INTERNET GOLD GOLDEN LINES LTD
Form 6-K
November 28, 2007

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 2007

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 [X]   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 [X]

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 Q3 Results dated November 28, 2007.

ITEM 1

Press Release Source: Internet Gold

Internet Gold Reports Q3 Results

Wednesday November 28, 2:01 am ET

Successful Raise of $105 Million in Debentures; Company Enters Next Phase of Long-Term Growth Strategy

PETACH TIKVA, Israel, November 28 /PRNewswire-FirstCall/ -- Internet Gold Golden Lines Ltd., (NASDAQ NMS and TASE: IGLD) today reported its financial results for the three and nine months ended September 30, 2007.

Highlights

- Successful raise of $105 million in debentures: IGLD is now well positioned for the next phase of growth and expansion through accretive M&A's in Israel and other emerging markets

- IPO of IGLD's subsidiary 012 Smile.Communications recently completed on NASDAQ along with dual listing on the TASE (Symbol: SMLC). Internet Gold expects to report a capital gain of approximately $28 million before tax effect in Q4 2007 as a result of the IPO.

- Merger of 012 Smile.Communications and 012 Golden Lines recently completed ahead of schedule and under budget yielding ongoing reduction in expenses due to synergies achieved.

- Continued performance according to original plan, reaching adjusted EBITDA of NIS 62.9 million for the quarter.

Results for the Third Quarter

Revenues for the third quarter of 2007 were NIS 299.0 million (US $74.5 million), an increase of 188% compared with NIS 104.0 million for the third quarter of 2006. On a pro-forma basis, this represented an increase of 3.8% compared with the third quarter of 2006.

Note: pro-forma results are provided to assist the reader in comparing Internet Gold's 2007 results, which include the full contribution of the merger as of January 1, 2007 of Smile.Communications with 012 Golden Lines, with 2006 results which do not include the results of 012 Golden Lines. Pro-forma results combine 012 Golden Lines' results for the third quarter of 2006 with Internet Gold's results for the same period.

Operating income for the third quarter of 2007 increased by 162% to NIS 30.9 million (US $7.7 million) compared with NIS 11.8 million for the third quarter of 2006. Operating margin for the 2007 period on a GAAP basis was 10%, while on a non-GAAP basis it was NIS 41.9 million, or 14%. The difference between GAAP and non-GAAP operating income relates to the amortization of NIS 8.0 million (US $2.0 million) of intangible assets acquired as part of the acquisition of 012 Golden Lines, and non-recurring expenses of NIS 3 million (US$ 0.75 million) related to charges incurred in connection with the merger of

Smile.Communications and 012 Golden Lines.

Net income for the third quarter of 2007 increased by 39% to NIS 9.7 million (US $2.4 million), or NIS 0.44 (US$ 0.11) per share, compared with NIS 7.0 million, or NIS 0.38 per share, for the third quarter of 2006. Impacting net income were NIS 19.4 million of financial expenses due to exceptionally high 2.5% CPI increase during the third quarter of 2007. In addition, non-recurring operating expenses of NIS 3.0 million (US$ 0.75 million), related to charges incurred in connection with the merger of 012 Smile.Communications and 012 Golden Lines also reduced net income.

Adjusted EBITDA(1) for the quarter reached NIS 62.9 million (US $15.7 million), a 29% increase compared with the adjusted pro-forma EBITDA(1) of the third quarter of 2006.

Comments of Management

Commenting on the results, Eli Holtzman, Internet Gold's CEO, said, "The recent completion of 012 Smile.Communications' IPO marks the success of an intensive eighteen month process during which we scaled up our operations, increased our capital platform, expanded the strength of our brands and established thriving stand alone communications and media subsidiaries. As one of Israel's major communications and Internet groups, we are now ready to launch into a new growth phase. Our plan is to leverage our formidable strategic assets - our superb management team, proven brand-building and marketing expertise, operational excellence, financial engineering and capital strength - via new activities aimed at expanding our market share, consolidating domestic markets, and seeking out new, adjacent opportunities in Israel and abroad.

