

MER TELEMANAGEMENT SOLUTIONS LTD

Form 6-K

May 11, 2004

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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 May 2004

MER TELEMANAGEMENT SOLUTIONS LTD.
(Name of Registrant)

40 Aluf David Street, Ramat-Gan 52232 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- _____

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MER Telemangement Solutions Ltd.

6-K Items

1. Press Release re MTS Reports First Quarter 2004 Results dated May 11, 2004.

Press Release

Source: MTS - Mer Telemanagement Solutions Ltd.

MTS Reports First Quarter 2004 Results
Tuesday May 11, 8:31 am ET

- Company increases investment in sales, marketing and R&D in execution of turnaround plan - RA'ANANA, Israel, May 11 /PRNewswire-FirstCall/ -- MTS - Mer Telemanagement Solutions Ltd. (Nasdaq: MTSL - News), a global provider of Operations Support Systems (OSS) for comprehensive Telecommunication Management and Customer Care & Billing solutions, today reported its financial results for the first quarter of 2004.

Revenues for the first quarter were \$2.4 million, an increase of 5% compared with \$2.2 million for the first quarter of 2003. Revenues for the fourth quarter of 2003 were \$2.5 million. Net loss for the quarter was \$197,000, or \$(0.04) per share, compared with net income of \$14,000, or \$0.00 per share, for the first quarter of 2003. Net income for the fourth quarter of 2003 was \$80,000, or \$0.02 per share.

Commenting on the results, Mr. Eytan Bar, MTS's President and Chief Executive Officer, said, "During the first quarter, we began executing a comprehensive turnaround plan aimed at revenue growth and profitability. Our focus during the first half of this year is to improve our sales and professional services capabilities and to invest in our product offerings. To this end, we have recently appointed Mr. Jeff Holden, a successful industry veteran, as Vice President of Sales for North America, a strategic region for MTS. In addition, to expand our business analysis and project implementation capabilities, we have appointed Mr. Zvika Kupper, an experienced executive from the service provider billing industry, as Vice President of Professional Services."

The Company's gross profit for the first quarter increased by 7% to \$1.82 million from \$1.7 million in the first quarter of 2003.

During the first quarter, the Company's investment in R&D was \$534,000, an increase of 21% compared with \$441,000 for the first quarter of 2003 and a decrease of 5% compared with \$564,000 for the fourth quarter of 2003. In parallel, the Company increased its investment in sales and marketing by 23% to \$1.1 million compared to the first quarter of 2003 and 13% compared to the fourth quarter of 2003. Both increases reflect the steps being taken by management as part of the Company's turnaround plan.

Operating loss for the quarter totaled \$238,000 compared with \$142,000 for the first quarter 2003.

Yossi Brikman, Corporate COO & CFO, added, "We are pleased to have recorded \$145,000 in cash flow from operating activities for the quarter despite the net loss. As of March 31, 2004, our cash and cash equivalents, including marketable securities, reached \$10.6 million compared with \$10.3 million at the end of 2003."

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Mr. Bar concluded, "Taken as a whole, we are satisfied with our accomplishments during the first quarter. We are on track in the execution of our strategic plan and confident as we look ahead."

The Company will conduct a teleconference to discuss the results today, Tuesday, May 11th, at 11:00 AM Eastern Daylight Time (18:00 Israel Time). To participate please dial 1-800-572-9813 from the US or Canada (toll free), 1-800-945-7877 from Israel (toll free), or +1-706-679-7713 from other locations approximately 5 minutes prior to the starting time.

A replay of the call will be available from 2:00pm EDT on Tuesday, May 11, 2004, until 11:00pm EDT on Monday, February 18. To access the replay please dial 1-800-642-1687 from the US or Canada (toll free), 1-800-945-8731 from Israel (toll free), or +1-706-645-9291 from other locations.

About MTS

Mer Telemanagement Solutions Ltd. is a global provider of operations support systems (OSS) for comprehensive telecommunication management and customer care & billing solutions. MTS' OSS is a full-featured customized solution for telecommunications management and customer care & billing. Its telecommunications enterprise resource planning (ERP) application suite is used by corporations and organizations to improve the efficiency and performance of all telecommunication and information technology (IT) operations, and to significantly reduce associated costs. Its affordable customer care and billing (CC&B) solutions are used by service providers and operators to support sophisticated billing, web-based self-provisioning and other revenue-generating applications.

