CabelTel International Corp
Form 10-K/A
April 18, 2005

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

(Mark One)

[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 5(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2004

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 prinicpal 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	Name of each exchange on which registered
Common Stock, $0.01 par value	American Stock Exchange

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

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 [X] No [ ]

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

The aggregate market value of the voting stock held by non-affiliates of the issuer, computed by reference to the closing sales price on March 31, 2005, was approximately $2,424,000. At March 31, 2005, the issuer had outstanding approximately 977,000 shares of par value $0.01 Common Stock.

DOCUMENTS INCORPORATED BY REFERENCE
None

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, 2004 and 2003, and the related consolidated statements of income, shareholders' equity and cash flows for each of the years in the three-year period ended December 31, 2004. 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, 2004 and 2003, and the consolidated results of their operations and their cash flows for each of the years in the three-year period ended December 31, 2004 in conformity with accounting principles generally accepted in the United States of America.

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

Plano, TexasApril 15, 2005

CabelTel International Corporation and Subsidiaries

CONSOLIDATED BALANCE SHEETS
(Amounts in thousands)

December 31,

ASSETS	2004	2003
CURRENT ASSETS		
Cash and cash equivalents	$ 1,352	$ 1,427
Accounts receivable - trade	1,016	443
Notes receivable	856	
Inventory	1,166	235
Assets held for sale	3,939	
Other current assets, net	710	1,573
Total current assets	9,039	3,678
PROPERTY AND EQUIPMENT, AT COST		
Land and improvements	2,114	
Buildings and improvements	9,982	544
Equipment and furnishings	12,246	7,378
Assets under construction	11,571	3,833
Proven oil and gas properties (full cost method)	1,357	
	37,270	11,755
Less accumulated depreciation, depletion, and amortization	(5,172)	(3,454)
	32,098	8,301
Goodwill	8,339	2,905
OTHER ASSETS	1,037	80
Total Assets	$ 50,513	$ 14,964

CabelTel International Corporation and Subsidiaries

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

December 31,

LIABILITIES AND STOCKHOLDERS' EQUITY	2004	2003
CURRENT LIABILITIES		
Current maturities of long-term debt	$ 9,603	$ 2,553

Current notes payable	352	
Accounts payable - trade	3,887	964
Accrued expenses	9,498	134
Other current liabilities	1,792	2,211
Total current liabilities	24,780	6,214
LONG-TERM DEBT		
Long -tem debt	9,740	
Long-term debt - related parties	10,523	2,120
	20,263	2,120
OTHER LONG-TERM LIABILITIES	1,557	68
Total liabilities	46,600	8,402
Minority Interest	2,954	827
STOCKHOLDERS' EQUITY		
Preferred stock, Series B	1	1
Preferred stock, Series J	3,150	--
Common stock, $.01 par value; authorized, 4,000,000 shares; issued and outstanding, 977,000 shares issued and outstanding	10	10
Additional paid-in capital	4	5,575
Accumulated other comprehensive income (loss)	1,014	1,204
Retained earnings	(3,220)	(1,055)
	959	5,735
Total liabilities & equity	50,513	14,964

The accompanying notes are an integral part of these statements.