"As the first phase in the execution of our strategy, our group completed two public offerings. The parent company, Internet Gold, issued $105 million of debt securities on the TASE, providing it with the resources to further diversify and expand into adjacent emerging communications markets. In parallel, we are pleased that 012 Smile.Communications completed its IPO on the NASDAQ Global Market, raising $74 million that will fuel its synergistic growth plans and enable it to fully leverage its current operational know-how and experience. We believe that Internet Gold's M&A-focused growth strategy, coupled with 012 Smile.Communications' synergistic growth plan and improved leverage as an independent public company, will result in the creation of significant value for our shareholders over the long term."

Overview of Business Segments

012 Smile.Communications Ltd. (NASDAQ and TASE: SMLC): Revenues for the third quarter of 2007 increased by 219% compared with Q3 2006, reaching NIS 280.3 million (US $69.8 million). Non-GAAP adjusted operating income for the third quarter reached NIS 41.9 million (US $10.4 million) and adjusted EBITDA reached NIS 61.4 million (US $15.3 million).

Recently, 012 Smile.Communications' merger process was completed ahead of schedule and under budget. 012 Smile.Communications' businesses continued to benefit from a growing customer base and the consolidated market's stable ARPUs. 012 Smile.Communications is now focused on building market share in all of its business segments while leveraging additional operational and marketing synergies made possible by the merger.

Smile.Media Ltd.: Revenues for the third quarter of 2007 were NIS 19.6 million (US $4.9 million), an increased of 23% YOY and similar compared with 2nd quarter. Non-GAAP operating margin for the period was 7%, while EBITDA(1) margin was 14%. The decrease in operating margins was due to higher expenses in additional technical platforms and applications and new portal content. This trend continues into the 4th quarter with the goal of accelerating growth during 2008. As part of this effort, management is forming strategies aimed at further consolidation of the domestic market and identification of opportunities in adjacent markets both in Israel and abroad.

Other: During the third quarter and immediately thereafter, Internet Gold's management focused on the completion of the 012 Smile.Communications IPO and the development of the 2008 work plan for all activities. In addition to the operations of 012 Smile and Smile.Media, Internet Gold incurred operating expenses of approximately NIS 1.3 million (US $0.3 million) for the quarter. These expenses were primarily for the development of new joint ventures and for activities related to the Company's listing on public securities exchanges

Internet Gold's Results for the Nine Month Period Ended September 30, 2007:

Internet Gold's revenues for the nine months ended September 30, 2007 were NIS 891.5 million (US$ 222.2 million), an increase of 205% compared with NIS 292.6 million recorded in the comparable period in 2006. On a pro-forma basis, this represented an increase of 10.6%.

Operating income for the nine months ended September 30, 2007 increased by 185% to NIS 94.2 million (US $23.5 million) compared with NIS 33 million for the comparable period in 2006. Operating margin for the period on a GAAP basis was 11%, while on a non-GAAP basis it was 13.9%, and reached NIS 123.2 million. The difference between GAAP and non-GAAP operating income relates to the amortization of NIS 24 million (US $6.0 million) of intangible assets acquired as part of the acquisition of 012 Golden Lines and non-recurring expenses of NIS 5 million (US$ 1.25 million) related to charges incurred in connection with the merger of Smile.Communications and 012 Golden Lines.

Net income for the nine months ended September 30, 2007 increased by 149% to NIS 50.6 million (US $12.6 million), or NIS 2.41 (US$ 0.6) per share, compared with NIS 20.3 million, or NIS 1.1 per share, for the first nine months of 2006. Impacting net income were non-recurring operating expenses of NIS 5.0 million (US$ 1.25 million), relating to charges incurred in connection with the merger of Smile.Communications and 012 Golden Lines.

Increase in the Number of Outstanding Shares of Internet Gold

In April 2005, Internet Gold completed an offering in Israel of NIS 220 million of convertible bonds that were scheduled to be repaid during the period April 2008 through April 2015 and warrants to purchase 2.5 million ordinary shares that were exercisable until October 15, 2007. The bonds are convertible into ordinary shares at a conversion price of NIS 40 ($9.96) per share until March 2008, at which time the conversion price will increase to NIS 50 ($12.50). Beginning in the fourth quarter of 2006 holders of the bonds and warrants began to convert their bonds and exercise the warrants. As at September 30, 2007, bond and warrant holders had converted NIS 103.7 million ($25.8 million) of the bonds into 2,590,983 ordinary shares and exercised 1,184,328 warrants. Subsequent to September 30, 2007 and through October 15, 2007, all of the remaining outstanding warrants had been exercised at a conversion price of NIS 42.22 ($ 10.52), with company receiving NIS 55.3 million ($13.8 million) in proceeds from the exercise of the warrants.

