should never have been issued to them at all or which should have been returned to our company when our merger with Integrated Security Technologies, Inc., the privately held New Jersey Corporation, was unwound. The court subsequently granted us a temporary injunction to restrain Messrs. Choi, Perini and Almodovar from selling their shares of our common stock.

On August 10, 2006, we reached a settlement with Bernard Perini and Epifanio Almodovar for the legal action in the Supreme Court of the State of New York initiated by our company against them. As a result, the temporary injunction to restrain Messrs. Perini and Almodovar from selling their shares of our common stock has been lifted. Furthermore, pursuant to the settlement, all claims by and between our company and Bernard Perini and Epifanio Almodovar have been mutually released and discontinued with prejudice. Messrs. Perini and Almodovar agreed to ask their legal counsel to hold their shares of our common stock as an escrow agent, subject to a scheduled release.

**Item 4. Submission of Matters to a Vote of Security Holders**

There were no matters submitted to a vote of our security holders either through solicitation of proxies or otherwise in the forth quarter of the fiscal year ended August 31, 2006.

**PART II**

**Item 5. Market for Common Equity and Related Stockholder Transactions**

Our shares of common stock were initially approved for quotation on the OTC Bulletin Board under the name "Iguana Ventures Ltd." under the symbol, IGVL, on March 8, 2004. However, the first trade did not occur until June 14, 2004 after we commenced quotation under the name "Integrated Security Technologies, Inc." under the symbol, ISTG. Effective April 10, 2006, we changed our name from "Integrated Security Technologies, Inc." to "Oramed Pharmaceuticals Inc." when we merged our subsidiary, Oramed Pharmaceuticals Inc.

Our shares became ineligible for quotation on the OTC Bulletin Board on October 14, 2004 but remained eligible for quotation on the Pink Sheets. Our common stock became eligible again for quotation on the OTC Bulletin Board on November 16, 2005. On April 10, 2006, as a result of our name change, the National Association of Securities Dealers, Inc. changed our trading symbol to "ORMP.OB".

The following table reflects the high and low bid information for our common stock for each fiscal quarter since November 16, 2005. The bid information was obtained from Yahoo! Finance and reflects inter-dealer prices, without retail mark-up, markdown or commission, and may not necessarily represent actual transactions.

| Quarter Ended[1] | High | Low |
|---|---|---|
| August 31, 2006 | $1.15 | $0.67 |
| November 30, 2006 | $0.97 | $0.60 |

[1] We changed our trading symbol on April 10, 2006 to "ORMP.OB" as a result of our name change. Because of the trading symbol change, we are unable to obtain prior high and low bid information for our common stock based on our previous trading symbols without undue hardship.

***Securities Authorized For Issuance Under Equity Compensation Plans***

Our board of directors adopted a stock option plan on August 25, 2006. The following table sets forth certain information concerning all equity compensation plans previously approved by stockholders and all previous equity compensation plans not previously approved by stockholders, as of the most recently completed fiscal year.

| EQUITY COMPENSATION PLANS | | | |
|---|---|---|---|
| **Plan Category** | **Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)** | **Weighted-average exercise price of outstanding options, warrants and rights (b)** | **Number of securities remaining available for issuance under equity compensation plans (excluding securities reflected in column (a)) (c) (1)** |
| Equity Compensation Plans approved by security holders | Nil | Nil | 3,000,000 |
| Equity Compensation Plans not approved by security holders | Nil | Nil | Nil |
| **Total** | Nil | Nil | 3,000,000 |

Notes:

(1) Our board of directors adopted a stock option plan on August 26, 2006, pursuant to which our company has reserved an aggregate of 3,000,000 common shares for issuance upon the exercise of stock options. As of August 31, 2006, we had not granted any options under this plan.

There are no outstanding options or warrants to purchase, or securities convertible into, any of our common stock.

***Outstanding Shares and Shareholders of Record***

At December 12, 2006, there were 41,456,779 shares of our common stock issued and outstanding. These shares were held by approximately thirty seven (37) shareholders of record.

***Dividends***

We have not paid any cash dividends on our common stock and we do not anticipate paying any cash dividends in the foreseeable future. Our current policy is to retain earnings, if any, to fund the development and growth of our business. Any future determination to pay cash dividends will be at the discretion of the board of directors and will be dependent upon our financial condition, operating results, capital requirements, applicable contractual restrictions and any other factors that our board of directors deems relevant.

***Recent Sales of Unregistered Securities***

On February 6, 2006, we closed a private placement consisting of 22,981,228 shares at a price of $0.001 per share for gross proceeds of $22,981.23. We received promissory notes for the full amount, payable upon our demand. We issued the securities to 7 non-U.S. persons (as that term is defined in Regulation S of the Securities Act of 1933) in an offshore transaction relying on Regulation S and/or Section 4(2) of the Securities Act of 1933.

On November 21, 2006, we issued 50,000 shares of our common stock to Swiss Caps AG for services provided by Swiss Caps AG under the manufacturing agreement we entered into with Swiss Caps AG for the manufacturing of soft gel capsule to be used in the future testing of our potential drug product.

**Item 6. Plan of Operation**

***Overview***

Discussion of our financial condition and results of operations should be read in conjunction with the consolidated audited financial statements and the notes to consolidated audited financial statements included elsewhere in this filing prepared in accordance with accounting principles generally accepted in the United States. This discussion

contains forward-looking statements that reflect our plans, estimates and beliefs. Our actual results could differ materially from those anticipated in these forward-looking statements.

***Plan of Operation***

For the next twelve months, we plan to conduct initial clinical trials of our potential oral insulin product and to prosecute diligently the patent application we filed on August 31, 2006 under the Paten Cooperation Treaty at the Israel Patent Office for "Methods and Compositions for Oral Administration of Proteins".

Pursuant to the agreement relating to the purchase and sale of the provisional patent application No. 60/718716, we are entitled to ask Hadasit to provide us with consulting services so that we may conduct clinical trials and commission a full clinical trial report. We have obtained such clinical trial services from Hadasit and so far we have paid to Hadasit fees in the amount of approximately $80,000 for such clinical trial services. We plan to complete the initial clinical trials within the next 6 to 10 months.

Our plan of operations for the next twelve months will depend on the results of our initial clinical trials and the conclusion of the clinical trial report. If the clinical trial report concludes that our clinical trials are not successful, we will be obligated to return the intellectual property covered by provisional patent application No. 60/718716 to Hadasit without any representations or warranties. If the clinical trial report concludes that our clinical trials are successful, we will be required to raise $1,000,000 within 120 days from the date the clinical trial report is delivered to us. Otherwise, we will need to return the intellectual property covered by provisional patent application No. 60/718716 to Hadasit without any representations or warranties.

