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INTERNET GOLD GOLDEN LINES LTD

Form 6-K

February 26, 2009

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 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 Q4 & Full Year 2008 Results dated February 26, 2009.

Press Release

Source: Internet Gold

Internet Gold Reports Q4 &amp; Full Year 2008 Results

Thursday February 26, 2:26 am ET

Record Quarter & Year for 012 Smile.Communications;  
Smile.Media Stabilizes with Positive Adjusted EBITDA

PETACH TIKVA, Israel, February 26 /PRNewswire-FirstCall/ -- Internet Gold Golden Lines Ltd., (NASDAQ Global Market and TASE: IGLD) today reported its financial results for the fourth quarter and full year ended December 31, 2008.

## Highlights

- Strong revenues and EBITDA: Q4 revenues up 10% to NIS 314M; adjusted EBITDA up 20% to NIS 64M.
- Strong operating cash flow: NIS 50M in Q4, NIS 195M in 2008.
- 012 Smile.Communications delivers another quarter and full year of records across all parameters despite challenging macro markets.
- Smile.Media returns to stability, achieves positive adjusted EBITDA.
- Share and bond buy-back programs continue.

(in millions of NIS)	Q4'08	Q3'08*	Q2'08	Q1'08	Q4'07	2008*	2007
Revenues	314	294	281	280	284	1,169	1,176
Gross Profit	97	89	91	92	90	369	374
EBIT	34	29	29	27	19	119	113
Adjusted EBITDA	64	60	61	60	54	245	240
Net Income (loss)	1	(22)	(8)	1	79	(28)	124

\*Excluding one-time impact from MSN transaction

## Financial Results for the Fourth Quarter

**Revenues:** Revenues for the fourth quarter of 2008 were NIS 313.8 million (US \$82.5 million), a 10% increase compared with NIS 284.5 million in the fourth quarter of 2007, and a 7% sequential increase compared with NIS 293.8 million in the third quarter of 2008. The increased revenues reflect the record results delivered by 012 Smile.Communications, together with the modest contribution of Smile.Media.

**Adjusted EBITDA:** Adjusted EBITDA for the fourth quarter of 2008 was NIS 64.3 million (US \$17.0 million), a 20% increase compared with NIS 53.6 million for the fourth quarter of 2007, reflecting the record adjusted EBITDA recorded by Smile.Communications. For more information regarding the use of non-GAAP financial measures, please see the notes in this press release.

**Financing Expenses (Net):** Financing expenses (net) for the fourth quarter totaled NIS 12.6 million (US \$3.3 million) compared with NIS 12.9 million in the fourth quarter of 2007 and NIS 47.5 million in the third quarter of 2008. Of the

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fourth quarter 2008 expenses, NIS 10.7 million (US \$2.8 million) was associated with interest payable on the Company's bonds. In addition, as a result of the current global economic crisis, the market price of certain of the Company's investments has decreased, leading the Company to mark these investments to market. This resulted in a loss of NIS 26.0 million (US \$6.8 million) during the quarter that was recorded as financial expense and is a non cash expenses.

Net Results: On a U.S. GAAP basis, the Company recorded net income for the fourth quarter of 2008 of NIS 1.1 million (US \$0.3 million), or NIS 0.05 (US \$0.01) per share. This compared to a net loss of NIS (8.5) million, or NIS (0.40) per share, for the third quarter of 2008. In the fourth quarter of 2007, the Company reported a net income of NIS 79 million, or NIS 3.4 per share, reflecting the contribution of a NIS 120 million one-time gross capital gain associated with the IPO of its subsidiary, 012 Smile.Communications.

### Financial Results for 2008

Revenues for the twelve months ended December 31, 2008 were NIS 1,169 million (\$307 million) compared to NIS 1,176 million for 2007. Operating income for the year reached NIS 131.5 million (US \$34.6 million), a 16% increase compared with NIS 113 million for 2007. Adjusted EBITDA for the year reached NIS 266 million (US \$70.0 million), an 11% increase compared with NIS 240 million for 2007. Net loss for 2008 was NIS (14.9) million (US (\$3.9 ) million), or NIS (0.69) (US (\$0.18)) per share.

