

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

FORM 10-QSB

(Mark One)

QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

FOR THE QUARTERLY PERIOD ENDED: June 30, 2004

OR

TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission file number _____

LAPIS TECHNOLOGIES, INC.

(Exact name of small business issuer
as specified in its charter)

DELAWARE

(State or other jurisdiction
of incorporation or organization)

27-0016420

(IRS Employer
Identification No.)

19 W. 34th Street, Suite 1008
New York, NY, 10001
(Address of principal executive offices)
(Zip Code)

Issuer's telephone number (212) 937-3580

Check whether the issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the past 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

As of August 15th, 2004 there were 5,483,000 shares of the registrant's common stock, par value \$0.001, issued and outstanding.

Transitional Small Business Disclosure Format (check one): Yes No

LAPIS TECHNOLOGIES, INC.
June 30, 2004 QUARTERLY REPORT ON FORM 10-QSB

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PART I - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

LAPIS TECHNOLOGIES, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEET
(In Thousands, Except Share Amounts)

<TABLE>
<CAPTION>

ASSETS	June 30, 2004

<S>	<C>
Current Assets:	
Cash and cash equivalents	\$ 40
Accounts receivable	2,228
Inventories	2,127
Prepaid expenses and other current assets	171
Due from stockholder	328

Total current assets	4,894
Property and equipment, net	471
Due from affiliates	22
Deferred income taxes	20

	\$ 5,407
	=====
LIABILITIES AND STOCKHOLDERS' EQUITY	
Current Liabilities:	
Bank line of credit	\$ 538
Short term bank loans	1,938
Current portion of long term loans	150
Accounts payable and accrued expenses	1,147
Income taxes payable	153

Total current liabilities	3,926
Long term loans, net of current portion	295
Severance payable	58

Total liabilities	4,279

Commitments and contingencies	
Minority interest	294
Stockholders' Equity:	
Preferred stock; \$.001 par value, 5,000,000 shares authorized, none issued	--
Common stock; \$.001 par value, 100,000,000 shares authorized, 5,483,000 shares issued and outstanding	5
Additional paid-in capital	78
Accumulated other comprehensive loss	(101)
Retained Earnings	852

Total stockholders' equity	834

	\$ 5,407
	=====

</TABLE>

The accompanying notes are an integral part of these financial statements

LAPIS TECHNOLOGIES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
(In Thousands, Except Earnings Per Share and Share Amounts)

<TABLE>
<CAPTION>

Ended	Six Months Ended		Three Months	
	June 30,		June 30,	
	2004	2003	2004	
--				
2003				

<S>	<C>	<C>	<C>	<C>
Sales	\$ 2,688	\$ 2,985	\$ 1,567	\$
1,755				
Cost of sales	1,532	1,805	774	
1,051				

Gross profit	1,156	1,180	793	
704				

Operating expenses:				
Selling expenses	7	17	5	
(5)				
General and administrative	649	598	397	
264				

Total operating expenses	656	615	402	
259				

Income from operations	500	565	391	
445				

Other income (expense):				
Interest expense, net	(118)	(173)	(45)	
(108)				

Income before provision for income taxes and minority interest	382	392	346	
337				

Provision for income taxes	42	89	33	
47				
Minority interest	135	88	126	
115				

Net income	205	215	187	
175				

Other comprehensive (loss) income, net of taxes				
Foreign translation (loss) gain	(38)	55	5	
51				

Comprehensive (loss) income	\$ 167	\$ 270	\$ 192	\$
226				
=====				
Basic net loss per share	\$ 0.04	\$ 0.04	\$ 0.03	\$
0.03				
=====				
Basic weighted average common shares outstanding	5,483,000	5,483,000	5,483,000	
5,483,000				

=====
</TABLE>

The accompanying notes are an integral part of these financial statements

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LAPIS TECHNOLOGIES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands)