In the next twelve months, we also plan to explore three other potential products. Once the initial feasibility determination has been completed and we decide to pursue these other potential products fully, we will need additional capital resources to research and develop these other potential products.

We believe we will need approximately $1,350,000 for the next twelve months to cover the costs of our initial clinical trials and related expenses and conduct the operations of the company.

We do not plan to purchase a plant or any significant equipment in the next twelve months.

Currently we have two employees, including our Chief Executive Officer, Nadav Kidron and our Chief Financial Officer, George Drazenovic. Dr. Miriam Kidron has been providing consulting services to us. We are considering engaging Dr. Miriam Kidron as our Chief Scientist and depending on the results of those trials and other factors relating to the operations of the company, we may hire additional employees in the next twelve months**.**

***Liquidity and Capital Resources***

At August 31, 2006, we had a working capital deficit of ($432,719) as opposed to working capital deficit of ($44,808) at August 31, 2005. At August 31, 2006, our company had $176,190 in cash and cash equivalents (including $149,972 held in trust). At August 31, 2006, our company's total liabilities were $608,909.

We did not generate any revenue in the year ended August 31, 2006 and we have not generated any revenue since inception to August 31, 2006. We have incurred a loss of $414,576 in the year ended August 31, 2006. We do not expect to purchase or sell any significant equipment. We do not expect any significant changes in the number of our employees.

***Capital Resource Requirements***

For the next 12 months ending December 12, 2007, we will be required to cover a total of approximately $1.35 million for our proposed research and development and business activities. This budget includes the salaries of the research team, office costs, cost of trials and materials, among others, all of them necessary to execute our plan of operations. The following table provides a cost-breakdown of the first year of operations.

| Estimated Funding Required During the Next Twelve Months | |
|---|---|
| Salaries | $185,000 |
| Operations | |
| Legal Fees | $50,000 |
| Office Expenses | $60,000 |
| Research and Development | |
| Insulin, Carrier and Antiproteases | $200,000 |
| Kits for Insulin and Glucose | $50,000 |
| Animal Studies | $200,000 |
| Clinical Trials (Healthy and Type II Diabetes | $300,000 |
| Pharmaceutical Technology Services | $200,000 |
| Pharmacist Consultation | $100,000 |
| **Total** | **$1,345,000** |

There are no assurances that we will be able to obtain the amount required for our continued operations. In such event that we do not raise sufficient additional funds by secondary offering or private placement, we will consider alternative financing options, if any, or be forced to scale down or perhaps even cease our operations.

***Going Concern***

Due to the uncertainty of our ability to meet our current operating and capital expenses, the audit report prepared by our independent registered public accounting firm relating to our consolidated financial statements for the year ended includes an explanatory paragraph expressing the substantial doubt about our ability to continue as a going concern.

***Off-Balance Sheet Arrangements***

Our company has no outstanding derivative financial instruments, off-balance sheet guarantees, interest rate swap transactions or foreign currency contracts. We do not engage in trading activities involving non-exchange traded contracts.

**Item 7. Financial Statements**

Our consolidated financial statements are stated in United States dollars (US$) and are prepared in accordance with United States Generally Accepted Accounting Principles.

The following consolidated financial statements are filed as part of this annual report:

Independent Registered Public Accounting Firm’s Report, dated November 9, 2006

Consolidated Balance Sheet as at August 31, 2006

Consolidated Statements of Expenses for the years ended August 31, 2006 and August 31, 2005 and for the period from April 12, 2002 (inception) through August 31, 2006

Consolidated Statement of Changes in Stockholders’ Deficit for the period from April 12, 2002 to August 31, 2006

Consolidated Statements of Cash Flows for the years ended August 31, 2006 and August 31, 2005 and for the period from April 12, 2002 (inception) through August 31, 2006

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors
Oramed Pharmaceuticals, Inc.
(formerly Integrated Security Technologies, Inc.)
(a development stage company)
Jerusalem, Isreal

We have audited the accompanying consolidated balance sheet of Oramed Pharmaceuticals, Inc. as of August 31, 2006, and the related consolidated statements of expenses, changes in stockholders' deficit, and cash flows for the two years then ended and the period from April 12, 2002 (Inception) through August 31, 2006. These financial statements are the responsibility of Oramed's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits 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. 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, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Oramed, as of August 31, 2006, and 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.

The accompanying financial statements have been prepared assuming that Oramed will continue as a going concern. As discussed in Note 2 to the financial statements, Oramed suffered recurring losses from operations and has negative working capital, which raises substantial doubt about its ability to continue as a going concern. Management's plans regarding those matters are described in Note 2. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

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

November 9, 2006

See summary of accounting policies and notes to consolidated financial statements.

**Oramed Pharmaceuticals, Inc.**
**(formerly Integrated Security Technologies, Inc.)**
*(A Development Stage Company)*
**Consolidated Balance Sheet**

| **ASSETS** | | **August 31, 2006** |
|---|---|---|
| Cash | $ | 176,190 |
| Total assets | $ | 176,190 |
| LIABILITIES | | |
| Accounts payable and accrued expenses | $ | 53,652 |
| Due to shareholder | | 47,252 |
| Stock payable | | 508,005 |
| | | 608,909 |
| **STOCKHOLDERS' DEFICIT** | | |
| Common Stock | | |
| Authorized: 200,000,000 shares with $0.001 par value | | |
| 41,456,779 shares issued and outstanding, respectively | | 41,456 |
| Additional paid-in capital | | 768,749 |
| Accumulated comprehensive loss: foreign currency | | (16) |
| Deficit accumulated during the development stage | | (1,242,908) |
| Total stockholders' deficit | | (432,719) |
| Total liabilities and stockholders' deficit | **$** | 176,190 |

See summary of accounting policies and notes to consolidated financial statements.

**Oramed Pharmaceuticals, Inc.**
**(formerly Integrated Security Technologies Inc.)**

*(A Development Stage Company)*

**Consolidated Statements of Expenses**
Years ended August 31, 2006 and 2005, and the period from April 12, 2002 (Inception) through August 31, 2006

| | 2006 | 2005 | Inception through 2006 |
|---|---|---|---|
| **General and Administrative Expenses** | | | |
| General and administrative expense | $ 215,135 | $ 44,808 | $ 607,627 |
| Research and development | 197,748 | - | 197,748 |
| Loss on impairment | - | - | 434,876 |
| Interest income | (1,991) | - | - |
| Interest expense | 3,684 | 973 | 4,657 |
| **Net Loss** | (414,576) | (45,781) | (1,242,908) |
| **Other comprehensive loss** | - | - | (16) |
| **Total Comprehensive Loss** | $ (414,576) | $ (45,781) | $ (1,242,924) |
| **Basic and Diluted Loss per common share** | $ (0.01) | $ (0.00) | N/A |
| **Weighted Average Shares Outstanding** | 33,397,609 | 18,475,551 | N/A |

See summary of accounting policies and notes to consolidated financial statements.

