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INTERNET GOLD GOLDEN LINES LTD
Form 6-K
May 20, 2009

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 2009

INTERNET GOLD-GOLDEN LINES LTD.
(Name of Registrant)

1 Alexander Yanai Street Petach-Tikva, 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-_____

Internet Gold-Golden Lines Ltd.

6-K Items

1. Press Release re Internet Gold Reports First Quarter 2009 Financial Results dated May 20, 2009.

Press Release

Source: Internet Gold

Internet Gold Reports First Quarter 2009 Financial Results

Company Reports Record Operating Cash Flow

On Wednesday May 20, 2009, 3:16 am EDT

PETACH TIKVA, Israel, May 20 /PRNewswire-FirstCall/ -- Internet Gold Golden Lines Ltd., (NASDAQ: IGLD - News; TASE: IGLD) today reported its financial results for the first quarter of 2009.

Highlights

- Strong revenues and EBITDA: First quarter revenues up 8% to NIS 302M; adjusted EBITDA up 15% to NIS 69M.
- Strong operating cash flow: NIS 53M in Q1 2009. Net finance debt as of March 31, 2009 decreased by NIS 60M from the beginning of 2009.
- 012 Smile.Communications: Record quarterly net Income attributable to operating growth and favorable exchange rates.
- Smile.Media returns to bottom line profitability.
- Share and bond buy-back programs continue.

| (in millions of NIS) | Q1'09 | Q1'08 | Q1'09 vs. Q1'08 |
|----------------------|-------|-------|--------------------|
| Revenues | 302 | 280 | 8% |
| Gross Profit | 95 | 91 | 4% |
| EBIT | 40 | 27 | 48% |
| Adjusted EBITDA | 69 | 60 | 15% |
| Net Income | 33 | 1 | 3200% |

Financial Results for the First Quarter

Revenues: Revenues for the first quarter of 2009 were NIS 302 million (US \$72 million), a 8% increase compared with NIS 280 million in the first quarter of 2008. The increased revenues reflect the results delivered by 012 Smile.Communications, together with the modest contribution of Smile.Media.

Adjusted EBITDA: Adjusted EBITDA for the first quarter of 2009 was NIS 69 million (US \$16 million), a 15% increase compared with NIS 60 million for the first quarter of 2008. For more information regarding the use of non-GAAP financial measures, please see the notes in this press release.

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Financial Income (Expenses), Net: Financial income net, for the first quarter of 2009 totaled NIS 27 million (US \$6.5 million) compared with NIS 22 million of financial expenses in the first quarter of 2008. In the first quarter of 2009, the Company recorded NIS 21 million (US \$5 million) of financial income associated with the increase of the US dollar exchange rate against the NIS. In addition, during the first quarter of 2009, the market price of certain of the Company's investments increased, as a result of the global improvement in the capital markets. The Company has classified these investments as marketable securities and is required to mark these investments to market. This resulted in income of NIS 11 million (US \$2.6 million) during the quarter that was recorded as financial income.

Net Results: On a U.S. GAAP basis, the Company recorded net income for the first quarter of 2009 of NIS 32.8 million (US \$7.8 million), or NIS 1.61 (US \$0.38) per share on a fully diluted basis. This compares to net income of NIS 0.6 million, or NIS 0.03 per share on a fully diluted basis for the first quarter of 2008.

Balance Sheet

The Company's cash, cash equivalents and marketable securities as of March 31, 2009 were NIS 577 million (US \$138 million). Total assets as of March 31, 2009 were NIS 1,968 million (U.S. \$470 million) and total bank debt was NIS 84 million (U.S. \$20 million). Shareholders' equity as of March, 31 2009 was NIS 378 million (\$90 million), representing 19% of total assets. The Company's current ratio as of March, 31 2009 was 1.25, while the ratio of net debt to EBITDA was 1.5, which is within the target range established by management.

Comments of Management

Commenting on the results, Eli Holtzman, Internet Gold's CEO, said, "The first quarter was again a strong quarter for our group. The primary driver of our results remains our communications segment, which has achieved record net income and superb operating results in all parameters as a leader in the Israeli communications market. We are also pleased that our media segment has returned to net and operating profitability. In parallel, our strong cash position enhances the financial stability of our group, creating the strong platform we need to move forward with our growth strategy."

Mr. Holtzman continued, "With a strong belief that our shares are undervalued and given our long-term prospects, we continue to execute on our buy-back programs. At the same time, we continue seeking out the suitable M&A target while maintaining careful control over expenses."