<TABLE>
<CAPTION>

	Six Months Ended June 30,	
	2004	2003
	-----	-----
<S>	<C>	<C>
Cash flows from operating activities:		
Net income	\$ 205	\$ 215
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation and amortization	69	61
Minority interest	141	88
Deferred income tax	1	(2)
Change in operating assets and liabilities:		
Accounts receivable	772	(238)
Inventories	(511)	(138)
Prepaid expenses and other current assets	49	8
Accounts payable and accrued expenses	(487)	(454)
Income tax payable	(39)	93
Customer deposits	--	(212)
Severance payable	1	(1)
	-----	-----
Net cash provided by (used in) operating activities	201	(580)
	-----	-----
Cash flows from investing activities:		
Purchase of property and equipment	(14)	(56)
(Increase) decrease in due from stockholder	(153)	25
(Increase) decrease in due from affiliates	39	1
	-----	-----
Net cash used in investing activities	(128)	(30)
	-----	-----
Cash flows from financing activities:		
Increase (decrease) in bank line of credit, net	(392)	(534)
Proceeds from long term debt	1,907	2,577
Repayment of long-term debt	(1,711)	(1,705)
	-----	-----
Net cash (used in) provided by financing activities	(196)	338
	-----	-----
Effects of exchange rates on cash and cash equivalents	(18)	10
	-----	-----
Increase (decrease) in cash	(141)	(262)
Cash, beginning of period	181	313
	-----	-----
Cash, end of period	\$ 40	\$ 51
	=====	=====
Supplemental disclosure of cash flow information:		
Cash paid during the period for:		
Interest	\$ 118	\$ 173
	=====	=====
Income taxes	\$ 21	\$ 16
	=====	=====

</TABLE>

The accompanying notes are an integral part of these financial statements

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NOTE 1 - DESCRIPTION OF BUSINESS

Lapis Technologies, Inc. (the "Company") was incorporated in the State of Delaware on January 31, 2002. The Company was originally named Enertec Electronics, Inc. and on April 23, 2002 changed its name to Opal Technologies, Inc. which changed its name to Lapis Technologies, Inc. on October 3, 2002. The Company's operations are conducted through its wholly-owned Israeli Subsidiary, Enertec Electronics Ltd. ("Enertec") and its majority owned Israeli subsidiary Enertec Systems 2001 LTD ("Systems"). Enertec is engaged in the manufacturing, distribution and marketing of electronic components and products relating to power supplies, converters and related power conversion products, automatic test equipment, simulators and various military and airborne systems, within the State of Israel.

NOTE 2 - BASIS OF PRESENTATION AND CONSOLIDATION

The accompanying unaudited consolidated financial statements and related footnotes have been prepared in accordance with accounting principles generally accepted in the United States of America for interim financial statements and pursuant to the rules and regulations of the Securities and Exchange Commission for Form 10-QSB. Accordingly, they do not include all of the information and footnotes required by accounting principles generally accepted in the United States of America for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. For further information read the financial statements and footnotes thereto included in the Company's Annual Report to be filed in accordance with the rules and regulations of the Securities and Exchange Commission on Form 10-KSB for the year ended December 31, 2003. The results of operations for the six-months ended June 30, 2004 are not necessarily indicative of the operating results that may be expected for the year ending December 31, 2004.

The accompanying financial statements include the accounts of the Company and their ownership interest in its subsidiaries. All significant intercompany balances and transactions have been eliminated in consolidation.

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Use of Estimates

The preparation of 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 financial statements and revenues and expenses during the reporting period. Actual results could differ from those estimates.

Recent Accounting Pronouncements

Management does not believe that any recently issued, but not yet effective accounting pronouncements, if currently adopted, would have a material effect on the accompanying consolidated financial statements.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATIONS

This Report contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. These statements relate to future events or our future financial performance. In some cases, you can identify forward-looking statements by terminology such as "may," "will," "should," "expect," "plan," "anticipate," "believe," "estimate," "predict," "potential" or "continue," the negative of such terms, or other comparable terminology. These statements are only predictions. Actual events or results may differ materially from those in the forward-looking statements as a result of various important factors. Although we believe that the expectations reflected in the forward-looking statements are reasonable, such should not be regarded as a representation by Lapis Technologies, Inc., or any other person, that such forward-looking statements will be achieved. The business and operations of Lapis Technologies, Inc. and its subsidiaries are subject to substantial risks, which increase the uncertainty inherent in the forward-looking statements contained in this Report. Because these forward-looking statements involve risks and uncertainties, there are important factors that could cause actual results to differ materially from those expressed or implied by these forward-looking statements, including our plans, objectives, expectations and intentions and other factors discussed under "Risk Factors," included in our Registration Statement on Form 10-SB filed with the Securities and Exchange Commission on March 26, 2004.