**Oramed Pharmaceuticals, Inc.**
**(formerly Integrated Security Technologies Inc.)**

*(A Development Stage Company)*

**Consolidated Statement of Changes In Stockholders' Deficit**

Period from April 12, 2002 (Inception) through August 31, 2006

| | Common Stock Shares | $ | Additional paid-in capital | Deficit accumulated during exploration stage | Other comprehensive loss | Total |
|---|---|---|---|---|---|---|
| Balances at August 12, 2002 (Inception) | - | $ - | $ - | $ - | $ - | $ - |
| Shares issued for cash | 34,828,200 | 34,828 | 18,872 | - | - | 53,700 |
| Net Loss | - | - | - | (65,179) | - | (65,179) |
| Balances at August 31, 2003 | 34,828,200 | 34,828 | 18,872 | (65,179) | - | (11,479) |
| 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 | 550,000 | 550 | 274,450 | - | - | 275,000 |
| Contributions to paid in capital | - | - | 18,991 | - | - | 18,991 |
| Other comprehensive loss | - | - | - | - | (16) | (16) |
| Net Loss | - | - | - | (717,372) | - | (717,372) |
| Balances at August 31, 2004 | 18,475,551 | 18,475 | 764,092 | (782,551) | (16) | - |
| Imputed interest | - | - | 973 | - | - | 973 |
| Net loss | - | - | - | (45,781) | - | (45,781) |
| Balances at August 31, 2005 | 18,475,551 | 18,475 | 765,065 | (828,332) | (16) | (44,808) |
| Shares issued for cash | 22,981,228 | 22,981 | - | - | - | 22,981 |
| Imputed interest | - | - | 3,684 | - | - | 3,684 |
| Net loss | - | - | - | (414,576) | - | (414,576) |
| Balances at August 31, 2006 | 41,456,779 | $ 41,456 | $ 768,749 | $ (1,242,908) | $ (16) | $ (432,719) |

See summary of accounting policies and notes to consolidated financial statements.

**Oramed Pharmaceuticals, Inc.**
**(formerly Integrated Security Technologies Inc.)**

*(A Development Stage Company)*

**Consolidated Statements of Cash Flows**

Years ended August 31, 2006 and 2005, and period from April 12, 2002 (Inception) through August 31, 2006

| | 2006 | 2005 | Inception through 2006 |
|---|---|---|---|
| **Operating** | | | |
| Net loss | $ (414,576) | $ (45,781) | $ (1,242,908) |
| Adjustments to reconcile net loss to net cash used in operating activities: | | | |
| Loss on impairment of investment | - | - | 434,876 |
| Imputed interest | 3,684 | 973 | 4,657 |
| Changes in operating assets and liabilities: | | | |
| Prepaid expenses | 1,260 | (1,260) | - |
| Accounts payable and accrued expenses | 48,019 | 5,633 | 53,652 |
| | (361,613) | (40,435) | (749,723) |
| **Financing** | | | |
| Proceeds from sales of common stock | 530,986 | - | 859,686 |
| Proceeds from short term note payable | 100,000 | - | 100,000 |
| Payments of short term note payable | (100,000) | - | (100,000) |
| Shareholder advances | 6,817 | 40,435 | 66,243 |
| Net cash provided by financing activities | 537,803 | 40,435 | 925,929 |
| Effect of exchange rate on cash | | | (16) |
| **Net Increase in Cash and Cash Equivalents** | 176,190 | - | 176,190 |
| Cash and cash equivalents - Beginning of period | - | - | - |
| **Cash and Cash Equivalents - End of Period** | $ 176,190 | $ - | $ 176,190 |
| **Income Taxes Paid** | $ - | $ - | $ - |
| **Interest Paid** | - | - | - |
| Non-cash transactions: | | | |
| Forgiveness of debt by shareholder | - | - | 18,991 |

See summary of accounting policies and notes to consolidated financial statements.

**ORAMED PHARMACEUTICULS, Inc.**
**(formerly Integrated Securities Technologies, Inc.)**
**(A development stage company)**
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**
**August 31, 2006**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Nature of business. Oramed Pharmaceuticals, Inc. was incorporated in the State of Nevada, on April 12, 2002 as Integrated Security Technologies, Inc. On April 10, 2006, the name was changed to Oramed when Oramed merged in their newly formed subsidiary, Oramed Pharmaceuticals Inc. The board of directors adopted the Bylaws of the subsidiary, Oramed Pharmaceuticals Inc.

Oramed has been in the development stage since its formation and has not yet realized any revenues from its planned operations. On February 17, 2006, Oramed entered into an agreement with Hadasit Medical Services and Development Ltd. to acquire the provisional patent application No. 60/718716 and planned to engage in the research and development of a method to administer insulin orally. See note 3 for details.

Oramed's fiscal year end is August 31st.

Basis of presentation. The consolidated financial statements include the accounts of Oramed and its wholly owned Canadian subsidiary, Iguana Explorations, Inc. Significant inter-company accounts and transactions have been eliminated.

Reclassifications. Certain prior year amounts have been reclassified to conform to the current year presentation.

Use of Estimates. The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Actual results could differ from those estimates.

Cash and Cash Equivalents. For purposes of the consolidated statement of cash flows, Oramed considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

Revenue Recognition. Oramed has not generated any revenue from its operations.

Stock Based Compensation. On January 1, 2006, Oramed adopted SFAS No. 123(R), "Share-Based Payment". SFAS 123(R) replaced SFAS No. 123 and supersedes APB Opinion No. 25. SFAS 123(R) requires all share-based payments to employees, including grants of employee stock options, to be recognized in the financial statements based on their fair values. The pro forma disclosures previously permitted under SFAS 123 are no longer an alternative to financial statement recognition. Oramed adopted SFAS 123(R) using the modified prospective method which requires the application of the accounting standard as of January 1, 2006. Prior to January 1, 2006, compensation was recorded for stock-based compensation grants based on the excess of the estimated fair value of the common stock on the measurement date over the exercise price. Oramed did not issue any such stock-based compensation prior to January 1, 2006.

