SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

Quarterly report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.

For the quarterly period ended: June 30, 1998

Commission file No. 0-23336

ELECTRIC FUEL CORPORATION

Exact name of registrant as specified in its charter

Delaware	95-4302784
(State or other jurisdiction incorporation or organization)	(I.R.S. Employer Identification No.)

885 Third Avenue, New York, New York 10022 - Suite 2900

(Address of principal executive offices)
(Zip Code)

(212) 230-2172

(Registrant's telephone number, including area code)

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

Yes X No

APPLICABLE ONLY TO CORPORATE ISSUERS:

The number of shares outstanding of the issuer's common stock as at August 11, 1998 was 14,303,387.

ELECTRIC FUEL CORPORATION

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ELECTRIC FUEL CORPORATION

CONSOLIDATED BALANCE SHEETS

<TABLE>
<CAPTION>

ASSETS	December 31, 1997 (Audited)	June 30, 1998 (Unaudited)
<S>	<C>	<C>
CURRENT ASSETS:		
Cash and cash equivalents	$11,771,816	$ 5,589,595
Marketable debt securities	3,101,846	5,994,783
Accounts receivable:		
Trade	801,927	225,244
Other	1,711,037	1,107,713
Inventories	538,682	464,627
Total current assets	17,925,308	13,381,962
MARKETABLE DEBT SECURITIES	1,843,326	1,827,522
FIXED ASSETS:		
Cost	7,058,716	6,796,701
Less-accumulated depreciation and amortization	2,304,327	2,558,960
	4,754,389	4,237,741
OTHER ASSETS net of accumulated amortization	49,182	44,175
	$24,572,205	$19,491,400

</TABLE>

The accompanying notes are an integral part of the Financial Statements.

ELECTRIC FUEL CORPORATION
CONSOLIDATED BALANCE SHEETS

<TABLE>
<CAPTION>

	December 31, 1997 (Audited)	June 30, 1998 (unaudited)
<S>	<C>	<C>
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable and accruals:		
Trade	$ 1,169,371	$ 707,359
Other	1,786,163	1,701,310
Advances from Customers	1,014,948	40,000
Total current liabilities	3,970,482	2,448,669
LIABILITY FOR EMPLOYEE RIGHTS UPON RETIREMENT net of amount funded	1,842,749	1,804,830
Total Liabilities	5,813,231	4,253,499
STOCKHOLDERS' EQUITY		
Common stock -- $0.01 par value; authorized -- 28,000,000 shares; issued		

and outstanding -- 14,218,161 shares as of December 31, 1997 and 14,293,387 shares as of June 30, 1998;	142,182	142,934
Preferred stock -- $0.01 par value; authorized -- 1,000,000 shares, no shares outstanding		
Additional paid-in capital	57,077,708	57,218,080
Accumulated deficit	(36,020,457)	(39,751,914)
Unrealized gain (loss) on available-for-sale securities	436	(5,635)
Notes receivable from stockholders	(2,440,895)	(2,365,564)
Total Stockholders' Equity	18,758,974	15,237,901
	$24,572,205	$19,491,400

</TABLE>

The accompanying notes are an integral part of the Financial Statements.

ELECTRIC FUEL CORPORATION
CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)

<TABLE>
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	Six months ended June 30,		Three months ended June 30,	
	1997	1998	1997	1998
<S>	<C>	<C>	<C>	<C>
REVENUES	$2,831,556	$2,851,512	$1,807,584	$1,582,925
RESEARCH AND DEVELOPMENT EXPENSES AND COST OF REVENUES				
Expenses incurred	5,346,927	5,258,668	2,600,009	2,619,932
Less - royalty-bearing grants	600,000		600,000	
	4,746,927	5,258,668	2,000,009	2,619,932
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	2,050,134	1,570,478	1,123,126	755,747
	6,797,061	6,829,146	3,123,135	3,375,679
OPERATING LOSS	(3,965,505)	(3,977,634)	(1,315,551)	(1,792,754)
FINANCIAL INCOME - NET	392,299	273,208	195,295	174,361
LOSS BEFORE TAXES ON INCOME	(3,573,206)	(3,704,426)	(1,120,256)	(1,618,393)
TAXES ON INCOME	15,000	27,031	15,000	8,049

LOSS FOR THE PERIOD	(3,588,206)	(3,731,457)	(1,135,256)	(1,626,442)
LOSS PER SHARE	$ (0.29)	($0.30)	$ (0.09)	$ (0.13)
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING	12,479,907	12,644,199	12,487,453	12,752,094

</TABLE>

The accompanying notes are an integral part of the Financial Statement.

