



Other	1,299,056	1,573,428
Inventories	374,543	478,988
Total current assets	11,230,196	6,579,968
FIXED ASSETS:		
Cost	6,342,171	7,401,517
Less - accumulated depreciation and amortization	2,907,312	3,347,649
	3,434,859	4,053,868
	\$ 14,665,055	\$ 10,633,836

</TABLE>

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

Page 3

ELECTRIC FUEL CORPORATION  
CONSOLIDATED BALANCE SHEETS

<TABLE>  
<CAPTION>

	December 31, 1998	June 30, 1999
	(Audited)	(Unaudited)
<S>	<C>	<C>
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable and accruals:		
Trade	\$ 1,099,352	\$ 1,450,912
Other	1,003,522	1,010,119
Deferred income	136,549	10,813
Total current liabilities	2,239,423	2,471,844
LIABILITY FOR EMPLOYEE RIGHTS UPON RETIREMENT net of amount funded	1,844,120	1,610,592
Total Liabilities	4,083,543	4,082,436
STOCKHOLDERS' EQUITY:		
Common stock -- \$0.01 par value; authorized -- 28,000,000 shares; issued - 14,303,387 shares as of December 31, 1998 and June 30, 1999; outstanding - 14,048,054 shares as of December 31, 1998 and June 30, 1999:	143,034	143,034
Preferred stock - \$0.01 par value; authorized - 1,000,000 shares, no shares outstanding		
Additional paid-in capital	57,398,814	57,398,814
Accumulated deficit	(44,553,027)	(48,565,496)
Accumulated other comprehensive income (loss)	(1,943)	
Treasury stock, at cost (common stock - 255,333 shares)	(1,806,481)	(1,806,481)
Notes receivable from stockholders	(598,885)	(618,471)
Total Stockholders' Equity	10,581,512	6,551,400
	\$ 14,665,055	\$ 10,633,836

</TABLE>

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

Page 4

<TABLE>  
<CAPTION>

	Six months ended June 30,		Three months ended June 30,	
	1998	1999	1998	1999
<S>	<C>	<C>	<C>	<C>
REVENUES	\$2,851,512	\$1,120,149	\$1,582,925	\$572,177
RESEARCH AND DEVELOPMENT EXPENSES AND COST OF REVENUES				
Expenses incurred	5,258,668	4,389,473	2,619,932	2,165,459
Less - royalty-bearing grants		670,236		582,272

	5,258,668	3,719,237	2,619,932	1,583,187
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	1,570,478	1,530,089	755,747	655,761
	6,829,146	5,249,326	3,375,679	2,238,948
OPERATING LOSS	(3,977,634)	(4,129,177)	(1,792,754)	(1,666,771)
FINANCIAL INCOME - NET	273,208	122,725	174,361	46,952
LOSS BEFORE TAXES ON INCOME	(3,704,426)	(4,006,452)	(1,618,393)	(1,619,819)
TAXES ON INCOME	27,031	6,017	8,049	(2,250)
LOSS FOR THE PERIOD	(3,731,457)	(4,012,469)	(1,626,442)	(1,617,569)
LOSS PER SHARE *	\$ (0.27)	(\$0.29)	\$ (0.12)	\$ (0.12)
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING *	13,966,314	14,048,054	13,985,827	14,048,054

\* See note 3

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

Page 5

<TABLE>  
<CAPTION>

CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY (unaudited)

	Common Stock		Additional paid-in capital	Accumulated deficit
	Shares	Amount		
BALANCE AT JANUARY 1, 1999	14,303,387	\$143,034	\$57,398,814	\$ (44,553,027)
CHANGES DURING THE SIX MONTH PERIOD ENDED JUNE 30, 1999:				
Realization of loss on available for sale securities				
Accrued interest on notes receivable from stockholders				
Loss				\$ (4,012,469)
BALANCE AT JUNE 30, 1999	14,303,387	\$143,034	\$57,398,814	\$ (48,565,496)

  

	Accumulated other comprehensive loss	Treasury stock	Notes receivable from shareholders	Total
BALANCE AT JANUARY 1, 1999	\$ (1,943)	\$(1,806,481)	\$ (598,885)	\$10,581,512
CHANGES DURING THE SIX MONTH PERIOD ENDED JUNE 30, 1999:				
Realization of loss on available for sale securities	\$ 1,943			\$ 1,943
Accrued interest on notes receivable from stockholders			\$ (19,586)	\$ (19,586)
Loss				\$ (4,012,469)
BALANCE AT JUNE 30, 1999	\$ 0	\$(1,806,481)	\$ (618,471)	\$ 6,551,400

