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MER TELEMAGEMENT SOLUTIONS LTD

Form 6-K

February 07, 2007

SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

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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 February 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 Fourth Quarter 2006 and Annual Financial Results, dated February 7, 2007.

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## 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.

MER TELEMAGEMENT SOLUTIONS LTD.  
(Registrant)

By: /s/ Eytan Bar

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Eytan Bar  
President and  
Chief Executive Officer

Date: February 7, 2007

## MTS ANNOUNCES FOURTH QUARTER 2006 AND ANNUAL FINANCIAL RESULTS

RA'ANANA, ISRAEL - FEBRUARY 7, 2007 - MTS - MER TELEMAGEMENT SOLUTIONS LTD. (NASDAQ CAPITAL MARKET: MTSI), 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 2006 and the year ended December 31, 2006.

Revenues for the fourth quarter of 2006 were \$2.9 million, compared with revenues of \$3.0 million in the fourth quarter of 2005. Revenues for the twelve month period ended December 31, 2006 were \$11.0 million, compared with revenues of \$11.6 million for the 2005 twelve month period.

Operating income for the fourth quarter of 2006 was \$17,000 compared with a loss of \$225,000 in the fourth quarter of 2005. Operating loss for the twelve month period ended December 31, 2006 decrease 61% to \$1.7 million, compared with a loss of \$4.3 million for the 2005 twelve month period.

Net profit for the fourth quarter was \$50,000 or \$0.01 per diluted share, compared with a net loss of \$335,000 or (\$0.06) per diluted share in the fourth quarter of 2005. Net loss for the twelve month period ended December 31, 2006 decline by 64% to \$1.5 million, or (\$0.27) per diluted share, compared with a net loss of \$4.2 million or (\$0.83) per diluted share for the 2005 twelve month period.

MTS ended the fourth quarter with an accumulated backlog of orders of approximately \$1.3 million. The backlog represents orders booked but not yet recognized as revenue as of December 31, 2006.

Mr. Eytan Bar, President and CEO of MTS said "In the last few years MTS invested in its growth strategy plan which relies on our telecom expense management (TEM) and billing solutions. In 2006, we successfully established new partnerships with NEC to provide our TEM solution and with an additional major network vendor to provide our IPTV and convergent billing solutions.

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In the last two years we successfully implemented our new billing and interconnect solutions worldwide and we started to gain market recognition which exposes us to new market opportunities and increases our chances of closing new contracts. We started implementations of our TEM solution for several customers in the US and Europe in 2006 and we are about to complete them during 2007.

In 2006, we expanded our presence in the US telemanagement market by acquiring TelSoft Solutions, a California based telemanagement solutions company. We believe that their large customer installed base in the US is a key to our success with our new TEM offerings.

"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.

### CONFERENCE CALL INFORMATION

MTS will conduct a teleconference to discuss the fourth quarter results on Wednesday, February 7 at 11:00 a.m Eastern Time/6:00 p.m Israel time.

To access the conference call, please dial +1-800-896-8445 (U.S.), +1-785-830-1916 (international), at least 10 minutes prior to commencement of the call. Reference the MTS conference call or conference ID #MULTIVU

A replay of the call will be available from February 7 through 11:59 p.m. EST on February 14. To access the replay, please dial +1-800-753-5575.

### 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](http://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:

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COMPANY:

Shlomi Hagai  
 Corporate COO & CFO  
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CONSOLIDATED BALANCE SHEETS

U.S. DOLLARS IN THOUSANDS

|   | DECEMBER |          |
|---|----------|----------|
|   | 2005     | 2006     |
|   | -----    | -----    |
| ASSETS  |          |          |
| CURRENT ASSETS:   |          |          |
| Cash and cash equivalents   | \$ 3,191 | \$ 3,191 |
| Short term bank deposits  | -        | -        |
| Marketable securities   | 132      | 132      |
| Trade receivables (net of allowance for doubtful accounts<br>of \$ 402 and \$ 505 at December 31, 2005 and 2006,<br>respectively) | 1,895    | 1,895    |
| Unbilled receivables  | 104      | 104      |
| Other accounts receivable and prepaid expenses  | 491      | 491      |
| Inventories   | 181      | 181      |
|   | -----    | -----    |
| TOTAL current assets  | 5,994    | 5,994    |
|   | -----    | -----    |
| LONG-TERM ASSETS:   |          |          |
| Investments in an affiliate   | 1,615    | 1,615    |
| Long-term loans, net of current maturities  | 3        | 3        |
| Severance pay fund  | 478      | 478      |
| Other investments   | 347      | 347      |
|   | -----    | -----    |
| TOTAL long-term assets  | 2,443    | 2,443    |
|   | -----    | -----    |
| PROPERTY AND EQUIPMENT, NET   | 571      | 571      |
|   | -----    | -----    |
| OTHER ASSETS:   |          |          |
| Goodwill  | 3,700    | 3,700    |
| Other intangible assets, net  | 993      | 993      |
| Deferred income taxes   | 115      | 115      |
|   | -----    | -----    |
| TOTAL other assets  | 4,808    | 4,808    |
|   | -----    | -----    |
| TOTAL assets  | \$13,816 | \$13,816 |
|   | =====    | =====    |