<TABLE>
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CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY (unaudited)

	Common Stock		
	Shares	Amount	Additional paid-in capital
BALANCE AT JANUARY 1, 1998	14,218,161	$142,182	$57,077,708
CHANGES DURING THE SIX MONTH PERIOD ENDED JUNE 30, 1998:			
Shares issued in connection with the exercise of option	71,226	$712	$57,694
Shares issued as compensation for services rendered by directors	4,000	$40	$10,710
Accrued Interest on notes receivable from stockholders			$71,968
Payments of interest and principal on notes receivable from stockholders			
Unrealized loss on available-for-sale securities			
Loss			
BALANCE AT JUNE 30, 1998	14,293,387	$142,934	$57,218,080

<CAPTION>

CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY (unaudited)

	Accumulated deficit	Unrealized gain on available-for-sale securities	Notes receivable from shareholders	Total
BALANCE AT JANUARY 1, 1998	$(36,020,457)	$436	$(2,440,895)	$18,758,974
CHANGES DURING THE SIX MONTH PERIOD ENDED JUNE 30, 1998:				
Shares issued in connection with the exercise of option				$58,406
Shares issued as compensation for services rendered by directors				$10,750
Accrued Interest on notes receivable from stockholders			$(71,968)	$0
Payments of interest and principal on notes receivable from stockholders			$147,299	$147,299
Unrealized loss on available-for-sale securities		$(6,071)		$(6,071)

Loss	$(3,731,457)			$(3,731,457)
BALANCE AT JUNE 30, 1998	$(39,751,914)	$(5,635)	$(2,365,564)	$15,237,901

</TABLE>

The accompanying notes are an integral part of the Financial Statements.

ELECTRIC FUEL CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

<TABLE>
<CAPTION>

		Six months ended June 30,	
		1997	1998
CASH FLOWS FROM OPERATING ACTIVITIES:			
<S>		<C>	<C>
Loss for the period		$ (3,588,206)	$ (3,731,457)
Adjustments required to reconcile loss to net cash used in operating activities:			
Depreciation and amortization		462,763	438,255
Amortization of net premium (discount) on marketable debt securities	*	(32,478)	17,413
Liability for employee rights upon retirement -- net		303,862	(37,919)
Shares issued as compensation for services rendered by directors			10,750
Loss on sale of marketable securities			110
Capital loss on sale of fixed assets			4,535
Writedown of fixed assets			442,154
Changes in operating asset and liability items:			
Decrease (increase) in accounts receivable		117,612	1,180,007
Decrease (increase) in inventories		200,477	74,055
Increase (decrease) in accounts payable and accruals		(429,285)	(546,865)
Increase (decrease) in advances from customers		(91,938)	(974,948)
Net cash used in operating activities		$ (3,057,193)	$ (3,123,910)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of fixed assets		(290,586)	(451,948)
Proceeds from disposal of fixed assets			88,659
Sale or redemption of (purchase of) marketable debt securities - net	*	6,303,804	(2,900,727)
Net cash provided by investing activities		$6,013,218	$(3,264,016)
FORWARD		$2,956,025	$(6,387,926)

* Reclassified

</TABLE>

The accompanying notes are an integral part of the Financial Statements.

ELECTRIC FUEL CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)

<TABLE>

<CAPTION>

	Six months ended June 30,	
	1997	1998
FORWARD	$ 2,956,025	$(6,387,926)
<S>	<C>	<C>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payment on note receivable from Stockholders	$ 14,096	$ 147,299
Proceeds from exercise of warrants and options	6,931	58,406
Net cash provided by financing activities	21,027	205,705
INCREASE IN CASH AND CASH EQUIVALENTS	2,977,052	(6,182,221)
BALANCE OF CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	12,662,776	11,771,816
BALANCE OF CASH AND CASH EQUIVALENTS AT END OF PERIOD	$ 15,639,828	$ 5,589,595
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION - CASH PAID DURING THE PERIOD FOR:		
Interest	$ 66	$ 716
Advances to income tax authorities	$ 50,496	$ 40,371

</TABLE>

The accompanying notes are an integral part of the Financial Statements.