CabelTel International Corporation and Subsidiaries

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

	Year ended December 31, 2004	2003	2002

Revenue			
Cable operations	$ 9,463	$ 8,338	$ 6,262
Real estate operations	1,173		
Oil and gas operations	413	--	--
	11,049	8,338	6,262
Operating expenses			
Cable operation	6,226	5,731	3,286
Real estate operations	722	--	--
Oil and gas operations	237	--	--
Lease expense 1,178	560	613	--
Depreciation, depletion, and amortization	1,612	1,439	913
Corporate general and administrative	4,166	1,056	921
	14,141	8,786	5,733
Operating earnings (loss)	(3,092)	(448)	529
Other income (expense)			
Interest income	44	6	5
Interest expense	(926)	(202)	(45)
Gain on foreign transactions, net	241	413	338
Gain on sale of assets, net	844	368	--
Other income (expense), net	325	389	1
	528	974	299
Earnings (loss) before income taxes and minority interest	(2,564)	526	828
Income tax (income) expense	32	(66)	122
Minority interest	(431)	137	109
Net earnings (loss) from continuing operations	(2,165)	455	597
Discontinued operations	--	--	(508)
Net income (loss)	$ (2,165)	$ 455	$ 89
Preferred dividend requirement	(158)	--	--
Net income applicable to Common shares	$ (2,323)	$ 455	$ 89
Earnings per share - basic			
Net income (loss) from continuing operations	$ (2.38)	$ 0.47	$ 0.61
Discontinued operations	--	--	(.52)
Net earnings (loss) per share	$ (2.38)	$ 0.47	$ 0.09
Basic weighted average common shares	977	977	977

The accompanying notes are an integral part of these statements.

CONSOLIDATED OF OPERATIONS - CONTINUED

Earnings per share - diluted			
Net income (loss) from continuing operations	$ (2.38)	$ 0.43	$ 0.60
Discontinued operations	--		(.51)
Net earnings (loss) per share	$ (2.38)	$ 0.43	$ 0.09
Diluted weighted average common shares	977	1,057	997

In accordance with the provisions of the acquisition agreement the Company is required to have a shareholder vote permitting the Series J shareholders to convert into 8,788,000 shares of the Company's common stock. The following pro forma earnings per share assumes such conversion has occurred.

Pro-forma earnings per share - diluted			
Net income(loss) from continuing operations	$ (.24)	$ 0.05	$ 0.06
Discontinued operations	--		(.05)
Net earnings (loss) per share	$ (.24)	$ 0.05	$ 0.01
Diluted weighted average common shares	9,766	9,846	9,786

The accompanying notes are an integral part of this statement.

CabelTel International Corporation and Subsidiaries

CONSOLIDATED STATEMENTS OF CASH FLOWS
(Amounts in thousands)

	Year ended December 31,		
	2004	2003	2002
Cash flows from operating activities			
Net earnings (loss)	$ (2,165)	$ 455	$ 89
Adjustments to reconcile net earnings (loss) to net cash provided by (used in) operating activities			
Depreciation and amortization	1,612	1,439	913
Gain on foreign currency transactions	(241)	(413)	(338)
Gain on sale of assets	(844)	(368)	
Increase in minority interest	(650)	216	162
Changes in operating assets and liabilities			
Accounts receivable - trade	(351)	(61)	(53)
Other current and noncurrent assets	(162)	(1,543)	87
Accounts payable and other liabilities	3,171	840	1,216
Net cash provided by (used in) operating activities	370	565	2,076
Cash flows from investing activities			
Purchase of property and equipment	(4,165)	(3,461)	(2,274)
Net cash provided by (used in) investing activities	(4,165)	(3,461)	(2,274)
Cash flows from financing activities			
Proceeds from borrowings	4,072	5,602	454
Payments on debt	(352)	(1,702)	(218)
Net cash provided by (used in) financing activities	3,720	3,900	236
Net increase (decrease) in cash and cash equivalents	(75)	1,004	38
Cash and cash equivalents at beginning of year	1,427	423	385
Cash and cash equivalents at end of year	$ 1,352	$ 1,427	$ 423

The accompanying notes are an integral part of this statement.

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

	Series B Preferred stock		Series J Preferred stock	
	Shares	Amount	Shares	Amount
Balance at January 1, 2002	1	1	--	--
Comprehensive income:	--	--	--	--
Unrealized gain on foreign currency translation	--	--	--	--
Net earnings	--	--	--	--
Balance at December 31, 2002	1	1	--	--
Comprehensive income:	--	--	--	--
Unrealized gain on foreign currency translation	--	--	--	--
Net earnings	--	--	--	--
Balance at December 31, 2003	1	1	--	--
Net loss				
Issuance of preferred stock for Reverse acquisition of Greenbriar Corporation and recapitalization related to reverse acquisition on October 1, 2004	--	--	32	3,150
Comprehensive income:	--	--	--	--
Unrealized gain on foreign currency translation	--	--	--	--
Net earnings	--	--	--	--
Balance at December 31, 2004	1	1	32	3,150