Foreign Currency Transactions. Oramed's functional currency is the Canadian dollar. Management has adopted SFAS No. 52, "Foreign Currency Translation". Monetary assets and liabilities denominated in foreign currencies are translated into United States dollars at rates of exchange in effect at the balance sheet date. Non-monetary assets, liabilities and items recorded in income arising from transactions denominated in foreign currencies are translated at rates of exchange in effect at the date of the transaction.

Income taxes. Oramed recognizes deferred tax assets and liabilities based on differences between the financial reporting and tax bases of assets and liabilities using the enacted tax rates and laws that are expected to be in effect when the differences are expected to be recovered. Oramed provides a valuation allowance for deferred tax assets for which it does not consider realization of such assets to be more likely than not. Since Oramed has had recurring operating losses since inception and there is no assurance of future taxable income, a valuation allowance has been established to fully offset the deferred tax assets.

Basic and diluted net loss per share. Basic and diluted net loss per share calculations are presented in accordance with Financial Accounting Standards Statement 128, and are calculated on the basis of the weighted average number of common shares outstanding during the year. They include the dilutive effect of common stock equivalents in years with net income. Basic and diluted loss per share is the same due to the absence of common stock equivalents.

Oramed does not expect the adoption of any other recently issued accounting pronouncements to have a significant impact on Oramed results of operations, financial position or cash flow.

**NOTE 2 – GOING CONCERN**

As shown in the accompanying financial statements, Oramed incurred recurring net losses of $414,576, and $45,781 in fiscal 2006 and 2005 respectively, has an accumulated deficit of $1,242,908 as of August 31, 2006. These conditions raise substantial doubt as to Oramed's ability to continue as a going concern. Management is trying to raise additional capital through sales of stock. The consolidated financial statements do not include any adjustments that might be necessary if Oramed is unable to continue as a going concern.

**NOTE 3 – PATENT APPLICATION AGREEMENT**

During March 2006, Oramed entered into an agreement regarding U.S. patent application 60/718716, including related intellectual property, from Hadasit Medical Services and Development Ltd. The agreement relates to technology to allow the administration of insulin orally. The agreement also provides that Hadasit will provide consulting services to Oramed so that clinical trials, including a full report, may be conducted and Oramed agreed to provide $200,000 to Hadasit according to a predetermined payment schedule to conduct the trials. Oramed agreed to pay the principal investigator of the trials 3,361,360 warrants with an exercise price of $.001 if he continues to work with Oramed following the completion of the trials. Furthermore, Oramed agreed to use its best efforts to arrange financing of not less than $1,000,000 for the future development of products. Upon the closing of the agreement, if the trials are unsuccessful, the patent and related intellectual property will be retained by Hadasit without representation or warranty. If the trials are successful, Oramed has 120 days to attain the aforementioned financing or the property will be retained by Hadasit. Upon successful trials and adequate financing, patent rights and intellectual property will be transferred to Oramed.

**NOTE 4 – RELATED PARTY TRANSACTIONS**

In fiscal 2004 a shareholder paid $18,991 of expenses on behalf of the company. The debt was forgiven by the shareholder and was recorded as a contribution to capital.

During fiscal 2005 and 2006, a director of Oramed loaned Oramed $40,435 and $6,817, respectively totalling $47,252 as of August 31, 2006. The loan is unsecured, due on demand, and bears no interest. Interest of 8% is being expensed and charged against paid in capital.

The president of Oramed provides office space to Oramed under a verbal agreement on a month to month rent free basis.

**NOTE 5 – COMMON STOCK**

Effective June 14, 2004, Oramed effected a 3.3:1 forward stock split, increased the amount of authorized shares to two hundred million (200,000,000), and reauthorized the par value of $.001 per share of common stock. All share and per share amounts reflected in these consolidated financial statements have been adjusted as if the split were effective on the first day of the first period presented.

During fiscal 2002, Oramed sold 34,828,200 shares of common stock to investors for $53,700 of cash.

On May 27, 2004, Oramed acquired 100% of the issued and outstanding shares of Integrated Security Technologies, Inc. (a New Jersey company) ("ISTI-NJ") in exchange for 15,258,797 shares of Oramed's common stock. In a separate agreement, the majority shareholder of ISTI-NJ purchased 19,800,000 shares of Oramed from Oramed's then majority shareholder. The total Oramed shares owned by ISTI-NJ shareholders immediately following the merger was 35,058,797. The acquisition was considered a reverse merger. In April 2005, most parties involved agreed to unwind the May 27, 2004 transaction as if it never occurred. 33,914,387 Oramed shares issued to ISTI-NJ and its Officers were returned to Oramed and cancelled and the ISTI-NJ shares except for 7.5% were returned to the ISTI shareholders. The statement of stockholders equity reflects the cancellation of the 19,800,000, but treats the 15,258,797 as if it were never issued. Oramed holds 7.5% of ISTI-NJ and the ISTI-NJ officer still holds 1,144,410 shares of Oramed. The 7.5% of ISTI-NJ was valued using the fair value of the 1,144,410 Oramed shares. The value of the investment in ISTI-NJ was $434,876. Oramed's management determined the investment in ISTI-NJ was impaired as of the date they took ownership in ISTI-NJ due to ISTI-NJ's inability to produce historical financial statements.

During fiscal 2004, Oramed sold 550,000 shares of common stock for $275,000. In connection with the sale, Oramed issued 1,752,941 shares of common stock to the placement agent for fees associated with the stock sale.

During the quarter ending February 28, 2006, Oramed sold 22,981,228 shares of common stock to investors for a subscription receivable of $22,981. The proceeds were received by Oramed in the quarter ending August 31, 2006. The sale of the 22,981,228 shares represented more than a majority of the ownership of Oramed resulting in a change of control. See note 7 for more details.

**NOTE 6 – STOCK PAYABLE**

During the year ending August 31, 2006, Oramed sold 1,014,262 shares of common stock and 1,014,262 warrants exercisable at $0.75 to investors for $508,005 in a private placement offering. The relative fair value of the common shares was $203,412 and the warrants was $304,593. As of August 31, 2006, none of the stock from the above transactions had been issued and is being carried as a stock payable in the amount of $508,005.

The 1,014,262 warrants expire in two years and are 100% immediately vested. There have been no other options or warrant grants since inception.

**NOTE 7 - INCOME TAXES**

Oramed uses the liability method, where deferred tax assets and liabilities are determined based on the expected future tax consequences of temporary differences between the carrying amounts of assets and liabilities for financial and income tax reporting purposes. During fiscal 2006 Oramed incurred net losses and, therefore, has no tax liability. The net deferred tax asset generated by the loss carry-forward has been fully reserved. The cumulative net operating loss carry-forward is $800,000 at August 31, 2006, and will expire in the years 2022 to 2026.

