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MER TELEMAGEMENT SOLUTIONS LTD

Form 6-K

March 04, 2008

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 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 March 2008

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 Telemanagement Solutions Ltd.

6-K Items

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

SIGNATURES

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.

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MER TELEMANAGEMENT SOLUTIONS LTD.
(Registrant)

By: /s/Eytan Bar

Eytan Bar
Chief Executive Officer

Date: March 4, 2008

[MTS LOGO]

MTS Announces Fourth Quarter 2007 Financial Results

Ra'anana, Israel -March 4, 2008 - MTS - Mer Telemanagement 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 fourth quarter of 2007 and the year ended December 31, 2007.

Revenues for the fourth quarter of 2007 were \$2.2 million, compared with revenues of \$2.3 million in the fourth quarter of 2006. Revenues for the twelve month period ended December 31, 2007 were \$9.3 million, compared with revenues of \$10.5 million for the 2006 twelve month period.

Net loss for the fourth quarter was \$760,000 or (\$0.13) per diluted share, compared with a net loss of \$669,000 or (\$0.12) per diluted share in the fourth quarter of 2006. Net loss for the twelve month period ended December 31, 2007 increased to \$5.8 million or (\$1.01) per diluted share, compared with a net loss of \$2.2 million or (\$0.39) per diluted share for the 2006 twelve month period.

This increased net loss for the twelve month period ended December 31, 2007 is mainly attributable to a \$2.3 million impairment charge relating to the goodwill arising from the acquisition of Teleknowledge in 2004, an equity loss of \$197,000 from the sale of our ownership interest in Jusan S.A., an affiliate in which the Company held 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 CEO commented "Although we are disappointed with our revenue decline in 2007, we believe that we are on the right track as our increased sales activity generated \$2.9 million of new orders during the fourth 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" continued Mr. Bar. "The sale of our ownership interest in Jusan S.A. during the fourth quarter and cVidya Networks Inc. in the first quarter of 2008 is the second step of our restructuring plan and efforts to improve the Company's cash position and working capital. Together with the \$750,000 investment of Mr. Lior Salansky, the Company has strengthened its main financial indicators and is now able to focus on its search for new opportunities and in expanding its core business." "We see the market opportunities and are ready to leverage our solutions. We are looking forward to improve both our top and bottom line performance," concluded Mr. Bar.

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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

December

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	2006

ASSETS	
CURRENT ASSETS:	
Cash and cash equivalents	\$ 1,474
Short term bank deposits	100
Marketable securities	159
Trade receivables (net of allowance for doubtful accounts of \$ 505 and \$ 882 at December 31, 2006 and 2007, respectively)	2,484
Unbilled receivables	51
Other accounts receivable and prepaid expenses	763
Investment in other companies	--
Inventories	138

Total current assets	5,169

LONG-TERM ASSETS:	
Investments in an affiliate	1,598
Severance pay fund	673
Other investments	366
Deferred income taxes	112

Total long-term assets	2,749

PROPERTY AND EQUIPMENT, NET	439

OTHER ASSETS:	
Goodwill	4,058
Other intangible assets, net	1,639

Total other assets	5,697

Total assets	\$ 14,054
	=====

CONSOLIDATED BALANCE SHEETS

U.S. dollars in thousands (except share and per share data)

	December

	2006

LIABILITIES AND SHAREHOLDERS' EQUITY	

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CURRENT LIABILITIES:

Short term bank credit and current maturities on bank loan	\$	421	\$
Trade payables		510	
Accrued expenses and other liabilities		2,507	
Deferred revenues		1,545	

Total current liabilities		4,983	

LONG-TERM LIABILITIES:

Long term bank loan		583	
Accrued severance pay		946	

Total long-term liabilities		1,529	

COMMITMENTS AND CONTINGENT LIABILITIES

SHAREHOLDERS' EQUITY:

Share capital -			
Ordinary shares of NIS 0.01 par value - Authorized: 12,000,000 shares at December 31, 2006 and 2007; Issued: 5,784,645 shares at December 31, 2006 and 2007; Outstanding: 5,773,845 shares at December 31, 2006 and 2007			
		17	
Additional paid-in capital		16,109	
Treasury shares (10,800 Ordinary shares at December 31, 2006 and 2007)		(29)	
Accumulated other comprehensive income		254	
Accumulated deficit		(8,809)	

Total shareholders' equity		7,542	

Total liabilities and shareholders' equity	\$	14,054	\$
		=====	

CONSOLIDATED STATEMENTS OF OPERATIONS

U.S. dollars in thousands (except share and per share data)

	Year ended December 31,	
	2006	2007
	-----	-----
Revenues:		
Product sales	\$ 7,518	\$ 5,760
Services	2,966	3,578
	-----	-----
Total revenues	10,484	9,338
	-----	-----
Cost of revenues:		

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Product sales	2,631	1,872
Services	724	864
	-----	-----
Total cost of revenues	3,355	2,736
	-----	-----
Gross profit	7,129	6,602
	-----	-----
Operating expenses:		
Research and development, net of grants from the OCS	3,633	2,640
Selling and marketing	3,078	3,481
General and administrative	2,651	3,695
Impairment of goodwill and other intangible assets		2,312
	-----	-----
Total operating expenses	9,362	12,128
	-----	-----
Operating loss	(2,233)	(5,526)
Financial income (expenses), net	(54)	(105)
Capital loss on sale of long-term investment		(63)
	-----	-----
Loss before taxes on income	(2,287)	(5,694)
Tax on income (benefit), net	118	(68)
	-----	-----
Loss before equity in earnings (loss) of affiliate	(2,405)	(5,626)
Equity in earnings (loss) of affiliate	159	(197)
	-----	-----
Net loss	\$ (2,246)	\$ (5,823)
	=====	=====
Net loss per share:		
Basic and diluted net loss per Ordinary share	\$ (0.39)	\$ (1.01)
	=====	=====
Weighted average number of Ordinary shares used in computing basic and diluted net loss per share	5,762,311	5,773,845
	=====	=====