The following discussion and analysis should be read in conjunction with the Consolidated Financial Statements and related notes included elsewhere in this Report.

Overview

We were formed in Delaware on January 31, 2002 under the name Enertec Electronics, Inc. and have filed two certificates of amendment changing our name to Opal Technologies, Inc. and then to Lapis Technologies, Inc. We conduct operations in Israel through our wholly owned subsidiary, Enertec Electronics Limited ("Enertec Electronics"), an Israeli corporation formed on December 31, 1991, and Enertec Systems 2001 LTD ("Enertec Systems"), an Israeli corporation formed on August 28, 2001, of which we own a 55% equity interest. Enertec Electronics is a manufacturer and distributor of electronic components and products relating to power supplies, converters and related power conversion products, automatic test equipment (ATE), simulators and various military and airborne systems. Enertec Electronics maintains two divisions, the Systems Division and the Electronics Division. The Systems Division designs, develops and manufactures test systems for electronics manufacturers in accordance with their specifications. The Electronics Division markets and distributes the test systems, power supplies and other electronic components manufactured by us, and by other manufacturers who engage us to distribute their products.

We had seven distribution agreements as of June 30, 2004. In the second quarter of 2004, we received several large orders in the commercial and military domains. Within the commercial arena we received a preliminary order for 6,200 units of a customized ATX power supply which should generate revenues of approximately \$210,000 as of June 30th 2004 revenues of \$74,000 have already been received. Another customer ordered 1,000 high voltage power supplies which should generate revenues of approximately \$95,000 nearly all of which has been received, \$94,000 as of the end of the second quarter. We expect to receive follow up orders for additional units from this client by the fourth quarter of 2004. In addition, we have received an order for 200 customized compact PCI power supplies which should generate revenues of approximately \$56,000, so far \$14,000 has been received. We have also recently received an order for 1,100 power supplies for Voice Over IP products which generated revenues of \$33,000, with an additional \$27,000 expected over the next two quarters. This is our first entry into the IP Telephony industry, a burgeoning and fast growing sector of the technology industry, and one in which we expect to take a dominant position in the market going forward.

In the second quarter of 2004, we received an order for 250 redundant power supplies, which is expected to result in \$55,000 in sales, and an order for 400 units for standard military converters that will add an additional \$75,000 to the top line.

We are trying to capitalize on our customer loyalty by introducing more products in different divisions of the same company, and it represents our success in cross marketing of new products within the same customer base. For example previous orders for ATE for fighter airplanes flight computers has led to orders for similar equipment for helicopters with an expected delivery in the last quarter of 2004.

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Within the military arena, we received an initial order for a new innovative small size airborne power supply for infrared payloads. This 10 unit order is expected to be followed by a much larger order over the next 24 months at an average price of \$3,000. The first two units have been delivered at a cost of \$37,000. Enertec Systems 2001 has also received an order for 113 Power Distribution Units, of military grade, with expected total revenues of \$420,000 to be delivered over the next 4 years. In addition to this, \$187,000 worth of ATE equipment has been ordered for the maintenance of infrared payload, 3 ATE's for air to air missiles, at a cost of \$67,000 per unit, and an ATE for avionics at a unit price of \$ 35,000.

The following presents certain historical financial information of the operations of the Company. This financial information includes the results of the Company for the three and six months ended June 30, 2003 compared with the results of the Company for the three and six months ended June 30, 2004.

Results of Operations

Revenues

Revenues for the three and six months ended June 30, 2004 were \$1,567,000 and 2,688,000, respectively, as compared to \$1,755,000 and \$2,985,000 for the three and six months ended June 30, 2003, respectively. This represents a decrease of \$188,000, or 11%, for the three months ended June 30, 2004 and a decrease of \$297,000, or 10%, for the six months ended June 30, 2004 when compared to the same period of 2003. This decrease in revenue is a result of a lower number of orders for military systems received due to end-of-year budget cuts of the Israeli MOD (Ministry of Defense) which effects the revenues for the

three and six month ended June 30, 2004. In the commercial sector, until end of 2003 there was a big drop in local and worldwide sales. During 2004 the commercial market has starting to pick up but even in the second quarter, many of our customers are still using parts from their inventory and therefore the impact of the market pick-up has not yet been felt, and the growth in the market has not yet translated to growth in sales. The impact of the government cuts at the end of the year usually lasts two to three quarters since the average lead time for a military ATE is 6-10 months. There has also been a delay in new orders for the Arrow project, since the customer has been involved preparing the Aug 2004 USA tests which have been very successful. Being the main provider of ATE and support systems for this project we believe new orders should be generated soon.