At August 31, 2006, deferred tax assets consisted of the following:

| | | |
|---|---|---|
| Deferred tax assets | $ | 275,00 |
| Less: valuation allowance | | (275,000) |
| Net deferred tax asset | $ | - |

Internal Revenue Section 382 restricts the ability to use these carryforwards whenever an ownership change as defined occurs. Oramed incurred such an ownership change during the quarter ending February 28, 2006.

**NOTE 9 – LITIGATION**

On June 21, 2006, we commenced a legal action in the Supreme Court of the State of New York against John Choi, Bernard Perini and Epifanio Almodovar to enjoin them from selling, assigning, transferring, pledging, encumbering or otherwise disposing their shares of our common stock. Collectively Messrs. Choi, Perini and Almodovar obtained 2,897,342 shares of our common stock pursuant to an aborted merger between our company and Integrated Security Technologies, Inc., a privately held New Jersey Corporation, in 2004. It is our position that Messrs. Choi, Perini and Almodovar are possessed of stock that either should never have been issued to them at all or which should have been returned to our company when our merger with Integrated Security Technologies, Inc., the privately held New Jersey Corporation, was unwound. The court subsequently granted us a temporary injunction to restrain Messrs. Choi, Perini and Almodovar from selling their shares of our common stock.

On August 10, 2006, we reached a settlement with Bernard Perini and Epifanio Almodovar for the legal action in the Supreme Court of the State of New York initiated by our company against them. As a result, the temporary injunction to restrain Messrs. Perini and Almodovar from selling their shares of our common stock has been lifted. Furthermore, pursuant to the settlement, all claims by and between our company and Bernard Perini and Epifanio Almodovar have been mutually released and discontinued with prejudice. Messrs. Perini and Almodovar agreed to ask their legal counsel to hold their shares of our common stock as an escrow agent, subject to a scheduled release.

**NOTE 10 – RESEARCH AND DEVELOPMENT COSTS**

For the year ended August 31, 2006, Oramed expensed $197,748 in research and development costs related to consulting services and clinical trial services pursuant to the agreement relating to the purchase and sale of the provisional patent application No. 60/718716.

**Item 8. Changes in Registrant's Certifying Accountant**

Malone & Bailey, PC, Certified Public Accountants, has been engaged as the principal independent accountants. There has been no change in our certifying accountant for the past two most recent fiscal years or interim period.

**Item 8A. Controls and Procedures**

As required by Rule 13a-15 under the Securities Exchange Act of 1934, as of the end of the period covered by this annual report, being August 31, 2006, we have carried out an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures. This evaluation was carried out under the supervision and with the participation of our management, including our chief executive officer, Nada Kidron, and our chief financial officer, George Drazenovic. Based upon that evaluation they concluded that our disclosure controls and procedures were not effective as at the end of the period covered by this report due to our independent auditor's identification of unrecorded liabilities, equity adjustments and disclosure omissions. Appropriate adjustments and footnote disclosures have been recorded and disclosed in our Annual Report on Form 10-KSB. We are in the process of improving our disclosure and internal controls in an effort to remediate these deficiencies. We are continuing our efforts to improve and strengthen our control processes and procedures to fully remedy these deficiencies. Our management and directors will continue to work with our auditors and other outside advisors to ensure that our controls and procedures are adequate and effective.

There have been no changes in our internal controls over financial reporting that occurred during the period covered by this report that have materially affected, or are reasonably likely to materially affect our internal controls over financial reporting.

Disclosure controls and procedures and other procedures that are designed to ensure that information required to be disclosed in our reports filed or submitted under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported, within the time period specified in the Securities and Exchange Commission's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed in our reports filed under the Securities Exchange Act of 1934 is accumulated and communicated to management including our president and chief executive officer as appropriate, to allow timely decisions regarding required disclosure.

**PART III**

**Item 9. Directors, Executive Officers, Promoters and Control Persons; Compliance With Section 16(a) of the Exchange Act**

The following table sets forth information regarding our current and proposed executive officers and directors:

| Name | Position Held with the Company | Age | Date First Elected or Appointed |
|---|---|---|---|
| Miriam Kidron[(1)] | Director | 66 | March 8, 2006 |
| Nadav Kidron[(1)] | Director, CEO and President | 32 | March 8, 2006 |
| George Drazenovic [(2)] | CFO and a director | 35 | March 23, 2006 |

Notes:

(1) Miriam Kidron is Nadav Kidron's mother.

(2) On March 23, 2006, we appointed George Drazenovic as our chief financial officer, secretary and treasurer and to our board of directors.

**Dr. Miriam Kidron**

Dr. Miriam Kidron is a pharmacologist and a biochemist with a Ph. D. in biochemistry. From 1990 to the present time, she has been an investigator in the Diabetes Unit at Hadassah University Hospital in Jerusalem, Israel. She has no prior experience in working for public companies.

**Nadav Kidron**

Nadav Kidron has been a managing director at the Institute of Advanced Jewish Studies – Bar Ilan University. From 2001 – 2003, he was a lawyer intern at with Wine Mishaiker and Erenstof Law Offices in Jerusalem, Israel. Mr. Kidron obtained his LLB from the Bar – Ilan University and is currently enrolled in the International MBA program at the Bar – Ilan University. He has no prior experience in working for public companies.

**George Drazenovic**

Mr. Drazenovic is a certified general accountant and certified financial analyst. He also holds a Master of Business Administration from the University of Notre Dame. Currently, Mr. Drazenovic is also the CEO and CFO of Sun Cal Energy Inc. From August 2001 to January 2005, Mr. Drazenovic was the Financial Manager, Engineering Services for BC Hydro. From January 1995 to May 2000, Mr. Drazenovic was the Manager – Accounting for Queensboro Investments.

***Significant Employees/Consultants***

We conduct our business through agreements with consultants. Currently, we have a consulting agreement with one of our directors, Dr. Miriam Kidron, for the provision of her services as a part-time consultant. We are considering engaging Dr. Miriam Kidron as our Chief Scientist and paying her a fixed amount of compensation for her services.

Dr. Kidron is a pharmacist with a Ph. D. in biochemistry and is the inventor of the method and composition of insulin that can be administered orally, which was covered by the provisional patent application No. 60/718716. From 1990 to the present time, she has been an investigator in the Diabetes Unit at Hadassah University Hospital in Jerusalem, Israel. We would be significantly disadvantaged if Dr. Kidron were to leave our company.

***Committees of the Board***

All proceedings of our board of directors were conducted by resolutions consented to in writing by all the directors and filed with the minutes of the proceedings of the directors. Such resolutions consented to in writing by the directors entitled to vote on that resolution at a meeting of the directors are, according to the *Nevada Revised Statutes* and the Articles of our company, as valid and effective as if they had been passed at a meeting of the directors duly called and held.

