

Edgar Filing: CabelTel International Corp - Form 10-K

CabelTel International Corp  
Form 10-K  
April 02, 2007

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549  
FORM 10-K

(Mark One)  
 ANNUAL REPORT PURSUANT TO SECTION 13 OR 5(d) OF  
THE SECURITIES EXCHANGE ACT OF 1934

December 31, 2006

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF  
THE SECURITIES EXCHANGE ACT OF 1934

Commission File Number 000-08187

CabelTel International Corporation

-----  
(Exact name of registrant as specified in its charter)

Nevada

75-2399477

-----  
(State or other jurisdiction of  
Incorporation or organization)

-----  
(IRS Employer  
Identification Number)

1755 Wittington Place, Suite 340  
Dallas, Texas

75234

-----  
(Address of principal executive offices)

-----  
(Zip Code)

Registrant's Telephone Number, including area code (972) 407-8400  
-----

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class  
Common Stock, \$0.01 par value  
-----

Name of each exchange on  
which registered  
American Stock Exchange  
-----

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes  No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes  No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405

## Edgar Filing: CabelTel International Corp - Form 10-K

of Regulation S-K (ss.229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [X]

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Act). Yes [ ] No [X]

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes [ ] No [X]

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer \_\_\_\_ Accelerated filer \_\_\_\_ Non-accelerated filer X

The aggregate market value of the shares of voting and non-voting common equity held by non-affiliates of the Registrant, computed by reference to the closing price at which the common equity was last sold which was the sales price of the Common Stock on the American Stock Exchange as of June 30, 2006 (the last business day of the Registrant's most recently completed second fiscal quarter) was \$923,780 based upon a total of 410,569 shares held as of December 31, 2006 by persons believed to be non-affiliates of the Registrant. The basis of the calculation does not constitute a determination by the Registrant as defined in Rule 405 of the Securities Act of 1933, as amended, such calculation, if made as of a date within sixty days of this filing, would yield a different value.

As of March 24, 2007, there were 986,953 shares of common stock outstanding.

### DOCUMENTS INCORPORATED BY REFERENCE NONE

CABELTEL INTERNATIONAL CORPORATION  
Index to Annual Report on Form 10-K  
Fiscal year ended December 31, 2006

FORWARD-LOOKING STATEMENTS.....	3 -
-----	
PART I.....	3 -
-----	
ITEM 1. BUSINESS.....	3 -
-----	
ITEM 1A. RISK FACTORS.....	8 -
-----	
ITEM 1B. UNRESOLVED STAFF COMMENTS.....	9 -
-----	
ITEM 2. PROPERTIES.....	9 -
-----	
ITEM 3. LEGAL PROCEEDINGS.....	9 -
-----	
ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS.....	10 -
-----	
PART II.....	11 -
-----	

## Edgar Filing: CabelTel International Corp - Form 10-K

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES.....	11 -
-----	
ITEM 6. SELECTED FINANCIAL DATA.....	13 -
-----	
ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATION..	13 -
-----	
ITEM 7A: QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK...	17 -
-----	
ITEM 8. FINANCIAL STATEMENTS.....	17 -
-----	
ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE.....	17 -
-----	
ITEM 9A(T). CONTROLS AND PROCEDURES.....	17 -
-----	
ITEM 9B. OTHER INFORMATION.....	18 -
-----	
PART III.....	19 -
-----	
ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT.....	19 -
-----	
ITEM 11. EXECUTIVE COMPENSATION.....	23 -
-----	
ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT.....	24 -
-----	
ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS.....	25 -
-----	
ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES.....	26 -
-----	
PART IV.....	28 -
-----	
ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES.....	28 -
-----	
SIGNATURES.....	31 -
-----	
REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM.....	32 -
-----	
EXHIBIT INDEX.....	56 -
-----	

## Edgar Filing: CabelTel International Corp - Form 10-K

Certain statements in this Form 10-K are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, Section 27A of the Securities Act of 1933, and Section 21E of the Securities Exchange Act of 1934. The words "estimate", "plan", "intend", "expect", "anticipate", "believe" and similar expressions are intended to identify forward-looking statements. These forward-looking statements are found at various places throughout this Report and in the documents incorporated herein by reference. CabelTel International Corporation disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. Although we believe that our expectations are based upon reasonable assumptions, we can give no assurance that our goals will be achieved. Important factors that could cause our actual results to differ from estimates or projects contained in any forward-looking statements are described under ITEM 1A. RISK FACTORS beginning on page - 8 -.

### PART I

#### ITEM 1. BUSINESS

CabelTel International Corporation ("CabelTel" or the "Company" or "we" or "us") was incorporated in Nevada on May 31, 1991, originally under the name Medical Resource Companies of America. The Company is the successor-by-merger to Wespac Investors Trust, a California business trust that began operating in 1982. On March 26, 1996, the name was changed to Greenbriar Corporation; on February 8, 2005, the name of the Company was changed to CabelTel International Corporation.

#### Business Operations

We own, lease and operate real estate through:

- (i) leasing and operation of a retirement community in King City, Oregon, with a capacity of 114 residents, and
- (ii) ownership and operation of an outlet mall in Gainesville, Texas, with approximately 315,000 square feet of retail space available for lease.

#### Real Estate

##### Retirement Property

The Company leases and operates Pacific Pointe Retirement Inn ("Pacific Pointe") in King City, Oregon. Pacific Pointe has a capacity of 114 residents and provides community living with basic services such as meals, housekeeping, laundry, 24/7 staffing, transportation and social and recreational activities. These residents do not yet need assistance or support with activities of daily living but prefer the physical and psychological comfort of a residential community of like-minded people and access to health care and other senior oriented services.

Pacific Pointe is not required to hold a license for its independent retirement operation.

At Pacific Pointe, the Company's marketing and sales efforts are undertaken at the local level. These efforts are intended to create awareness of a community and its services among prospective residents, their families, other key decision-makers and professional referral sources.

## Edgar Filing: CabelTel International Corp - Form 10-K

Pacific Pointe has a stellar reputation in its community and has operated at or near capacity for a number of years. However, the retirement housing market has little barrier to entry and Pacific Pointe's present and potential competitors have, or may have access to, greater financial, management and other resources than those of the facility. There can be no assurance that competitive pressures will not have a material adverse effect on the property.

Operating Community - The following table sets forth certain information with respect to Pacific Pointe. The Company considers its community to be in good operating condition and suitable for the purpose for which it is being used.

Community	Location	Care Level(1)	Units	Resident Capacity(2)	Community Operations Commenced	Ownership
Pacific Pointe Retirement Inn	King City, OR	S	114	114	1993	Leased (3)

Key:

- (1) S basic support and supplemental services are offered.
- (2) Reflects actual number of units for Independent Living.
- (3) Leased from a partnership. Initial lease term is 10 years, expiring in 2012. The Company is responsible for all costs including repairs to the community, property taxes and other direct operating costs of the community. The lease includes clauses that allow for rent to increase over time based on a specified schedule.

Repair and Maintenance - The Company conducts routine repairs and maintenance, as needed, of its properties on a regular basis. The Company has no other current plans for significant expenditures relating to its existing properties and considers them to be in good repair and working order.

The Company has attracted, and continues to seek, highly dedicated and experienced personnel. All employees are required to complete training programs which include a core curriculum comprised of personal care basics, job related specific training, first aid, fire safety, nutrition, infection control and customer service. Executive Directors receive training in all of these areas, plus marketing, community relations, healthcare management and fiscal management. In addition to some classroom training, the Company's communities provide new employees with on-the-job training, utilizing experienced staff as trainers and mentors.

### Outlet Shopping Mall Property

The Company's outlet mall does business as Gainesville Factory Shops ("GFS") and is located in Gainesville, Texas. GFS has approximately 315,000 square feet of retail space available for lease. Purchased in December 2003, GFS presented the Company with an opportunity to make an investment at what the Company believed, at the time, was a bargain price. The Company believed that mall traffic could be enhanced by a more aggressive marketing effort as well as development in its immediate Gainesville, Texas area including the opening of a restaurant and a 90-unit hotel immediately adjacent to the mall and the ongoing development and operation of a casino four miles from the mall.

A number of shopping alternatives are available to potential customers within a reasonable driving distance. Further, conditions which the Company cannot control such as highway construction, economic downturn or the high price of gasoline can have a negative impact on traffic at GFS.

## Edgar Filing: CabelTel International Corp - Form 10-K

Marketing is general, market wide advertising to build overall mall traffic. Where possible, the mall coordinates this advertising with its tenant merchants' advertising to enhance the mall as a specific destination for shoppers.

-4-

### Business Strategy

In choosing investment properties, the Company's strategy is to choose a property that can achieve and sustain a strong competitive position within its chosen market. The Company also seeks to continue to enhance the performance of the properties it operates directly. In its real estate properties, the Company seeks to enhance current operations by (i) maintaining and improving occupancy rates, (ii) opportunistically increasing rents and fees, (iii) improving operating efficiencies and (iv) improving a property's market positioning.

The Company is a Nevada corporation which has principally been a real estate company, owning or leasing retirement specific real estate, an outlet shopping mall and certain oil and natural gas leases through subsidiaries. During 2006, the Company disposed of its subsidiaries engaged in the oil and natural gas lease and operation business. The Company seeks to re-enter the oil and natural gas industry through an acquisition of interests in a significant block of oil and natural gas leases in Cleburne County, Arkansas covering approximately 10,209 net acres, which the Company seeks to develop using various financing sources. The oil and natural gas leases cover properties located in the Fayetteville Shale area of the State of Arkansas. There is no assurance that this acquisition will occur.

### Insurance

The Company currently maintains property and liability insurance intended to cover claims in its retirement community, outlet mall and corporate operations. The provision of personal services entails an inherent risk of liability compared to more institutional long-term care communities. Retirement communities of the type operated by the Company offer residents a greater degree of independence in their daily lives. This increased level of independence, however, may subject the resident and the Company to certain risks that would be reduced in a more institutionalized setting. The Company also carries property insurance on each of its owned and leased properties.

### Employees

At December 31, 2006, the Company employed, in all segments, 65 people (20 full-time and 45 part-time). The Company believes it maintains good relationships with its employees. None of the Company's employees are represented by a collective bargaining group.

The Company's operations are subject to the Fair Labor Standards Act. Many of the Company's employees are paid at rates related to the minimum wage and any increase in the minimum wage will result in an increase in labor costs. Management is not aware of any non-compliance by the Company as regards applicable regulatory requirements that would have a material adverse effect on the Company's financial condition or results of operations.

### Quality Assurance

In operating a retirement community, our commitment to quality assurance is

## Edgar Filing: CabelTel International Corp - Form 10-K

designed to achieve a high degree of resident and family member satisfaction with the care and services the Company provides. In addition to training and performance reviews of all employees, the Company's quality control measures include:

Philosophy of Management - The Company's philosophy of management is to demonstrate by its actions and require from its employees high standards of personal integrity, to develop a climate of openness and trust, to demonstrate

-5-

respect for human dignity in every circumstance, to be supportive in all relationships, to promote teamwork by involving employees in the management of their own work and to promote the free expression of ideas and opinions.

Regular Property Inspections - Property inspections are conducted by corporate personnel. These inspections cover the appearance of the exterior and grounds, the appearance and cleanliness of the interior, the professionalism and friendliness of staff and notes on maintenance.

### Marketing

In real estate, the Company's marketing and sales efforts are undertaken at the local level. These are intended to create awareness of a property and its services among prospective customers, their families and other key referral sources. The property engages in traditional types of marketing activities such as special events, radio spots, direct mailings, print advertising, signs and yellow page advertising. These marketing activities and media advertisements are directed to potential customers.

### Government Regulation

Pacific Pointe is not required to hold a state license for its independent retirement operation.

Management is not aware of any non-compliance by the Company as regards applicable regulatory requirements that would have a material adverse effect on the Company's financial condition or results of operations.

### Competition

The retirement industry is highly competitive and will continue to become increasingly competitive in the future. The Company competes with other retirement companies and numerous other companies providing similar long-term care alternatives, such as home healthcare agencies, community-based service programs and convalescent centers (nursing homes).

The shopping mall industry is also competitive but the Company's property in Gainesville, Texas is geographically isolated and the Company feels that the market will not support another mall. To be successful, an outlet mall needs to attract shoppers from more highly populated areas at a greater distance than its local market.

### Acquisition and disposition of CableTEL AD

On October 12, 2004, the Company acquired, for 31,500 shares of newly-designated Series J 2% Cumulative Preferred Stock (the "Series J Preferred Stock"), 74.8% of CableTEL AD ("CableTEL"), a Bulgarian telecommunications company. The terms of the acquisition agreement required the Company to present a proposal to its

## Edgar Filing: CabelTel International Corp - Form 10-K

stockholders to approve the mandatory exchange of all shares of Series J Preferred Stock into 8,788,500 shares of common stock which, if approved by stockholders, would have represented 90% of the resulting total issued and outstanding shares of common stock in the Company.

The acquisition agreement, as amended, provided that the stockholders of the Company had until June 30, 2006 to approve the exchange of Series J Preferred Stock into the Company common stock. If the exchange was not approved by June 30, 2006, the holders of the Series J Preferred Stock had the option to rescind the entire transaction.

-6-

Until the acquisition was completed, the financial statements of CableTEL AD were not included in the Company's consolidated financial statements. The financial statements of the Company at December 31, 2005 did reflect the Series J Preferred Stock as well as a contra equity account reflecting that the transaction had not yet occurred.