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.

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.

Purchase Price Allocation

Final determination of the purchase price allocation of certain intangible assets acquired as part of the acquisition of 012 Golden Lines is not yet complete, and is subject to revision. Any revisions made to the current calculation will change the amount of the purchase price allocable to goodwill.

We are still evaluating the amortization method to be utilized with regard to the intangible assets acquired. In the interim, the Company recorded NIS 24 million (US $6.0 million) in amortization costs in the nine months ended September 30, 2007, reflecting a conservative amortization according to the economic benefit expected from those intangible assets.

(1) 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 tax expenses, depreciation and amortization. On a pro forma basis, we define adjusted EBITDA as net income before financial income (expenses), net, impairment and other charges, income tax expenses, depreciation and amortization and income from discontinued operations.

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, 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 prospectus, may not be comparable to similarly titled measures reported by other companies due to differences in the way that these measures are calculated. Our use of adjusted EBITDA is detailed more fully in "Management's Discussion and Analysis of Financial Condition and Results of Operations -- Non-GAAP Financial Measures" and reflects our belief that the non-GAAP financial information is important for the understanding of our operations.

We define non-GAAP adjusted EBIT (earnings before interest and taxes) as net income before interest and taxes net amortization with regard to the intangible assets acquired as part of the acquisition of 012 Golden Lines and non-recurring expenses relating to charges incurred in connection with the merger of Smile.Communications and 012 Golden Lines.

NOTE A: Convenience Translation to Dollars

For the convenience of the reader, the reported NIS figures of September 30, 2007 have been presented in thousands of U.S. dollars, translated at the representative rate of exchange as of September 30, 2007 (NIS 4.0130 = 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.

About Internet Gold

Internet Gold is one of Israel's leading communications groups with a major presence across all Internet-related sectors. In addition to its 012 Smile subsidiary, its 100% owned Smile.Media subsidiary manages a growing portfolio of Internet portals and e-Commerce sites.

Internet Gold is part of the Eurocom Communications Group and its shares and the shares of 012 Smile trade on the NASDAQ Global Market and on the Tel Aviv Stock Exchange.

Consolidated Balance Sheets

	September 30 2007 (Unaudited)	September 30 2006 (Unaudited)	December 31 2006 (Audited)	Convenience translation into U.S. dollars $1 = NIS 4.013 September 30 2007 (Unaudited)
	NIS thousands			$ thousands
Current assets				
Cash and cash equivalents	490,193	261,322	320,479	122,151
Trade receivables, net	251,497	76,968	220,734	62,671
Other receivables	25,409	20,822	27,372	6,332
Deferred taxes	8,319	732	2,393	2,073

Total current assets	775,418	359,844	570,978	193,227
Investments				
Long-term trade receivables	1,950	-	2,951	486
Deferred taxes	21,862	139	157	5,448
Investments in investee companies	552	634	552	137
	24,364	773	3,660	6,071
Property and equipment, net	161,092	37,440	159,692	40,143
Goodwill, other assets and deferred charges	942,813	114,310	949,267	234,940
Total assets	1,903,687	512,367	1,683,597	474,381

Consolidated Balance Sheets (cont'd)

	September 30 2007 (Unaudited)	September 30 2006 (Unaudited)	December 31 2006 (Audited)	Convenience translation into U.S. dollars $1 = NIS 4.013 September 30 2007 (Unaudited)
		NIS thousands		$ thousands
Current liabilities				
Short-term bank credit	171,751	15,994	364,862	42,799
Current maturities of long-term obligations	4,805	14,417	18,674	1,197
Accounts payable	206,033	42,168	193,144	51,342
Payable in respect of 012 acquisition	-	-	584,621	-
Current maturities of convertible debentures	15,354	-	-	3,826
Other current liabilities	62,615	24,324	46,224	15,603
Total current liabilities	460,558	96,903	1,207,525	114,767
Long term liabilities				
Long-term loans and other long-term obligations	62,689	22,129	20,386	15,621
Liability for termination of employer-employee relations, net	15,536	7,268	14,844	3,871
Deferred taxes	46,450	-	51,512	11,576
Debentures	839,284	-	-	209,141
Convertible debentures	97,036	208,148	198,998	24,181

