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MER TELEMAGEMENT SOLUTIONS LTD

Form 6-K

August 08, 2007

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

F O R M 6-K

REPORT OF FOREIGN PRIVATE ISSUER PURSUANT TO RULE 13a-16 OR 15d-16
UNDER THE SECURITIES EXCHANGE ACT OF 1934

For the month of August 2007

MER TELEMAGEMENT SOLUTIONS LTD.
(Name of Registrant)

22 Zarhin Street, Ra'anana 43662, Israel
(Address of Principal Executive Office)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.

Form 20-F Form 40-F

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b) (1):

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b) (7):

Indicate by check mark whether by furnishing the information contained in this Form, the registrant is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes No

If "Yes" is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b): 82-_____

This Form 6-K is being incorporated by reference into the Registrant's Form F-3 Registration Statement File No. 333-128225 and Form S-8 Registration Statements File Nos. 333-12014 and 333-123321.

MER Telemagement Solutions Ltd.

6-K Items

1. Press release re MTS Announces Second Quarter 2007 Financial Results

SIGNATURES

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

MER TELEMAGEMENT SOLUTIONS LTD.
(Registrant)

By: /s/ Eytan Bar

Eytan Bar
President and
Chief Executive Officer

Date: August 8, 2007

MTS ANNOUNCES SECOND QUARTER 2007 FINANCIAL RESULTS

RA'ANANA, ISRAEL - AUGUST 8, 2007 - MTS - MER TELEMAGEMENT SOLUTIONS LTD. (NASDAQ CAPITAL MARKET: MTSL), a global provider of business support systems (BSS) for comprehensive telecommunication management and customer care & billing (CC&B) solutions, today announced its financial results for the second quarter of 2007.

Revenues for the second quarter of 2007 were \$2.5 million, compared with revenues of \$2.7 million in the second quarter of 2006.

Operating loss for the second quarter of 2007 was \$2.7 million compared with an operating loss of \$471,000 in the second quarter of 2006. The increase was due to a \$2.3 million impairment of goodwill and other intangible assets in accordance with FAS 142 -"Goodwill and other Intangible Assets" with respect to the Company's investment in Teleknowledge Ltd..

Net loss for the second quarter was \$2.8 million or (\$0.49) per diluted share, compared with a net loss of \$448,000 or (\$0.08) per diluted share in the second quarter of 2006.

MTS ended the second quarter with approximately \$1.6 million in cash and cash equivalents, including marketable securities. The company is continuing to monitor its cash expenditures and is seeking to improve its working capital by year end. Additionally, MTS ended the quarter with an accumulated backlog of orders exceeding \$1.0 million. The backlog represents orders booked but not yet recognized as revenue (excluding deferred maintenance revenues) as of June 30, 2007.

Mr. Eytan Bar, President and CEO of MTS said, "Our acquisition of Telsoft in 2006 is paying off. Telsoft showed very good results this quarter, and has exceeded its target expectations as it sold its traditional Telsoft Call Accounting products as well as the new MTS offerings and solutions to its customer base."

"In the area of Telecommunications Expense Management (TEM), we concluded a successful showing of our solution at the TEM show in San Francisco with very good responses and interest in our solution. We will follow-up on these leads which were indeed most promising."

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"During the second quarter of 2007, we also consolidated our two offices on the West Coast, and our operations extend from our offices on both coasts. We will continue to leverage our solutions and explore new market opportunities," concluded Mr. Bar.

CONFERENCE CALL INFORMATION

MTS will conduct a teleconference to discuss the second quarter results on Wednesday, August 8 at 11:00 a.m Eastern Time/6:00 p.m Israel time.

To access the conference call, please dial +1-800-860-2442 (U.S.), +1-412-858-4600 (international), at least 10 minutes prior to commencement of the call. Reference the MTS conference call or conference ID #408733.