Effective June 1, 2006, the Company and the owners of CableTEL AD entered into a Rescission Agreement whereby the original Acquisition Agreement dated October 12, 2004, as amended, was rescinded in its entirety. Pursuant to the Rescission Agreement:

(a) The Company received back and cancelled the 31,500 shares of Series J 2% Cumulative Preferred Stock it issued.

(b) The Company returned the equity securities of all entities it had acquired on October 12, 2004 to the original owners.

(c) A corporation affiliated with one of the original sellers assumed from the Company all indebtedness incurred by the Company since October 1, 2004 in connection with or related to advances by the Company to CableTEL AD or its affiliates to fund the operation of CableTEL AD. In exchange the Company surrendered all claims it had against CableTel AD or its affiliates for reimbursement for such advances.

(d) Ronald C. Finley, Chief Executive Officer of CableTEL AD resigned his positions in the Company as a director, as Chairman of the Board and as Chief Executive Officer. His resignation was effective June 1, 2006.

(e) The Company agreed that subject to its compliance with all applicable American Stock Exchange, Inc. rules and federal securities laws, it would in the future change its name to a name that does not include the word "cable" or "cabel".

(f) An affiliate of one of the original sellers assumed control and responsibility of any and all litigation involving the Company or in which the Company is named as a party involving the Company's relationship with the parties to the Rescission Agreement and/or CableTEL AD.

(g) All of the parties agreed to pay their own expenses with respect to any costs associated with the Rescission Agreement.

(h) The Company received, as a "break up fee", a \$1,500,000 participation in a 9 1/2% tax free bond. The bond, with a total face value of \$2,406,850, was originally issued by an unrelated third party. In June 2006, the Company recorded \$1,467,000 as other income, representing the \$1,500,000



## Edgar Filing: CabelTel International Corp - Form 10-K

net of expenses.

-7-

### Available Information

The Company maintains an internet website at <http://www.cabeltel.us>. The Company has available through the website, free of charge, Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, reports filed pursuant to Section 16 of the Securities Exchange Act of 1934 (the "Exchange Act") and amendments to those reports as soon as reasonably practicable after we electronically file or furnish such materials to the Securities and Exchange Commission. In addition, the Company has posted the charters for our Audit Committee, Compensation Committee and Governance and Nominating Committee, as well as our Code of Business Conduct and Ethics, Corporate Governance Guidelines on Director Independence and other information on the website. These charters and principles are not incorporated in this Report by reference. The Company will also provide a copy of these documents free of charge to stockholders upon request. The Company issues Annual Reports containing audited financial statements to its common stockholders.

### ITEM 1A. RISK FACTORS

#### Risks Related to the Company

The retirement industry is highly competitive. Competition for residents, employees and facilities is very keen in the retirement industry.

The shopping mall business is dependent on leasing space to successful tenants. The Company's shopping mall in Gainesville, Texas is unique in its market but must maintain good relationships with its current and future tenants as well as generate adequate traffic for those tenants to be successful.

Our governing documents contain anti-takeover provisions that may make it more difficult for a third party to acquire control of us. Our Articles of Incorporation contain provisions designed to discourage attempts to acquire control of the Company by a merger, tender offer, proxy contest or removal of incumbent management without the approval of our Board of Directors. As a result, a transaction which otherwise might appear to be in your best interests as a stockholder could be delayed, deferred or prevented altogether, and you may be deprived of an opportunity to receive a premium for your shares over prevailing market rates. The provisions contained in our Articles of Incorporation include:

- \* the requirement of an 80% vote to make, adopt, alter, amend, change or repeal our Bylaws or certain key provisions of the Articles of Incorporation that embody, among other things, the anti-takeover provisions;
- \* the so-called business combination "control act" requirements involving the Company and a person that beneficially owns 10% or more of the outstanding common stock except under certain circumstances; and
- \* the requirement of holders of at least 80% of the outstanding Common Stock to join together to request a special meeting of stockholders.

## Edgar Filing: CabelTel International Corp - Form 10-K

As of December 31, 2006, officers, directors and affiliated entities owning more than 5% of the Company's outstanding common stock owned approximately 59% of the outstanding shares of common stock. In light of this, these anti-takeover provisions could help entrench the existing Board of Directors and may effectively give our management the power to block any attempted change in control.

-8-

### ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

### ITEM 2. PROPERTIES

The Company's principal offices are located at 1755 Wittington Place, Dallas, Texas 75234 in approximately 5,000 square feet of leased space. The Company believes its leased space is presently suitable, fully utilized and will be adequate for the foreseeable future. The Company's retirement property and outlet mall property are described in detail beginning on page - 3 - under ITEM 1. BUSINESS, all of which are suitable and adequate for the purpose to which each is devoted.

### ITEM 3. LEGAL PROCEEDINGS

During the fourth quarter of the fiscal year covered by this report, no proceeding previously reported was terminated.

On December 1, 2005, Cable Partners Bulgaria, LLC ("CPB") instituted an action in the 95th Judicial District Court of Dallas County, Texas styled Cable Partners Bulgaria, LLC and Cable Partners Europe, LLC v. CabelTel International Corporation f/k/a Greenbriar Corporation, Gene Phillips and Ronald C. Finley, Cause No. 05-12021 County, Texas. The complaint alleges that a representative of the plaintiffs talked to Ronald Finley about their possible purchase of CableTEL AD's telecommunications systems during 2004, and that during the conversation in November 2004, told Mr. Finley that they had an agreement to purchase Eurocom Plovdiv EOOD ("Eurocom"). The complaint further alleges that (i) the two owners of Eurocom (who are not defendants in this action) advised the plaintiffs that they had agreed to sell the entity to CableTEL AD and had been paid a non-refundable deposit; (ii) the two individuals informed CPB's representative that they would complete the sale of Eurocom to CPB only if CableTEL AD were unable to complete the purchase, and CPB's price increased to (euro)23,000,000 with limited further due diligence and the purchase of stock rather than assets. Plaintiffs' complaint alleges tortious interference with an existing contract, breach of contract, and seeks a temporary and permanent injunction, exemplary damages, costs and attorneys' fees. An answer has been filed on behalf of the Company denying all of the material allegations in the Complaint. Management intends to vigorously defend the action, which it perceives to be without merit as to the Company. Management also believes that the action misstates or seeks to conveniently rearrange certain facts and events central to the controversy.

As part of the Rescission Agreement unwinding the acquisition of CableTEL AD, an affiliate of one of the original sellers assumed control and responsibility of any and all litigation involving the Company or in which the Company is named as a party involving the Company's relationship with the parties to the Rescission Agreement and/or CableTEL AD.

## Edgar Filing: CabelTel International Corp - Form 10-K

On June 23, 2006, Commerce and Industry Insurance Company instituted an action against the Company and its subsidiaries, styled Commerce and Industry Insurance Company vs. Cabeltel International Corporation DBA Greenbriar Corporation, Et Al (Citation No. DC-06-6040-M, District Court, Dallas County, Texas), alleging an underpayment of insurance premiums of \$113,000 in 2002. The Company disagrees with the plaintiff as to any obligation owed. Further, should an obligation be owed the Company believes the amount would be less than the amount in the complaint.

-9-

The ownership of property and provision of services to the public entails an inherent risk of liability. Although the Company and its subsidiaries, from time to time, have been and are involved in various items of litigation incidental to and in the ordinary course of its business, in the opinion of Management, the outcome of such litigation will not have a material adverse impact upon the Company's financial condition, results of operations or liquidity.

#### ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

An Annual Meeting of Stockholders was held on December 1, 2006, at which meeting stockholders were asked to consider and vote upon the election of directors. At the meeting, stockholders elected the following individuals as directors:

#### Shares Voting

Director	FOR	ABSTAINED
Roz Campisi Beadle	671,305	612
Gene S. Bertcher	671,301	612
James E. Huffstickler	669,635	612
Dan Locklear	671,305	612
Victor L. Lund	671,305	612

There were no broker non-votes in the election of directors at the annual meeting.

-10-

## PART II

#### ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

The common stock of the Company is traded on the American Stock Exchange ("AMEX") using the symbol "GBR". The following table sets forth the high and low sales prices as reported in the reporting system of the AMEX and other published financial sources. (All prices have been adjusted for a 2002 stock dividend and October 2003 stock split.)

2006		2005	
High	Low	High	Low
-----	-----	-----	-----

## Edgar Filing: CabelTel International Corp - Form 10-K

First Quarter	\$6.10	\$3.00	\$6.44	\$3.66
Second Quarter	2.15	1.90	8.08	4.63
Third Quarter	3.58	2.18	5.65	4.20
Fourth Quarter	3.72	2.65	4.15	2.70

On March 24, 2007, the closing price of the Company's common stock was \$3.80 per share. According to the Transfer Agent's records, at March 24, 2007 our common stock was held by approximately 450 holders of record.

### Performance Graph

The following graph compares the cumulative total return on a \$100 investment in the Company's common stock on December 31, 2002 through December 31, 2006, based on the Company's closing stock price on December 31 for each of those years. The same information is provided using the Standard & Poor 500 index and the Dow Jones Total Market Index.

	2002	2003	2004	2005	2006
CabelTel International Corporation	100.00	113.24	130.64	88.38	96.67
Dow Jones US Market Index	100.00	128.71	141.80	148.16	168.19
S&P 500	100.00	126.43	137.80	141.93	161.26

-11-

The Company paid no dividends on its common stock in 2006 or 2005. The Company has not paid cash dividends on its common stock during at least the last ten fiscal years and it has been the policy of the Board of Directors of the Company to retain all earnings to pay down long-term debt and finance future expansion and development of its businesses. The payment of dividends, if any, will be determined by the Board of Directors in the future in light of conditions then existing, including the Company's financial condition and requirements, future prospects, restrictions in financing agreements, business conditions and other factors deemed relevant by the Board of Directors.

### Securities Authorized for Issuance under Equity Compensation Plans

We have two stock-based equity compensation plans that have been approved by our stockholders. See NOTE J - STOCKHOLDERS EQUITY for a description of the plans, the number of shares of common stock to be issued upon exercise of outstanding stock options, the weighted average exercise price of outstanding stock options and the number of shares of common stock remaining for future issuance under the plans. We have no stock-based compensation plans which were adopted without the approval of our stockholders.

### Purchases of Equity Securities

The Board of Directors has not authorized the repurchase of any shares of its common stock under any share repurchase program, except when stockholders owning less than one round lot (100 shares) so request, the Company will purchase shares at market closing on the last trading day prior to receipt of the certificate(s). The following table represents shares repurchased during the three months ended December 31, 2006.

Total No. of	Weighted	Total No. of Shares	Maximum No. of Shares
Shares	Average	Repurchased as part	that May Yet Be
Purchased	Price	of	that May Yet Be
Total No. of	Average	Publicly-	that May Yet Be

## Edgar Filing: CabelTel International Corp - Form 10-K

Period	Shares Repurchased	Price Per Share	Announced Program	Repurchased Under the Program
10/01-31/2006	-0-	-0-	-0-	-0-
11/01-30/2006	-1-	3.10	-1-	-0-
12/01-31/2006	-0-	-0-	-0-	-0-

-12-

### ITEM 6. SELECTED FINANCIAL DATA

The selected consolidated financial data presented below are derived from the Company's audited financial statements.

For the fiscal year ended December 31,

	2006 ----	2005 ----	2004 ----	2003 ----	2002 ----
(dollar amounts in thousands, except per share data)					
Operating revenue	\$ 4,268	\$ 4,098	\$ 4,643	\$ 2,486	\$ 3,300
Operating expenses	5,090	5,124	5,783	3,195	5,373
Operating profit (loss)	(822)	(1,026)	(1,140)	(709)	(2,073)
Earnings (loss) from continuing operations before income taxes	\$ 1,285	\$ (1,241)	\$ (987)	\$ 614	\$ (2,724)
Income tax (income) expense	(437)	--	--	--	(749)
Earnings (loss) from continuing operations	848	(1,241)	(987)	614	(3,473)
Income (loss) from discontinued operations	453	255	171	(392)	(4,900)
NET EARNINGS (LOSS)	\$ 1,301	\$ (986)	\$ (816)	\$ 222	\$ (8,373)
Earnings (loss) per common share - basic and diluted					
Continuing operations	0.86	\$(1.28)	\$ (1.01)	\$ 0.31	\$ (4.88)
Discontinued operations	0.46	0.27	0.18	--	(6.79)
Net earnings (loss) per share	\$ 1.32	\$ (1.01)	\$ (0.83)	0.31	\$ (11.67)
Basic weighted average common shares	987	977	977	706	718
BALANCE SHEET DATA:					
Total assets	\$ 9,702	\$ 20,080	\$ 16,766	\$ 18,131	\$ 12,624
Long-term debt	6,078	13,560	8,338	2,053	8,479
Total liabilities	7,623	19,328	16,766	18,131	12,624
Total stockholders equity	\$ 2,079	\$ 752	\$ 1,738	\$ 2,554	\$ 1,351

## Edgar Filing: CabelTel International Corp - Form 10-K

### ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATION

#### Overview

As of December 31, 2006, the Company leased one assisted living community in Oregon, with a capacity of 114 residents. The Company also owns a 315,000 square foot outlet mall in Gainesville, Texas.