Gross Profit

Gross profit totaled approximately \$793,000 for the three months ended June 30, 2004 and \$1,156,000 for the six months June 30, 2004. For the three and six months ended June 30, 2003, gross profit totaled \$704,000 and \$1,180,000, respectively. Comparing the three-month period ended June 30, 2004 to the same period of 2003, gross profit increased approximately \$89,000, or 13%. For the six-month period ended June 30, 2004, gross profit decreased approximately \$24,000, or 2%, compared to the same period of 2003. The increase in gross profit for the three months ended June 30, 2004 is primarily the result of a few orders with lower cost of sales. In the second quarter of 2004 we focused on those projects with higher profit margins, resulting in slightly lower revenues, but higher net income and profit margin.

The minor decrease in gross profit for the six months ended June 30, 2004 is primarily the result of lower revenues for the last six months and therefore lower gross profit.

Selling, General and Administrative Expenses

For the three months and six months ended June 30, 2004, selling, general and administrative expenses totaled \$402,000 and \$656,000, respectively. This was an increase of \$143,000 (55%) and \$41,000 (7%) when compared to the three- and six-month periods ended June 30, 2003. The increase in selling, general and administrative expenses for the three months ended June 2004 is attributable to the re-assignment of some of the engineering staff amounting to \$110,000 to support an increased sales effort. Sales of military ATE's require high technical personnel and so we utilized some engineers to promote our products to this market. This was possible since during the second quarter we had fewer projects which required heavy engineering resources.

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Approximately \$33,000 of the increase in SG and A was due to the increased cost of the professional services legal and accounting associated with being a public company. For the six months ended June 2004, the increase is mainly due to the increase of the cost of the professional services as previously detailed.

Other Income and Expenses

Net interest expense was approximately \$45,000 and \$118,000 for the three and six months ended June 30, 2004, respectively. For the three and six months ended June 30, 2003, net interest expense was \$108,000 and \$173,000, respectively. This represents a decrease of \$63,000 (58%) and \$55,000 (32%), when comparing the three and six months ended June 30, 2004 with the same periods of 2003. The decrease in net interest expense is due to a couple reasons: (a) a decrease in the total debt by 11.7% to the banks by \$388,000 was partially due to 10% lower revenues a slight lowering of overall debt using our cash flow, and (b) the lower interest rates in Israel during the 6 months period ending June 2004 as compared with the prior year period, the monetary prime rate in Israel was 6% average for the first 6 months of 2004 as compared to 9% average for the first 6 months of 2003.

Provision for income taxes

For the three and six months ended June 30, 2004, our provision for income taxes was \$33,000 and \$42,000. This represents a nominal decrease over the provision for income taxes for the three months and six months ended June 30, 2003, \$47,000, and \$89,000 respectively. This adjustment reflects the actual updated income taxes. At end of June 2003 the provision for taxes of Enertec Systems did not take in consideration the tax exempt status that allowed tax free income above approx \$330,000. As of Dec 2003 the financials have been adjusted to reflect this tax exempt status.

Liquidity and Capital Resources

Cash and Working Capital

As of June 30, 2004, the Company had approximately \$40,000 of cash and cash equivalents on hand and \$968,000 of working capital. as compared to \$51,000 of cash and cash equivalents on hand and \$541,000 of working capital for the 6

months prior. The increase in working capital is due to a decrease in current liabilities.

The Company currently plans to use the cash balance and cash generated from operations for increasing the Company's working capital reserves and, along with additional debt financing, for new product development and building up inventory, hiring more sales staff and funding advertising and marketing. Management believes that the current cash on hand and additional cash expected from operations in fiscal 2004 will be sufficient to cover the Company's working capital requirements for fiscal 2004.

Capital Expenditures

The Company did not incur any expenditures for capital improvements as of June 30, 2004 and management does not currently anticipate any significant capital expenditures during the next six to twelve months.

