DICE HOLDINGS, INC.
Form 10-Q
November 14, 2007
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)

þ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the quarterly period ended September 30, 2007

OR

¨ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the transition period from to

Commission File Number: 001-33584

DICE HOLDINGS, INC.

(Exact name of Registrant as specified in its Charter)

Delaware	**20-3179218**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**
3 Park Avenue	
New York, New York	**10016**
(Address of principal executive offices)	**(Zip Code)**

(212) 725-6550

(Registrant s telephone number, including area code)

None

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

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. **Yes** ¨ **No** þ

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of accelerated filer and large accelerated filer in Rule 12b-2 of the Exchange Act.

Large accelerated filer ¨ **Accelerated filer** ¨ **Non-accelerated filer** þ

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

As of October 31, 2007, 62,012,919 shares of common stock (Common Stock) of the Registrant were outstanding.

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PART I FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

DICE HOLDINGS, INC.

CONDENSED CONSOLIDATED BALANCE SHEETS

(unaudited)

(in thousands except share and per share amounts)

	September 30, 2007	December 31, 2006
ASSETS		
Current assets		
Cash and cash equivalents	$ 42,731	$ 5,795
Marketable securities	750	944
Accounts receivable, net of allowance for doubtful accounts of $1,016 and $795	16,959	15,014
Deferred income taxes - current	12,143	14,000
Prepaid and other current assets	2,556	1,290
Current assets of discontinued operations		808
Total current assets	**75,139**	**37,851**
Fixed assets, net	5,842	5,356
Acquired intangible assets, net	86,240	100,186
Goodwill	162,448	156,440
Deferred financing costs, net of accumulated amortization of $994 and $457	3,867	1,972
Other assets	473	251
Non-current assets of discontinued operations		271
Total assets	**$ 334,009**	**$ 302,327**
LIABILITIES AND STOCKHOLDERS EQUITY		
Current liabilities		
Accounts payable and accrued expenses	$ 13,901	$ 12,113
Deferred revenue	43,997	34,520
Current portion of long-term debt	750	
Other current liabilities	168	492
Current liabilities of discontinued operations		990
Total current liabilities	**58,816**	**48,115**
Long-term debt	123,950	89,000
Deferred income taxes - non-current	25,361	29,582
Other long-term liabilities	6,841	1,295
Total liabilities	**214,968**	**167,992**
Commitments and contingencies (Note 7)		
Stockholders equity		
Convertible preferred stock, $.01 par value, authorized 20,000,000 and 57,625,000 shares, respectively; issued and outstanding: 0 and 55,168,792 shares, respectively (liquidation value $2.17)		552

Common stock, $.01 par value, authorized 240,000,000 and 69,150,000 shares, respectively; issued and outstanding: 62,012,919 and 92,200 shares, respectively	620	1
Other stockholders equity	118,421	133,782
Total stockholders equity	**119,041**	**134,335**
Total liabilities and stockholders equity	**$ 334,009**	**$ 302,327**

See accompanying notes to the condensed consolidated financial statements.

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DICE HOLDINGS, INC.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(unaudited)

(in thousands except per share amounts)

	For the three months ended September 30,		For the nine months ended September 30,	
	2007	2006	2007	2006
Revenues	$ 38,208	$ 21,668	$ 103,248	$ 56,984
Operating expenses:				
Cost of revenues	2,503	1,162	6,418	3,321
Product development	1,179	511	3,140	1,536
Sales and marketing	13,823	8,510	41,469	23,768
General and administrative	5,352	2,399	13,848	6,712
Depreciation	853	454	2,227	1,174
Amortization of intangible assets	4,661	2,825	14,663	8,677
Total operating expenses	28,371	15,861	81,765	45,188
Operating income	9,837	5,807	21,483	11,796
Interest expense	(3,387)	(751)	(10,027)	(3,013)
Interest income	372	25	530	81
Income from continuing operations before income taxes and minority interest	6,822	5,081	11,986	8,864
Income tax expense	2,625	1,975	3,064	3,452
Minority interest in net loss of subsidiary		68	121	198
Income from continuing operations	4,197	3,174	9,043	5,610
Discontinued operations:				
Loss from discontinued operations		(34)	(243)	(312)
Income tax benefit from discontinued operations		(12)	(4,887)	(117)
Income (loss) from discontinued operations, net of tax		(22)	4,644	(195)
Net income	4,197	3,152	13,687	5,415
Convertible preferred stock dividends			(107,718)	
Income (loss) attributable to common stockholders	$ 4,197	$ 3,152	$ (94,031)	$ 5,415
Basic and diluted earnings (loss) per share:				
From continuing operations	$ 0.07	$ 0.06	$ (5.85)	$ 0.11
From discontinued operations			0.28	
	$ 0.07	$ 0.06	$ (5.57)	$ 0.11

See accompanying notes to the condensed consolidated financial statements.

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DICE HOLDINGS, INC.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(unaudited)

(in thousands)

	Nine Months Ended September 30,	
	2007	**2006**
Cash flows provided by operating activities:		
Net income	$ 13,687	$ 5,415
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	2,227	1,174
Amortization of intangible assets	14,663	8,677
Deferred income taxes	(1,496)	2,786
Amortization of deferred financing costs	538	236
Share based compensation	2,920	724
Changes in operating assets and liabilities:		
Accounts receivable	(1,436)	(1,391)
Prepaid expenses and other assets	(1,232)	36
Accounts payable and accrued expenses	(326)	1,000
Deferred revenue	9,276	10,576
Other, net	(199)	(281)
Net cash provided by operating activities of continuing operations	38,622	28,952
Cash flows used for investing activities:		
Purchases of fixed assets	(2,524)	(2,081)
Purchases of marketable securities	(200)	(100)
Maturities and sales of marketable securities	400	197
Amounts paid under Targeted Job Fairs acquisition agreement		(965)
Other, net	(32)	
Net cash used for investing activities of continuing operations	(2,356)	(2,949)
Cash flows provided by (used for) financing activities:		
Proceeds from long-term debt	113,000	
Payments on long-term debt	(77,300)	(27,000)
Dividends paid on convertible preferred stock	(107,718)	
Dividends paid on common stock	(180)	
Payments to holders of vested stock options in lieu of dividends	(4,602)	
Financing costs paid	(2,246)	
Proceeds from initial public offering	81,003	
Payment of costs related to initial public offering	(1,437)	
Proceeds from stock option exercises	89	
Other	(175)	
Net cash provided by (used for) financing activities of continuing operations	434	(27,000)
Net cash provided by operating activities of discontinued operations	88	662
Net cash used for investing activities of discontinued operations	(6)	(86)

Net cash provided by discontinued operations	82	576
Effect of exchange rate changes	154	
Net change in cash and cash equivalents for the period	36,936	(421)
Cash and cash equivalents, beginning of period	5,795	3,363
Cash and cash equivalents, end of period	$ 42,731	$ 2,942

See accompanying notes to the condensed consolidated financial statements.

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DICE HOLDINGS, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(unaudited)

1. BASIS OF PRESENTATION

The accompanying unaudited condensed consolidated financial statements of Dice Holdings, Inc. (DHI or the Company) have been prepared by the Company pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and disclosures normally included in annual financial statements prepared in accordance with accounting principles generally accepted in the United States of America have been omitted and condensed pursuant to such rules and regulations. In the opinion of the Company s management, all adjustments (consisting of only normal and recurring accruals) have been made to present fairly the financial positions, the results of operations and cash flows for the periods presented. Although the Company believes that the disclosures are adequate to make the information presented not misleading, these financial statements should be read in conjunction with the Company s audited consolidated financial statements as of and for the year ended December 31, 2006, that are included in the Company s Registration Statement on Form S-1, as amended (File No. 333-141876). Operating results for the three month and nine month periods ended September 30, 2007 are not necessarily indicative of the results to be achieved for the full year.

Preparation of the consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the period. Management believes the most complex and sensitive judgments, because of their significance to the consolidated financial statements, result primarily from the need to make estimates about the effects of matters that are inherently uncertain. Actual results could differ materially from management s estimates. There have been no significant changes in the Company s assumptions regarding critical accounting estimates during the first nine months of 2007.

2. RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

In September 2006, the FASB issued Statement of Financial Accounting Standards No. 157, *Fair Value Measurements* (SFAS 157). SFAS 157 defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements. SFAS 157 does not impose fair value measurements on items not already accounted for at fair value; rather it applies, with certain exceptions, to other accounting pronouncements that either require or permit fair value measurements. SFAS 157 is effective for fiscal years beginning after November 15, 2007, and interim periods within those fiscal years. The Company is currently evaluating the impact of adopting SFAS 157 on its consolidated financial statements.

In July 2006, the FASB issued FASB Interpretation No. 48, *Accounting for Uncertainty in Income Taxes an interpretation of FASB Statement No. 109* (FIN 48). FIN 48 clarifies the accounting for uncertainty in income taxes recognized in accordance with Statement of Financial Accounting Standards No. 109, *Accounting for Income Taxes* (SFAS 109), and prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a return. Guidance is also provided on de-recognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. FIN 48 was adopted by the Company on January 1, 2007. See Note 11.

In February 2007, the FASB issued Statement of Financial Accounting Standards No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities* (SFAS 159). SFAS 159 permits entities to choose to measure many financial instruments and certain other items at fair value and establishes presentation and disclosure requirements designed to facilitate comparisons between entities that choose different measurement attributes for similar types of assets and liabilities. Unrealized gains and losses on items for which the fair value option has been elected are reported in earnings at each subsequent reporting date. SFAS 159 is effective for fiscal years beginning after December 15, 2007. The Company is currently evaluating the impact of adopting SFAS 159 on its consolidated financial statements.

3. DISCONTINUED OPERATIONS

The Company provided certification test preparation and assessment products for technology professionals through its subsidiary, MeasureUp. In February 2007, the Company decided to abandon the MeasureUp business after assessing the long-term economic viability of MeasureUp in light of its projected operating losses and the lack of an operational or strategic fit with the Company s core business, and after unsuccessfully attempting to sell the business. All significant business activities of MeasureUp ceased on March 30, 2007. Accordingly, the Company now

reflects the related assets, liabilities, and results of operations from this segment as discontinued operations for all periods presented. Expenses that are not directly identified to MeasureUp or are considered corporate overhead have not been allocated to this segment in arriving at results from discontinued operations. Summary results of operations for the former MeasureUp operating segment were as follows (in thousands):

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NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2007	2006	2007	2006
Revenues	$	$ 911	$ 835	$ 2,655
Operating expenses:				
Cost of revenues		131	173	395
Product development		287	600	934
Sales and marketing		224	288	705
General and administrative		128	332	423
Depreciation		32	16	81
Amortization		143		429
Other expense (income)			(331)	
Total operating expenses		945	1,078	2,967
Operating income (loss)		(34)	(243)	(312)
Income tax expense (benefit)		(12)	(4,887)	(117)
Income (loss) from discontinued operations	$	$ (22)	$ 4,644	$ (195)

The assets and liabilities of MeasureUp were as follows (in thousands):

	December 31, 2006
Cash	$ 150
Accounts receivable, net of allowance for doubtful accounts of $35	634
Prepaid and other current assets	24
Current assets of discontinued operations	$ 808
Fixed assets, net	$ 264
Other assets	7
Non-current assets of discontinued operations	$ 271
Accounts payable and accrued expenses	$ 487
Deferred revenue	503
Current liabilities of discontinued operations	$ 990

Intangible assets related to MeasureUp were written off in the fourth quarter of 2006. There was no goodwill associated with MeasureUp. The miscellaneous remaining liabilities of MeasureUp, totaling $168,000 as of September 30, 2007, are included in accounts payable and accrued expenses in continuing operations.

4. ACQUISITION OF eFINANCIALGROUP LIMITED

On October 31, 2006, DHI acquired all of the outstanding shares of eFinancialGroup Limited (eFG) which operates career management services for finance, accounting and capital markets and financial services professionals. At the time of the acquisition, eFG was the parent of (1) eFinancialCareers Limited, a global financial markets career website for capital markets and financial services professionals, (2) JobsintheMoney.com, Inc. (JitM), a career website for accounting and finance professionals in the United States, and (3) eFinancialNews Limited (eFN), which publishes financial news periodicals.

DHI acquired all of the outstanding stock of eFG in exchange for a total of $106.3 million in cash and 3,628,992 shares of convertible preferred stock of DHI valued at $25.2 million, net of cash acquired of $3.9 million. Each shareholder of eFG

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NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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was given the option to receive cash, convertible preferred stock of DHI or a combination of both. The value of the preferred stock was based on the amount of cash that each eFG shareholder was entitled to receive in lieu of convertible preferred stock of DHI. Immediately after the acquisition of eFG, eFN was sold to a company controlled by a group of former eFG shareholders for total consideration of $41.6 million, resulting in a net purchase price for the remaining eFG business, which was comprised of eFC and JitM, of $89.9 million in cash and convertible preferred stock. The cash portion of the acquisition, including transaction costs, was financed by borrowings of $67.0 million, plus cash on hand.

The Company incurred a total of $3.2 million of direct costs associated with the transaction. Of that amount, $.9 million was capitalized as debt issuance costs. The remaining $2.3 million was included as consideration paid in the allocation of the purchase price.

The purchase price allocation is complete. Adjustments to goodwill during the nine month period ended September 30, 2007 were related to income taxes. The purchase price allocation of eFG based upon management s estimates at the date of acquisition, in millions of dollars, is as follows:

Assets:	
Cash and cash equivalents	$ 3.9
Accounts receivable	4.8
Prepaid and other current assets	0.2
Fixed assets	0.3
Acquired intangible assets	27.1
Goodwill	70.9
Other assets	41.6
Assets acquired	$ 148.8
Liabilities:	
Accounts payable and accrued expenses	$ 5.0
Deferred income taxes	8.8
Deferred revenue	1.2
Liabilities assumed	$ 15.0

The acquired intangible assets consist of the following, in millions of dollars:

Technology	$ 2.7
Trademarks and brand names	7.2
Customer lists	12.1
Order backlog	1.4
Candidate database	3.5
Leasehold interests	0.2
Acquired intangible assets	$ 27.1

The portion of the purchase price allocated to eFN is included above in Other assets. The $41.6 million was received by DHI immediately subsequent to the closing of the sale of eFN on October 31, 2006.

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The following pro forma condensed consolidated results of operations assume that the acquisition of eFG was completed as of January 1, 2006 (in millions except per share amounts):

	Three Months Ended September 30, 2006	Nine Months Ended September 30, 2006
Revenues	$ 27.7	$ 72.9
Net income	$ 2.0	$ 0.4
Loss per share	$ (99.86)	$ (117.04)

The pro forma financial information represents the historical operating results of the combined company with adjustments for purchase accounting and is not necessarily indicative of the results of operations that would have been achieved if the acquisition had taken place at the beginning of the periods presented. The pro forma adjustments included adjustments for interest on borrowings and amortization of acquired intangible assets and deferred financing costs as well as the related income tax impacts of such adjustments.

5. ACQUIRED INTANGIBLE ASSETS, NET

Below is a summary of the major acquired intangible assets and weighted average amortization periods for the acquired identifiable intangible assets (in thousands):

	As of September 30, 2007				
	Acquired Cost	Accumulated Amortization	Foreign Currency Translation Adjustment	Acquired Intangible Assets, Net	Weighted Average Amortization Period
Technology	$ 12,700	$ (6,074)	$ 189	$ 6,815	3.75 years
Trademarks and brand names Dice	39,000			39,000	Indefinite
Trademarks and brand names Other	7,600	(1,538)	420	6,482	5 years
Customer lists	36,700	(13,188)	732	24,244	4.5 years
Order backlog	2,000	(2,043)	43		.5 years
Candidate database	18,500	(8,901)	91	9,690	3.75 years
Leasehold interests	154	(153)	8	9	3 years
Acquired intangible assets, net	$ 116,654	$ (31,897)	$ 1,483	$ 86,240	

	As of December 31, 2006				
	Acquired Cost	Accumulated Amortization	Foreign Currency Translation Adjustment	Acquired Intangible Assets, Net	Weighted Average Amortization Period
Technology	$ 12,700	$ (3,487)	$ 98	$ 9,311	3.75 years
Trademarks and brand names Dice	39,000			39,000	Indefinite

Trademarks and brand names Other	7,600	(352)	207	7,455	5 years
Customer lists	36,700	(7,115)	374	29,959	4.5 years
Order backlog	2,000	(1,076)	36	960	.5 years
Candidate database	18,500	(5,196)	47	13,351	3.75 years
Leasehold interests	154	(8)	4	150	3 years
Acquired intangible assets, net	$ 116,654	$ (17,234)	$ 766	$ 100,186	