ELECTRIC FUEL CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

1. The interim financial statements of Electric Fuel Corporation ("the Company") reflect all adjustments, consisting only of normal recurring accruals, which are, in the opinion of the Company's management, necessary for a fair statement of results for the periods presented. Operating revenue and expenses for any interim period are not necessarily indicative of results for a full year.

   For the purpose of these interim financial statements, certain information and disclosures normally included in the financial statements have been condensed or omitted. These unaudited statements should be read in conjunction with the audited financial statements and notes thereto for the year ended December 31, 1997.

2. Effects of Recent Pronouncements

   a. In February 1997, the FASB issued Statement No. 128, "Earnings per share" ("Statement 128"), which is effective as from 1997. All earning per share amounts for all periods have been presented and where appropriate restated to conform to the Statement 128 requirements. Consequently, the loss per share for the quarter ended June 30, 1997 increased from $0.08, as previously reported, to $0.09 as reported in these financial statements, and the loss per share for the six months ended June 30, 1997 increased from $0.26, as previously reported, to $0.29 as reported in these financial statements.

   b. In June 1997, the FASB issued Statement No. 130 "Reporting

Comprehensive Income" (Statement 130), which is effective for fiscal years beginning after December 15, 1997. Except for unrealized gains on available-for-sale securities in immaterial amounts, the provisions of Statement 130 require no additional reporting by the Company.

ELECTRIC FUEL CORPORATION

Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis should be read in conjunction with the financial statements and notes thereto appearing elsewhere in this Quarterly Report. Amounts reported here have been rounded to the nearest thousand, unless such amounts are more than 1.0 million, in which event such amounts have been rounded to the nearest hundred thousand.

Forward Looking Statements

When used in this discussion, the words "believes", "anticipated" and similar expressions are intended to identify forward looking statements. Such statements are subject to certain risks and uncertainties which could cause actual results to differ materially from those projected. See "Important Factors Regarding Forward-Looking Statements" attached as Exhibit 99 to the Company's Annual Report for the year ended December 31, 1997 on Form 10-K and incorporated herein by reference . Readers are cautioned not to place undue reliance on these forward-looking statements which speak only as of the date hereof. The Company undertakes no obligation to publicly release the result of any revisions to these forward-looking statements which may be made to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events.

General

From its inception, the Company has been engaged principally in the research, design, development and commercialization of an innovative, advanced zinc-air battery. To date, the main application for the Company's technology has been a system for powering zero emission electric vehicles. In part, because the market for electric vehicles has not demonstrated previously anticipated levels of growth in 1997, the Company began a strategic shift to actively expand its activities into additional applications for its zinc-air battery technology. In January 1998, the Company announced the creation of three market-related divisions to expand its zinc-air battery technology for wider applications. The three divisions are Electric Vehicle, Consumer Batteries, and Defense and Safety Products.

Results of Operations:
Three months ended June 30, 1998 compared to the three months ended June 30, 1997.

Revenues:

Revenues for the second quarter of 1998 totaled $1.6 million compared with $1.8 million in the comparable period in 1997, a decrease of $200,000. During 1998, the Deutsche Post AG ("Deutsche Post") and the Company agreed to extend the operations of the Field Test through May, 1998. Following the completion of the Field Test, the Deutsche Post and the Company agreed to mutually release each other from any financial claims regarding the Field Test, including additional funding due the Company or repaying advances made by the Deutsche Post to the Company with respect to Opel batteries, which were previously subject to a dispute. Consequently revenues for the second quarter were principally derived from recognizing the previously deferred advances, as well as from activities relating to the Field Test extension (reflecting coverage of expenses by the Deutsche Post). Additionally, the Company recognized revenues from the sale of Survivor Locator Lights. The Company also recognized revenues from the sale of additional batteries to the Deutsche Post, and began recognizing revenues in connection with various defense R&D contracts.

Revenues for the second quarter of 1997, were principally derived from fees collected in relation to a preliminary license agreement completed with Vattenfall AB ("Vattenfall"). Additionally, the Company continued to recognize revenues relating to its activities in the Deutsche Post Field Test program. The Company also continued to recognize revenues from Phase 2 of its agreement with STN Atlas Elektronic GmbH ("STN") to develop a high power zinc oxygen battery for torpedoes.

