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MER TELEMAGEMENT SOLUTIONS LTD

Form 6-K

November 09, 2006

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 2006

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 Third Quarter 2006 Financial Results dated November 9, 2006.

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: November 9, 2006

MTS ANNOUNCES THIRD QUARTER 2006 FINANCIAL RESULTS

RA'ANANA, ISRAEL - NOVEMBER 9, 2006 - 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 third quarter of 2006, ended September 30, 2006.

Revenues for the third quarter were \$2.7 million, compared with revenues of \$3.0 million in the third quarter of 2005. Revenues for the nine month period ended September 30, 2006 were \$8.2 million, compared with revenues of \$8.6 million for the 2005 nine month period.

Net loss for the third quarter was \$644,000 or \$0.11 diluted per share, compared with a net loss of \$698,000 or \$0.13 diluted per share, in the third quarter of 2005. Net loss for the nine month period ended September 30, 2006 was \$1.6 million, or \$0.27 diluted per share, a decline of 60% compared with a net loss of \$3.9 million or \$0.79 diluted per share, for the 2005 nine month period.

MTS ended the third quarter with an accumulated backlog of orders of approximately \$1.2 million. The backlog represents orders booked but not yet recognized as revenue as of September 30, 2006.

"We believe in our growth strategy and are looking to see better results from our mature CC&B and Interconnect solutions while developing the Invoice management solutions as an additional growth engine for the coming years" said Eytan Bar, President & CEO of MTS.

CONFERENCE CALL INFORMATION

MTS will conduct a teleconference to discuss the third quarter results on Thursday, November 9 at 11:00 a.m Eastern Time/6:00 p.m Israel time.

To access the conference call, please dial +1-877-210-6102 (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 November 9 through 11:59 p.m.

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EST on November 16. To access the replay, please dial +1-800-839-5324.

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:

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-FINANCIALS TABLES FOLLOW-

CONSOLIDATED BALANCE SHEETS

U.S. DOLLARS IN THOUSANDS

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	SEPTEMBER 30,		DECEMBER 31,
	2006	2005	2005
	UNAUDITED		AUDITED
ASSETS			
CURRENT ASSETS:			
Cash and cash equivalents	\$ 1,557	\$ 3,712	\$ 3,191
Marketable securities	153	118	132
Trade receivables, net	2,361	1,620	1,895
Unbilled receivables	220	268	104
Other accounts receivable and prepaid expenses	692	390	491
Inventories	137	161	181
TOTAL current assets	5,120	6,269	5,994
LONG- TERM INVESTMENTS:			
Investment in an affiliate	1,572	1,738	1,615
Long-term loans, net of current maturities	-	9	3
Severance pay fund	620	480	478
Other investments	365	387	347
TOTAL long-term investments	2,557	2,614	2,443
PROPERTY AND EQUIPMENT, NET	461	573	571
OTHER ASSETS:			
Goodwill	4,069	3,626	3,700
Other intangible assets, net	1,781	1,081	993
Deferred income taxes	115	73	115
TOTAL other assets	5,965	4,780	4,808
TOTAL assets	\$14,103	\$14,236	\$13,816

CONSOLIDATED BALANCE SHEETS

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

	SEPTEMBER 30,	
	2006	2005
	UNAUDITED	
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Current maturities on bank loan	\$ 167	\$ -

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Trade payables	620	688
Accrued expenses and other liabilities	2,439	2,396
Deferred revenues	1,082	968
	-----	-----
TOTAL current liabilities	4,308	4,052
	-----	-----
LONG-TERM LIABILITIES:		
Long term bank loan	833	-
Accrued severance pay	906	685
	-----	-----
TOTAL long-term liabilities	1,739	685
	-----	-----
SHAREHOLDERS' EQUITY:		
Share capital -		
Ordinary shares of NIS 0.01 par value - Authorized:		
12,000,000 shares at September 30, 2006 and 2005 and		
December 31, 2006; Issued: 5,784,645, 5,734,304 and		
5,744,304 shares at September 30, 2006 and 2005 and		
December 31, 2005, respectively; Outstanding: 5,773,845,		
5,723,504 and 5,733,504 shares at September 30, 2006 and		
2005 and December 31, 2005	17	17
Additional paid-in capital	16,072	15,917
Treasury shares (10,800 Ordinary shares)	(29)	(29)
Deferred stock compensation	-	(159)
Accumulated other comprehensive income (loss)	136	(19)
Accumulated deficit	(8,140)	(6,228)
	-----	-----
TOTAL shareholders' equity	8,056	9,499
	-----	-----
TOTAL liabilities and shareholders' equity	\$ 14,103	\$ 14,236
	=====	=====

CONSOLIDATED STATEMENTS OF OPERATIONS

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

	NINE MONTHS ENDED		THREE MONTHS
	SEPTEMBER 30,		SEPTEMBER 30,
	2006	2005	2006

	UNAUDITED		

Revenues	\$ 8,170	\$ 8,551	\$ 2,652
Cost of revenues	(*) 2,641	2,954	(**) 813
	-----	-----	-----
Gross profit	5,529	5,597	1,839
	-----	-----	-----
Operating expenses:			
Research and development, net	(*) 2,873	3,442	(**) 915
Selling and marketing	(*) 2,397	3,881	(**) 814

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General and administrative	(*) 1,954	2,310	(**) 746
	-----	-----	-----
TOTAL operating expenses	7,224	9,633	2,475
	-----	-----	-----
Operating loss	(1,695)	(4,036)	(636)
Financial income (expenses), net	(49)	96	(60)
	-----	-----	-----
Loss before taxes on income	(1,744)	(3,940)	(696)
Taxes on income	3	-	-
	-----	-----	-----
Loss before equity in earnings of affiliate	(1,747)	(3,940)	(696)
Equity in earnings of affiliate	170	59	52
	-----	-----	-----
Net loss	\$ (1,577)	\$ (3,881)	\$ (644)
	=====	=====	=====
Basic and diluted net loss per Ordinary share	\$ (0.27)	\$ (0.79)	\$ (0.11)
	=====	=====	=====
Weighted average number of Ordinary shares used in computing basic and diluted net loss per share	5,758,850	4,885,710	5,765,289
	=====	=====	=====

(*) Including stock-based employee compensation in the amounts of \$ 20, \$ 82, \$ 14 and \$ 59 in cost of revenues, research and development, selling and marketing and general and administrative, respectively.

(**) Including stock-based employee compensation in the amounts of \$5, \$22, \$4 and \$13 in cost of revenues, research and development, selling and marketing and general and administrative, respectively.