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Based on the carrying value of the acquired finite lived intangible assets recorded as of September 30, 2007, and assuming no subsequent impairment of the underlying assets, the estimated future amortization expense is as follows (in thousands):

October 1, 2007 through December 31, 2007	$ 4,562
2008	18,212
2009	15,717
2010	7,475
2011	1,274

6. INDEBTEDNESS

On March 21, 2007, the Company entered into an Amended and Restated Financing Agreement (the Amended and Restated Credit Facility), resulting in total borrowings of $194.0 million. The Amended and Restated Credit Facility provides for a revolving credit facility of $75.0 million and a term loan facility of $125.0 million, and matures on March 21, 2012. Quarterly payments of $250,000 are due on the term loan facility beginning on October 1, 2007. The Company made the first required payment in September 2007. Immediately prior to entering into the amended agreement, the Company had $81.0 million outstanding under the then existing facility. On March 21, 2007, the Company borrowed an additional $113.0 million under the amended agreement. Borrowings under the facility bear interest, at the Company s option, at the LIBOR Rate plus 3.25% or Reference Rate plus 1.75%. Financial and other covenants in the amended agreement are consistent with the original agreement. The Company was in compliance with all such covenants as of September 30, 2007.

The amounts borrowed and terms of the financing agreement as of September 30, 2007 and December 31, 2006 are as follows (dollars in thousands):

	September 30, 2007	December 31, 2006
Total Revolving Credit Facility	$ 75,000	$ 110,000
Total Term Loan Facility	$ 125,000	
Amounts Borrowed:		
LIBOR Rate Loans	$ 124,700	$ 87,000
Reference Rate Loans		2,000
Total Borrowed	$ 124,700	$ 89,000
Interest Rates:		
LIBOR Option:		
Interest Margin	3.25%	3.50%
Minimum LIBOR rate	3.00%	3.00%
Actual Interest Rates	8.39% to 8.97%	8.85% to 9.40 %
Reference Rate Option:		
Interest Margin	1.75%	0.75%
Minimum Reference Rate	6.00%	6.00%
Actual Interest Rate	n/a	9.00%

Future maturities as of September 30, 2007 are as follows (in thousands):

October 1, 2007 through December 31, 2007	$
2008	1,000
2009	1,000
2010	1,000
2011	1,000
2012	120,700
Total minimum payments	$ 124,700

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DICE HOLDINGS, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(unaudited)

The Company used a portion of the net proceeds that it received from its initial public offering on July 23, 2007 to repay $51.0 million of the outstanding indebtedness under the Amended and Restated Credit Facility and made a further repayment of $4.0 million in August 2007.

7. COMMITMENTS AND CONTINGENCIES

Leases

The Company leases equipment and office space under operating leases expiring at various dates through July 2012. Future minimum lease payments under non-cancelable operating leases as of September 30, 2007 are as follows (in thousands):

October 1, 2007 to December 31, 2007	$ 320
2008	1,129
2009	977
2010	931
2011	882
Thereafter	304
Total minimum payments	$ 4,543

On July 18, 2007, the Company signed a five year lease for office space in London which increased future lease commitments by $2.7 million. Rent expense was $247,000 and $629,000 for the three and nine month periods ended September 30, 2007, respectively, and $136,000 and $409,000 for the three and nine month periods ended September 30, 2006, respectively.

Restricted Cash and Letters of Credit

As of September 30, 2007 and December 31, 2006, Dice had $57,000 and $187,000, respectively, in standby letters of credit that collateralize facility lease agreements. Restricted cash, which is included in other assets in the condensed consolidated balance sheet, collateralizes such standby letters of credit.

Litigation

The Company is subject to various claims from taxing authorities, lawsuits and other complaints arising in the ordinary course of business. The Company records provisions for losses when claims become probable and the amounts are estimable. Although the outcome of these legal matters cannot be determined, it is the opinion of management that the final resolution of these matters will not have a material adverse effect on the Company s financial condition, operations or liquidity.

8. EQUITY TRANSACTIONS

On March 23, 2007, the Company paid a cash dividend of $107.9 million in the aggregate, or $1.95 per share, to holders of common stock and convertible preferred stock and made a payment of $4.6 million in the aggregate, or $1.95 per vested option, to holders of vested stock options in lieu of a dividend. The payments made to holders of vested stock options in lieu of dividends reduced stockholders equity.

The Company effected a stock split on June 18, 2007, so that each share of common stock and Series A convertible preferred stock was split into 461 shares of common stock or Series A convertible preferred stock, as applicable. All share and per share amounts in the accompanying

consolidated financial statements have been retroactively adjusted for all periods presented to give effect to the stock split.

The terms of the Company s Series A convertible preferred stock allow the holders of 66 2/3% of such stock to require that all outstanding shares of the Series A convertible preferred stock be converted into an equal number of shares of common stock at any time. The holders of 66 2/3% of all outstanding shares of the Series A convertible preferred stock agreed to require that all outstanding shares of the Company s Series A convertible preferred stock be converted into an equal number of shares of the Company s common stock immediately prior to the consummation of the Company s initial public offering. All of the shares of Series A convertible preferred stock were converted into shares of the Company s common stock in July 2007.

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DICE HOLDINGS, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(unaudited)

On July 23, 2007, the Company completed its initial public offering. The Company sold 6,700,000 shares of its common stock and selling stockholders sold an additional 10,000,000 shares of common stock at a price of $13.00 per share less underwriting commissions. The selling stockholders granted the underwriters a 30 day option to purchase up to an additional 2,505,000 shares of the Company s common stock at a price of $13.00 per share less underwriting commissions. On August 16, 2007, the underwriters exercised the option to acquire 292,000 of those shares. The proceeds, net of underwriting commissions received by the Company, were $81.0 million. The Company did not receive any proceeds from the sale of shares by the selling stockholders. The Company used a portion of the net proceeds that it received from the offering to repay $51.0 million of the outstanding indebtedness under the Amended and Restated Credit Facility.

9. COMPREHENSIVE INCOME

The components of comprehensive income are as follows (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2007	2006	2007	2006
Net income	$ 4,197	$ 3,152	$ 13,687	$ 5,415
Other comprehensive income:				
Foreign currency translation adjustment, net of tax of $609; $-; $1,122; and $-	1,422		2,624	
Unrealized gains on marketable securities, net of tax of $1; $3; $2; and $1	3	8	6	3
Total other comprehensive income	1,425	8	2,630	3
Comprehensive income	$ 5,622	$ 3,160	$ 16,317	$ 5,418

Accumulated other comprehensive income (loss), net consists of the following components, net of tax, (in thousands):

	September 30, 2007	December 31, 2006
Foreign currency translation adjustment, net of tax of $1,908 and $786	$ 4,451	$ 1,833
Unrealized gains (losses) on marketable securities, net of tax of $1 and $(1)	2	(4)
Total accumulated other comprehensive income, net	$ 4,453	$ 1,829

10. STOCK BASED COMPENSATION

The Company has two plans under which it may grant stock options to certain employees and directors of the Company and its subsidiaries. Compensation expense is recorded in accordance with SFAS 123 (Revised 2004), *Share-Based Payment* for stock options awarded to employees in return for employee service. The expense is measured at the grant-date fair value of the award and recognized as compensation expense on a straight-line basis over the employee service period, which is the vesting period. The Company does not expect forfeitures to occur and records expense based upon the number of awards expected to vest.

The Company recorded stock based compensation expense of $1.1 million and $2.9 million during the three and nine month periods ended September 30, 2007, respectively, and $245,000 and $724,000 during the three and nine month periods ended September 30, 2006, respectively. At September 30, 2007, there was $10.5 million of unrecognized compensation expense related to unvested stock options, which is expected to be recognized over a weighted-average period of nearly 4 years.

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DICE HOLDINGS, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(unaudited)

The fair value of each option grant is estimated using the Black-Scholes option-pricing model using the weighted average assumptions in the table below. Because the Company s stock was not publicly traded during the periods when options were granted, the average historical volatility rate for a similar entity was used. The expected life of options granted is derived from historical exercise behavior. The risk free rate for periods within the expected life of the option is based on the U.S. Treasury rates in effect at the time of grant.