Since 1996, the Company has owned, leased and operated assisted living and retirement communities throughout the United States. During that period of time the Company has both acquired and sold over seventy communities. The acquiring and disposing of its real estate assets has been an integral part of the Company's business.

-13-

During 2004 and 2005, the Company anticipated acquiring a cable operator CableTEL AD. For the most part, all of its efforts were directed to that acquisition. In June 2006, the acquisition of CableTEL AD was rescinded by the parties and the Company received a break up fee of \$1,500,000. After the rescission of the CableTEL AD acquisition the Company began seeking new acquisitions.

During 2006, the Company disposed of its subsidiaries engaged in the oil and natural gas leasing and operation business. The Company seeks to re-enter the oil and natural gas industry through an acquisition of interests in a significant block of oil and natural gas leases in Cleburne County, Arkansas covering approximately 10,209 net acres which the Company seeks to develop using various financing sources. The oil and natural gas leases cover properties located in the Fayetteville Shale area of the State of Arkansas. There is no assurance that this acquisition will occur.

#### Critical Accounting Policies and Estimates

The Company's discussion and analysis of its financial condition and results of operations are based upon the Company's consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States. Certain of the Company's accounting policies require the application of judgment in selecting the appropriate assumptions for calculating financial estimates. By their nature, these judgments are subject to an inherent degree of uncertainty. These judgments and estimates are based upon the Company's historical experience, current trends and information available from other sources that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

The Company believes the following critical accounting policies are more significant to the judgments and estimates used in the preparation of its consolidated financial statements. Revisions in such estimates are recorded in the period in which the facts that give rise to the revisions become known.

The Company's allowance for doubtful accounts receivable and notes receivable is based on an analysis of the risk of loss on specific accounts. The analysis

## Edgar Filing: CabelTel International Corp - Form 10-K

places particular emphasis on past due accounts. Management considers such information as the nature and age of the receivable, the payment history of the tenant, customer or other debtor and the financial condition of the tenant or other debtor. Management's estimate of the required allowance, which is reviewed on a quarterly basis, is subject to revision as these factors change.

### Deferred Tax Assets

Significant management judgment is required in determining the provision for income taxes, deferred tax assets and liabilities and any valuation allowance recorded against net deferred tax assets. The future recoverability of the Company's net deferred tax assets is dependent upon the generation of future taxable income prior to the expiration of the loss carry forwards. The company believes that it will generate future taxable income to fully utilize the net deferred tax assets.

### Liquidity and Capital Resources

At December 31, 2006, the Company had current assets of \$1,854,000 and current liabilities of \$1,127,000.

-14-

On December 31, cash and cash equivalents totaled \$324,000 and \$650,000 in 2006, and 2005, respectively. CabelTel's principal sources of cash have been and will continue to be property operations, proceeds from property sales and refinancing of debt. If cash from future operations does not prove to be sufficient to satisfy all of CabelTel's obligations, as they mature, when necessary, management may also selectively sell income-producing properties, refinance properties and/or incur additional borrowings secured by real estate to meet cash requirements.

Net cash provided by (used in) continuing operating activities was (\$908,000) in 2006, \$38,000 in 2005 and (\$2,129,000) in 2004.

Net cash provided by (used in) investing activities was (\$1,219,000) in 2006, \$3,560,000 in 2005 and \$734,000 in 2004. In 2006, the net cash used was principally a cash loan to Eurenergy Resources, a related party, \$1,377,000. In addition the Company purchased an interest in a gas well in Fayetteville, Arkansas for \$118,000. In 2005 the cash provided was principally from the sale of two assisted living facilities. In 2004, the cash provided was from the collection of existing notes receivable of \$1,579,000 less the purchase of \$845,000 in property and equipment principally at the Gainesville outlet mall.

Net cash provided by (used in) financing activities was (\$204,000) in 2006, (\$3,969,000) in 2005 and \$1,533,000 in 2004. In 2006, the cash used was principally for the payment of the mortgage for the Gainesville Outlet Mall. In 2005, the cash used was principally for the repayment of the mortgage obligations on two assisted living facilities that were sold as well as the Gainesville Outlet Mall. In 2004, the cash provided was principally from the refinancing of the Gainesville Outlet Mall.

Net cash provided (used in) by discontinued operations was \$2,005,000 in 2006, \$259,000 in 2005 and (\$64,000) in 2004. In 2006 the Company sold Gaywood Oil & Gas and received cash proceeds of \$1,737,000. Additionally, in 2006, Gaywood provided cash from operations of \$268,000.

## Edgar Filing: CabelTel International Corp - Form 10-K

### Results of Operations

#### Fiscal 2006 as Compared to Fiscal 2005

Revenues and Operating Expenses from operations of a retirement facility: Revenues were \$2,695,000 in 2006 as compared to \$2,597,000 in 2005. Retirement operating expenses, which consist of assisted living operations expense, lease expense and depreciation and amortization, were \$2,130,000 in 2006 as compared to \$2,006,000 in 2005.

Revenues and Operating Expenses from operations of an outlet mall: Revenues were \$1,235,000 in 2006 as compared to \$1,501,000 in 2005. Operating expenses were \$1,760,000 in 2006 as compared to \$1,845,000 in 2005. The decrease in revenue is due to the net reduction in occupancy and rent adjustments for several tenants. The increase in expenses is due to overall operating costs throughout the operation.

Corporate General and Administrative Expense: These expenses were \$1,091,000 in 2006 and \$1,191,000 in 2005. During 2006, the Company reduced certain salary and personnel expenses that existed in 2005.

Interest and Dividend Income: Interest and dividend income was \$447,000 in 2006 and \$700,000 in 2005. During 2006, the Company recorded interest income of \$314,000 from funds it had advanced to CabelTEL AD for operations and acquisitions in Bulgaria as compared to 515,000 in 2005. (See discussion of interest expense)

Interest Expense: Interest expense was \$924,000 in 2006 and \$1,161,000 in 2005. During the fourth quarter of 2004 and continuing through 2005, the Company

-15-

borrowed a total of \$7,200,000 which it advanced to CabelTEL AD for operations and acquisitions in Bulgaria. The interest expense on this debt was \$314,000 in 2006 as compared to \$515,000 in 2005.

Other Income (Expense): Other income was \$2,584,000 in 2006. In June 2006, the Company rescinded its acquisition of CableTel AD and received a break up fee of \$1,500,000 which resulted in net income, after deducting expenses of \$1,467,000. In addition, in November 2006, the Company settled its obligation to Sylvia Gilley and recorded a gain on such settlement of \$1,021,000. Additionally, the Company collected certain payments on certain receivables that were previously written off.

Discontinued Operations: During 2006, the Company sold Gaywood Oil and Gas. During 2005, the Company disposed of an assisted living community in South Carolina. During 2004, the Company disposed of assisted living communities in Georgia and Washington. In addition, the Company entered into a contract to sell a third assisted living community in North Carolina, which was sold in January 2005. These were reflected as assets held for sale.

#### Fiscal 2005 as Compared to Fiscal 2004

Revenues and Operating Expenses from operations of a retirement facility: Revenues were \$2,597,000 in 2005, as compared to \$2,566,000 in 2004. Retirement operating expenses, which consist of assisted living operations expense, lease expense and depreciation and amortization, were \$2,006,000 in 2005 as compared to \$1,967,000 in 2004.



## Edgar Filing: CabelTel International Corp - Form 10-K

Revenues and Operating Expenses from the Gainesville outlet mall: In 2005, revenues were \$1,501,000 and operating expenses were \$1,845,000. In 2004, revenues were \$2,077,000 and operating expenses were \$2,013,000. The decrease in revenue is due to the net reduction in occupancy and rent adjustments for several tenants. The reduction in expenses is due to better cost control throughout the operation. The Company acquired the mall on December 10, 2003.

Corporate General and Administrative Expense: These expenses were \$1,191,000 in 2005 as compared to \$1,694,000 in 2004. During 2004, the Company incurred legal fees related to a dispute with the IRS and overall professional fees with regard to its acquisition of the CableTEL AD. These expenses did not occur in 2005.

Interest and Dividend Income: Interest and dividend income was \$700,000 in 2005 and \$213,000 in 2004. During the fourth quarter of 2004 and continuing through 2005, the Company borrowed a total of \$7,200,000, which it had advanced to CabelTEL AD for operations and acquisitions in Bulgaria. The Company has a receivable from CableTEL AD for principal and interest equivalent to the amounts the Company has incurred.

Interest Expense: Interest expense was \$1,161,000 in 2005 as compared to \$904,000 in 2004. The net increase in interest expense is primarily due to two specific items. The Company acquired the Gainesville Outlet Mall in December 2003. When the Company acquired the mall, it was initially financed with a short-term note with interest rates escalating from 3% to 15%. These notes were refinanced in August 2004 through a five year note with interest at 5.85%. The additional interest that was incurred through August 2004 was not incurred in 2005. During the fourth quarter of 2004 and continuing through 2005, the Company borrowed a total of \$7,200,000, which it had advanced to CabelTEL AD for operations and acquisitions in Bulgaria. The additional interest in 2005 represents the interest on this debt. The Company has a receivable from CableTEL AD for principal and interest equivalent to the amounts the Company has incurred.

Other Income (Expense): Other income was \$285,000 in 2005, which principally represents the collection of certain receivables that were previously written off.

Discontinued Operations: During 2005, the Company disposed of an assisted living community in South Carolina. During 2004, the Company disposed of assisted

-16-

living communities in Georgia and Washington. In addition, the Company entered into a contract to sell a third assisted living community in North Carolina, which was sold in January 2005. These were reflected as assets held for sale.

### ITEM 7A: QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

All of the Company's debt is financed at fixed rates of interest. Therefore, the Company has minimal risk from exposure to changes in interest rates.

### ITEM 8. FINANCIAL STATEMENTS

The financial statements required by this Item begin at page 32 of this Report.

### ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

## Edgar Filing: CabelTel International Corp - Form 10-K

None.

### ITEM 9A(T). CONTROLS AND PROCEDURES

#### Evaluation of Disclosure Controls and Procedures

A review and evaluation was performed by management under the supervision and with the participation of the Acting Principal Executive Officer and Chief Financial Officer of the effectiveness of the Company's disclosure controls and procedures, as required by Rule 13a-15(b) of the Securities Exchange Act of 1934 as of December 31, 2006. Based upon that most recent evaluation, which was completed as of the end of the period covered by this Form 10-K, the Acting Principal Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures were effective at December 31, 2006 to ensure that information required to be disclosed in reports that the Company files submits under the Securities Exchange Act of 1934 is recorded, processed, summarized and timely reported as provided in the Securities and Exchange Commission ("SEC") rules and forms. As a result of this evaluation, there were no significant changes in the Company's internal control over financial reporting during the three months ended December 31, 2006 that have materially affected or are reasonably likely to materially affect, the Company's internal control over financial reporting.

#### Management Report on Internal Control Over Financial Reporting

Management of the Company is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rules 13a-15(f) and 15d-15(f) under the Securities Exchange Act of 1934, as amended, as a process designed by, or under the supervision of, the Company's principal executive and principal financial officers and effected by the Company's board, management and other personnel to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with accounting principles generally accepted in the United States ("GAAP, US") and includes those policies and procedures that:

-17-

- \* pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of a company;
- \* provide reasonable assurance that the transactions are recorded as necessary to permit preparation of financial statements in accordance with GAAP, US and that receipts and expenditures of a company are being made only in accordance with authorizations of management and directors of a company; and
- \* provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of a company's assets that could have a material effect on the financial statements.

Because of the inherent limitations of internal control over financial reporting, including the possibility of human error and the circumvention or overriding of controls, material misstatements may not be prevented or detected on a timely basis. Projections of any evaluation of effectiveness to future periods are subject to the risks that controls may become inadequate because of

## Edgar Filing: CabelTel International Corp - Form 10-K

changes and conditions or that the degree of compliance with policies or procedures may deteriorate. Accordingly, even internal controls determine to be effective can provide only reasonable assurance that information required to be disclosed in and reports filed under the Securities Exchange Act of 1934 is recorded, processed, summarized and represented within the time periods required.

Management of the Company has assessed the effectiveness of its internal control over financial reporting at December 31, 2006. To make this assessment, the Company used the criteria for effective internal control over financial reporting described in Internal Control - Integrated Framework, issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"). Based on this assessment, management of the Company believes that as of December 31, 2006, the internal control system over financial reporting met those criteria.

This Annual Report does not include an attestation report of the Company's registered public accounting firm regarding internal control over financial reporting. Management's report was not subject to attestation by the Company's registered public accounting firm pursuant to temporary rules of the SEC that permit the Company to provide only management's report in this annual report.

### Changes in Internal Control Over Financial Reporting

There has been no change in the Registrant's internal control over financial reporting during the quarter ended December 31, 2006 that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting.

### ITEM 9B. OTHER INFORMATION

Not applicable.

-18-

## PART III

### ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

#### Directors

The affairs of the Company are managed by the Board of Directors. The directors are elected at the Annual Meeting of Stockholders or appointed by the incumbent Board and serve until the next Annual Meeting of Stockholders, until a successor has been elected or approved, or until earlier resignation, removal or death.