Business Segments

012 Smile.Communications Ltd. (NASDAQ and TASE: SMLC): 012 Smile Communications reported improved quarterly revenues of NIS 284 million (US \$68 million) for the quarter ended March 31, 2009, compared to NIS 263 million for the same period in 2008, an 8% increase. Revenue for the quarter ended March 31, 2009 from broadband services was NIS 149 million (US \$ 35.6 million) compared to NIS 130 million for the first quarter of 2008, an increase of 15%. Revenue from traditional voice services for the quarter was NIS 136 million (US\$ 32.5 million) compared to NIS 134 million for the same period last year.

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012 Smile Communications' operating income for the first quarter of 2009 increased to NIS 40.4 million (US \$9.6 million) compared with NIS 30.5 million for the same period last year. Operating income for the first quarter of 2009 benefited from a one-time gain of NIS 5.4 million (US \$1.3 million) recorded in cost of revenues reflecting the settlement of a long-term dispute between the Company and Bezeq, Israel's incumbent telecommunications service provider. As part of this settlement, an additional amount of NIS 2 million (US \$0.5 million) was included in financial income. Net income for quarter ended March 31, 2009 increased to a record NIS 49 million (US \$11.7 million), or NIS 1.93 (US \$0.46) per share, compared to NIS 6 million, or NIS 0.22 per share (on a fully diluted basis) for the same period in 2008, Adjusted EBITDA for the first quarter of 2009 increased to NIS 69 million (US \$16.5 million) compared with NIS 62 million for the same period last year. For more information regarding the use of non-GAAP financial measures, please see the notes in this press release.

Smile.Media Ltd.: Smile.Media delivered another consecutive quarter of increased revenues and contributed to the Company's operating income and net income during the first quarter of 2009. The segment's revenues for the first quarter were NIS 17.5 million (US \$4.2 million), derived primarily from its e-commerce businesses. The subsidiary's operating income for the first quarter of 2009 increased to NIS 0.5 million (US \$0.12 million) compared with a NIS 1.7 million loss for the same period last year. Net income for quarter ended March 31, 2009 increased to NIS 0.1 million (US \$0.02 million), compared to a NIS 2.4 million loss, for the same period in 2008, Adjusted EBITDA for the first quarter of 2009 increased to NIS 0.9 million (US \$0.2million) compared with NIS 0.1 million for the same period last year.

Other: During the first quarter of 2009, Internet Gold incurred operating expenses of approximately NIS 1.3 million (US \$0.3 million). These expenses were primarily for activities related to the Company's listing on public securities exchanges, including expenses such as investor relations, Sarbanes Oxley compliance, insurance and legal expenses and for the continued investigation of potential joint venture and M&A opportunities.

Buyback Programs

- Share Repurchase Program: The Company repurchased 1,078,813 of its ordinary shares during the quarter ended March 31, 2009. The total number of Internet Gold shares repurchased through its share repurchase programs as of March 31, 2009 reached 4,943,294 shares, bringing the number of total outstanding shares as of March 31, 2009 to 18,575,112. From March 31, 2009 to May 17, 2009, an additional 425,925 shares were repurchased, reducing the total number of outstanding shares to 18,149,187 as of May 17, 2009.
- Bond Repurchase Program: The Company has not repurchased any of its bonds during the quarter and to date. As of March 31, 2009 NIS 91,845,026 par value of Series A and NIS 417,285,630 par value of Series B bonds, remain outstanding.

Notes:

Non-GAAP Measurements Reconciliation between the Company's results on a GAAP and non-GAAP basis is provided in a table immediately following the Consolidated

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Statement of Operations (Non-GAAP Basis). Non-GAAP financial measures consist of GAAP financial measures adjusted to exclude amortization of acquired intangible assets, as well as certain business combination accounting entries. The purpose of such adjustments is to give an indication of our performance exclusive of non-cash charges and other items that are considered by management to be outside of our core operating results. Our non-GAAP financial measures are not meant to be considered in isolation or as a substitute for comparable GAAP measures, and should be read only in conjunction with our consolidated financial statements prepared in accordance with GAAP.

Our management regularly uses our supplemental non-GAAP financial measures internally to understand, manage and evaluate our business and make operating decisions. These non-GAAP measures are among the primary factors management uses in planning for and forecasting future periods. We believe these non-GAAP financial measures provide consistent and comparable measures to help investors understand our current and future operating cash flow performance. These non-GAAP financial measures may differ materially from the non-GAAP financial measures used by other companies. Reconciliation between results on a GAAP and non-GAAP basis is provided in a table immediately following the Consolidated Statement of Operations.

