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MER TELEMAGEMENT SOLUTIONS LTD

Form 6-K

November 07, 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 November 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 Third Quarter 2007 Financial Results

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the

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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: November 7, 2007

MTS ANNOUNCES THIRD QUARTER 2007 FINANCIAL RESULTS

RA'ANANA, ISRAEL - NOVEMBER 7, 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 three and nine months ended September 30, 2007.

Revenues for the third quarter were \$2.2 million, compared with revenues of \$2.7 million in the third quarter of 2006. Revenues for the nine month period ended September 30, 2007 were \$7.1 million, compared with revenues of \$8.2 for the 2006 nine month period.

Net loss for the third quarter was \$1.7 million or \$0.29 diluted per share, compared with a net loss of \$644,000 or \$0.11 diluted per share, in the third quarter of 2006. Net loss for the nine month period ended September 30, 2007 was \$5.1 million, or \$0.88 diluted per share, compared with a net loss of \$1.6 million or \$0.27 diluted per share, for the 2006 nine month period.

This increased net loss for the nine month period ended September 30, 2007 is mainly attributable to a \$2.3 million impairment charge relating to the goodwill from the acquisition of Teleknowledge in 2004. In addition, the increase in the third quarter loss was mainly attributable to an expected loss of \$233,000 from the sale of the shares of Jusan S.A., an affiliate in which the Company holds a 50% interest, an increase in our bad debts allowance and a one time sales tax assessment in our U.S. subsidiary.

Mr. Eytan Bar, MTS President & CEO commented "Our increased sales activity generated \$2.7 million of new orders during the third quarter of 2007. We are working to translate our pipeline of orders into revenues and improved cash flow."

"On the operational side, we are continuing to improve our implementation processes while closely monitoring and reducing our overall costs. We are also in process of selling our holdings in Jusan, our Spanish affiliate, for approximately \$1.0 million, in order to improve our cash position." concluded Mr. Bar.

CONFERENCE CALL INFORMATION

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MTS will conduct a teleconference to discuss the third quarter results on Wednesday, November 7 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 #MTS.

A replay of the call will be available from November 7 through 11:59 p.m. EST on November 14. To access the replay, please dial +1-800-860-2442.

ABOUT MTS

Mer Telemanagement Solutions Ltd. (MTS) is a worldwide provider of innovative solutions for comprehensive telecommunications expense management (TEM) used by enterprises, and for business support systems (BSS) used by information and telecommunication service providers.

Since 1984, MTS Telecommunications' expense management solutions have been used by thousands of enterprises and organizations to ensure that their telecommunication services are acquired, provisioned, and invoiced correctly. In addition, the MTS's Application Suite has provided customers with a unified view of telecommunication usage, proactive budget control, personal call management, employee cost awareness and more.

MTS's solutions for Information and Telecommunication Service Providers are used worldwide by wireless and wireline service providers for interconnect billing, partner revenue management and for charging and invoicing their customers. MTS has pre-configured solutions to support emerging carriers of focused solutions (e.g. IPTV, VoIP, MVNO) to rapidly install a full-featured and scaleable solution. MTS's unique technology reduces integration risks and lessens revenue leakage by using the very same system to manage retail and wholesale business as well as supporting multiple business units. Total cost of ownership (TCO) is reduced by providing web-based customer self-care and provisioning.

Headquartered in Israel, MTS markets its solutions through wholly owned subsidiaries in the United States, Hong Kong, The Netherlands, and Brazil, as well as 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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CONSOLIDATED BALANCE SHEETS

U.S. DOLLARS IN THOUSANDS

	SEPTEMBER 30,	
	2007	2006
	UNAUDITED	
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 975	\$ 1,557
Short term bank deposit	-	-
Marketable securities	171	153
Trade receivables, net (net of allowance for bad debt of \$ 867 as of September 30, 2007 and \$ 505 as of September 30, 2006 and December 31, 2006)	1,578	2,361
Unbilled receivables	44	220
Other accounts receivable and prepaid expenses	1,690	692
Inventories	62	137
TOTAL current assets	4,520	5,120
LONG- TERM INVESTMENTS:		
Investment in an affiliate	-	1,572
Severance pay fund	743	620
Other investments	327	365
Deferred income taxes	105	115
TOTAL long-term investments	1,175	2,672
PROPERTY AND EQUIPMENT, NET	316	461
OTHER ASSETS:		
Goodwill	2,796	4,069
Other intangible assets, net	853	1,781
TOTAL other assets	3,649	5,850
TOTAL assets	\$ 9,660	\$14,103

CONSOLIDATED BALANCE SHEETS

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

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	SEPTEMBER 30,	
	2007	2006
	UNAUDITED	
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Current maturities on bank loan	\$ 841	\$ 167
Trade payables	670	620
Accrued expenses and other liabilities	3,546	2,439
Deferred revenues	1,228	1,082
	-----	-----
TOTAL current liabilities	6,285	4,308
	-----	-----
LONG-TERM LIABILITIES:		
Long term bank loan	-	833
Accrued severance pay	1,043	906
	-----	-----
TOTAL long-term liabilities	1,043	1,739
	-----	-----
SHAREHOLDERS' EQUITY:		
Share capital -		
Ordinary shares of NIS 0.01 par value - Authorized:		
12,000,000 shares at September 30, 2007 and 2006 and		
December 31, 2006; Issued: 5,784,645, at September 30,		
2007 and 2006 and December 31,2006; Outstanding:		
5,773,845 shares at September 30, 2007 and 2006 and		
December 31, 2006		
Additional paid-in capital	17	17
Treasury shares (10,800 Ordinary shares)	16,188	16,072
Accumulated other comprehensive income	(29)	(29)
Accumulated deficit	28	136
	(13,872)	(8,140)
	-----	-----
TOTAL shareholders' equity	2,332	8,056
	-----	-----
TOTAL liabilities and shareholders' equity	\$ 9,660	\$ 14,103
	=====	=====

CONSOLIDATED STATEMENTS OF OPERATIONS

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

	NINE MONTHS ENDED		THREE MONTHS	
	SEPTEMBER 30,		SEPTEMBER	
	2007	2006	2007	2006
	UNAUDITED			
Revenues	\$ 7,138	\$ 8,170	\$ 2,187	\$ 2,187

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Cost of revenues	2,171	2,641	790	
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Gross profit	4,967	5,529	1,397	
Operating expenses:				
Research and development, net	2,093	2,873	645	
Selling and marketing	2,650	2,397	1,011	
General and administrative	2,712	1,954	1,193	
Impairment of goodwill and other intangible assets	2,312	-	-	
	-----	-----	-----	-----
TOTAL operating expenses	9,767	7,224	2,849	
Operating loss	(4,800)	(1,695)	(1,452)	
Financial expenses, net	(31)	(49)	(18)	
Other expenses	(233)	-	(233)	
	-----	-----	-----	-----
Loss before taxes on income	(5,064)	(1,744)	(1,703)	
Taxes on income	-	3	-	
	-----	-----	-----	-----
Loss before equity in earnings of affiliate	(5,064)	(1,747)	(1,703)	
Equity in earnings of affiliate	1	170	27	
	-----	-----	-----	-----
Net loss	\$ (5,063)	\$ (1,577)	\$ (1,676)	\$
	=====	=====	=====	=====
Basic and diluted net loss per Ordinary share	\$ (0.88)	\$ (0.27)	\$ (0.29)	\$
	=====	=====	=====	=====
Weighted average number of Ordinary shares used in computing basic and diluted net loss per share	5,773,845	5,758,850	5,773,845	
	=====	=====	=====	=====