</TABLE>

The accompanying notes are an integral part of the Financial Statements

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ELECTRIC FUEL CORPORATION  
CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

<TABLE>  
<CAPTION>

	Six months ended June 30,	
	1998	1999
CASH FLOWS FROM OPERATING ACTIVITIES:		
Loss for the period	\$ (3,731,457)	\$ (4,012,469)
Adjustments required to reconcile loss to net cash used in operating activities:		

Depreciation and amortization	438,255	440,337
Amortization of net premium (discount) on marketable debt securities	17,413	
Interest accrued on notes to stockholders		(19,586)
Liability for employee rights upon retirement-- net	(37,919)	(233,528)
Shares issued as compensation for services rendered by directors	10,750	
Loss on sale of marketable securities	110	1,943
Capital loss on sale of fixed assets	4,535	
Writedown of fixed assets	442,154	
Changes in operating asset and liability items:		
Decrease in accounts receivable	1,180,007	74,314
Decrease (increase) in inventories	74,055	(104,445)
Increase (Decrease) in accounts payable and accruals	(546,865)	358,157
(Decrease) in deferred income	(974,948)	(125,736)
	-----	-----
Net cash used in operating activities	\$ (3,123,910)	\$ (3,621,013)
	-----	-----
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of fixed assets	(451,948)	(1,059,346)
Proceeds from disposal of fixed assets	88,659	
Sale of (purchase of) marketable debt securities - net	(2,900,727)	3,700,575
	-----	-----
Net cash provided by (used in) investing activities	\$ (3,264,016)	\$ 2,641,229
	-----	-----
FORWARD	\$ (6,387,926)	\$ (979,784)
	-----	-----

</TABLE>

The accompanying notes are an integral part of Financial Statements.

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ELECTRIC FUEL CORPORATION  
CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

<TABLE>  
<CAPTION>

	Six months ended June 30,	
	1998	1999
	-----	-----
<S>	<C>	<C>
FORWARD	\$ (6,387,926)	\$ (979,784)
	-----	-----
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payment on note receivable from stockholders	147,299	
Proceeds from exercise of options	58,406	
	-----	-----
Net cash provided by financing activities	205,705	0
	-----	-----
DECREASE IN CASH AND CASH EQUIVALENTS	(6,182,221)	(979,784)
BALANCE OF CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	11,771,816	5,242,555
	=====	=====
BALANCE OF CASH AND CASH EQUIVALENTS AT END OF PERIOD	\$ 5,589,595	\$ 4,262,771
	=====	=====

SUPPLEMENTAL DISCLOSURE OF CASH FLOW

INFORMATION - CASH PAID DURING THE PERIOD FOR:

Interest	\$ 716	\$ 3,760
	=====	=====
Advances to income tax authorities	\$ 40,371	\$ 17,702
	=====	=====

</TABLE>

The accompanying notes are an integral part of Financial Statements.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

- 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, 1998.

2. Effects of Recent Pronouncement

In June 1998, the FASB issued FAS No. 133, "Accounting For Derivative Instruments and Hedging Activities." FAS 133 established a new model for accounting for derivatives and hedging activities. FAS 133 requires companies to record derivatives on the balance sheet as assets or liabilities, measured at fair value. Gains or losses resulting from changes in the values of those derivatives would be accounted for depending on the use of the derivative and whether it qualifies for hedge accounting. FAS 133 is effective for calendar-year companies as from January 1, 2001.

The Company is currently evaluating the impact FAS 133 will have on its financial statements; however, since the use of derivatives by the Company is limited, it expects that the adoption of FAS 133 will have no material impact on its consolidated results of operations, financial position or cash flows.

3. Due to the conversion of certain outstanding management promissory notes, the number of shares outstanding at June 30, 1998 for purposes of calculating loss per share should have been 13,985,827 rather than 12,644,199, and accordingly the reported loss per share has been corrected to reflect this calculation.

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4. Segment Information

The following table shows the results of the Company's main segments for the first six months of 1999 and 1998, and fixed assets at June 30, 1999, and December 31, 1998.