For a detailed reconciliation of GAAP to non-GAAP financial information and for more information regarding the use of non-GAAP financial measures, please see the table titled "Reconciliation between GAAP and non-GAAP Statements of Operations" as well as the notes contained in this press release.

### Balance Sheet

The Company's cash, cash equivalents and investments as of December 31, 2008 were NIS 581 million (US \$153 million). Total assets as of the end of the year were NIS 1,940 million (U.S. \$510 million) and total bank debt was NIS 52 million (U.S. \$13.7 million). Shareholders' equity as of the end of 2008 was NIS 334 million (\$88.0 million), representing 17.2% of total assets. Current ratio as of December, 31 2008 was 1.3, while the ratio of net debt to EBITDA was 1.8, which is within the Company's target range.

### Comments of Management

Commenting on the results, Eli Holtzman, Internet Gold's CEO, said, "The fourth quarter was a strong end to an active though challenging year. The primary driver of our results remains our communications segment, which has achieved record results as it continues to expand the breadth of its services for the stable and resilient Israeli communications market. We are also pleased to have been able to bring our media segment back to positive adjusted EBITDA, an achievement that demonstrates the new stability of the company following last year's transaction with MSN. In parallel, our strong cash position enhances the financial stability of our Group, giving us the platform we need to move forward with our growth strategy."

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

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### Business Segments

012 Smile.Communications Ltd. (NASDAQ and TASE: SMLC): 012 Smile.Communications delivered record results for both the fourth quarter and the 2008 year as a whole, marked by new highs for revenues, adjusted EBITDA, operating profit (EBIT) and net income. These results were achieved as 012 Smile.Communications continued its penetration of Israel's domestic telephony market and prepared for entry into the mobile market. Revenues for the fourth quarter of 2008 were NIS 298 million (US \$78 million), a 10% increase compared with NIS 271 million for the fourth quarter of 2007, and a 6% sequential increase compared with NIS 282 million for the third quarter of 2008.

The subsidiary's adjusted EBITDA for the fourth quarter was NIS 66 million (\$17.3 million), a 10% increase compared with the fourth quarter of 2007, and a 5% increase compared with the third quarter of 2008. Adjusted EBITDA margin was 22.0%. For more information regarding the use of non-GAAP financial measurements, please see the notes contained in this press release.

Smile.Media Ltd.: Smile.Media delivered a modest revenue increase and contributed to the Company's adjusted EBITDA during the fourth quarter. The segment's revenues for the fourth quarter were NIS 16.1 million (US \$4.2 million), derived primarily from its e-commerce businesses. Its adjusted EBITDA for the quarter was NIS 190,000 (US \$50,000).

Other: During the third quarter, Internet Gold incurred operating expenses of approximately NIS 1.5 million (US \$0.4 million). These expenses were primarily for the continued investigation of potential joint venture and M&A opportunities, and 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.

### Buyback Programs

- Share Buyback Program: The total number of Internet Gold shares repurchased through all outstanding share repurchase programs as of December 31, 2008 reached 3,864,481 shares, bringing the number of total outstanding shares as of December 31, 2008 to 19,653,925. From December 31, 2008 to date, an additional 891,104 shares have been repurchased, reducing the total number of outstanding shares to 18,762,821 as of February 25, 2009.
- Bond Buyback Program: On November 25, 2008, the Company's Board of Directors announced that it had authorized the repurchase of up to NIS 100 million of the Company's Series B bonds. In addition, the Company authorized the repurchase of up to NIS 50 million of the Series A bonds of its subsidiary, 012 Smile.Communications. In parallel, the Board of Directors of 012 Smile.Communications approved a NIS 100 million buyback of its Series A bonds.