	Additional paid in capital	Accumulated deficit	Accumulated Other Comprehensive Income (Loss)	Total
Balance at January 1, 2002	5,575	(1,599)	3,987	
Comprehensive income:	--	--	--	--
Unrealized gain on foreign currency translation	--	--	407	407
Net earnings	--	89	--	89
Balance at December 31, 2002	5,575	(1,510)	407	4,483
Comprehensive income:	--	--	--	--
Unrealized gain on foreign currency translation	--	--	797	797
Net earnings	--	455	--	455

Balance at December 31, 2003	5,575	(1,055)	1,204	5,735
Net loss				
Issuance of preferred stock for Reverse acquisition of Greenbriar Corporation and recapitalization related to reverse acquisition on October 1, 2004	(5,571)	--	--	(2,421)
Comprehensive income:	--	--	--	--
Unrealized gain on foreign currency translation	--	--	(190)	(190)
Net earnings	--	(2,165)	--	(2,165)
Balance at December 31, 2004	4	(3,220)	1,014	959

CabelTel International Corporation and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
December 31, 2004

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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 "CIC").

Acquisition of CableTEL AD

On October 12, 2004 the CIC acquired two privately-held U.S., Corporations in exchange for 31,500 shares of newly-designated 2% Series J Preferred Stock. The two U.S. corporations collectively own 100% of Tacaruna BV, a Netherlands company, which in turn owns 74.8% of CableTEL AD, a Bulgarian telecommunications company.

The Series J Preferred Stock is not convertible to common stock, however, the terms of the acquisition agreement require CIC to present a proposal to its stockholders to approve the exchange of all shares of Series J Preferred Stock into 8,788,500 shares of common stock which, if approved by stockholders, would represent 90% of the total issued and outstanding shares of common stock in CIC. Management believes that this approval will be forthcoming. This would effectively give the owners of the legally acquired company (CableTEL AD) the controlling interest in CIC. Although CIC acquired the two U.S. entities, due to the effective change in control by virtue of the issuance of the aforementioned consideration, this transaction is being accounted for as a "reverse acquisition", with CableTEL AD being the surviving company. As a reverse acquisition for reporting purposes, CIC is accounted for as if it had been acquired. Also, certain information and the historical financial statements presented present those of the entities acquired by CIC for all years presented.

For purpose of determining the value of the consideration, management believed that due to one of the owners of CableTEL AD also having an ownership interest in CIC, the transaction should not result in goodwill being recognized. Management valued the assets of CIC at their fair value and applied that value to the acquisition transaction.

The following table sets forth the allocation of the purchase price to CIC's assets and liabilities acquired effective as of October 1, 2004:

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE A - BUSINESS DESCRIPTION AND PRESENTATION - Continued

Cash	$ 283,000
Accounts receivable	276,000
Notes receivable	871,000
Property held for sale	1,725,000
Property and equipment	13,038,000
Other assets	891,000
Accounts payable and accrued expenses	(1,024,000)
Other liabilities	(216,000)
Notes payable	(12,344,000)
Total	$ 3,500,000

Nature of Operations

CabelTel International Corporation, its subsidiaries and affiliates (the "Company") is principally a telecommunications company which provides cable television, telephone, internet access and fiber optic line capacity services in the country of Bulgaria.

As of December 31, 2004 the Company had nearly 130,000 cable TV subscribers and access to another 400,000 households in Bulgaria. It had also completed the first alternative fiber optical backbone in Bulgaria with connectivity to Turkey, Greece, Romania and Macedonia.

In addition the Company owns retirement communities, oil and gas leases and a shopping mall in the United States.

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 and are prepared on the basis of accounting principles generally accepted in the United States of America. All significant intercompany transactions and accounts have been eliminated.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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.