Expenses:

Research and development expenses and cost of revenues for the second quarter of 1998 were $2.6 million compared with $2.6 million for the second quarter of 1997. The Company believes that, given the Company's stage of development, it is not, at this time, meaningful to distinguish between R&D expenses and cost of revenues. While there was no change in the expenses from the second quarter of 1997, there was a change in the allocation of expenses. This was principally attributable to a reduction of expenses related to Electric Vehicle battery development. This overall reduction was offset by increases in the costs associated with Consumer Battery development, and production of increased quantities of Survivor Locator Lights in the Defense and Safety Division. Expenses also included a write off of certain production equipment related to the earlier generation Field Test version of the Electric Vehicle Battery, for a net amount of approximately $430,000. With regard to the Company's R&D program, since the Company's 1998 grant applications have not yet been approved by the Research Committee of the Office of the Chief Scientist of the Ministry of Industry and Trade, no royalty bearing grants were recognized in the second quarter of 1998. During the second quarter of 1997, $600,000 of royalty-bearing grants were recognized, which reduced R&D expenses during this period. As previously announced, the Company has recently entered into an agreement to complete development of a battery for powering transit buses, in connection with a program to develop a new hybrid propulsion system in conjunction with General Electric Corporate Research and Development ("General Electric"). The program will be partially funded by the Israel - US Binational Industrial Research and Development (BIRD) Foundation. Accordingly, the Company expects that, for the balance of 1998 and through mid 1999, expenditures in connection with the Electric Vehicle battery, will increase as compared to the first half of 1998. R&D expenses and cost of operations related to Consumer Battery and Defense and Safety applications are also

expected to continue to increase for the balance of 1998, as the Company intensifies its efforts in these new areas.

Selling, general and administrative expenses for the second quarter of 1998 were $756,000 vs. $1.1 million in the second quarter of 1997. The decrease was primarily attributable to reduced salaries and professional fees during the second quarter of 1998. The Company expects further increases in selling, general and administrative expenses, particularly with respect to marketing expenses, as the Company expands the applications for its technology.

Results of Operations:
Six months ended June 30, 1998 compared to the six months ended June 30, 1997.

Revenues:

Revenues for the first half of 1998 increased slightly to approximately $2.9 million vs. $2.8 million in the comparable period in 1997. During 1998, the Deutsche Post and the Company agreed to extend the operations of the Field Test through May, 1998. Following the completion of the Field Test, the Deutsche Post and the Company agreed to mutually release each other from any financial claims regarding the Field Test, including additional funding due the Company or repaying advances made by the Deutsche Post to the Company with respect to Opel batteries, which were previously subject to a dispute. Consequently revenues for the first half of 1998 were principally derived from recognizing the previously deferred advances, as well as from activities relating to the Field Test extension (reflecting coverage of expenses by the Deutsche Post). Additionally, the Company recognized revenues from the sale of additional batteries to the Deutsche Post as well as sales of Electric Vehicle batteries to Edison Termoelettrica, SpA ("Edison"). The Company also recognized revenues from the sale of Survivor Locator Lights, and began recognizing revenues in connection with various defense R&D contracts.

Revenues for the first half of 1997, were principally derived from fees collected in relation to a preliminary license agreement completed with Vattenfall. Additionally, the Company continued to recognize revenues relating to its activities in the Deutsche Post Field Test program. The Company also continued to recognize revenues from Phase 2 of its agreement with STN to develop a high power zinc oxygen battery for torpedoes.

Expenses

Research and development expenses and cost of revenues were $5.3 million in the first half of 1998 vs. $5.3 million in the comparable period in 1997. The Company believes that, given the Company's stage of development, it is not, at this time, meaningful to distinguish between R&D expenses and cost of revenues. While there was no change in the expenses from the first half of 1997, there was a change in the allocation of expenses. This was principally attributable to a reduction of expenses related to Electric Vehicle battery development. This overall reduction was offset by