A replay of the call will be available from August 8 through 11:59 p.m. EST on August 15. To access the replay, please dial +1-877-344-7529.

ABOUT MTS

Mer Telemanagement Solutions Ltd. (MTS) is a global provider of business support systems for comprehensive telecommunication management and customer care & billing solutions. MTS' business support system is a full-featured customized solution for telecommunications management, Interconnect and customer care & billing. Its telecommunications expense management solution is used by corporations and organizations to improve the efficiency and performance of all telecommunication and information technology operations, and to significantly reduce associated costs. Its service providers and carriers solutions are used to support sophisticated billing, web-based self-provisioning, partners management and interconnect billing.

Headquartered in Israel, MTS markets through wholly owned subsidiaries in the United States, Hong Kong, Holland, and Brazil, and through OEM partnerships with Siemens, Phillips, NEC and other vendors. MTS' shares are traded on the NASDAQ Capital Market (symbol MTSI). For more information please visit the MTS web site: www.mtsint.com

CERTAIN MATTERS DISCUSSED IN THIS NEWS RELEASE ARE FORWARD-LOOKING STATEMENTS THAT INVOLVE A NUMBER OF RISKS AND UNCERTAINTIES INCLUDING, BUT NOT LIMITED TO, RISKS IN PRODUCT DEVELOPMENT PLANS AND SCHEDULES, RAPID TECHNOLOGICAL CHANGE, CHANGES AND DELAYS IN PRODUCT APPROVAL AND INTRODUCTION, CUSTOMER ACCEPTANCE OF NEW PRODUCTS, THE IMPACT OF COMPETITIVE PRODUCTS AND PRICING, MARKET ACCEPTANCE, THE LENGTHY SALES CYCLE, PROPRIETARY RIGHTS OF THE COMPANY AND ITS COMPETITORS, RISK OF OPERATIONS IN ISRAEL, GOVERNMENT REGULATIONS, DEPENDENCE ON THIRD PARTIES TO MANUFACTURE PRODUCTS, GENERAL ECONOMIC CONDITIONS AND OTHER RISK FACTORS DETAILED IN THE COMPANY'S FILINGS WITH THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION.

CONTACTS:

COMPANY:
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-FINANCIALS TABLES FOLLOW-

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CONSOLIDATED BALANCE SHEETS

U.S. DOLLARS IN THOUSANDS

	DECEMBER 31, 2006 ----- AUDITED -----	JUNE 30,	
		2006 ----- UNAUDITED -----	2007 -----
ASSETS			
CURRENT ASSETS:			
Cash and cash equivalents	\$ 1,474	\$ 1,635	\$ 1,432
Short-term bank deposits	100	-	-
Marketable securities	159	142	160
Trade receivables, net	2,484	2,280	1,955
Unbilled receivables	51	448	59
Other accounts receivable and prepaid expenses	763	690	630
Inventories	138	152	138
	-----	-----	-----
TOTAL current assets	5,169	5,347	4,374
	-----	-----	-----
LONG- TERM INVESTMENTS:			
Investment in an affiliate	1,598	1,777	1,468
Severance pay fund	673	607	726
Other investments	366	365	369
Deferred income taxes	112	115	105
	-----	-----	-----
TOTAL long-term investments	2,749	2,864	2,668
	-----	-----	-----
PROPERTY AND EQUIPMENT, NET	439	500	332
	-----	-----	-----
OTHER ASSETS:			
Goodwill	4,058	3,877	2,635
Other intangible assets, net	1,639	817	933
	-----	-----	-----
TOTAL other assets	5,697	4,694	3,568
	-----	-----	-----
TOTAL assets	\$14,054 =====	\$13,405 =====	\$10,942 =====

CONSOLIDATED BALANCE SHEETS

U.S. DOLLARS IN THOUSANDS (EXCEPT SHARE AND PER SHARE DATA)