These new programs are in addition to the Company's existing NIS 112 million convertible bond buyback program announced on January 28, 2008. During the fourth quarter, the Company utilized NIS 1.5 million (\$0.4 million) for the repurchase of its convertible bonds, bringing the total value of convertible bonds repurchased since the initiation of the January 28, 2008 program to NIS 11.0 million par value. As a result of conversions of the convertible bonds, the repurchases made and the redemption of 12.5% of these bonds, NIS 91.8 million

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par value of the bonds remain outstanding out of an original issuance of NIS 220 million par value. In addition, the Company had utilized NIS 4.2 million (\$1.1 million) par value during the fourth quarter in the repurchase of its Series B bonds.

### Conference Call Information

Management will host an interactive teleconference to discuss the results today, February 26, 2008, at 10:00 a.m. EST (17:00 Israel time). To participate, please call one of the following access numbers several minutes before the call begins: 1-888-723-3164 from within the U.S. or 1-866-485-2399 from within Canada, 0-808-101-2717 from within the U.K., or +972 3 918-0610 from other international locations. The call will also be broadcast live through the company's Website, <http://www.igld.com>, and will be available there for replay during the next 30 days.

### NOTE A: Convenience Translation to Dollars

For the convenience of the reader, the reported NIS figures of December 31, 2008 have been presented in thousands of U.S. dollars, translated at the representative rate of exchange as of December 31, 2008 (NIS 3.8020 = U.S. \$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.

### NOTE B: Non-GAAP Financial Measurements

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 on periods or companies of changes in effective tax rates or net operating losses or, most recently, our provision for tax expenses) and the age of, depreciation expenses associated with, fixed assets (affecting relative depreciation expense) and expenses recorded for stock compensation in accordance with SFAS 123(R). 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.

### Note C: Reconciliation Between Results on a GAAP and Non-GAAP Basis

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

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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.

### About Internet Gold

Internet Gold is one of Israel's leading communications groups with a major presence across all Internet-related sectors. Its 72.68% owned 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.

### 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 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.

Internet Gold - Golden Lines Ltd.

### Consolidated Balance Sheets

	Convenience translation into U.S. dollars \$1=NIS 3.802		
	December 31 2008 (Unaudited) NIS thousands	December 31 2007 (Audited) NIS thousands	December 31 2008 (Unaudited) \$ thousands
Current assets			
Cash and cash equivalents	86,081	601,926	22,641
Marketable securities	215,552	162,884	56,694

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Trade receivables, net	217,532	224,616	57,215
Other receivables	30,232	26,446	7,952
Deferred taxes	19,078	9,707	5,018
 Total current assets	 568,475	 1,025,579	 149,520
 Investments			
Long-term trade receivables	6,350	3,460	1,670
Deferred taxes	57	192	15
Assets held for employee severance benefits	17,793	20,639	4,680
Investments in investee companies	91	291	24
Marketable securities	279,823	-	73,599
 Total investment	 304,114	 24,582	 79,988
 Property and equipment, net	 171,154	 163,949	 45,017
 Other assets, net	 478,982	 519,865	 125,981
 Goodwill	 417,608	 417,608	 109,839
 Total assets	 1,940,333	 2,151,583	 510,345
 Current liabilities			
Short-term bank credit	42,954	77,998	11,298
Current maturities of long-term obligations	11,238	10,734	2,956
Accounts payable	195,995	209,626	51,550
Current maturities of convertible debentures	17,675	15,354	4,649
Current maturities of debentures	100,142	-	26,339
Other current liabilities	74,254	91,131	19,530
Total current liabilities	442,258	404,843	116,322
 Long term liabilities			
Long-term loans and other long-term obligations	760	32,265	200
Liability for termination of employer- employee relations	34,671	35,918	9,119
Deferred taxes	46,439	59,104	12,215
Debentures	807,477	848,616	212,382
Convertible debentures	84,697	104,640	22,277
Total long term liabilities	974,044	1,080,543	256,193
 Total liabilities	 1,416,302	 1,485,386	 372,515
 Minority interest	 189,977	 180,410	 49,967
 Shareholders' equity	 334,054	 485,787	 87,863
 Total liabilities and shareholders' equity	 1,940,333	 2,151,583	 510,345