	Nine Months Ended September 30,	
	2007	2006
The weighted average fair value of options granted	$ 1.35	$ 0.98
Dividend yield	0.00%	0.00%
Weighted average risk free interest rate	4.68%	4.90%
Weighted average expected volatility	35.24%	38.80%
Expected life (in years)	4	4

During the nine months ended September 30, 2007 the Company granted the following stock options with exercise prices as follows:

Grant Date	Number of stock options issued	Fair value of common stock	Exercise price	Intrinsic value
January 31, 2007	18,440	$ 6.55	$ 6.55	$
January 31, 2007	628,804	$ 6.55	$ 8.27	$
March 27, 2007	192,698	$ 6.89	$ 6.89	$
May 9, 2007	117,094	$ 7.11	$ 7.11	$

During the nine months ended September 30, 2006 the Company granted the following stock options with exercise prices as follows:

Grant Date	Number of stock options issued	Fair value of common stock	Exercise price	Intrinsic value
May 2, 2006	137,839	$ 3.52	$ 3.52	$

The fair value of the common stock for all option grants was determined based on a contemporaneous internal valuation prepared by management with the appropriate levels of competency.

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DICE HOLDINGS, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(unaudited)

A summary of the status of options granted as of September 30, 2007 and 2006, and the changes during the three and nine month periods then ended is presented below:

	Three Months Ended September 30, 2007		Three Months Ended September 30, 2006	
	Options	Weighted Average Exercise Price	Options	Weighted Average Exercise Price
Options outstanding at June 30	8,227,467	$ 1.90	6,439,709	$ 2.20
Exercised	(51,927)	$ 1.70		$
Options outstanding at September 30	8,175,540	$ 1.90	6,439,709	$ 2.20

	Nine Months Ended September 30, 2007		Nine Months Ended September 30, 2006	
	Options	Weighted Average Exercise Price	Options	Weighted Average Exercise Price
Options outstanding at beginning of the year,	7,587,138	$ 1.38	6,301,870	$ 2.17
Granted	957,036	$ 6.61	137,839	$ 3.52
Exercised	(51,927)	$ 1.70		$
Forfeited	(316,707)	$ 3.70		$
Options outstanding at September 30	8,175,540	$ 1.90	6,439,709	$ 2.20
Exercisable at September 30	3,164,019	$ 1.53	1,575,468	$ 2.17

On October 20, 2006, a dividend of $0.22 per share was declared to holders of convertible preferred stock. The Board of Directors approved reducing the strike price of the non-vested options outstanding at the date of the payment of the dividend by $0.19 in order to maintain the economic value of the options in comparison to the value those options had immediately prior to the dividend. Similarly, on March 23, 2007, the Company paid a cash dividend of $107.9 million in the aggregate, or $1.95 per share, to holders of common stock and convertible preferred stock and made a payment of $4.6 million in the aggregate, or $1.95 per vested option, to holders of vested stock options in lieu of a dividend. The Board of Directors approved reducing the strike price of the non-vested options outstanding at the date of the payment of the dividend by $1.78 in order to maintain the economic value of the options in comparison to the value those options had immediately prior to the dividend.

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DICE HOLDINGS, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(unaudited)

The following table summarizes information about options outstanding as of September 30, 2007:

	Options Outstanding		Options Exercisable
Exercise Price	**Number Outstanding**	**Weighted-Average Remaining Contractual Life (in years)**	**Number Exercisable**
$0.20	3,930,614	7.9	779,661
$1.54	79,292	8.6	65,029
$1.98	2,319,329	7.9	2,319,329
$4.19	889,269	9.1	
$4.77	18,440	9.3	
$6.49	628,804	9.3	
$6.89	192,698	9.5	
$7.11	117,094	9.6	
	8,175,540		3,164,019

11. INCOME TAXES

A reconciliation of the federal statutory tax rate to the effective tax rate on continuing operations applicable to income before income tax expense (benefit) follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2007	**2006**	**2007**	**2006**
Federal statutory rate	35.0%	35.0%	35.0%	35.0%
Tax effect of permanent items	0.1%		(13.3)%	
State taxes, net of federal effect	1.0%	3.9%	0.7%	3.9%
Tax effect of foreign income	2.4%		2.9%	
Other			0.3%	
Effective tax rate	38.5%	38.9%	25.6%	38.9%

During the nine month period ended September 30, 2007, the permanent item impacting the effective tax rate is payments to the holders of vested stock options in lieu of dividends of $4.6 million.

As of September 30, 2007 and December 31, 2006, the Company has net operating loss carryforwards for federal income tax purposes of approximately $47.0 million and $49.6 million, respectively. The carryforwards will begin to expire in 2011 if not used. For income tax purposes, the amount of net operating loss allowable to offset income after a change in ownership is limited under IRC Section 382. The Company determined the Section 382 limitation created by various ownership changes limits the net operating losses that are available to be

used on a prospective basis to $20.6 million per year. The Company has concluded that, based on expected future results and the future reversals of existing taxable temporary differences, it is more likely than not that the deferred tax assets will be used in the future and, therefore, no valuation allowance has been recorded.

The Company adopted FASB Interpretation No. 48, *Accounting for Uncertainty in Income Taxes an interpretation of FASB Statement No. 109* (FIN 48) on January 1, 2007. As a part of the implementation of FIN 48, the Company made a comprehensive review of its portfolio of uncertain tax positions in accordance with recognition standards established by FIN 48. An uncertain tax position represents the Company s expected treatment of a tax position taken in a filed tax return, or planned to be taken in a tax return not yet filed, that has not been reflected in measuring income tax expense for financial reporting purposes. The adoption of FIN 48 resulted in a decrease to retained earnings by approximately $230,000 and an increase in accrued expenses for uncertain tax positions and related interest by a corresponding amount. Additionally, goodwill and accrued expenses were increased for uncertain tax positions by approximately $4.0 million to reflect the measurement under the rules of FIN 48 for uncertain tax positions related to previous business combinations. After recognizing these impacts at the adoption of FIN 48, the total unrecognized tax benefits were approximately $4.3 million. Of this amount, approximately $345,000 would impact our effective tax rate if recognized, and the difference of $4.0 million primarily results from federal tax impacts on state issues and items that would impact goodwill and would not impact the effective rate if it were subsequently determined that such liability were not required. Interest and penalties related to unrecognized tax benefits are recognized in income tax expense. Interest and penalties comprise an insignificant portion of our accrued liability for uncertain tax positions.

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DICE HOLDINGS, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(unaudited)

The Company files income tax returns in the U.S. federal jurisdiction, and various state and foreign jurisdictions. None of the Company s tax returns are currently under examination. The Company does not believe it is reasonably possible that the total amount of unrecognized tax benefits will change significantly during the next twelve months.

12. SEGMENT INFORMATION

The Company aggregates its operating segments into two reportable segments: DCS Online and eFC. Management has organized its reportable segments based upon similar geographic location and similar economic characteristics. Both DCS Online and eFC generate revenue from sales of recruitment packages. Aggregation is based on similarity of operating segments as to economic characteristics, products, types or classes of customer and the methods of distribution. In addition to these two reportable segments, the Company has other businesses and activities that individually are not more than 10% of consolidated revenues, net income, or total assets. These include the job fair business, Dice India, JobsintheMoney.com, and eFinancialCareers.com s U.S. operations and are reported in the Other category. The Company s foreign operations are comprised of eFC, whose business is principally in Great Britain, and Dice India. Corporate costs are included in the DCS Online segment and are not presently allocated to the segments. Corporate expenses primarily include personnel costs related to executives and certain support staff and professional fees. The following table shows the segment information for the periods ended September 30, 2007 and 2006 (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2007	2006	2007	2006
Revenues:				
DCS Online	$ 26,557	$ 20,818	$ 75,141	$ 54,772
eFC	8,349		19,991	
Other	3,302	850	8,116	2,212
Total revenues	$ 38,208	$ 21,668	$ 103,248	$ 56,984
Depreciation:				
DCS Online	$ 662	$ 454	$ 1,858	$ 1,163
eFC	131		213	
Other	60		156	11
Total depreciation	$ 853	$ 454	$ 2,227	$ 1,174
Amortization:				
DCS Online	$ 2,777	$ 2,782	$ 8,332	$ 8,549
eFC	1,462		4,865	
Other	422	43	1,466	128
Total amortization	$ 4,661	$ 2,825	$ 14,663	$ 8,677