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CONSOLIDATED BALANCE SHEETS

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

|  | DECEMBER 31, |           |
|--|--------------|-----------|
|  | 2005         | 2006      |
| LIABILITIES AND SHAREHOLDERS' EQUITY   |              |           |
| CURRENT LIABILITIES:   |              |           |
| Short term bank credit   | \$ -         | \$ -      |
| Current maturities on bank loan  | -            | -         |
| Trade payables   | 735          | 735       |
| Accrued expenses and other liabilities   | 2,306        | 2,306     |
| Deferred revenues  | 888          | 888       |
|  | -----        | -----     |
| TOTAL current liabilities  | 3,929        | 3,929     |
|  | -----        | -----     |
| LONG-TERM LIABILITIES:   |              |           |
| Long term bank loan  | -            | -         |
| Accrued severance pay  | 713          | 713       |
|  | -----        | -----     |
| TOTAL long-term liabilities  | 713          | 713       |
|  | -----        | -----     |
| SHAREHOLDERS' EQUITY:  |              |           |
| Share capital -  |              |           |
| Ordinary shares of NIS 0.01 par value - Authorized: 12,000,000 shares at December 31, 2005 and 2006; Issued: 5,744,304 and 5,784,645 shares at December 31, 2005 and 2006, respectively; Outstanding: 5,733,504 and 5,773,645 shares at December 31, 2005 and 2006, respectively | 17           | 17        |
| Additional paid-in capital   | 15,966       | 15,966    |
| Treasury shares (10,800 Ordinary shares at December 31, 2005 and 2006)   | (29)         | (29)      |
| Deferred stock compensation  | (142)        | (142)     |
| Accumulated other comprehensive income (loss)  | (75)         | (75)      |
| Accumulated deficit  | (6,563)      | (6,563)   |
|  | -----        | -----     |
| TOTAL shareholders' equity   | 9,174        | 9,174     |
|  | -----        | -----     |
| TOTAL liabilities and shareholders' equity   | \$ 13,816    | \$ 13,816 |
|  | =====        | =====     |

CONSOLIDATED STATEMENTS OF OPERATIONS

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

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|  | YEAR ENDED<br>DECEMBER 31, |            | THREE MONTH<br>DECEMBER |
|--|----------------------------|------------|-------------------------|
|  | 2005                       | 2006       | 2005                    |
| Revenues   | \$ 11,563                  | \$ 11,039  | \$ 3,012                |
| Cost of revenues   | 3,802                      | (*) 3,355  | 848                     |
| Gross profit   | 7,761                      | 7,684      | 2,164                   |
| Operating expenses:  |                            |            |                         |
| Research and development, net  | 4,395                      | (*) 3,633  | 953                     |
| Selling and marketing  | 4,797                      | (*) 3,078  | 916                     |
| General and administrative   | 2,830                      | (*) 2,651  | 520                     |
| TOTAL operating expenses   | 12,022                     | 9,362      | 2,389                   |
| Operating income (loss)  | (4,261)                    | (1,678)    | (225)                   |
| Financial income (expenses), net   | 53                         | (54)       | (43)                    |
| Income (loss) before taxes on income   | (4,208)                    | (1,732)    | (268)                   |
| Taxes on income  | (10)                       | 46         | (10)                    |
| Loss before equity in earnings of affiliate  | (4,218)                    | (1,686)    | (278)                   |
| Equity in earnings (losses) of affiliate   | 2                          | 159        | (57)                    |
| Net income (loss)  | \$ (4,216)                 | \$ (1,527) | \$ (335)                |
| Net earnings (loss) per share:   |                            |            |                         |
| Basic and diluted net earnings (loss) per Ordinary share   | \$ (0.83)                  | \$ (0.27)  | \$ (0.06)               |
| Weighted average number of Ordinary shares used in computing basic net earnings (loss) per share   | 5,092,117                  | 5,762,311  | 5,724,504               |
| Weighted average number of Ordinary shares used in computing diluted net earnings (loss) per share | 5,092,117                  | 5,762,311  | 5,724,504               |

(\*) Including stock-based employee compensation in the amounts of \$ 21, \$ 101, \$ 17 and \$ 71 in cost of revenues, research and development, selling and marketing and general and administrative, respectively.

(\*\*) Including stock-based employee compensation in the amounts of \$1, \$19, \$3 and \$12 in cost of revenues, research and development, selling and marketing and general and administrative, respectively.