### Consolidated Statements of Operations

All amounts are in thousands except for per share data

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	Year ended December 31			Convenience translation into U.S. dollars \$1=NIS 3.802 Year ended December 31 2008 (Unaudited) \$ thousands
	2008 (Unaudited) NIS thousands	2007 (Audited)	2006 (Audited)	2008 (Unaudited) \$ thousands
Revenues	1,168,720	1,175,946	408,359	307,396
Costs and expenses				
Cost of revenues	799,834	802,296	252,413	210,372
Selling and marketing	172,200	176,246	75,576	45,292
General and administrative	71,062	69,843	33,957	18,691
Other expenses (income)	(5,869)	14,589	12,813	(1,544)
Total costs and expenses	1,037,227	1,062,974	374,759	272,811
Income from operations	131,493	112,972	33,600	34,585
Financial expenses, net	115,228	57,537	20,861	30,307
Gain from issuance of shares in subsidiary	-	(120,310)	-	-
Income before tax expenses	16,265	175,745	12,739	4,278
Tax expense	15,826	50,460	1,286	4,163
Income after tax expenses	439	125,285	11,453	115
Company's share in net loss of unconsolidated investee	-	-	(334)	-
Minority interest in operations of consolidated subsidiaries	(15,299)	(1,267)	(34)	(4,023)
Net income (loss)	(14,860)	124,018	11,085	(3,908)
Income (loss) per share, basic				
Net income (loss) per share	(0.69)	5.74	0.6	(0.18)
Weighted average number of shares outstanding (in thousands)	21,551	21,617	18,438	21,551
Income (loss) per share, diluted				
Net (loss) income per share	(0.69)	5.00	0.6	(0.18)
Weighted average number of shares outstanding (in thousands)	21,551	24,795	18,438	21,551

Reconciliation Table of Non-GAAP Measures

Convenience  
translation  
into  
dollars  
\$1 = NIS  
3.802  
Year ended



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	Year ended December 31			December 31
	2008	2007	2006	2008
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	NIS	NIS	NIS	\$ thousands
	thousands	thousands	thousands	
GAAP operating income	131,493	112,972	33,600	34,585
Adjustments				
Amortization of acquired intangible assets	27,280	31,938	-	7,175
Impairment and other charges	6,922	10,433	12,813	1,821
Other income	(12,791)	-	-	(3,364)
Other income in respect of MSN transaction	12,791	-	-	3,364
Stock compensation in accordance with SFAS 123(R)	3,428	-	-	902
Non-GAAP adjusted operating income	169,123	155,343	46,413	44,483
GAAP tax expenses (income), net	15,826	50,460	1,286	4,163
Adjustments				
Amortization of acquired intangible assets				
Included in tax expenses, net	7,365	9,262	-	1,937
Non-GAAP tax expenses, net	23,191	59,722	1,286	6,100
Net income (loss) as reported	(14,860)	124,018	11,085	(3,908)
Minority interest in operations of consolidated subsidiaries	15,299	1,267	34	4,023
Gain from issuance of shares in subsidiary	-	(120,310)	-	-
Tax expenses	15,826	50,460	1,286	4,163
Impairment and other charges	6,922	10,433	12,813	1,821
Other income	(12,791)	-	-	(3,364)
Other income in respect of MSN transaction	12,791	-	-	3,364
Stock compensation in accordance with SFAS 123(R)	3,428	-	-	902
Financial expenses, net	115,228	57,537	20,861	30,307
Depreciation and amortization	123,928	116,848	31,179	32,595
Adjusted EBITDA	265,771	240,253	77,258	69,903

For further information, please contact:

Mor Dagan  
Investor Relations

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mor@km-ir.co.il  
Tel:+972-3-516-7620

Ms. Idit Azulay  
Internet Gold  
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: February 26, 2009