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DICE HOLDINGS, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2007	2006	2007	2006
Net income (loss):				
DCS Online	$ 3,579	$ 3,300	$ 7,905	$ 5,742
eFC	1,205		3,356	
Other	(587)	(194)	(2,339)	(330)
Minority interest		68	121	198
Income from continuing operations	4,197	3,174	9,043	5,610
Income (loss) from discontinued operations, net of tax		(22)	4,644	(195)
Net income	$ 4,197	$ 3,152	$ 13,687	$ 5,415
Capital expenditures:				
DCS Online	$ 342	$ 583	$ 1,808	$ 2,081
eFC	496		569	
Other	136		147	
Total capital expenditures	$ 974	$ 583	$ 2,524	$ 2,081

The following table shows the segment information as September 30, 2007 and December 31, 2006 (in thousands):

	September 30, 2007	December 31, 2006
Total assets:		
DCS Online	$ 221,434	$ 193,747
eFC	91,149	85,413
Other	21,426	22,088
Assets of discontinued operations		1,079
Total assets	$ 334,009	$ 302,327

The following table shows the change in the carrying amount of goodwill by reportable segment as of December 31, 2006 and the changes in goodwill for the nine month period ended September 30, 2007 (in thousands):

	DCS Online	eFC	Other	Total
Balance, December 31, 2006	$ 81,120	$ 58,569	$ 16,751	$ 156,440
Foreign currency translation adjustment		2,348		2,348
Adoption of FIN 48	3,658	337		3,995
Other goodwill adjustments	1,117	(972)	(480)	(335)

Balance, September 30, 2007	$ 85,895	$ 60,282	$ 16,271	$ 162,448

Other goodwill adjustments are related to income tax adjustments.

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DICE HOLDINGS, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(unaudited)

13. EARNINGS PER SHARE

Basic earnings per share (EPS) is computed based on the weighted average number of shares of common stock outstanding. Diluted EPS is computed based on the weighted average number of shares of common stock outstanding plus common stock equivalents assuming exercise of stock options and conversion of outstanding convertible securities, where dilutive. The impact of the preferred stock outstanding through the date of the initial public offering and the 8,175,540 common stock options outstanding at September 30, 2007 were anti-dilutive in the nine month period ended September 30, 2007 and therefore were excluded from the calculation of diluted EPS. The following is a calculation of basic and diluted earnings (loss) per share and weighted average shares outstanding for continuing operations and discontinued operations (in thousands except share and per share amounts):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2007	2006	2007	2006
Income from continuing operations	$ 4,197	$ 3,17 (76,370)	(439,309)	2,190,950
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	2,267,320	1,918,229	-	
CASH AND CASH EQUIVALENTS AT END OF PERIOD	$ 2,190,950	$ 1,478,920	$ 2,190,950	
Non cash investing and financing activities:				
Shares issued for offering costs			$ 1,753	
Contribution to paid in capital			$ 18,991	
Stock issued for receipts on account of shares issuance		$ 255,000		
Shares issued for services rendered	$ 152,928	$ 172,202		

* Reclassified

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

ORAMED PHARMACEUTICULS, Inc.
(A development stage company)
NOTES TO INTERIM FINANCIAL STATEMENTS

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES:

a. General:

1. Oramed Pharmaceuticals, Inc. (the “Company”) was incorporated on April 12, 2002, under the laws of the State of Nevada. From incorporation until March 3, 2006, the Company was an exploration stage company engaged in the acquisition and exploration of mineral properties. On February 17, 2006, the Company entered into an agreement with Hadasit Medical Services and Development Ltd (the “First Agreement”). to acquire the provisional patent related to orally ingestible insulin pill to be used for the treatment of individuals with diabetes. The Company has been in the development stage since its formation and has not yet realized any revenues from its planned operations.

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

2. The accompanying unaudited interim consolidated financial statements as of November 30, 2008 and for the three months then ended, have been prepared in accordance with accounting principles generally accepted in the United States relating to the preparation of financial statements for interim periods. Accordingly, they do not include all the information and footnotes required for annual financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the three months ended November 30, 2008, are not necessarily indicative of the results that may be expected for the year ending August 31, 2009.

3. Going concern considerations

The accompanying unaudited interim consolidated financial statements have been prepared assuming that the Company will continue as a going concern. The Company has net losses for the period from inception (April 12, 2002) through November 30, 2008 of $8,436,250, as well as negative cash flow from operating activities. Presently, the Company does not have sufficient cash resources to meet its requirements in the twelve months following December 1, 2008. These factors raise substantial doubt about the Company's ability to continue as a going concern. Management is in the process of evaluating various financing alternatives as the Company will need to finance future research and development activities and general and administrative expenses through fund raising in the public or private equity markets. Although there is no assurance that the Company will be successful with those initiatives, management believes that it will be able to secure the necessary financing as a result of ongoing financing discussions with third party investors and existing shareholders.

These consolidated financial statements do not include any adjustments that may be necessary should the Company be unable to continue as a going concern. The Company's continuation as a going concern is dependent on its ability to obtain additional financing as may be required and ultimately to attain profitability.

ORAMED PHARMACEUTICULS, Inc.
(A development stage company)
NOTES TO INTERIM FINANCIAL STATEMENTS

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (continued):

b. Share-based payment:

The Company implements Statement of Financial Accounting Standards No. 123 (revised 2004) “Share-based Payment” (“FAS 123(R)”). FAS 123(R) requires awards classified as equity awards be accounted for using the grant-date fair value method. The fair value of share-based payment transactions is recognized as expense over the requisite service period, net of estimated forfeitures. The company recognizes compensation cost for an award with only service conditions that has a graded vesting schedule using the accelerated method of amortization under FAS 123(R) over the requisite service period for the entire awards.

On March 2005, the Securities and Exchange Commission issued Staff Accounting Bulletin No. 107 (“SAB 107”). SAB 107 provides supplemental implementation guidance on FAS 123(R), including guidance on valuation methods, inventory capitalization of share-based compensation cost, income statement effects, disclosures and other issues. SAB 107 requires share-based payment to be classified in the same expense line items as cash compensation. The company has applied the provisions of SAB 107 in its adoption of FAS 123(R).

The Company accounts for equity instruments issued to third party service providers (non-employees) in accordance with the fair value based on an option-pricing model, pursuant to the guidance in EITF 96-18 “Accounting for Equity Instruments That Are Issued to Other Than Employees for Acquiring, or in Conjunction with Selling Goods or Services”. The fair value of the options granted is revalued over the related service periods and recognized over the vesting period.

c. Recently Issued Accounting Pronouncements

1. In June 2007, the Emerging Issues Task Force (EITF) reached Issue No. 07-03, "Accounting for Nonrefundable Advance Payments for Goods or Services Received to Be Used in Future Research and Development Activities" (EITF No. 07-03). EITF No. 07-03 requires that nonrefundable advance payments for goods or services that will be used or rendered for future research and development activities be deferred and amortized over the period that the goods are delivered or the related services are performed, subject to an assessment of recoverability. The provisions of EITF 07-03 will be effective for financial statements issued for fiscal years beginning after December 15, 2007, and interim periods within those fiscal years (September 1, 2009, for the Company). The provisions of this EITF are applicable for new contracts entered into on or after the effective date. Earlier application is not permitted.

ORAMED PHARMACEUTICULS, Inc.
(A development stage company)
NOTES TO INTERIM FINANCIAL STATEMENTS

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (continued):

2. In December 2007, the FASB ratified EITF Issue No. 07-01, "Accounting for Collaborative Arrangements" ("EITF 07-01"). EITF 07-01 defines collaborative arrangements and establishes reporting requirements for transactions between participants in a collaborative arrangement and between participants in the arrangement and third parties. EITF 07-01 also establishes the appropriate income statement presentation and classification for joint operating activities and payments between participants, as well as the sufficiency of the disclosures related to these arrangements. EITF 07-01 is effective for fiscal years beginning after December 15, 2008 (September 1, 2009, for the Company). EITF 07-01 shall be applied using modified version of retrospective transition for those arrangements in place at the effective date. An entity should report the effects of applying this Issue as a change in accounting principle through retrospective application to all prior periods presented for all arrangements existing as of the effective date, unless it is impracticable to apply the effects the change retrospectively. The Company is currently assessing the impact that EITF 07-01 may have on its results of operations and financial position.