After December 31, 2003 changes occurred involving the creation of Board Committees, the adoption of Committee charters, the adoption of a Code of Ethics for Senior Financial Officers and the adoption of Guidelines for Director Independence. Also, following the acquisition of two U.S. entities in October 2004, and following the Annual Meeting of Stockholders held on October 20, 2004, Ronald C. Finley, Chief Executive Officer of CableTEL AD was elected a director, Chairman of the Board and Chief Executive Officer of the Company;

It is the Board's objective that a majority of the Board consists of independent directors. For a director to be considered "independent", the Board must determine that the director does not have any direct or indirect material

## Edgar Filing: CabelTel International Corp - Form 10-K

relationship with the Company. The Board has established guidelines to assist it in determining director independence, which conform to, or are more exacting than, the independence requirements in the American Stock Exchange listing rules. The independence guidelines are set forth in the Company's "Corporate Governance Guidelines". The text of this document has been posted on the Company's internet website at <http://www.cabeltel.us>, and is available in print to any stockholder who requests it. In addition to applying these guidelines, the Board will consider all relevant facts and circumstances in making an independent determination.

The Company has adopted a code of conduct that applies to all directors, officers and employees, including our principal executive officer, principal financial officer and principal accounting officer. Stockholders may find our Code of Conduct on our internet website address at <http://www.cabeltel.us>. We will post any amendments to the Code of Conduct as well as any waivers that are required to be disclosed by the rules of the SEC or the AMEX on our website.

Our Board of Directors has adopted charters for our Audit, Compensation and Governance and Nominating Committees of the Board of Directors. Stockholders may find these documents on our website by going to the website address <http://www.cabeltel.us>. Stockholders may also obtain a printed copy of the materials referred to by contacting us at the following address:

CabelTel International Corporation  
Attn: Investor Relations  
1755 Wittington Place, Suite 340  
Dallas, Texas 75234  
972-407-8400 (Telephone)

-19-

The Audit Committee of the Board of Directors is an "audit committee" for the purposes of Section 3(a) (58) of the Exchange Act. The members of that Committee are Dan Locklear (Chairman), James Huffstickler and Victor Lund. Mr. Locklear is qualified as an "audit committee financial expert" within the meaning of SEC regulations and the Board has determined that he has the accounting and related financial management expertise within the meaning of the listing standards of the AMEX. All of the members of the Audit Committee meet the independence and experience requirements of the listing standards of the AMEX.

All members of the Audit Committee, Compensation Committee and the Governance and Nominating Committee must be independent directors. Members of the Audit Committee must also satisfy additional independence requirements which provide (i) that they may not accept, directly or indirectly, any consulting, advisory or compensatory fee from the Company or any of its subsidiaries other than their director's compensation (other than in their capacity as a member of the Audit Committee, the Board of Directors or any other Committee of the Board), and (ii) no member of the Audit Committee may be an "affiliated person" of the Company or any of its subsidiaries, as defined by the Securities and Exchange Commission.

The current directors of the Company are listed below, together with their ages, terms of service, all positions and offices with the Company, their principal occupations, business experience and directorships with other companies during the last five years or more. The designation "affiliated", when used below with respect to a director, means that the director is an officer or employee of the Company or one of its subsidiaries. The designation "independent", when used below with respect to a director, means that the director is neither an officer of the Company nor a director, officer or employee of a subsidiary of the

## Edgar Filing: CabelTel International Corp - Form 10-K

Company, although the Company may have certain business or professional relationships with the director as discussed in ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS.

Roz Campisi Beadle, age 50, (Independent) Director since December 2003

Ms. Beadle is Executive Vice President of Unified Housing Foundation and a licensed realtor. She has a background in public relations and marketing. Ms. Beadle is also extremely active in various civic and community services and is currently working with the Congressional Medal of Honor Society and on the Medal of Honor Host City Committee in Gainesville, Texas.

Gene S. Bertcher, age 58, (Affiliated) Director November 1989 to September 1996 and since June 1999

Mr. Bertcher was elected President and Chief Financial Officer effective November 1, 2004. He was elected Chairman and Chief Executive Officer in December 2006. Mr. Bertcher has been Chief Financial Officer and Treasurer of the Company since November 1989 and Executive Vice President from November 1989 until he was elected President in 2003. He has been a certified public accountant since 1973.

James E. Huffstickler, age 64, (Independent) Director since December 2003

Mr. Huffstickler has been Chief Financial Officer of Sunchase America, Ltd., a multi-state property management company, for more than five years. He is a

-20-

graduate of the University of South Carolina and was formerly employed by Southmark Management, Inc., a nationwide real estate management company. Mr. Huffstickler has been a certified public accountant since 1976.

Dan Locklear, age 55, (Independent) Director since December 2003

Mr. Locklear has been Chief Financial Officer of Sunridge Management Group, a real estate management company, for more than five years. Mr. Locklear was formerly employed by Johnstown Management Company, Inc. and Trammel Crow Company. Mr. Locklear has been a certified public accountant since 1981 and a licensed real estate broker in the State of Texas since 1978.

Victor L. Lund, age 78, (Independent) Director since March 1996

Mr. Lund founded Wedgwood Retirement Inns, Inc. ("Wedgwood") in 1977, which became a wholly owned subsidiary of the Company in 1996. For most of Wedgwood's existence, Mr. Lund was Chairman of the Board, President and Chief Executive Officer, positions he held until Wedgwood was acquired by the Company. Mr. Lund is President and Chief Executive Officer of Wedgwood Services, Inc., a construction services company not affiliated with the Company.

### Board Committees

The Board of Directors held six meetings during 2006. For such year, no incumbent director attended fewer than 75% of the aggregate of (i) the total number of meetings held by the Board during the period for which he or she had been a director, and (ii) the total number of meetings held by all Committees of the Board on which he or she served during the period that he or she served.

The Board of Directors has standing Audit, Compensation and Governance and

## Edgar Filing: CabelTel International Corp - Form 10-K

Nominating Committees. The Audit Committee was formed on December 12, 2003, and its function is to review the Company's operating and accounting procedures. A Charter of the Audit Committee has been adopted by the Board. The current members of the Audit Committee, all of whom are independent within the SEC regulations, the listing standards of the AMEX and the Company's Corporate Governance Guidelines are Messrs. Locklear (Chairman), Huffstickler and Lund. Mr. Dan Locklear is qualified as an Audit Committee financial expert within the meaning of SEC regulations, and the Board has determined that he has the accounting and related financial management expertise within the meaning of the listing standards of the AMEX. The Audit Committee met once in 2006.

The Governance and Nominating Committee is responsible for developing and implementing policies and practices relating to the corporate governance, including reviewing and monitoring implementation of the Company's Corporate Governance Guidelines. In addition, the Committee develops and reviews background information on candidates for the Board and makes recommendations to the Board regarding such candidates. The Committee also prepares and supervises the Board's annual review of director independence and the Board's performance and self-evaluation. The Charter of the Governance and Nominating Committee was adopted on October 20, 2004. The members of the Committee are Messrs. Huffstickler (Chairman), Lund and Ms. Beadle. The Governance and Nominating Committee met once in 2006.

-21-

The Board has also formed a Compensation Committee of the Board of Directors, adopted a Charter for the Compensation Committee on October 20, 2004, and selected Ms. Beadle (Chairman) and Messrs. Huffstickler and Locklear as members of that Committee. The Compensation Committee met once in 2006.

The members of the Board of Directors at the date of this Report and the Committees of the Board on which they serve are identified below:

Director	Audit Committee	Governance and Nominating Committee	Compensation Committee
Roz Campisi Beadle		X	Chairman
Gene S. Bertcher			
James E. Huffstickler	X	Chairman	X
Dan Locklear	Chairman		X
Victor L. Lund	X	X	

### Executive Officers

The following persons currently serve as executive officers of the Company: Gene S. Bertcher, Chairman of the Board, President, Chief Executive Officer and Chief Financial Officer; and Oscar Smith, Vice President and Secretary. Their positions with the Company are not subject to a vote of stockholders. Their ages, terms of service and all positions and offices with the Company, other principal occupations, business experience and directorships with other companies during the last five years or more are listed below. For information relating to Mr. Bertcher, see the description under the caption "Directors" above.

Oscar Smith, age 64, Secretary (since December 2001), Vice President (since 1994)

## Edgar Filing: CabelTel International Corp - Form 10-K

Mr. Smith has been Secretary of the Company since December 2001. He has been Vice President of the Company since June 1994. Prior to joining the Company he owned and operated a multi-unit retail and manufacturing business in Norfolk, Virginia.

In addition to the foregoing officers, the Company has other officers not listed herein who are not considered executive officers.

### Code of Ethics

The Board of Directors has adopted a code of ethics entitled "Code of Business Conduct and Ethics" that applies to all directors, officers and employees of the Company and its subsidiaries. In addition, the Company has adopted a code of ethics entitled "Code of Ethics for Senior Financial Officers" that applies to the principal executive officer, president, principal financial officer, chief financial officer, principal accounting officer and controller. The text of these documents is posted on the Company's internet website address at <http://www.cabeltel.us> and is available in print to any stockholder who requests them.

-22-

### Section 16(a) Beneficial Ownership Reporting Compliance

Based solely upon a review of Forms 3, 4 and 5 furnished to the Company pursuant to Rule 16a-3(e) promulgated under the Securities Exchange Act of 1934 (the "Exchange Act"), or upon written representations received by the Company, the Company is not aware of any failure by any director, officer or beneficial owner of more than 10% of the Company's common stock to file with the Securities and Exchange Commission on a timely basis.

### ITEM 11. EXECUTIVE COMPENSATION

The following tables set forth the compensation in all categories paid by the Company for services rendered during the fiscal years ended December 31, 2006, 2005 and 2004 by the Chief Executive Officer of the Company and to the other executive officers and Directors of the Company whose total annual salary in 2006 exceeded \$100,000, the number of options granted to any of such persons during 2006 and the value of the unexercised options held by any of such persons on December 31, 2006.

#### SUMMARY COMPENSATION TABLE

Name and Principal Position	Year	Salary	Bonus	Stock Awards	Option Awards	Non- Equity Incentive Plan Compensation	Change Pension Value a Nonqual Deferre Compens Earning
Gene S. Bertcher Chairman, President Chief Executive	2006	\$ 186,000					

Edgar Filing: CabelTel International Corp - Form 10-K

Officer  
& Chief Financial  
Officer

2005 186,000  
2004 137,000

GRANTS OF PLAN-BASED AWARDS

None

OUTSTANDING EQUITY AWARDS AT FISCAL YEAR-END

None

OPTION EXERCISES AND STOCK VESTED

None

PENSION BENEFITS

None

NONQUALIFIED DEFERRED COMPENSATION

No

-23-

DIRECTOR COMPENSATION

Name	Fees Earned Or Paid in Cash	Stock Awards	Option Awards	Non-Equity Incentive Plan Compensatio	Change in Pension Value and Nonqualified Deferred Compensation Earnings	All Other Compensation
Roz Campisi Beadle	\$ 8,500					
Gene S. Bertcher	--					
James E. Huffstickler	8,500					
Dan Locklear	8,500					
Victor L. Lund	8,500					

MANAGEMENT AND CERTAIN SECURITY HOLDERS

None

Stock Option Plan



## Edgar Filing: CabelTel International Corp - Form 10-K

The Board of Directors administers the Company's 1997 Stock Option Plan (the "1997 Plan") and the 2000 Stock Option Plan (the "2000 Plan"), each of which provide for grants of incentive and non-qualified stock options to the Company's executive officers, as well as its directors and other key employees and consultants. Under the two Plans, options are granted to provide incentives to participants to promote long-term performance of the Company and specifically, to retain and motivate senior management in achieving a sustained increase in stockholder value. Currently, none of the Plans has a pre-set formula or criteria for determining the number of options that may be granted. The exercise price for an option granted is determined by the Compensation Committee, in an amount not less than 100% of the fair market value of the Company's common stock on the date of grant. The Compensation Committee reviews and evaluates the overall compensation package of the executive officers and determines the awards based on the overall performance of the Company and the individual performance of the executive officers. The Company's stock plans total 50,000 shares of common stock under the 1997 Plan and 50,000 shares of common stock under the 2000 Plan. Options have been granted for all shares reserved under the 1997 Plan and 10,000 shares for the 2000 Plan.

### Compensation of Directors

The Company pays each non-employee director a fee of \$2,500 per year, plus a meeting fee of \$2,000 for each board meeting attended. Company employee directors serve with no fees being paid.

### ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth, as of December 31, 2006, certain information with respect to all stockholders known by the company to own beneficially more than 5% of the outstanding common stock, which is the only outstanding class of securities of the Company, except for Series B Preferred Stock (the ownership of which is immaterial), as well as information with respect to the Company's common stock owned beneficially by each director and current executive officers, whose compensation from the company in 2005 exceeded \$100,000, and by all

-24-

directors and executive officers as a group. Unless otherwise indicated, each of these stockholders has sole voting and investment power with respect to the shares beneficially owned.

Name of Beneficial Owner	Common Stock	
	No. of Shares	Percent of Class*
HKS Investment Corp. (1)	108,994	11.04%
Gene S. Bertcher(2)	71,811	7.28%
Roz Campisi Beadle	100	**
James E. Huffstickler	-	-
Dan Locklear	-	-
JRG Investment Company, Inc.(3) (5)	156,884	15.89%
TacCo Financial, Inc.(3) (4) (6)	228,726	23.17%
International Health Products, Inc.(3) (7)	9,770	**
All executive officers and directors as a group (six persons)	180,905	18.33%

\* Based on 976,955 shares of common stock outstanding at March 31, 2006. \*\* Less

## Edgar Filing: CabelTel International Corp - Form 10-K

than 1%.