Our company currently does not have nominating, compensation or audit committees or committees performing similar functions nor does our company have a written nominating, compensation or audit committee charter. Our board of directors does not believe that it is necessary to have such committees because it believes that the functions of such committees can be adequately performed by the board of directors.

Our company does not have any defined policy or procedure requirements for shareholders to submit recommendations or nominations for directors. The board of directors believes that, given the early stages of our development, a specific nominating policy would be premature and of little assistance until our business operations develop to a more advanced level. Our company does not currently have any specific or minimum criteria for the election of nominees to the board of directors and we do not have any specific process or procedure for evaluating such nominees. The board of directors assesses all candidates, whether submitted by management or shareholders, and makes recommendations for election or appointment.

A shareholder who wishes to communicate with our board of directors may do so by directing a written request addressed to our President at the address appearing on the first page of this current report.

***Code of Ethics***

We have not yet adopted a corporate code of ethics. Our board of directors is considering, over the next year, establishing a code of ethics to deter wrongdoing and promote honest and ethical conduct; provide full, fair, accurate, timely and understandable disclosure in public reports; comply with applicable laws; ensure prompt internal reporting of code violations; and provide accountability for adherence to the code.

***Audit Committee Financial Expert***

Our board of directors has determined that we have a board member, George Drazenovic, who qualifies as an "audit committee financial expert" as defined in Item 401(e) of Regulation S-B. However, as CFO of our company, Mr. Drazenovic does not qualify as being "independent", nor do any of our other directors, as the term is used in Item 7(d)(3)(iv)(B) of Schedule 14A under the Securities Exchange Act of 1934, as amended, and as defined by Rule 4200(a)(14) of the NASD Rules.

We believe that our board of directors collectively is capable of analyzing and evaluating our consolidated financial statements and understanding internal controls and procedures for financial reporting. The board of directors of our company does not believe that it is necessary to have an audit committee because our company believes that the functions of an audit committee can be adequately performed by our board of directors as a whole. In addition, we believe that retaining an independent director who would qualify as an "audit committee financial expert" would be overly costly and burdensome and is not warranted in our circumstances given the early stages of our development and the fact that we have not generated any revenues from operations to date.

***Section 16(a) Beneficial Ownership Compliance***

Section 16(a) of the Securities Exchange Act of 1934, as amended, requires our executive officers and directors and persons who own more than 10% of a registered class of our equity securities to file with the Securities and Exchange Commission initial statements of beneficial ownership, reports of changes in ownership and annual reports concerning their ownership of our common stock and other equity securities, on Forms 3, 4 and 5 respectively. Executive officers, directors and greater than 10% shareholders are required by the Securities and Exchange Commission regulations to furnish us with copies of all Section 16(a) reports they file. We are not aware of any director, executive officer or beneficial owner of more than 10% of the outstanding common stock who or which has not timely filed reports required by Section 16(a) of the Exchange Act during or in respect of the fiscal year of our successor company ended August 31, 2006, except for the following:

| Name | Number of Late Reports | Number of Transactions Not Reported on a Timely Basis | Failure to File Requested Forms |
|---|---|---|---|
| Nadav Kidron[(1)] | 1 | 1 | Nil |
| Zeev Bronfeld[(1)] | 1 | 1 | Nil |

[(1)] The named officer, director or greater than 10% shareholder, as applicable, filed a late Form 3 – Statement of Changes in Beneficial Ownership.

**Item 10. Executive Compensation**

No executive officer of our company or our subsidiary received annual salary and bonus in excess of $100,000 for our company's fiscal year ended August 31, 2006, 2005 and 2004. During such time we did not pay any salaries or bonuses to any of our executive officers. As of the date of this annual report on Form 10-KSB, we have no compensatory plan or arrangement with respect to any officer that results or will result in the payment of compensation in any form from the resignation, retirement or any other termination of employment of such officer's employment with our company, from a change in control of our company or a change in such officer's responsibilities following a change in control.

| SUMMARY COMPENSATION TABLE | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | | Annual Compensation | | | Long-Term Compensation | | | |
| | | | | | Awards | | Payouts | |
| Name And Principal Position | Year | Salary ($) | Bonus ($) | Other Annual Compensation ($) | Restricted Stock Awards ($) | Securities Under-lying Options/ SARs (#) | LTIP Payouts ($) | All Other Compensation ($) |
| Nadav Kidron (1) CEO, President and Director | 2006 | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| George Drazenovic (2) CFO, Secretary, Treasurer and a Director | 2006 | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| Randy White (3) | 2006 | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| former President and | 2005 | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| former Director | 2004 | Nil | Nil | Nil | Nil | Nil | Nil | Nil |

Notes:

(1) Nadav Kidron became President, CEO and a director of our company on March 8, 2006.

(2) George Drazenovic became CFO, secretary, treasurer and a director of our company on March 23, 2006.

(3) Randy White resigned from all positions as director and officer of our company effective March 8, 2006.

***Stock Option Grants***

Our board of directors adopted a stock option plan on August 26, 2006. We have not granted any stock options to the executive officers or directors from inception through August 31, 2006.

| OPTION/SAR GRANTS IN THE LAST FISCAL YEAR | | | | |
|---|---|---|---|---|
| | Individual Grants | | | |
| Name | Number of Securities Underlying Options/SARs Granted (#) | % of Total Options/ SARs Granted to Employees in Fiscal Year (#) | Exercise Price Per Share ($) | Expiration Date |
| Nadav Kidron (1) | Nil | Nil | Nil | N/A |
| Miriam Kidron (1) | Nil | Nil | Nil | N/A |
| George Drazenovic (2) | Nil | Nil | Nil | N/A |
| Randy White (3) | Nil | Nil | Nil | N/A |

Notes:

(1) Nadav Kidron and Miriam Kidron became directors of our company on March 8, 2006.

(2) George Drazenovic became CFO, secretary, treasurer and a director of our company on March 23, 2006.

(3) Randy White resigned from all positions as director and officer of our company effective March 8, 2006.