3. In April 2008, the FASB issued Staff Position No. FAS 142-3, “Determination of the Useful Life of Intangible Assets. ("FSP FAS 142-3")”. FSP FAS 142-3 amends the factors that should be considered in developing renewal or extension assumptions used to determine the useful life of a recognized intangible asset under SFAS No. 142, “Goodwill and Other Intangible Assets.” The intent of the position is to improve the consistency between the useful life of a recognized intangible asset under SFAS No. 142 and the period of expected cash flows used to measure the fair value of the asset under FAS 141(R), and other U.S. generally accepted accounting principles. The provisions of FSP FAS 142-3 are effective for the fiscal year beginning September 1, 2009, early adoption is prohibited. The Company is currently evaluating the impact of the provisions of FSP FAS 142-3..

NOTE 2 - COMMITMENTS:

a. On May 1, 2008, the Company entered into a consulting agreement with a third party (“the Consultant”) for a period of twelve months, pursuant to which the Consultant will assist the Company’s efforts to complete the FDA approval process for its oral insulin capsule. On October 3, 2008 the Company and the Consultant agreed to amend the agreement effective July 1, 2008. The Consultant is entitled to a fixed monthly fee of $16,666 (for the period from May 1, 2008 through June 30, 2008 the monthly fee was $8,333) and reimbursement of pre-approved out of pocket expenses.

b. On September 8, 2008, the Company entered into Clinical Research agreement with ETI Karle Clinical Pvt. Ltd. (“ETI”), pursuant to the agreement ETI will be conducting clinical trials for the Company in India. In consideration for the services provided under the agreement ETI will be entitled to an estimated cash compensation of $227,604.

ORAMED PHARMACEUTICULS, Inc.
(A development stage company)
NOTES TO INTERIM FINANCIAL STATEMENTS

NOTE 3 - STOCK BASED COMPENSATION:

The following are stock issued for services, stock options and warrants transactions made during the three months ended November 30, 2008:

a. On October 30, 2006 the Company entered into a Clinical Trial Manufacturing Agreement with Swiss Caps AG (“Swiss”), pursuant to which Swiss would manufacture and deliver the oral insulin capsule developed by the Company. In consideration for the services being provided to the Company by Swiss, the Company agreed to pay a certain predetermined amounts which are to be paid in common stocks of the Company, the number of stocks to be issued is based on the invoice received from Swiss, and the stock market price 10 days after the invoice was issued. The Company accounted the transaction with Swiss according to FAS 150 "Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity".

On October 17, 2008, the Company issued 203,904 shares of its common stock to Swiss as remuneration for the services provided, in the amount of $152,928.

b. On October 12, 2008, 828,000 options were granted to an employee of our Subsidiary, at an exercise price of $0.47 per share (equivalent to the traded market price on the date of grant), the options vest in three equal annual instalments commencing on November 1, 2009 and expire on July 11, 2018. The fair value of these options on the date of grant was $330,699, using the Black Scholes option-pricing model and was based on the following assumptions: dividend yield of 0% for all years; expected volatility of 113%; risk-free interest rates of 3.27%; and the remaining contractual life of 6.00 years.

c. On October 12, 2008, 56,000 options were granted to an employee of our Subsidiary, at an exercise price of $0.47 per share (equivalent to the traded market price on the date of grant), the options vest in two equal annual instalments commencing on May 1, 2009 and expire on July 11, 2018. The fair value of these options on the date of grant was $21,988, using the Black Scholes option-pricing model and was based on the following assumptions: dividend yield of 0% for all years; expected volatility of 113%; risk-free interest rates of 2.77%; and the remaining contractual life of 5.67 years.

The Company recognized $101,647 of expense during the three months ended November 30, 2008 related to options granted, of which $75,407 relates to options granted in prior years.

ORAMED PHARMACEUTICULS, Inc.
(A development stage company)
NOTES TO INTERIM FINANCIAL STATEMENTS

NOTE 4 - FAIR VALUE:

On September 1, 2008, the Company adopted the methods of fair value as described in SFAS No. 157 ("SFAS 157"), which defines fair value, establishes a framework for measuring fair value in accordance with GAAP and expands disclosure about fair value measurements to value its financial assets and liabilities. As defined in SFAS No. 157, fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In order to increase consistency and comparability in fair value measurements, SFAS No. 157 establishes a fair value hierarchy that prioritizes observable and unobservable inputs used to measure fair value into three broad levels, which are described as follows:

Level 1:	Quoted prices (unadjusted) in active markets that are accessible at the measurement date for assets or liabilities. The fair value hierarchy gives the highest priority to Level 1 inputs.
Level 2:	Observable prices that are based on inputs not quoted on active markets, but corroborated by market data.
Level 3:	Unobservable inputs are used when little or no market data is available. The fair value hierarchy gives the lowest priority to Level 3 inputs.

The adoption of SFAS 157 did not have a material impact on the Company's results of operations and financial condition as the Company does not have any financial assets and liabilities measured at fair value on a recurring basis subject to the requirements of SFAS 157.

NOTE 5 – SUBSEQUENT EVENTS:

a. On January 7, 2009, the Company entered into an agreement with Hadasit (the "Second Agreement") to provide for the closing referenced in the First Agreement. In the Second Agreement, Hadasit confirms that it has conveyed, transferred and assigned all of its ownership rights in the patents acquired under the First Agreement and certain other patents filed by the Company after the First Agreement as a result of the collaboration between the Company and Hadasit (the "Patents"). Hadasit further acknowledges that the 4,141,532 shares of common stock issued to Hadasit by the Company in connection with the First Agreement constitute complete compensation for the Patents.

b. On January 11, 2009, an aggregate of 300,000 options were granted to three Scientific Advisory Board members at an exercise price of $0.76 per share. The options vest in four equal quarterly installments commencing on April 1, 2009 and will expire on January 10, 2019.

c. On January 11, 2009, 150,000 options were granted to an employee of the subsidiary at an exercise price of $0.43 per share. The options vest in three equal annual installments commencing on January 1, 2010 and will expire on January 10, 2019.

d. On January 11, 2009, an aggregate of 600,000 options were granted to two Board of Directors members at an exercise price of $0.43 per share. The options vest in three equal annual installments commencing on January 1, 2010 and will expire on January 10, 2019.

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

The following information should be read in conjunction with the financial statements and notes thereto appearing elsewhere in this Quarterly Report.

We have included in this Quarterly Report certain “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995 concerning our business, operations and financial condition. “Forward-looking statements” consist of all non-historical information, and the analysis of historical information, including the references in this Quarterly Report to future revenues, collaborative agreements, future expense growth, future credit exposure, earnings before interest, taxes, depreciation and amortization, future profitability, anticipated cash resources, anticipated capital expenditures, capital requirements, and the Company’s plans for future periods. In addition, the words “could”, “expects”, “anticipates”, “objective”, “plan”, “may affect”, “may depend”, “believes”, “estimate and similar words and phrases are also intended to identify such forward-looking statements.

Actual results could differ materially from those projected in our forward-looking statements due to numerous known and unknown risks and uncertainties, including, among other things, unanticipated technological difficulties, the length, scope and outcome of our clinical trial, difficulties or delays in obtaining regulatory approval for our product candidates, competition from other pharmaceutical or biotechnology companies, costs related to intellectual property, cost of manufacturing and higher consulting costs, product demand, changes in domestic and foreign economic, market and regulatory conditions, the inherent uncertainty of financial estimates and projections, the uncertainties involved in certain legal proceedings, instabilities arising from terrorist actions and responses thereto, our ability to obtain additional funding required to conduct our research, development and commercialization activities and other considerations described as “Risk Factors” in other filings by the Company with the SEC. Such factors may also cause substantial volatility in the market price of our common stock. All such forward-looking statements are current only as of the date on which such statements were made. We do not undertake any obligation to publicly update any forward-looking statement to reflect events or circumstances after the date on which any such statement is made or to reflect the occurrence of unanticipated events.

As used in this Quarterly Report, the terms "we", "us", "our", "Company" and "Oramed" mean Oramed Pharmaceuticals Inc. and our subsidiary, Oramed Ltd., unless otherwise indicated.

All dollar amounts refer to US dollars in thousands unless otherwise indicated.

Overview

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

Oramed was incorporated on April 12, 2002, in the State of Nevada under the name “Iguana Ventures Ltd” as an exploration stage company engaged in the acquisition and exploration of mineral properties. The Company was unsuccessful in implementing its business plan as a mineral exploration company. Accordingly, the Company decided to change the focus of its business by completing a share exchange with the shareholders of Integrated Security Technologies, Inc., a New Jersey private corporation (“ISTI”) and changed its name to Integrated Security Technologies. Effective June 14, 2004 the Company effected a 3.3:1 forward stock split, increasing the amount of authorized capital to 200,000,000 shares of common stock with the par value of $.001 per share. However, due to disappointing results, on May 31, 2005, effective as of May 27, 2004 the Company terminated the share exchange agreement with the shareholders of ISTI.