<TABLE>  
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Segment	1999	Defense & Safety	Electric Vehicle	Consumer Battery	All Other	Total
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Revenue from external customers	\$ 585,000	\$ 506,000	\$ 13,000	\$ 16,149	\$ 1,120,149	
Direct Expenses	\$ 720,000	\$1,397,000	\$ 1,781,000	\$ 1,351,326	\$ 5,249,326	
Segment Gross Loss	\$ (135,000)	\$ (891,000)	\$ (1,768,000)	\$ (1,335,177)	\$ (4,129,177)	
Financial income, net & tax Loss					\$ 116,708	
Fixed Assets, Net	\$ 361,000	\$ 923,000	\$1,732,000	\$ 1,037,868	\$ 4,053,868	

<CAPTION>

Segment	1998	Defense & Safety	Electric Vehicle	Consumer Battery	All Other	Total
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Revenue from external customers	\$ 519,000	\$2,318,000	-	\$ 14,512	\$ 2,851,512	
Direct Expenses	\$ 824,000	\$2,714,000	\$ 1,313,000	\$ 1,978,146	\$ 6,829,146	
Segment Gross Loss	\$ (305,000)	\$ (396,000)	\$ (1,313,000)	\$ (1,963,634)	\$ (3,977,634)	
Financial income, net & tax Loss					\$ 246,177	
Fixed Assets, Net	\$ 369,000	\$1,153,000	\$ 730,000	\$ 1,182,859	\$ 3,434,859	

</TABLE>

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The following table shows the results of the Company's main segments for the second quarter of 1999 and 1998.

<TABLE>  
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Segment	1999	Defense & Safety	Electric Vehicle	Consumer Battery	All Other	Total
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Revenue from external customers	\$ 329,000	\$ 219,000	\$ 13,000	\$ 11,177	\$ 572,177	

Direct Expenses	\$ 363,000	\$ 780,000	\$ 429,000	\$ 666,948	\$ 2,238,948
	=====	=====	=====	=====	=====
Segment Gross Loss	\$ (34,000)	\$ (561,000)	\$ (416,000)	\$ (655,771)	\$ (1,666,771)
	=====	=====	=====	=====	=====
Financial income,					\$ 49,202
					-----
net & tax					
Loss					\$ (1,617,569)
					=====
<CAPTION>					
Segment	Defense & Safety	Electric Vehicle	Consumer Battery	All Other	Total
<S>	<C>	<C>	<C>	<C>	<C>
Revenue from external customers	\$ 230,000	\$1,309,000	-	\$ 43,925	\$ 1,582,925
Direct Expenses	\$ 349,000	\$1,506,000	\$ 877,000	\$ 643,679	\$ 3,375,679
	=====	=====	=====	=====	=====
Segment Gross Loss	\$ (119,000)	\$ (197,000)	\$ (877,000)	\$ (599,754)	\$ (1,792,754)
	=====	=====	=====	=====	=====
Financial income,					\$ 166,312
					-----
net & tax					
Loss					\$ (1,626,442)
					=====
</TABLE>					

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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, 1998, 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. Until the end of 1997, 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 had not demonstrated previously anticipated levels of growth, in the latter part of 1997 the Company began a strategic shift to expand its research and development 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. The Company is currently focusing its efforts on developing and commercializing its proprietary zinc-air battery technology for consumer electronics, electric vehicles and defense and safety applications.

Results of Operations:

Three months ended June 30, 1999 compared to the three months ended June 30, 1998.

Revenues:

Revenues for the second quarter of 1999 totaled \$572,000 compared with \$1.6 million in the comparable period in 1998, a decrease of \$1 million. Revenues were \$329,000 (1998: \$230,000) for the Defense and Safety segment, \$219,000 (1998: \$1.3 million) for the Electric Vehicle segment and \$13,000 (1998: \$0) for the Consumer Battery segment.

During the second quarter of 1999, the Company recognized revenues from the sale of Survivor Locator Lights, sale of consumer batteries and activities related to the United States Department of Transportation ("DOT") program. In 1998, the Company signed an agreement with DOT as part of a consortium that is seeking to demonstrate the ability of the Electric Fuel battery system to power a full size, all electric transit bus. The DOT approved \$2.0 million in federal funding for the cost-shared \$4.0 million program. The Company's share of the \$4.0 million cost is approximately \$3.5 million, 50% of which will be reimbursed to the Company out of the DOT funds. Since this is a cost-shared program, expenses associated with the Company's participation in the

program will exceed the revenues to be earned from the program. The DOT program is expected to continue until the end of 1999. Additionally, the Company recognized revenues in connection with various defense R&D contracts.