The following table sets forth for each Named Executive Officer certain information concerning the number of shares subject to both exercisable and unexercisable stock options as of August 31, 2006. The values for “in-the-money” options are calculated by determining the difference between the fair market value of the securities underlying the options as of August 31, 2006 and the exercise price of the individual’s options. During the year ended August 31, 2006, no named Executive Officer exercised options.

| AGGREGATED OPTION/SAR EXERCISES IN LAST FISCAL YEAR AND FY-END OPTION/SAR VALUES | | | | | | |
|---|---|---|---|---|---|---|
| | | | Number of Securities Underlying Unexercised Options/SARs at FY-End | | Value of Unexercised In-the-Money Options/SARs at FY-end | |
| Name | Shares Acquired on Exercise (#) | Aggregate Value Realized ($) | Exercisable (#) | Unexercisable (#) | Exercisable ($) | Unexercisable ($) |
| Nadav Kidron (1) | Nil | Nil | Nil | Nil | Nil | Nil |
| Miriam Kidron (1) | Nil | Nil | Nil | Nil | Nil | Nil |
| George Drazenovic (2) | Nil | Nil | Nil | Nil | Nil | Nil |
| Randy White (3) | Nil | Nil | Nil | Nil | Nil | Nil |

Notes:

(1) Nadav Kidron and Miriam Kidron became directors of our company on March 8, 2006.

(2) George Drazenovic became CFO, secretary, treasurer and a director of our company on March 23, 2006.

(3) Randy White resigned from all positions as director and officer of our company effective March 8, 2006.

***Employment Contracts, Termination of Employment and Change In Control Arrangements***

We have not entered into any employment agreements with our officers and directors and have paid no compensation to them. We conduct our business through agreements with consultants. Currently, we have a consulting agreement with one of our directors, Dr. Miriam Kidron, for the provision of her services as a part-time consultant. We are considering engaging Dr. Miriam Kidron as our Chief Scientist and paying her a fixed amount of compensation for her services.

Dr. Kidron is a pharmacist with a Ph. D. in biochemistry and is the inventor of the method and composition of insulin that can be administered orally, which was covered by the provisional patent application No. 60/718716. From 1990 to the present time, she has been an investigator in the Diabetes Unit at Hadassah University Hospital in Jerusalem, Israel. We would be significantly disadvantaged if Dr. Kidron were to leave our company.

***Stock Option Plan***

Our board of directors adopted a stock option plan on August 26, 2006. Pursuant to this stock option plan, our company has reserved up to 3,000,000 common shares for issuance upon the exercise of any options granted under the plan. No stock options had been granted under the plan at the end of our most recent year ended August 31, 2006.

***Director's Compensation***

Directors may be paid their expenses for attending each meeting of the directors and may be paid a fixed sum for attendance at each meeting of the directors or a stated salary as director. No payment precludes any director from serving our company in any other capacity and being compensated for such service. Members of special or standing committees may be allowed like reimbursement and compensation for attending committee meetings.

***Family Relationships***

Dr. Miriam Kidron is Mr. Nadav Kidron's mother. Other than that, none of the directors or officers of our company are related by blood or marriage.

***Indebtedness of Directors, Senior Officers, Executive Officers and Other Management***

None of the directors or executive officers of our company or any associate or affiliate of our company during the last two fiscal years, is or has been indebted to our company by way of guarantee, support agreement, letter of credit or other similar agreement or understanding currently outstanding.

**Item 11. Security Ownership of Certain Beneficial Owners and Management and Related Stockholders**

The following table sets forth, as of December 12, 2006, certain information with respect to the beneficial ownership of our common stock by each stockholder known by us to be the beneficial owner of more than 5% of our common stock and by each director, nominee and named executive officer of our company and our wholly-owned operating subsidiary, and by the directors and executive officers of our company as a group. Each person has sole voting and investment power with respect to the shares of common stock, except as otherwise indicated. Beneficial ownership consists of a direct interest in the shares of common stock, except as otherwise indicated.

| **Name and Address of Beneficial Owner** | **Amount and Nature of Beneficial Ownership** | **Percentage of Class[1][2]** |
|---|---|---|
| Zeev Bronfeld, 6 Uri St., Tel-Aviv, Israel | 6,158,517 | 14.9% |
| Hadassit Medical Research Services and Development Ltd., Floor 2 1/2, Mother & Child Center, Hadassah Ein Karem, P.O. Box 12000, Jerusaleum 91120, Israel | 4,141,532 | 9.98% |
| Nadav Kidron, 2 Elza St., Jerusalem, Israel | 10,371,735 | 25% |
| Directors and Officers (as a group) | 10,371,735 | 25% |

[1] Regulation S-B under the Exchange Act, defines a beneficial owner of a security as any person who, directly or indirectly, through any contract, arrangement, understanding, relationship, or otherwise, has or shares: (i) voting power, which includes the power to vote, or to direct the voting of shares; and (ii) investment power, which includes the power to dispose or direct the disposition of shares. Certain shares may be deemed to be beneficially owned by more than one person (if, for example, persons share the power to vote or the power to dispose of the shares). In addition, shares are deemed to be beneficially owned by a person if the person has the right to acquire the shares (for example, upon exercise of an option) within 60 days of the date as of which the information is provided. In computing the percentage ownership of any person, the amount of shares outstanding is deemed to include the amount of shares beneficially owned by such person (and only such person) by reason of these acquisition rights. As a result, the percentage of outstanding shares of any person as shown in this table does not necessarily reflect the person's actual ownership or voting power with respect to the number of shares of common stock actually outstanding on December 12, 2006.

[2] Based upon 41,456,779 issued and outstanding shares of common stock as of December 12, 2006.

**Item 12. Certain Relationships And Related Transactions**

Other than as disclosed below, during the last two years we have not been a party to any transaction, proposed transaction, or series of transactions in which the amount involved exceeded $60,000, and in which, to our knowledge, any of the following persons had, or is to have, a direct or indirect material interest: a director or executive officer of our company; a nominee for election as a director of our company; a beneficial owner of more than five percent of the outstanding shares of our common stock; or any member of the immediate family of any such person.

On March 3, 2006, we completed the purchase of U.S. provisional patent application 60/718716, including related intellectual property, from Hadasit. The patent application relates to a method of preparing insulin so that it may be taken orally for use in the treatment of people with diabetes. The agreement provides that Hadasit will provide

consulting services to us so that clinical trials, including a full report, may be conducted. We have agreed to provide $200,000 for the conduct of those consulting services. We will pay the $200,000 to Hadasit if the Company chooses to obtain such services from Hadasit. We have also agreed to secure proper conditions for the future development of the patent application product. To obtain the money to do so, we promise to sell at least $1,000,000 units of the common stock of our company.

In the past twelve months, we have paid to K.N.R.Y. Ltd., a private Israeli company owned by our President and Director, Mr. Nadav Kidron, approximately $90,000 for general administrative expenses incurred by K.N.R.Y. Ltd. on our behalf, including telephone, fax, mail, printing materials, transportation, travel expenses abroad, and office equipment.