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

On January 7, 2009, the Company entered into an agreement with Hadasit (the “Second Agreement”) to provide for the closing referenced in the First Agreement. In the Second Agreement, Hadasit confirms that it has conveyed, transferred and assigned all of its ownership rights in the patents acquired under the First Agreement and certain other patents filed by the Company after the First Agreement as a result of the collaboration between the Company and Hadasit (the “Patents”). Hadasit further acknowledges that the 4,141,532 shares of common stock issued to Hadasit by the Company in connection with the First Agreement constitute complete compensation for the Patents.

Plan of Operation

Short Term Business Strategy

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

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

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

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

On April 21, 2008, we entered into a service agreement with Encorium Group, Inc. (“Encorium”) pursuant to which Encorium will provide services for the purpose of filing an IND for a Phase 2 study as required by the FDA. The FDA approval process and, if approved, registration for commercial use as an oral drug can take several years.

During July 2008 we were granted approval by the Institutional Review Board Committee of Hadassah Medical Center in Jerusalem to conduct a non FDA approved Phase 2A study to evaluate the safety and efficacy of our oral insulin capsule (ORMD 0801) on Type I diabetic volunteers. On September 24, 2008, we announced the beginning of this trail. The results of the trial have not yet been published.

We plan on conducing two additional non FDA approved Phase 2B study to evaluate the safety and efficacy of our oral insulin capsule (ORMD 0801) on Type II diabetic volunteers, in South Africa and India. The trials are scheduled to commence in early 2009.

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

On January 30, 2008, we entered into a master service agreement with OnQ Consulting; a clinical research organization located in Johannesburg, South Africa, to conduct non FDA approved clinical trials for the rectal application of insulin. The trials are expected to begin during the coming months.

On October 23, 2008 we commenced a non FDA approved Phase 1A study to evaluate the safety and efficacy of our insulin suppository (ORMD 0802) on healthy volunteers, in South Africa. The results of the trial have not yet been published.

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

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

Licensing: We have recently engaged in preliminary discussions with potential partners outside of the United States regarding their management of clinical trials of our oral insulin capsules. Such agreements could involve us granting exclusive commercialization rights and profit interests in our products derived from certain geographic areas outside the United States in exchange for payment of the costs of running such clinical trials now. These discussions are in a very early stage, however, and may not result in our being able to enter into any such partnerships.

Long Term Business Strategy

If our oral insulin capsule or other drug delivery solutions show significant promise in clinical trials, we plan to ultimately seek a strategic commercial partner, or partners, with extensive experience in the development, commercialization, and marketing of insulin applications and/or other orally digestible drugs. We anticipate such partner or partners would be responsible for, or substantially support, late stage clinical trials (Phase III) to ensure regulatory approvals and registrations in the appropriate markets in a timely manner. We further anticipate that such partner, or partners, would also be responsible for sales and marketing of our oral insulin capsule in these markets. Such planned strategic partnership, or partnerships, may provide a marketing and sales infrastructure for our products as well as financial and operational support for global clinical trials, post marketing studies, label expansions and other regulatory requirements concerning future clinical development in the United States and elsewhere. Any future strategic partner, or partners, may also provide capital and expertise that would enable the partnership to develop new oral dosage form for other polypeptides. Under certain circumstances, we may determine to develop one or more of our oral dosage form on our own, either world-wide or in select territories.

Other Planned Strategic Activities

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

Results of Operations

Going concern assumption

The accompanying financial statements have been prepared assuming that we will continue as a going concern. We have net losses for the period from inception (April 12, 2002) through November 30, 2008 of $8,436,250, as well as negative cash flow from operating activities. Based upon our existing spending commitments, estimated at $5.1 million for the twelve months following December 1, 2008, and our cash availability, we do not have sufficient cash resources to meet our liquidity requirements through November 30, 2009. Accordingly, these factors raise substantial doubt about our ability to continue as a going concern. Management is in the process of evaluating various financing alternatives as we will need to finance future research and development activities and general and administrative expenses through fund raising in the public or private equity markets. Although there is no assurance that we will be successful with those initiatives, management believes that it will be able to secure the necessary financing as a result of ongoing financing discussions with third party investors and existing shareholders.

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

Critical accounting policies

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

Effective March 1, 2006, the Company adopted Statement of Financial Accounting Standards No. 123 (revised 2004), “Share-based Payment” (“FAS 123(R)”). FAS 123(R) requires awards classified as equity awards be accounted for using the grant-date fair value method. The fair value of share-based payment transactions is recognized as expense over the requisite service period, net of estimated forfeitures. The Company estimated forfeitures based on historical experience and anticipated future conditions.

In March 2005, the Securities and Exchange Commission issued Staff Accounting Bulletin No. 107 (“SAB 107”). SAB 107 provides supplemental implementation guidance on FAS 123(R), including guidance on valuation methods, inventory capitalization of share-based compensation cost, income statement effects, disclosures and other issues. SAB 107 requires share-based payment to be classified in the same expense line items as cash compensation. The Company has applied the provisions of SAB 107 in its adoption of FAS 123(R).

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

The Company elected to adopt the modified prospective application transition method, as permitted by FAS 123(R). Under such transition method, upon the adoption of FAS 123(R), the Company’s financial statements for periods prior to the effective date of the Statement are not restated.

In December 2007, the Securities and Exchange Commission issued Staff Accounting Bulletin No. 110 (“SAB 110”) relating to the use of a “simplified” method in developing an estimate of the expected term of “plain vanilla” share options. SAB 107 previously allowed the use of the simplified method until December 31, 2007. SAB 110 allows, under certain circumstances, to continue to accept the use of the simplified method beyond December 31, 2007. The Company has applied the provisions of SAB 110 in its financial statement.

The Company accounts for equity instruments issued to third party service providers (non-employees) in accordance with the fair value based on an option-pricing model or when more reliability is based on the fair value of the services received, pursuant to the guidance in EITF 96-18 “Accounting for Equity Instruments That Are Issued to Other Than Employees for Acquiring, or in Conjunction with Selling Goods or Services”. The fair value of the options granted is revalued over the related service periods and recognized using the accelerated method.

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

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

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

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

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

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

The following table summarizes certain statements of operations data for the Company for the three month periods ended November 30, 2008 and 2007:

Operating Data:	Three months ended November 30, 2008	November 30, 2007
Research and development costs	$ 818,680	$ 95,674
General and administrative expenses	383,361	266,296
Financial (income) expense, net	(13,995)	(8,468)
Net loss for the period	$ 1,188,046	$ 353,502
Loss per common share – basic and diluted	$ (0.02)	$ (0.01)
Weighted average common shares outstanding	56,363,714	45,609,417

Research and development costs

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

During the three months ended November 30, 2008 research and development expenses totaled $818,680, compared to $95,674 for the three months ended November 30, 2007. The increase is mainly attributable to increased clinical trials activities, materials and patent related costs. The research and development costs include stock based compensation costs, which during the three months ended November 30, 2008 totaled $35,962 as compared to $543 during the three months ended November 30, 2007.

General and administrative expenses

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

For the three months ended November 30, 2008, general and administrative expenses totaled $383,361 compared to $266,296 for the three months ended November 30, 2007. Costs incurred related to general and administrative activities during the three months ended November 30, 2008 reflect an increase of payroll and related expenses, professional, legal and consulting expenses and an increase in general expenses such as office and maintenance expenses. During the three months ended November 30, 2008, as part of our general and administrative expenses, we incurred $65,685 related to stock options granted to employees and consultants, as compared to $82,009 during the three months ended November 30, 2007.

Financial income/expense, net

During the three months ended November 30, 2008 and 2007 we generated interest income on available cash and cash equivalents balance which were offset by bank charges.

Liquidity and Capital Resources

From inception through November 30, 2008, we incurred losses in an aggregate amount of $8,436,250. We have financed our operations through the private placements of equity and debt financing. Since inception through November 30, 2008, we raised a total of $8,308,785, net of transaction costs, through private placements of equity and debt financing. We anticipate that we will obtain additional financing through similar sources. As of November 30, 2008 we had $2,190,950 of available cash as well as $1,728,000 in short term interest bearing investments. The Company anticipates it will require approximately $5.1 million to finance its activities during the twelve months following December 1, 2008.