- (1) Consists of 108,994 shares of common stock owned by HKS Investment Corporation ("HKS"). According to an original statement on Schedule 13D dated January 9, 2006, the group consists of HKS Investment Corporation, David Hensel, John Kellar and Marshall Stagg, each of whom are deemed to be the beneficial owner of all 108,994 shares. Hensel is stated to be a shareholder, director and President of HKS; Kellar is a shareholder, director, Vice President and Treasurer of HKS; and Stagg is a shareholder, director and Secretary of HKS.
- (2) Consists of 71,811 shares of common stock owned by Mr. Bertcher.
- (3) Based on a Schedule 13D, amended December 14, 2004, filed by each of these entities and by Gene E. Phillips, an individual; each of these entities owns of record the number of shares set forth for such entity in the table. The amended Schedule 13D indicates that these entities, Mr. Phillips and Basic Capital Management, Inc., collectively, may be deemed a "Person" within the meaning of Section 13D of the Securities Exchange Act of 1934.
- (4) Consists of 228,726 shares of common stock (which does not include 156,884 shares held by JRG Investment Company, Inc. or an option to 40,000 shares of common stock at an exercise price of \$2.60 per share). TacCo Financial, Inc. also holds a warrant to purchase 170,000 shares at \$3.58 per share, exercisable only after stockholder approval to exchange the Company's Series J 2% Preferred Stock for common stock before October 1, 2005, and not exercisable if such approval does not occur.
- (5) Officers and Directors of JRG Investment Co., Inc. ("JRG") are J. T. Tackett, Director, President and Treasurer and E. Wayne Starr, Director, Chairman and Chief Executive Officer. JRG is a wholly owned subsidiary of TacCo Financial, Inc.
- (6) Officers and Directors of TacCo Financial, Inc. ("TFI") are J.T. Tackett, Director, Chairman and CEO; Wayne Starr, Director, President and Treasurer and R. Neil Crouch II, Vice President and Secretary. TFI's stock is owned by Electrical Networks, Inc. (75%) and Starr Investments (25%).
- (7) Officers and Directors of International Health Products, Inc. ("IHPI") are R. Neil Crouch II, Director, President and Treasurer and Cecelia Maynard, Secretary. IHPI is wholly owned by a trust for the benefit of the wife and children of Gene E. Phillips.

### ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

In July 2006, the Company loaned Eurenergy Resources Corporation \$1,377,000. The Company received a demand note with interest of 8% per annum.

-25-

In October 2004, the Company issued Series J 2% Preferred Stock to acquire 74.8% of CableTEL AD. Certain of the holders of the Series J 2% Preferred Stock are deemed to be related parties with the Company. In June 2006, the transaction was rescinded.

It is the policy of the Company that all transactions between the Company and any officer or director, or any of their affiliates, must be approved by non-management members of the Board of Directors of the Company. All of the transactions described above were so approved.

## Edgar Filing: CabelTel International Corp - Form 10-K

### ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

The following table sets forth the aggregate fees for professional services rendered to the Company for the years 2006 and 2005 by the Company's principal accounting firms, Grant Thornton & Company and Farmer, Fuqua & Huff, PC:

Type of Fees	2006	2005 (a)
Audit Fees	\$106,046	\$ 72,062
Audit Related Fees	--	--
Tax Fees	9,625	9,973
All Other Fees	--	--
Total Fees	\$115,671	\$ 82,035

(a) The amount of audit fees paid in 2005 was \$68,151 to Farmer Fuqua & Huff PC and \$3,911 to Grant Thornton. The tax fees paid in 2005 were to Farmer, Fuqua & Huff PC.

All services rendered by the principal auditors are permissible under applicable laws and regulations and were pre-approved by either of the Board of Directors or the Audit Committee, as required by law. The fees paid to principal auditors for services described in the above table fall under the categories listed below:

**Audit Fees:** These are fees for professional services performed by the principal auditor for the audit of the Company's annual financial statements and review of financial statements included in the Company's Form 10-Q filings and services that are normally provided in connection with statutory and regulatory filings or engagements.

**Audit-Related Fees:** These are fees for assurance and related services performed by the principal auditor that are reasonably related to the performance of the audit or review of the Company's financial statements. These services include attestation by the principal auditor that is not required by statute or regulation and consulting on financial accounting/reporting standards.

**Tax Fees:** These are fees for professional services performed by the principal auditor with respect to tax compliance, tax planning, tax consultation, returns preparation and reviews of returns. The review of tax returns includes the Company and its consolidated subsidiaries.

**All Other Fees:** These are fees for other permissible work performed by the principal auditor that does not meet the above category descriptions.

-26-

These services are actively monitored (as to both spending level and work content) by the Audit Committee to maintain the appropriate objectivity and independence in the principal auditor's core work, which is the audit of the Company's consolidated financial statements.

#### Financial Information Systems Design and Implementation Fees

Farmer, Fuqua & Huff, P.C. did not render any professional services to the Company in 2006 with respect to financial information systems design and implementation.

## Edgar Filing: CabelTel International Corp - Form 10-K

Under the Sarbanes-Oxley Act of 2002 (the "SO Act"), and the rules of the Securities and Exchange Commission (the "SEC"), the Audit Committee of the Board of Directors is responsible for the appointment, compensation and oversight of the work of the independent auditor. The purpose of the provisions of the SO Act and the SEC rules for the Audit Committee's role in retaining the independent auditor is two-fold. First, the authority and responsibility for the appointment, compensation and oversight of the auditors should be with directors who are independent of management. Second, any non-audit work performed by the auditors should be reviewed and approved by these same independent directors to ensure that any non-audit services performed by the auditor do not impair the independence of the independent auditor. To implement the provisions of the SO Act, the SEC issued rules specifying the types of services that an independent may not provide to its audit client, and governing the Audit Committee's administration of the engagement of the independent auditor. As part of this responsibility, the Audit Committee is required to pre-approve the audit and non-audit services performed by the independent auditor in order to assure that they do not impair the auditor's independence. Accordingly, the Audit Committee has adopted a pre-approval policy of audit and non-audit services (the "Policy"), which sets forth the procedures and conditions pursuant to which services to be performed by the independent auditor are to be pre-approved. Consistent with the SEC rules establishing two different approaches to pre-approving non-prohibited services, the Policy of the Audit Committee covers pre-approval of audit services, audit-related services, international administration tax services, non-U.S. income tax compliance services, pension and benefit plan consulting and compliance services, and U.S. tax compliance and planning. At the beginning of each fiscal year, the Audit Committee will evaluate other known potential engagements of the independent auditor, including the scope of work proposed to be performed and the proposed fees, and the approve or reject each service, taking into account whether services are permissible under applicable law and the possible impact of each non-audit service on the independent auditor's independence from management. Typically, in addition to the generally pre-approved services, other services would include due diligence for an acquisition that may or may not have been known at the beginning of the year. The Audit Committee has also delegated to any member of the Audit Committee designated by the Board or the financial expert member of the Audit Committee responsibilities to pre-approve services to be performed by the independent auditor not exceeding \$25,000 in value or cost per engagement of audit and non-audit services, and such authority may only be exercised when the Audit Committee is not in session.

-27-

### PART IV

#### ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a) The following documents are filed as a part of this report:

- (1) FINANCIAL STATEMENTS: The following financial statements of the Registrant and the Report of Independent Public Accountants therein are filed as part of this Report on Form 10-K:

Report of Farmer, Fuqua & Huff, P.C.....	32
Consolidated Balance Sheets.....	33

## Edgar Filing: CabelTel International Corp - Form 10-K

Consolidated Statement of Operations.....	35
Consolidated Statements of Cash Flows.....	36
Consolidated Statement of Changes in Stockholders' Equity.....	38
Notes to Consolidated Financial Statements.....	39

(2) FINANCIAL STATEMENT SCHEDULES: Other financial statement schedules have been omitted because the information required to be set forth therein is not applicable, is immaterial or is shown in the consolidated financial statements or notes thereto.

### (3) EXHIBITS

The following documents are filed as exhibits (or are incorporated by reference as indicated) into this Report:

Exhibit Designation	Exhibit Description
3.1	Articles of Incorporation of Medical Resource Companies of America (incorporated by 3.1 reference to Exhibit 3.1 to Registrant's Form S-4 Registration Statement No. 333-55968 dated December 21, 1992)
3.2	Amendment to the Articles of Incorporation of Medical Resource Companies of America (incorporated by reference to Exhibit 3.5 to Registrant's Form 8-K dated April 1, 1993)
3.3	Restated Articles of Incorporation of Greenbriar Corporation (incorporated by reference to Exhibit 3.1.1 to Registrant's Form 10-K dated December 31, 1995)
3.4	Amendment to the Articles of Incorporation of Medical Resource Companies of America (incorporated by reference to Exhibit to Registrant's PRES 14-C dated February 27, 1996)
3.5	Bylaws of Registrant (incorporated by reference to Exhibit 3.2 to Registrant's Form S-4 Registration Statement No. 333-55968 dated December 21, 1992)
3.6	Amendment to Section 3.1 of Bylaws of Registrant adopted October 9, 2003 (incorporated by reference to Exhibit 3.2.1 to Registrant's Form S-4 Registration Statement No. 333-55968 dated December 21, 1992)
3.7	Certificate of Decrease in Authorized and Issued Shares effective November 30, 2001 (incorporated by reference to Exhibit 2.1.7 to Registrant's Form 10-K dated December 31, 2002)
3.8	Certificate of Designations, Preferences and Rights of Preferred Stock dated May 7, 1993 relating to Registrant's Series B Preferred Stock (incorporated by reference to Exhibit 4.1.2 to Registrant's Form S-3 Registration Statement No. 333-64840 dated June 22, 1993)
3.9	Certificate of Voting Powers, Designations, Preferences and

## Edgar Filing: CabelTel International Corp - Form 10-K

- Rights of Registrant's Series F Senior Convertible Preferred Stock dated December 31, 1997 (incorporated by reference to Exhibit 2.2.2 of Registrant's Form 10-KSB for the fiscal year ended December 31, 1997)
- 3.10 Certificate of Voting Powers, Designations, Preferences and Rights of Registrant's Series G Senior Non-Voting Convertible Preferred Stock dated December 31, 1997 (incorporated by reference to Exhibit 2.2.3 of Registrant's Form 10-KSB for the fiscal year ended December 31, 1997)
- 3.11 Certificate of Designations dated October 12, 2004 as filed with the Secretary of State of Nevada on October 13, 2004 (incorporated by reference to Exhibit 3.4 of Registrant's Current Report on Form 8-K for event occurring October 12, 2004)
- 3.12 Certificate of Amendment to Articles of Incorporation effective February 8, 2005 (incorporated by reference to Exhibit 3.5 of Registrant's Current Report on Form 8-K for event occurring February 8, 2005)
- 3.13 Certificate of Amendment to Articles of Incorporation effective March 21, 2007 (incorporated by reference to Exhibit 3.13 of Registrant's Current Report on Form 8-K for event occurring March 21, 2005)
- 10.1 Registrant's 1997 Stock Option Plan (filed as Exhibit 4.1 to Registrant's Form S-8 Registration Statement, Registration No. 333-33985 and incorporated herein by this reference).
- 10.2 Registrant's 2000 Stock Option Plan (filed as Exhibit 4.1 to Registrant's Form S-8 Registration Statement, Registration No. 333-50868 and incorporated herein by this reference)
- 29-
- 10.3 Form of Umbrella Agreement between Greenbriar Corporation, James R. Gilley and Jon Harder, Sunwest Management, Inc. et al
- 10.4 Form of Acquisition Agreement between Greenbriar Corporation, Ronald Finley, Jeffery A. Finley, Bradford A. Phillips and Gene E. Phillips dated October 12, 2004 (incorporated by reference to Exhibit 10.1 of Registrant's Current Report on Form 8-K for event occurring October 12, 2004)
- 10.5 Amendment No. 1 to Acquisition Agreement effective July 29, 2005 among CabelTel International Corporation, Ronald C. Finley, Jeffrey A. Finley, Bradford A. Phillips, Gene E. Phillips, joined by CIC Investment, LLC and PSII Management, LLC (incorporated by reference to Exhibit 10.2 of registrants current report on Form 8-K for event occurring July 29, 2005)
- 10.6 Warrant to Purchase 20,000 shares of Common Stock issued October 20, 2004 (incorporated by reference to Exhibit 10.5

Edgar Filing: CabelTel International Corp - Form 10-K

of registrants annual report of Form 10-K for the fiscal year ended December 31, 2004)

- 10.7 Warrant to Purchase 170,000 shares of Common Stock issued October 20, 2004 (incorporated by reference to Exhibit 10.5 of registrants annual report of Form 10-K for the fiscal year ended December 31, 2004)
- 14.0 Code of Ethics for Senior Financial Officers (incorporated by reference to Exhibit 14.0 to Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 2003)
- 21.1\* Subsidiaries of the Registrant
- 23.1\* Consent of Farmer, Fuqua & Hunt, P.C.
- 31.1\* Rule 13a-14(a) Certification by Chief Executive Officer
- 32.1\* Certification of Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. ss.1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

\*Filed herewith.