EBITDA is a non-GAAP financial measure generally defined as earnings before interest, taxes, depreciation and amortization. We define adjusted EBITDA as net income before financial income (expenses), net impairment and other charges, income attributable to non-controlling interest, expenses recorded for stock compensation in accordance with SFAS 123(R), income tax expenses and depreciation and amortization. We present adjusted EBITDA as a supplemental performance measure because we believe that it facilitates operating performance comparisons from period to period and company to company by backing out potential differences caused by variations in capital structure (most particularly affecting our interest expense given our recently incurred significant debt), tax positions (such as the impact of changes in effective tax rates or net operating losses) and the age of, and depreciation expenses associated with, fixed assets (affecting relative depreciation expense). Adjusted EBITDA should not be considered in isolation or as a substitute for net income or other statement of operations or cash flow data prepared in accordance with GAAP as a measure of our profitability or liquidity. Adjusted EBITDA does not take into account our debt service requirements and other commitments, including capital expenditures, and, accordingly, is not necessarily indicative of amounts that may be available for discretionary uses. In addition, adjusted EBITDA, as presented in this press release, may not be comparable to similarly titled measures reported by other companies due to differences in the way that these measures are calculated.

Convenience Translation to Dollars For the convenience of the reader, the reported NIS figures of March 31, 2009 have been presented in thousands of U.S. dollars, translated at the representative rate of exchange as of March 31, 2009 (NIS 4.188 = U.S. Dollar 1.00). The U.S. Dollar (\$) amounts presented should not be construed as representing amounts receivable or payable in U.S. Dollars or convertible into U.S. Dollars, unless otherwise indicated.

Forward-Looking Statements

This press release contains forward-looking statements that are subject to risks and uncertainties. Factors that could cause actual results to differ materially from these forward-looking statements include, but are not limited to, general business conditions in the industry, changes in the regulatory and legal

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compliance environments in the industries it is engaged, the failure to manage growth and other risks detailed from time to time in Internet Gold's filings with the Securities Exchange Commission, including Internet Gold's Annual Report on Form 20-F. These documents contain and identify other important factors that could cause actual results to differ materially from those contained in our projections or forward-looking statements. Stockholders and other readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date on which they are made. We undertake no obligation to update publicly or revise any forward-looking statement.

About Internet Gold

Internet Gold is one of Israel's leading communications groups with a major presence across all Internet-related sectors. Its subsidiary, 012 Smile.Communications Ltd., is one of Israel's major Internet and international telephony service providers, and one of the largest providers of enterprise/IT integration services. Its 100% owned subsidiary, Smile.Media Ltd., manages a portfolio of Internet portals and e-Commerce sites.

Internet Gold - Golden Lines Ltd.

Consolidated Balance Sheets

| | March 31 2009 (Unaudited) NIS thousands | March 31 2008 (Unaudited) NIS thousands | Convenience translation into U.S. dollars \$1 = NIS 4.188 March 31 2009 (Unaudited) \$ thousands |
|--|--|--|---|
| Current assets | | | |
| Cash and cash equivalents | 74,114 | 518,332 | 17,697 |
| Marketable securities | 194,247 | 281,717 | 46,382 |
| Trade receivables, net | 218,248 | 231,136 | 52,113 |
| Other receivables | 51,958 | 36,389 | 12,406 |
| Deferred tax assets | 22,389 | 8,861 | 5,346 |
| Total current assets | 560,956 | 1,076,435 | 133,944 |
| Investments | | | |
| Long-term receivables | 6,200 | 3,150 | 1,480 |
| Marketable securities | 309,073 | - | 73,800 |
| Deferred taxes | 58 | 12,925 | 14 |
| Assets held for employee severance benefits | 17,185 | 21,347 | 4,103 |
| Investments in investee companies | 91 | 291 | 22 |
| | 332,607 | 37,713 | 79,419 |
| Property and equipment, net | 172,364 | 169,705 | 41,156 |
| Goodwill, other assets and deferred charges | 902,207 | 925,586 | 215,427 |

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Total assets 1,968,134 2,209,439 469,946