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 capitalised 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. The 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 recognised as an expense in the period in which termination takes place.

Inventories

Inventories are stated at the lower of cost or net realisable value. Cost is determined weighted average method. Net realisable value is the estimate of the selling price in the ordinary course of business, less the cost of completion and selling expenses.

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.

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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Foreign Currencies

Foreign currency transactions by the Company are accounted for at the exchange rates prevailing at the date of the transactions; gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement. Such balances are translated at year-end exchange rates unless hedged by forward foreign exchange contracts, in which case the rates specified in such forward contracts are used. The effects of translation are recorded in the cumulative translation component of shareholder's equity.

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Company's share of the net assets of the acquired subsidiary or associated undertaking at the date of acquisition. Until January 1, 2002 goodwill was amortized using the straight-line method over its estimated useful life. The Company has adopted FASB 142 Business Combinations from the date it was issued and after initial recognition goodwill is measured at cost less any accumulated impairment losses. The value of goodwill is reviewed annually and written down for permanent impairment where it is considered necessary.

Other Intangible Assets

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. No notes were deemed to be impaired at December 31, 2004 and 2003.

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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Stock Options

The Company has elected to follow Accounting Principles Board Opinion No. 25, Accounting for Stock Issued to Employees (APB 25) in its primary financial statements and has provided supplemental disclosures required by Statement of Financial Accounting Standards No. 123 (SFAS 123), "Accounting for Stock-Based Compensation" and by Statement of Financial Accounting Standards No. 148, "Accounting for Stock-Based Compensation - Transition and Disclosure an Amendment of SFAS No. 123."

Options were granted at market by Cabeltel International Corporation during 2003, are exercisable immediately, and expire 5 years from date of grant.

Warrants were issued at market by Cabeltel International Corporation during 2004, are exercisable contingent upon the conversion of the Series J Preferred stock,to common stock. Because of the contingent nature as to the timing and the ability to exercise these warrants, no value has been ascribed to such warrants at December 31, 2004.

SFAS 123 requires disclosure of pro forma net earnings (loss) and pro forma net earnings (loss) per share as if the fair value method had been applied in measuring compensation cost for stock-based awards.

Reported and pro forma net earnings (loss) and net earnings (loss) per share amounts are set forth below (in thousands, except per share data):

	2003
Net earnings (loss) allocable to common stockholders	
As reported	$ 455
Deduct: total stock-based compensation under fair value based method for all awards	(43)
Pro forma	$ 422
Net earnings (loss) per share	
As reported	$ 0.43
Pro forma	$ 0.40

The fair value of these options was estimated at the date of grant during 2003 using the Black-Scholes option pricing model with the following weighted-average assumptions: no dividends; expected volatility of 20 percent; risk-free interest rates of 4.24 percent; and weighted average expected lives of 5 years.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Earnings (Loss) Per Common Share

Basic earnings (loss) per common share is based on the weighted average number of common shares outstanding. Diluted earnings (loss) per share is computed based on the weighted average number of common shares outstanding plus the number of additional common shares that would have been outstanding if dilutive potential common shares had been issued. In 2004, stock options for approximately 140,000 shares were excluded from diluted shares outstanding because their effect was anti-dilutive. In 2004 warrants for approximately 190,000 shares were excluded from diluted shares outstanding because their effect was anti-dilutive.

Sales of Real Estate

Gains on sales of real estate are recognized to the extent permitted by SFAS No. 66, "Accounting for Sales of Real Estate." 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.

Real estate held for sale

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.

New Accounting Pronouncements

SFAS No. 151--In November 2004, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 151, "Inventory Costs, an Amendment of ARB No. 43, Chapter 4" ("SFAS No.151"). SFAS No. 151 amends ARB 43, Chapter 4, to clarify that abnormal amounts of idle facility expense, freight, handling costs and wasted materials (spoilage) be recognized as current period charges. It also requires that allocation of fixed production overheads to the costs of conversion be based on the normal capacity of the production facilities. SFAS No. 151 is effective for inventory costs incurred during fiscal years beginning after June 15, 2005. The adoption of SFAS No. 151 is not expected to have a material impact on the consolidated financial position or results of operations of CIC.