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.

#### Expenses:

Research and development expenses and cost of revenues less royalty bearing grants for the second quarter of 1999 were \$1.6 million compared with \$2.6 million for the second quarter of 1998. 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.

R&D expenses were reduced by \$582,000 in the second quarter of 1999. This was in respect of recognition of grants from the Office of the Chief Scientist of the Ministry of Industry and Trade and the Israel-US Binational Industrial Research and Development (BIRD) Foundation. The Company's 1999 R&D grant applications have been approved by the Research Committee of the Office of the Chief Scientist of the Ministry of Industry and Trade. As a result, royalty-bearing grants of up to \$947,000 will be available to the company during 1999 to offset R&D expenses. \$545,000 of these royalty-bearing grants were recognized in the second quarter of 1999. Also, \$37,000 of royalty bearing grants from the BIRD Foundation were recognized in the second quarter of 1999.

As previously announced, the Company has 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 is being partially funded by the Israel - US Binational Industrial Research and Development (BIRD) Foundation. The DOT program described above complements the BIRD program.

R&D expenses and cost of operations related to Consumer Battery and Defense and Safety applications are expected to increase significantly during 1999, as the Company intensifies its efforts in these new areas.

Expenses in the second quarter of 1998 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. Furthermore, the Company's 1998 R&D grant applications were not approved by the Research Committee of the Office of the Chief Scientist of the Ministry of Industry and Trade until later in the year and so no royalty bearing grants were recognized in the second quarter of 1998.

Selling, general and administrative expenses for the second quarter of 1999 were \$656,000 vs. \$756,000 in the second quarter of 1998. The decrease was primarily attributable to reduced salaries and professional fees during the second quarter of 1999. The Company expects increases in selling, general and administrative expenses, particularly with respect to marketing expenses, as the Company expands the applications for its technology.

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Direct expenses for segments for the second quarter were \$363,000 (1998: \$349,000), \$780,000 (1998: \$1.5 million), and \$429,000 (1998: \$877,000) in the Defense and Safety, Electric Vehicle and Consumer Battery segments respectively.

The Company reported a net loss of \$1.6 million in the second quarter of 1999 compared with a net loss of \$1.6 million in the second quarter of 1998 due to the factors cited above.

#### Results of Operations:

Six months ended June 30, 1999, compared to the six months ended June 30, 1998.

#### Revenues:

Revenues for the first six months of 1999 totaled \$1.1million compared with \$2.9 million in the comparable period in 1998, a decrease of \$1.7 million. Revenues were \$585,000 (1998: \$519,000) for the Defense and Safety segment, \$506,000 (1998: \$2.3 million) for the Electric Vehicle segment, and \$13,000 (1998: \$0) for the Consumer Battery segment for the first six months of the year.

During the first six months of 1999, the Company recognized revenues from the sale of Survivor Locator Lights, Defense R&D contracts, consumer batteries and activities related to the United States Department of Transportation ("DOT") program. In 1998, the Company signed an agreement with DOT as part of a consortium that is seeking to demonstrate the ability of the Electric Fuel battery system to power a full size, all electric transit bus. The DOT approved \$2.0 million in federal funding for the cost-shared \$4.0 million program. The Company's share of the \$4.0 million cost is approximately \$3.5 million, 50% of which will be reimbursed to the Company out of the DOT funds. Since this is a cost-shared program, expenses associated with the Company's participation in the program will exceed the revenues to be earned from the program. The DOT program

is expected to continue until the end of 1999.

Revenues for the first six months of 1998 were principally derived from activities relating to the extension of Deutsche Post Field Test, which terminated in the second quarter of 1998. 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 defense R&D contracts.

#### Expenses:

Research and development expenses and cost of revenues less royalty bearing grants for the first six months of 1999 were \$3.7 million compared with \$5.3 million for the six months of 1998. 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. The decrease in expenses of \$1.5 million from the first six months of 1998 is principally attributable to a reduction of expenses and personnel related to Electric Vehicle battery development, and the recognition of royalty bearing grants. These royalty-bearing grants were from the Office of the Chief Scientist of the Ministry of Industry and Trade and the BIRD foundation. The company incurred increased costs associated with Consumer Battery development and production of increased quantities of Survivor Locator Lights in the Defense and Safety Division in the first six months of 1999. The Company's 1999 grant applications have been approved by the Research Committee of the Office of the Chief Scientist of the Ministry of Industry and Trade and royalty bearing grants have therefore been recognized in the first six months of 1999 in the amount of \$545,000. During the first six months of 1998, no royalty bearing grants were recognized, as the 1998 Chief Scientist application was not approved until later in the year.