DECEMBER 31,

JUN

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	2006	2006
	-----	-----
	AUDITED	UNAUD
	-----	-----
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Short term bank credit and current maturities of bank loan	\$ 421	\$ -
Trade payables	510	605
Accrued expenses and other liabilities	2,507	2,395
Deferred revenues	1,545	891
	-----	-----
TOTAL current liabilities	4,983	3,891
	-----	-----
LONG-TERM LIABILITIES:		
Long-term bank loan	583	-
Long-term loan from related party	-	-
Accrued severance pay	946	876
	-----	-----
TOTAL long-term liabilities	1,529	876
	-----	-----
SHAREHOLDERS' EQUITY:		
Share capital -		
Ordinary shares of NIS 0.01 par value - Authorized:		
12,000,000 shares at December 31, 2006 and June 30, 2006		
and 2007; Issued: 5,784,645, 5,774,645 and 5,784,645		
shares at December 31, 2006 and June 30, 2006 and 2007,		
respectively; Outstanding: 5,773,845, 5,763,845 and		
5,773,845 shares at December 31, 2006 and June 30, 2006		
and 2007, respectively		
Additional paid-in capital	17	17
Treasury shares (10,800 Ordinary shares)	16,109	16,016
Accumulated other comprehensive income	(29)	(29)
Accumulated deficit	254	130
	(8,809)	(7,496)
	-----	-----
TOTAL shareholders' equity	7,542	8,638
	-----	-----
TOTAL liabilities and shareholders' equity	\$ 14,054	\$ 13,405
	=====	=====

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

U.S. DOLLARS IN THOUSANDS (EXCEPT SHARE AND PER SHARE DATA)

YEAR ENDED DECEMBER 31, 2006	THREE MONTHS ENDED JUNE 30,	
	----- 2006	----- 2007
----- AUDITED	----- UNAUD	
-----	-----	

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Revenues	\$ 10,484	\$ 2,704	\$ 2,505
Cost of revenues	*) 3,355	**) 894	**) 753
	-----	-----	-----
Gross profit	7,129	1,810	1,752
	-----	-----	-----
Operating expenses:			
Research and development, net	*) 3,633	**) 898	**) 562
Selling and marketing	*) 3,078	**) 753	**) 803
General and administrative	*) 2,651	**) 630	**) 821
Impairment of goodwill and other intangible assets	-	-	2,312
	-----	-----	-----
TOTAL operating expenses	9,362	2,281	4,498
	-----	-----	-----
Operating loss	(2,233)	(471)	(2,746)
Financial income (expenses), net	(54)	(26)	2
	-----	-----	-----
Loss before taxes on income	(2,287)	(497)	(2,744)
Taxes on income	118	-	-
	-----	-----	-----
Loss before equity in earnings of affiliate	(2,405)	(497)	(2,744)
Equity in earnings of affiliate	159	49	(58)
	-----	-----	-----
Net loss	\$ (2,246)	\$ (448)	\$ (2,802)
	=====	=====	=====
Net loss per share:			
Basic and diluted net loss per Ordinary share	\$ (0.39)	\$ (0.08)	\$ (0.49)
	=====	=====	=====
Weighted average number of Ordinary shares used in computing basic and diluted net loss per share	5,762,311	5,763,845	5,773,845
	=====	=====	=====

*) Including stock-based employee compensation in the amounts of \$ 8, \$ 21, \$ 7 and \$ 18 (December 31, 2006 - \$ 21, \$ 101, \$ 17 and \$ 71 and six months ended June 30, 2006 - \$ 15, \$ 60, \$ 10 and \$ 46) in cost of revenues, research and development, selling and marketing and general and administrative, respectively.

**) Including stock-based employee compensation in the amounts of \$ 4, \$ 14, \$ 4 and \$ 8 (three months ended June 30, 2006 - \$ 5, \$ 45, \$ (3) and \$ 21 in cost of revenues, research and development, selling and marketing and general and administrative, respectively.