CabelTel International Corporation and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2004

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

SFAS No. 152--In December 2004, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 152, "Accounting for Real Estate Time-Sharing Transactions" ("SFAS No. 152"). SFAS No. 152 amends FASB Statement No. 66, Accounting for Sales of Real Estate, to reference the financial accounting and reporting guidance for real estate time-sharing transactions that is provided in AICPA Statement of Position 04-2, Accounting for Real Estate Time-SharingTransactions ("SOP 04-2"). This Statement also amends FASB Statement No. 67, Accounting for Costs and Initial Rental Operations of Real Estate Projects, to state that the guidance for (a) incidental operations and (b) costs incurred to sell real estate projects does not apply to real estate time-sharing transactions. The accounting for those operations and costs is subject to the guidance in SOP 04-2.

SFAS No. 152 is effective for financial statements for fiscal years beginning after June 15, 2005, and is to be reported as a cumulative effect of a change in accounting principle. The adoption of SFAS No. 152 is not expected to have a material impact on the consolidated financial position or results of operations of CIC.

SFAS No. 123--In December 2004, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 123, Share-Based Payment, revised ("SFAS No. 123R"). SFAS No. 123R addresses the accounting for share-based payments to employees, including grants of employee stock options. Under the new standard, companies will no longer be able to account for share-based compensation transactions using the intrinsic method in accordance with APB Opinion No. 25, Accounting for Stock Issued to Employees. Instead, companies will be required to account for such transactions using a fair-value method and recognize the expense in the consolidated statement of income. SFAS No. 123R will be effective for periods beginning after June 15, 2005 and allows, but does not require, companies to restate the full fiscal year of 2005 to reflect the impact of expensing share-based payments under SFAS No. 123R. The Company has not yet determined which fair-value method and transitional provision it will follow. The adoption of SFAS No. 123R is not expected to have a material impact on the Company's consolidated financial position or results of operations. See Stock-Based Employee Compensation for the pro forma impact on net income and net income per share from calculating stock-based compensation costs under the fair value alternative of SFAS No. 123.

SFAS No. 153--In December 2004, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 153, Exchanges of Non-monetary Assets, An Amendment of APB Opinion No. 29 ("SFAS No. 153"). The guidance in APB Opinion No. 29, Accounting for Non-monetary Transactions, is based on the principle that exchanges of non-monetary assets should be measured based on the fair value of the assets exchanged. The guidance in APB Opinion No. 29, however, included certain exceptions to that principle. SFAS No. 153 amends APB Opinion No. 29 to eliminate the exception for non-monetary exchanges of similar productive assets and replaces it with a general exception for exchanges of non-monetary assets that do not have commercial substance. A non-monetary exchange has commercial substance if the future cash flows of the entity are expected to change significantly as a result of the exchange. SFAS No. 153 is effective for non-monetary asset exchanges in fiscal periods beginning after June 15, 2005. The adoption of SFAS No. 153 is not expected to have a material impact on the consolidated financial position or results of operations of CIC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE C - Liquidity

At December 31, 2004 the Company had current assets of $9,039,000 and current liabilities of $24,780,000. During the past eighteen months CableTEL AD has for the most part completed the first fiber optic backbone in Bulgaria with connectivity to Turkey, Greece, Romania and Macedonia. The total investment in the backbone will be approximately $30,000,000. Most of the costs to construct the backbone were incurred in 2004 and were financed both through debt and vendor financing.

The backbone that CableTEL AD is constructing consists of three separate and independent fiber optic ducts, and CableTEL AD only needs one for its operations. The other two ducts are being constructed to sell to independent third parties. CableTEL AD has a contract for the sale of one duct for a total price of approximately $13,000,000. CableTEL AD received approximately $1,800,000 in 2004, $4,200,000 in the first quarter of 2005 and anticipates the collection of the remaining balance of approximately $7,000,000 in second and third quarters of 2005. CableTEL AD is actively pursuing the sale of the remaining duct.