As previously announced, the Company has 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

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("General Electric"). The program is being partially funded by the Israel - US Binational Industrial Research and Development (BIRD) Foundation, and the Company recorded \$126,000 of royalty-bearing grants in the first six months of 1999, in connection with this program. The DOT program described above complements the BIRD program.

R&D expenses and cost of operations related to Consumer Battery and Defense and Safety applications are expected to increase significantly during 1999, as the Company intensifies its efforts in these new areas.

Selling, general and administrative expenses for the first six months of 1999 were \$1.5 million vs. \$1.6 million in the first six months 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.

Direct expenses for segments for the first six months of the year were \$720,000 (1998: \$824,000), \$1.4 million (1998: \$2.7 million), and \$1.8 million (1998: \$1.3 million) in the Defense and Safety, Electric Vehicle and Consumer Battery segments respectively.

Financial income, net of interest expense, exchange differentials, bank charges, and other fees, totaled approximately \$123,000 in the first six months of 1999 compared to \$273,000 in same period in 1998.

The Company reported a net loss of \$4 million in the first six months of 1999 compared with a net loss of \$3.7 million in the first six months of 1998 due to the factors cited above.

#### Impact of Year 2000

The Year 2000 issue is the result of computer programs being written using two digits rather than four to define the applicable year. Computer programs that have date-sensitive software may recognize a date using "00" as the year 1900 rather than the year 2000. The Company considers a product to be in "Year 2000" compliance if the product's performance and functionality will be unaffected by processing of dates prior to, during and after the year 2000.

The Company has retained an outside consultant to assess the Year 2000 compliance of the Company's computer hardware and software, and other equipment of the Company with embedded chips that may be date-sensitive. The consultant completed its initial assessment of the Company's systems in March 1999. Based on the initial review of the consultant, the Company believes that its core computer systems and equipment will be Year 2000 compliant, and that the Year 2000 issue will not materially affect the Company's operations or business. Management expects that the expenses incurred and to be incurred in connection with the Year 2000 issue will not materially exceed amounts budgeted for such matters.

#### Liquidity and Capital Resources

As of June 30, 1999, the Company had cash, cash equivalents and financial investments of approximately \$4.2 million compared with \$8.9 million as of December 31, 1998.

The Company used available funds in 1999 primarily for continued research and development expenditures, and other working capital needs. The Company



increased its investment in fixed assets by \$1.1 million primarily in the consumer battery division, during the six months ended June 30, 1999.

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EFL presently has a line of credit with the First International Bank of Israel Ltd. ("FIBI") ("the Credit Facility"). Borrowings under the Credit Facility bear interest at FIBI's prime rate + 2% per annum, are unconditionally guaranteed by the Company and are secured by a pledge of foreign currency deposits in the amount of NIS 750,000 (approximately \$180,000). Additionally, the Credit Facility imposes financial and other covenants on EFC and EFL and presently expires on December 16, 1999. As of June 30, 1999, the bank had issued letters of credit and bank guarantees totaling approximately \$381,000.

The Company has no long term debt outstanding, and is using its cash reserves and revenues from operations primarily to continue development of batteries for consumer electronic devices, as well as to participate in the BIRD and DOT Electric Vehicle programs. Furthermore, as previously announced in July 1999, the Company entered into a three - year exclusive distribution contract with the Banner Telecom group for Electric Fuel's line of zinc - air cellular phone batteries. In order to manufacture the quantities envisioned under the contract, the company will have to operate an automatic production line, which has already been ordered. Accordingly, the Company is seeking additional funding, including through the issuance of equity or debt securities to put this automated production line into operation and continue its operations. Also, the company is pursuing other options, such as joint ventures or other strategic relationships. However, there can be no assurance that the Company will obtain any such additional funding. If additional funding is not secured, the Company will have to modify, reduce, defer or eliminate certain of its anticipated future commitments and/or programs, in order to continue reduced operations.

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Part II

Item 6.

1. No reports on Form 8-K were filed during the first six months of 1999.

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-----  
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 13, 1999

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<FN>  
<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>