Headquartered in Israel, MTS markets through wholly owned subsidiaries in the U.S., Hong Kong, Holland, and Brazil, and through OEM partnerships with Siemens, Phillips, and other PABX vendors. Its legacy call accounting solutions have been installed by over 60,000 customers in 60 countries. MTS' shares are traded on the NASDAQ stock exchange (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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MER TELEMANAGEMENT SOLUTIONS LTD.
AND ITS SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
U.S. dollars in thousands

	2004	March 31, Unaudited 2003	December 31, 2003
ASSETS			
CURRENT ASSETS:			
Cash and cash equivalents	\$8,896	\$8,935	\$8,684
Marketable securities	1,683	1,340	1,644
Trade receivables, net	1,340	1,211	1,391
Other accounts receivable and prepaid expenses	503	563	566
Inventories	199	256	193
Total current assets	12,621	12,305	12,478
LONG-TERM INVESTMENTS:			
Investment in an affiliate	1,722	1,519	1,859
Long-term loans, net of current maturities	83	73	95
Severance pay fund	560	533	564
Other investments	368	375	368
Total long-term investments	2,733	2,500	2,886
PROPERTY AND EQUIPMENT, NET	456	593	482
OTHER ASSETS:			
Goodwill	2,025	2,025	2,025
Other intangible assets, net	167	322	206
Deferred income taxes	105	162	105
Total other assets	2,297	2,509	2,336
Total assets	\$18,107	\$17,907	\$18,182

CONSOLIDATED BALANCE SHEETS
U.S. dollars in thousands (except share data)

	2004	March 31, Unaudited 2003	December 31, 2003
LIABILITIES AND			

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SHAREHOLDERS' EQUITY

CURRENT LIABILITIES:

Current maturities of long-term loans	\$6	\$8	\$8
Trade payables	502	449	393
Accrued expenses and other liabilities	1,440	1,410	1,421
Deferred revenues	1,198	1,266	1,219
Total current liabilities	3,146	3,133	3,041

LONG-TERM LIABILITIES:

Long-term loans, net of current maturities	--	6	--
Accrued severance pay	668	701	677
Total long-term liabilities	668	707	677

SHAREHOLDERS' EQUITY:

Share capital - Ordinary shares of NIS 0.01 par value - Authorized: 12,000,000 shares; Issued: 4,632,137 and 4,631,471 shares at March 31, 2004 and December 31, 2003, respectively; Outstanding: 4,625,137 and 4,624,471 shares at March 31, 2004 and December 31, 2003, respectively	14	15	14
Additional paid-in capital	12,622	12,906	12,603
Treasury shares	(20)	(344)	(20)
Accumulated other comprehensive income (loss)	94	(217)	87
Retained earnings	1,583	1,707	1,780
Total shareholders' equity	14,293	14,067	14,464
Total liabilities and shareholders' equity	\$18,107	\$17,907	\$18,182

CONSOLIDATED STATEMENTS OF OPERATIONS U.S. Dollars in thousands (except share data)

	Three months ended March 31, 2004	Year ended December 31, 2003	2003
	2004	2003	2003
	Unaudited		
Revenues from products and services	\$2,359	\$2,240	\$9,230
Cost of revenues from products and services	541	540	1,849
Gross profit	1,818	1,700	7,381

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Operating expenses:			
Research and development	534	441	1,825
Selling and marketing	1,125	918	3,916
General and administrative	397	483	1,830
Total operating expenses	2,056	1,842	7,571
Operating loss	(238)	(142)	(190)
Financial income, net	27	17	124
Other income (expenses), net	(32)	--	6
Loss before taxes on income	(243)	(125)	(60)
Taxes on income	--	--	198
	(243)	(125)	(258)
Equity in earnings of affiliate	46	139	345
Net income (loss)	\$ (197)	\$14	\$87
Net earnings (loss) per share:			
Basic and diluted net earnings (loss) per Ordinary share	\$ (0.04)	\$--	\$0.02
Weighted average number of Ordinary shares used in computing basic net earning (loss) per share			
	4,624,804	4,647,793	4,617,099
Weighted average number of Ordinary shares used in computing diluted net earning (loss) per share			
	4,624,804	4,647,793	4,628,249

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 TELEMANAGEMENT SOLUTIONS LTD.
(Registrant)

By: /s/Yossi Brikman

Yossi Brikman
Chief Financial Officer

Date: May 11, 2004