increases in the costs associated with Consumer Battery development, and production of increased quantities of Survivor Locator Lights in the Defense and Safety Division. Expenses also included a write off of certain production equipment related to the earlier generation Field Test version of the Electric Vehicle Battery, for a net amount of approximately $430,000. With regard to the Company's R&D program, since the Company's 1998 grant applications have not yet been approved by the Research Committee of the Office of the Chief Scientist of the Ministry of Industry and Trade, no royalty bearing grants were recognized in the second quarter of 1998. During the first half of 1997, $600,000 of royalty-bearing grants were recognized, which reduced R&D expenses during this period. As previously announced, the Company has recently entered into an agreement to complete development of a battery for powering transit buses, in connection with a program to develop a new hybrid propulsion system in conjunction with General Electric. The program will be partially funded by the Israel - US Binational Industrial Research and Development (BIRD) Foundation. Accordingly, the Company expects that, for the balance of 1998 and through mid 1999, expenditures in connection with the Electric Vehicle battery, will increase as compared to the first half of 1998. R&D expenses and cost of operations related to Consumer Battery and Defense and Safety applications are also expected to continue to increase for the balance of 1998, as the Company intensifies its efforts in these new areas.

Selling, general and administrative expenses decreased in the first half of 1998 to $1.6 million vs. $2.1 million in the comparable period in 1997. This decrease was primarily attributable to reduced salaries and professional fees during the first half of 1998. The Company expects further increases in selling, general and administrative expenses, particularly with respect to marketing expenses, as the Company expands the applications for its technology.

Impact of Year 2000

The Company has instituted a program to analyze all computer software and hardware, as well as other operating equipment that are reliant on date related functions, to ensure year 2000 compliance. This program is expected to be completed prior to December 31, 1998. At the present time, the Company does not expect to incur material expenditures to resolve year 2000 issues.

Liquidity and Capital Resources

As of June 30, 1998, the Company had cash, cash equivalents and financial investments of approximately $13.4 million compared with $16.7 million as of December 31, 1997.

The Company used available funds during the first half of 1998 primarily for continued research and development expenditures, and other working capital needs. The Company increased its net investment in fixed assets by approximately $360,000 during the six months ended June 30, 1998. However, fixed assets were adjusted downward to reflect a write off of certain production equipment related to the earlier

generation Field Test version of the Electric Vehicle Battery. As a result, the balance of fixed assets as at June 30, 1998 was $6.8 million.

Under an existing line of credit with the First International Bank of Israel Ltd., the Company had outstanding issued letters of credit and bank guarantees totaling approximately $447,000 as of June 30, 1998.

The Company has no long term debt outstanding and expects that its cash flow from operations, together with present cash reserves and amounts available under the Credit Facility, will be sufficient to fund the Company's projected activities through the second quarter of 1999. However, additional strategic alliances may require the establishment or expansion of facilities in Israel or elsewhere. In addition, the Company may determine that it should invest in certain programs, such as additional electric vehicle demonstration programs, which it believes will advance the development and commercialization of the Electric Fuel Electric Vehicle System. The Company is also using its resources to research and develop other applications exploiting its proprietary technology, including batteries for consumer electronic devices. Accordingly, the Company may be required to seek additional funding or pursue other options, such as joint ventures or other strategic relationships. The Company continues to consider financing alternatives when presented and, if financing becomes available on satisfactory terms, including prices, the Company may obtain additional funding, including through the issuance of equity securities.

Part II

Item 2

1. On June 8, 1998, the Company issued 2,000 shares to each of Lawrence M. Miller and Jack E. Rosenfeld, directors of the Company, at a price of $2.6875 per share, for services performed on behalf of the Company. The shares were not registered under the Securities Act of 1933, as amended (the "Act"), and were issued in reliance on the exemption from registration under Section 4(2) of the Act as a transaction not involving a public offering. The recipients, by virtue of their relationship with the Company, had access to information about the Company.

Item 5

1. Under recent changes to the Federal Proxy rules, if a stockholder who

wishes to present a proposal at the Company's 1999 Annual Meeting that will not be included in the Company's proxy statement, fails to notify the Company by June 1, 1999, then the proxies that management solicits for the 1999 Annual meeting will include discretionary authority to vote on the stockholder's proposal if it is properly brought before the meeting.

Item 6.

1. No reports on Form 8-K were filed during the second quarter of 1998.

ELECTRIC FUEL CORPORATION

SIGNATURES

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

ELECTRIC FUEL CORPORATION

(Registrant)

By: /s/ Robert S. Ehrlich

Name: Robert S. Ehrlich

Title: Chairman of the Board and
Chief Financial Officer

Dated: August 11, 1998

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<F1>Total costs includes research and development expenses and cost of revenues. Because of the nature of the company's operations; management is of the opinion that it is not meaningful to segregate these costs.
</FN>

</TABLE>