NOTE D - NOTES RECEIVABLE

The Company holds two tax-exempt notes for a total of $4,030,000 bearing interest at 9.5%. The notes mature on April 1, 2032, and August 1, 2031.

The repayment of the notes is limited to the cash flow of the respective properties either from operations, refinancing or sale. The Company has valued the notes and accrued interest at zero and will record any cash received in the form of interest or principal as income.

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, 2004 and 2003:

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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE F - NOTES PAYABLE

LONG TERM DEBT

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

	December 31, 2004	2003
Notes payable to financial institutions maturing through 2018; fixed and variable interest rates ranging from 5.75% to 11% ; collateralized by real property, fixtures, equipment and the assignment of rents	14,112	
Notes payable to individuals and companies maturing through 2023; variable and fixed interest rates ranging from 10% to 18%; collateralized by real property, personal property, fixtures, equipment and the assignment of rents	5,232	
Notes payable to related parties bearing interest at rates ranging From 15% to 18%	10,522	2,120
	29,866	2,120
Less current maturities	9,603	0
	20,263	2,120

CabelTel International Corporation and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
December 31, 2004

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE F - NOTES PAYABLE - Continued

Aggregate annual principal maturities of long-term debt at December 31, 2004 are as follows (in thousands):

2005	9,603
2006	13,222
2007	415
2008	480
2009	5,536
Thereafter	610
	$29,866

NOTE G - OPERATING LEASES

The Company leases an assisted living community under an operating lease whose 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, 2004 are as follows (in thousands):

2004	$ 1,881
2005	1,881
2006	1,897
2007	1,836
2008	1,853
Thereafter	2,717
	$12,065

Lease expense in 2004, 2003 and 2002 was $1,178, $560, and $613, respectively.

CabelTel International Corporation and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
December 31, 2004

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE H - EARNINGS PER SHARE

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

	Year ended December 31, 2004	2003	2002
Numerator:			
Net income(loss) from continuing operations	$ (2,165)	$ 455	$ 89
Denominator:			
Shares used in basic earnings per share calculation1	977	977	977
Effect of diluted securities:			
Employee stock options	80	20	--
Warrants	--	--	--
Shares used in diluted earnings per share calculations	977	1,057	997
Pro forma basic earnings per share	$ (2.38)	$ 0.47	$ 0.09
Pro forma diluted earnings per share	$ (2.38)	$ 0. 43	$ 0.09

NOTE I - INCOME TAXES

CableTEl AD pays income tax in Bulgaria based on their stand alone earnings. CIC will not pay income tax for the earnings of CableTEL AD until such time as such earnings are remitted to the United States.

Prior to the acquisition of CableTEL AD CIC had net operating loss carry forwards of approximately $22,500,000, which expire between 2004 and 2022. As a result of the CIC's acquisition of CableTEL AD a change of control has been deemed to have occurred and as a result to remaining carry forwards to offset future operating profits have limitations that restrict utilization to approximately $70,000 for any one year for the next fifteen years. CIC may however utilize the benefit of certain of the remaining net operating loss carry forwards to increase the basis of its assets to their fair market value at the date of the acquisition

CabelTel International Corporation and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
December 31, 2004

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE I - INCOME TAXES - Continued

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

	December 31, 2004	December 31, 2003
Deferred tax assets:		
Net operating loss carry forwards	$ 357	$ --
Other	344	
Total deferred tax assets	701	
Valuation allowance	(701)	--
Net deferred tax asset	$ --	$ --

The company does not estimate any tax significant tax income or loss for the year ended December 31, 2004. The historical financials presented do not represent the historical taxpayer as such, historical information regarding taxes have not been included.

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. The Company believes that the deferred tax assets will not be realized. However, this evaluation is inherently subjective as it requires estimates that are susceptible to significant revision as more information becomes available.