**Item 13. Exhibits**

***Exhibits required by Item 601 of Regulation S-B***

**(3) Articles of Incorporation and By-laws**

3.1 Articles of Incorporation (incorporated by reference from our Registration Statement on Form SB-2, filed on November 29, 2002).

3.2 Bylaws (incorporated by reference from our Current Report on Form 8-K filed on April 10, 2006).

3.3 Articles of Merger filed with the Nevada Secretary of State on March 29, 2006 (incorporated by reference to our Current Report on Form 8-K filed on April 10, 2006).

**(4) Instruments defining rights of security holders, including indentures**

4.1 Specimen Stock Certificate (incorporated by reference from our Registration Statement on Form SB-2, filed on November 29, 2002).

**(10) Material Contracts**

10.1 Form of Securities Purchase Agreement for February 6, 2006 private placement (incorporated by reference from our current report on Form 8-K filed February 6, 2006)

10.2 Agreement between our company and Hadasit Medical Services and Development Ltd. dated February 17, 2006 concerning the acquisition of U.S. patent application 60/718716 (incorporated by reference from our current report on Form 8-K filed February 17, 2006).

10.3 Consulting Agreement between our company and Dr. Miriam Kidron (incorporated by reference from our current report on Form 8-K filed February 17, 2006).

10.4 Agreement between our company and Swiss Caps Ag dated October 30, 2006 (incorporated by reference from our current report on Form 8-K filed October 26, 2006).

**(21) Subsidiaries**

21.1 Iguana Explorations Inc.

**(23) Consents of Experts & Counsel**

23.1* Consent of Independent Auditor (Malone & Bailey, PC, Certified Public Accountants)

**(31) Section 302 Certification**

31.1* Certification of Chief Executive Officer as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

31.2* Certification of Chief Financial Officer as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

**(32) Section 906 Certification**

32.1* Certification of Chief Executive Officer as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

** Filed herewith*

**Item 14. Principal Accountant Fees And Services Audit Fees**

***Audit Fees***

The aggregate fees billed for the fiscal years ended August 31, 2006 and August 31, 2005 for professional services rendered by the principal accountant for the audit of our annual consolidated financial statements and review of the consolidated financial statements included in our Form 10-KSB or services that are normally provided by the accountant in connection with statutory and regulatory filings or engagements for these fiscal periods were estimated at $8,830 and $8,965, respectively.

***Audit Related Fees***

None.

***Tax Fees***

None.

***All Other Fees***

None.

**SIGNATURES**

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, we have duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

**ORAMED PHARMACEUTICALS INC.**

By: /s/ Nadav Kidron
Nadav Kidron
President, Chief Executive Officer and Director
(Principal Executive Officer)

Date: December 14, 2006

By: /s/ George Drazenovic
George Drazenovic, Chief Financial Officer, Secretary, Treasurer and Director
(Principal Financial Officer)

Date: December 14, 2006

In accordance with the Exchange Act, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

| **Signature** | **Title** | **Date** |
|---|---|---|
| /s/ Nadav Kidron<br>Nadav Kidron | President, Chief Executive Officer and Director | December 14, 2006 |
| /s/ George Drazenovic<br>George Drazenovic | Chief Financial Officer, Secretary, Treasurer and Director | December 14, 2006 |

**EXHIBIT 31.1**

**CERTIFICATION PURSUANT TO**
**18 U.S.C. ss 1350, AS ADOPTED PURSUANT TO**
**SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Nadav Kidron, certify that:

1. I have reviewed this annual report on Form 10-KSB of Oramed Pharmaceuticals Inc.

2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to date 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 annual report;

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

4. The small business issuer's other certifying officers 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)) for the small business issuer and have:

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

(b) evaluated the effectiveness of the small business issuer'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 period covered by this report based on such evaluation; and

(c) disclosed in this report any change in the small business issuer's internal control over financial reporting that occurred during the small business issuer's most recent fiscal quarter (the small business issuer's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, small business issuer's control over financial reporting.

5. The small business issuer's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the small business issuer's auditors and the audit committee of the small business issuer'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 small business issuer'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 small business issuer's internal controls and procedures for financial reporting.

Date: December 14, 2006

By: /s/ Nadav Kidron

Nadav Kidron,
Chief Executive Officer and President
(Principal Executive Officer)

**EXHIBIT 31.2**

**CERTIFICATION PURSUANT TO**
**18 U.S.C. ss 1350, AS ADOPTED PURSUANT TO**
**SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, George Drazenovic, certify that:

1. I have reviewed this annual report on Form 10-KSB of Oramed Pharmaceuticals Inc.

2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to date 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 annual report;

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

4. The small business issuer's other certifying officers 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)) for the small business issuer and have:

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

(b) evaluated the effectiveness of the small business issuer'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

(c) disclosed in this report any change in the small business issuer's internal control over financial reporting that occurred during the small business issuer's most recent fiscal quarter (the small business issuer's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the small business issuer's control over financial reporting.

5. The small business issuer's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the small business issuer's auditors and the audit committee of the small business issuer'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 small business issuer'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 small business issuer's internal controls and procedures for financial reporting.

Date: December 14, 2006

By: /s/ George Drazenovic

George Drazenovic,
Chief Financial Officer
(Principal Financial Officer and Principal Accounting Officer)

**EXHIBIT 32.1**

**CERTIFICATION PURSUANT TO**
**18 U.S.C. SECTION 1350 AS ADOPTED PURSUANT TO**
**SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Annual Report of Oramed Pharmaceuticals Inc. (the "**Company**") on Form 10-KSB for the period ended August 31, 2006 as filed with the Securities and Exchange Commission on the date hereof (the "**Report**"), I, Nadav Kidron, the Chief Executive Officer (Principal Executive Officer) and President of the Company, certify, pursuant to 18 U.S.C. section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

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

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

Dated: December 14, 2006

By: /s/ Nadav Kidron

Nadav Kidron,
Chief Executive Officer and President
(Principal Executive Officer)

**EXHIBIT 32.2**

**CERTIFICATION PURSUANT TO**
**18 U.S.C. SECTION 1350 AS ADOPTED PURSUANT TO**
**SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Annual Report of Oramed Pharmaceuticals Inc. (the "**Company**") on Form 10-KSB for period ended August 31, 2006 as filed with the Securities and Exchange Commission on the date hereof (the "**Report**"), I, George Drazenovic, the Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer) of the Company, certify, pursuant to 18 U.S.C. section 1350, as adopted pursuant to Section 906 of Sarbanes-Oxley Act of 2002, that to my knowledge:

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

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

Dated: December 14, 2006

By: /s/ George Drazenovic

George Drazenovic,
Chief Financial Officer
(Principal Financial Officer and Principal Accounting Officer)