Total long term liabilities	1,060,995	237,545	285,740	264,390
Total liabilities	1,521,553	334,448	1,493,265	379,157
Minority interest	161	-	89	40
Shareholders' equity	381,973	177,919	190,243	95,184
Total liabilities and shareholders' equity	1,903,687	512,367	1,683,597	474,381

Consolidated Statements of Operations

	Nine month period ended September 30		Three month period ended September 30		Year ended December 31	Convenience translation into dollars $1 = NIS 4.013 Nine month period ended September 30
	2007	2006	2007	2006	2006	2007
	(Unaudited)		(Unaudited)		(Audited)	(Unaudited)
	NIS thousands					$ thousands
Revenues	891,447	292,601	298,885	103,907	408,359	222,140
Costs and expenses						
Cost of revenues	608,776	178,023	202,164	64,000	252,413	151,701
Selling and marketing expenses	133,382	56,215	44,967	19,378	75,576	33,238
General and administrative expenses	50,087	25,332	17,858	8,709	33,957	12,481
Non-recurring expenses	4,978	-	3,073	-	12,813	1,240
Total costs and expenses	797,223	259,570	268,062	92,087	374,759	198,660
Income from operations	94,224	33,031	30,823	11,820	33,600	23,480
Financing expenses, net	44,831	8,613	19,406	1,797	5,615	11,346
Other (income) expenses, net	-	2,790	-	2,823	-	-
Income before tax expenses	49,393	21,628	11,417	7,200	27,985	12,134
Tax expenses (benefit)	(1,409)	1,067	1,572	264	1,286	(351)
Company's share in net loss of unconsolidated investee	-	308	-	68	334	-
Minority interest						

in operations of consolidated subsidiaries	164	(56)	189	(56)	34	41
Net income	50,638	20,309	9,656	6,924	26,331	12,444
Income (loss) per share, basic						
Net income per share (in NIS)	2.41	1.10	0.44	0.38	1.43	0.6
Weighted average number of shares outstanding (in thousands)	21,027	18,432	22,130	18,432	18,438	21,027
Income (loss) per share, diluted						
Net income per share (in NIS)	2.37	1.10	0.43	0.38	1.43	0.59
Weighted average number of shares outstanding (in thousands)	21,378	18.432	22,351	18,432	18,438	21,378

Internet Gold - Golden Lines Ltd.
Reconciliation Table Of Non-Gaap Measures
(NIS In thousands)

	Nine Months Period Ended September 30,		Three Months Period Ended September 30,	
	2007	2006	2007	2006
	(Unaudited)		(Unaudited)	
GAAP operating income	94,224	33,031	30,823	11,820
Adjustments				
Amortization of acquired intangible assets	23,955		7,985	
Non-recurring expenses	4,978	-	3,073	-
Non-GAAP adjusted operating income	123,157	33,031	41,881	11,820
GAAP tax expenses, (benefit)	(1,409)	1,067	1,572	264
Adjustments				
Amortization of acquired intangible assets Included in tax expenses,				

(benefit)	5,970	-	2,316	-
Non-GAAP tax expenses	4,561	1,607	3,888	264
Net Income As Reported	50,638	20,309	9,656	6,924
Minority Interest In Operations Of Consolidated Subsidiaries	164	(56)	189	(56)
Company's Share In Net Loss Of Investees	-	308	-	68
Taxes On Income	(1,409)	1,067	1,572	264
Other income, net		2,790	-	2,823
Non-recurring Expenses	4,978	-	3,073	-
Financial Expenses, net	44,831	8,613	19,406	1,797
Depreciation & Amortization	91,704	18,845	28,948	7,118
Adjusted EBITDA	190,906	51,876	62,844	18,938

For further information, please contact:

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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.

INTERNET GOLD-GOLDEN LINES LTD.
(Registrant)

By /s/Eli Holtzman

Eli Holtzman
Chief Executive Officer

Date: November 28, 2007