Financing Transactions

As of June 30, 2004, the Company's total bank debt was approximately \$2,921,000 as compared with approximately \$3,309,000 as of June 30, 2003. This decrease of approximately \$388,000 (11.7%) was due to a lowered financing need since the volume of new orders for the six month period ended June 2004 were lower than the same comparative period for the prior year. These funds were borrowed as follows: \$1,938,000 as various short-term loans due through February 2005; \$295,000 of long term debt due through December 2007, and \$ 538,000 borrowed as lines of credit. The current portion of long-term debt at June 30, 2004 consisted of \$150,000 due February 2005.

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Cash Flows

Net cash provided by operating activities was approximately \$201,000 for the six months ended June 30, 2004 compared to net cash used in operating activities of \$580,000 for the same period of 2003. The net cash provided by operating activities for the six months ended June 30, 2004 was primarily the result of approximately \$772,000 of net cash receipts from accounts receivable offset by additional purchases of inventory of approximately \$511,000.

Net cash used in financing activities for the six months ended June 30, 2004 was approximately \$196,000, as compared with net cash provided by financing activities of approximately \$338,000 for the same period of 2003. This decrease is due to the Company reducing its total debt for the six months ended June 30, 2004 as compared to obtaining additional debt during the six months ended June 30, 2003.

ITEM 3. CONTROLS AND PROCEDURES

As of the end of the period covered by this report, we conducted an evaluation, under the supervision and with the participation of our principal executive officer and principal financial officer of our disclosure controls and procedures (as defined in Rule 13a-15(e) and Rule 15d-15(e) of the Exchange Act). Based upon this evaluation, our principal executive officer and principal financial officer concluded that our disclosure controls and procedures are effective to ensure that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the Commission's rules and forms. There was no significant change in our internal controls or in other factors that could significantly affect these controls subsequent to the date of the evaluation.

PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

We are not subject to any pending or threatened legal proceedings, except for as described below.

On 4/16/2002 Orckit Communications brought an action in the Tel Aviv District Court against Gaia Converter, a French company and Alcyon Production Systems, also a French company and a subcontractor of Gaia Converter, in the amount of \$1,627,966, alleging that the DC converters supplied to it by Gaia Converter were defective and caused Orckit to replace the converters at a substantial financial expense.

Enertec Electronics was joined in the action as a local Israeli distributor of the Gaia Converter products. Gaia Converter has advised us that the converters in issue were free from any and all defects and were in good working order and that it was the faulty performance of Orckit's product into which the converters were incorporated that caused them to fail at a greater rate than anticipated by Orckit. Enertec Electronics filed a response to this claim that there is no cause of action against it, as among other things, Enertec Electronics is merely the local Israeli sales representative of Gaia

Converter and did not make any implied or express representations or warranties to Orckit regarding the suitability of the converters or otherwise, nor was Enertec Electronics required to do so by law. Technical specifications required by Orckit for the converters were determined and communicated directly by Orckit to Gaia Converter and all other communications regarding the converters were directly between Orckit and Gaia Converter. Moreover, Orckit conducted a qualification test of the converters and confirmed to Gaia Converter that the converters complied with their requirements subsequent to such testing. Neither Gaia Converter nor Alcyon Production Systems have filed a response to this action, and consequently Orckit Communications requested and obtained default judgments from the Tel Aviv District Court against both Gaia Converter and Alcyon Production Systems. Enertec Electronics is defending and is continuing to defend this action vigorously and we do not believe that it will have a material adverse impact on our business. Orckit has filed affidavits setting out the evidence supporting their allegations and Enertec will file answering affidavits in response.

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ITEM 2. CHANGES IN SECURITIES

Not applicable.

ITEM 3. DEFAULTS IN SENIOR SECURITIES

Not applicable.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

Not applicable.