-30-

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Company has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized

CABELTEL INTERNATIONAL CORPORATION

March 30, 2007

by: /s/ Gene S. Bertcher

-----  
Gene S. Bertcher  
President and Chief Financial Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons in the capacities and on the dates indicated.

Signature	Title	Date
/s/ Gene S. Bertcher ----- Gene S. Bertcher	President, Chairman, Chief Executive Officer, Chief Financial Officer and Director	March 30, 2007
/s/ Roz Campisi Beadle ----- Roz Campisi Beadle	Director	March 30, 2007
/s/ James Huffstickler ----- James Huffstickler	Director	March 30, 2007

Edgar Filing: CabelTel International Corp - Form 10-K

/s/ Dan Locklear ----- Dan Locklear	Director	March 30, 2007
/s/ Victor Lund ----- Victor Lund	Director	March 30, 2007

-31-

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders  
Cabeltel International Corporation, formerly Greenbriar Corporation

We have audited the accompanying consolidated balance sheets of Cabeltel International Corporation, formerly Greenbriar Corporation, and subsidiaries, as of December 31, 2006, and 2005, and the related consolidated statements of income, shareholders' equity and cash flows for each of the three years in the period ended December 31, 2006. These consolidated financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. The company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits include consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion of the effectiveness of the company's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion. In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Cabeltel International Corporation, formerly Greenbriar Corporation, and subsidiaries as of December 31, 2006, and 2005, and the consolidated results of their operations and their cash flows for each of the three years in the period ended December 31, 2006 in conformity with accounting principles generally accepted in the United States of America.

/s/ FARMER FUQUA & HUFF, P.C.

Plano, Texas March 30, 2007

-32-



# Edgar Filing: CabelTel International Corp - Form 10-K

CabelTel International Corporation and Subsidiaries

## CONSOLIDATED BALANCE SHEETS (Amounts in thousands)

CabelTel International Corporation and Subsidiaries

## CONSOLIDATED BALANCE SHEETS (Amounts in thousands)

	December 31,	
	2006	2005
Assets		
Current assets		
Cash and cash equivalents	\$ 324	\$ 650
Accounts receivable - trade	31	339
Note and interest receivable - related party	1,428	--
Notes receivable	--	306
Other current assets, net	71	179
Total current assets	1,854	1,474
Notes receivable net of deferred income	--	309
Property and equipment, at cost		
Land and improvements	2,237	2,232
Buildings and improvements	5,240	5,298
Equipment and furnishings	315	292
Proven oil and gas properties (full cost method)	--	1,401
	7,792	9,223
Less accumulated depreciation, depletion, and amortization	959	963
	6,833	8,260
Deferred tax asset	491	1,161
Due from CableTEL AD - related party	--	8,004
Deposits	146	129
Other assets	378	743
Total Assets	\$ 9,702	\$20,080

Edgar Filing: CabelTel International Corp - Form 10-K

The accompanying notes are an integral part  
of these statements.

-33-

CabelTel International Corporation and Subsidiaries

CONSOLIDATED BALANCE SHEETS - CONTINUED  
(Amounts in thousands, except share amounts)

	Dec 2006
=====	
Liabilities And Stockholders' Equity	
Current liabilities	
Current maturities of long-term debt	\$ 135
Accounts payable - trade	500
Accrued expenses	339
Other current liabilities	153
Total Current Liabilities	1,127
Long-term debt	6,078
Other long-term liabilities	418
Total liabilities	7,623
Stockholders' equity	
Preferred stock, Series B	1
Preferred stock, Series J 2%	-
Preferred stock, Series J contra equity	-
Common stock, \$.01 par value; authorized, 4,000,000 shares; issued and outstanding, 986,953 shares at December 31, 2006 and 976,955 shares at December 31, 2005	10
Additional paid-in capital	55,992
Accumulated deficit	(53,924)
	2,079

Edgar Filing: CabelTel International Corp - Form 10-K

Total Liabilities & Equity

\$ 9,702  
=====

The accompanying notes are an integral part of these statements.

-34-

CabelTel International Corporation and Subsidiaries

CONSOLIDATED STATEMENTS OF OPERATIONS  
(Amounts in thousands, except per share amounts)

	----- 2006 -----
Revenue	
Real estate operations	\$ 4,268 -----
Operating expenses	
Real estate operations	3,060
Lease expense	939
Corporate general and administrative	1,091 ----- -----
Operating earnings (loss)	(822)
Other income (expense)	
Interest income	447
Interest expense	(924)
Gain (loss) on sale of assets, net	--
Other income (expense), net	2,584 ----- -----
Earnings (loss) from continuing operations	1,285
Provision for income taxes	(437) -----
Net income (loss) from continuing operations	848
Discontinued operations	
Gain from operations (net of \$91 income tax in 2006)	177

## Edgar Filing: CabelTel International Corp - Form 10-K

Gain from sale of assets (net of \$142 income tax in 2006)	276
	-----
Net gain (loss) from discontinued operations	453
	-----
Net income (loss) applicable to common shares	1,301
	=====
Earnings (loss) per common share - basic and diluted	
Continuing operations	\$ 0.86
Discontinued operations	0.46
	-----
Net earnings (loss) per share	\$ 1.32
	=====
Weighted average common and equivalent shares outstanding - basic and diluted	987

The accompanying notes are an integral part of these statements.

-35-

### CabelTel International Corporation and Subsidiaries

#### CONSOLIDATED STATEMENTS OF CASH FLOWS (Amounts in thousands)

	Year ended December 31,		
	2006	2005	2004
	----	----	----
Cash flows from operating activities			
Net earnings (loss) from continuing operations	\$ 848	\$ (1,241)	\$ (987)
Adjustments to reconcile net earnings (loss) to net cash provided by (used in) operating activities			
Depreciation and amortization	369	389	246
Depreciation from assets classified as discontinued operations	--	121	323
(Gain) loss from affiliates	(1,500)	--	(1,247)
(Gain) from settlement with Sylvia Gilley	(1,303)		
(Gain) loss on sale of assets	--	39	--
Change in deferred tax asset	437		
Write-down of impaired assets	--	--	147
Changes in operating assets and liabilities			
Accounts receivable - trade	308	(117)	(122)
Other current and non-current assets	77	(299)	(132)
Accounts payable and other liabilities	(144)	1,146	(357)
	-----	-----	-----
Net cash provided by (used) in operating activities	(908)	38	(2,129)

Edgar Filing: CabelTel International Corp - Form 10-K

Cash flows from investing activities			
Funding of a note receivable	(1,377)	--	--
Investment in gas well	(118)	--	--
Purchase of property and equipment, net	(30)	(47)	(845)
Net repayment of notes receivable	306	550	1,579
Proceeds from sale of other real estate	--	1,147	--
Proceeds from sale of properties	--	1,910	--
	-----	-----	-----
Net cash provided by (used in) investing activities	(1,219)	3,560	734
	-----	-----	-----
Cash flows from financing activities			
Proceeds from common stock issuance	26	--	--
Proceeds from borrowings	--	6,500	--
Payments on debt	(230)	(3,831)	(5,591)
Distributions from equity partnerships'			
financing cash flow	--	--	507
Repurchase of common stock	--	--	--
Net advances from affiliates	--	(138)	117
	-----	-----	-----
Net cash provided by (used in) financing activities	(204)	(3,969)	1,533
	-----	-----	-----
Cash flows from discontinued operations			
Cash provided by operating activities	268	259	(64)
Cash provided by investing activities - proceeds from sale	1,737	--	--
	-----	-----	-----
Net cash provided by (used in) discontinued operations	2,005	259	(64)
Net increase (decrease) in cash and cash equivalents	(326)	(112)	74
Cash and cash equivalents at beginning of year	650	762	688
	-----	-----	-----
Cash and cash equivalents at end of year	\$ 324	\$ 650	\$ 762

The accompanying notes are an integral part of these statements

-36-

	December 31,		
	2006	2005	2004
	-----	-----	-----

Supplemental information on cash flows is as follows:

Interest paid	\$ 380	\$ 370	\$ 705
---------------	--------	--------	--------

Edgar Filing: CabelTel International Corp - Form 10-K

Non-cash investing and financing activities:			
Notes payable dissolved under rescission	(7,245)	--	--
Interest payable dissolved under rescission	(991)	--	--
Funds due from affiliate dissolved under rescission	8,236	--	--
Notes receivable funded under rescission	1,500	--	--
Notes payable cancelled under Gilley settlement	(2,255)	--	--
Interest payable cancelled under Gilley settlement	(857)	--	--
Notes receivable transferred to Gilleys	1,809	--	--
Disposal of property to satisfy debt	--	--	935
Notes payable agreed by buyer on sale of real estate	--	--	906

The accompanying notes are an integral part of this statement.

-37-

CabelTel International Corporation and Subsidiaries

CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY  
(Amounts in thousands)

	Series B Preferred stock		Series J Preferred stock		Series J Preferred Stock Contra Equity		Sh
	Shares	Amount	Shares	Amount	Shares	Amount	
Balance at January 1, 2004	1	1	--	--	--	--	
Net loss							
Issuance of Series J							
Preferred Stock	--	--	32	3,150	(32)	(3,150)	
Net loss	--	--	--	--	--	--	
Balance at December 31, 2004	1	1	32	3,150	(32)	(3,150)	
Net loss							
Balance at December 31, 2005	1	1	32	3,150	(32)	(3,150)	
Rescission of Series J							
Preferred Stock			(32)	(3,150)	32	3,150	
Exercised stock option							
Net income							

Edgar Filing: CabelTel International Corp - Form 10-K

Balance at December 31, 2006 1 1 -- -- -- --

The accompanying notes are an integral part of this statement.

-38-

	Additional paid in capital -----	Accum- ulated deficit -----	Total -----
Balance at January 1, 2004	55,966	(53,423)	2,554
Net loss			
Issuance of Series J	--	--	--
Preferred Stock			
Net loss	--	(816)	(816)
Balance at December 31, 2004	55,966	(54,239)	1,738
Net loss		(986)	(986)
Balance at December 31, 2005	55,966	(55,225)	752
Rescission of Series J			
Preferred Stock			
Exercised stock option	26		26
Net income		1,301	1,301
Balance at December 31, 2006	55,992	(53,924)	2,079

CabelTel International Corporation and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2006

The accompanying Consolidated Financial Statements of CabelTel International Corporation and consolidated entities were prepared in conformity with accounting principles generally accepted in the United States of America, the

## Edgar Filing: CabelTel International Corp - Form 10-K

most significant of which are described in NOTE B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES. The Notes to Consolidated Financial Statements are an integral part of these Consolidated Financial Statements. The data presented in the Notes to Consolidated Financial Statements are as of December 31, of each year and for the year then ended, unless otherwise indicated. Dollar amounts in tables are in thousands, except per share amounts.

Certain balances for 2004 and 2005 have been reclassified to conform to the 2006 presentation.

### NOTE A - BUSINESS DESCRIPTION AND PRESENTATION

#### Name Change

On February 10, 2005, Greenbriar Corporation changed its name to CabelTel International Corporation (which is referred throughout this report as "the Company" or "CIC").

#### Acquisition and disposition of CableTEL AD

On October 12, 2004, the Company acquired, for 31,500 shares of newly-designated Series J 2% Preferred Stock, 74.8% of CableTEL AD ("CableTEL"), a Bulgarian telecommunications company. The terms of the Acquisition Agreement required the Company to present a proposal to its stockholders to approve the mandatory exchange of all shares of Series J 2% Preferred Stock into 8,788,500 shares of common stock which, if approved by stockholders, would have represented 90% of the resulting total issued and outstanding shares of common stock in the Company.

The Acquisition Agreement, as amended, provided that the stockholders of the Company had until June 30, 2006 to approve the exchange of Series J 2% Preferred Stock into the Company common stock. If the exchange was not approved by June 30, 2006, the holders of the Series J 2% Preferred Stock had the option to rescind the entire transaction.

Until the acquisition was completed, the financial statements of CableTEL AD were not included in the Company's consolidated financial statements. The financial statements of the Company at December 31, 2005 did reflect the Series J 2% Preferred Stock as well as a contra equity account reflecting that the transaction had not yet occurred.

Effective June 1, 2006, the Company and the owners of CableTEL AD entered into a Rescission Agreement whereby the original Acquisition Agreement dated October 12, 2004, plus all amendments, was rescinded in its entirety.

-39-

#### Pursuant to the Rescission Agreement:

(a) The Company received back and cancelled the 31,500 shares of Series J 2% Cumulative Preferred Stock it issued.

(b) The Company returned the equity securities of all entities it had acquired on October 12, 2004 to the original owners.

(c) A corporation affiliated with one of the original sellers assumed from the Company all indebtedness incurred by the Company since October 1, 2004 in connection with or related to advances by the Company to CableTEL AD or its



## Edgar Filing: CabelTel International Corp - Form 10-K

affiliates to fund the operation of CableTEL AD. In exchange, the Company surrendered all claims it had against CableTel AD or its affiliates for reimbursement for such advances.

(d) Ronald C. Finley, Chief Executive Officer of CableTEL AD and one of the original sellers, resigned his positions in the Company as a director, as Chairman of the Board and as Chief Executive Officer. His resignation was effective June 1, 2006.

(e) The Company agreed that, subject to its compliance with all applicable American Stock Exchange, Inc. rules and federal securities laws, it would in the future change its name to a name that does not include the word "cable" or "cabel".