NOTE J - STOCKHOLDERS' EQUITY

Outstanding Preferred Stock

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

	Year ended December 31, 2004	Year ended December 31, 2003
Series B cumulative convertible preferred stock, $.10 par value; liquidation value of $100; authorized, 100 shares; issued and outstanding, 1 share	$ 1	$ 1

Series J cumulative non-convertible preferred stock, $.10 par value; liquidation value of $1000; authorized, 31500 shares; issued and outstanding 31,500 shares	$ 31,500	$ --
	========	========

CabelTel International Corporation and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
December 31, 2004

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE J - STOCKHOLDERS' EQUITY - Continued

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.

The Series J stock is non-convertible however the Company has agreed to hold a shareholder vote to allow the Series J shareholders to covert their 31,500 shares of preferred into 8,788,000 shares of the Company's common stock

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 reserve 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.

CabelTel International Corporation and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
December 31, 2004

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE J - STOCKHOLDERS' EQUITY - Continued

Information with respect to stock option activity is as follows:

	Shares	Weighted average exercise price
Outstanding at January 1, 2002	160,850	$ 81.28
Expired	(5,050)	182.58
Outstanding at December 31, 2002	155,800	$ 78.00
Granted	60,000	2.60
Cancelled, rescinded, or annulled	(70,800)	109.27
Expired	(3,000)	112.50
Outstanding at December 31, 2003 and 2004	142,000	$ 30.27
Options exercisable at December 31, 2002	155,800	$ 78.00
Options exercisable at December 31, 2003 and 2004	142,000	$ 30.27

Weighted average fair value per share of options granted during 2003 and 2001 was $0.71 and $7.60, respectively.

Additional information about stock options outstanding at December 31, 2004 is summarized as follows:

	Options outstanding and exercisable		
Range of exercise prices	Number outstanding	Weighted average remaining contractual life	Weighted average exercise price
$2.60	60,000	4.0	$ 2.60
$3.75 to $6.90	60,000	6.0	5.68
$100.00 to $150.39	2,000	1.0	150.39
$175.00	20,000	3.0	175.00

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CabelTel International Corporation and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
December 31, 2004

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE K - OTHER INCOME (EXPENSE)

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

	Year ended December 31,		
	2004	2003	2002
Gain (loss) on sale of properties	$ (162)	$ --	$ --
Advertisement revenue	32	--	--
Miscellaneous service fees	472	389	1
Other	(17)	--	--
	$ 325	$ 389	$ 1

NOTE L - CASH FLOW INFORMATION

Supplemental information on cash flows is as follows (in thousands):

	Year ended December 31,		
	2004	2003	2002
Interest paid	$ 329	$ --	$ 17
Income taxes paid	31	43	69
Non-cash investing and financing activities (in thousands):			
Issuance of Series J preferred stock for assets	3,500	--	--
Unrealized foreign currency translation loss	190	--	--
Unrealized foreign currency translation gain	--	797	407
Notes payable from acquisition	8,244	--	--
Write-up of goodwill from acquisition	5,100	--	--
Minority interest increase from acquisition	2,777		
Purchase of property and equipment vendor financed	8,200	--	--

NOTE M - DISCONTINUED OPERATIONS AND SALES OF REAL ESTATE

Discontinued Operations was a loss of $508,000 in 2002. During 2000 and 2001 CableTEL's growth occurred by acquiring other existing cable operators. During that period in time cable operators in Bulgaria were required to actually own and operate TV studios. In early 2003 CableTEL AD sold its studio operations. Any gain or loss in 2003 was immaterial and the loss from operations in 2002 was $508,000.

CabelTel International Corporation and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
December 31, 2004

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE N - SEGMENT REPORTING

Business Operations

The Company operates three separate distinct businesses

- The Company's principal business is telecommunications activities in Bulgaria and surrounding countries including subscription cable television, fixed voice telephony services and data services.

- The ownership and operation of real estate through one retirement community in King City, Oregon, with a capacity of 114 residents, leasing of a residential retirement property to a third party in Greenville, South Carolina and ownership and operation of an outlet mall in Gainesville, Texas with approximately 315,000 square feet of retail space available for lease.