| | March 31 2009 (Unaudited) NIS thousands | March 31 2008 (Unaudited) NIS thousands | Convenience translation into U.S. dollars \$1 = NIS 4.188 March 31 2009 (Unaudited) \$ thousands |
|--|--|--|---|
| Current liabilities | | | |
| Short-term bank credit | 74,574 | 144,422 | 17,807 |
| Current maturities of long-term obligations | 9,468 | 7,176 | 2,261 |
| Accounts payable | 148,387 | 152,522 | 35,431 |
| Current maturities of convertible debentures | 18,395 | 18,802 | 4,392 |
| Current maturities of debentures | 64,332 | 91,279 | 15,361 |
| Other current liabilities | 131,845 | 151,118 | 31,482 |
| Total current liabilities | 447,001 | 565,319 | 106,734 |
| Long term liabilities | | | |
| Long-term loans and other long-term obligations | - | 9,175 | - |
| Liability for employee severance benefits | 33,989 | 34,974 | 8,116 |
| Deferred tax liabilities | 61,806 | 70,507 | 14,758 |
| Convertible debentures | 84,451 | 99,432 | 20,165 |
| Debentures | 752,523 | 794,802 | 179,685 |
| Total long term liabilities | 932,769 | 1,008,890 | 222,724 |
| Total liabilities | 1,379,770 | 1,574,209 | 329,458 |
| Shareholders' equity | 377,986 | 452,698 | 90,255 |
| Non controlling interest | 210,378 | 182,532 | 50,233 |
| Total equity | 588,364 | 635,230 | 140,488 |
| Total liabilities and shareholders' equity | 1,968,134 | 2,209,439 | 469,946 |

Consolidated Statements of Operations

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| | Three months period ended March 31 | | Convenience translation into dollars \$1 = NIS 4.188 Three-month period ended March 31 |
|---|---------------------------------------|---------------------|---|
| | 2009 (Unaudited) NIS thousands | 2008 (Unaudited) | 2009 (Unaudited) \$ thousands |
| Revenues | 301,657 | 279,632 | 72,029 |
| Costs and operating expenses | | | |
| Cost of revenues | 206,159 | 188,322 | 49,226 |
| Selling and marketing | 40,262 | 42,077 | 9,614 |
| General and administrative | 15,650 | 17,274 | 3,737 |
| Non-recurring expenses | - | 4,860 | - |
| Total operating expenses | 262,071 | 252,533 | 62,577 |
| Operating income | 39,586 | 27,099 | 9,452 |
| Financial expenses (income), net | (27,433) | 22,467 | (6,551) |
| Income before tax expenses | 67,019 | 4,632 | 16,003 |
| Income tax expenses | 20,804 | 2,432 | 4,968 |
| Net income | 46,215 | 2,200 | 11,035 |
| Net income attributable to non-controlling interest | 13,372 | 1,551 | 3,193 |
| Net income attributable to shareholders | 32,843 | 649 | 7,842 |
| Basic earnings attributable to Shareholders per Ordinary share | 1.74 | 0.03 | 0.41 |
| Diluted earnings attributable to Shareholders per Ordinary share | 1.61 | 0.03 | 0.38 |
| Weighted average number of ordinary shares used to compute basic earning per Ordinary share | 18,923 | 22,935 | 18,923 |
| Weighted average number of Ordinary shares used to compute diluted earning per Ordinary share | 20,760 | 22,935 | 20,760 |

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Reconciliation Table of Non-GAAP Measures (NIS in thousands)

| | Three months period ended March 31 | | Convenience translation into dollars \$1 = NIS 4.188 Three-month period ended March 31 |
|--|---------------------------------------|---------------------|---|
| | 2009 (Unaudited) NIS thousands | 2008 (Unaudited) | 2009 (Unaudited) \$ thousands |
| GAAP operating income | 39,586 | 27,099 | 9,452 |
| Adjustments | | | |
| Amortization of acquired intangible assets | 5,834 | 6,820 | 1,393 |
| Non-recurring expenses | - | 4,860 | - |
| Non-GAAP adjusted operating income | 45,420 | 38,779 | 10,845 |
| GAAP tax expenses, net | 20,804 | 2,432 | 4,968 |
| Adjustments | | | |
| Amortization of acquired intangible assets Included in tax expenses, net | 1,487 | 1,841 | 355 |
| Non-GAAP tax expenses, net | 22,291 | 4,273 | 5,323 |
| Net income as reported | 32,843 | 649 | 7,842 |
| Non-controlling interest in operations of consolidated subsidiaries | 13,372 | 1,551 | 3,193 |
| Income tax | 20,804 | 2,432 | 4,968 |
| Non-recurring expenses | - | 4,860 | - |
| Financial expenses (income), net | (27,433) | 22,467 | (6,551) |
| Stock compensation in accordance with SFAS 123(R) | 1,239 | - | 296 |
| Depreciation and amortization | 27,809 | 28,349 | 6,640 |
| Adjusted EBITDA | 68,634 | 60,308 | 16,388 |

For further information, please contact:
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 idita@co.smile.net.il / Tel: +972-72-200-3848

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.

INTERNET GOLD-GOLDEN LINES LTD.
(Registrant)

By /s/Eli Holtzman

Eli Holtzman
Chief Executive Officer

Date: May 20, 2009