(f) An affiliate of one of the original sellers assumed control and responsibility of any and all litigation involving the Company or in which the Company is named as a party involving the Company's relationship with the parties to the Rescission Agreement and/or CableTEL AD.

(g) All of the parties agreed to pay their own expenses with respect to any costs associated with the Rescission Agreement.

(h) The Company, as a "break up fee", received a \$1,500,000 participation in a 9 1/2% tax free bond. The bond, with a total face value of \$2,406,850, is from an unrelated third party. In June 2006, the Company recorded \$1,467,000 as other income, representing the \$1,500,000, net of expenses.

### Disposition of Gaywood Oil & Gas

Effective June 30, 2006, the Company sold all of its membership interests in the two limited liability companies Gaywood Oil & Gas, LLC and Gaywood Oil & Gas II, LLC which own oil and gas leases in Gregg and Rusk Counties, Texas and on which approximately 50 oil-producing wells are operating. These are wells averaging two to three barrels of oil per day. The sale price of \$1,737,000 was received in cash on July 5, 2006. The Company recorded a gain on the sale of \$418,000.

### Nature of Operations

As of December 31, 2006, the Company leases and operates a retirement community, in King City Oregon, with a capacity of 114 residents. The Company owns an outlet shopping mall in Gainesville, Texas with approximately 315,000 square feet of retail space available for lease.

-40-

### NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the significant accounting policies applied in the preparation of the accompanying consolidated financial statements follows:

#### Principles of Consolidation

The consolidated financial statements include the accounts of CabelTel International Corporation and its majority-owned subsidiaries (collectively, the "Company" or "CIC") and are prepared on the basis of accounting principles generally accepted in the United States of America. All significant intercompany

## Edgar Filing: CabelTel International Corp - Form 10-K

transactions and accounts have been eliminated.

### Depreciation

Depreciation is provided for in amounts sufficient to relate the cost of property and equipment to operations over their estimated service lives, ranging from 3 to 40 years. Depreciation is computed by the straight-line method. Depreciation expense, included in operations expenses, was \$248,000, \$493,000 \$355,000 for 2006, 2005 and 2004, respectively.

### Accounting for Leases

Leases of property, plant and equipment where the Company assumes substantially all the benefits and risks of ownership are classified as finance leases. Finance leases are capitalized at the estimated present value of the underlying lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance charge is charged to the income statement over the lease period. Property, plant and equipment acquired under finance leasing contracts is depreciated over the useful life of the asset.

Leases of assets under which all the risks and benefits of ownership are effectively retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the income statement on a straight-line basis over the period of the lease. When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognized as an expense in the period in which termination takes place.

### Revenue Recognition

Rental income for commercial property leases is recognized on a straight-line basis over the respective lease terms. Rental income for residential property leases is recorded when due from residents and is recognized monthly as it is earned, which is not materially different than on a straight-line basis as lease terms are generally for periods of one year or less.

### Use of Estimates

In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and revenues and expenses during the reporting period. Actual results could differ from those estimates.

-41-

### Cash Equivalents

The Company considers all short-term deposits and money market investments with a maturity of less than three months to be cash equivalents.

### Other Intangible Assets

## Edgar Filing: CabelTel International Corp - Form 10-K

The cost of acquired patents, trademarks and licenses is capitalized and amortized using the straight-line method over their useful lives. The carrying amount of each intangible asset is reviewed annually and adjusted for permanent impairment where it is considered necessary.

### Impairment of Notes Receivable

Notes receivable are identified as impaired when it is probable that interest and principal will not be collected according to the contractual terms of the note agreements. The accrual of interest is discontinued on such notes, and no income is recognized until all past due amounts of principal and interest are recovered in full.

### Impairment of Long-Lived Assets

The Company reviews its long-lived assets and certain identifiable intangibles for impairment when events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. In reviewing recoverability, the Company estimates the future cash flows expected to result from use of the assets and eventually disposing of them. If the sum of the expected future cash flows (undiscounted and without interest charges) is less than the carrying amount of the asset, an impairment loss is recognized based on the asset's fair value.

The Company determines the fair value of assets to be disposed of and records the asset at the lower of fair value less disposal costs or carrying value. Assets are not depreciated while held for disposal.

### Stock Options

The Company follows Statement of Financial Accounting Standards No. 123(R), "Share-Based Payment" ("SFAS 123R) for its stock options. The effect of SFAS 123R is immaterial to the Company's financial statements.

### Sales of Real Estate

Gains on sales of real estate are recognized to the extent permitted by Statement of Financial Accounting Standards No. 66, "Accounting for Sales of Real Estate" ("SFAS No. 66"). Until the requirements of SFAS No. 66 have been met for full profit recognition, sales are accounted for by the installment or cost recovery method, whichever is appropriate.

-42-

### Real Estate Held for Sale

-----

Statement of Financial Accounting Standards No. 144, ("SFAS No. 144") requires that properties held for sale be reported at the lower of carrying amount or fair value less costs of sale. If a reduction in a held for sale property's carrying amount to fair value less costs of sale is required, a provision for loss is recognized by a charge against earnings. Subsequent revisions, either upward or downward, to a held for sale property's estimated fair value less costs of sale are recorded as an adjustment to the property's carrying amount, but not in excess of the property's carrying amount when originally classified as held for sale. A corresponding charge against or credit to earnings is recognized. Properties held for sale are not depreciated.

## Edgar Filing: CabelTel International Corp - Form 10-K

### Recent Accounting Pronouncements

In February 2006, the FASB issued Statement of Financial Accounting Standards No. 155, "Accounting for Certain Hybrid Financial Instruments--an Amendment of FASB Statements No. 133 and 140" ("SFAS No. 155"). The purpose of SFAS No. 155 is to simplify the accounting for certain hybrid financial instruments by permitting fair value re-measurement for any hybrid financial instrument that contains an embedded derivative that otherwise would require bifurcation. SFAS No. 155 is effective for all financial instruments acquired or issued after the beginning of an entity's first fiscal year that begins after September 15, 2006. We do not expect the adoption of SFAS No. 155 to have a material impact on our cash flows, results of operations, financial position or liquidity.

In March 2006, the FASB issued Statement of Financial Accounting Standards No. 156, "Accounting for Servicing of Financial Assets--an Amendment of FASB Statement No. 140" ("SFAS No. 156"). SFAS No. 156 requires recognition of a servicing asset or a servicing liability each time an entity undertakes an obligation to service a financial asset by entering into a servicing contract. SFAS No. 156 also requires that all separately recognized servicing assets and servicing liabilities be initially measured at fair value and subsequently measured at fair value at each reporting date. SFAS No. 156 is effective as of the beginning of an entity's first fiscal year that begins after September 15, 2006. We do not expect the adoption of SFAS No. 156 to have a material impact on our cash flows, results of operations, financial position or liquidity.

In June 2006, the FASB issued Interpretation No. 48, "Accounting for Uncertainty in Income Taxes, an Interpretation of FASB Statement No. 109" ("FIN No. 48"). FIN No. 48 clarifies the accounting for uncertainty in income taxes recognized in a company's financial statements and prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. FIN No. 48 also provides guidance on description, classification, interest and penalties, accounting in interim periods, disclosure and transition. FIN No. 48 is effective for fiscal years beginning after December 15, 2006. We do not expect the adoption of FIN No. 48 to have a material impact on our cash flows, results of operations, financial position or liquidity.

-43-

In September 2006, the Securities and Exchange Commission issued Staff Accounting Bulletin No. 108, "Considering the Effects of Prior Year Misstatements When Quantifying Misstatements in Current Year Financial Statements" ("SAB No. 108"). SAB 108 provides guidance on the consideration of the effects of prior period misstatements in quantifying current year misstatements for the purpose of a materiality assessment. SAB 108 requires the quantification of financial statement misstatements based on the effects of the misstatements on each of the company's financial statements and the related financial statement disclosures. This model is commonly referred to as the "dual approach" because it requires quantification of errors under both the iron curtain and the roll-over methods. The roll-over method focuses primarily on the impact of a misstatement on the income statement--including the reversing effect of prior year misstatements--but its use can lead to the accumulation of misstatements in the balance sheet. The iron-curtain method focuses primarily on the effect of correcting the period-end balance sheet with less emphasis on the reversing effects of prior year errors on the income statement. SAB 108 was effective for financial statements for fiscal years ending after November 15, 2006. The adoption of SAB 108 did not have a material impact on our cash flows, results of operations, financial position or liquidity.



## Edgar Filing: CabelTel International Corp - Form 10-K

Balance 12/31/06 \$                    --    \$                    --    \$                    --  
=====

### NOTE E - FAIR VALUE OF FINANCIAL INSTRUMENTS

The following methods and assumptions were used to estimate the fair value of each class of financial instruments for which it is practicable to estimate values at December 31, 2006 and 2005:

Cash and cash equivalents - The carrying amount approximates fair value because of the short maturity of these instruments.

Long-term debt - The fair value of the Company's long-term debt is estimated based on market rates for the same or similar issues. The carrying value of long-term debt approximates its fair value.

Notes receivable - The fair value of the note receivable from an affiliate partnership is estimated to approximate fair value based on its short maturity. It is not practical to estimate the fair value of notes receivable from sale of properties because no quoted market exists and there are no comparable debt instruments to provide a basis for valuation.

### NOTE F - NOTES PAYABLE

#### LONG TERM DEBT

Long-term debt is comprised of the following (in thousands):

	December 31,	
	2006	2005
Notes payable to a financial institution maturing in 2008 with a fixed interest rate of 5.75%, collateralized by real property, fixtures, equipment (with a carrying value of \$6,719 at December 31, 2006) and assignment of rents	\$ 6,213	\$ 6,341
Note payable to an individual with a fixed interest rate of 10%	--	2,255
Notes payable to related parties bearing interest at rates ranging from 15% to 18% (funds re-advanced to CableTEL AD)	--	7,347
	6,213	15,943
Less current maturities	135	2,383
	\$ 6,078	\$ 13,560

## Edgar Filing: CabelTel International Corp - Form 10-K

Aggregate annual principal maturities of long-term debt at December 31, 2006 are as follows (in thousands):

2007	135
2008	143
2009	5,935
2010	--
2011	--
-----	
Thereafter	--
-----	
\$	6,213
=====	

In November 2002, the Company converted an existing obligation to Sylvia Gilley, the wife of the former CEO, into a note for \$2,255,000 with interest accruing at 10% per year. At November 30, 2006, the total obligation to Sylvia Gilley was \$3,112,148. The Company and Mrs. Gilley have negotiated a settlement whereby Mrs. Gilley will agree to cancel the obligation owed to her in exchange for:

- o The transfer of two notes receivable from third parties currently held by the Company. These notes are have a book value of \$1,809,000 (see Note D);
- o 5% of the cash flow from Pacific Pointe, a retirement facility leased by the Company, for as long as the Company holds the lease; and
- o Interest received from the notes since June 2006.

The transaction resulted in the Company being relieved of a \$3,112,148 obligation and, based upon the value of the assets provided to Mrs. Gilley, recording a gain of \$1,034,000, which has been reflected as other income.

### NOTE F - OPERATING LEASES

The Company leases a retirement community under an operating lease in which the basic term expires December 31, 2011, and has operating leases for equipment and office space. The leases generally provide that the Company pay property taxes, insurance and maintenance.

Future minimum payments following December 31, 2006 are as follows (in thousands):

2007	861
2008	858
2009	875
2010	892
2011	910
Thereafter	925
-----	
\$	5,321

Lease expense in 2006, 2005, and 2004 was \$939, \$932 and \$917, respectively.

## Edgar Filing: CabelTel International Corp - Form 10-K

### NOTE G - AFFILIATED PARTNERSHIP

In October 2001, the Company became a 56% limited partner in Corinthians Real Estate Investors, LP ("CREI"), a partnership formed to acquire two properties. In October 2001, CREI acquired a retirement community for approximately \$9,100,000 and in January 2002, it acquired an assisted living community for approximately \$2,800,000.

The Company issued a \$1,600,000 note to the seller in 2001 as partial payment for the purchase of the retirement community. CREI gave the Company a \$1,600,000 note in consideration for payment of that amount of the purchase price. The notes bore interest at 8.75% and were due December 30, 2003. The balance of the purchase price was funded by borrowings of CREI from a third party in the amount of \$7,840,000, which was guaranteed by the Company.

In September 2002, CREI sold its two properties for cash and notes and paid off its third party debt. As part of the proceeds, CREI received a note for \$1,600,000, which was transferred to the Company in satisfaction of its \$1,600,000 note receivable from CREI.

The Company transferred the \$1,600,000 note it received in 2002 to the original owner of the retirement community in payment of the Company's \$1,600,000 debt. The Company guaranteed payment of the \$1,600,000 note.

CREI recognized a gain on sale in the amount of \$1,322,000. The Company has deferred recognition of its \$740,000 share of the gain because of the aforementioned guaranty. In addition, CREI has deferred a gain on sale in the amount \$994,000 that will be recognized on the installment method.

In 2004, the purchaser of the CREI paid off the remaining notes, including the \$1,600,000 note guaranteed by the Company. The Company realized its deferred gain of \$740,000 as well as \$492,000, representing its 56% share of the proceeds received by CREI on its outstanding note net of partnership expenses.