- The ownership of oil and gas leases in Gregg and Rusk Counties, Texas on which 48 producing wells were operating as of March 31, 2005.

The segment information and reconciliation to income (loss) from operations that follows includes the Bulgarian telecommunications activities for the twelve months ended December 31, 2004 and the US operations for the three months ended December 31, 2004.

Twelve months ended December 31, 2003 (amounts in thousands)

	Cable	Corporate	Real Estate	Op
Revenue	9,463		1,173	
Operating expenses				
Cable operations	6,226		722	
Lease expense	947		231	

Depletion, depreciation and amortization	1,473		112
Corporate general and administrative	3,917	249	4,166
	12,563	249	1,065
Operating earning (loss)	(3,100)	(249)	108
Interest Expense	268	478	180
Gain on sale of assets	844		
Net earnings (loss)	(1,979)	(312)	(23)
Total Assets	23,755	10,310	14,833

CabelTel International Corporation and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
December 31, 2004

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE O - CONTINGENCIES

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

On January 24, 2005 a lawsuit was filed in the District Court of Dallas County, Texas by Cable Partners Bulgaria LLC, ("CPB") a Colorado limited liability company against the Company. The lawsuit states that on October 12, 2004 CPB entered into a letter agreement with the owners of Eurocom to acquire the assets of Eurocom, a cable operator in the city of Plovdiv Bulgaria. The lawsuit further indicates that the October 12, 2004 letter outlines a time line for the completion of due diligence by CPB. The lawsuit states that in November 2004 a conversation occurred between a representative of CPB and Ronald Finley, CEO of both CIC and CableTEL during which time such representative told Mr. Finley that CPB had an agreement to purchase Eurocom.

The lawsuit alleges that CIC intentionally and improperly caused the sellers of Eurocom to enter into discussions with CableTEL which ultimately led to CableTEL entering into a separate and competing contract to purchase Eurocom. CPB alleges that the Company's interference was improper and that CPB has been damaged in the amount of at least (euro)4.5 million. The lawsuit further alleges that CPB's letter agreement provided for a three year management agreement with the sellers of Eurocom and that CPB was would be further damaged by the loss of the experience, expertise and contacts of the sellers of Eurocom in an amount to be determined at trial. CPE further seeks exemplary damages of an unspecified amount.

The Company believes the lawsuit is totally without merit. CableTEL had been holding discussions, conducting due diligence and had agreements in place with the owners of Eurocom well before either the alleged November conversation or the October 12, 2004 letter. In addition the Company believes the lawsuit misstates certain key facts which could prove to be critical in CPB's ability to prevail in this matter.

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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE P - Related Parties

On October 1, 2003 CableTEL AD entered into a consulting agreement with Gene E. Phillips whereby Mr. Phillips is to receive (euro)15,000 per month for consulting services. These services include technical and financial advice to CableTEL The initial agreement was amended on March 26, 2004 to extended the agreement to March 26, 2009. This agreement may be terminated upon mutual consent of the parties or by any of the parties with a three month written notification.

Global Communication Technologies, Inc. ("Globaltec") is a manufacturer of telecommunications switching equipment. Globaltec is owned by Ronald C. Finley, Jeffrey Finley (brother to Ronald Finley) and Gene E. Phillips. In 2004 CableTEL AD paid $1,992,284 to Globaltec for the purchase of hardware, software and licensing. In addition, CableTEL AD paid Globaltec's Bulgarian subsidiary $164,250 in consulting fees to implement the switching equipment installation and management.

The Company through subsidiaries owns 30% of CableTEL AD directly and owns 64% of Narisma Holdings, Ltd., a Cyprus company that owns the remaining 70% of CableTEL AD. Collectively, the Company has effective ownership of 74.8% of CableTEL AD. In January 2005 Envicon Development Corporation, a company indirectly owned by Gene E. Phillips acquired the 36% of Narisma Holdings Limited which represents 25.2% of CableTEL AD.