ITEM 5. OTHER INFORMATION

Not applicable.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

a) Exhibits:

Exhibit Number	Description
3.1	Certificate of Incorporation of Enertec Electronics, Inc. filed January 31, 2002*
3.2	Certificate of Amendment of Enertec Electronics, Inc. filed April 23, 2002*
3.3	Certificate of Amendment of Opal Technologies, Inc. filed October 17, 2002*
3.4	By-Laws of Lapis Technologies, Inc.*
4.1	Specimen Common Stock Certificate**
10.1	Stock Option Plan of 2002*
10.2	An Agreement for an Unprotected Tenancy, dated in June 2002 between Amnoni Brothers - Carmiel Transporters Ltd. and Enertec Systems Ltd.**
10.3	Lease Agreement dated October 31, 2002 between Mund Holdings Ltd., and Enertec Electronics Ltd.**
10.4	Manufacturer's Representative Agreement dated December 20, 1988 between Cytec Corporation and Enertec International.**
10.5	Exclusive Distribution Agreement dated June 26, 2002 between Gaia Converter by the Company Enertec (Israel) Gaia Converter Sa and Enertec Electronics Ltd.**
10.6	Annual Agreement dated February 05, 2001 between BigBand Networks Ltd. and Enertec Electronics Ltd.**
10.7	Supply Agreement between Enertec Ltd. and The Israeli Aeronautical Industries Ltd.**
10.8	Distributor Agreement dated January 1, 1998 between Christie Electric Corp. and Enertec Electronics Ltd.**
10.9	Sale Representative Agreement dated July 6, 1998 between EMCO High Voltage Co. and Enertec International.**
31.1	Certification by Harry Mund, Chief Executive Officer, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.***
31.2	Certification by Miron Markovitz, Chief Financial Officer, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.***
32.1	Certification by Harry Mund, Chief Executive Officer, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.***
32.2	Certification by Miron Markovitz, Chief Financial Officer, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.***

* Previously filed with Amendment No. 2 to the Form SB-2 registration statement filed with the Securities and Exchange Commission on May 14, 2003, and incorporated herein by reference.
 ** Previously filed with Amendment No. 1 to the Form SB-2 registration statement filed with the Securities and Exchange Commission on February 11, 2003, and incorporated herein by reference.
 *** Filed herewith.

b) Reports on Form 8-K:

On July 6, 2004, the Company filed a Form 8-K reporting a change in the Company's certifying accountant effective April 1, 2004 from Rogoff & Company, P.C. to Gvilli & Co., C.P.A.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, on this 12th day of August 2004.

Lapis Technologies, Inc.

By: /s/ Harry Mund

Harry Mund, Chief Executive Officer,
President and Chairman of the Board

By: /s/ Miron Markovitz

Miron Markovitz, Chief Financial Officer,
Chief Accounting Officer and Director

CERTIFICATION

I, Harry Mund, certify that:

1. I have reviewed this quarterly report on Form 10-QSB of Lapis Technologies, Inc. for the quarter ended June 30, 2004;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the small business issuer as of, and for, the periods presented in this report;
4. The small business issuer's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(e) and 15d-15(f)) for the small business issuer and have:

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

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

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

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

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

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

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

August 12, 2004

/s/ Harry Mund

Harry Mund
Chief Executive Officer
Exhibit 31.2

CERTIFICATION

I, Miron Markovitz, certify that:

1. I have reviewed this quarterly report on Form 10-QSB of Lapis Technologies, Inc. for the quarter ended June 30, 2004;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the small business issuer as of, and for, the periods presented in this report;
4. The small business issuer's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(e) and 15d-15(f)) for the small business issuer and have:

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

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

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

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

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

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

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

August 12, 2004

/s/ Miron Markovitz

Miron Markovitz
Chief Financial Officer

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

In connection with the Quarterly Report of Lapis Technologies, Inc. (the "Company") on Form 10-QSB for the quarter ended June 30, 2004 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Harry Mund, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. section 906 of the Sarbanes-Oxley Act of 2002, that:

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

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

A signed original of this written statement required by Section 906 has been provided to Lapis Technologies, Inc. and will be retained by Lapis Technologies, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

August 12, 2004

/s/ Harry Mund

Harry Mund
Chief Executive Officer

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

In connection with the Quarterly Report of Lapis Technologies, Inc. (the "Company") on Form 10-QSB for the quarter ended June 30, 2004 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Miron Markovitz, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. section 906 of the Sarbanes-Oxley Act of 2002, that:

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

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

A signed original of this written statement required by Section 906 has been provided to Lapis Technologies, Inc. and will be retained by Lapis Technologies, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

August 12, 2004

/s/ Miron Markovitz

Miron Markovitz
Chief Financial Officer