-47-

### NOTE H - EARNINGS PER SHARE

The following table sets forth the computations of pro forma basic and diluted earnings per share from continuing operations (in thousands, except per share data):

	Year ended December 31,		
	2006	2005	2004
	----	----	----
<b>Numerator:</b>			
Net income (loss) from continuing operations	\$ 848	\$ (1,241)	\$ (987)
Net income (loss) from discontinued operations	453	255	171
<b>Denominator:</b>			
Shares used in basic earnings per share calculation	987	977	977
<b>Effect of diluted securities:</b>			
Employee stock options	--	--	--
Pro forma basic earnings per share from			



## Edgar Filing: CabelTel International Corp - Form 10-K

continuing operations	\$ 0.86	\$ (1.24)	\$ (1.01)
Pro forma basic earnings per share from discontinued operations	0.46	0.26	0.17
Pro forma diluted earnings per share	\$ 1.32	\$ (1.01)	\$ (0.84)
Shares used in diluted earnings per share calculations	987	977	977

-48-

### NOTE I - INCOME TAXES

At December 31, 2006, the Company had net operating loss carry forwards of approximately \$21,600,000, which expire between 2012 and 2024.

Deferred tax assets and liabilities were comprised of the following (in thousands):

	Year ended December 31,	
	2006	2005
	----	----
Deferred tax assets:		
Net operating loss carry forwards	\$ 7,363	\$ 8,043
Alternative minimum tax carry forwards	324	324
Other	496	496
	-----	-----
Total deferred tax assets	8,183	8,863
Valuation allowance	(7,692)	(7,702)
	-----	-----
Net deferred tax asset	\$ 491	\$ 1,161
	=====	=====

Tax computed at the federal statutory rate of 34% (in thousands):

	Year ended December 31,		
	2006	2005	2004
	----	----	----
Federal income tax expense (benefit)			
at the statutory rate	\$ 670	\$ (331)	\$ (216)
Change in deferred tax asset valuation allowance, attributable to continuing operations	(670)	(331)	(216)
	-----	-----	-----
Federal income tax expense	\$ --	\$ --	\$ --
	=====	=====	=====

Changes in the deferred tax valuation allowance result from assessments made by the Company each year of its expected future taxable income available to absorb its carry forwards. \$620,000 of the deferred tax asset was used against income in 2006 resulting in a deferred income tax expense of \$670,000 on the financial statements with \$437,000 in continuing operations and \$233,000 in discontinued operations. The Company believes that it is more likely than not that the net

## Edgar Filing: CabelTel International Corp - Form 10-K

deferred tax asset at December 31, 2006, of \$491,000 will be realized. However, this evaluation is inherently subjective as it requires estimates that are susceptible to significant revision as more information becomes available. Accordingly, the ultimate realization of the net deferred tax asset could be less than the carrying amount.

### NOTE J - STOCKHOLDERS' EQUITY

#### Outstanding Preferred Stock

Preferred stock consists of the following (amounts in thousands):

	Year ended December 31,	
	2006	2005
	----	----
Series B cumulative convertible preferred stock, \$.10 par value; liquidation value of \$100; authorized, 100 shares; issued and outstanding, 1 share	\$ 1 =====	\$ 1 =====

-49-

The Series B preferred stock has a liquidation value of \$100 per share and is convertible into common stock over a ten-year period at prices escalating from \$500 per share in 1993 to \$1,111 per share by 2002. The right to convert expired April 30, 2003. Dividends at a rate of 6% are payable in cash or preferred shares at the option of the Company.

#### Stock Options

In 1997, the Company established a long-term incentive plan (the "1997 Plan") for the benefit of certain key employees. Options granted to employees under the 1997 Plan become exercisable over a period as determined by the Company and may be exercised up to a maximum of 5 years from date of grant. The 1997 Plan allowed up to 50,000 shares of the Company's common stock to be reserved for issuance. In 2000, the Company adopted the 2000 Stock Option Plan, under which up to 50,000 shares of the Company's common stock are reserved for issuance.

The Company granted options to two officers during 1996 through 2001, aggregating 80,000 shares not covered by either plan. These options were granted at market, were exercisable immediately and expire 10 years from date of grant.

Information with respect to stock option activity is as follows:

	Shares	Weighted average exercise price
	-----	-----
Outstanding January 1, 2004	142,000	\$ 30.27

## Edgar Filing: CabelTel International Corp - Form 10-K

Outstanding December 31, 2004 and 2005	142,000	\$ 30.27
Exercised	(10,000)	2.60
Cancelled	(62,000)	5.68
 Outstanding December 31, 2006	 70,000	 \$ 51.86

Additional information about stock options outstanding at December 31, 2006 is summarized as follows:

Range of exercise price	Options outstanding and exercisable		
	Number Outstanding	Weighted Average Remaining contractual life	Weighted average exercise price
	-----	-----	-----
\$2.60	50,000	3.0	\$2.60
\$175.00	60,000	2.0	\$175.00

50

### NOTE K - OTHER INCOME (EXPENSE)

Other income (expenses) consists of the following: (amounts in thousands)

	Year ended December 31,		
	2006	2005	2004
	-----	-----	-----
Break -up fee upon the rescission of the Cabeltel AD acquisition	\$ 1,467	\$ --	\$ --
Gain from the settlement with Sylvia Gilley	1,034		
Write off start up costs in projects not completed	--	--	(167)
Collection of previously deferred receivables	61	145	--
Other	22	140	(236)
	-----	-----	-----
	\$ 2,584	\$ 285	\$ (403)
	=====	=====	=====

### NOTE L - DISCONTINUED OPERATIONS AND SALES OF REAL ESTATE

In October 2001, the Financial Accounting Standards Board (the "FASB") issued Statement of Financial Accounting Standards No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets" ("SFAS No. 144"). SFAS No. 144 supersedes FASB Statement of Financial Accounting Standards No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed Of" ("SFAS No. 121") and the accounting and reporting provisions for disposals of a segment of a business as addressed in Accounting Principles Board Opinion No.30, "Reporting the Results of Operations-Reporting the Effects of Disposal of a Segment of a Business, and Extraordinary, Unusual and Infrequently Occurring Events and Transactions" ("APB Opinion No. 30"). SFAS No. 144 establishes a single accounting model for long-lived assets to be disposed of by sale and addresses various implementation issues of SFAS No. 121. In addition, SFAS No. 144 extends the reporting requirements of discontinued operations to include components of an entity that has either been disposed of or is classified as held for sale. The Company adopted SFAS No. 144 as of January 1, 2002.

During 2004, the Company disposed of an assisted living community in North

## Edgar Filing: CabelTel International Corp - Form 10-K

Carolina and entered into a contract to sell an assisted living community in South Carolina. The operations of these two facilities have been reflected as an assets held for sale. Revenue for the two properties was \$841,000, in 2004. The net loss for the two properties was \$184,000 in 2004.

The South Carolina facility was sold in May 2005. Revenue and net loss for 2005 were \$40,610 and \$11,640, respectively.

Effective June 30, 2006, the Company sold all of its membership interests in two limited liability companies, Gaywood Oil & Gas, LLC and Gaywood Oil & Gas II, LLC ("Gaywood"), which own oil and gas leases in Gregg and Rusk Counties, Texas and on which approximately 50 oil-producing wells are operating. These are wells averaging two to three barrels of oil per day. The sale price of \$1,737,000 was received in cash on July 5, 2006. The Company recorded a pre-tax gain on the sale of \$418,000. The operation of Gaywood and the gain on the sale have been reflected as a discontinued operation in 2006 and prior years.

The following table shows discontinued operations detail for 2006, 2005 and 2004, respectively (amounts in thousands).

51

	December 31,		
	2006	2005	2004
	-----	-----	-----
Revenue			
Oil & gas operations	995	1,723	1,410
Other	--	41	170
	-----	-----	-----
	995	1,764	1,580
Operating expenses			
Oil and gas operating expenses	674	1,250	1,003
Depreciation and amortization	53	122	323
Corporate general and administrative	--	--	20
	-----	-----	-----
	727	1,372	1,346
Operating income	268	392	234
Other income (expense)			
Interest expense	--	(55)	(89)
Loss from assisted living operations	--	--	(164)
Gain (Loss) on sale of assets	418	(82)	210
Discontinued operations	--	--	(20)
Other	--	--	--
	-----	-----	-----
	418	(137)	(63)
Earnings before income tax	686	255	171
Income tax	(233)	--	--

## Edgar Filing: CabelTel International Corp - Form 10-K

Net earnings	\$ 453	\$ 255	\$ 171
	=====	=====	=====

52

### NOTE N - CONTINGENCIES

#### Cable Partners Bulgaria LLC vs. Greenbriar Corporation and Ronald C. Finley

-----

On December 1, 2005, Cable Partners Bulgaria, LLC ("CPB") instituted an action in the 95th Judicial District Court of Dallas County, Texas styled Cable Partners Bulgaria, LLC and Cable Partners Europe, LLC v. CabelTel International Corporation f/k/a Greenbriar Corporation, Gene Phillips and Ronald C. Finley, Cause No. 05-12021. The complaint makes allegations, in another state district court in Dallas County, Texas (which was non-suited on October 17, 2005), but in addition alleges that a representative of CPE talked to Finley about CPE's possible purchase of CableTEL AD's telecommunications systems during 2004, and that during the conversation in November 2004, told Ronald C. Finley that CPB had an agreement to purchase Eurocom Plovdiv EOOD ("Eurocom"). The current complaint alleges that (i) the two owners of Eurocom (who are not defendants in this action) advised CPE that they had agreed to sell the entity to CableTEL AD and had been paid a non-refundable deposit, (ii) the two individuals informed the CPE representative that they would complete the sale of Eurocom to CPB only if CableTEL AD were unable to complete the purchase, and CPB's price increased to (euro)23,000,000 with limited further due diligence and the purchase of stock rather than assets, (iii) subsequently CPE, CableTEL AD and the Company entered into negotiations relating to CPE's potential acquisition of CableTEL AD, including Eurocom, (iv) the parties executed a "letter agreement" whereby the parties agreed that they would "engage in good faith discussions" regarding the potential transaction, which purportedly included an exclusivity period up to April 29, 2005, (v) in June 2005, Plaintiffs entered into a "term sheet summary" setting forth the principle provisions of the transaction, but the defendants continued to endeavor to sell CableTEL AD to third party purchasers, failed to cooperate with CPE's due diligence efforts, and refused to provide CPE with copies of certain contracts, and (vi) Plaintiffs continued to complete the transaction and expended efforts and funds up to November 23, 2005. Plaintiffs' complaint alleges tortious interference with an existing contract, breach of contract, and seeks a temporary and permanent injunction, exemplary damages, costs and attorneys' fees. An answer has been filed on behalf of the Company denying all of the material allegations in the Complaint.

As a component of the Rescission Agreement, an affiliate of one of the original sellers assumed control and responsibility of any and all litigation involving the Company or in which the Company is named as a party involving the Company's relationship with the parties to the Rescission Agreement and/or CableTEL AD.

#### Commerce and Industry Insurance Company vs. Cabeltel International Corporation DBA Greenbriar Corporation, Et Al

On June 23, 2006, Commerce and Industry Insurance Company instituted an action against the Company and its subsidiaries, styled Commerce and Industry Insurance Company vs. Cabeltel International Corporation DBA Greenbriar Corporation, Et Al (Citation No. DC-06-6040-M, District Court, Dallas County, Texas), alleging an underpayment of insurance premiums of \$113,000 in 2002. The Company disagrees with the plaintiff as to any obligation owed. Further, should an obligation be

## Edgar Filing: CabelTel International Corp - Form 10-K

owed the Company believes the amount would be less than the amount in the complaint. Other

The Company has been named as a defendant in other lawsuits in the ordinary course of business. Management is of the opinion that these lawsuits will not have a material effect on the financial condition, results of operations or cash flows of the Company.

53

54

### NOTE P - QUARTERLY DATA (UNAUDITED)

The table below reflects the Company's selected quarterly information for the years ended December 31, 2006 and 2005. Certain 2005 amounts have been reclassified to conform to the current presentation of discontinued operations. All amounts shown are in thousands.

Year ended December 31, 2006	First Quarter -----	Second Quarter -----
Revenue	\$ 1,176	\$1,072
Operating (expense)	(1,084)	(942)
Corporate general and administrative expense	(348)	(249)
Other income (expense) net	(143)	1,799
Net income (loss) from continuing operations	(399)	1,680
Provision for income taxes	--	(233)
Gain (loss) from discontinued operations	101	585
Income (loss) allocable to common shareholders	(298)	2,032
Income (loss) per common share - basic and diluted	\$ (0.31)	\$ 2.08
	-----	-----
Year ended December 31, 2005	First Quarter -----	Second Quarter -----
Revenue	\$ 1,100	\$ 1,136
Operating (expense)	(1,179)	(1,234)
Corporate general and administrative expense	(262)	(268)
Other income (expense) net	(181)	(87)
Net income (loss) from continuing operations	(522)	(453)
Gain (loss) from discontinued operations	45	77
Income (loss) allocable to common shareholders	(477)	(376)
Income (loss) per common share - basic and diluted	\$ (0.49)	\$ (0.38)

EXHIBIT INDEX

Exhibit No.	Exhibit	On Page
21.1	Subsidiaries of the Registrant	55
23.1	Consent of Farmer, Fuqua & Hunt, P.C.	56
31.1	Rule 13a-14(a) Certification by Chief Executive Officer and Chief Financial Officer	57
32.1	Certification of Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. ss.1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	59