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

Our financing activities during the three months ended November 30, 2008 include the following:

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

Employee's and Consultant’s Stock Options and Warrants

Employee and consultant stock options grants and warrant issuance activities for the three months ending November 30, 2008 include the following:

- On October 12, 2008 we granted options under the 2008 Stock Incentive Plan to purchase up to 828,000 shares of our common stock at an exercise price of $0.47 to Chaime Orlev our Chief Financial Officer.
- On October 12, 2008 we granted options under the 2008 Stock Incentive Plan to purchase up to 56,000 shares of our common stock at an exercise price of $0.47 to an employee of our subsidiary.
- On January 11, 2009 we granted options under the 2008 Stock Incentive Plan to purchase up to 100,000 shares of our common stock at an exercise price of $0.76 to each of Dr. Nir Barzilai, Prof. Ele Ferrannini and Dr. Derek LeRoith, three members of our Scientific Advisory Board.
- On January 11, 2009 we granted options under the 2008 Stock Incentive Plan to purchase up to 150,000 shares of our common stock at an exercise price of $0.43 to an employee of our subsidiary.
- On January 11, 2009 we granted options under the 2008 Stock Incentive Plan to purchase up to 300,000 shares of our common stock at an exercise price of $0.43 to each of Leonard Sank and Dr. Harold Jacob, two Board of Directors members.

Off-Balance Sheet Arrangements

We have no off-balance sheet arrangements.

Planned Expenditures

The estimated expenses referenced herein are in accordance with our business plan. Since our technology is still in the development stage, it can be expected that there will be changes in some budgetary items. Our planned expenditures for the twelve months beginning December 1, 2008 are as follows:

Operating Data:	Amount
Research and development costs	$ 3,650,000
General and administrative expenses	1,505,000
Financial income, net	(58,000)
Taxes on income	35,000
Total	$ 5,132,000

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

Employment and Consulting Agreements

On May 1, 2008 we entered into a consulting agreement with a Dr. Ehud Arbit ("Dr. Arbit") for a period of twelve months, pursuant to which Dr. Arbit will assist our efforts to complete the FDA approval process for its oral insulin capsule. Dr. Arbit is entitled to a fixed monthly fee of $8,333 effective from May 1, 2008, and reimbursement of pre-approved out of pocket expenses. On October 3, 2008, we amended the consulting agreement with Dr. Arbit. Pursuant to the amendment, Dr. Arbit will perform his work under the contract on a full time basis and his compensation will be $16,666 per month, effective as of July 1, 2008.

ITEM 3 – QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are a smaller reporting company, as defined by Rule 12b-2 of the Exchange Act of 1934, as amended and are not required to provide information under this item.

ITEM 4T - CONTROLS AND PROCEDURES

(a) Our management, including our chief executive officer and chief financial officer, has evaluated the effectiveness of our disclosure controls and procedures as of November 30, 2008. Based on such review, our chief executive officer and chief financial officer have determined that in light of their conclusion with respect to the effectiveness of our internal control over our financial reporting as of such date, the weaknesses in controls and procedures described in our Form 10-KSB filed on November 26, 2008 continued this quarter and that the company did not have in place effective controls and procedures designed to ensure that information required to be disclosed by us in the reports that we file or submit under the Securities Exchange Act of 1934, as amended, is accumulated and communicated to our management, including our principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure, and is recorded, processed, summarized and reported, within the time periods specified in the Commission's rules and forms.

(b) Our management, under the supervision of our chief executive officer and chief financial officer, is responsible for establishing and maintaining adequate internal control over our financial reporting, as defined in Rules 13a-15(f) and 15d-15(f) of the Securities Exchange Act of 1934, as amended. The Company's internal control over financial reporting is defined as a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. Internal control over financial reporting includes policies and procedures that:

- pertain to the maintenance of records that in reasonable detail accurately and fairly reflect our transactions and asset dispositions;

- provide reasonable assurance that transactions are recorded as necessary to permit the preparation of our financial statements in accordance with generally accepted accounting principles, and that our receipts and expenditures are being made only in accordance with authorizations of our management and directors; and

- provide reasonable assurance regarding the prevention or timely detection of unauthorized acquisition, use or disposition of assets that could have a material effect on our financial statements.

Under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, we evaluated the effectiveness of our internal control over financial reporting as of November 30, 2008 based on the framework for Internal Control-Integrated Framework set forth by The Committee of Sponsoring Organizations of the Treadway Commission. Due to the inherent limitations of our company, derived from our small size and the limited number of employees, management evaluation concluded that there is a material weakness with respect to segregation of duties that may not provide reasonable assurance regarding the reliability of internal control over financial reporting and may not prevent or detect misstatements. Specifically, our CFO serves as our only qualified internal accounting and financial reporting personnel and as such performs all accounting and financial reporting functions without the benefit of independent checks, confirmations or backup other than bookkeeping functions performed by an outside accounting firm. In addition, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Based on this evaluation, our management concluded that there is no reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles and that the Company's internal controls over financial reporting were not effective as of November 30, 2008.

As previously reported in our Form 10-KSB filed on November 26, 2008, during the quarter ended November 30, 2008, management, including our principal executive officer and principal financial officer, has started an extensive process, of documenting all major procedures related to the financial reporting, in order to strengthen our internal controls over financial reporting in order to reasonably ensure that reliability of financial reporting and the preparation of financial statements.

This management report on internal control over financial reporting shall not be deemed to be filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended or otherwise subject to the liabilities of that Section.

To improve our internal control over financial reporting, in the fourth quarter of our fiscal year 2008, we began to develop a comprehensive program designed to strengthen our internal controls over financial reporting. Among other things, the program provides for the engagement of an outside consulting accounting firm (separate from our independent auditing firm) to review the Company's financial reports on a quarterly basis and the implementation of an improved documentation system underlying financial reports. We continue to progress with the development of this program, although it has not yet been implemented.

This management report on internal control over financial reporting shall not be deemed to be filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended or otherwise subject to the liabilities of that Section.

(c) There were no changes in our internal controls over financial reporting identified in connection with the evaluation thereof that occurred during the quarter ended November 30, 2008 that have materially affected, or are reasonable likely to materially affect our internal control over financial reporting.

PART II – OTHER INFORMATION

ITEM 1 - LEGAL PROCEEDINGS

Except as previously disclosed, 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.

ITEM 6 - EXHIBITS

Number	Exhibit
(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).
4.2	Form of warrant certificate (incorporated by reference from our current report on Form 8-K filed on June 18, 2007)
(10)	Material Contracts
10.1	Agreement between our company and Hadasit Medical Services and Development Ltd. dated February 17, 2006 (incorporated by reference from our current report on Form 8-K filed February 17, 2006)
10.2*	Agreement between our company and Hadasit Medical Services and Development Ltd. dated January 7, 2009
10.3	Consulting Agreement, dated May 1, 2008, between Oramed Pharmaceuticals Inc. and Dr. Ehud Arbit (incorporated by reference from our annual report on Form 10-KSB filed November 26, 2008)
10.4	Amended and Restated Consulting Agreement, dated as of May 1, 2008, between Oramed Pharmaceuticals Inc. and Dr. Ehud Arbit (incorporated by reference from our annual report on Form 10-KSB filed November 26, 2008)
10.5	Amended to Consulting Agreement, dated as of October 3, 2008, between Oramed Pharmaceuticals Inc. and Dr. Ehud Arbit (incorporated by reference from our annual report on Form 10-KSB filed November 26, 2008)
(31)	Section 302 Certification
31.1 *	Certification Statement of the Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2 *	Certification Statement of the Principal Accounting Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
(32)	Section 906 Certification

32.1 *	Certification Statement of the Principal Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act Of 2002
32.2 *	Certification Statement of the Principal Accounting Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act Of 2002

* Filed herewith

SIGNATURES

In accordance with the requirements of the Securities Exchange Act of 1934, the registrant caused this report to be signed on its behalf by the undersigned, hereunto duly authorized.

ORAMED PHARMACEUTICALS INC.

Registrant

Date: January 13, 2009	By:	/s/ Nadav Kidron Nadav Kidron President, Chief Executive Officer and Director
Date: January 13, 2009	By:	/s/ Chaime Orlev Chaime Orlev Chief Financial Officer